This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

HTS Continuing Disclosure Services
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated August 8, 2022

Ratings:
Moody's: "Aa1"
Fitch: "AA+"
S&P: "AAA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "Tax Matters" herein.

THE CERTIFICATES **WILL NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$9,915,000*
CITY OF MANSFIELD, TEXAS
(Tarrant, Johnson and Ellis Counties, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022

Dated Date: August 1, 2022 **Due: February 15, as shown on Page 2**
Interest to accrue from Date of Delivery (defined below)

PAYMENT TERMS . . . Interest on the $9,915,000* City of Mansfield, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2022 (the "Certificates") will accrue from the date of their delivery to the Underwriters (the "Date of Delivery") and will be payable February 15 and August 15 of each year commencing February 15, 2023, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas (see "The Certificates - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Section 9.13 of the City's Home Rule Charter, and an ordinance (the "Ordinance") to be adopted by the City Council of the City (the "City Council"), and constitute direct obligations of the City of Mansfield, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the City, and (ii) surplus revenues (not to exceed $1,000) of the City's Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the net revenues of the System, as provided in the Ordinance (see "The Certificates – Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of (i) acquiring software and technology equipment for City purposes, including for the Finance and Human Resources departments and for City meeting spaces; (ii) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (iii) paying professional services incurred in connection with items (i) through (ii), and paying the costs incurred in connection with the issuance of the Certificates (see "Plan of Financing – Purpose").

CUSIP PREFIX: 564378

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the underwriters listed below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by West & Associates, L.L.P., Dallas, Texas.

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on September 7, 2022.

FROST BANK **BOK FINANCIAL SECURITIES, INC.**

* Preliminary, subject to change.

CUSIP[1] Prefix: 564378

MATURITY SCHEDULE*

15-Feb Year	Principal Amount	Interest Rate	Initial Yield	CUSIP [1] Suffix
2023	$ 365,000			
2024	350,000			
2025	365,000			
2026	375,000			
2027	390,000			
2028	405,000			
2029	420,000			
2030	435,000			
2031	450,000			
2032	465,000			
2033	485,000			
2034	505,000			
2035	525,000			
2036	550,000			
2037	570,000			
2038	595,000			
2039	625,000			
2040	650,000			
2041	680,000			
2042	710,000			

(Interest to accrue from the Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City, the Financial Advisor, nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Certificates - Optional Redemption").

* Preliminary, subject to change.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Certificates that has or will be "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters of the Certificates to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

Neither the City, the Underwriters nor the Financial Advisor make any representation or warranty with respect to the information contained in this Official Statement regarding the Depository Trust Company ("DTC") or its book-entry-only system, as such information has been provided by DTC.

The Certificates are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Certificates in accordance with applicable securities law provisions of the jurisdiction in which the Certificates have been registered, qualified or exempted should not be regarded as a recommendation thereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy of completeness of such information.

THE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not a part of, this offering document for any purposes.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE RESPECTIVE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY .... The City of Mansfield, Texas (the "City") is a political subdivision and home rule municipal corporation of the State, located in Tarrant, Johnson and Ellis Counties, Texas. The City covers approximately 36.69 square miles (see "Introduction – Description of the City").

THE CERTIFICATES .... The Certificates will be issued as $9,915,000* Combination Tax and Revenue Certificates of Obligation, Series 2022. The Certificates will be issued as serial certificates maturing on February 15 in the years 2023 through 2042 unless the Underwriters designate two or more maturities as term certificates (see "The Certificates – Description of the Certificates").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the Date of Delivery and is payable commencing February 15, 2023, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Certificates – Description of the Certificates" and "The Certificates – Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Section 9.13 of the City's Home Rule Charter, and an ordinance to be adopted by the City Council of the City (the "Ordinance") (see "The Certificates – Authority for Issuance").

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property in the City and (ii) revenues (not to exceed $1,000) of the City's Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the net revenues of the System, as provided in the Ordinance (see "The Certificates – Security and Source of Payment").

REDEMPTION .... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Certificates - Optional Redemption").

TAX MATTERS............................... In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for the purpose of (i) acquiring software and technology equipment for City purposes, including for the Finance and Human Resources departments and for City meeting spaces; (ii) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (iii) paying professional services incurred in connection with items (i) through (ii), and paying the costs incurred in connection with the issuance of the Certificates (see "Plan of Financing – Purpose").

RATINGS .... The Certificates and the presently outstanding tax-supported debt of the City are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by S&P Global Ratings ("S&P") and "AA+" by Fitch Ratings, Inc. ("Fitch"), without regard to credit enhancement (see "Other Information - Ratings").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "The Certificates - Book-Entry-Only System").

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* Preliminary, subject to change.

PAYMENT RECORD .... The City has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[(1)]	Taxable Assessed Valuation[(2)]	Per Capita Taxable Assessed Valuation	Total Tax Supported Debt Outstanding at End of Year	Per Capita Tax Debt	Ratio: Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2018	70,170	$ 6,588,298,531	$ 93,891	$ 134,445,000	$ 1,916	2.04%	100.04%
2019	73,410	7,030,584,424	95,771	138,605,000	1,888	1.97%	99.70%
2020	75,757	7,985,509,946	105,410	152,745,000	2,016	1.91%	99.32%
2021	76,000	7,945,420,669	104,545	148,635,000	1,956	1.87%	99.10%
2022	77,040	8,043,861,492	104,411	147,740,000 (3)	1,918 (3)	1.84% (3)	97.12% (4)

(1) Source: City Planning Department.
(2) As reported by the Tarrant Appraisal District, Central Appraisal District of Johnson County and Ellis Appraisal District on City's annual State Property Tax Board Reports; subject to change during ensuing year.
(3) Projected. Includes the Certificates. Preliminary, subject to change.
(4) Collections as of June 1, 2022.

GENERAL FUND CONSOLIDATED REVENUES AND EXPENDITURES STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2021	2020	2019	2018	2017
Beginning Fund Balance	$ 22,187,299	$ 17,409,306	$ 17,028,977	$ 14,476,031	$ 13,076,981
Total Revenue	73,618,412	72,213,804	62,555,310	56,598,956	51,614,477
Total Expenditures	71,410,668	66,916,883	61,050,315	55,713,491	51,435,642
Total Other Sources (Uses)	2,998,862	(518,928)	(1,124,666)	1,667,481	1,220,215
Net Funds Available	5,206,606	4,777,993	380,329	2,552,946	1,399,050
Ending Fund Balance	$ 27,393,905	$ 22,187,299	$ 17,409,306	$ 17,028,977	$ 14,476,031

For additional information regarding the City, please contact:

Joe Smolinski Troy Lestina City of Mansfield 1200 E. Broad Street Mansfield, Texas 76063 (817) 276-4200	or	Nick Bulaich Hilltop Securities Inc. 777 Main Street Suite 1525 Fort Worth, Texas 76102 (817) 332-9710

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Elected	Term Expires	Occupation
Michael Evans Mayor, Place 1	Re-elected May, 2022	May 2025	Pastor
Todd Tonore Mayor Pro Tem, Place 6	Elected November, 2020	May 2023	CEO
Tamera Bounds Councilmember Place 2	Re-elected May, 2022	May 2025	Director, Rehab Pro
Mike Leyman Councilmember Place 3	Re-elected May, 2021	May 2024	Retired Police Officer
Casey Lewis Councilmember Place 4	Re-elected May, 2021	May 2024	Realtor
Julie Short Councilmember Place 5	Re-elected May, 2021	May 2024	Realtor
Larry Broseh Councilmember Place 7	Re-elected November, 2020	May 2023	President, Cam Tech Inc.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to City	Total Length of Governmental Service
Joe Smolinski	City Manager	20 Years	20 Years
Shelly Lanners	Deputy City Manager	21 Years	34 Years
Matt Jones	Assistant City Manager	3 Years	15 Years
Troy Lestina	Chief Financial Officer	13 Years	15 Years
Susana Marin	City Secretary	15 Years	19 Years
E. Allen Taylor, Jr.	City Attorney	24 Years	33 Years

CONSULTANTS AND ADVISORS

Auditors .... FORVIS, LLP
Dallas, Texas

Bond Counsel .... Bracewell LLP
Dallas, Texas

Financial Advisor..Hilltop Securities Inc.
Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$9,915,000*
CITY OF MANSFIELD, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $9,915,000* City of Mansfield, Texas Combination Tax and Revenue Certificates of Obligation, Series 2022 (the "Certificates). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to be adopted by the City Council of the City ("City Council") on the date of sale of the Certificates which will authorize the issuance of the Certificates (the "Ordinance").

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., Dallas, Texas ("Hilltop Securities").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "Other Information - Forward-Looking Statements").

This Official Statement speaks only as of its date and the information contained herein is subject to change. A copy of the Official Statement will be submitted to the Municipal Securities Rulemaking Board ("MSRB"), through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the City to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1890, and first adopted its Home Rule Charter in 1975 and amended its Home Rule Charter on May 7, 1988. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is a staggered three-year term. The City Manager is the chief executive officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2020 Census population for the City was 72,602, while the estimated 2022 population is 77,040. The City covers approximately 36.69 square miles.

PLAN OF FINANCING

PURPOSE . . Proceeds from the sale of the Certificates will be used for the purpose of (i) acquiring software and technology equipment for City purposes, including for the Finance and Human Resources departments and for City meeting spaces; (ii) designing, engineering, developing, constructing, improving and repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (iii) paying professional services incurred in connection with items (i) through (ii), and paying the costs incurred in connection with the issuance of the Certificates.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated August 1, 2022, and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Delivery, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2023, until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Certificates - Book-Entry-Only System" herein.

* Preliminary, subject to change.

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Section 9.13 of the City's Home Rule Charter, and the Ordinance to be adopted by the City Council.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City and the principal thereof and interest thereon are payable from a combination of (i) an annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City, and (ii) are additionally secured by and payable from a limited pledge (not to exceed $1,000) of surplus net revenues of the City's Waterworks and Sewer System (the "System") remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the City's revenue obligations (now or hereafter outstanding) that are payable from all or part of the net revenues of the System, all as provided in the Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all tax-supported debt service, as calculated at the time of issuance.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Holders. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default by the City.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates will send any notice of redemption or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised or any such notice.

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See "The Certificates - Book-Entry-Only System" herein.

DEFEASANCE . . . The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Certificates to pay principal, interest and redemption price thereon (i) by irrevocably depositing with the Paying Agent/Registrar, or other lawfully authorized escrow agent, in trust a sum of money equal to the principal of, premium, if any, and all interest to accrue on such Certificates to maturity or redemption or (ii) by irrevocably depositing with the Paying Agent/Registrar, or other lawfully authorized escrow agent, in trust amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of such Certificates; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Certificates, as the case may be.

After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking arrangements, expressly reserves the right to call Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Book-Entry-Only System . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each stated maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

Redemption notices for the Certificates shall be sent to DTC. If less than all of the Certificates of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City or the respective Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Certificates will be printed and delivered.

<u>Use of Certain Terms in Other Sections of this Official Statement</u> . . . In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Underwriters or the Financial Advisor.

<u>Effect of Termination of Book-Entry-Only System</u> . . . In the event that the Book-Entry-Only System of the Certificates is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "The Certificates - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. If the City replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event use of the Book-Entry-Only System should be discontinued, interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on·the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner.

Principal of the Certificates will be paid to the registered owner at the stated maturity or earlier redemption, as applicable, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. Interest on the Certificates will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see “The Certificates – Record Date for Interest Payment” herein), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment as due. So long as Cede & Co. is the registered owner of the Certificates, payment of principal of and interest on the Certificates will be made as described in “The Certificates - Book-Entry-Only- System” above.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the owners of the Certificates and thereafter, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "The Certificates - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

REPLACEMENT CERTIFICATES . . . If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of an substitution for an Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar a certificate to the effect that such Certificate has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the City and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Certificate appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

CERTIFICATEHOLDERS' REMEDIES . . . The Ordinance establishes as "events of default" (i) the failure to make payment of principal of or interest on any of the Certificates when due and payable; (ii) default in the performance of observance of any other covenant, agreement or obligation of the City, which default materially, adversely affects the rights of the related Owners, including but not limited to their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of thirty days after notice of such default is given by any Owner to the City, or (iii) an order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the City any relief under any Applicable Law, or any other court having valid jurisdiction shall issue an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator, or other similar official for the City of any substantial part of its property, affairs or assets, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days. Under State law, there is no right to the acceleration of maturity of the Certificates upon the failure of the City to observe any covenant under the Ordinance. If an Owner of a Certificate does not receive payment of principal of or interest on the Certificates when due, the Owner may seek a writ of mandamus from a court of competent jurisdiction. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance under the Certificates or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the Owners of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's governmental immunity from a suit for money damages, Owners may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify Wasson I, Wasson Interests, Ltd. v. City of Jacksonville, 559 S.W.3d 142 (Tex. 2018) ("Wasson II" and, together with Wasson I, "Wasson"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the City has not waived sovereign immunity in the proceedings authorizing the Bonds.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Certificateholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions with respect to the rights of the Owners of the Certificates are subject to the applicable provisions of federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

USE OF PROCEEDS . . . The proceeds from the sale of the Certificates will be applied approximately as follows:

Souces:		
Par Amount	$	-
Reoffering Premium		-
TOTAL SOURCES	$	-
Uses:		
Deposit to Project Fund	$	-
Costs of Issuance [1]		-
TOTAL USES	$	-

(1) Includes Underwriters' Discount.

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AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the collective responsibility of the Tarrant Appraisal District, the Central Appraisal District of Johnson County and the Ellis Appraisal District (the "Appraisal Districts"). Except as generally described below, the Appraisal Districts are required to appraise all property within the Appraisal Districts on the basis of 100% of its market value and are prohibited from applying any assessment ratios. In determining market value of property, the Appraisal Districts are required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of each Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. The 10% is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "Ad Valorem Property Taxation – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each city in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Reinvestment Zones . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Tax Abatement Agreements . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "Ad Valorem Property Taxation – Tax Abatement Policy" for descriptions of the City's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the City, see "Ad Valorem Property Taxation – City Application of property Tax Code" herein.

Temporary Exemption for Qualified Property Damaged by a Disaster . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

City and Taxpayer Remedies . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal Districts by timely initiating a protest with the respective Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the respective Appraisal District to compel compliance with the Property Tax Code.

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "Tax Rate Limitations – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster" for further information related to a discussion of the applicability of this section of the Property Tax Code.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:
"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate."

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate", an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

THE CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $50,000; the disabled are also granted an exemption of $10,000.

The City has irrevocably established an ad valorem tax freeze on the residence homestead of persons 65 years of age or older.

The City has granted an additional exemption of 10% of the market value of residence homesteads; with minimum exemption of $5,000.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

The Tarrant County Tax Assessor and Collector collects taxes for the City.

The City does permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

See Table 1 for a listing of the amounts of the exemptions described above.

The City does tax goods-in-transit.

The City currently collects 1% sales tax for the general fund, and the Mansfield Park Facilities Development Corporation and the Mansfield Economic Development Corporation each collect ½ cent sales tax.

TAX ABATEMENT POLICY . . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 50% for a period of 10 years. The value of property subject to abatement is shown in Table 1.

TAX INCREMENT FINANCING ZONES . . . Reinvestment Zone Number One, City of Mansfield (the "Zone") was created in January 2006, by the City with the consent of other taxing units overlapping the Zone. The 3,100-acre zone encompasses undeveloped agricultural and existing residential land. Ad valorem taxes on incremental growth in real property values (levied at the tax rates of each taxing unit assessing real property in the Zone) within the Zone from a base value established on January 1, 2006, are used to contribute to development of the Zone; these tax funds can be used only for public improvements in the Zone or for payment of debt service on bonds issued to provide funds for public improvements. The Zone terminates December 31, 2030, or at an earlier time designated by subsequent ordinance of the City Council, or at such time, subsequent to the issuance of any tax increment bonds, if any, that tax increment bonds, notes, or other obligations of the Zone, and the interest thereon, have been paid in full. The base taxable assessed value of real property within the Zone is $81,015,358; the tax year 2021 assessed value is $672,264,907, representing $591,249,549 of taxable incremental value. The City participates at 65% of its tax rate.

Reinvestment Zone Number Two ("Zone Two"), was created in calendar 2012 by the City with the participation of another taxing authority overlapping Zone Two. Zone Two encompasses the City downtown area and is 317 acres of land. This land is mostly developed but includes some undeveloped vacant land. The purpose of Zone Two is to revitalize the area by using the new funds or ad valorem taxes generated from the incremental property value growth within the Zone Two. Zone Two's incremental value is measured by comparing the base year's taxable property values or the value of the taxable property the year Zone Two was established, January 1, 2012, to the most current year's taxable property values. The base year's taxable assessed valuation of property within Zone Two is $29,117,741; the tax year 2021 taxable assessed value of the property in Zone Two is $114,200,054, representing $85,082,313 in taxable incremental value. The City contributes 100% incremental taxable property value to Zone Two at 100% of its tax rate.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2021/22 Market Valuation Established by the Appraisal Districts (excluding totally exempt property and property in arbitration)		$ 10,942,889,980
Less Exemptions/Reductions at 100% Market Value:		
Over 65 Exemptions	$ 177,331,530	
Disability	5,223,102	
Veterans	155,851,088	
Homestead Cap	456,700,790	
Agricultural Use Reductions	149,298,014	
Cap Loss	105,881,463	
Solar	70,470	
Freeport Exemption	83,899,274	
Disaster Exemption	909,950	
Pollution Control	458,977	
Tax Abatement Reductions	12,953,551	
Foreign Trade Zone	742,821,718	
Totally Exempt	911,610,517	
Other Exemptions	96,018,044	2,899,028,488
2021/22 Taxable Assessed Valuation		$ 8,043,861,492
Tax Supported Debt Payable from Ad Valorem Taxes		
Tax Supported Debt (as of 6/1/22)	$ 137,825,000	
The Certificates	9,915,000 (1)	
Tax-Supported Debt Payable from Ad Valorem Taxes		$ 147,740,000
Interest and Sinking Fund (as of 6/1/22)		$ 7,551,602
Ratio: General Obligation Tax Debt to Taxable Assessed Valuation		1.84%

2022 Estimated Population - 77,040
Per Capita Taxable Assessed Valuation - $104,411
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $1,918

(1) Preliminary, subject to change.

TABLE 1(a) - ADDITIONAL DEBT LIABILITIES

Please refer to page 64, the "Retirement Plan", section of the notes to the City's fiscal year end 2021 Annual Comprehensive Financial Report for a complete description of the City's pension and other postemployment benefit liabilities. Additional information with regard to the City's liability is also available via the Texas Municipal Retirement System ("TMRS") website at www.tmrs.org.

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year September 30,					
	2022		2021		2020	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 6,078,739,245	54.13%	$ 5,293,230,173	52.99%	$ 5,229,926,814	57.69%
Real, Residential, Multi-Family	693,445,892	6.18%	623,233,861	6.24%	644,596,187	7.11%
Real, Vacant Lots/Tracts	199,727,630	1.78%	166,359,350	1.67%	140,466,248	1.55%
Real, Acreage (Land Only)	150,279,437	1.34%	153,026,441	1.53%	41,683,224	0.46%
Real, Farm and Ranch Improvements	24,309,439	0.22%	21,875,116	0.22%	22,981,454	0.25%
Real, Commercial	2,079,811,330	18.52%	1,967,139,967	19.69%	1,205,414,164	13.30%
Real, Industrial	207,345,345	1.85%	190,379,243	1.91%	150,914,300	1.66%
Real and Tangible Personal, Utilities	104,196,363	0.93%	73,625,889	0.74%	88,414,504	0.98%
Tangible Personal, Commercial	1,297,114,786	11.55%	1,176,208,459	11.78%	1,225,820,639	13.52%
Tangible Personal, Industrial	272,389,539	2.43%	216,021,519	2.16%	209,887,611	2.32%
Tangible Personal, Mobile Homes	8,877,523	0.08%	8,990,493	0.09%	7,707,694	0.09%
Real Property, Inventory	94,529,373	0.84%	75,263,318	0.75%	67,113,518	0.74%
Mineral Lease Properties	18,188,001	0.16%	23,051,297	0.23%	30,674,906	0.34%
Total Appraised Value Before Exemptions	$ 11,228,953,903	100.00%	$ 9,988,405,126	100.00%	$ 9,065,601,263	100.00%
Less: Property in Arbitration	(286,063,923)		(286,063,923)		(286,063,923)	
Less: Total Exemptions/Reductions	(2,899,028,488)		(1,756,920,534)		(794,027,394)	
Taxable Assessed Value	$ 8,043,861,492		$ 7,945,420,669		$ 7,985,509,946	

	Taxable Appraised Value for Fiscal Year September 30,			
	2019		2018	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 4,701,999,294	59.28%	$ 4,264,080,972	59.28%
Real, Residential, Multi-Family	561,919,082	7.08%	499,438,121	6.94%
Real, Vacant Lots/Tracts	149,515,423	1.89%	114,871,433	1.60%
Real, Acreage (Land Only)	47,500,211	0.60%	51,119,683	0.71%
Real, Farm and Ranch Improvements	21,612,371	0.27%	20,115,147	0.28%
Real, Commercial	1,026,277,749	12.94%	947,928,223	13.18%
Real, Industrial	136,232,387	1.72%	128,379,514	1.78%
Real and Tangible Personal, Utilities	89,868,500	1.13%	86,486,310	1.20%
Tangible Personal, Commercial	912,431,175	11.50%	818,728,598	11.38%
Tangible Personal, Industrial	209,246,582	2.64%	205,831,581	2.86%
Tangible Personal, Mobile Homes	8,625,737	0.11%	8,591,773	0.12%
Real Property, Inventory	31,276,508	0.39%	19,130,445	0.27%
Mineral Lease Properties	34,804,162	0.44%	27,911,663	0.39%
Total Appraised Value Before Exemptions	$ 7,931,309,181	100.00%	$ 7,192,613,463	100.00%
Less: Property in Arbitration	(102,067,954)		(174,131,889)	
Less: Total Exemptions/Reductions	(798,656,803)		(430,183,043)	
Taxable Assessed Value	$ 7,030,584,424		$ 6,588,298,531	

NOTE: Valuations shown are certified taxable assessed values reported by the Tarrant Appraisal District, Central Appraisal District of Johnson County and Ellis Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population [(1)]	Taxable Assessed Valuation [(2)]	Taxable Assessed Valuation Per Capita	Total Tax Supported Debt Outstanding at End of Year	Ratio of Tax Debt to Taxable Assessed Valuation	Tax Debt Per Capita
2018	70,170	$ 6,588,298,531	$ 93,891	$ 134,445,000	2.04%	$ 1,916
2019	73,410	7,030,584,424	95,771	138,605,000	1.97%	1,888
2020	75,757	7,985,509,946	105,410	152,745,000	1.91%	2,016
2021	76,000	7,945,420,669	104,545	148,635,000	1.87%	1,956
2022	77,040	8,043,861,492	104,411	147,740,000 [(3)]	1.84% [(3)]	1,918 [(3)]

(1) Source: City Planning Department.
(2) As reported by the Tarrant Appraisal District, Central Appraisal District of Johnson County and Ellis Appraisal District on City's annual State Property Tax Board Reports; subject to change during ensuing year.
(3) Projected. Includes the Certificates. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Total Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% of Total Collections
2018	$ 0.7100	$ 0.4745	$ 0.2355	$ 46,776,920	99.33%	100.04%
2019	0.7100	0.4845	0.2255	49,917,150	99.19%	99.70%
2020	0.7100	0.4778	0.2322	54,666,067	99.32%	99.32%
2021	0.6900	0.4613	0.2287	54,823,423	99.06%	99.10%
2022	0.6900	0.4650	0.2250	55,502,644	97.12% [(1)]	97.12% [(1)]

(1) Collections as of June 1, 2022.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	FYE 2022 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Mouser Electronics	Manufacturing	$ 162,334,292	2.02%
Klein Tools	Manufacturing	83,329,773	1.04%
Mid-America Apartments Lp	Apartments	73,500,000	0.91%
WMCI Dallas VIII LLC	Apartments	55,100,000	0.68%
WP Motg-Txmf Owner LLC	Apartments	52,500,000	0.65%
Evolv AL LP	Apartments	51,170,000	0.64%
Mansfield KDC II & III LP Etal	Real Estate	50,127,968	0.62%
Oncor Electric Delivery Co LLC	Utilities	48,323,612	0.60%
Regalia Mansfield Owner LLC	Apartments	47,600,000	0.59%
Steadfast Villaggio LP	Apartments	46,000,000	0.57%
		$ 669,985,645	8.33%

NOTE: Valuations shown are certified taxable assessed values reported by the Tarrant Appraisal District, Central Appraisal District of Johnson County and Ellis Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records.

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter. For information on the City's tax rate limitation, see "The Certificates - Tax Rate Limitation".

TABLE 6 - TAX ADEQUACY[(1)]

2022 Principal and Interest Requirements	$	16,354,534
$0.2054 Tax Rate at 99% Collection Produces	$	16,356,871
Average Annual Principal and Interest Requirements, 2022 - 2042	$	9,827,631
$0.1235 Tax Rate at 99% Collection Produces	$	9,834,827
Maximum Principal and Interest Requirements, 2022	$	16,354,534
$0.2054 Tax Rate at 99% Collection Produces	$	16,356,871

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(1) Includes the Certificates. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" (the "Report") published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date of the Report, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2021/22 Taxable Assessed Value	2021/22 Tax Rate	Total G.O. Tax Debt (6/1/22)	Estimated % Applicable	City's Overlapping G.O. Tax Debt (6/1/22)	Authorized But Unissued Debt As Of (6/1/22)
City of Mansfield	$ 8,043,861,492	$ 0.69000	$ 147,740,000 (1)	100.00%	$ 147,740,000 (1)	$ 10,500,000
Ellis County	21,500,257,151	0.33934	28,755,000	0.32%	92,016	-
Johnson County	14,144,414,526	0.42000	18,735,000	5.76%	1,079,136	-
Mansfield Independent School District	17,830,721,124	1.41830	824,064,839	51.65%	425,629,489	-
Midlothian Independent School District	6,250,644,453	1.35200	412,745,000	1.00%	4,127,450	-
Tarrant County	232,087,545,175	0.22900	433,175,000	3.60%	15,594,300	205,600,000
Tarrant County Hospital District	232,505,993,849	0.22443	12,825,000	3.60%	461,700	-
Tarrant County College District	234,225,984,717	0.13017	255,995,000	3.60%	9,215,820	525,000,000

Total Direct and Overlapping G.O. Tax Debt	$ 603,939,911
Ratio of Direct and Overlapping G.O. Tax Debt to 2021/22 Taxable Assessed Valuation	7.51%
Per Capita Overlapping G.O. Tax Debt	$ 7,839

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(1) Includes the Certificates. Preliminary, subject to change.

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DEBT INFORMATION

TABLE 8 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Year Ended 30-Sep	Outstanding Debt Principal	Outstanding Debt Interest	Outstanding Debt Total	The Certificates[(1)] Principal	The Certificates[(1)] Interest	The Certificates[(1)] Total	Total Debt Service	% of Principal Retired
2022	$ 10,810,000	$ 5,544,534	$ 16,354,534	$ -	$ -	$ -	$ 16,354,534	
2023	10,300,000	5,075,650	15,375,650	365,000	360,941	725,941	16,101,591	
2024	10,705,000	4,669,486	15,374,486	350,000	372,338	722,338	16,096,823	
2025	10,250,000	4,248,934	14,498,934	365,000	359,825	724,825	15,223,759	
2026	9,530,000	3,829,436	13,359,436	375,000	346,875	721,875	14,081,311	33.46%
2027	9,420,000	3,433,919	12,853,919	390,000	333,488	723,488	13,577,407	
2028	9,245,000	3,055,890	12,300,890	405,000	319,575	724,575	13,025,465	
2029	8,665,000	2,690,054	11,355,054	420,000	305,138	725,138	12,080,192	
2030	7,820,000	2,350,596	10,170,596	435,000	290,175	725,175	10,895,771	
2031	8,115,000	2,024,124	10,139,124	450,000	274,688	724,688	10,863,811	62.07%
2032	8,230,000	1,704,396	9,934,396	465,000	258,675	723,675	10,658,071	
2033	8,550,000	1,391,398	9,941,398	485,000	240,231	725,231	10,666,629	
2034	8,510,000	1,070,107	9,580,107	505,000	219,194	724,194	10,304,301	
2035	6,185,000	802,574	6,987,574	525,000	197,306	722,306	7,709,881	
2036	6,400,000	584,063	6,984,063	550,000	174,463	724,463	7,708,525	87.56%
2037	5,430,000	384,791	5,814,791	570,000	150,663	720,663	6,535,454	
2038	4,230,000	231,763	4,461,763	595,000	125,906	720,906	5,182,669	
2039	3,210,000	120,588	3,330,588	625,000	99,981	724,981	4,055,569	
2040	2,285,000	46,733	2,331,733	650,000	72,888	722,888	3,054,620	
2041	745,000	9,160	754,160	680,000	44,625	724,625	1,478,785	99.55%
2042	-	-	-	710,000	15,088	725,088	725,088	100.00%
	$148,635,000	$43,268,195	$191,903,195	$ 9,915,000	$4,562,060	$14,477,060	$206,380,255	

(1) Average life of the issue - 11.198 years. Interest on the Certificates has been calculated at the rate of 3.91% for purposes of illustration. Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/22 (1)		$ 16,354,534
Debt Prepayment February 28, 2022		$ 2,504,008
Interest and Sinking Fund, September 30, 2021	$ 5,365,013	
Prior Year Delinquent Taxes	168,597	
Interest and Sinking Fund Tax Levy at 99% collections	17,917,622	23,451,232
Estimated Balance, 9/30/22		$ 4,592,690

(1) Includes the Certificates. Preliminary, subject to change.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

The City now levies a tax for all General Obligation Debt and does not consider any ad valorem tax debt to be self-supporting.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Being Issued	Unissued Balance
Parks & Recreation	5/7/2022	$ 10,500,000	$ -	$ 10,500,000

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City anticipates the issuance of additional general obligation debt in the approximate amount of $60,000,000 in 2023.

TABLE 12 – OTHER OBLIGATIONS

As of September 30, 2021, the City has no other unfunded obligations.

PENSION PLAN

Plan Description – The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com

All eligible employees of the City are required to participate in TMRS.

Benefits Provided - TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Plan Year 2018	Plan Year 2019	Plan Year 2020
7.0%	7.0%	7.0%
2 to 1	2 to 1	2 to 1
5	5	5
60/5, 0/20	60/5, 0/20	60/5, 0/20
100% Repeating, Transfers	100% Repeating, Transfers	100% Repeating, Transfers
70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	231
Inactive employees entitled to but not yet receiving benefits	208
Active employees	467
Total	906

Contributions - Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 15.39% and 16.05% in calendar years 2020 and 2021 respectively. The City's contributions to TMRS as of September 30, 2021 were $6,495,583 and were equal to the required contributions.

Net Pension Liability: The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5% per year
Overall payroll growth:	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return:	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption of Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate: The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability:

		Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	$188,907,897	$ 167,647,744	$ 21,260,153
Changes for the year:			
Service Cost	7,964,424	-	7,964,424
Interest	12,756,277	-	12,756,277
Change in benefit terms	-	-	-
Difference between expected and actual experience	(485,321)	-	(485,321)
Changes of assumptions	-	-	-
Contributions - employer	-	6,668,580	(6,668,580)
Contributions - employee	-	3,033,241	(3,033,241)
Net investment income	-	12,741,845	(12,741,845)
Benefit payments, including refunds of employee constributions	(7,816,442)	(7,816,442)	-
Administrative expense	-	(82,344)	82,344
Other changes	-	(3,213)	3,213
Net changes	12,418,938	14,541,667	(2,122,729)
Balance at 12/31/2020	$201,326,835	$ 182,189,411	$ 19,137,424

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in 5.75%	Current Single Discount Rate Assumption 6.75%	1% Increase in 7.75%
City's net pension liability	$ 50,759,794	$ 19,137,424	$ (6,573,418)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2021, the City recognized expense of $5,391,919.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Due to Liabilities:	Recognition Period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2021 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
2014 Difference in experience (inflows)/outflows	1.0000	$ 9,462	$ 9,462	$ -
2015 Difference in experience (inflows)/outflows	1.7300	41,678	24,091	17,587
2016 Difference in experience (inflows)/outflows	2.7900	808,291	289,710	518,581
2017 Difference in experience (inflows)/outflows	3.7300	478,418	128,262	350,156
2018 Difference in experience (inflows)/outflows	4.4200	1,524,505	344,911	1,179,594
2019 Difference in experience (inflows)/outflows	5.0500	208,699	41,327	167,372
2020 Difference in experience (inflows)/outflows	6.2900	(485,321)	(77,158)	(408,163)
			760,605	1,825,127
2015 difference in assumptions (inflows)/outflows	1.7300	(172,233)	(99,557)	(72,676)
2019 difference in assumptions (inflows)/outflows	5.0500	65,664	13,003	52,661
			(86,554)	(20,015)
2016 deficit investment returns (inflows)/outflows	1.0000	(2,870)	(2,870)	-
2017 deficit investment returns (inflows)/outflows	2.0000	(3,531,274)	(1,765,638)	(1,765,636)
2018 deficit investment returns (inflows)/outflows	3.0000	8,442,086	2,814,028	5,628,058
2019 deficit investment returns (inflows)/outflows	4.0000	(9,997,287)	(2,499,322)	(7,497,965)
2020 deficit investment returns (inflows)/outflows	5.0000	(1,425,622)	(285,124)	(1,140,498)
			(1,738,926)	(4,776,041)
				$ (2,970,929)

,

$4,500,798 (including $34,709 for MEDC) reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred Outflows/(Inflows) of resources
2022	$ (1,051,088)
2023	708,800
2024	(2,368,730)
2025	(163,093)
2026	(74,445)
Thereafter	(22,373)
Total	$ (2,970,929)

SUPPLEMENTAL DEATH BENEFITS

TMRS administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordiance, to provide supplemental death benefits for their active members with optional coverage for their retirees. 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 (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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust meeting the criteria in paragraph 4 of GASB Statement No. 75). TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	184
Inactive employees entitled to but not yet receiving benefits	60
Active employees	467
Total	711

Contributions - The contribution rates for employees in SDBF is .05% of employee gross earnings, and the City contribution rates were .16% for 2020 and .14% for 2021, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the EAN actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Total OPEB Liability:

The City's Total OPEB Liability related to SDBF was measured and determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions:

The Total OPEB Liability related to SDBF in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% per year, including inflation
Discount Rate	2.75%, based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020
Retirees' share of benefit related costs	$0
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 Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Reetirees 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 Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability related to SDBF:

	Total OPEB Liability (SDBF)
Balance at 12/31/2019	$ 1,275,464
Changes for the year:	
Service Cost	77,998
Interest	36,029
Differences between expected and actual experience	14,866
Changes in assumptions or other inputs	239,091
Benefit payments*	(8,666)
Net Changes	359,318
Balance at 12/31/2020	$ 1,634,782

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

Sensitivity of the total OPEB liability related to SDBF to changes in the discount rate:

The following presents the total OPEB liability - SDBF of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability - SDBF would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	$ 2,044,457	$ 1,634,782	$ 1,325,966

OPEB Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in a separately issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (SDBF):

For the year ended September 30, 2021, the City recognized expense of $166,600.

At September 30, 2021 the City reported deferred outflows of resources and deferred outflows and inflows of resources related to OPEB from the following sources:

Due to Liabilities	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2021 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2020 Change in assumptions	7.8900	$ 239,091	$ 30,303	$ 208,788
2019 Change in assumptions	6.7300	186,621	27,730	158,891
2018 Change in assumptions	6.0400	(61,112)	(10,118)	(50,994)
2017 Change in assumptions	5.0400	55,839	11,079	44,760
2020 Difference in expected and actual experience	7.8900	14,866	1,884	12,982
2019 Difference in expected and actual experience	6.7300	(177,565)	(26,384)	(151,181)
2018 Difference in expected and actual experience	6.0400	109,196	18,079	91,117
			$ 52,573	$ 314,363

$40,259 was reported as deferred outflows of resources related to OPEB (SDBF) resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability - SDBF for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB (SDBF) will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2022	$ 52,573
2023	52,573
2024	52,573
2025	52,573
2026	41,938
Thereafter	62,133
	$ 314,363

OTHER POST-EMPLOYMENT BENEFITS

Plan Description - City employees retiring on TMRS will be provided the opportunity to receive health insurance benefits from the City from the City's existing health care plan. The City established by ordinance a single-employer defined benefit postemployment healthcare plan that covers retired employees of the City. The City established an irrevocable trust and contracted with an administrator as well as a custodial bank to manage the plan's assets or the retiree's medical benefits.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact: The City of Mansfield, Business Services Division, 1200 East Broad Street, Mansfield, Texas 76063.

Measurement Focus and Basis of Accounting - The City of Mansfield, Texas Retiree Health Insurance Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the determination of the employer.

Benefits - City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. Employees and their dependents who retire before the age of 65 with ten years of service and less than 20 years of service are eligible to receive full health insurance coverage until the employee turns 65 at the same cost of an active employee. Employees and their dependents who retire with 20 years of service are eligible to receive full health insurance coverage until they turn 65; while their dependents are eligible for full health insurance coverage they must pay the same cost as an active employee for full insurance coverage of their dependents. The City amended this plan in fiscal year 2021 resulting in a decrease in the net OPEB liability at year end and resulting in a deferred inflow of resources - plan benefit changes. The change requires all retirees and their spouses on the health insurance plan, upon turning 65, must obtain medical coverage through Medicare. The City provides a monthly allowance to offset the cost of Medicare for retirees and their spouses over the age of 65.

Employees - At the time of the actuarial valuation, the City had 444 active plan members and 128 retired plan members receiving benefits. Of the retired members, 50 had less than 20 years of service and 78 had more than 20 years of service.

Contributions - Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. Expenditures for post-retirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the actuarially determined contribution (ADC), which approximates the annual OPEB cost, and totaled $750,000 for the fiscal year ended September 30, 2021.

Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of June 30, 2021 and the total OPEB liability (TOL) used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The NOL in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial method	Entry Age Normal
Discount rate	7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. The City has, on average, made contributions the last five years that, if continued in this fashion, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	PRI-2012 Total Dataset Mortality Table with Improvement Scale MP-2020
Marriage Assumptions	3-year spouse age difference with females assumed 3 years younger than males. 25% of participants eligible for future post-employment benefits are assumed to have an eligible spouse electing to receive plan benefits. For retired members, we have used actual marital status, as provided, and assumed all such spouses are receiving plan benefits.
Health-care cost trend rates	7% in year 1 graded downward ½% per year to 4.5% in year 6 & later
Post-65 premium reductions	It is assumed that employer-subsidized premiums will be reduced by two-thirds after age 65 due to Medicare eligibility.
Assumed utilization	75% of eligible future retirees are assumed to elect plan benefits
Changes in assumptions	We have changed the mortality table from RPI-2012 Mortality Table to MP2020 Total Dataset Mortality Table. Also, improvement scale has been changed from MP-2019 to MP-2020.
Salary rate	3% per annum

Retirement Rate

Attained Age	Rates per 100 Participants
50	3.00
51-54	1.50
55-57	7.50
58-59	10.00
60	25.00
61-64	10.00
65	100.00

Withdrawal Rate

Attained Age	Rates per 100 Participants
25	19.50
30	18.80
35	17.68
40	15.90
45	13.42
50	9.74
55	5.18

The plan's policy in regard to the allocation of invested assets is established by the City Council. The target asset allocation policy is 50% equity investments, 45% fixed income investments, and 5% cash. The long-term expected rate of return on plan investments used in the valuation was determined using a building-block method in which the City's best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the City's expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The City's best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50%	3.6%
Fixed Income	45%	0.9%
Cash	5%	0.0%
Inflation	N/A	2.5%
Total	100%	7.0%

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2020	$ 65,417,336	$ 17,660,414	$ 47,756,922
Changes for the year:			
Service Cost	587,134	-	587,134
Interest	4,485,797	-	4,485,797
Difference between expected and actual experience	816,245	-	816,245
Plan benefit changes	(29,284,676)		(29,284,676)
Changes of assumptions	-	-	-
Contributions - employer	-	4,998,413	(4,998,413)
Benefit Payments	(2,588,413)	(2,588,413)	-
Net Investment Income	-	3,828,049	(3,828,049)
Administrative expense	-	(92,803)	92,803
Net changes	(25,983,913)	6,145,246	(32,129,159)
Balance at 6/30/2021	$ 39,433,423	$ 23,805,660	$ 15,627,763

Sensitivity of the Total Pension Liability to Changes in the Discount and Trend Rates

The following presents the net OPEB liability of the City, calculated using the discount rate of 7%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net OPEB Liability	$ 19,337,001	$ 15,627,763	$ 12,427,052

The following presents the net OPEB liability of the City, calculated using the trend rates of 7%, as well as what the City's net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rates:

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net OPEB Liability	$ 13,535,852	$ 15,627,763	$ 17,849,716

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2021, the City recognized expense of ($1,496,468).

At September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Due to Liabilities	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2021 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in actuarial experience	1.3900	$ (454,964)	$ (327,313)	$ (127,651)
2018-2021 Net difference in projected and actual earnings on OPEB plan investments	5.0000	(2,015,588)	(367,943)	(1,647,645)
2020 Change in assumptions	2.9400	(885,602)	(301,225)	(584,377)
2021 Change in plan benefits	3.6500	(29,284,676)	(8,023,199)	(21,261,477)
			$ (9,019,680)	$ (23,621,150)
Due to Assets				
2019 Difference between expected and actuarial experience	2.2000	$ 4,588,813	$ 2,085,824	$ 2,502,989
2020 Difference between expected and actuarial experience	2.9400	4,166,553	1,417,195	2,749,358
2021 Defference between expected and actuarial expereince	3.6500	816,245	223,629	592,616
			$ 3,726,648	$ 5,844,963
Total				$ (17,776,187)

$750,000 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources
2022	$ (5,093,370)
2023	(6,731,094)
2024	(5,459,948)
2025	(491,775)
2026	-
Thereafter	-
	$ (17,776,187)

Deferred Outflows of Resources Related to Pensions and OPEBs

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit	Total Deferred Outflows and Inflows
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension contributions	$ 3,955,241	$ 510,848	$ 4,466,089	$ 34,709	$ 4,500,798
Deferred Net OPEB contributions	654,375	91,125	745,500	4,500	750,000
Deferred Total OPEB contributons-SDBF	35,379	4,569	39,948	311	40,259
Deferred assumption changes-pension	46,277	5,977	52,254	407	52,661
Deferred assumption changes-SDBF	362,451	46,812	409,263	3,176	412,439
Deferred actuarial experience-pension	1,962,583	253,483	2,216,066	17,224	2,233,290
Deferred actuarial experience-net OPEB	5,099,730	710,163	5,809,893	35,070	5,844,963
Deferred actuarial experience-SDBF	91,482	11,815	103,297	802	104,099
	$ 12,207,518	$ 1,634,792	$ 13,842,310	$ 96,199	$ 13,938,509
DEFERRED INFLOWS OF RESOURCES					
Deferred assumption changes-pension	$ 63,867	$ 8,249	$ 72,116	$ 560	$ 72,676
Deferred assumption changes-net OPEB	509,869	71,002	580,871	3,506	584,377
Deferred assumption changes-SDBF	44,814	5,787	50,601	393	50,994
Deferred investment gains-pension	4,197,118	542,089	4,739,207	36,834	4,776,041
Deferred investment gains-net OPEB	1,437,570	200,189	1,637,759	9,886	1,647,645
Deferred changes in plan benefits - net OPEB	18,550,639	2,583,269	21,133,908	127,569	21,261,477
Deferred actual experience - pension	358,687	46,328	405,015	3,148	408,163
Deferred actuarial experience-net OPEB	111,376	15,509	126,885	766	127,651
Deferred actuarial experience-SDBF	132,858	17,159	150,017	1,164	151,181
	$ 25,406,798	$ 3,489,581	$ 28,896,379	$ 183,826	$ 29,080,205
LIABILITIES					
Net pension liability	$ 16,817,706	$ 2,172,129	$ 18,989,835	$ 147,589	$ 19,137,424
Net OPEB liability	13,635,223	1,898,773	15,533,996	93,767	15,627,763
Total OPEB liability-SDBF	1,436,646	185,548	1,622,194	12,588	1,634,782
	$ 31,889,575	$ 4,256,450	$ 36,146,025	$ 253,944	$ 36,399,969

The City recognized combined OPEB expense for the City's two OPEB plans of $(1,329,868).

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Governmental Activities 2019	Governmental Activities 2018	Governmental Activities 2017
REVENUES:					
Program Revenues:					
Charges for services	$ 21,277,139	$ 20,630,815	$ 16,417,313	$ 17,039,875	$ 13,762,203
Operating grants and contributions	6,292,049	3,644,625	364,704	537,571	744,621
Capital grants and contributions	29,275,662	19,568,637	9,190,904	12,138,654	3,357,730
General revenues:					
Property taxes	58,744,441	58,969,473	51,392,861	46,358,223	41,638,465
Other taxes	31,226,708	27,228,756	23,820,535	22,064,495	20,783,110
Other	256,856	558,295	1,327,897	796,305	400,055
Total Revenues	$ 147,072,855	$ 130,600,601	$ 102,514,214	$ 98,935,123	$ 80,686,184
EXPENSES:					
General government	24,895,115	23,086,899	19,297,584	18,218,204	14,432,936
Public safety	39,918,078	44,182,742	40,252,978	34,407,383	31,997,593
Public works	17,537,246	17,310,005	20,480,928	15,647,044	15,236,701
Culture and recreation	11,954,562	11,982,897	12,247,607	10,104,737	10,348,391
Interest on long-term debt	6,676,181	7,052,705	6,903,807	6,567,752	6,344,763
Total Expenses	$ 100,981,182	$ 103,615,248	$ 99,182,904	$ 84,945,120	$ 78,360,384
Increase in net position before transfers	46,091,673	26,985,353	3,331,310	13,990,003	2,325,800
Transfers	3,448,889	(819,063)	758,794	1,589,807	1,560,112
Increase in net position	49,540,562	26,166,290	4,090,104	15,579,810	3,885,912
Beginning Net position	293,053,180	266,886,890	262,796,786	247,216,976 (1)	268,951,844
Ending Net position	$ 342,593,742	$ 293,053,180	$ 266,886,890	$ 262,796,786	$ 272,837,756

(1) Beginning Net Position restated for GASB No. 75. GASB No. 75 requires a prior period adjustment be made for certain items previously reported as assets and liabilities.

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TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Years Ended September 30,				
	2021	2020	2019	2018	2017
Revenues:					
Taxes, Penalties and Interest	$ 58,533,199	$ 56,070,358	$ 50,832,200	$ 45,495,286	$ 41,578,450
Licenses and Permits	3,491,453	2,673,226	2,260,191	2,309,844	1,759,695
Intergovernmental	2,162,099	3,349,555	599,725	414,039	684,521
Charges for Services	6,624,582	7,292,387	5,537,205	5,388,483	4,764,006
Fine and Forfeitures	1,216,056	1,329,253	1,727,667	1,735,354	1,840,769
Interest	8,398	248,646	589,290	281,448	88,435
Contributions	4,250	-	-	-	-
Miscellaneous	1,578,375	1,250,379	1,009,032	974,502	898,601
Total Revenues	$ 73,618,412	$ 72,213,804	$ 62,555,310	$ 56,598,956	$ 51,614,477
Expenditures:					
General Government	$ 22,463,672	$ 18,791,681	$ 15,635,490	$ 14,728,798	$ 11,952,386
Public Safety	39,694,000	39,344,907	36,353,285	32,450,352	30,308,335
Public Works	4,447,759	4,238,179	4,689,809	3,640,450	4,244,277
Cultural and Recreation	4,692,466	4,288,073	4,197,037	3,898,431	4,291,402
Bond Issuance Cost	-	-	-	11,124	-
Capital Outlay	112,771	254,043	174,694	984,336	639,242
Total Expenditures	$ 71,410,668	$ 66,916,883	$ 61,050,315	$ 55,713,491	$ 51,435,642
Other Financing Sources (Uses):					
Unreserved, current	$ -	$ -	$ -	$ -	$ -
Sale of City Property	57,251	-	98,825	-	30,359
Bond Proceeds	-	-	-	1,038,206	
Premiums/Discounts, net	-	-	-	62,917	
Transfers In	4,976,975	2,411,696	1,963,663	1,727,443	1,562,352
Transfers Out	(2,035,364)	(2,930,624)	(3,187,154)	(1,161,085)	(372,496)
Total Other Sources (Uses)	$ 2,998,862	$ (518,928)	$ (1,124,666)	$ 1,667,481	$ 1,220,215
Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)	$ 5,206,606	$ 4,777,993	$ 380,329	$ 2,552,946	$ 1,399,050
Beginning Fund Balance	22,187,299	17,409,306	17,028,977	14,476,031	13,076,981
Ending Fund Balance	$ 27,393,905	$ 22,187,299	$ 17,409,306	$ 17,028,977	$ 14,476,031

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition to the collections below, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (1/2% of 1%) for the purpose of park, downtown and historical improvements and such tax may be pledged to secure payment of sales tax revenue bonds issued by the Mansfield Park Facilities Development Corporation. On January 18, 1997 the voters of the City also approved a sales and use tax of one-half of one percent (1/2% of 1%) solely for the promotion and development of new and expanded business enterprises and such tax may be pledged to the payment of obligations that may be issued by the Mansfield Economic Development Corporation.

Fiscal Year Ended 9/30	1% Local Sales Tax Collected For General Fund [(1)]	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita [(2)]
2018	$ 11,598,026	24.79%	$ 0.1760	$ 165.28
2019	12,494,551	25.03%	0.1777	170.20
2020	13,621,422	24.92%	0.1706	179.80
2021	16,007,829	29.20%	0.2015	210.63
2022	11,687,258 [(3)]	21.06%	0.1453	151.70

(1) Excludes (a) one-half cent sales tax collections for Mansfield Economic Development Corporation, collected for the promotion and development of new and expanded business enterprises and (b) one-half cent sales collections for Mansfield Park Facilities Development Corporation collected for park, downtown and historical improvements.
(2) Based on population estimates of City Planning Department.
(3) Collections as of June 1, 2022.

FINANCIAL POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies used by the City are described below. The audited financial statements of the City for the year ended September 30, 2021, prepared in accordance with the GASB Statements, are included in Appendix B hereto.

Government-wide and Fund Financial Statements . . . The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation . . . The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closure/post closure costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives the cash as the resulting receivables are deemed immaterial.

Fund Balances . . . The City has a written fund balance policy requiring the general fund's balance to be at least 25% of the next fiscal year's budget. It is the City's policy to maintain this percentage to assure adequate funding of the general operating fund.

Use of Bond Proceeds . . . The City's policy is to use bond proceeds for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. Each year, by the middle of June, the departments submit to the City Manager a budget of estimated expenditures for the ensuring fiscal year. After review by the Finance Department and the City Manager, a budget of estimated revenues and expenditures is submitted to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state statutes. The City Council will adopt a budget prior to September 15. If the Council fails to adopt a budget then the budget proposed by the City Manager is deemed to have been adopted.

During the fiscal year, budgetary control is maintained by the monthly review of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year if no disbursement from or encumbrance of the appropriation has been made.

INVESTMENTS

The City may invest its investable funds (including bond proceeds and money pledged to the payment of or as security for bonds or other indebtedness issued by the City or obligations under a lease, installment sale, or other agreement of the City) in investments authorized by State law in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

AUTHORIZED INVESTMENTS

Under current State law, the City is authorized to invest in: (1) obligations of the United States or its agencies and instrumentalities, including letters of credit, (2) direct obligations of the State or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) certificates of deposit and share certificates meeting the requirements of the Public Funds Investment Act, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3), (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City and held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar-weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of no less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAA-m or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

INVESTMENT POLICIES

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, (6) yield, and (7) legality.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 15 - CURRENT INVESTMENTS

As of June 1, 2022, the City's invested funds were invested in the following categories:

Description of Investment	Percent of Portfolio	Total Investment
AIM Invesco	0.49%	$ 468,338
Bank of America Merrill Lynch	26.49%	25,192,467
Texas CLASS (investment pool)	1.80%	1,714,726
LOGIC	21.03%	20,002,419
TexStar	46.76%	44,464,116
	100.00%	$ 95,099,826

The Pool that the City invests in is LOGIC. It is a governmental investment pool that operates as a money market equivalent. Each pool currently maintains an "AAA" rating from S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLP ("S&P") or Fitch Ratings and has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investments or redemptions of funds are allowed by the participants.

LOGIC is a local government investment pool for whom HilltopSecurities Asset Management, Inc., provides customer service and marketing for the pool. LOGIC currently maintains a "AAAm" rating from S&P and has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investments or redemptions of funds is allowed by the participants.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Certificates should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Certificates.

TAX EXEMPTION . . . In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the excludability of interest on the Certificates from gross income for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Underwriters of the Certificates with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Underwriters of the Certificates, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Certificates or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer and the owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

COLLATERAL TAX CONSEQUENCES . . . Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium asssistance credit, and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM . . . The issue price of all or a portion of the Certificates may exceed the stated redemption price payable at maturity of such Certificates. Such Certificates (the "Premium Certificates") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Premium Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Certificates.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The issue price of all or a portion of the Certificates may be less than the stated redemption price payable at maturity of such Certificates (the "Original Issue Discount Certificates"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Certificates under the caption "Tax Matters - Tax Exemption" and "Tax Matters - Additional Federal Income Tax Considerations - Collateral Tax Consequences" and "- Tax Legislative Changes" generally apply, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the respective Underwriterss have purchased the Certificates for contemporaneous sale to the public and (ii) all of the Original Issue Discount Certificates have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificates for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

TAX LEGISLATIVE CHANGES . . . Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreements, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB. This information will be available free of charge from the MSRB via the EMMA system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide this information in the numbered Tables within six months after the end of each fiscal year ending in and after 2022 and, if then available, audited financial statements of the City. If audited financial statements are not available when the information is provided, the City will provide audited financial statements within 12 months of the end of the fiscal year, when and if they become available. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, updated unaudited information included in the above-referenced Tables must be provided by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change**.**

EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Certificates: (1) Principal and interest payment delinquencies; (2) Non-payment related defaults, if material; (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (5) Substitution of credit or liquidity providers, or their failure to perform; (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Certificates, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the City; (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with its agreement described above under "Annual Reports."

For these purposes, (A) any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets of business of the City, and (B) the City intends the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018. The Ordinance defines "Financial Obligation" as (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION . . . All information and documentation filings required to be made by the City in accordance with its undertaking made for the Certificates will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided by the MSRB, without charge to the general public, at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreements from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an Underwriters to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an Underwriters from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends the agreements, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . During the last five years, the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

The City contracts with both Tarrant Regional Water District to supply raw water to the City and Trinity River Authority to treat its wastewater. The City is linking its disclosure obligations to the outstanding issues of both.

OTHER INFORMATION

RATINGS

The Certificates and the presently outstanding tax supported debt of the City are rated "Aa1" by Moody's, "AAA" by S&P and "AA+" by Fitch, without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Certificates.

LITIGATION

Savering et al. v. City of Mansfield et al. On August 28, 2014, Josh and Kelli Savering and others filed suit against the City, the Mansfield Park Facilities Development Corporation ("Corporation" or "MPFDC"), and several individuals associated with the City or the Corporation (collectively "City Defendants") to resolve a dispute over the construction of a bridge that connects a public park to a walking trail that abuts plaintiffs' property. Plaintiffs alleged various causes of action against the City Defendants and also sought equitable relief in the form of an injunction to require the City to prohibit members of the public from crossing the bridge.

Initially, all of plaintiffs' requests for injunctive relief had been denied by the trial court. After an evidentiary hearing on plaintiffs' original motion requesting a temporary injunction, the court denied the motion and plaintiff appealed said denial. The case was submitted to the second Court of Appeals for review of the trial court's decision to deny the plaintiffs' motion and the second Court of Appeals upheld the trial court's decision to deny the plaintiffs' requested injunctive relief. Plaintiffs filed a motion for reconsideration with the Court of Appeals and the court again upheld the trial court's decision to deny plaintiffs' requested injunction in a three justice panel ruling. Plaintiffs', for a second time, filed a motion for reconsideration and the court of appeals granted plaintiffs' second motion for reconsideration and withdrew its opinion and judgment which had been previously entered. In a 4/3 decision, the Court of Appeals issued a new ruling on September 29, 2016, in which the Court changed courses from its previous three rulings and ruled that the trial court should have granted plaintiffs' requested injunction. The City Defendants appealed the interlocutory ruling to the Texas Supreme Court, however, the Supreme Court denied the request to hear the petition and remanded the case back to the trial court.

Subsequent to the decision of the Texas Supreme Court, the case has moved forward at the trial court level with motions for summary judgment being filed by all parties. On October 9, 2018, the trial court granted portions of the plaintiffs' request for summary judgment finding that the residential lots that had been the center of the dispute between the parties had been conveyed to the Homeowners Association by the Declaration of Covenants, Conditions and Restrictions and that the City did not have a valid title to those properties. The court refused a request to find that the City or related defendants' had trespassed on the property and refused to find that attorney's fees were recoverable against the City or its related parties based upon the summary judgment evidence.

Shortly before trial, the plaintiffs non-suited their trespass to try title or ultra vires claims, as well as their alternative claims for trespass and inverse condemnation, choosing to rely on the court's rulings on the summary judgment motions. The city non-suited its alternative eminent domain action, which can be brought at a later date, if necessary. That left the issue of attorney's fees as the only issue for trial.

The case proceeded to trial as scheduled on December 3, 2018. At the conclusion of the evidence and arguments, the court took the matter under advisement. The court signed a final judgment in the case on March 20, 2019 awarding plaintiffs title to the property in question (based upon the earlier rulings on summary judgment motions) and attorney's fees against the MPFDC in the amount of $124,570.80 and conditional attorney's fees in the event of successful appeals totaling $116,000.00.

The City appealed the court's judgment, primarily attacking the decision with respect to title and, as a consequence, the award of attorney's fees. The City's brief was filed in late August 2019 and the respondents' brief was due in early November. The court of appeals announced its unanimous opinion in favor of the City Defendants on July 16, 2020. The court ruled that the plaintiffs failed to establish that the Homeowners Association on whose behalf they ostensibly sued the City had any claim of title to the disputed property, so the trial court's judgment in their favor was improper. It also set aside the award of attorney's fees to the plaintiffs.

The Court of Appeals further ruled that its earlier opinion – the 4/3 decision against the City mentioned above – does not constitute "law of the case," and neither the Court of Appeals nor the trial court is bound by its terms. The Court of Appeals reversed the judgment of the trial court and remanded the case for further proceedings. The plaintiffs filed a Motion for Rehearing *en Banc*, which was denied.

The plaintiffs' Motion for Rehearing requested, among other things, that the court determine the overall title question – i.e., not simply that the Homeowners Association did not prove its claim of title but whether the City Defendants' claim of title is valid. Following denial of their Motion for Rehearing *en Banc* at the Court of Appeals, plaintiffs filed a petition for review with the Texas Supreme Court arguing that the Court of Appeals erred by not deciding the overall title question. The City Defendants have argued that the Court of Appeals ruling (in City Defendants favor) should stand. If the Texas Supreme Court denies review, the case will be sent back down to the trial court for disposition in accordance with the court of appeals ruling. As things currently stand, the City is in the position of owing nothing to the plaintiffs after the first round of appellate review. The City Defendants continue in their opinion that this case will not have a significant effect upon the financial condition of the City or the MPFDC.

It is the opinion of the City Attorney and the City Staff that there is no other pending, or to their knowledge, threatened litigation or other proceeding against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Certificates have not been approved or disapproved by the Securities and Exchange Commission, nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this Official Statement. The Certificates have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL MATTERS

The delivery of the Certificates is subject to the approval of the Attorney General of Texas to the effect that the Certificates are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, and the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as APPENDIX C. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the definitive Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriterss by West & Associates, L.L.P., Dallas, Texas, Counsel for the Underwriterss. The legal fee of such firm is contingent upon the sale and delivery of the Certificates.

Bond Counsel was engaged by, and only represents, the City. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions "The Certificates" (except under the subcaptions "Book-Entry-Only System," "Certificateholders' Remedies," "Use of Proceeds" and the last sentence under "Tax Rate Limitation"), "Tax Matters," "Continuing Disclosure of Information" (except under the subcaption "Compliance With Prior Undertakings") and the subcaptions "Legal Matters" (except for the last two sentences of the first paragraph thereof), "Registration and Qualification of Certificates for Sale", and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION," and such firm is of the opinion that the information relating to the Certificates and the legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

Hilltop Securities is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. Hilltop Securities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at an underwriting discount of $______________. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of the information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the bank.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the Certificates are not deposits of any ban and are not insured by the Federal Deposit Insurance Corporation.

INFECTIOUS DISEASE OUTBREAK – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State because of the effects of COVID-19. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including taking action to suspend any regulatory statute prescribing the procedures for conduct of state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued several executive orders relating to COVID- 19 preparedness, mitigation and reopening Texas businesses. In response to a rise in COVID-19 infections in the State and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Under executive orders in effect as of the date of this Official Statement, there are no State-imposed COVID-19 related operating limits for any business or other establishment in the State and no State-imposed requirement to wear a face covering. The Governor retains the right to impose future restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the U.S., the State and the City. With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that economic activity will continue or increase at the same rate as before the COVID-19 pandemic or following the easing or removal of restrictions, especially if there are future outbreaks of COVID-19 or variants of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity and limit the growth of or reduce the City's ad valorem and sales tax collections. In addition, further or extended reductions in the value of stocks and other investments could impact employee retirement plans or other funds and could require actions by the State. The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19, or variants of COVID-19, or a similar virus on the City's operations or financial condition.

Some of the financial and operating data contained herein are as of dates and for periods prior to the economic impact of COVID-19 and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the COVID-19 pandemic upon the City. While the full extent of the impact of COVID-this time, the continued outbreak of COVID-19 could have an adverse effect on the operations and financial condition, and the effect could be material.

FORWARD-LOOKING STATEMENT DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FORVIS, the City's 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 this report.

The Ordinance authorizing the issuance of the Certificates will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Underwriters.

____
Mayor
City of Mansfield, Texas

ATTEST:

____
City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY . . . The City of Mansfield encompasses 36.69 square miles and is located in the southeastern portion of Tarrant County with small areas of the City extending into Johnson and Ellis Counties. The City is bounded by the cities of Arlington on the north, Grand Prairie on the east and Fort Worth on the west. Farm Road 157 is a direct route between the City and Arlington. U.S. Highway 287 passes directly through the City from east to west. Dallas is approximately 25 miles to the northeast via U.S. Highway 287 and U.S. Highway 67 or I-20. Downtown Fort Worth is approximately 20 miles to the northwest via U.S. Highway 287 and I-20. Highway 360 provides direct connection to the cities of Arlington and Grand Prairie and to the Dallas-Fort Worth International Airport.

POPULATION . . . The City's 2020 Census population was 72,602, increasing 159.01% since 2000. The City Planning Department estimates the 2022 population at 77,040 reflecting a 39% increase since 2010.

INDUSTRY . . . The City of Mansfield has five major industrial parks with over 150 businesses and a significant amount of developable land remaining. There are significant water and transportation resources available for future development.

In 1997, the voters passed a half cent sales tax for economic development and the Mansfield Economic Development Corporation ("MEDC") was formed to administer the City's economic development program.

Since its inception the MEDC has assisted over 165 companies in making Mansfield their home by providing over $37.5 million in economic assistance. These companies have made cumulative capital investments of over $890 million and created over 5,600 jobs in the City.

Since 2010, the MEDC has assisted 60 companies with increasing their presence in Mansfield; 25 expansions, 35 new developments and 8 road projects. The new developments include Straumann Manufacturing, Inc. a dental device manufacturing company who will invest over $170 million in building a manufacturing facility and will create over 700 jobs. MEDC also assisted several company expansions, including Mouser Electronics who recently completed 127,000 square feet of warehouse space and 50,000 square feet corporate office for a total new investment of over $25 million and 200 new employees. Klein Tools completed construction of a new 200,000 square feet distribution facility with a total investment of $35 million and 125 jobs. MEDC also assisted with a 130,000+ square feet neighborhood retail center including Market Street, a specialty grocery store, as the primary anchor.

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PRINCIPAL EMPLOYERS

Company	Product Line	Number of Employees
Mansfield Independent School District	School	4,609
Mouser Electronics	Distribution of Electronic Parts	2,067
Methodist Mansfield Medical Center	Full Service Hospital	1,428
Klein Tools	Manufacturer of Hand Tool Products	733
Hoffman Cabinets	Cabinet Manufacturer	502
City of Mansfield, Texas	Municipality	494
BCB Transport	Transportation Provider	435
R1	Medical Billing	183
SJ Louis Construction	Utility Contractor	175
Conveyors, Inc.	Manufacturer of Conveyor Equipment	153

HISTORICAL EMPLOYMENT DATA (ANNUAL AVERAGE DATA) (1)

City of Mansfield	May 2022	2021	2020	2019	2018
Labor Force	40,351	39,107	38,333	38,575	37,384
Employed	39,023	37,259	35,906	37,357	36,166
Unemployed	1,328	1,848	2,427	1,218	1,218
% Unemployment	3.3%	4.7%	6.3%	3.2%	3.3%

Tarrant County	May 2022	2021	2020	2019	2018
Labor Force	1,129,495	1,099,856	1,082,822	1,079,646	1,059,616
Employed	1,090,830	1,041,556	1,003,269	1,043,814	1,022,224
Unemployed	38,665	58,300	79,553	35,832	37,392
% Unemployment	3.4%	5.3%	7.3%	3.3%	3.5%

(1) Source: Texas Employment Commission.

SERVICES . . . The City is served by hospitals within the City and the immediate area including Mansfield Methodist Hospital, Columbia HCA, Arlington Memorial Hospital, Huguley Hospital, Harris Hospital and John Peter Smith Hospital. Texas Health Resources has opened a new full service hospital.

The City addresses the needs of its citizens by offering many varied services to its residents. The police and fire departments employ 164 and 104 persons, respectively. Emergency ambulance service is also offered. Park and recreation facilities include 20 City parks consisting of 1,037 acres, 16 playgrounds, 30 athletic fields and over eleven miles of running trails. The City also has one public library with approximately 114,490 volumes.

Electric, gas, telephone and cable television services are provided by Texas Utilities, Atmos Energy, AT&T and Charter Communications, respectively.

Several banks serve the City: Frost Bank, American National Bank, Southwest Bank, Bank of America, Mansfield Community Bank, JPMorgan Chase Bank, BBVA Compass Bank, Regions Bank and Wells Fargo Bank.

TRANSPORTATION . . . The City is traversed from east to west by U.S. Highway 287. U.S. Highway 360 traverses the City from north to south. The City has easy access to Interstate Highway 20 and Interstate 30. Railroad freight service is provided by Southern Pacific Railroad. The City is located approximately 30 miles south of the Dallas-Fort Worth International Airport.

EDUCATION . . . The City is served by the Mansfield Independent School District which consists of one pre-kindergarten academy; 24 elementary schools with grades pre-kindergarten through 4; seven intermediate schools with grades 5 and 6; two STEM Academy, seven middle schools for grades 7 and 8; five high schools, with grades 9 through 12; one high school with grades 11 and 12; one career & technology academy; one early college high school; and one alternative school campus. Current enrollment for the District is approximately 35,564. The District employs a total of 4,696 personnel, of which 2,703 are classroom teachers or administrators. The District maintains pupil-teacher ratios of 22:1 for elementary, a 28:1 ratio for grades 5 through 12.

Colleges within close proximity to the City include Tarrant and Dallas County Community Colleges, Southern Methodist University, University of Dallas, University of North Texas, Texas Wesleyan, Texas Women's University, University of Texas at Arlington and Texas Christian University.

BUILDING PERMITS BY CATEGORY

Fiscal Year Ended 9/30	Commercial and Industrial		Residential		
	Number	Amount	Number	Amount	Grand Total
2018	44	$ 92,342,272	598	$ 231,982,881	$ 324,325,153
2019	45	68,079,866	471	162,391,591	230,471,457
2020	92	312,449,253	758	266,028,479	578,477,732
2021	86	168,760,936	943	165,415,767	334,176,703
2022 (1)	67	75,649,203	818	277,897,909	353,547,112

(1) As of June 1, 2022.

The following tables illustrate projects underway in the City as of September 30, 2021.

Estimate of Platted Residential Lots Available for Development

Development	Number of Lots Remaining	Years To Build Out	Total Projected Population
Birdsong Ph 1	71	1.5	219
Bower Ranch, Phs 1-3	8	1.0	25
Colby Crossing Ph 2	45	1.5	139
Dove Chase Ph 2	21	1.0	65
Ladera at the Reserve Ph 1	52	2.0	160
Legacy Estates	28	1.5	86
M3 Ranch Ph 1	175	2.5	539
Mill Valley	22	1.0	68
Mitchell Farms	112	2.5	345
Rockwood Ph 1	82	1.5	253
Seeton Estates	17	1.5	52
Southpointe, Phs 1A & 1B	16	0.5	49
Southpointe Ph 3	17	1.0	52
Southpointe Ph 4	107	2.0	330
Southpointe Ph 5	13	1.5	40
Southpointe Ph 7	180	1.5	554
Southpointe Ph 8A	104	2.0	320
Somerset Ph 3	187	2.0	576
Sunset Crosing	66	2.0	203
The Oaks Preserve Ph 1	39	1.5	120
Triple Diamond Ranch Ph 1	28	2.5	86
Triple Diamond Ranch Ph 2	61	1.5	188
View at the Reserve Ph 1	122	1.5	376
Total	1,573		4,626

Estimate of Preliminary Platted Residential Lots for Future

Development	Number of Lots to be Developed	Total Projected Population
Birdsong Ph 2	128	394
Birdsong Future Phases	294	906
Dolce Vita	277	853
Ladera at the Reserve Ph 2	72	222
Lone Star Ranch, Ph 3	66	203
M3 Ranch Ph 2	493	1,518
Mansfield Webb Townhomes	19	59
The Oaks Preserve Ph 2	149	459
Rockwood Ph 2	121	373
Rockwood Phs 3-4	236	727
Somerset Ph 4	24	74
Somerset Ph 4B	56	172
Somerset Ph 5A	105	323
Southpointe Ph 8A	125	385
Southpointe Ph 8B	93	286
The View at the Reserve Ph 2	186	573
Watson Branch Ph 1	117	360
Watson Branch Ph 2	141	434
	2,702	8,322

Estimate of Platted Commercial and Industrial Acreage Available for Development

Development	Number of Acres	Uses
Cannon Professional Plaza	3.950	Office
Community of Hope Add.	5.310	Retail
Creekside Plaza	1.650	Office
Enclave, The	2.000	Office
Fountainview Center	1.250	Office
Golden Acres	1.330	Retail/Commercial
Heritage Industrial Park	63.700	Commercial/Industrial
Heritage Estates	1.460	Retail/Commercial
Highland Heights	13.380	Office/Commercial
Hillcrest Addition	42.171	Commercial/Industrial
Hillcrest Business Park	1.940	Commercial/Industrial
J.M. Thomas	1.360	Retail/Commercial
K&M Hotels Addition	1.151	Retail/Commercial
Knapp Sisters Business Park	3.290	Retail/Commercial
Legends Mansfield Addition	2.540	Retail/Commercial
Mansfield 287 Addition	1.510	Retail/Commercial
Mansfield Debbie Lane Addition	1.270	Retail/Commercial
Mansfield Hospital Addition	0.230	Retail/Commercial
Mansfield Industrial Park East	0.511	Commercial/Industrial
Mansfield Marketplace	15.450	Retail/Commercial
Mansfield Medical Plaza	6.270	Office
Mansfield Town Center East	5.330	Retail/Commercial
Mansfield Town Center West	8.070	Retail/Commercial
McCaslin Business Park	2.870	Commercial/Industrial
Meyergreen Business Park	0.650	Commercial
New Intermediate School South	6.995	Retail/Commercial
Ritter-Meehan No. 1 Addition	1.000	Retail/Commercial
Sar Medical Plaza	2.220	Office
Sentry Industrial Park	16.240	Heavy Industrial
Stadium Plaza	4.870	Commercial/Automotive
Steadfast Heritage Addition	1.629	Commercial/Industrial
The Shops at Broad Street	10.500	Retail/Commercial
TSC Addition	4.440	Commercial/Industrial
Tuscany at Walnut Creek	1.370	Office/Commercial
Village Off Broadway	8.780	Retail/Commercial
Walnut Creek Corner	4.460	Retail/Commercial
Walnut Creek Village Ph 2	1.630	Retail/Automotive
Total	252.78	

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APPENDIX B

EXCERPTS FROM THE

CITY OF MANSFIELD, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2021

The information contained in this Appendix consists of excerpts from the City of Mansfield, Texas Annual Financial Report for the Year Ended September 30, 2021 (the "Report"), and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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BKD
CPAs & Advisors

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972.702.8262 | Fax 972.702.0673 | bkd.com

Independent Auditor's Report

The Honorable Mayor, City Council and City Manager
City of Mansfield, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Mansfield, Texas (City) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. 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.

The Honorable Mayor, City Council and City Manager
City of Mansfield, Texas

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Mayor, City Council and City Manager
City of Mansfield, Texas

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
March 17, 2022

Management's Discussion and Analysis

As management of the City of Mansfield, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The City's net position or assets and deferred outflows less its liabilities and deferred inflows at the close of the City's fiscal year is approximately $582 million.

- The City recognized approximately $202 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately $133 million in expenses in servicing the City's governmental and business enterprises.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of approximately $95 million. Approximately 28% of this $95 million is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately $27 million or 38% of total general fund expenditures.

- The City and MEDC's total debt obligations (excluding premiums and discounts) decreased by $9.36 million (3.85%) during the current fiscal year. This is from approximately $16.525 million in new bond proceeds offset by $25.885 million in scheduled principal payments and payments to escrow agents during the year. The key factors affecting the City's debt position are as follows:

  Certificates of Obligation of $2.2 million for the purpose of joint fire/police training facility construction.

  Certificates of Obligation of $2.68 million for the purpose of police station construction.

  Certificates of Obligation of $.24 million for the purpose of restoring a historical building.

  Certificates of Obligation of $2.88 million for the purpose of Katherine Rose Memorial Park and Gertie Barrett Park improvements.

  Certificates of Obligation of $0.72 million for the purpose of library modification.

  Certificates of Obligation of $0.38 million for the purpose of equipment replacement.

  Waterworks and Sewer Revenue Refunding of $7.425 million for the purpose of refunding 2009-2011 bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on the City's assets and deferred outflows of resources less liabilities and deferred inflows of resources as the City's net financial position, or remaining net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include a Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Mansfield Parks Facilities Development Corporation, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government. The City has two Tax Increment Financing Reinvestment Zones (TIRZs), both legally separate entities, which are geographically defined regions within the City limits established by the City. The purpose of the reinvestment zones are to pay for the public's infrastructure to be owned by the City within the region. The TIRZs are an integral part of the primary government. The City has a public improvement district - South Pointe Public Improvement District. The City established the public improvement district for the purpose of maintaining public improvements on approximately 873 acres in the TIRZ number one area. An annual assessment will fund the public improvement district.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the street construction fund, the building construction fund, Mansfield Parks Facility Development Corporation, and the TIRZ Fund Number 1, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City maintains three different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, LEC, and Drainage Utility Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Drainage Utility Fund, each of which are considered to be major funds of the City.

The City decided to close the Law Enforcement Center (LEC) during the year ended September 30, 2021. The City decided it was in its best interest to operate the LEC as a municipal jail to save money after the loss of a contract. All operations were transferred to the General Fund.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City adopts an annual appropriated budget for its general fund and both debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $582,376,078 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (92.13%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other	$ 115,965,633	$ 98,313,491	$ 48,845,843	$ 48,466,483	$ 164,811,476	$ 146,779,974
Capital	483,749,129	453,053,593	232,038,102	222,046,603	715,787,231	675,100,196
Total assets	599,714,762	551,367,084	280,883,945	270,513,086	880,598,707	821,880,170
Deferred outflows:	14,281,116	18,641,654	3,971,606	6,146,241	18,252,722	24,787,895
Liabilities:						
Long-Term	233,656,425	263,028,465	38,145,246	50,732,461	271,801,671	313,760,926
Other	12,325,547	8,393,645	3,438,388	4,288,459	15,763,935	12,682,104
Total liabilities	245,981,972	271,422,110	41,583,634	55,020,920	287,565,606	326,443,030
Deferred inflows:	25,420,164	5,533,448	3,489,581	1,282,270	28,909,745	6,815,718
Net investment in capital assets	331,887,663	291,725,686	204,648,837	186,573,687	536,536,500	478,299,373
Restricted	25,502,832	27,153,749	13,618,642	16,047,528	39,121,474	43,201,277
Unrestricted	(14,796,753)	(25,826,255)	21,514,857	17,734,922	6,718,104	(8,091,333)
Total net position	$ 342,593,742	$ 293,053,180	$ 239,782,336	$ 220,356,137	$ 582,376,078	$ 513,409,317

As of September 30, 2021, a portion of the City's net position, $39,121,474 or (6.72)% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of $6,718,104 may be used to meet the government's ongoing obligations to citizens and creditors. Total net position of the City is $582,376,078.

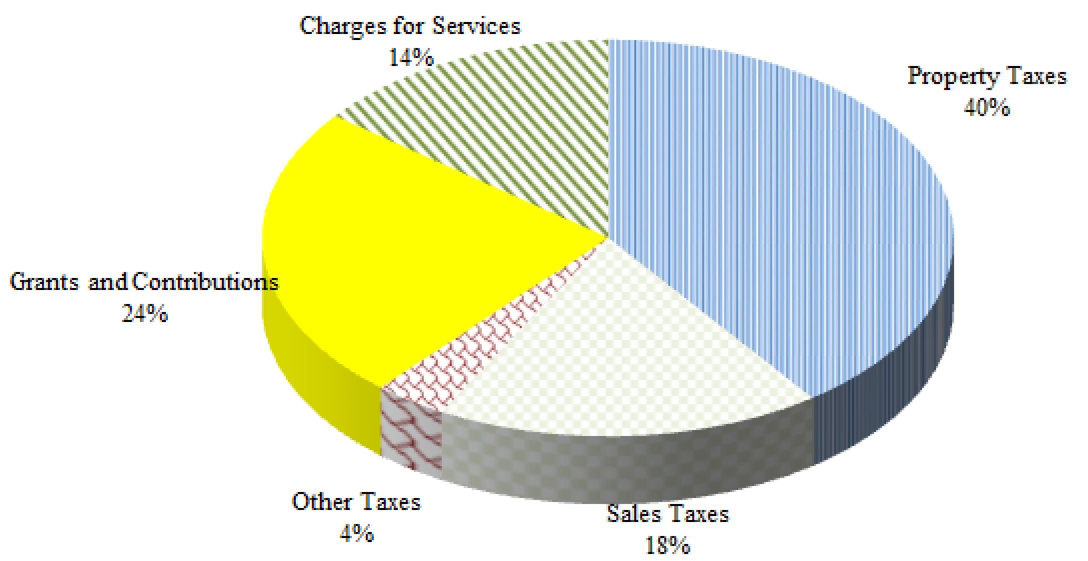
City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
Beg - Net Position	$ 293,053,180	$ 266,886,890	$ 220,356,137	$ 198,057,887	$ 513,409,317	$ 464,944,777
Revenues	$ 147,072,855	$ 130,600,601	$ 55,352,036	$ 59,198,437	$ 202,424,891	$ 189,799,038
Expenses	100,981,182	103,615,248	32,476,948	37,719,250	133,458,130	141,334,498
Transfers, net	3,448,889	(819,063)	(3,448,889)	819,063	-	-
Net Change in Position	49,540,562	26,166,290	19,426,199	22,298,250	68,966,761	48,464,540
End - Net Position	$ 342,593,742	$ 293,053,180	$ 239,782,336	$ 220,356,137	$ 582,376,078	$ 513,409,317

Governmental Activities

City governmental activity revenue for fiscal year 2021 increased approximately $16 million from fiscal year 2020. Revenues in fiscal year 2020 were $130.6 million compared to this fiscal year revenue of $147.1 million. The largest increase, $9.7 million, was in the capital grants and contributions category related to developers contributions for large developments being constructed in the City. The City had $(0.2) million reduction in property taxes related to a 10% homestead exemption that was adopted by City Council on June 22, 2020.

Governmental Activities - Revenues by Source for fiscal year ending 2021



Expenses in fiscal year 2021 compared to expenses in fiscal year 2020 decreased by (2.54)% or $(2.6) million. The decrease ocurred primarily in public safety as demand for services was unusually high in the prior year due to the on-set of the pandemic. The City also made changes to its retiree health insurance plan which drastically reduced the net OPEB liability. Since most employees are considered public safety, the public safety function saw a substantial decrease in costs associated with the change.

The public works program of the City spends most of its money on street improvements, which are recognized over the course of time through depreciation expense after the improvements have been capitalized. In fiscal 2021, the City recognized $13.2 million in depreciation expense for street-related assets compared to $12.6 in fiscal 2020. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over $4.4 million in maintenance and repairs on its 635 plus miles of linear streets. The increase in public works expenditures was related to halting non-critical expenditures to assess the impact of COVID-19 in fiscal year 2020.

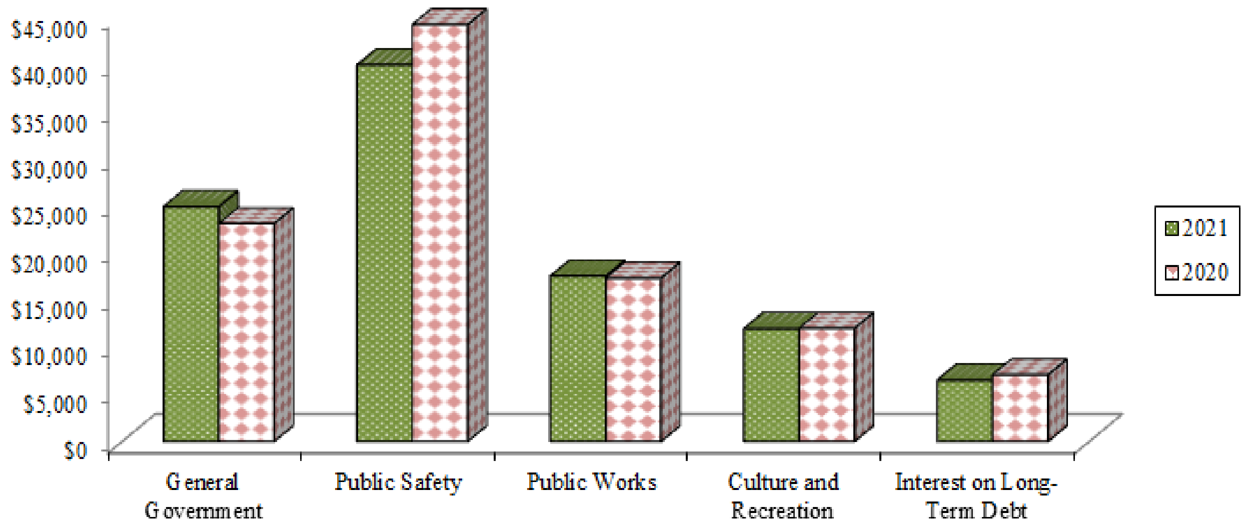
This year the City recognized $6.7 million in interest, amortization and associated issuance costs. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by $49.5 million. The increase in the City net position primarily increased because of an increase in capital contributions from developers constructing infrastructure assets for large developments in the City. The City also had a substantial increase in sales taxes related to new commercial and residential developments that have been completed recently.

City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
REVENUES -						
Program Revenues:						
Charges for Services	$ 21,277,139	$ 20,630,815	$ 44,875,807	$ 50,574,870	$ 66,152,946	$ 71,205,685
Operating Grants and Contributions	6,292,049	3,644,625	-	-	6,292,049	3,644,625
Capital Grants and Contributions	29,275,662	19,568,637	10,466,035	8,365,459	39,741,697	27,934,096
General Revenues:						
Property taxes	58,744,441	58,969,473	-	-	58,744,441	58,969,473
Sales taxes	26,205,159	22,552,355	-	-	26,205,159	22,552,355
Other taxes	5,021,549	4,676,401	-	-	5,021,549	4,676,401
Gain on sale of capital assets	81,407					
Other	175,449	558,295	10,194	258,108	185,643	816,403
Total Revenues	147,072,855	130,600,601	55,352,036	59,198,437	202,343,484	189,799,038
EXPENSES -						
General government	24,895,115	23,086,899	-	-	24,895,115	23,086,899
Public safety	39,918,078	44,182,742	-	-	39,918,078	44,182,742
Public works	17,537,246	17,310,005	-	-	17,537,246	17,310,005
Culture and recreation	11,954,562	11,982,897	-	-	11,954,562	11,982,897
Interest on debt	6,676,181	7,052,705	-	-	6,676,181	7,052,705
Water and Sewer	-	-	30,629,217	30,961,628	30,629,217	30,961,628
Law Enforcement	-	-	12,851	5,266,351	12,851	5,266,351
Drainage	-	-	1,834,880	1,491,271	1,834,880	1,491,271
Total Expenses	100,981,182	103,615,248	32,476,948	37,719,250	133,458,130	141,334,498
Before transfers	46,091,673	26,985,353	22,875,088	21,479,187	68,885,354	48,464,540
TRANSFERS, net	3,448,889	(819,063)	(3,448,889)	819,063	-	-
Change in net position	49,540,562	26,166,290	19,426,199	22,298,250	68,885,354	48,464,540
Net Position, Beginning	293,053,180	266,886,890	220,356,137	198,057,887	513,409,317	464,944,777
Net Position, Ending	$ 342,593,742	$ 293,053,180	$ 239,782,336	$ 220,356,137	$ 582,376,078	$ 513,409,317

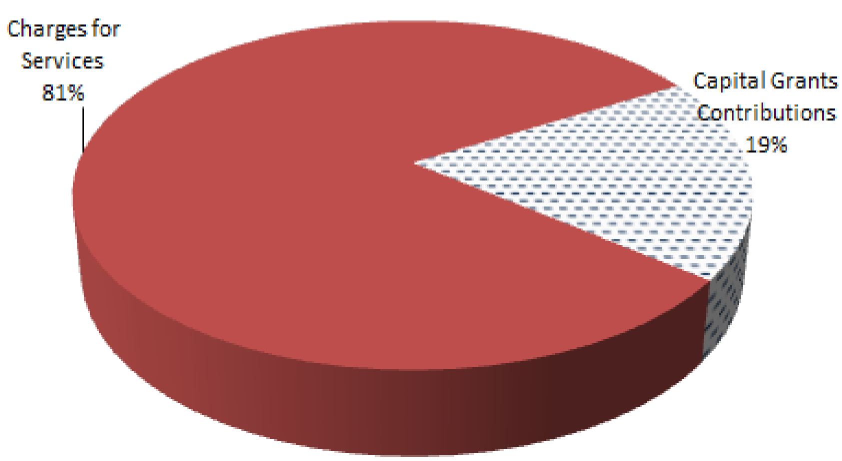
Governmental Activities – Expenses (in thousands)



Business-Type Activities

Revenues exceeded expenses for the City's business-type activities in fiscal year 2021. Total revenues including capital contributions were approximately $55.4 million and total expenses including interest expense were approximately $32.5 million while equity transfers out were approximately $(3.4) million which added approximately $19.4 million to the Business-Type's net financial position. This increased the net position of the business-type activities from approximately $220.4 million to approximately $239.8 million by the end of fiscal year 2021.

Business-Type Activities – Revenues by Source for fiscal year ending 2021



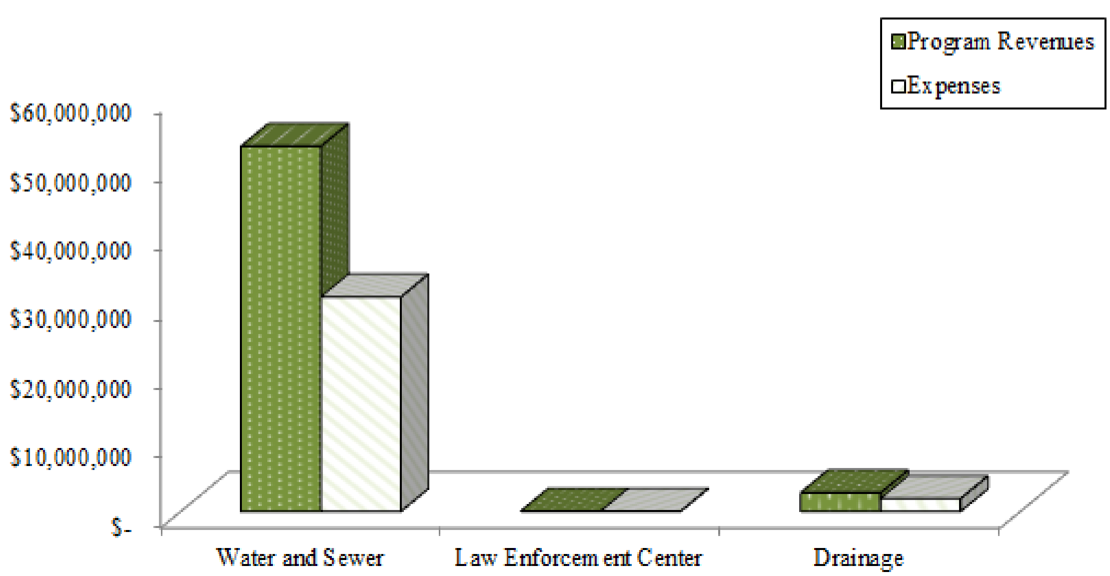
Comparatively, Business-Type Revenues were less than prior year Business-Type Revenues by (6.50)% or $(3.8) million. This decrease is the result of the City closing the Law Enforcement Center during fiscal year 2021. Revenues including capital contributions for fiscal year 2021 were approximately $55.4 million and revenues including capital contributions for fiscal year 2020 were approximately $59.2 million. Expenses including interest for fiscal year 2021 were approximately $32.5 million before equity transfers of approximately $(3.4) million and expenses including interest expense for fiscal year 2020 were approximately $37.7 million before equity transfers of approximately $0.8 million. The increase in net position was primarily the result of the activity of the City's Water & Sewer Fund as the City's other Business-Type Funds, the Drainage Utility Fund, for fiscal year 2021 was 4.27% and the Law Enforcement Center was (5.34)% of the change in the net position.

Capital contributions have been a revenue source for the Business-Type Activities. These capital contributions are from the public improvements donated by developers. The City requires developers to pay for the cost of public improvements or infrastructure needed to support their developments, and in fiscal year 2021, developers contributed public improvements or assets of $10.5 million. These assets are considered revenue in the year of acceptance or in the year of contribution. Generally, these capital contributions are non-cash contributions from developers and are in the form of water and sewer lines which are conveyed to the City as the developer finishes the developments.

The City's Law Enforcement Center charges a fee for the services rendered to support the contracts that the City has with other governmental agencies for the housing of inmates. These fees are recognized as Charges for Services in the Business-Type Activities and are used to pay for the cost of housing inmates in this Business-Type Activity, However, the city has discontinued its operations as a result of discontinued contracts that would have resulted in a loss of revenue without a corresponding reduction of expenses.

The City's Drainage Utility charges a fee for the maintenance and continuance of the drainage improvement program of the City. The City has drainage basins that require extensive maintenance. The fee is used to service the improvement cost, debt service, and annual maintenance of the basins.

Business-Type Activities - Program Revenues and Expenses for fiscal year ending 2021



Financial Analysis of the Government's Funds

As discussed earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $94,533,013, an increase of $11,461,211 in comparison with the prior year. The majority of the increase is from the issuance of bonds and those proceeds have and will be used to construct infrastructure and purchase equipment. Approximately 27.83% or $26,310,236 of the ending fund balance of $94,533,013 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of fund balance is dedicated for legally specific or defined purposes. To indicate that it is not available for new spending because it has already been committed, assigined, or legally restricted for specific purposes, the City has labeled the remaining fund balances as follows: 1) restricted for debt service or for future construction contracts, $63,579,783, 2) for committed purposes, $4,513,994, such as park improvements, or 3) assigned for city council $84,000 and assigned for future community events, $45,000 , total $129,000 .

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was $27,393,905. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent approximately 38% of total general fund expenditures for fiscal year 2021.

The City's General Fund unassigned fund balance and fund balance increased $5,206,606 in fiscal year 2021. The key reasons for the increases are as follows:

- Actual revenues exceeded actual expenditures by $2,207,744 in the general fund. The largest revenue increases were related to sales taxes $2,386,407 and licenses and permits $818,227. These increases are the direct result of recently completed and ongoing developments within the City.

- Other sources of revenue included the Water and Sewer Utility Fund's payment in-lieu of taxes to the City's General Fund for the use of the City's right of way. This amount was $2,410,597 in fiscal year 2021.

The debt service fund has a fund balance of $5,365,013, which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $1,476,092 due to an increase in property tax collections. The City pays for tax-pledged debt through the Debt Service Fund.

The street construction fund balance decreased by $(335,464) during fiscal year 2021. This fund's fund balance decreased as a result of construction payments of $4,109,690 for the improvement of major streets and neighborhood streets in and throughout the City offset somewhat by impact fees. Impact fees are additional revenues paid by developers charged by the City for the impact or costs that new development has on primary streets within the City. The fee generated $3,763,451 in fiscal year 2021.

Fund balance in the building construction fund increased $3,933,360. The fund issued bonds, including premiuns, totaling $9,233,444 and expended $4,998,877 on the construction of Fire Station #5, the Man House Museum renovation, and other public facilities.

The Mansfield Parks Facility Development Corporation (MPFDC) fund balance increased by $4,018,454 during the fiscal year 2021. The fund balance increase is a result of an increase in sales tax revenue.

TIRZ #1 spent $0 for infrastructure improvements in the tax increment reinvestment zone.

Proprietary Funds

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

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to $17,115,463, for the Law Enforcement Center amounted to $0, and for the Drainage Utility Fund amounted to $4,399,394. Factors affecting the performance of these activities are as follows:

- The City treats lake water and sells it to consumers for a fee. In fiscal year 2021, Water and Sewer revenue increased slightly $254,553 or 0.61%, due to a decrease in overall water consumption being offset by an increase in new connects to the system.

- During fiscal year 2021, the City distributed 5.4 billion gallons of water while billing customers for 5.2 billion gallons of water usage or 96.3% of the actual plant's production. In fiscal year 2020, the City billed for 4.9 billion gallons of water usage compared to actual plant production of 5.0 billion. Actual water and sewer revenue in fiscal year 2021 remained relatively flat compared to fiscal year 2020. Actual water and sewer revenue in 2021 was $35.3 million compared to $35.4 million in fiscal 2020. Distribution of water in fiscal year 2021 increased due to the distribution in fiscal year 2020 with the increase attributable to the increase in total number of customers year over year by 979 new accounts. The water and sewer activity of the business-type activities produced operating income of $- million for fiscal year 2021 as compared to $11.9 million in fiscal year 2020.

- Unrestricted net position increased in the Water and Sewer Fund by $(544,351). Operating expenses increased $(11,804,160) over last year, excluding depreciation. Operating expenses are controlled through the direct administration of personnel costs and variable costs, which are directly caused by consumers' demand for the water. The City spent $5,775,123 for raw water in fiscal year 2021 compared to $5,798,582 in fiscal year 2020, and the City spent $7,495,832 to treat the City wastewater in fiscal 2021 compared to $7,360,531 in fiscal year 2020. The cost for raw water decreased year over year by ($23,459) while the cost to treat used water increased year over year by $135,301. The increase in unrestricted net position is a result of plan changes in the City's retiree health insurance plan resulting in a decrease in the City's net OPEB liability.

- The Law Enforcement Center Fund had operating revenues of $13,269 and operating expenses of $- this fiscal year. These operations are attributable to discontinuing the fund and transferring all remaining balances to the General Fund.

- The Drainage Utility Fund revenue had operating income of $- this fiscal year. Drainage Fees were $2,647,744 and operating expenses excluding depreciation were $1,537,234.

Budgetary Highlights

General Fund

The City compared the final budget to the actual amounts for comparative purposes. The differences can be briefly summarized as follows:

Revenue results exceeded budgeted estimates by $4,882,506 for fiscal year ended 2021:

- Property Taxes were below budgeted estimates by $(2,692,819) as collections were less than anticipated. Property valuations improved year over year but the City adopted a 10% homestead exemption in fiscal year 2021 which limited the taxable growth compared to the prior year.

- Sales Taxes exceeded budgeted projections by $2,513,399 due to new developments opening that created new sales tax collections.

- Licenses and permits exceeded budgeted estimates by $1,560,053. The City's building permit revenues were above expectations because of the economic recovery in the residential construction sector in the area; although the City's economy performed well during the great recession, development has generally improved in the area because the region has been improving.

- Intergovernmental revenue was over budget by $1,961,194 due to unexpected grant revenue that was awarded to the City in fiscal year 2021. Most of the grant revenue received by the City in fiscal year 2021 was from the American Rescue Plan Act.

- Charges for services exceeded budgeted estimates by $719,155 as the majority of the better than expected revenue was derived from the collection of additional inspections fees for developments within the City.

- The most significant expenditure of the City was on human capital. Management has been effective in maintaining the human capital costs of the organization. General government was over budget due to COVID-19 related expenditures. With the other financing sources and uses activity included with the operational activity, the City's revenue exceeded its expenditures for the fiscal year by $5.2 million. The City was over the overall budget of expenditures (including transfers out) of $71,031,853 by $2.4 million due to an increase in general government expenditures related to COVID-19. The excess expenditures were mostly offset by grant revenues and the remaining overages were covered by revenues being higher than originally anticipated.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021 amounts to $715,787,231 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 107,919,626	$ 107,685,098	$ 2,466,262	$ 2,700,790	$ 110,385,888	$ 110,385,888
Buildings and system	93,534,867	90,939,691	144,839,832	143,702,014	238,374,699	234,641,705
Improvements	9,403,900	9,209,664	97,321	2,322,111	9,501,221	11,531,775
Machinery and equipment	13,077,540	10,145,945	1,466,005	1,547,110	14,543,545	11,693,055
Infrastructure	237,549,850	215,641,741	60,960,711	51,942,801	298,510,561	267,584,542
Construction in progress	22,263,346	19,431,454	22,207,971	19,831,777	44,471,317	39,263,231
Total	$ 483,749,129	$ 453,053,593	$ 232,038,102	$ 222,046,603	$ 715,787,231	$ 675,100,196

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2021, several major arterial thoroughfares in the City were widened to provide access to Mansfield's developing retail centers. Mansfield has leveraged future tax revenue with general obligation bonds and anticipated the collection of roadway impact fees to pay for an expected $90 million in new street improvements over the next 10 years.

Street projects in fiscal year 2021:

- The City continued to improve Seeton Rd. and South Main St. Other road improvements include the completion of Debbie Lane from FM 157 to US 287.
- Several small arterial streets are under construction and design throughout neighborhoods.
- In total, the City spent $4,109,690 in street improvements and related work during fiscal year 2021.
- Development in the City continues to be strong with many residential and commercial projects in various stages of contstruction and planning. These projects result in private developers constructing infrastructure and donating it to the City to maintain. These developers contributions are added to the City's capital assets and totaled $29,275,662 in fiscal year 2021. The largest developments included M3 Ranch Phases 1A and 1B, Southpointe Phases 4 and 5, and Silver Oak Phases I and II.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2021 were planned or budgeted expenditures during fiscal year 2021. The City plans its asset expansion with deliberate budgetary control and oversight as these costs are substantial and have a significant effect on the operational cost and performance of the City.

Business-Type Assets

The City's municipally owned and operated water and sewer system has maintained its superior rating by the Texas Commission on Environmental Quality. The City has planned more than $65 million of water/sewer improvements over the next ten years to be paid for by a combination of cash on hand, bonds, and impact fees. These fees are designed to reduce the system's initial costs in building and running water and sewer lines to the user. These impact fees must be used for capital purposes and are restricted as to use by law. Business-type capital assets increased approximately $10.0 million from the previous year. Current major projects in progress include a new clear well ($13.5 million project to date) and elevated storage tank ($5.9 million project to date) to increase storage capacity within the system.

The City's drainage program had some improvements this year which were mostly related improving systems detention basins. The City has spent over $7.9 million on the drainage improvements as of September 30, 2021.

For additional information on the City's capital assets, see note III.C. of the basic financial statements.

Long-Term Debt

At the end of the current fiscal year, the City had total principal outstanding of $233,655,000. Of this amount, $151,135,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City's Component Unit, Mansfield Economic Development Corporation, MEDC, has $21,635,000 in outstanding debt backed by a voter passed sales tax.

City's Outstanding Debt - Tax Obligations and Revenue Bonds

	Governmental Activities	Business-Type Activities	Component Unit MEDC	Total
Security Instrument:				
Tax obligation bonds	$ 151,135,000	$ -	$ -	$ 151,135,000
Sales tax revenue bonds	31,590,000	-	21,635,000	53,225,000
Revenue bonds	-	29,295,000	-	29,295,000
Total	$ 182,725,000	$ 29,295,000	$ 21,635,000	$ 233,655,000

The City's total debt decreased $9,360,000 or 3.85 % during the current fiscal year. Key factors for the decrease are the principal payments on existing outstanding debt which were partially offset by the issuance of additional bonds. The City issued $16,525,000 in new bonds proceeds. The City maintains bond ratings from three rating agencies:

Company	General Fund Bonds	Water and Sewer Revenue Bonds	Sales Tax Revenue Bonds	Drainage Revenue Bonds
Moody's	"Aa1"	"Aa2"	"Aa1/2"	"Aa2"
Standard & Poor's	"AAA"	"AA+"	"AA-/A+"	"AA"
Fitch	"AA+"	"AAA"	"AA+"	"AAA"

For additional information on the City's debt obligations, see note III. G, of the basic financial statements.

The City Charter of the City and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 populations, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter, which also imposes a limit of $2.50. The FY 2020/2021 Property Tax Rate was $0.69000 per $100 valuation with a tax margin of $1.81000 per $100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to $143,812,114 , per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of $7,945,420,669.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential developments that include approximately 6,094 single family homes are in some phase of platting, design, or construction. The City's tax year is one year in arrears; the housing starts in 2021 are for budget year or fiscal year 2023.

- The City's annual growth in property valuation has increased 8.07 % annually on average for the past ten years inclusive of a 10% homestead exemption that went into effect in fiscal year 2021. For fiscal year 2022, the City's valuations are expected to increase 5.7%. Generally, the City has weathered COVID-19 and property valuations are expected to remain strong in fiscal 2022 and into 2023. The valuations are expected to remain strong due to residential growth, the City is a good place to live as crime is low, school ratings are fairly high, land is affordable, and the City's proximity to Dallas and Fort Worth. The City is developing a discernible and identifiable character of being a place to enjoy a good quality life. These intangible characteristics developed recently - over the last decade. The City is also seeing the continued demand for commercial development because of the significant discretionary spending ability of its residents and the relatively stable economy within the City.

- Sales tax revenue is expected to increase with the new residential development and will grow annually; like property valuations, the City has adjusted its projections of anticipated sales tax receipts in 2022 and 2023. The expected budgeted sales tax receipts in 2022 are anticipated to exceed actual collections of 2021 by 11%. Management is monitoring the collections of sales tax revenue and may modify projections into 2022 depending upon the overall economy.

- Retail developments continue into 2022 and 2023. The challenge has been the effect of the national economy and the ability of companies and businesses to obtain capital financing. The City has taken an aggressive position in continuing development in the City because of the support for continued retail development and the community's expectation of additional retail. Development is expected to continue and new property valuations are expected from these developments.

- Median income continues to be an attractive asset for additional development and many in the development community are planning on capturing this income through commercial developments.

- The City has developed stringent building standards that require sustainable developments to assist in extending the asset life of the tax base into the future.

- Efforts have been made to revitalize the City's downtown. The area has suffered in past years from the lack of commerce and trade. The City has created a reinvestment zone to restore and generate new development in this area of the City. The City has purchased land and offered incentives to businesses for locating their new operations in the downtown area. The area is beginning to show signs of growth from the efforts and incentives.

These variables were considered in preparing the City's budget for the 2022 fiscal year.

The City's 2022 General Fund Operating Revenue Budget increased approximately 6.9% over the fiscal year 2021 budget. Most of this revenue growth was from new development in the City that generated additional property tax and sales tax revenue. The tax rate is $0.69 per $100 in assessed valuation of property within the City limits and a 10% homestead exemption for fiscal year 2022. Any additional appropriations made during fiscal year 2022 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2022.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Mansfield, 1200 E. Broad Street, Mansfield, Texas 76063. Questions may also be directed to 817-276-4296.

City of Mansfield, Texas
Statement of Net Position
As of September 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents and investments	$ 106,223,047	$ 30,981,060	$ 137,204,107	$ 8,055,776
Receivables (net of allowance for uncollectibles)	6,718,502	3,791,468	10,509,970	1,477,847
Lease receivable	3,024,084	-	3,024,084	-
Inventories	-	476,765	476,765	-
Restricted assets:				
Cash and cash equivalents and investments	-	13,596,550	13,596,550	1,162,385
Capital assets (net of accumlated depreciation):				
Land	107,919,626	2,466,262	110,385,888	13,096,835
Buildings and systems	93,534,867	144,839,832	238,374,699	603,398
Improvements other than buildings	9,403,900	97,321	9,501,221	6,033,144
Machinery and equipment	13,077,540	1,466,005	14,543,545	-
Infrastructure	237,549,850	60,960,711	298,510,561	-
Construction in progress	22,263,346	22,207,971	44,471,317	17,024,691
Subtotal capital assets	483,749,129	232,038,102	715,787,231	36,758,068
Total assets	599,714,762	280,883,945	880,598,707	47,454,076
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	3,955,241	510,848	4,466,089	34,709
Deferred OPEB contributions	689,754	95,694	785,448	4,811
Deferred assumption changes	408,728	52,789	461,517	3,583
Deferred actuarial experience	7,153,795	975,461	8,129,256	53,096
Deferred loss on refunding	2,073,598	2,336,814	4,410,412	64,821
Total deferred outflows of resources	14,281,116	3,971,606	18,252,722	161,020
LIABILITIES				
Accounts payable and other current liabilities	12,306,733	802,190	13,108,923	64,638
Liabilities payable from restricted assets	18,814	2,636,198	2,655,012	-
Noncurrent liabilities:				
Due within one year	16,071,071	4,494,150	20,565,221	1,915,412
Due in more than one year	184,342,253	29,394,646	213,736,899	20,653,014
Net pension liability	16,817,706	2,172,129	18,989,835	147,589
Net OPEB liability	13,635,223	1,898,773	15,533,996	93,767
Total OPEB liability - SDBF	1,436,646	185,548	1,622,194	12,588
Unearned prepaid rent	1,253,333	-	1,253,333	-
Unearned revenue	100,193	-	100,193	-
Total liabilities	245,981,972	41,583,634	287,565,606	22,887,008
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	618,550	85,038	703,588	4,459
Deferred investment gains	5,634,688	742,278	6,376,966	46,720
Deferred actuarial experience	602,921	78,996	681,917	5,078
Plan changes - Net OPEB	18,550,639	2,583,269	21,133,908	127,569
Deferred gain on refunding	13,366	-	13,366	-
Total deferred inflows of resources	25,420,164	3,489,581	28,909,745	183,826
NET POSITION				
Net investment in capital assets	331,887,663	204,648,837	536,536,500	15,165,500
Restricted for:				
Debt Service	6,055,271	3,819,414	9,874,685	231,562
Capital Projects	10,647,818	9,799,228	20,447,046	-
Courts	589,356	-	589,356	-
Parks	6,615,031	-	6,615,031	-
Grants	102,481	-	102,481	-
Tourism	1,492,875	-	1,492,875	-
Unrestricted	(14,796,753)	21,514,857	6,718,104	9,147,200
Total net position	$ 342,593,742	$ 239,782,336	$ 582,376,078	$ 24,544,262

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Activities
For the Year Ended September 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**MEDC**
Primary government:								
Governmental activities:								
General government	$ 24,895,115	$ 9,921,979	$ 2,026,222	$ -	$ (12,946,914)	$ -	$ (12,946,914)	$ -
Public safety	39,918,078	3,369,428	4,265,827	-	(32,282,823)	-	(32,282,823)	-
Public works	17,537,246	4,268,579	-	29,275,662	16,006,995	-	16,006,995	-
Culture and recreation	11,954,562	3,717,153	-	-	(8,237,409)	-	(8,237,409)	-
Interest on long-term debt	6,676,181	-	-	-	(6,676,181)	-	(6,676,181)	-
Total governmental activities	100,981,182	21,277,139	6,292,049	29,275,662	(44,136,332)	-	(44,136,332)	-
Business-type activities:								
Water	21,972,037	28,834,151	-	5,299,618	-	12,161,732	12,161,732	-
Sewer	8,657,180	13,364,600	-	5,166,417	-	9,873,837	9,873,837	-
Law enforcement center	12,851	13,269	-	-	-	418	418	-
Drainage	1,834,880	2,663,787	-	-	-	828,907	828,907	-
Total business-type activities	32,476,948	44,875,807	-	10,466,035	-	22,864,894	22,864,894	-
Total primary government	$ 133,458,130	$ 66,152,946	$ 6,292,049	$ 39,741,697	$ (44,136,332)	$ 22,864,894	$ (21,271,438)	$ -
Component units:								
MEDC	3,748,131	-	-	-	-	-	-	(3,748,131)
Total component units	$ 3,748,131	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,748,131)
General revenues:								
Property taxes					58,744,441	-	58,744,441	-
Sales taxes					26,205,159	-	26,205,159	8,821,609
Franchise taxes					3,877,796	-	3,877,796	-
Mixed drink taxes					285,643	-	285,643	-
Hotel/Motel taxes					858,110	-	858,110	-
Unrestricted investment earnings					17,253	10,194	27,447	1,565
Gas royalty income					158,196	-	158,196	-
Gain on sale of capital assets					81,407	-	81,407	3,982,690
Transfers					3,448,889	(3,448,889)	-	-
Total general revenues					93,676,894	(3,438,695)	90,238,199	12,805,864
Change in net position					49,540,562	19,426,199	68,966,761	9,057,733
Net position, beginning					293,053,180	220,356,137	513,409,317	15,486,529
Net position, ending					$ 342,593,742	$ 239,782,336	$ 582,376,078	$ 24,544,262

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Balance Sheet
Governmental Funds
As of September 30, 2021

	General	Debt Service	Street Construction	Building Construction	Mansfield Parks Facility Development Corporation	TIRZ #1	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash, cash equivalents, and investments	$ 30,815,980	$ 5,365,013	$ 23,221,223	$ 18,463,800	$ 11,785,415	$ 5,832,641	$ 10,738,975	$ 106,223,047
Receivables (net of allowance for uncollectibles)	4,880,056	168,597	-	-	1,450,565	-	219,284	6,718,502
Due from other funds	1,791,139	-	-	-	-	24,582	-	1,815,721
Total assets	$ 37,487,175	$ 5,533,610	$ 23,221,223	$ 18,463,800	$ 13,235,980	$ 5,857,223	$ 10,958,259	$ 114,757,270
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities								
Accounts payable	$ 6,765,884	$ -	$ 742,045	$ 492,834	$ 198,392	$ 604,987	$ 351,333	$ 9,155,475
Due to other funds	-	-	-	-	-	-	1,815,721	1,815,721
Accrued liabilities	675,680	-	224,340	-	1,001,699	-	-	1,901,719
Retainage payable	-	-	69,398	277,001	-	-	39,520	385,919
Unearned revenue	-	-	-	-	1,441,524	-	-	1,441,524
Total liabilities	7,441,564	-	1,035,783	769,835	2,641,615	604,987	2,206,574	14,700,358
DEFERRED INFLOWS OF RESOURCES								
Unavailable property taxes	339,971	168,597	-	-	-	-	-	508,568
Unavailable sales taxes	1,635,390	-	-	-	817,695	-	1,885,901	4,338,986
Unavailable mixed drink taxes	22,401	-	-	-	-	-	-	22,401
Unavailable ambulance revenue	528,931	-	-	-	-	-	-	528,931
Unavailable court revenue	42,342	-	-	-	-	-	-	42,342
Unavailable grants	82,671	-	-	-	-	-	-	82,671
Total deferred inflows of resources	2,651,706	168,597	-	-	817,695	-	1,885,901	5,523,899
Fund balances:								
Restricted	$ -	$ 5,365,013	$ 22,185,440	$ 17,693,965	$ 5,478,961	$ 5,252,236	$ 7,604,168	$ 63,579,783
Committed	-	-	-	-	4,297,709	-	216,285	4,513,994
Assigned	129,000	-	-	-	-	-	-	129,000
Unassigned	27,264,905	-	-	-	-	-	(954,669)	26,310,236
Total fund balances	27,393,905	5,365,013	22,185,440	17,693,965	9,776,670	5,252,236	6,865,784	94,533,013
Total liabilities, deferred inflows of resources, and fund balances	$ 37,487,175	$ 5,533,610	$ 23,221,223	$ 18,463,800	$ 13,235,980	$ 5,857,223	$ 10,958,259	$ 114,757,270

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, are not reported in the funds.	483,749,129
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	3,024,084
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,611,897
Long-term liabilities, and related deferred inflows and outflows of resources, included bonds payable, net pension, and OPEB liabilities, are not due and payable in the current period and therefore are not reported in the funds	(244,324,381)
Net position of governmental activities	$ 342,593,742

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Ended September 30, 2021

	General	Debt Service	Street Construction	Building Construction	Mansfield Parks Facility Development Corporation	TIRZ #1	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Property	$ 38,384,332	$ 17,888,309	$ -	$ -	$ -	$ 1,919,397	$ 587,502	$ 58,779,540
Sales	16,007,829	-	-	-	4,817,519	-	3,170,446	23,995,794
Franchise	3,877,796	-	-	-	-	-	-	3,877,796
Mixed drink	263,242	-	-	-	-	-	-	263,242
Hotel/motel	-	-	-	-	-	-	858,110	858,110
Licenses and permits	3,491,453	-	-	-	-	-	-	3,491,453
Intergovernmental	2,162,099	-	-	-	-	-	104,579	2,266,678
Charges for services	6,624,582	-	-	-	1,942,734	-	462,112	9,029,428
Fines	1,216,056	-	-	-	-	-	36,211	1,252,267
Interest earnings	8,398	154	4,501	515	2,194	560	931	17,253
Contributions and donations	4,250	-	-	-	36,158	-	16,146	56,554
Impact fees	-	-	3,763,451	-	1,742,250	-	-	5,505,701
Miscellaneous	1,578,375	16,215	21,868	9,822	170,028	-	146,827	1,943,135
Total revenues	73,618,412	17,904,678	3,789,820	10,337	8,710,883	1,919,957	5,382,864	111,336,951
EXPENDITURES								
Current:								
General government	22,463,672	-	-	-	-	-	1,142,075	23,605,747
Public safety	39,694,000	-	-	-	-	-	248,880	39,942,880
Public works	4,447,759	-	15,594	-	-	-	-	4,463,353
Culture and recreation	4,692,466	-	-	-	4,993,651	-	-	9,686,117
Debt service:								
Principal	-	10,660,000	-	-	-	-	1,855,000	12,515,000
Interest	-	5,758,778	-	-	-	-	1,298,358	7,057,136
Fiscal charges	-	21,921	-	158	-	-	6,241	28,320
Bond issuance cost	-	-	-	133,288	-	-	5,866	139,154
Capital outlay:								
Highways and streets	-	-	4,109,690	-	-	-	-	4,109,690
Buildings	-	-	-	4,998,877	-	-	-	4,998,877
Improvements other than buildings	-	-	-	-	60,018	-	1,383,484	1,443,502
Equipment	112,771	-	-	210,816	139,287	-	3,662,639	4,125,513
Total expenditures	71,410,668	16,440,699	4,125,284	5,343,139	5,192,956	-	9,602,543	112,115,289
Excess (deficiency) of revenues over (under) expenditures	2,207,744	1,463,979	(335,464)	(5,332,802)	3,517,927	1,919,957	(4,219,679)	(778,338)
OTHER FINANCING SOURCES (USES)								
Transfers in	4,976,975	12,113	-	10,482	499,592	-	1,650,422	7,149,584
Transfers out	(2,035,364)	-	-	-	-	(846,498)	(1,791,139)	(4,673,001)
Sale of city property	57,251	-	-	22,236	935	-	43,234	123,656
Bonds issued	-	-	-	8,716,842	-	-	383,158	9,100,000
Premium on bonds issued	-	-	-	516,602	-	-	22,708	539,310
Total other financing sources (uses)	2,998,862	12,113	-	9,266,162	500,527	(846,498)	308,383	12,239,549
Net change in fund balances	5,206,606	1,476,092	(335,464)	3,933,360	4,018,454	1,073,459	(3,911,296)	11,461,211
Fund balances - beginning	22,187,299	3,888,921	22,520,904	13,760,605	5,758,216	4,178,777	10,777,080	83,071,802
Fund balances - ending	$ 27,393,905	$ 5,365,013	$ 22,185,440	$ 17,693,965	$ 9,776,670	$ 5,252,236	$ 6,865,784	$ 94,533,013

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances total governmental funds	$ 11,461,211
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 in the current period.	(4,131,089)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	34,826,625
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.	107,974
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	2,053,685
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred OPEB contributions, deferred investment losses, deferred assumption changes, deferred actuarial experience, and deferred loss on refunding	(4,360,538)
Deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then. Deferred inflows are deferred assumption changes, deferred investment gains, deferred actuarial experience, and deferred gain on refunding.	(19,882,418)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items. Also included is net pension liability, net OPEB liability, and total OPEB liability.	29,465,112
Changes in net position of governmental activities	$ 49,540,562

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-Type Activities Enterprise Funds			
	Water and Sewer	**Law Enforcement Center**	**Drainage Utility**	**Total**
ASSETS				
Current assets:				
Cash and cash equivalents	$ 25,874,046	$ -	$ 5,107,014	$ 30,981,060
Accounts receivable (net of allowance for uncollectibles)	3,573,335	-	218,133	3,791,468
Inventories	476,765	-	-	476,765
Current assets	29,924,146	-	5,325,147	35,249,293
Current restricted assets:				
Cash and cash equivalents	13,524,930	-	71,620	13,596,550
Total current assets	43,449,076	-	5,396,767	48,845,843
Noncurrent assets:				
Capital assets:				
Land	616,163	-	1,850,099	2,466,262
Buildings and systems	271,940,435	-	7,908,064	279,848,499
Improvements other than buildings	138,950	-	-	138,950
Machinery and equipment	4,235,621	-	733,973	4,969,594
Construction in progress	22,156,531	-	51,440	22,207,971
Less accumulated depreciation	(75,749,512)	-	(1,843,662)	(77,593,174)
Total capital assets (net of accumulated depreciation)	223,338,188	-	8,699,914	232,038,102
Total noncurrent assets	223,338,188	-	8,699,914	232,038,102
Total assets	266,787,264	-	14,096,681	280,883,945
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	456,569	-	54,279	510,848
Deferred OPEB contributions	84,782	-	10,912	95,694
Deferred assumption changes	47,163	-	5,626	52,789
Deferred actuarial experience	866,023	-	109,438	975,461
Deferred loss on refunding	2,265,334	-	71,480	2,336,814
Total deferred outflows of resources	3,719,871	-	251,735	3,971,606
LIABILITIES				
Current liabilities:				
Accounts payable	$ 585,052	$ -	$ 39,619	$ 624,671
Compensated absences	193,447	-	31,366	224,813
Accrued liabilities	156,873	-	20,644	177,517
Current liabilities	935,372	-	91,629	1,027,001
Currrent liabilities payable from restricted assets:				
Customer deposits payable	1,702,090	-	-	1,702,090
Revenue bonds payable	3,806,836	-	462,502	4,269,338
Accrued interest payable	188,481	-	11,118	199,599
Retainage payable	726,611	-	7,898	734,509
Current liabilities payable from restricted assets	6,424,018	-	481,518	6,905,536
Total current liabilities	7,359,390	-	573,147	7,932,537
Noncurrent liabilities:				
Compensated absences	639,041	-	47,569	686,610
Revenue bonds payable (net of deferred amount on refunding)	27,293,240	-	1,414,797	28,708,037
Total OPEB liability - SDBF	165,767	-	19,781	185,548
Net OPEB liability	1,681,547	-	217,226	1,898,773
Net pension liability	1,941,335	-	230,794	2,172,129
Total noncurrent liabilities	31,720,930	-	1,930,167	33,651,097
Total liabilities	39,080,320	-	2,503,314	41,583,634
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	75,422	-	9,616	85,038
Deferred investment gains	661,777	-	80,501	742,278
Deferred actuarial experience	70,470	-	8,526	78,996
Plan changes - Net OPEB	2,287,734	-	295,535	2,583,269
Total deferred inflows of resources	3,095,403	-	394,178	3,489,581
NET POSITION (DEFICIT)				
Net investment in capital assets	197,691,019	-	6,957,818	204,648,837
Restricted for debt service	3,725,702	-	93,712	3,819,414
Restricted for capital projects	9,799,228	-	-	9,799,228
Unrestricted	17,115,463	-	4,399,394	21,514,857
Total net position	$ 228,331,412	$ -	$ 11,450,924	$ 239,782,336

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Business-Type Activities Enterprise Funds			
	Water and Sewer	**Law Enforcement Center**	**Drainage Utility**	**Total**
Operating revenues:				
Charges for sales and services:				
Water sales	$ 21,938,151	$ -	$ -	$ 21,938,151
Sewer charges	13,364,600	-	-	13,364,600
Drainage fees	-	-	2,647,744	2,647,744
Other services	6,896,000	13,269	16,043	6,925,312
Total operating revenues	42,198,751	13,269	2,663,787	44,875,807
Operating expenses:				
Costs of sales and services	21,323,874	-	290,303	21,614,177
Administration	2,792,112	2,948	1,246,931	4,041,991
Depreciation	5,188,157	-	193,554	5,381,711
Total operating expenses	29,304,143	2,948	1,730,788	31,037,879
Operating income	12,894,608	10,321	932,999	13,837,928
Nonoperating revenues (expenses):				
Interest earnings	9,818	-	376	10,194
Interest expense	(1,325,074)	(9,903)	(104,092)	(1,439,069)
Total nonoperating revenues (expenses)	(1,315,256)	(9,903)	(103,716)	(1,428,875)
Income before contributions and transfers	11,579,352	418	829,283	12,409,053
Capital contributions	10,466,035	-	-	10,466,035
Transfers in (out)	(2,410,597)	(1,038,292)	-	(3,448,889)
Change in net position	19,634,790	(1,037,874)	829,283	19,426,199
Total net position - beginning	208,696,622	1,037,874	10,621,641	220,356,137
Total net position - ending	$ 228,331,412	$ -	$ 11,450,924	$ 239,782,336

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Law Enforcement Center	Drainage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	$ 43,536,021	$ 13,220	$ 2,725,860	$ 46,275,101
Payments to suppliers	(18,285,212)	(26,137)	(637,261)	(18,948,610)
Payments to employees	(6,581,550)	(13,154)	(758,924)	(7,353,628)
Net cash provided by (used in) operating activities	18,669,259	(26,071)	1,329,675	19,972,863
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to/from other funds	(2,410,597)	(54,978)	-	(2,465,575)
Net cash used in noncapital financing activities	(2,410,597)	(54,978)	-	(2,465,575)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(10,087,526)	-	(412,861)	(10,500,387)
Principal paid on capital debt	(3,275,000)	(50,000)	(440,000)	(3,765,000)
Interest paid on capital debt	(1,340,104)	(24,547)	(71,648)	(1,436,299)
Net cash used in capital and related financing activities	(14,702,630)	(74,547)	(924,509)	(15,701,686)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	9,818	-	376	10,194
Net cash provided by investing activities	9,818	-	376	10,194
Net increase (decrease) in cash and cash equivalents	1,565,850	(155,596)	405,542	1,815,796
Cash and cash equivalents, October 1	37,833,126	155,596	4,773,092	42,761,814
Cash and cash equivalents, September 30 (including $13,524,930; $-; and $71,620 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	$ 39,398,976	$ -	$ 5,178,634	$ 44,577,610
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	$ 12,894,608	$ 10,321	$ 932,999	$ 13,837,928
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	5,188,157	-	193,554	5,381,711
Decrease in accounts receivable	1,262,223	3,313	62,073	1,327,609
Decrease in inventories	105,964	2,863	-	108,827
Decrease in deferred outflows of resources	464,747	-	11,356	476,103
(Increase) decrease in net pension obligation	(35,859)	-	22,444	(13,415)
(Increase) in OPEB obligation	(2,946,707)	-	(224,408)	(3,171,115)
(Increase) decrease in deferred inflows of resources	2,452,638	-	327,675	2,780,313
(Increase) decrease in accrued wages payable	24,826	(26,137)	7,352	6,041
(Increase) decrease in customer deposits	75,047	(3,362)	-	71,685
Decrease in compensated absences	31,407	-	21,600	53,007
(Increase) in accounts payable	(847,792)	(13,069)	(24,970)	(885,831)
Total adjustments	$ 5,774,651	$ (36,392)	$ 396,676	$ 6,134,935
Net cash provided by (used in) operating activities	$ 18,669,259	$ (26,071)	$ 1,329,675	$ 19,972,863
Noncash capital activities:				
Contributions of capital assets from developers	$ 10,466,035	$ -	$ -	$ 10,466,035
Transfer of capital assets to governmental activities	-	(5,593,212)	-	(5,593,212)
Transfer of long-term liabilities to governmental activities	-	4,609,898	-	4,609,898
Capital asset acquistions included in accounts payable	86,264	-	-	86,264

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

		Retiree Health Insurance OPEB Trust
ASSETS		
Cash and cash equivalents	$	281,719
Investments:		
Mutual funds - Equity		12,483,807
Mutual funds - Fixed income		11,040,130
Accrued income		4
Total assets	$	23,805,660
NET POSITION		
Restricted for:		
Other Post Employment Benefits		23,805,660
	$	23,805,660

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

		Retiree Health Insurance OPEB Trust
ADDITIONS		
Investment earnings:		
Contribution	$	2,410,000
Interest		244
Dividends		378,101
Net increase in fair value of investments		3,449,740
Increase (decrease) in net accrued income		(36)
Total investment earnings		6,238,049
Net investment earnings		6,238,049
Total additions		6,238,049
DEDUCTIONS		
Administrative expenses		92,803
Total deductions		92,803
Net increase in fiduciary net position		6,145,246
Net position, beginning of year		17,660,414
Net position - ending	$	23,805,660

The notes to the financial statements are an integral part of this statement.

I. Summary of Significant Accounting Policies

The financial statements of the City of Mansfield, Texas (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described herein.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member Council. As required by GAAP, these financial statements present the City and its component units, for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations, and data from these units are combined with data from the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

Mansfield Park Facilities Development Corporation (MPFDC) - The MPFDC board of directors is appointed by the City Council, and the City management maintains significant continuing management responsibility with respect to MPFDC policies. Additionally, the City is ultimately responsible for MPFDC fiscal matters. The MPFDC provides services exclusively to the City (i.e., the MPFDC constructs capital assets on behalf of the City). The MPFDC does not issue separate financial statements and the MPFDC is included in the governmental funds.

Mansfield Tax Increment Financing Reinvestment Zone Number One (TIRZ #1) - The City and the City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of the TIRZ #1. The TIRZ #1 board of directors is a seven-member board; four members of the board of directors are members of the City's Council with the remaining three board members appointed by the participating entities of the TIRZ #1 unless the participating entity waives its right to board membership, which at such time the City may appoint a member in its stead. Two Counties, Tarrant, and Ellis County, participate in the City's TIRZ #1 as it is a 3,100-acre tract of land that is in three Counties. The TIRZ #1 does not issue separate financial statements, as the TIRZ #1 is included as a major fund of the City. The TIRZ #1 was established in December 2006 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ #1, which are owned and maintained by the City.

Mansfield Tax Increment Financing Reinvestment Zone Number Two (TIRZ #2) – The City and the City's management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ #2. The TIRZ #2 board of directors is a five-member board; four members of the board of directors are members of the City's Council with the remaining board member appointed by Tarrant County, the other participating entity. This TIRZ #2 was established to revitalize the City's Historic Downtown area, which includes 317 developed acres. The TIRZ #2 does not issue separate financial statements, as the TIRZ #2 is included as a non-major fund of the City. The TIRZ #2 was established in December 2012 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ #2, which will be owned and maintained by the City.

South Pointe Public Improvement District – The City established a public improvement district for the purpose of maintaining public improvements on approximately 873 acres in the TIRZ number one area. An annual assessment will fund the public improvement district.

Discretely Presented Component Unit

Mansfield Economic Development Corporation (MEDC) – In 1997, the voters passed an additional 1/2 cent sales tax to fund an aggressive economic development program and provide financial incentives, infrastructure needs, and tax relief in the recruitment and retention of industry. Although the City Council appoints all board members, none of the board members are currently City Council members or City employees. In addition, City management maintains significant continuing management responsibility with respect to MEDC financial matters. Although the MEDC financial matters are ratified or denied by the City, the City is not legally entitled to the MEDC resources or is it legally obligated for the indebtedness of the MEDC. The MEDC provides financial incentives to business and industry as permitted by statute and does not provide services entirely or almost entirely to the City and does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The previous reporting model emphasized fund types (the total of all funds of a particular type); in the reporting model as defined by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the focus is either the City as a whole or major individual fund (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, debt service fund, street construction fund, building construction fund, Mansfield Parks Facility Development Corporation and TIRZ #1 fund. The major enterprise funds are the water and sewer fund, the law enforcement center fund, and the drainage utility fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds along with other qualitative factors. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary fund (by category) and the discretely presented component unit. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are presented using the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers ad valorem tax, sales tax, hotel/motel tax, mixed drink tax, franchise tax, and investment earnings to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, pension and other postemployment benefit obligations, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and will be paid shortly after year-end (not to exceed one month).

Licenses and permits, charges for services, fines, contributions and donations, impact fees, and miscellaneous revenues are recorded as revenues when received in cash, as the amounts are typically not known until received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, as soon as all eligibility requirements have been met, moneys must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if all eligibility requirements are met.

A portion of the City's revenues are derived from developer contributions. The effect of these transactions, recorded as revenue, in the City's water and sewer funds was significant. Developer's contributions of $10,466,035 are recorded as non-operating revenue in the water and sewer fund financial statements. These amounts represent revenues from non-exchange transactions during the fiscal year. For reporting non-exchange transactions for the governmental activities, in the government-wide financial statements on the accrual basis of accounting, the revenues are recorded as capital contributions program revenue, which totaled $29,275,662.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major governmental funds:

The General Fund is the operating fund of the City. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The General Obligation Debt Service Fund (Debt Service) is used to account for the accumulation of resources for and the payment of, principal and interest on general long-term obligation debt. The primary source of revenue is ad valorem taxes, which are levied by the City.

The Street Construction Fund accounts for the financial resources to be used in the construction of roadways and bridges. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, impact fees, developer contributions, or other sources.

The Building Construction Fund accounts for the financial resources to be used in the construction of general governmental buildings and facilities. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, or other sources.

The Mansfield Parks Facility Development Corporation Fund is used to account for the half-cent sales tax, approved by the voters, for parks land acquisition.

The TIRZ One Fund accounts for the financial resources to be used in the development, construction, improvements, and acquisition of land within a boundary that encompasses 3,100 acres of mixed-use property. The Fund is financed from the increased property values above a preexisting property tax base on January 1, 2006. The year-over-year increase in property values will be contributed by the City and the participating Counties. The City's contribution of property tax from the increased property values is 65% of the increased property within the TIF boundary, and the County's contribution of property tax from the increased property values is 30% of the increased property within Counties limits within the TIF boundary.

The other governmental funds column is a summarization of all the non-major governmental fund types.

The government reports the following major proprietary funds:

The Water and Sewer Fund accounts for the operation of the City's water and sewer system. Activities of the Fund include administration, operation, and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for general obligation, and revenue bonds. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Fund.

The Law Enforcement Center Fund accounts were discontinued in this fiscal year.

The Drainage Utility Fund accounts for the operation of the City's drainage system. Activities of the Fund include administration, operation, and maintenance of the drainage system. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

Additionally, the government reports the following fund type:

The other postemployment benefit trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for other postemployment benefits. Plan trustee must act in accordance with the specific purpose and terms of the OPEB plan. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended June 30, 2021, the Plan's year-end in accordance with GASB Statement No. 74.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less from the end of the fiscal year.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the balance sheet or statement of net position as "Cash, Cash Equivalents, and Investments" under each fund's caption. Except for bond-related and other restricted transactions, the City conducted all its banking and investment transactions with one financial institution.

For fiscal year 2021, the City invested in direct obligations of the U.S. government, or its agencies and mutual funds as authorized by the City's investment policy. The City records interest revenue earned from investment activities in each respective fund and recognizes its investments on a fair value basis, which is based on quoted market prices.

2. Inventory:

Inventory consists primarily of supplies, valued at cost. Cost is determined using the weighted average method. Inventory is charged to the user departments and recorded as expenses/expenditures when consumed rather than when purchased. The non-spendable portion of the fund balance is provided equal to the amount of inventory, as the amount is not available for expenditure.

3. Prepaid Items:

Payments made to vendors for services that will benefit future periods are recorded as prepaid items. These payments are recognized under the consumption method.

4. Capital Assets:

Capital assets, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, while improvements and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building and Improvements	50 years
Water and Sewer Lines	50 years
Vehicles, Machinery, and Equipment	4-10 years
Infrastructure	25 years

5. Deferred Outflows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until the appropriate future period. The City has four items that qualify for this category. Deferred pension/OPEB contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred actuarial experience is the difference in the expected and actual pension and OPEB experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred loss on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt or new debt, whichever is shorter.

6. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the respective retirement plan and additions to/deductions from the respective Fiduciary Net Position have been determined on the same basis as they are reported by the respective pension plan. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability that pertains to the governmental activities will be liquidated mainly by the General Fund with the rest being liquidated by the MPFDC.

7. Other Postemployment Benefits (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Retiree Health Insurance OPEB Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. The other post-employment benefit liabilities that pertain to the governmental activities will be liquidated mainly by the General Fund with the rest being liquidated by the MPFDC.

8. Deferred Inflows:

Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The City has six items that qualify for this category. Deferred assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred investment gains are the differences in the projected and actual earnings on the pension/OPEB assets. This difference is deferred and amortized over a closed five year period. Deferred changes in plan benefits are the differences arising from a change in OPEB plan benefits. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred actuarial experience is the difference in the expected and actual pension and OPEB experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred gain on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt or new debt, whichever is shorter. Unavailable revenue is only reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Compensated Absences:

Vested or accumulated vacation leave is accrued in the government-wide and proprietary fund financial statements when incurred. No liability is recorded for non-vesting, accumulating rights to receive sick pay benefits. Vacation is earned in varying amounts up to a maximum of fifteen (15) days for employees with ten (10) or more years of service. Unused vacation leave is carried forward from one year to the next without limit with regards to years of service. As of September 30, 2021, the liability for accrued vacation was $9,265,509. The amount applicable to the Proprietary Funds of $911,423 and the MEDC of $108,009 have been recorded in these funds, and the amount applicable to other funds of $8,246,077 has been recorded in the government-wide financial statements.

10. Interfund Charges:

The City allocates to the Water and Sewer Fund, a percentage of the salaries and wages and related costs of personnel who perform administrative services for the fund but are paid through the General Fund. During the year ended September 30, 2021, the City allocated $147,980 to the Water and Sewer Fund for these services.

11. Property Tax:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent on February 1 of the following year. The City contracts with Tarrant County to bill and collect its property taxes. Property tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

12. Sales Tax:

The City levies a 2% local sales tax in addition to the statewide sales tax rate of 6.25%. Sales tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

13. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Net pension liability is the liability of employer contributions to plan members for benefits provided through a defined benefit plan. Net OPEB/Total OPEB - Supplemental Death Benefits Fund (SDBF) liabilities are the liabilities of postemployment benefits provided to employees separately from a pension plan. Net OPEB liabilities are funded through an irrevocable trust while Total OPEB - SDBF liabilities are not.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

As a home rule city, the City of Mansfield is not limited by the law in the amount of debt it may issue. The City is permitted by Article XI, Section 5 of the *State of Texas Constitution* to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt.

14. Restricted Assets:

Certain proceeds of Proprietary Fund Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

15. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Final settlement amounts could differ from those estimates.

16. Fund Balance Classification:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to classify the fund balances.

Committed fund balances are amounts that can only be used for specific purposes with constraints imposed by formal action of the City Council and do not lapse at year-end. This formal action consists of a written ordinance voted and approved by a majority of the City Council. For assigned fund balance classification, the City Manager with concurrence of the Deputy City Manager is authorized to assign amounts for a specific purpose as permitted by Section 9.12 of the City Charter. The restricted fund balance classification includes amounts that have constraints that are externally imposed (creditors, grantors, etc.) or imposed by enabling legislation. The non-spendable classification includes amounts that are not in spendable form or required to be maintained intact. The unassigned fund balance classification represents fund balance that has not been classified to another category.

The City considers an amount spent when the expenditure is incurred when restricted or unrestricted fund balances are available. In addition, the City considers an amount spent when the expenditure is incurred for purposes for which an amount in the committed, assigned, or unassigned amounts could be used. The City considers expenditures to be made from the most restrictive resources/funds when more than one classification is available.

The City has a minimum General Fund balance policy requirement. This policy established by resolution of the Council requires the General Fund unassigned fund balance to be 25% of the ensuing fiscal year's General Fund operating budget. The detailed fund balance classifications are as follows:

	General	Debt Service	Street Construction	Building Construction	Mansfield Parks Facility Development Corporation	TIRZ #1	Other Governmental Funds	Total Governmental Funds
Fund balances:								
Restricted:								
Debt service reserve	-	5,365,013	-	-	-	-	-	5,365,013
Parks debt service reserve	-	-	-	-	-	-	521,661	521,661
Street construction/improvements	-	-	22,185,440	-	-	-	215,585	22,401,025
Municipal building improvements	-	-	-	17,693,965	-	-	-	17,693,965
Parks and recreation	-	-	-	-	5,478,961	-	1,136,070	6,615,031
Other capital projects	-	-	-	-	-	5,252,236	3,885	5,256,121
Equipment/other purposes	-	-	-	-	-	-	3,542,255	3,542,255
COPS Grant	-	-	-	-	-	-	102,481	102,481
Court security and technology	-	-	-	-	-	-	490,903	490,903
Court seizure fund	-	-	-	-	-	-	98,453	98,453
Tourism promotion	-	-	-	-	-	-	1,492,875	1,492,875
Commited:								
Tree mitigation	-	-	-	-	-	-	27,719	27,719
Parks and recreation	-	-	-	-	4,297,709	-	-	4,297,709
Library	-	-	-	-	-	-	107,486	107,486
Animal control	-	-	-	-	-	-	81,080	81,080
Assigned:								
City council	84,000	-	-	-	-	-	-	84,000
Community events	45,000	-	-	-	-	-	-	45,000
Unassigned:	27,264,905	-	-	-	-	-	(954,669)	26,310,236
Total fund balances	27,393,905	5,365,013	22,185,440	17,693,965	9,776,670	5,252,236	6,865,784	94,533,013

The deficit fund balance in Southpointe PID, included in other governmental funds, will be satisfied with future Southpointe PID fund revenues or a subsidy from the General Fund. The deficit fund balance in TIRZ #2, also included in other governmental funds, will be satisfied with future property tax. The deficit fund balance in the Parks Construction Fund will be satisfied with a subsidy from General Fund.

17. Net Position:

Net position is classified and displayed in three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of net investment in capital assets.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there are both restricted and unrestricted assets available, it is the City's policy to apply those expenses to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted – All other assets that constitute the components of net position that do not meet the definition of "restricted" or "investment in capital assets."

18. Adoption of New Accounting Standards:

The GASB Statement No. 84 ("GASB 84"), *Fiduciary Activities*, established criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of the four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are.used to report fiduciary activities that are not held in a trust. the agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries. Implementation of GASB 84 had no material impact on the City.

GASB Statement No. 97 ("GASB 97"), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Implementation of GASB 97 had no material impact on the City.

Statement No. 98 ("GASB 98"), *the Annual Comprehensive Financial Report*. This statement establishes the new term annual comprehensive financial report and the acronym ACFR. The adoption had no impact on the City's net position.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds."

The details of this $244,324,381 difference are as follows:

Bonds payable	182,725,000
Premium on issuance of bonds	10,085,842
Discounts on issuance of bonds	(643,595)
Deferred loss on refunding	(2,073,598)
Deferred gain on refunding	13,366
Accrued interest payable	882,434
Compensated absences	8,246,077
Deferred pension contributions	(3,955,241)
Deferred OPEB contributions	(689,754)
Deferred investment gains, net	5,634,688
Deferred assumption changes, net	209,822
Net pension liability	16,817,706
Net OPEB liability	13,635,223
Total OPEB liability – SDBF	1,436,646
Deferred actuarial experience, net	(6,550,874)
Deferred change in plan benefits	18,550,639
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	$ 244,324,381

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this (4,131,089) difference are as follows:

Capital outlay	$ 14,677,582
Depreciation expense	(18,808,671)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (4,131,089)

Another element of that reconciliation states "The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) and the transfer of capital assets from business-type activities is to increase net position." The statement of activities reports contributions of capital assets. Conversely, the governmental funds do not report any contributions of capital assets. The $34,826,625 difference is as follows:

Net adjustment to increase changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 34,826,625

Another element of that reconciliation states that "revenues recognizing future lease payments on a straight-line basis in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds." The $107,974 difference is as follows:

The statement of activities reports lease revenues to recognize future lease payments on a straight-line basis. However, governmental funds do not report lease revenues until they are available.	$ 107,974

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds". The $2,053,685 difference is as follows:

The governmental funds defer revenue related to uncollected receivables. However, in the statement of activities, this is recognized in the current period.	$ 2,053,685

Another element of that reconciliation states that "deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then." Deferred outflows are deferred pension and OPEB contributions, deferred investment losses, deferred charges on refunding, and deferred pension expenses. The details of this $(4,360,538) difference are as follows:

Changes in deferred pension contributions	$ 29,817
Changes in deferred OPEB contributions	(1,325,570)
Changes in deferred investment losses	(363,190)
Changes in deferred actuarial expense	(2,578,623)
Changes in deferred assumption changes	160,779
Changes in deferred loss/(gain) on refunding	(283,751)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$(4,360,538)

Another element of that reconciliation states that "deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then." Deferred inflows are deferred pension contributions, and deferred rent. The details of this $(19,882,418) difference are as follows:

Changes in deferred investment gains	$(1,539,291)
Changes in actuarial experience	(87,284)
Changes in plan benefits	(18,550,639)
Changes in deferred assumption changes	294,796

Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$(19,882,418)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $29,465,112 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$(9,100,000)
Debt transferred from LEC	(395,000)
Premium on issuance of bonds	(539,310)
Change in accrued interest payable	77,177
Amortization of premiums/discounts	750,572
Change in compensated absences	788,890
Principal payments or payments to escrow agent	12,515,000
Change in deferred gain on refunding	(4,298)
Change in net pension liability	290,339
Change in net OPEB liability	25,492,023
Change in total OPEB liability - SDBF	(410,281)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 29,465,112

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2021, the primary government had cash and cash equivalents of $150,800,657 including the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

Primary Government - Governmental Activities and Business-type Activities	Net Asset Value	WAM (Years)
Investment Type – TexSTAR Investment Pool	41,668,995	0.08
Investment Type - Money Market Mutual Funds	23,896,476	0.08
Investment Type - Texas CLASS Investment Pool	3,258,352	0.08
Total Net Asset Value and Weighted Average Maturity	$ 68,823,823	0.08

As of September 30, 2021, the Mansfield Economic Development Corporation had cash and cash equivalents of $9,218,161 including the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM)

Component Unit – Mansfield Economic Development Corporation	Net Asset Value	WAM (Years)
Investment Type – TexSTAR Investment Pool	2,752,926	0.08

Investment Type - Money Market Mutual Funds	1,752,483	0.08
Total Net Asset Value and Weighted Average Maturity	$ 4,505,409	0.08

Money market accounts are marketable securities in active markets that have observable inputs and prices.

Interest Rate Risk –

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk –

The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities, obligations of Texas and its agencies, fully insured or collateralized certificates of deposit, fully collateralized direct repurchase agreements, government pools and money market funds consisting of any of these securities listed, and obligations of states, cities, and other political subdivisions with a rating of “A” or its equivalent. As of September 30, 2021, the City’s investment in the money market mutual funds was rated “AAA” by Standard and Poor’s and “Aaa” by Moody’s Investment Service.

Custodial Credit Risk Deposits –

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City has a deposit policy, which requires a collateralization level of 105% of market value less an amount insured by the FDIC. Of the primary government and the component unit’s categorizable bank deposits, none were uninsured and uncollateralized as of September 30, 2021.

Custodial Credit Risk Investments –

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has an investment policy, which requires a collateralization level of 105% of market value of principal and accrued interest on investments other than direct purchases of U.S. Treasuries or Agencies. The policy requires all investments held by outside parties for safekeeping in the name of the City or on behalf of the City.

Concentration of Credit Risk Investments –

The City’s investment policy does not place a limit on the amount the City may invest in a single issuer because the City’s investment policy limits the City’s authorized investments. These authorized investments include any security backed by the federal government, the State of Texas, or political subdivision with an investment grade rating of “A” or better. The City’s investment policy authorizes mutual funds, “AAA” rated only registered with the Securities and Exchange Commission available alternatives to previously listed authorized securities. At September 30, 2021, the City’s investments are held in Invesco and Bank of America Merrill Lynch Money Market Mutual Funds; Texas CLASS; and TexSTAR Participant Services. These investments are 34.72%, 4.73%, and 60.55%, respectively, of the City’s total investments. These money market mutual funds are invested in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government.

External Investment Pool –

TexSTAR's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the fund or who do not have a business relationship with the fund and are qualified to advise. The investment objective and strategies of the pool is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The pool offers same day access to investment funds.

JPMorgan Investment Management (JPMIM) and Hilltop Securities, Inc. (HSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMIM serves as an investment advisor to TexSTAR, while HSAM provides administrative participant support and marketing services. TexSTAR is not registered with the Securities and Exchange Commission (SEC) as an investment company but is an investment pool that has been organized in conformity with Chapters 791, Interlocal Cooperation Act, and 2256, Public Funds Investment Act, of the Texas Government Code.

The Cooperative Liquid Assets Securities System - Texas ("CLASS") is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Chapter 2256, Texas Government Code. CLASS is created under an Amended and Restated Trust Agreement, dated as of May 1, 2001 (the "Agreement") among certain Texas governmental entities investing in the pool (the "Participants"), Municipal Investors Services Corporation ("MBIA-MISC") as program administrator, and Wells Fargo as custodian. CLASS is not SEC-registered and is not subject to regulation by the State of TExas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with MBIA-MISC to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained by contacting MBIA Asset Management at 815-A Brazos Street, Suite 345, Austin, Texas 78701-9996 or by calling (800) 707-6242. CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorites may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national or state emergency that affects the pool's liquidity.

Investments with TexSTAR and Texas CLASS are carried at net asset value.

Interest Rate Risk –

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the investment portfolio as follows:

Investment Type	Not to Exceed
Obligations of the United States	100%
Obligations of the State of Texas	100%
Certificates of Deposit	100%
Investment Pools	100%
Mutual Funds	100%

As a means of limiting its exposure fair value losses arising from rising interest rates, the following guidelines reflect the Retiree Health Insurance OPEB Trust's asset allocation goals:

Portfolio Segment	Range of Portfolio Assets
Equity	40-60%
Fixed income	40-60%
Cash	0-20%

In accordance with GASB Statement No. 72 *Fair Value Measurement and Application,* investments are recorded at fair value. In accordance with GASB Statement No. 72, the Retiree Health Insurance OPEB Trust categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Mutual funds are categorized as Level 1.

The Retiree Health Insurance OPEB Trust fund cash and investments (mutual funds are reported at fair value) are summarized below:

Cash and Cash Equivalents	
Cash	$ 281,719
Investments	
Mutual funds	23,523,937
Total cash and cash equivalents and investments	$ 23,805,656

The City, including the proprietary funds and the component unit, do not have any debt security investments, other than in the Retiree Health Insurance OPEB Trust, which are exposed to interest rate risk.

Foreign Currency Risk –

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City does not have any investments in foreign obligations.

B. Receivables

Receivables at September 30, 2021 consisted of the following:

	Governmental Funds				
	General	Debt Service	MPFDC	Non-major	Total
Receivables:					
Property Taxes	$ 1,026,089	$ 576,044	$ -	$ -	$ 1,602,133
Accounts	11,562,586	-	1,450,565	219,284	13,232,435
Gross Receivables	12,588,675	576,044	1,450,565	219,284	14,834,568
Less: Allowance for Uncollectible	(7,708,619)	(407,447)	-	-	(8,116,066)
Net Total Receivables	$ 4,880,056	$ 168,597	$ 1,450,565	$ 219,284	$ 6,718,502

	Proprietary Funds		
	Water & Sewer	Drainage Utility	Total
Receivables:			
Accounts	$ 4,876,465	$ 309,228	$ 5,185,693
Other	57,207	-	57,207
Gross Receivables	4,933,672	309,228	5,242,900
Less: Allowance for Uncollectible	(1,360,337)	(91,095)	(1,451,432)
Net Total Receivables	$ 3,573,335	$ 218,133	$ 3,791,468

The MEDC has a receivable in the amount of $1,477,847 as of September 30, 2021.

C. Capital Assets

Capital asset activity for the year ended September 30, 2021 is as follows:

Governmental activities:	Sept 30, 2020	Increases	Decreases	Transfers	Sept 30, 2021
Capital assets, not being depreciated:					
Land	$ 107,685,098	$ -	$ -	$ 234,528	$ 107,919,626
Construction in progress	19,431,454	10,661,101	(7,829,209)	-	22,263,346
Total capital assets, not being depreciated	127,116,552	10,661,101	(7,829,209)	234,528	130,182,972
Capital assets, being depreciated:					
Buildings	108,033,220	1,393,850	-	7,363,784	116,790,854
Other improvements	29,390,044	125,816	-	2,688,591	32,204,451
Machinery and equipment	29,639,057	4,477,443	(1,000,312)	1,308,004	34,424,192
Infrastructure	433,870,792	35,124,243	-	-	468,995,035
Total capital assets, being depreciated	600,933,113	41,121,352	(1,000,312)	11,360,379	652,414,532
Less accumulated depreciation for:					
Buildings	(17,093,529)	(1,776,733)	-	(4,385,725)	(23,255,987)
Other improvements	(20,180,380)	(2,151,500)	-	(468,671)	(22,800,551)
Machinery and equipment	(19,493,112)	(1,664,304)	958,063	(1,147,299)	(21,346,652)
Infrastructure	(218,229,051)	(13,216,134)	-	-	(231,445,185)
Total accumulated depreciation	(274,996,072)	(18,808,671)	958,063	(6,001,695)	(298,848,375)
Total capital assets being depreciated, net	325,937,041	22,312,681	(42,249)	5,358,684	353,566,157
Governmental activities capital assets, net	$ 453,053,593	$ 32,973,782	$ (7,871,458)	$ 5,593,212	$ 483,749,129

Business-type activities:	Sept 30, 2020	Increases	Decreases	Transfers	Sept 30, 2021
Capital assets, not being depreciated:					
Land	$ 2,700,790	$ -	$ -	$ (234,528)	$ 2,466,262
Construction in progress	19,831,777	10,108,262	(7,732,068)	-	22,207,971
Total capital assets, not being depreciated	22,532,567	10,108,262	(7,732,068)	(234,528)	24,674,233
Capital assets, being depreciated:					
Buildings and systems	196,336,720	7,732,067	-	(7,363,784)	196,705,003
Improvements other than buildings	2,827,541	-	-	(2,688,591)	138,950
Machinery and equipment	5,897,418	393,362	(13,182)	(1,308,004)	4,969,594
Infrastructure	72,677,461	10,466,035	-	-	83,143,496
Total capital assets, being depreciated	277,739,140	18,591,464	(13,182)	(11,360,379)	284,957,043
Less accumulated depreciation for:					
Buildings and systems	(52,634,706)	(3,616,190)	-	4,385,725	(51,865,171)
Improvements other than buildings	(505,430)	(4,870)	-	468,671	(41,629)
Machinery and equipment	(4,350,308)	(312,526)	11,946	1,147,299	(3,503,589)
Infrastructure	(20,734,660)	(1,448,125)	-	-	(22,182,785)
Total accumulated depreciation	(78,225,104)	(5,381,711)	11,946	6,001,695	(77,593,174)
Total capital assets being depreciated, net	199,514,036	13,209,753	(1,236)	(5,358,684)	207,363,869
Business-type activities capital assets, net	$ 222,046,603	$ 23,318,015	$ (7,733,304)	$ (5,593,212)	$ 232,038,102

D. Capital assets continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Goverment	$ 1,526,599
Public Safety	1,503,784
Public Works	13,255,115
Culture and Recreation	2,523,173
Total Depreciation Expense - Governmetnal Activities	$ 18,808,671
Business-Type Activities:	
Water and Sewer	$ 5,188,157
Law Enforcement Center	-
Drainage Utility Fund	193,554
Total Depreciation Expense - Business-Type Activities	$ 5,381,711

Construction Commitments

The general government had outstanding commitments at September 30, 2021, under authorized construction contracts of approximately $8,840,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the major funds.

The MPFDC had no outstanding commitments at September 30, 2021.

The Water and Sewer Fund had outstanding commitments at September 30, 2021, under authorized construction contracts of approximately $2,175,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Drainage Fund had outstanding commitments at September 30, 2021, under authorized construction contracts of approximately $35,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2021 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2020	Increases	Decreases	Sept 30, 2021
Capital assets, not being depreciated:				
Land	$ 10,272,190	$ 5,023,284	$ (2,198,639)	$ 13,096,835
Construction in progress	19,429,410	3,543,888	(5,948,607)	17,024,691
Total capital assets, not being depreciated	29,701,600	8,567,172	(8,147,246)	30,121,526
Capital assets, being depreciated:				
Buildings	-	605,288	-	605,288
Other Improvements	167,248	5,948,607	-	6,115,855
Machinery and equipment	72,312	-	-	72,312
Total capital assets, being depreciated	239,560	6,553,895	-	6,793,455
Less accumulated depreciation for:				
Buildings	-	(1,890)	-	(1,890)
Other improvements	(79,333)	(3,378)	-	(82,711)
Machinery and equipment	(72,312)	-	-	(72,312)
Total accumulated depreciation	(151,645)	(5,268)	-	(156,913)
Total capital assets being depreciated, net	87,915	6,548,627	-	6,636,542
MEDC capital assets, net	$ 29,789,515	$ 15,115,799	$ (8,147,246)	$ 36,758,068

The MEDC had no outstanding commitments at September 30, 2021.

E. Due to/Due from

The composition of the due to/due from balances as of September 30, 2021 is as follows:

Fund	Due to	Due from
General fund	$ 1,791,139	$ -
TIRZ #1	24,582	-
Other governmental	-	1,815,721
TOTAL	$ 1,815,721	$ 1,815,721

F. Interfund Transfers

The composition of interfund balances as of September 30, 2021 is as follows:

Fund	Transfers In	Transfers Out
General Fund	$ 4,976,975	$ 2,035,364
Debt Service	12,113	-
Building Construction	10,482	-
MPFDC	499,592	-
TIRZ #1	-	846,498
Other governmental	1,650,422	1,791,139
Law Enforcement Center	-	1,038,292
Water and Sewer Fund	-	2,410,597
TOTAL	$ 7,149,584	$ 8,121,890

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, in the amount of $2,410,597, for services provided as part of the City's ordinary government.

Interfund activity from the General Fund and the non-major funds is for the purpose of purchase, construction, and improvements of capital assets for government-wide purposes. These transfers are budgeted annually. The unexpended funds within the non-major funds generally are reappropriated upon the adoption of the next fiscal year's budget. These interfund transfers within the Governmental Fund Types are eliminated upon the reporting of government-wide financial statements.

The interfund activity from the LEC is to complete the transfer of operations to the General Fund. Transfers do not balance in the fund statements as a result of transferring balances accounted for under the full accrual basis of accounting to a fund using the modified accrual basis.

G. Long-Term Debt

Governmental Activities -

General Obligation Bonds, Loans, and Certificates of Obligation

The general obligation bonds, loans, and certificates of obligation are serial and term debt collateralized by the full faith and credit of the City and are payable from property taxes. The debt matures annually in varying amounts through 2041, and interest is payable semiannually. Proceeds of general obligation bonds are recorded in the Capital Projects Funds and are restricted to the use for which they were approved in the bond elections. Certificates of obligation bonds and loan proceeds are recorded in the appropriate fund for which the debt was issued and approved by the City. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures.

In 2021, the City issued $9,100,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2021. The bonds of $9,100,000 plus premiums of $539,310 and less issuance costs of $139,154 will be used for the design, development, and construction of public infrastructure.

The total amount of deferred loss on refunding for the governmental bonds was $2,073,598 at September 30, 2021.

The total amount of deferred again on refunding for the governmental bonds was $13,366 at September 30, 2021.

General obligation debt outstanding at September 30, 2021 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	3,730,000
2012 CO	2.00% to 4.00%	2032	3,415,000	2,155,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,000,000
2013 CO	2.00% to 4.00%	2033	5,335,000	3,580,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	2,070,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	640,000
2014 CO	2.50% to 4.38%	2034	16,500,000	12,460,000
2014A CO	2.00% to 4.13%	2034	1,255,000	945,000
2015 CO	2.00% to 5.00%	2035	15,870,000	12,170,000
2015 GO Refunding	4.00% to 5.00%	2027	11,700,000	5,185,000
2016 GO Refunding	1.35% to 3.71%	2028	3,770,000	2,480,000
2016 CO	2.00% to 5.00%	2036	13,705,000	11,310,000
2016 GO Refunding	2.00% to 5.00%	2036	14,885,000	11,470,000
2016A CO	1.25% to 3.90%	2041	2,960,000	2,600,000
2017 CO	3.00% to 5.00%	2037	18,975,000	16,380,000
2018 CO	3.00% to 4.00%	2038	15,960,000	14,180,000
2019 CO	3.00% to 4.00%	2039	13,750,000	12,805,000
2020 CO	2.00% to 4.00%	2040	24,245,000	23,400,000
2020 GO Refunding	2.00% to 4.00%	2031	4,475,000	2,475,000
2021 CO	1.50% to 4.00%	2041	9,100,000	9,100,000
TOTAL				$ 151,135,000

Annual debt service requirements to maturity for general obligation debt, including interest of $44,000,265, are as follows:

Fiscal Year	Principal	Interest	Total
2022	10,810,000	5,600,032	16,410,032
2023	10,450,000	5,183,159	15,633,159
2024	10,860,000	4,769,907	15,629,907
2025	10,415,000	4,341,919	14,756,919
2026	9,700,000	3,914,635	13,614,635
2027-2031	44,665,000	13,835,113	58,500,113
2032-2036	38,335,000	5,562,466	43,897,466
2037-2041	15,900,000	793,034	16,693,034
TOTAL	$ 151,135,000	$ 44,000,265	$ 195,135,265

Special Sales Tax Revenue Bonds

The Special Sales Tax Revenue Bonds are special limited obligations of the MPFDC payable from proceeds of an additional ½ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually. The proceeds of these bonds are to be used for their legal purposes as prescribed in the statutes of the State of Texas.

As of September 30, 2021 there was $-0- of defeased debt outstanding related to the Sales Tax Revenue Bonds. Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2021 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 3.25%	2024	4,995,000	1,005,000
2016	2.00% to 4.00%	2035	6,775,000	4,605,000
2016	1.05% to 4.83%	2040	14,930,000	13,030,000
2016A	1.50% to 2.95%	2041	8,295,000	7,305,000
2018	3.00% to 4.00%	2043	2,325,000	2,100,000
2018	2.54% to 4.35%	2043	3,785,000	3,545,000
TOTAL				$ 31,590,000

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of $13,513,389, are as follows:

Fiscal Year	Principal	Interest	Total
2022	1,910,000	1,247,861	3,157,861
2023	1,965,000	1,192,847	3,157,847
2024	2,030,000	1,134,077	3,164,077
2025	1,735,000	1,065,917	2,800,917
2026	1,810,000	1,005,849	2,815,849
2027-2031	7,035,000	4,160,371	11,195,371
2032-2036	7,640,000	2,700,886	10,340,886
2037-2041	6,995,000	974,668	7,969,668
2042-2043	470,000	30,913	500,913
TOTAL	$ 31,590,000	$ 13,513,389	$ 45,103,389

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2021 was as follows:

	Balance Beginning of Year	Increase	Decrease	Transfer	Balance End of Year	Due Within One Year
General Obligation Bonds	$ 152,300,000	$ 9,100,000	$ (10,660,000)	$ 395,000	$ 151,135,000	$ 10,810,000
Sales Tax Revenue Bonds	33,445,000	-	(1,855,000)	-	31,590,000	1,910,000
Deferred Amounts:						
Premiums	10,352,534	539,310	(806,002)	-	10,085,842	830,202
Discounts	(699,025)	-	57,710	(2,280)	(643,595)	(57,710)
Total bonds payable	195,398,509	9,639,310	(13,263,292)	392,720	192,167,247	13,492,492
Compensated absences	9,034,967	1,403,034	(2,191,924)	-	8,246,077	2,578,579
Total	$ 204,433,476	$ 11,042,344	$ (15,455,216)	$ 392,720	$ 200,413,324	$ 16,071,071
Net Pension Liability	$ 17,108,045	$ 3,754,896	$ (5,860,852)	$ 1,815,617	$ 16,817,706	
Net OPEB Liability	39,127,246	(28,075,567)	(654,375)	3,237,919	13,635,223	
Total OPEB Liability - SDBF	1,026,365	345,460	(44,104)	108,925	1,436,646	
Total pension & OPEB liabilities	$ 57,261,656	$ (23,975,211)	$ (6,559,331)	$ 5,162,461	$ 31,889,575	

For the governmental activities, compensated absences are generally liquidated by the general fund or the respective special sales tax fund.

Business-Type Activities -

Water and Sewer Fund

The water and sewer fund revenue bonds are payable from the gross revenues of the water and sewer system. Gross revenues are to be used first-to-pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2035, and interest is payable semiannually.

Waterworks and Sewer System Refunding and Revenue Bonds

In 2021, the City issued $7,425,000 in Waterworks and Sewer System Revenue Refunding Bonds, Series 2021 for the purpose of refunding the Series 2009 Waterworks and Sewer System Revenue and the Series 2011 Waterworks and Sewer System Revenue Bonds. The refunding resulted in a net present value of cash savings of $1,270,194.

For the refunded debt, the reacquisition price exceeded the net carrying amount of the old debt by $87,506 and resulted in an economic gain of $1,331,451. This deferred amount on refunding is being amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was the same as the life of the new debt. The deferred amount on refunding was $82,132 at September 30, 2021.

The total amount of deferred loss on refunding for the water and sewer revenue bonds was $2,265,334 at September 30, 2021.

Water and sewer fund debt outstanding at September 30, 2021 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 3.00%	2023	2,320,000	455,000
2015	2.00% to 5.00%	2027	9,540,000	2,745,000
2016	2.00% to 5.00%	2035	24,510,000	17,815,000
2021	2.00% to 3.00%	2030	7,425,000	6,405,000
TOTAL				$ 27,420,000

Debt service requirements to maturity for water and sewer fund debt, including interest of $5,893,538, are as follows:

Fiscal Year	Principal	Interest	Total
2022	3,465,000	1,130,888	4,595,888
2023	3,070,000	1,001,250	4,071,250
2024	2,965,000	876,100	3,841,100
2025	2,855,000	752,250	3,607,250
2026	2,975,000	632,250	3,607,250
2027-2031	10,380,000	1,326,200	11,706,200
2032-2035	1,710,000	174,600	1,884,600
TOTAL	$ 27,420,000	$ 5,893,538	$ 33,313,538

Drainage Utility Fund

The Drainage Utility Fund revenue bonds are payable from the gross revenues of the drainage utility system. Gross revenues are to be used first to pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2027, and interest is payable semiannually.

The total amount of deferred loss on refunding for the Drainage Utility bonds was $71,480 at September 30, 2021.

Drainage Utility Fund debt outstanding at September 30, 2021 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007	4.00% to 4.30%	2027	$ 2,200,000	$ 855,000
2012	2.00% to 3.13%	2024	3,740,000	1,020,000
TOTAL				$ 1,875,000

Debt service requirements to maturity for Drainage Utility debt, including interest of $194,253, are as follows:

Fiscal Year	Principal	Interest	Total
2022	460,000	66,710	526,710
2023	475,000	52,175	527,175
2024	490,000	36,238	526,238
2025	145,000	19,350	164,350
2026	150,000	13,115	163,115
2027	155,000	6,665	161,665
TOTAL	$ 1,875,000	$ 194,253	$ 2,069,253

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2021, is as follows:

	Balance Beginning of Year	Increase	Decrease	Transfer	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	$ 31,080,000	$ 7,425,000	$ (11,085,000)	$ -	$ 27,420,000	$ 3,465,000
LEC Certificates of Obligation	445,000	-	(50,000)	(395,000)	-	-
Drainage Utility Revenue Bonds	2,315,000	-	(440,000)	-	1,875,000	460,000
Deferred Amounts:						
Premiums	3,626,214	535,331	(320,539)	-	3,841,006	363,170
Discounts	(195,610)		34,697	2,280	(158,633)	(18,833)
Total bonds payable	37,270,604	7,960,331	(11,860,842)	(392,720)	32,977,373	4,269,337
Compensated absences	858,416	911,423	(858,416)	-	911,423	224,813
Total	$ 38,129,020	$ 8,871,754	$ (12,719,258)	$ (392,720)	$ 33,888,796	$ 4,494,150
Net Pension Liability	$ 4,001,161	$ 743,557	$ (756,972)	$ (1,815,617)	$ 2,172,129	
Net OPEB Liability	8,362,237	-	(3,225,545)	(3,237,919)	1,898,773	
Total OPEB Liability - SDBF	240,043	54,430	-	(108,925)	185,548	
Total pension & OPEB liabilities	$ 12,603,441	$ 797,987	$ (3,982,517)	$ (5,162,461)	$ 4,256,450	

For financial reporting purposes, the unamortized premiums and discounts have been netted against total bonds outstanding.

The Business-Type Activity long-term debt will be repaid, plus interest, from the operating revenues derived primarily from water sales, sewer service charges, and drainage service charges or operating transfers from the general fund.

Discretely Presented Component Unit

Mansfield Economic Development Corporation

The Sales Tax Revenue Refunding Bonds are special limited obligations of the MEDC payable from proceeds of an additional ½ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually.

The total amount of deferred loss on refunding for the MEDC bonds was $64,821 at September 30, 2021.

MEDC debt outstanding at September 30, 2021 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 4.00%	2032	$ 3,090,000	$ 1,905,000
2015A	0.50% to 3.55%	2024	5,630,000	1,815,000
2015	2.00% to 4.00%	2024	2,880,000	940,000
2016	2.00% to 4.00%	2036	14,125,000	11,370,000
2018	2.52% to 4.29%	2038	6,200,000	5,605,000
TOTAL				$ 21,635,000

Debt service requirements to maturity for MEDC debt, including interest of $6,514,982, are as follows:

Fiscal Year	Principal	Interest	Total
2022	1,850,000	810,857	2,660,857
2023	1,905,000	748,848	2,653,848
2024	1,980,000	680,028	2,660,028
2025	1,070,000	606,730	1,676,730
2026	1,110,000	566,541	1,676,541
2027-2031	6,230,000	2,155,847	8,385,847
2032-2036	6,620,000	889,665	7,509,665
2037-2038	870,000	56,466	926,466
TOTAL	$ 21,635,000	$ 6,514,982	$ 28,149,982

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2021, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	$ 23,430,000	$ -	$ (1,795,000)	$ 21,635,000	$ 1,850,000
Deferred Amounts:					
Premiums	1,030,756	-	(66,654)	964,102	66,653
Discounts	(152,079)	-	13,394	(138,685)	(13,394)
Total bonds payable	24,308,677	-	(1,848,260)	22,460,417	1,903,259
Compensated absences	91,442	108,009	(91,442)	108,009	12,153
Total Noncurrent Liabilities	$ 24,400,119	$ 108,009	$ (1,939,702)	$ 22,568,426	$ 1,915,412
Net Pension Liability	$ 150,947	$ 48,075	$ (51,433)	$ 147,589	
Net OPEB Liability	267,439	-	(173,672)	93,767	
Total OPEB Liability - SDBF	9,056	54,392	(50,860)	12,588	
Total pension & OPEB liabilities	$ 427,442	$ 102,467	$ (275,965)	$ 253,944	

H. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2021 included the following legal use restrictions.

Enterprise Fund	Revenue Bond Sinking and Reserve Fund	Bond Construction Fund	Total
Water and Sewer Fund	$ 3,914,184	$ 9,610,746	$ 13,524,930
Drainage Utility	71,620	-	71,620
TOTAL	$ 3,985,804	$ 9,610,746	$ 13,596,550

The ordinance authorizing the issuance of Water and Sewer System revenue bonds requires that the City establish a sinking fund (Revenue Bond Sinking and Reserve Fund) in an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds. At September 30, 2021, the sinking fund balance is sufficient to satisfy such bond ordinance requirements. The bond ordinance also contains provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and the pledged revenues are equal to or greater than 1.25 times the average annual debt service requirements after giving effect to the proposed additional bonds and any proposed rate increases. In addition, the bond ordinance requires that the annual gross revenues of the Water and Sewer System, less annual operation and maintenance expenses (excluding depreciation and amortization expense), be at least 1.10 times the annual principal and interest requirements of all the outstanding revenue bonds.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the Water and Sewer System. The unspent proceeds are maintained as restricted assets until such time as needed to fund the Water and Sewer System construction program.

The ordinance authorizing the issuance of the Certificates of Obligation requires that the City establish an interest and sinking fund to provide for principal and interest requirements as they become due.

I. Retirement Plan

Plan Description:

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided:

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member’s contributions, with interest, and the city-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2018	Plan Year 2019	Plan Year 2020
Employee deposit rate	7.0%	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	231
Inactive employees entitled to but not yet receiving benefits	208
Active employees	467
Total	906

Contributions:

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 15.39% and 16.05% in calendar years 2020 and 2021 respectively. The City’s contributions to TMRS as of September 30, 2021 were $6,495,583 and were equal to the required contributions.

Net Pension Liability:

The City’s Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption of Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return (Arithmetic)**
Globa Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
Balance at 12/31/2019	$ 188,907,897	$ 167,647,744	$ 21,260,153
Changes for the year:			
Service Cost	7,964,424	-	7,964,424
Interest	12,756,277	-	12,756,277
Change in benefit terms	-	-	-
Difference between expected and actual experience	(485,321)	-	(485,321)
Changes of assumptions	-	-	-
Contributions - employer	-	6,668,580	(6,668,580)
Contributions - employee	-	3,033,241	(3,033,241)
Net investment income	-	12,741,845	(12,741,845)
Benefit payments, including refunds of employee contributions	(7,816,442)	(7,816,442)	-
Administrative expense	-	(82,344)	82,344
Other changes	-	(3,213)	3,213
Net changes	$ 12,418,938	$ 14,541,667	$(2,122,729)
Balance at 12/31/2020	$ 201,326,835	$ 182,189,411	$ 19,137,424

Sensitivity of the net pension liability (asset) to changes in the discount rate:

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	**Current Single Discount Rate Assumption 6.75%**	**1% Increase 7.75%**
$ 50,759,794	$ 19,137,424	$(6,573,418)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2021, the City recognized expense of $5,391,919.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

	Recognition period (or amortization yrs)	Total (Inflow) or Outflow of Resources	2021 Recognition in current pension expense	Deferred (Inflow)/ Outflow in future expense
2014 difference in experience (inflows)/outflows	1.0000	$ 9,462	$ 9,462	$ -
2015 difference in experience (inflows)/outflows	1.7300	$ 41,678	$ 24,091	$ 17,587
2016 difference in experience (inflows)/outflows	2.7900	$ 808,291	$ 289,710	$ 518,581
2017 difference in experience (inflows)/outflows	3.7300	$ 478,418	$ 128,262	$ 350,156
2018 difference in experience (inflows)/outflows	4.4200	$ 1,524,505	$ 344,911	$ 1,179,594
2019 difference in experience (inflows)/outflows	5.0500	$ 208,699	$ 41,327	$ 167,372
2020 difference in experience (inflows)/outflows	6.2900	$ (485,321)	$ (77,158)	$ (408,163)
			$ 760,605	$ 1,825,127
2015 difference in assumptions - (inflows)/outflows	1.7300	$ (172,233)	$ (99,557)	$ (72,676)
2019 difference in assumptions - (inflows)/outflows	5.0500	$ 65,664	$ 13,003	$ 52,661
			$ (86,554)	$ (20,015)
2016 deficit investment returns - (inflows)/outflows	1.0000	$ (2,870)	$ (2,870)	$ -
2017 deficit investment returns - (inflows)/outflows	2.0000	$ (3,531,274)	$ (1,765,638)	$ (1,765,636)
2018 excess investment returns - (inflows)/outflows	3.0000	$ 8,442,086	$ 2,814,028	$ 5,628,058
2019 deficit investment returns - (inflows)/outflows	4.0000	$ (9,997,287)	$ (2,499,322)	$ (7,497,965)
2020 deficit investment returns - (inflows)/outflows	5.0000	$ (1,425,622)	$ (285,124)	$ (1,140,498)
			$ (1,738,926)	$ (4,776,041)
				$ (2,970,929)

$4,500,798 (including $34,709 for MEDC) reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2022	$(1,051,088)
2023	708,800
2024	(2,368,730)
2025	(163,093)
2026	(74,445)
Thereafter	(22,373)
Total	$(2,970,929)

J. Supplemental Death Benefits

TMRS administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordiance, to provide supplemental death benefits for their active members with optional coverage for their retirees. 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 (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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust meeting the criteria in paragraph 4 of GASB Statement No. 75). TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	184
Inactive employees entitled to but not yet receiving benefits	60
Active employees	467
Total	711

Contributions:

The contribution rates for employees in SDBF is .05% of employee gross earnings, and the City contribution rates were .16% for 2020 and .14% for 2021, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the EAN actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Total OPEB Liability - SDBF:

The City's total OPEB Liability - SDBF was measured and determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions:

The total OPEB Liability - SDBF in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5% per year, including inflation
Discount rate	2.00%, based on the Fidelity Index's "20-Year Municipal GO
Discount rate	AA Index" rate as of December 31, 2020
Retirees' share of benefit-related costs	$ 0
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 Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Table 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 Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the total OPEB liability - SDBF:

Balance at 12/31/2019	$ 1,275,464
Changes for the year:	
Service Cost	77,998
Interest	36,029
Differences between expected and actual experience	14,866
Changes in assumptions or other inputs	239,091
Benefit payments*	(8,666)
Net changes	359,318
Balance at 12/31/2020	$ 1,634,782

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

Sensitivity of the total OPEB liability - SDBF to changes in the discount rate:

The following presents the total OPEB liability - SDBF of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability - SDBF would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1% Decrease 1.00%	**Current Discount Rate 2.00%**	**1% Increase 3.00%**
Total OPEB liability	$ 2,044,457	$ 1,634,782	$ 1,325,966

OPEB Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in a separately issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (SDBF):

For the year ended September 30, 2021, the City recognized expense of $166,600.

At September 30, 2021 the City reported deferred outflows of resources and deferred outflows and inflows of resources related to OPEB from the following sources:

Due to Liabilities:	Recognition Period (or Amortiation yrs)	Total Remaining (Inflow) or Outflow of Resources	2021 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2020 Change in assumptions	7.8900	$ 239,091	$ 30,303	$ 208,788
2019 Change in assumptions	6.7300	$ 186,621	$ 27,730	$ 158,891
2018 Change in assumptions	6.0400	(61,112)	$ (10,118)	$ (50,994)
2017 Change in assumptions	5.0400	55,839	$ 11,079	$ 44,760
2020 Difference in expected and actual experience	7.8900	$ 14,866	$ 1,884	$ 12,982
2019 Difference in expected and actual experience	6.7300	$ (177,565)	$ (26,384)	$ (151,181)
2018 Difference in expected and actual experience	6.0400	109,196	$ 18,079	$ 91,117
			$ 52,573	$ 314,363

$40,259 was reported as deferred outflows of resources related to OPEB (SDBF) resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability - SDBF for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB (SDBF) will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2022	$ 52,573
2023	52,573
2024	52,573
2025	52,573
2026	41,938
Thereafter	62,133
Total	$ 314,363

K. Other Post-Employment Benefits - OPEB

Plan Description

City employees retiring on TMRS will be provided the opportunity to receive health insurance benefits from the City from the City's existing health care plan. The City established by ordinance a single-employer defined benefit postemployment healthcare plan that covers retired employees of the City. The City established an irrevocable trust and contracted with an administrator as well as a custodial bank to manage the plan's assets or the retiree's medical benefits.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact: The City of Mansfield, Business Services Division, 1200 East Broad Street, Mansfield, Texas 76063.

Measurement Focus and Basis of Accounting

The City of Mansfield, Texas Retiree Health Insurance Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the determination of the employer.

Benefits

City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. Employees and their dependents who retire before the age of 65 with ten years of service and less than 20 years of service are eligible to receive full health insurance coverage until the employee turns 65 at the same cost of an active employee. Employees and their dependents who retire with 20 years of service are eligible to receive full health insurance coverage until they turn 65; while their dependents are eligible for full health insurance coverage they must pay the same cost as an active employee for full insurance coverage of their dependents. The City amended this plan in fiscal year 2021 resulting in a decrease in the net OPEB liability at year end and resulting in a deferred inflow of resources - plan benefit changes. The change requires all retirees and their spouses on the health insurance plan, upon turning 65, must obtain medical coverage through Medicare. The City provides a monthly allowance to offset the cost of Medicare for retirees and their spouses over the age of 65.

Employees

At the time of the actuarial valuation, the City had 444 active plan members and 128 retired plan members receiving benefits. Of the retired members, 50 had less than 20 years of service and 78 had more than 20 years of service.

Contributions

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. Expenditures for post-retirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the actuarially determined contribution (ADC), which approximates the annual OPEB cost, and totaled $750,000 for the fiscal year ended September 30, 2021.

Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of June 30, 2021 and the total OPEB liability (TOL) used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The NOL in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial method	Entry Age Normal
Discount rate	7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. The City has, on average, made contributions the last five years that, if continued in this fashion, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	PRI-2012 Total Dataset Mortality Table with Improvement Scale MP-2020
Marriage Assumptions	3-year spouse age difference with females assumed 3 years younger than males. 25% of participants eligible for future post-employment benefits are assumed to have an eligible spouse electing to receive plan benefits. For retired members, we have used actual marital status, as provided, and assumed all such spouses are receiving plan benefits.
Health-care cost trend rates	7% in year 1 graded downward ½% per year to 4.5% in year 6 & later
Post-65 premium reductions	It is assumed that employer-subsidized premiums will be reduced by two-thirds after age 65 due to Medicare eligibility.
Assumed utilization	75% of eligible future retirees are assumed to elect plan benefits
Changes in assumptions	We have changed the mortality table from RPI-2012 Mortality Table to MP-2020 Total Dataset Mortality Table. Also, improvement scale has been changed from MP-2019 to MP-2020.
Salary rate	3% per annum

Retirement Rate

Attained Age	Rates per 100 Participants
50	3.00
51-54	1.50
55-57	7.50
58-59	10.00

60	25.00
61-64	10.00
65	100.00

Withdrawal Rate

Attained Age	Rates per 100 Participants
25	19.50
30	18.80
35	17.68
40	15.90
45	13.42
50	9.74
55	5.18

The plan's policy in regard to the allocation of invested assets is established by the City Council. The target asset allocation policy is 50% equity investments, 45% fixed income investments, and 5% cash. The long-term expected rate of return on plan investments used in the valuation was determined using a building-block method in which the City's best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the City's expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The City's best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	50%	3.6%
Fixed Income	45%	0.9%
Cash	5%	0.0%
Inflation	N/A	2.5%
Total	100%	7.0%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Positon (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2020	$ 65,417,336	$ 17,660,414	$ 47,756,922
Changes for the year:			
Service Cost	587,134	-	587,134
Interest	4,485,797	-	4,485,797
Difference between expected and actual experience	816,245	-	816,245
Plan benefit changes	(29,284,676)		(29,284,676)
Changes of assumptions	-	-	-
Contributions - employer	-	4,998,413	(4,998,413)
Benefit payments	(2,588,413)	(2,588,413)	-
Net investment income	-	3,828,049	(3,828,049)
Administrative expense	-	(92,803)	92,803
Net changes	(25,983,913)	6,145,246	(32,129,159)
Balance at 6/30/2021	$ 39,433,423	$ 23,805,660	$ 15,627,763

Sensitivity of the Total Pension Liability to Changes in the Discount and Trend Rates

The following presents the net OPEB liability of the City, calculated using the discount rate of 7%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1 % Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net OPEB Liability	$ 19,337,001	$ 15,627,763	$ 12,427,052

The following presents the net OPEB liability of the City, calculated using the trend rates of 7%, as well as what the City's net OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rates:

	1 % Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net OPEB Liability	$ 13,535,852	$ 15,627,763	$ 17,849,716

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended September 30, 2021, the City recognized expense of ($1,496,468).

At September 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2021 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in actuarial experience	1.3900	$ (454,964)	$ (327,313)	$ (127,651)
2018-2021 Net difference in projected and actual earnings on OPEB plan investments	5.0000	(2,015,588)	(367,943)	(1,647,645)
2020 Change in assumptions	2.9400	(885,602)	(301,225)	(584,377)
2021 Change in plan benefits	3.6500	(29,284,676)	(8,023,199)	(21,261,477)
			$ (9,019,680)	$ (23,621,150)

Due to Assets:				
2019 Difference between expected and actuarial experience	2.2000	4,588,813	2,085,824	2,502,989
2020 Difference between expected and actuarial experience	2.9400	4,166,553	1,417,195	2,749,358
2021 Difference between expected and actuarial experience	3.6500	816,245	223,629	592,616
			$ 3,726,648	$ 5,844,963
Total				$ (17,776,187)

$750,000 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources
2022	$ (5,093,370)
2023	(6,731,094)
2024	(5,459,948)
2025	(491,775)
2026	-
Thereafter	-
Total	$(17,776,187)

Deferred Outflows and Inflows of Resources Related to Pensions and OPEBs

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit	Total Deferred Outflows and Inflows
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension contributions	3,955,241	510,848	4,466,089	34,709	4,500,798
Deferred Net OPEB contributions	654,375	91,125	745,500	4,500	750,000
Deferred Total OPEB contributions - SDBF	35,379	4,569	39,948	311	40,259
Deferred assumption changes - pension	46,277	5,977	52,254	407	52,661
Deferred assumption changes - SDBF	362,451	46,812	409,263	3,176	412,439
Deferred actuarial experience - pension	1,962,583	253,483	2,216,066	17,224	2,233,290
Deferred actuarial experience - net OPEB	5,099,730	710,163	5,809,893	35,070	5,844,963
Deferred actuarial experience - SDBF	91,482	11,815	103,297	802	104,099
	12,207,518	1,634,792	13,842,310	96,199	13,938,509
DEFERRED INFLOWS OF RESOURCES					
Deferred assumption changes - pension	63,867	8,249	72,116	560	72,676
Deferred assumption changes - net OPEB	509,869	71,002	580,871	3,506	584,377
Deferred assumption changes - SDBF	44,814	5,787	50,601	393	50,994
Deferred investment gains - pension	4,197,118	542,089	4,739,207	36,834	4,776,041
Deferred investment gains - net OPEB	1,437,570	200,189	1,637,759	9,886	1,647,645
Deferred changes in plan benefits - net OPEB	18,550,639	2,583,269	21,133,908	127,569	21,261,477
Deferred actuarial experience - pension	358,687	46,328	405,015	3,148	408,163
Deferred actuarial experience - net OPEB	111,376	15,509	126,885	766	127,651
Deferred actuarial experience - SDBF	132,858	17,159	150,017	1,164	151,181
	25,406,798	3,489,581	28,896,379	183,826	29,080,205
LIABILITIES					
Net pension liability	16,817,706	2,172,129	18,989,835	147,589	19,137,424
Net OPEB liability	13,635,223	1,898,773	15,533,996	93,767	15,627,763
Total OPEB liability - SDBF	1,436,646	185,548	1,622,194	12,588	1,634,782
	31,889,575	4,256,450	36,146,025	253,944	36,399,969

The City recognized combined OPEB expense for the City's two OPEB plans of $(1,329,868)

Immediately following the notes, the schedule of funding progress is presented for the Texas Municipal Retirement System plan along with Retiree Health Insurance Other Postemployment Benefits plan.

L. Commitments and Contingencies

Various claims and lawsuits are pending against the City. In the opinion of the City's management, the potential loss on all claims, if any, will not be material to the City's financial statements.

Audits of Grant Activities

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be material to the City's financial statements.

General Equipment Commitments as of September 30, 2021 are as follows:

The City has entered into a general equipment commitment for Public Safety equipment. This lease agreement was entered into June 27, 2012. The amount of the equipment purchased was $2,073,235 to be repaid over a ten-year period at an interest rate of 3.53%. Annual payments subject to annual appropriation are to occur over the next two years as follows:

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2022	241,153	16,165	224,988	232,932
2023	241,153	8,221	232,932	-
TOTAL	$ 482,306	$ 24,386	$ 457,920	

M. Contracts with Other Governmental Entities and Other Contracts

Water Supply

Raw water is supplied to the City through a contract between the City and the Tarrant Regional Water District (TRWD). The basic contract, which was renegotiated and approved by the TRWD and the City Council on September 10, 1979, provides for a contract period to run for the life of the bonds, which were issued by the TRWD to provide water to the City and thereafter for the life of the TRWD facilities serving the City. Water is provided to the City from the TRWD Cedar Creek Lake and Richland-Tehuacanna Reservoir. Under the contract, the City has a take-or-pay gallon requirement based on the greater of 1.3 million gallons or the average daily consumption for the previous five-year period. The rate to be charged to the City for raw water is based upon the TRWD cost of debt service, operation and maintenance expenses, and any other miscellaneous expenses in connection with its water supply facilities. These costs will be allocated on a proportionate share based upon actual water consumption of the City in relation to the actual use by the City of Fort Worth and the Trinity River Authority (TRA) after crediting the amount received by the TRWD from water sales to the City of Arlington and other customers. The current rate charged for raw water has been calculated to be $1.25448 per 1,000 gallons, with a total cost of $5,773,974 during fiscal year 2021. It is estimated that the raw water supply available to the City under the contract is adequate for the ultimate development of the City.

In addition, the City has a contract with the City of Arlington to purchase treated water up to 1.0 M.G.D. on a demand basis. The City has the option to renegotiate the Arlington water purchase contract on an as-needed basis.

Sewer Treatment

On August 23, 1974, the City Council approved a contract with the TRA to become a contracting party in the TRA's Central Regional Wastewater System, along with 19 other area cities and the Dallas/Fort Worth International Airport.

The contracting parties have agreed to pay the TRA its net cost of operation and maintenance, including debt service requirements, on the Central System. Payments made by the respective cities are pursuant to authority granted by Article 1109i, Vernon's Annotated Texas Civil Statutes, as amended, and Chapter 30, Texas Water Code, as amended, and constitute operating expenses of their waterworks and sewer systems.

The expense of operating TRA's Central System, including administrative overhead and amounts necessary to pay debt service, is paid monthly by the contracting parties based on a formula of dividing each contracting party's estimated contributing flow to the Central System for such year by the total estimated contributing flow by all contracting parties being served at the beginning of each such year, with a year-end adjustment based on actual metered contributing flow to the Central System by all contracting parties. For fiscal year 2021, the City's cost for sewer treatment under the contract was $7,495,832.

Mansfield National Golf Club

In June 1999, the City entered into an agreement with MPFDC and Evergreen Alliance Golf Limited, L.P., a Delaware limited partnership, to construct an 18-hole golf course. The agreement named the property on which the course was constructed: Mansfield National Golf Club. Mansfield National Golf Club was constructed by Evergreen Alliance Golf Limited, L.P. (Alliance) during FY99 and FY00 on property owned by MPFDC in the City. The Mansfield National Golf Club opened in November 2000. During the course of the construction, Alliance assumed the financial obligation and risk of constructing the course on the MPFDC property. Upon completion of the construction of Mansfield National Golf Club, a long-term lease agreement was entered into by the MPFDC and Alliance to manage and operate the course for a period of 50 years. In the agreement, Alliance agreed to pay the MPFDC a Base Rent for occupying the property during the term of the Lease. The following summarizes the terms of the base rent:

Lease years 01 through and including 10:	$	0.00	per lease year
Lease years 11 through and including 20:	$	50,000	per lease year
Lease years 21 through and including 30:	$	100,000	per lease year
Lease years 31 through and including 40:	$	125,000	per lease year
Lease years 41 through and including 50:	$	175,000	per lease year

The value of the improvements made to the property, subject to and reserving the leasehold rights of Alliance as defined by the agreement, became the vested rights of MPFDC and subsequently the vested rights of the City. The rights of the value of improvements have been used as collateral for financing the cost of constructing the improvements. The improvements or rights of the value of the improvement are not carried or recognized as an asset by the MPFDC. However, upon the dissolution of the lease agreement, the rights of the value of the improvements are to be recognized as an asset by the MPFDC. The MPFDC has the right of first refusal and the authority to approve or disapprove future assignments of the rights made by Alliance. In the event Alliance becomes insolvent, certain remedies are permitted by the agreement and in no circumstance is the MPFDC obligated to or committed to Alliance's creditors.

The City is accruing a lease receivable of $90,000 per year to recognize future rental income over the term of the lease on a straight-line basis. The contract provides termination rights by either party with certain legal remedies.

Evergreen Alliance Golf Limited, L.P. (Alliance), assigned 100% of the interest in the operations and maintenance lease to CF Mansfield National Arcis, LLC.

Sports Park – Big League Dreams

During fiscal year 2008, the City completed the construction of a multipurpose recreational sports park known as "Big League Dreams Mansfield Sports Park," BLDMSP. The City spent $26.4 million on the facility, which includes eight lighted theme baseball/softball fields, one multipurpose facility, open park areas, and administrative offices on a 40 acre tract of land.

The City contracted with a Texas Limited Partnership, Big League Dreams Mansfield, L.P., or BLD, to manage, operate, and maintain the park for 40 years effective upon the completion of the construction of BLDMSP. This agreement is referred to as a maintenance and operation agreement. BLD is an affiliate of Big League Dreams USA, LLC, or BLD USA, a California company, which has affiliates in several states including Texas, Arizona, and California. BLD USA also owns the intellectual rights and has a proprietary interest in the Total Image, Name and Marks, and Logo, BLD USA. The City has contracted with BLD USA to use their intellectual rights for BLDMSP through a license agreement. The term of this license agreement is concurrent to the term of the maintenance and operation agreement.

The terms of the agreement give BLD the right to operate and maintain the BLDMSP for an initial term of 30 years with the two separate options of extending the contract for 5 years in periods following the original term of 30 years. BLD is to maintain and operate the park from the use of the facility by the public. BLD is able to charge fees and is to pay for the cost of maintaining, insuring, and operating the park. For the right to maintain, insure, and operate the BLDMSP, BLD is to pay the City a minimum operating fee of $100,000 per year with escalation provisions based upon annual gross revenues achievements. The payments are to commence after a waiver period of at least 12 months.

There are provisions for the termination of this agreement in the event of well-defined circumstances of default by either the City or BLD USA. In the event of an agreed-upon default, the City or BLD has exhaustive rights to remedy or cure the default. There is no right of assignment outside the assignment to an affiliate of either entity.

Water Park – Hawaiian Falls

In fiscal year 2008, the City completed the construction and capitalized the costs of a water park. The cost of the park capitalized was $8.9 million.

To construct, operate, and maintain the water park, the City contracted with Mansfield Family Entertainment, LLC, MFE, commonly referred to as Hawaiian Falls. The term of the agreement is for a period of 40 years with two 5-year renewal options succeeding the term of 40 years. The agreement allows MFE to operate and maintain the park by leasing the water park from City. MFE has the right to charge fees to operate and maintain the park. The City granted a rent holiday or reprieve from annual lease payments for a period of 7 years. However, if the gross receipts generated from the operation of the water park exceed $2,500,000 in any year within the 7-year rent holiday, MFE is to begin paying an annual lease payment of at least 5% of gross revenues thereafter.

By agreement, MFE acknowledges the title of City in and to land constituting the premises and the real property improvements including appurtenances constructed by either party and agrees never to contest such title.

The parent company of Mansfield Family Entertainment, LLC (MFE), Horizon Family Holdings, LLC sold 100% of the interest of Horizon Family Holdings to Source Horizon, LLC. This transaction allows for the ground lease with MFE to continue without disruption.

Source Horizon, LLC replaced MFE with STORE Master Funding VIII, LLC as the leaseholder with a sublease to ProParks Management dba PPW Mansfield, LLC.

Fieldhouse

In fiscal year 2017, the City completed construction of an indoor basketball and volleyball facility. The facility has at least 90,000 square feet and has space for 8 basketball courts or 12 volleyball courts. The cost of the sports facility capitalized was $12.6 million.

To operate and maintain the basketball and volleyball facility, the City contracted with Mansfield Fieldhouse, LLC, commonly referred to as Fieldhouse. The term of the lease and operating agreement is for a period of 25 years with a first extension period of 10 years and a second extension period of 5 years. Per the lease, Fieldhouse may charge fees in order to maintain and operate the sports facility. Base rent in years 1-5 will be $300,000 per year. Base rent in years 6-25 will be equal to $500,000 per year. Beginning in year 3 of the lease, Fieldhouse will pay 10% of the Gross Revenues in addition to the base rent up to a maximum total payment of $600,000 annually. In years 4-25, Fieldhouse will pay 15% of Gross Revenues in addition to the base rent up to a maximum total rent payment of $600,000 annually. Percentage rents are waived for years 1 & 2 for ramp up of operations.

In the year of the commencement date, the City will annually accrue a lease receivable of $460,000 to recognize future rental income over the term of the lease on a straight-line basis. The contract provides termination rights by either party with certain legal remedies.

Stars Center

In September 2016, the City entered into a lease and operating agreement with DSE Hockey Centers LP to construct, develop, complete and own for public purposes an indoor recreational ice skating rink and sports center. The facility is approximately 80,000 gross square feet with two ice surfaces.

The lease and operating agreement between the City and DSE Hockey Centers LP is for a 30 year period. DSE Hockey Center, LP prepaid rent and deposits of $1,500,000 and $600,000 respectively as of September 30, 2016 and an additional deposit of $400,000 upon the occupancy of the facility. This amount will be repaid over the next 20 years. The security deposit is recognized as a liability and the prepaid rent is recognized as a deferred inflow of resources to be repaid over the period of 20 years.

The term of the lease is for 30 years and the following summarizes the base rent:

Lease years 01 through and including 05:	$ 440,000	per lease year;
Lease years 06 through and including 07:	$ 500,000	per lease year;
Lease years 08 through and including 13:	$ 600,000	per lease year;
Lease years 14:	$ 640,000	per lease year;
Lease years 15 through and including 30:	$ 660,000	per lease year;

Beginning in the fiscal year of lease commencement, the City will accrue $600,000 per year to recognize future rental income over the term of the lease on a straight-line basis. The contract provides termination rights by either party with certain legal remedies.

Mansfield Economic Development Corporation Commitments

The Mansfield Economic Development Corporation was established to promote, encourage and incentivize economic development within the City. Since its inception, the Corporation has promoted industrial and commercial development through incentive agreements that are designed to encourage existing business expansion and new business growth within the City. Since inception, the Corporation has assisted companies in making the City their home by providing economic assistance. In return, those companies have made cumulative capital investments and created jobs within the City.

In continuance of the City's economic development program, the Corporation has made additional commitments to incentivize industry over the next several years. These commitments are generally contingent upon the industry's capital investments and creation of new jobs or other criteria determined by the Corporation. The arrangements vary in amounts and allow for reimbursements for capital costs or expansion costs incurred by the industries. These commitments require stringent performance commitments by the respective industries to qualify for the incentives. To date, the Corporation has made commitments to be administered over the next several years in the amounts of $1.1 million in year 2021, $3.8 million in year 2022, and $1.2 million in year 2023. These commitments and amounts may change from year to year depending upon the performance of the industries, and their ability to meet the performance standards as established by the Corporation. In the event, the Corporation deems the industries performance insufficient, the Corporation can restructure, extend, void or recover the commitments.

N. Tax Abatements

The City of Mansfield entered into 380 agreements with local businesses under the State of Texas Local Government Code 380. Under the Local Government Code, municipalities may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and stimulate business and commercial activity in the municipality. The abatements may be granted to any business located within or promising to relocate to the City of Mansfield, Texas.

For the fiscal year ended September 30, 2021, the City of Mansfield, Texas abated property and sales taxes totaling $757,588 under this program, including the following tax abatement agreements:

A 100% property tax abatement to a tool manufacturer for building a manufacturing center in the industrial district. The abatement amounted to $595,905.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $85,099.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $55,218.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $873.

A 50% sales tax abatement to developer for constructing a multi-family facility within the City of Mansfield, Texas. The abatement amounted to $20,493.

O. Conduit Debt Obligations

In prior years, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

There are no series of Industrial Revenue Bonds outstanding as of the fiscal year-end.

P. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's general liability and workers' compensation program is managed through the purchase of a policy through a municipal pool that is separately administered. The City's health insurance is administered through an outside provider. The City makes specified contributions for employees and their dependents under this plan. Additionally, the City also offers dental, life insurance, and accidental death and dismemberment plans through an independent provider in which the City makes specified contributions for employees only under these plans. There have been no significant reductions in insurance coverage for any of these programs since last year, and settlements have not exceeded insurance coverage for any of the past three years.

Q. Deferred Compensation Plans

The City offers all of its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). There are three plan options administered by Empower Retirement, Nationwide Retirement Solutions, and ICMA Retirement Trust. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

The plans, available to all full-time City employees, permit them to defer a portion of their salary until future years. the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. The City does not contribute to any of the plans.

R. Subsequent Events

On February 14, 2022 the City Council voted to call for a bond election to be held on May 7, 2022. The bond election will include five propositions totaling $155.5 million for a recreation center, parks, and trails.

S. New Accounting Pronouncements to be implemented after fiscal year 2021

In June 2017, the GASB issued Statement No. 87, Leases. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for fiscal year September 30, 2022.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for fiscal year September 30, 2022.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objectives of this Statement are to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by (1) providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, (2) clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, (3) clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, (4) removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, (5) identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and (6) clarifying the definition of reference rate, as it is used in Statement 53, as amended. The requirements of this Statement are effective (1) for reporting periods ending after December 31, 2021 if the removal of LIBOR as an appropriate benchmark interest rate, and (2) for reporting periods ending after June 15, 2020 for all other requirements of this Statement.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for or government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The City is in the process of evaluating the impact of these statements on its financial statements.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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[Form of Bond Counsel Opinion]

[Date]

$______________
CITY OF MANSFIELD, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION
SERIES 2022

WE HAVE represented the City of Mansfield, Texas (the "Issuer") as its bond counsel in connection with an issue of certificates of obligation (the "Certificates") described as follows:

> CITY OF MANSFIELD, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021, dated August 1, 2022, in the principal amount of $____________.

The Certificates mature, bear interest, are subject to redemption and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the City Council of the Issuer authorizing their issuance (the "Ordinance").

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials; and other certified showings relating to the authorization and issuance of the Certificates. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have also examined executed Certificate No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Certificates with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Certificates.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Certificates constitute valid and legally binding special obligations of the Issuer;

(B) A continuing ad valorem tax upon all taxable property within the City of Mansfield, Texas, necessary to pay the principal of and interest on the Certificates, has been levied and pledged irrevocably for such purposes, within the limit prescribed by law; in addition, the payment of the principal of and interest on the Certificates is further secured by a pledge of the Surplus Revenues of the Issuer's Waterworks and Sewer System (as defined in the Ordinance), such pledge being limited to an amount not in excess of $1,000; and the total indebtedness of the Issuer, including the Certificates, does not exceed any constitutional, statutory or other limitations; and

(C) Interest on the Certificates is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Certificates is not a specific preference item for purposes of the alternative minimum tax.

The rights of the owners of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Certificates or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Certificates. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Certificates could become includable in gross income for federal income tax purposes from the date of the original delivery of the Certificates, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company.