INTERIM DISCUSSION OF THE CITY'S FINANCIAL CONDITION

Statement of Financial Condition

The City of Mansfield, Texas is in solid financial condition as of and through the nine months ending June 30, 2022 of the fiscal year ending September 30, 2022.

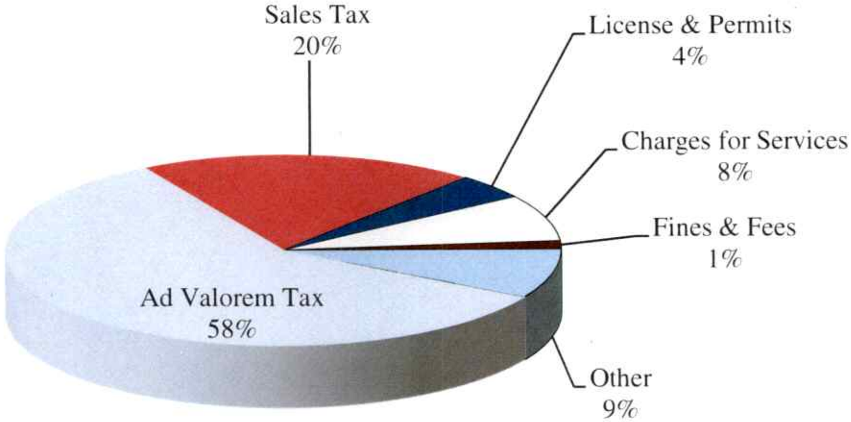
Significant Financial Activity through the Period

- Capital Improvements –
  - Equipment replaced, $2,408,241
  - Streets, $2,251,357
  - Fire Station #5 (including land), $5,856,886, current year - $70,880
  - Man House renovation, $1,447,596, current year - $4,679
  - Police Station, $1,380,523, current year - $790,750
  - Library Expansion, $1,114,307, current year $1,185,225
  - Tactical Training Facility, $2,471,456, current year $2,326,050

General Fund Financial Activity

Overall general fund revenue collected as of June 30, 2022 is 89.69% of anticipated collections. Expenditures as of June 30, 2022 are in line with budgeted expectations or 71.76% of the expected expenditures have been spent as of June 30, 2022. As of June 30, 2022 the City's current net assets are at estimated results.

General Fund Revenues
Allocation of Receipts as of June 30, 2022

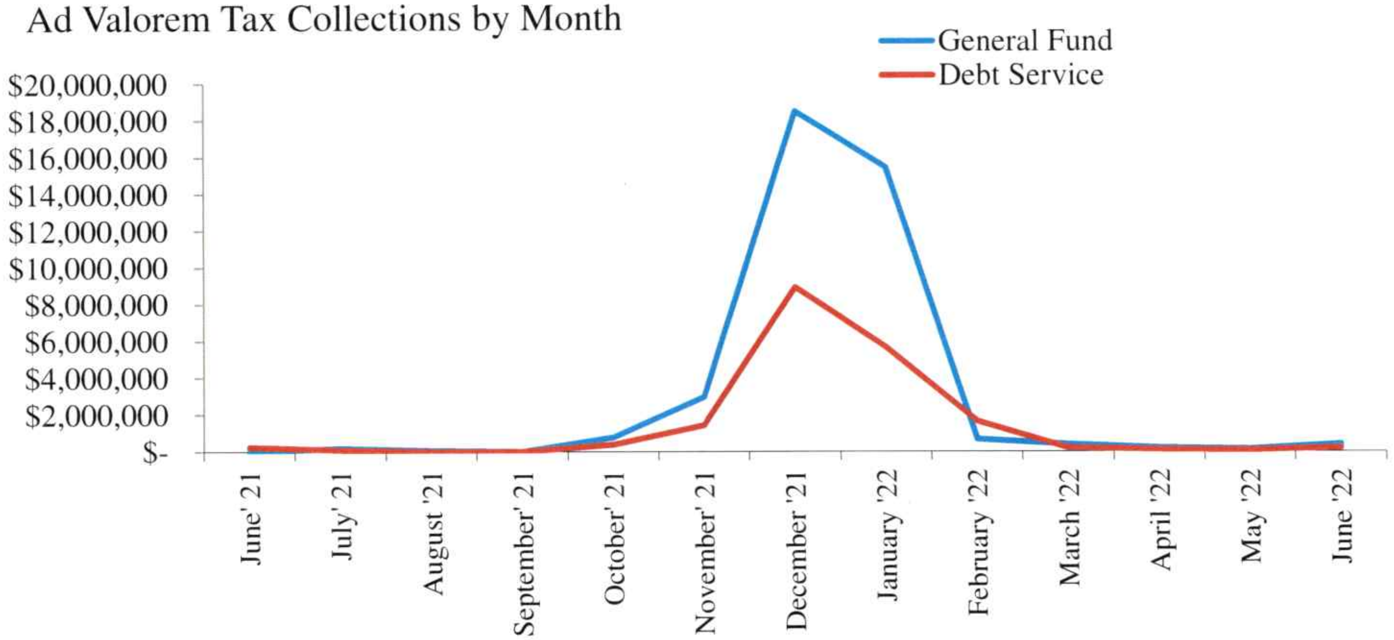


Property Tax Collections

Most of the City's property tax is collected in the first four or six months of the fiscal year as property tax bills are generally due within the first four months of the City's fiscal year. Property tax collections through June 30, 2022 are $38,820,643. Last year's collections were $37,903,224 for the same period, a 2.42% increase over the prior year..

As of June 30, 2022, actual debt service property tax collections were $18,608,542. For the same period last year, property tax collections were $17,771,716 an increase of 4.71%.

Ad Valorem Tax Collections by Month



Sales Tax

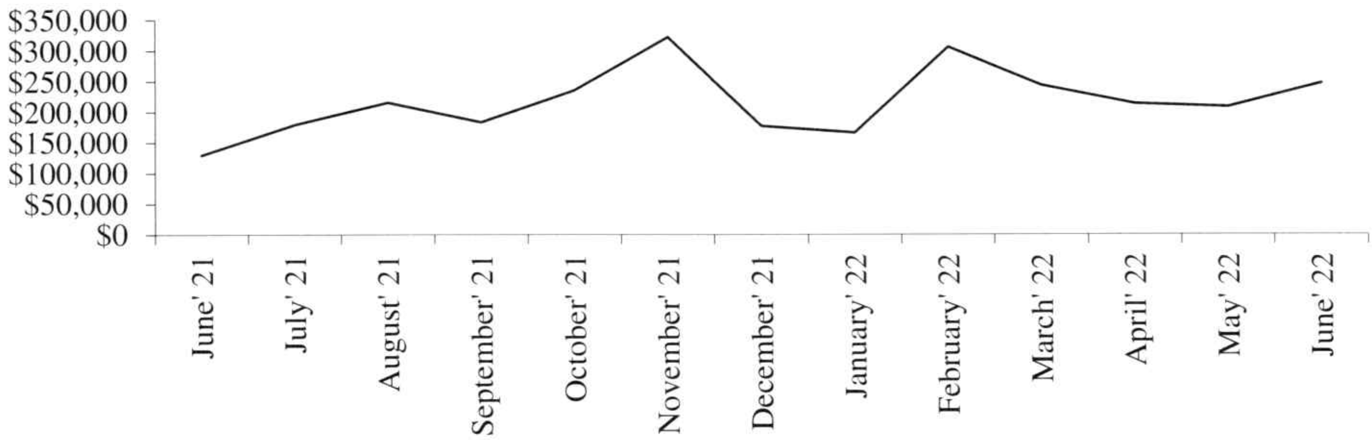
Sales tax per capita is $200 as budgeted. Sales Tax collections for the period June 1, 2022 through June 30, 2022, total $1,392,807 as compared to $1,308,449 for the same period last year. This is an increase of 6.45% over the same period as last year.

Sales Tax Collections

Building Permits

Building activity has increased in year over year comparisons. Building permits revenues in June 2022 compared to June 2021 are $245,826 and $129,498 respectively, representing an increase of $116,328 or 89.83% more than the same period last year. Building activity for the year is more than budgeted estimates.

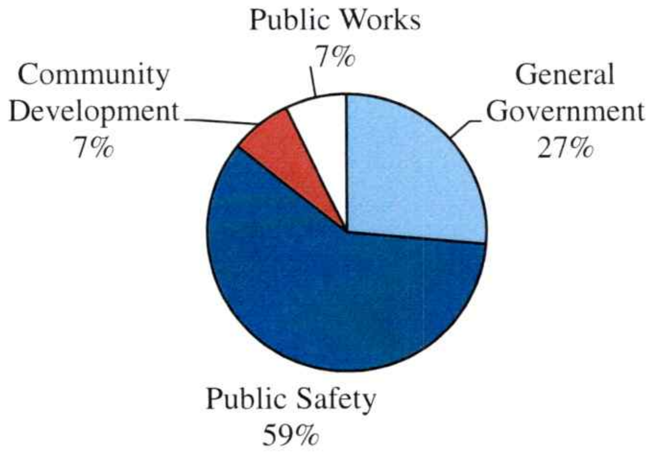
Building Permits Collections by Month



Expenditure/Uses

The City has spent $52,488,197 of its expected expenditures of $73,140,492 or 71.76% of the City total operating budget. The majority of the City's General Operating Fund is for the purposes of servicing the needs of the public's safety. A total of $42,362,806 will be spent on the policing needs and fire needs of the City. Expenditures are at expectations as of June 30, 2022.

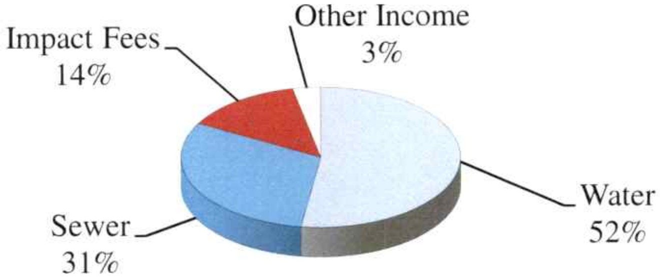
Actual Expenses



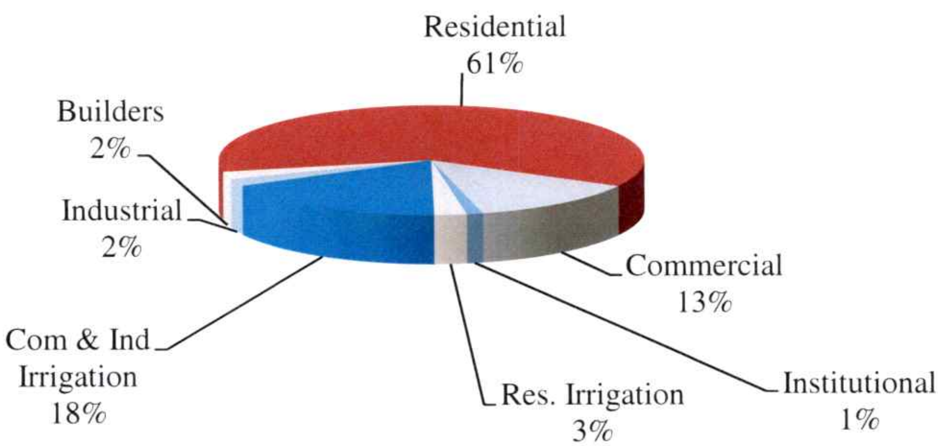
Water & Sewer Financial Activity

Currently the Fund has collected 90.48% of its Budgeted Revenue to date or $34,479,161 of $38,104,975 in Budgeted Revenue.

Revenues



Average Consumption Per Account



The Department's expenses are at anticipated levels to date. The overall expenditure activity of the fund (excluding depreciation) indicates 74.57% of the budgeted expenses to date. The costs of raw water and sewer treatment are within budgeted estimates.

INVESTMENT SCHEDULE:

A schedule of investments is included in your packet for period ended June 30, 2022.

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GENERAL FUND

The General Fund is used to account for resources traditionally associated with government which are not legally required to be accounted for in another fund.

City of Mansfield, Texas

Comparative Statement of Net Position

June 30, 2022 and 2021 (Unaudited)

General Fund	Fiscal 2022	Fiscal 2021
ASSETS		
Cash and Investments	$ 38,589,805	$ 34,550,675
Receivables:		
Current Year Taxes	683,532	562,700
Delinquent Taxes (Net of Allowance of $638,605)	-	-
Accounts (Net of Allowance of $254,026)	1,727,535	848,297
Ambulance	2,115,820	1,552,644
Municipal Court	42,342	28,122
Due From Other Funds	1,791,139	-
Capital Assets (net of accumulated depreciation)	483,749,129 *	453,053,593
Total Assets	$ 528,699,302	$ 490,596,031
DEFERRED OUTFLOW OF RESOURCES		
Deferred Pension Contributions	$ 3,955,241	$ 3,925,423
Deferred OPEB Contributions	689,754	2,145,464
Deferred Investment Losses	-	387,125
Deferred Assumption Changes	408,728	242,190
Deferred Actuarial Experience	7,153,795	9,121,809
Deferred Loss on Refunding	2,073,598 *	2,357,349
Total Deferred Outflows of Resources	14,281,116	18,179,360
Total Assets and Deferred Outflows of Resources	542,980,418	508,775,391
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	$ 471,960	$ 430,784
Accrued Liabilities	568,349	606,446
Deferred Revenue	2,841,695	2,143,467
Noncurrent liabilities:		
Due within one year	16,071,071 *	15,512,302
Due in more than one year	184,342,253 *	246,182,830
Total Liabilities	204,295,328	264,875,829
DEFERRED INFLOWS OF RESOURCES		
Prepaid Rent	1,253,333 *	1,333,333
Deferred Assumption Changes	618,550	1,216,897
Deferred Investment Gains	5,634,688	3,800,551
Deferred actuarial experience	602,921	-
Plan Changes	18,550,639	-
Deferred gain of refunding	13,366 *	9,068
Total Deferred Inflows of Resources	26,673,497	6,359,849
FUND BALANCES:		
Invested in capital assets, net of related debt	283,335,805 *	191,358,461
Assigned for deferred outflows/inflows	(12,392,381)	11,819,511
Unassigned	41,068,169	34,361,741
Total Fund Balances	312,011,593	237,539,713
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 542,980,418	$ 508,775,391

* Current year presentation only, does not include current year depreciation expense.

* Does not conform with Generally Accepted Accounting Principals or Governmental Accounting Standards

*For presentation purposes the capital assets and outstanding debt of the Governmental Funds have been consolidated into the General Operating Fund of the City.

City of Mansfield, Texas

Summary Statement of Activites

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

General Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
REVENUES:							
Taxes	$ 1,816,502	$ (356,519)	$ 56,306,804	$ 52,470,060	$ 62,625,967	$ (6,319,163)	89.91%
License And Permits	298,898	206,277	2,868,389	2,723,402	2,368,344	500,045	121.11%
Grant Revenue	77,685	11,437	242,545	189,840	200,000	42,545	121.27%
Charges For Services	600,349	461,614	5,246,888	4,743,950	6,302,012	(1,055,124)	83.26%
Fines And Fees	87,747	124,873	911,100	823,754	1,228,878	(317,778)	74.14%
Interest Earnings	-	361	13,428	7,352	50,000	(36,572)	26.86%
Miscellaneous	86,480	94,394	1,117,083	913,578	1,597,273	(480,190)	69.94%
Total Revenues	2,967,661	542,437	66,706,237	61,871,936	74,372,474	(7,666,237)	89.69%
EXPENDITURES:							
General Government	1,295,252	1,223,364	13,865,567	12,785,452	19,101,216	5,235,649	72.59%
Public Safety	3,123,951	3,025,911	31,165,215	28,411,213	42,362,806	11,197,591	73.57%
Public Works	468,403	463,203	3,739,685	2,452,284	5,857,019	2,117,334	63.85%
Community Development	465,746	384,843	3,717,730	3,255,037	5,819,451	2,101,721	63.88%
Total Expenditures	5,353,352	5,097,321	52,488,197	46,903,986	73,140,492	20,652,295	71.76%
EXCESS REVENUES OVER(UNDER) EXPENDITURES	(2,385,691)	(4,554,884)	14,218,040	14,967,950	1,231,982		
OTHER FINANCING SOURCES (USES)							
Reserve/Contingency	-	-	-	-	(61,178)	(61,178)	0.00%
Sale of Capital Assets, net	-	-	-	-	-	-	0.00%
Financing, net	-	-	-	-	-	-	0.00%
Sources	45,932	-	1,472,854	-	2,759,961	1,287,107	0.00%
(Uses)	(13,754)	(1,228,500)	(2,016,630)	(2,793,508)	(3,930,765)	(1,914,135)	51.30%
Total Other Financing Sources (Uses)	32,178	(1,228,500)	(543,776)	(2,793,508)	(1,231,982)	(688,206)	44.14%
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,353,513)	(5,783,384)	13,674,264	12,174,442	-		
FUND BALANCE							
BEGINNING	43,421,682	40,145,125	27,393,905	22,187,299	21,934,063		
ENDING	$ 41,068,169	$ 34,361,741	$ 41,068,169	$ 34,361,741	$ 21,934,063		

City of Mansfield, Texas

Statement of Activites - Budget and Actual

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

General Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
REVENUES:							
Taxes-Current	$ 381,752	$ (1,718,607)	$ 38,648,881	$ 37,785,451	$ 43,052,467	$ (4,403,586)	89.77%
Taxes-Prior	(0)	10,216	171,762	117,773	174,144	(2,382)	98.63%
Gas Royalty Income	1,356	541	433,535	428,822	433,879	(344)	99.92%
Franchise Taxes	-	15	3,567,553	3,364,310	3,559,504	8,049	100.23%
Sales Taxes	1,395,934	1,311,724	13,108,233	10,365,807	14,985,082	(1,876,849)	87.48%
Mix Drink Taxes	27,839	25,777	221,553	163,485	238,831	(17,278)	92.77%
Delinquent P& I	9,621	13,815	155,287	244,412	182,060	(26,773)	85.29%
Total Taxes	1,816,502	(356,519)	56,306,804	52,470,060	62,625,967	(6,319,163)	89.91%
LICENSE & PERMITS							
Building Permits	245,826	129,498	2,156,594	1,948,783	1,739,701	416,893	123.96%
Other Lic/Permits	53,072	76,779	711,795	774,619	628,643	83,152	113.23%
Total License & Permits	298,898	206,277	2,868,389	2,723,402	2,368,344	500,045	121.11%
GRANT REVENUE	77,685	11,437	242,545	189,840	200,000	42,545	121.27%
CHARGES FOR SERVICES							
Sanitation	367,667	313,746	3,196,138	3,013,111	4,049,047	(852,909)	78.94%
Ambulance Services	115,282	147,868	1,311,040	1,240,496	1,868,965	(557,925)	70.15%
Fines & Fees-Engineering	117,400	-	739,710	490,343	384,000	355,710	192.63%
Total Charges For Services	600,349	461,614	5,246,888	4,743,950	6,302,012	(1,055,124)	83.26%
FINES & FEES							
Fines & Fees-Court	74,312	94,746	692,461	567,509	858,769	(166,308)	80.63%
Fines & Fees-Other	13,435	30,127	218,639	256,245	370,109	(151,470)	59.07%
Total Fines & Fees	87,747	124,873	911,100	823,754	1,228,878	(317,778)	74.14%
INTEREST EARNINGS	-	361	13,428	7,352	50,000	(36,572)	26.86%
MISCELLANEOUS							
Jail Contract Housing	0	0	180,491	220,607	287,937	(107,446)	62.68%
Certificate Of Occupancy	840	1,560	10,980	12,600	14,400	(3,420)	76.25%
Mowing	1,401	264	14,699	3,363	-	14,699	0.00%
Sale Of Property	0	2,868	12,383	22,491	-	12,383	0.00%
Zoning Fees	7,500	31,100	66,658	89,600	78,000	(11,342)	85.46%
Health & Rent Inspection Fees	27,760	0	219,070	0	583,375	(364,305)	37.55%
Miscellaneous	48,979	58,602	612,802	564,917	633,561	(20,759)	96.72%
Total Miscellaneous	86,480	94,394	1,117,083	913,578	1,597,273	(480,190)	69.94%
Total Revenues	$ 2,967,661	$ 542,437	$ 66,706,237	$ 61,871,936	$ 74,372,474	$ (7,666,237)	89.69%

City of Mansfield, Texas

Statement of Activites - Budget and Actual

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

General Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
EXPENDITURES:							
GENERAL GOVERNMENT							
Non-departmental	$ (167)	$ 62,480	$ 1,591,121	$ 2,143,821	$ 3,256,867	$ 1,665,746	48.85%
City Council	17,777	12,234	225,471	122,110	231,059	5,588	97.58%
Intern Program	8,147	1,828	19,198	14,551	51,907	32,709	36.99%
Administration	110,018	103,886	1,248,928	1,347,684	1,598,654	349,726	78.12%
Legal	31,138	50,918	206,626	560,647	332,500	125,874	62.14%
Human Resources	56,659	64,326	796,515	697,598	839,816	43,301	94.84%
Finance	38,541	22,703	377,194	197,506	497,155	119,961	75.87%
Accounting	30,731	29,428	395,171	302,713	530,667	135,496	74.47%
Purchasing	21,112	25,233	493,586	251,799	394,807	(98,779)	125.02%
Tax Collection	19,706	15,828	373,357	338,723	366,008	(7,349)	102.01%
Information Technology	86,295	74,193	807,628	616,486	1,128,882	321,254	71.54%
Sanitation	289,613	280,832	2,315,399	2,210,169	3,316,513	1,001,114	69.81%
Public Records	18,388	10,747	183,832	47,078	299,629	115,797	61.35%
City Secretary	32,236	80,344	340,237	378,446	498,744	158,507	68.22%
Planning Administration	84,094	105,189	848,736	873,689	1,186,623	337,887	71.53%
Construction Codes Boards	-	-	305	639	30,175	29,870	1.01%
Planning/Zoning Comm	2,227	417	6,988	3,861	14,021	7,033	49.84%
Engineering	50,384	43,755	480,524	383,719	519,177	38,653	92.55%
Historic Landmark	6	113	27	477	3,150	3,123	0.87%
Development Services	17,755	23,753	297,413	271,305	368,753	71,340	80.65%
Building Inspection	149,224	83,862	1,274,579	835,508	1,283,724	9,145	99.29%
Board of Adjustments	-	-	1	156	1,948	1,947	0.03%
Code Compliance	49,128	46,030	428,540	432,148	546,261	117,721	78.45%
Rental & Health Inspection	34,375	-	257,350	-	518,275	260,925	49.66%
Building Maintenance	147,865	85,265	896,841	754,579	1,285,901	389,060	69.74%
Total	1,295,252	1,223,364	13,865,567	12,785,452	19,101,216	5,235,649	72.59%
PUBLIC SAFETY							
Police Administration	126,187	118,209	1,507,057	1,425,769	1,901,909	394,852	79.24%
Communications	305,906	203,246	2,492,550	2,220,743	3,234,850	742,300	77.05%
Patrol	685,706	686,148	6,785,389	6,683,699	10,059,714	3,274,325	67.45%
CID And Narcotics	248,616	315,536	2,424,361	2,375,431	3,499,688	1,075,327	69.27%
Jail Operations	107,147	94,814	1,273,169	894,482	1,437,858	164,689	88.55%
Animal Control	73,271	67,897	613,635	569,104	830,773	217,138	73.86%
CVE Traffic Enforcement	22,230	21,247	244,068	209,334	335,508	91,440	72.75%
Traffic Enforcement	45,265	34,034	467,162	561,644	641,442	174,280	72.83%
K-9 Patrol	9,096	9,989	98,524	91,513	142,687	44,163	69.05%
COPS	65,068	68,718	732,301	524,735	751,191	18,890	97.49%
Municipal Court	35,492	37,043	362,998	417,957	671,626	308,628	54.05%
Training	51,279	51,769	643,771	456,538	790,659	146,888	81.42%
Police Grant Expenditures	51,403	31,196	375,615	439,485	401,473	25,858	93.56%
Fire Administration	167,053	148,204	1,691,904	1,051,683	2,087,516	395,612	81.05%
Fire Prevention	59,483	63,206	593,249	547,419	848,824	255,575	69.89%
Emergency Management	60,179	60,323	732,175	621,125	895,450	163,275	81.77%
Fire Operations	1,010,570	1,014,332	10,127,287	9,320,552	13,831,638	3,704,351	73.22%
Total	3,123,951	3,025,911	31,165,215	28,411,213	42,362,806	11,197,591	73.57%

City of Mansfield, Texas

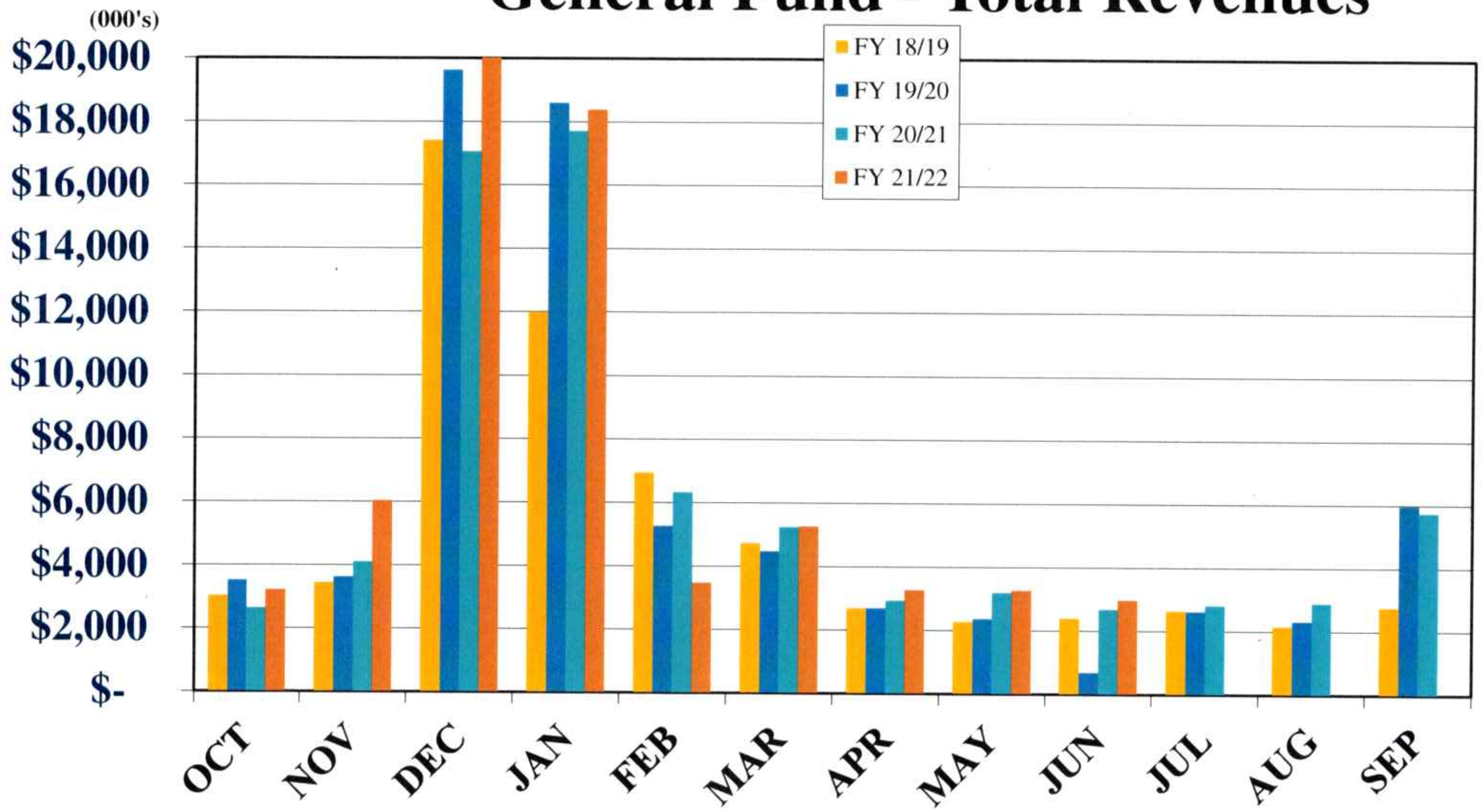
Statement of Activites - Budget and Actual

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

General Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
PUBLIC WORKS							
Street Maintenance	468,403	463,203	3,739,685	2,452,284	5,857,019	2,117,334	63.85%
Traffic Control	-	-	-	-	-	-	0.00%
Total	468,403	463,203	3,739,685	2,452,284	5,857,019	2,117,334	63.85%
COMMUNITY SERVICES							
Parks & Recreation Operations	202,959	168,152	1,417,765	1,295,764	2,403,505	985,740	58.99%
Communications & Marketing	67,997	10,111	529,445	412,859	729,532	200,087	72.57%
Downtown Parking	824	370	5,698	3,553	-	(5,698)	0.00%
Senior Citizens	23,987	19,199	233,607	173,688	332,684	99,077	70.22%
Cultural Services	63,140	89,965	506,138	355,188	729,374	223,236	69.39%
Library	106,839	97,046	1,025,077	1,013,985	1,624,356	599,279	63.11%
Total	465,746	384,843	3,717,730	3,255,037	5,819,451	2,101,721	63.88%
TOTAL EXPENDITURES	$ 5,353,352	$ 5,097,321	$ 52,488,197	$ 46,903,986	$ 73,140,492	$ 20,652,295	71.76%
EXCESS REVENUES OVER(UNDER) EXPENDITURES	(2,385,691)	(4,554,884)	14,218,040	14,967,950	1,231,982		
OTHER FINANCING SOURCES (USES)							
SOURCES:							
Utility Fund-Transfer	-	-	-	-	2,518,561	2,518,561	0.00%
MEDC - Transfer	-	-	-	-	241,400	241,400	0.00%
Transfer	45,932	-	1,472,854	-	-	(1,472,854)	0.00%
Bond Proceeds	-	-	-	-	-	-	0.00%
Premuims on Bond Issuance	-	-	-	-	-	-	0.00%
Sale of Capital Assets, net	-	-	-	-	-	-	0.00%
Total Other Financing Sources	45,932	-	1,472,854	-	2,759,961	1,287,107	0.00%
(USES):							
Land	-	-	-	-	-	-	0.00%
MPFDC	-	-	-	-	(221,132)	(221,132)	0.00%
Transfers	-	-	-	-	(1,924,648)	(1,924,648)	0.00%
PFA Insurance	(3,179)	-	(874,038)	(879,967)	(848,985)	25,053	109.99%
Economic Incentives	(10,576)	(1,228,500)	(1,142,592)	(1,913,541)	(936,000)	206,592	3.38%
Discount on Bond Issuance	-	-	-	-	-	-	0.00%
Bond Issuance Costs	-	-	-	-	-	-	0.00%
Reserve/Contingency	-	-	-	-	(61,178)	(61,178)	575.52%
Total Other Financing Uses	(13,754)	(1,228,500)	(2,016,630)	(2,793,508)	(3,991,943)	(1,975,313)	28.99%
Total Other Financing Sources (Uses)	32,178	(1,228,500)	(543,776)	(2,793,508)	(1,231,982)	(688,206)	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,353,513)	(5,783,384)	13,674,264	12,174,442	-		
UNRESERVED FUND BALANCE							
BEGINNING	43,421,682	40,145,125	27,393,905	22,187,299	21,934,063		
ENDING	$ 41,068,169	$ 34,361,741	$ 41,068,169	$ 34,361,741	$ 21,934,063		

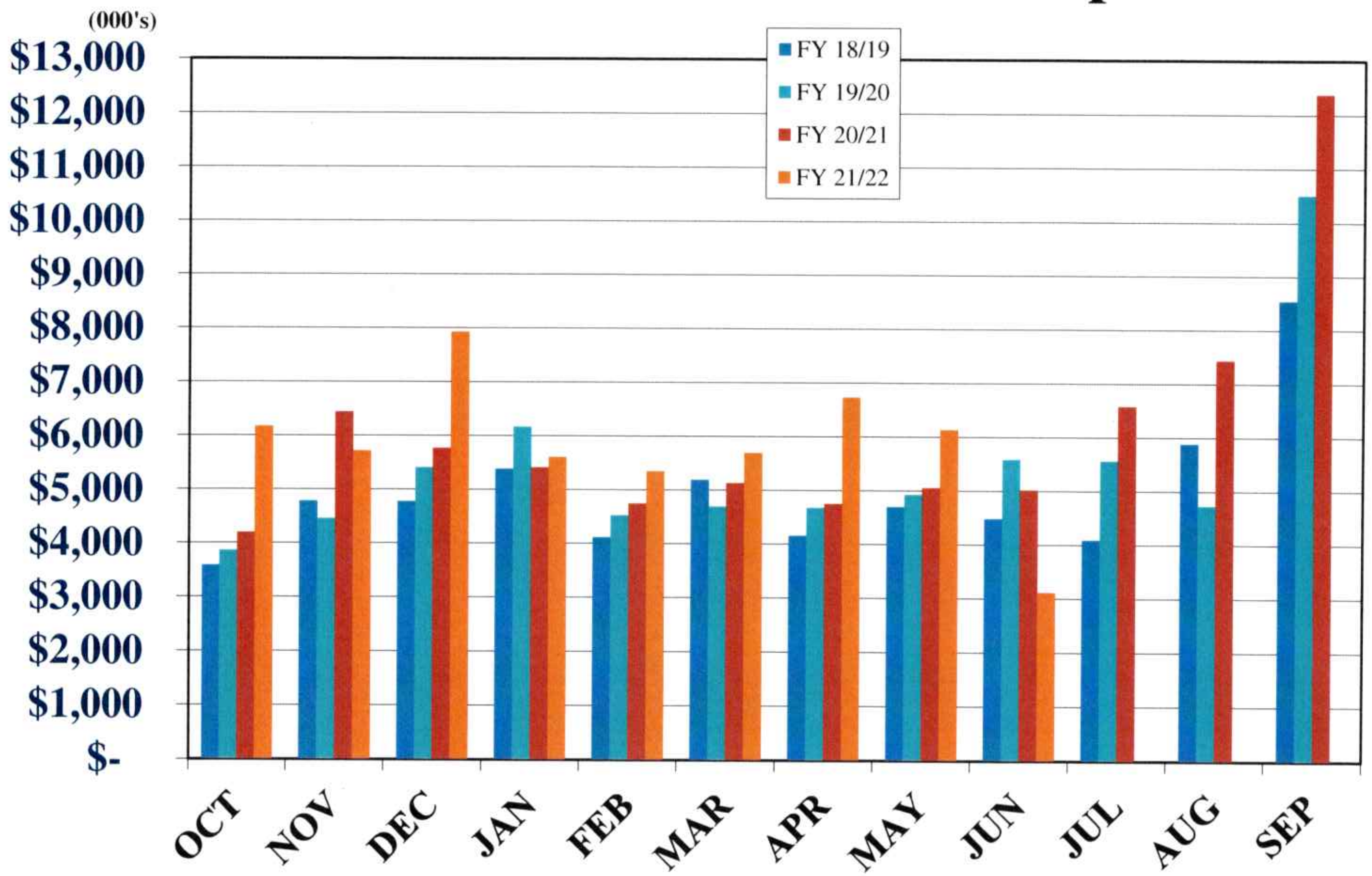
CITY OF MANSFIELD

General Fund - Total Revenues



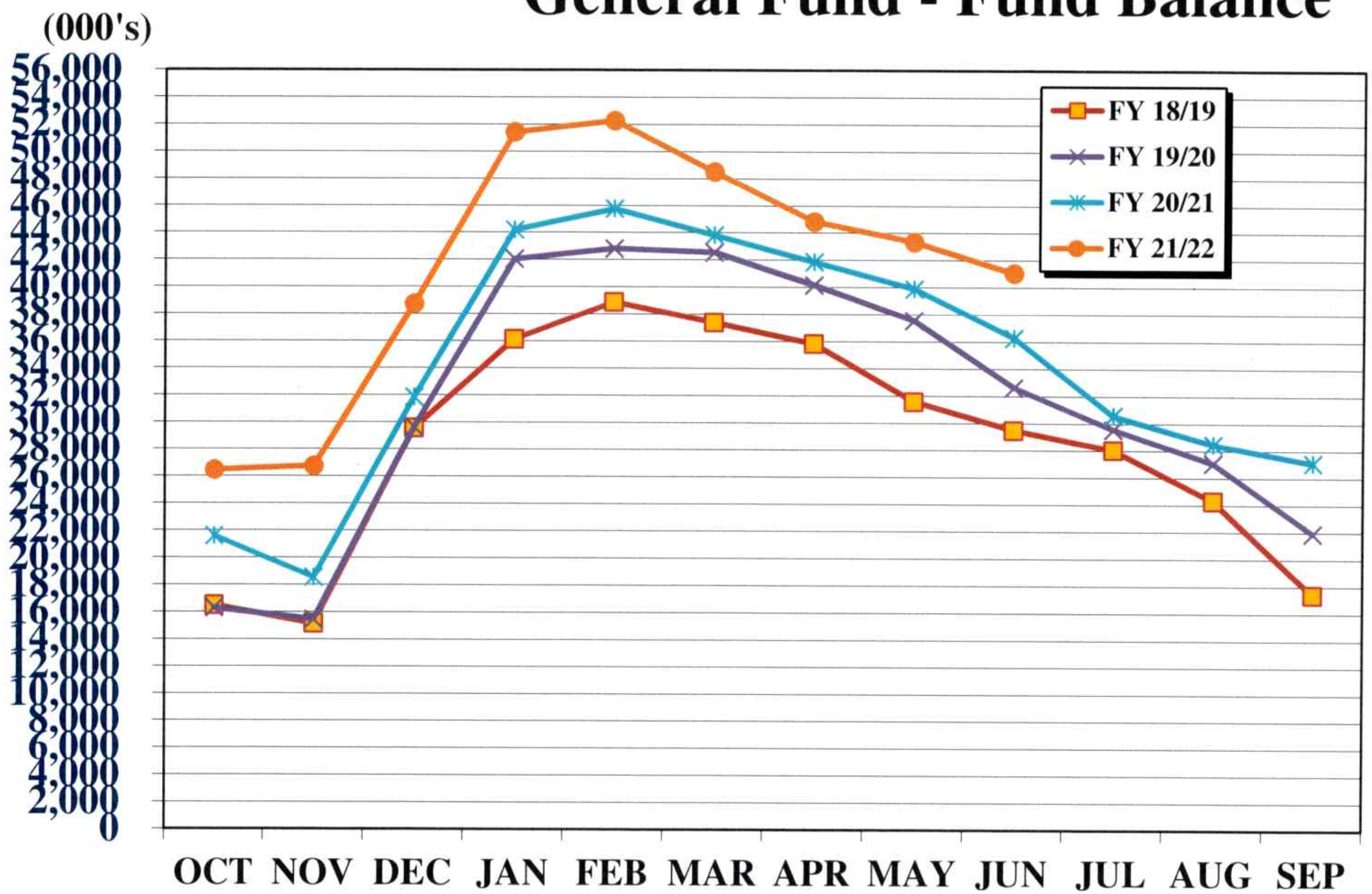
CITY OF MANSFIELD

General Fund - Total Expenditures



CITY OF MANSFIELD

General Fund - Fund Balance



SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes defined by the City.

The TIF Number One Fund or Tax Incremental Financing Fund Number One is used to account for taxes generated in the designated TIF Zone. These taxes will be used to reimburse developers for infrastructure costs.

The TIF Number Two Fund or Tax Incremental Financing Fund Number Two is used to account for taxes generated in the designated TIF Zone. These taxes will be used to revitalize the downtown area of Mansfield. The revitalization will come through the use of public funds for public improvements in the area.

The Hotel/Motel Fund is used to account for the occupancy taxes generated from the local hotels that are used to promote the City of Mansfield and events in the City that further promote hotel stays.

The Mansfield Parks Facility Development Corporation Fund – This fund is used to account for the construction and development of sports and recreation facilities, equipment, and miscellaneous improvements to the City's Park System. These projects will be financed through sales tax supported bonds.

The Mansfield Economic Development Corporation Fund – This fund is used to account for the ½ cent Sales Tax used for the promotion of Economic Development within the City.

The South Pointe Public Improvement District (PID) Fund – This fund is used to account for the improvement or maintenance within a defined area.

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Tax Increment Reinvestment Zone Fund One		Fiscal 2022		Fiscal 2021
ASSETS				
Cash And Investments	$	8,142,991	$	4,944,655
Due From Other Funds		24,581		24,581
Total Assets	$	8,167,572	$	4,969,236
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accounts Payable	$	524,769	$	604,987
Retainage Payable		-		-
Total Liabilities		524,769		604,987
FUND BALANCES:				
Fund Balance		5,252,236		4,178,778
Excess Revenues Over Expenditures		2,390,567		185,471
Total Fund Balances		7,642,803		4,364,249
Total Liabilities And Fund Balances	$	8,167,572	$	4,969,236

City of Mansfield, Texas

Comparative Statement of Activites
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Tax Increment Reinvestment Zone Fund Number One	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
REVENUES:				
Taxes, Penalties, And Interest	$ -	$ -	2,872,388	184,961
Interest Income	-	-	1,773	510
Total Revenues	-	-	2,874,161	185,471
EXPENDITURES:				
General Government	-	-	483,594	-
Debt Service -				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Lease Payments	-	-	-	-
Bond Issuance Cost	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	-	-	483,594	-
Excess Of Revenues Over (Under) Expenditures	-	-	2,390,567	185,471
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	-	-
Bonds Issued	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Discounts on Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	2,390,567	185,471
FUND BALANCE, BEGINNING	7,642,803	4,364,249	5,252,236	4,178,778
FUND BALANCE, ENDING	$ 7,642,803	$ 4,364,249	$ 7,642,803	$ 4,364,249

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Tax Increment Reinvestment Zone Fund Two	Fiscal 2022		Fiscal 2021	
ASSETS				
Cash And Investments	$	572,867	$	537,417
Receivable		700,000		-
Total Assets	$	1,272,867	$	537,417
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accounts Payable	$	-	$	-
Due To Other Funds		1,791,139		-
Retainage Payable		-		-
Total Liabilities		1,791,139		-
FUND BALANCES:				
Fund Balance		(814,140)		389,497
Excess Revenues Over Expenditures		295,868		144,920
Total Fund Balances		(518,272)		534,417
Total Liabilities And Fund Balances	$	1,272,867	$	534,417

City of Mansfield, Texas

Comparative Statement of Activites

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Tax Increment Reinvestment Zone Fund Number Two	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
REVENUES:				
Taxes, Penalties, And Interest	$ -	$ -	$ 720,706	$ 144,920
Interest Income	-	-	-	-
Total Revenues	-	-	720,706	144,920
EXPENDITURES:				
General Government	-	-	424,838	-
Debt Service -				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Lease Payments	-	-	-	-
Bond Issuance Cost	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	-	-	424,838	-
Excess Of Revenues Over (Under) Expenditures	-	-	295,868	144,920
OTHER FINANCING SOURCES (USES)				
Transfers In / (Out)	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Discounts on Bonds Issued	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	295,868	144,920
FUND BALANCE, BEGINNING	(518,272)	534,417	(814,140)	389,497
FUND BALANCE, ENDING	$ (518,272)	$ 534,417	$ (518,272)	$ 534,417

City of Mansfield, Texas

Comparative Statement of Net Position

June 30, 2022 and 2021 (Unaudited)

Hotel/Motel Occupancy Tax Fund	Fiscal 2022		Fiscal 2021	
ASSETS				
Cash And Investments	$	1,668,516	$	1,245,330
Accounts Receivable		2,277		2,577
Total Assets	$	1,670,793	$	1,247,907
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accrued Liabilities	$	26,015	$	13,671
Total Liabilities		26,015		13,671
FUND BALANCES:				
Fund Balance		1,492,875		1,034,174
Excess Revenues Over Expenditures		151,903		200,062
Total Fund Balances		1,644,778		1,234,236
Total Liabilities And Fund Balances	$	1,670,793	$	1,247,907

City of Mansfield, Texas

Statement of Activites - Budget and Actual

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Hotel/Motel Occupancy Tax Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
REVENUES:							
Hotel Occupancy Tax	$ 63,911	$ 100,584	$ 606,392	$ 461,473	$ 725,000	$ (118,608)	83.64%
Miscellaneous Income	$ 300	$ 665	18,150	12,297	-	18,150	0.00%
Total Revenues	64,211	101,249	624,542	473,770	725,000	(100,458)	86.14%
EXPENDITURES:							
Mansfield Historical Society	-	-	-	-	-	-	0.00%
Mansfield Invitational	-	-	-	-	-	-	0.00%
The LOT	-	-	-	-	-	-	0.00%
Mansfield Rotary Club	-	-	-	-	-	-	0.00%
Farr Best Theater	86	150	2,864	1,487	-	(2,864)	0.00%
Discover Historic Mansfield	-	-	-	-	-	-	0.00%
Mansfield Tourism	25,589	29,292	285,607	242,692	395,613	110,006	72.19%
Pickled Mansfield Society	51,156	-	119,256	7,891	68,100	(51,156)	175.12%
Mansfield Commission for the Arts	(142)	-	47,068	1,803	47,100	32	99.93%
Historic Landmark Commission	-	-	-	-	-	-	0.00%
Man House Museum	-	-	-	-	-	-	0.00%
Tommy King Foundation	-	-	-	-	-	-	0.00%
Sister Cities Celebration	-	-	-	-	-	-	0.00%
Friends of the Library	-	-	-	-	-	-	0.00%
Championship Basketball	5,000	-	5,000	-	10,000	5,000	50.00%
Wayfinding Program	-	-	4,844	13,335	-	(4,844)	0.00%
Reserve	-	-	8,000	6,500	204,187	196,187	3.92%
Total Expenditures	81,689	29,442	472,639	273,708	725,000	252,361	65.19%
Excess Of Revenues Over (Under) Expenditures	(17,478)	71,807	151,903	200,062			
FUND BALANCE, BEGINNING	1,662,256	1,162,429	1,492,875	1,034,174			
FUND BALANCE, ENDING	$ 1,644,778	$ 1,234,236	$ 1,644,778	$ 1,234,236			

City of Mansfield, Texas

Comparative Budget and Cash Analysis
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Hotel/Motel Occupancy Tax Fund	Budgeted Request	FY22 Amount To Date	Available Budget	FY22 PERCENT COLLECTED TO BUDGET
REVENUES:				
Hotel Occupancy Tax	$ 725,000	$ 606,392	$ 118,608	83.64%
Rental of Facilities	-	17,596	(17,596)	0.00%
Interest Income	-	555	(555)	-
Total Revenues	725,000	624,543	100,457	86.14%
EXPENDITURES:				
Mansfield Historical Society	-	-	-	0.00%
Mansfield Invitational	-	-	-	0.00%
The LOT	-	-	-	0.00%
Discover Historic Mansfield - Farr Best Concerts	-	2,864	2,864	0.00%
Mansfield Tourism	395,613	285,607	(110,006)	72.19%
Pickled Mansfield Society	68,100	119,256	51,156	175.12%
Manfield Police Dept.	-	-	-	0.00%
Mansfield Commission for the Arts	47,100	47,069	(31)	99.93%
Historic Landmark Commission	-	-	-	0.00%
Desert Love Film Festival	-	-	-	0.00%
Man House Museum	-	-	-	0.00%
Tommy King Foundation	-	-	-	0.00%
Sister Cities Celebration	-	-	-	0.00%
Wayfinding Program	-	4,844	4,844	0.00%
Friends of the Library	-	-	-	0.00%
Championship Basketball	10,000	5,000	(5,000)	50.00%
Reserve	204,187	8,000	(196,187)	3.92%
Total Expenditures	725,000	472,640	(252,360)	65.19%
Revenues / (Expenditures)	-	151,903	(151,903)	

SUPPLEMENTAL INFORMATION: CASH ANALYSIS

Beginning Cash Balance for Fiscal Year 2022	1,516,613
Plus: FY2022 Cash Collections	624,543
Less: FY2022 Cash Expenditures	(472,640)
Cash Balance as of June 30, 2022	1,668,516
Remaining Hotel/Motel Occupancy Funds to Collect	118,608
Remaining Hotel/Motel Occupancy Funds to Expend	(252,360)
Projected Cash Balance at September 30, 2022	1,534,764

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Mansfield Parks Facility Development Corp		Fiscal 2022		Fiscal 2021
ASSETS:				
Cash And Investments	$	6,417,132	$	5,628,907
Restricted Cash and Investments		6,182,044		4,898,371
Receivables:				
Accounts		782,195		301,966
Total Assets	$	13,381,371	$	10,829,244
LIABILITIES & FUND BALANCES:				
LIABILITIES:				
Accounts Payable	$	177,548	$	153,968
Other Liabilities		1,000,000		1,000,000
Deferred Revenue		1,409,300		1,716,360
Total Liabilities		2,586,848		2,870,328
FUND BALANCES:				
Fund Balance		9,776,663		5,758,216
Excess Revenues Over (Under) Expenditures		1,017,860		2,200,700
Total Fund Balances		10,794,523		7,958,916
Total Liabilities And Fund Balances	$	13,381,371	$	10,829,244

City of Mansfield, Texas

Statement of Activites - Budget and Actual

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Mansfield Parks Facility Development Corporation	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
REVENUES:							
Sales Tax Revenue	$ 431,342	$ 38,064	$ 4,173,313	$ 2,808,467	$ 4,333,942	$ (160,629)	96.29%
Contributions	40	13,729	3,121	23,628	32,862	(29,741)	9.50%
Interest Earnings	-	-	4,665	1,560	12,000	(7,335)	38.88%
Other Income	-	1	3,143	28,581	-	3,143	0.00%
MAC Revenue	445,577	286,781	2,077,574	1,437,097	2,153,000	(75,426)	96.50%
Lease Royalties	19,598	10,421	153,014	81,662	100,000	53,014	153.01%
Park Land Dedication Revenue	70,800	49,750	985,089	1,137,250	-	985,089	0.00%
Total Revenues	967,357	398,746	7,399,919	5,518,245	6,631,804	768,115	111.58%
EXPENDITURES:							
Administration	191,667	163,409	1,556,615	1,294,863	1,903,318	346,703	81.78%
Field Operations	67,854	52,934	535,131	471,687	842,991	307,860	63.48%
Community Park Operations	101,357	92,801	788,908	699,870	1,217,808	428,900	64.78%
Nature Education Operations	11,946	12,367	85,433	90,605	227,089	141,656	37.62%
Recreational Center	79,620	89,390	628,640	508,616	1,039,701	411,061	60.46%
Neighborhood Park Operations	23,418	19,709	161,408	92,197	259,245	97,837	62.26%
Quadrants	-	-	282,000	-	-	(282,000)	0.00%
Non-Departmental	10,896	17,904	135,925	159,707	1,362,783	1,226,858	9.97%
Total Expenditures	486,758	448,514	4,174,060	3,317,545	6,852,935	2,678,875	60.91%
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	480,599	(49,768)	3,225,859	2,200,700	(221,131)	3,446,990	-1458.80%
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	5,223	-	5,223	-	221,132	(215,909)	2.36%
Operating Transfers (Out)	-	-	(2,213,222)	-	-	-	0.00%
Cash Reserves	-	-	-	-	-	-	0.00%
Bond Proceeds	-	-	-	-	-	-	0.00%
Premium on Bonds issued	-	-	-	-	-	-	0.00%
Discounts on Bond issued	-	-	-	-	-	-	0.00%
Total Other Financing Sources (Uses)	5,223	-	(2,207,999)	-	221,132	(215,909)	-998.50%
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	485,822	(49,768)	1,017,860	2,200,700			
FUND BALANCE, BEGINNING	10,308,701	8,008,684	9,776,663	5,758,216			
FUND BALANCE, ENDING	$ 10,794,523	$ 7,958,916	$ 10,794,523	$ 7,958,916			

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Mansfield Economic Development Corporation		Fiscal 2022		Fiscal 2021
ASSETS				
Cash And Investments	$	11,821,630	$	9,581,752
Accounts Receivable		660,152		1,764
Restricted Assets:				
Cash and Investments, Projects		1,097,358		1,401,857
Fixed Assets (net of accumulated depreciation)		36,758,068		14,826,520
Total Assets	$	50,337,208	$	25,811,893
LIABILITIES AND NET ASSETS				
LIABILITIES:				
Accounts Payable	$	15,524	$	2,595
Accrued Liabilities		3,240		3,240
Retainage Payable		20,132		254,785
Bonds Payable		21,635,000		23,430,000
Unamortized Discounts on Bonds		(138,685)		(152,080)
Unamortized Premiums		964,103		1,030,757
Deferred Amount on Refunding		(64,821)		(92,602)
Contract Commitments		34,014,146 *		24,596,139
Total Liabilities		56,448,639		49,072,834
NET ASSETS:				
Restricted		1,097,358		1,401,857
Unassigned		(7,208,789)		(24,662,798)
Total Net Assets		(6,111,431)		(23,260,941)
Total Liabilities & Net Assets	$	50,337,208	$	25,811,893

*Does not conform with Generally Accepted Accounting Principals or Governmental Accounting Standards
This is the GASB 34 presentation and is different from the fund level presentation per GAAP.

City of Mansfield, Texas

Comparative Statement of Activites
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Mansfield Economic Development Corp.	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
OPERATING REVENUES:				
Sales Tax Revenue	$ 697,967	$ 655,872	$ 6,554,116	$ 5,182,903
Gas Royalties	-	-	-	-
Miscellaneous	-	-	10,608	-
Rental Of Facilities	-	-	-	-
Total Operating Revenues	697,967	655,872	6,564,724	5,182,903
OPERATING EXPENDITURES:				
Administration	65,659	44,161	817,173	479,970
Promotions	96,177	3,653	150,361	21,725
Retention	-	38	75	107
Development Plan	2,272	-	3,219	8
Projects	7,809	336	1,430,840	1,656,341
Non-Departmental	10,156	251	44,740	2,813,156
Depreciation	-	-	-	-
Total Operating Expenditures	182,073	48,439	2,446,408	4,971,307
OPERATING INCOME	515,894	607,433	4,118,316	211,596
NONOPERATING REVENUES (EXPENSES):				
Interest Revenue	-	-	1,510	1,096
Gain or (loss) on sale of property	-	-	-	6,181,329
Bonds issued	-	-	-	-
Premiums on bonds issued	-	-	-	-
Discounts on bonds issued	-	-	-	-
Amortization	-	-	-	-
Interest and fiscal charges	-	-	(405,428)	(436,916)
Total Nonoperating Revenue	-	-	(403,918)	5,745,509
INCOME BEFORE OPERATING TRANSFERS	515,894	607,433	3,714,398	5,957,105
OPERATING TRANSFERS:				
Operating Transfers In (Out)	-	-	-	-
CHANGE IN NET ASSETS	515,894	607,433	3,714,398	5,957,105
NET ASSETS, BEGINNING	(6,627,325)	(23,868,374)	(9,825,829)	(9,788,636)
NET ASSETS, PROJECTS	- **	-	- **	(19,429,410)
NET ASSETS, ENDING	$ (6,111,431)	$ (23,260,941)	$ (6,111,431)	$ (23,260,941)

**Project Fund Balance represents funds that have been contractually obligated by the City Council and MEDC. These expenses will be recognized upon realization of the expense.

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

South Pointe PID		Fiscal 2022		Fiscal 2021
ASSETS				
Cash And Investments	$	164,210	$	161,029
Receivables:				
Current Year PID Assessment		-		-
Total Assets	$	164,210	$	161,029
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accounts Payable	$	24,582	$	24,582
Deferred Revenue		-		-
Total Liabilities		24,582		24,582
FUND BALANCES:				
Fund Balance		(23,582)		(12,288)
Excess Revenues Over Expenditures		163,210		148,735
Total Fund Balances		139,628		136,447
Total Liabilities And Fund Balances	$	164,210	$	161,029

City of Mansfield, Texas

Comparative Statement of Activites
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

South Pointe PID	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
REVENUES:				
PID Assessment	$ 1,456	$ 4,000	$ 451,429	$ 318,144
Penalties & Interest	-	2,108	2,440	4,033
Total Revenues	1,456	6,108	453,869	322,177
EXPENDITURES:				
General government	37,103	31,124	290,659	173,442
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total Expenditures	37,103	31,124	290,659	173,442
Excess Of Revenues Over (Under) Expenditures	(35,647)	(25,016)	163,210	148,735
Net Change in Fund Balances	(35,647)	(25,016)	163,210	148,735
FUND BALANCE, BEGINNING	175,275	161,463	(23,582)	(12,288)
FUND BALANCE, ENDING	$ 139,628	$ 136,447	$ 139,628	$ 136,447

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources and payment of general obligation debt principal and interest from governmental resources and special revenue bond principal and interest from a sales tax levy when the City is obligated in some manner for the payment.

The General Debt Service Fund – The purpose of this fund is to account for the accumulation of resources for and the payment of, principal and interest on the City's general obligation debt payable from a property tax levy with the exception of the MPFDC debt.

The Mansfield Parks Facilities Development Corporation Debt Service Fund – The purpose of this fund is to account for the accumulation of resources for and the payment of, principal and interest on the MPFDC long-term debt from a sales tax levy.

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

General Obligation Debt		Fiscal 2022		Fiscal 2021
ASSETS				
Cash And Investments	$	7,740,548	$	8,015,317
Receivables:				
Current Year Taxes		330,739		279,051
Delinquent Taxes (Net of Allowance of $356,624)		-		-
Total Assets	$	8,071,287	$	8,294,368
LIABILITIES & FUND BALANCES				
LIABILITIES:				
Accounts Payable	$	-	$	-
Deferred Revenue		330,739		279,051
Total Liabilities		330,739		279,051
FUND BALANCES:				
Fund Balance		5,365,013		3,888,921
Excess Revenues Over Expenditures		2,375,535		4,126,396
Total Fund Balances		7,740,548		8,015,317
Total Liabilities And Fund Balances	$	8,071,287	$	8,294,368

City of Mansfield, Texas

Comparative Statement of Activites

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

General Obligation Debt	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 OVER (UNDER) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
REVENUES:							
Taxes, Penalties, And Interest	$ 188,757	$ 238,651	$ 18,608,542	$ 17,771,716	$ 16,410,032	$ 2,198,510	113.40%
Miscellaneous	57	$ -	133	$ 248	-	133	0.00%
Interest Income	-	10	256	126	-	256	0.00%
Total Revenues	188,814	238,661	18,608,931	17,772,090	16,410,032	2,198,899	113.40%
EXPENDITURES:							
Debt Service -							
Principal Retirement	-	-	13,310,000	10,660,000	16,410,032	3,100,032	81.11%
Interest	-	-	2,909,819	2,972,873	-	(2,909,819)	0.00%
Lease Payments	-	-	-	-	-	-	0.00%
Bond Issuance Cost		-	-	-	-	-	0.00%
Fiscal Charges	-	-	13,577	12,821	-	(13,577)	0.00%
Total Expenditures	-	-	16,233,396	13,645,694	16,410,032	176,636	98.92%
Excess Of Revenues Over (Under) Expenditures	188,814	238,661	2,375,535	4,126,396			
OTHER FINANCING SOURCES (USES)							
Refunding Bonds Issued	-	-	-	-			
Premium on Bonds Issued	-	-	-	-			
Discounts on Bonds Issued	-	-	-	-			
Payment to Refunded Bond Escrow Agent	-	-	-	-			
Total Other Financing Sources (Uses)	-	-	-	-			
Net Change in Fund Balances	188,814	238,661	2,375,535	4,126,396			
FUND BALANCE, BEGINNING	7,551,734	7,776,656	5,365,013	3,888,921			
FUND BALANCE, ENDING	$ 7,740,548	$ 8,015,317	$ 7,740,548	$ 8,015,317			

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Mansfield Parks Facility Development Corp. Debt Service	Fiscal 2022	Fiscal 2021
ASSETS		
Cash And Investments	$ 2,264,534	$ 2,225,063
Total Assets	$ 2,264,534	$ 2,225,063
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accrued Interest Payable	$ 4,649	$ 4,651
Total Liabilities	4,649	4,651
FUND BALANCES:		
Fund Balance	521,661	510,814
Excess Revenues Over (Under) Expenditures	1,738,224	1,709,598
Total Fund Balances	2,259,885	2,220,412
Total Liabilities And Fund Balances	$ 2,264,534	$ 2,225,063

City of Mansfield, Texas

Statement of Activites - Budget and Actual
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Mansfield Parks Facility Development Corp. Debt Service	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
REVENUES:							
Taxes, Penalties, And Interest	$ 263,155	$ 262,779	$ 2,368,396	$ 2,365,019	$ 3,157,861	$ (789,465)	75.00%
Other Income	-	-	-	-	-	-	0.00%
Total Revenues	263,155	262,779	2,368,396	2,365,019	3,157,861	(789,465)	75.00%
EXPENDITURES:							
Debt Service							
Principal Retirement	-	-	-	-	1,910,000	1,910,000	0.00%
Interest And Fiscal Charges	-	800	630,172	655,421	1,247,861	617,689	50.50%
Non-departmental	-	-	-	-	-	-	0.00%
Total Expenditures	-	800	630,172	655,421	3,157,861	2,527,689	19.96%
Excess Of Revenues Over (Under) Expenditures	263,155	261,979	1,738,224	1,709,598			
OTHER FINANCING SOURCES (USES):							
Bond Proceeds	-	-	-	-			
Total Other Financing Sources (Uses)	-	-	-	-			
FUND BALANCE, BEGINNING	1,996,730	1,958,433	521,661	510,814			
FUND BALANCE, ENDING	$ 2,259,885	$ 2,220,412	$ 2,259,885	$ 2,220,412			

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The Street Construction Fund – The purpose of this fund is to account for the construction and improvement of various streets in the City. General Obligation Bonds, Certificates of Obligation, and Street Assessments are used to finance the construction.

The Building Construction Fund – The purpose of this fund is to account for the construction of City facilities funded by General Obligation Bonds and Certificates of Obligation.

The Equipment Replacement Fund – The purpose of this fund is used to account for the purchase of capital equipment funded from the issuance of notes through the City of Mansfield Property Finance Authority Corporation or other sources.

The Park Construction Fund – The purpose of this fund is to account for the construction of City facilities funded by Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds.

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Street Construction Fund		Fiscal 2022		Fiscal 2021
ASSETS				
Cash And Investments	$	23,151,087	$	24,863,176
Receivables		-		-
Projects In Process				
Current Year		2,251,357		893,664
Prior Year		12,689,757		10,890,226
Total Assets	$	38,092,201	$	36,647,066
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	$	55,418	$	55,418
Deposits		343,807		442,178
Retainage Payable		83,407		105,927
Other Liabilities		-		-
Total Liabilities		482,632		603,523
FUND BALANCES:				
Fund Balance		34,875,197		33,411,130
Excess Revenues Over (Under) Expenditures		2,734,372		2,632,413
Total Fund Balance		37,609,569		36,043,543
Total Liabilities And Fund Balance	$	38,092,201	$	36,647,066

City of Mansfield, Texas

Comparative Statement of Activites
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Street Construction Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
REVENUES:				
Recoveries	$ -	$ -	$ -	$ -
Contributions	-	-	-	-
Intergovernmental	-	-	-	-
Roadway Impact Fees	554,185	137,333	3,154,185	3,023,695
Interest Income	-	174	10,005	3,995
Total Revenues	554,185	137,507	3,164,190	3,027,690
EXPENDITURES:				
Administrative	43,841	40,869	429,818	395,277
Street Improvements	-	-	-	-
Total Expenditures	43,841	40,869	429,818	395,277
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	510,344	96,638	2,734,372	2,632,413
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Bond Proceeds	-	-	-	-
Bond Issuance Costs	-	-	-	-
Premiums on Bond Issuance	-	-	-	-
Discounts on Bond Issuance	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	510,344	96,638	2,734,372	2,632,413
FUND BALANCE, BEGINNING	37,099,225	35,946,905	34,875,197	33,411,130
FUND BALANCE, ENDING	$ 37,609,569	$ 36,043,543	$ 37,609,569	$ 36,043,543

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Building Construction Fund	Fiscal 2022		Fiscal 2021	
ASSETS				
Cash And Investments	$	12,199,184	$	9,936,652
Construction in Progress		-		-
Total Assets	$	12,199,184	$	9,936,652
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts Payable	$	2,467	$	1,423
Due to Other Funds		-		-
Retainage Payable		441,880		299,510
Total Liabilities		444,347		300,933
FUND BALANCE:		17,693,965		13,760,605
Excess Revenues Over (Under) Expenditures		(5,939,128)		(4,124,886)
Total Fund Balance		11,754,837		9,635,719
Total Liabilities And Fund Balance	$	12,199,184	$	9,936,652

City of Mansfield, Texas

Comparative Statement of Activites
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Building Construction Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
REVENUES:				
Interest Income	$ -	$ 35	$ 820	$ 416
Rental Of Facilities	-	-	-	-
Contributions	-	-	-	-
Miscellaneous Income	-	10,482	21,964	32,719
Grant Revenue	-	-	-	-
Total Revenues	-	10,517	22,784	33,135
EXPENDITURES:				
Administration	-	-	-	-
Library	55,730	11,236	1,185,225	101,094
Fire Station #5	482	293,708	70,880	2,782,137
Man House	-	57,770	4,679	625,081
Wayfinding	-	142,120	84,328	147,025
Police Station	219,700	13,923	790,750	420,919
Tactical Training Facility	805,427	24,718	2,326,050	81,765
Total Expenditures	1,081,339	543,475	4,461,912	4,158,021
Excess Revenues Over (Under) Expenditures	(1,081,339)	(532,958)	(4,439,128)	(4,124,886)
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	-	-	-	-
Bond Issuance Costs	-	-	-	-
Premiums on Bond Issuance	-	-	-	-
Discounts on Bond Issuance	-	-	-	-
Operating Transfer In (Out)	-	-	(1,500,000)	-
Total Other Financing Sources (Uses)	-	-	(1,500,000)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,081,339)	(532,958)	(5,939,128)	(4,124,886)
FUND BALANCE, BEGINNING	12,836,176	10,168,677	17,693,965	13,760,605
FUND BALANCE, ENDING	$ 11,754,837	$ 9,635,719	$ 11,754,837	$ 9,635,719

City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Equipment Replacement Fund	Fiscal 2022		Fiscal 2021	
ASSETS				
Cash And Investments	$	-	$	3,415,830
Total Assets	$	-	$	3,415,830
LIABIITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	$	12,289	$	7,172
Retainage Payable		444		-
Total Liabilities	$	12,733	$	7,172
FUND BALANCE:		2,338,999		4,247,249
Excess Revenues Over Expenditures		(2,351,732)		(838,591)
Total Fund Balance		(12,733)		3,408,658
Total Liabilities And Fund Balance	$	-	$	3,415,830

City of Mansfield, Texas

Comparative Statement of Activites
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Equipment Replacement Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
REVENUES:				
Contributions	$ -	$ -	$ -	$ -
Grants	-	-	-	-
Other Income	-	24,142	27,456	56,563
Interest Income	-	-	-	2
Total Revenues	-	24,142	27,456	56,565
EXPENDITURES:				
Administration	-	-	-	-
Information Services	4,440	-	81,053	40,655
Code Enforcement	-	-	-	-
Planning	80,905	43,786	364,070	160,605
Streets	-	-	10,446	-
Animal Control	-	-	-	66,345
City Hall	-	-	-	-
Parks Department	-	-	31,818	178,526
Library	-	-	-	28,328
Fire	95,846	865	1,457,487	277,368
Police Department	4,296	-	463,367	277,923
Total Expenditures	185,487	44,651	2,408,241	1,029,750
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(185,487)	(20,509)	(2,380,785)	(973,185)
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	-	-	-	-
Bond Issuance Costs	-	-	-	-
Premium on Bond Issuance	-	-	-	-
Discounts on Bond Issuance	-	-	-	-
Sale of city property	-	-	29,051	19,944
Transfer In (Out)	-	-	-	114,650
Total Other Financing Sources (Uses)	-	-	29,051	134,594
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(185,487)	(20,509)	(2,351,732)	(838,591)
FUND BALANCE, BEGINNING	172,754	3,429,167	2,338,999	4,247,249
FUND BALANCE, ENDING	$ (12,733)	$ 3,408,658	$ (12,733)	$ 3,408,658

City of Mansfield, Texas

Comparative Statement of Net Position

June 30, 2022 and 2021 (Unaudited)

Parks Construction Fund	Fiscal 2022	Fiscal 2021
ASSETS		
Cash And Investments	$ 4,127,499	$ 48,755
Total Assets	$ 4,127,499	$ 48,755
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accounts Payable	$ -	$ -
Retainage Payable	-	-
Total Liabilities	-	-
FUND BALANCE:	(116,948)	66,306
Excess Revenues Over Expenditures	4,244,447	(17,551)
Total Fund Balance	4,127,499	48,755
Total Liabilities And Fund Balance	$ 4,127,499	$ 48,755

City of Mansfield, Texas

Comparative Statement of Activites
For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Parks Construction Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
REVENUES:				
Contributions	$ -	$ -	$ -	$ -
Recoveries	-	-	-	-
Interest Income	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES:				
Parks Administration Building	-	-	-	-
Dog Park	-	57	56	551
FieldHouse	-	-	-	-
Matlock Community Park	-	-	-	-
Gertie Barrett Park	45,193	17,000	156,719	17,000
Pond Branch	-	-	12,000	-
Total Expenditures	45,193	17,057	168,775	17,551
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(45,193)	(17,057)	(168,775)	(17,551)
OTHER FINANCING SOURCES (USES):				
Bond Proceeds	-	-	-	-
Bond Issuance Costs	-	-	-	-
Premiums on Bond Issuance	-	-	-	-
Discounts on Bond Issuance	-	-	-	-
Transfer In (out)	-	-	4,413,222	-
Total Other Financing Sources (Uses)	-	-	4,413,222	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(45,193)	(17,057)	4,244,447	(17,551)
FUND BALANCE, BEGINNING	4,172,692	65,812	(116,948)	66,306
FUND BALANCE, ENDING	$ 4,127,499	$ 48,755	$ 4,127,499	$ 48,755

ENTERPRISE FUNDS

The Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises. The intent is that the cost of providing goods or services to the general public be financed or recovered primarily through user charges.

The Utility Fund – The purpose of this fund is to account for the activities of providing water and sewer services to the citizens of Mansfield, Texas.

The Drainage Utility Fund – The purpose of this fund is used to account for the revenues and expenditures for services related to the preparing of a master drainage plan.

City of Mansfield, Texas

Comparative Statement of Net Position

June 30, 2022 and 2021 (Unaudited)

Utility Fund		Fiscal 2022		Fiscal 2021
ASSETS				
Cash And Investments	$	31,749,773	$	27,964,070
Receivables:				
Accounts (net of allowance of $1,360,337)		3,586,303		4,437,397
Inventory		981,057		645,852
Restricted Assets:				
Cash and Investments		16,813,529		12,731,281
Fixed Assets (net of accumulated depreciation)		224,019,627		212,708,523
Total Assets		277,150,289		258,487,123
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions		456,569		453,665
Deferred OPEB contributions		84,782		240,655
Deferred investment losses		-		43,398
Deferred actuarial experience		866,023		1,091,859
Deferred assumption changes		47,163		28,656
Deferred loss on refunding		2,265,334		2,434,143
Total deferred outflows of resources		3,719,871		4,292,376
Total Assets and Deferred Outflows of Resources	$	280,870,160	$	262,779,499
LIABILITIES				
Accounts Payable	$	25,766	$	9,101
Accrued Liabilities		193,447		181,621
Payable From Restricted Assets:				
Deposits		1,791,406		1,676,577
Accrued Interest		471,203		598,280
Retainage Payable		575,686		773,160
From Unrestricted Assets:				
Current		3,806,836		3,461,961
Long-Term, Net		27,293,240		31,046,123
Compensated Absences		639,041		619,460
Net OPEB liability		1,681,547		4,675,403
Total OPEB liability		165,767		118,618
Net pension liability		1,941,335		1,977,194
Total Liabilities		38,585,274		45,137,498
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes		75,422		108,403
Deferred investment gains		661,777		473,309
Deferred actuarial experience		70,470		-
Plan Change		2,287,734		-
Total deferred inflows of resources		3,095,403		581,712
NET POSTION				
Invested In Capital Assets (net of related debt)		195,184,886		180,634,582
Reserved for Debt Service		6,320,756		6,172,957
Reserved for Capital Projects		10,492,773		6,558,324
Unreserved		27,191,068		23,694,426
Total Net Positon		239,189,483		217,060,289
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	280,870,160	$	262,779,499

City of Mansfield, Texas

Statement of Activites - Budget and Actual

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

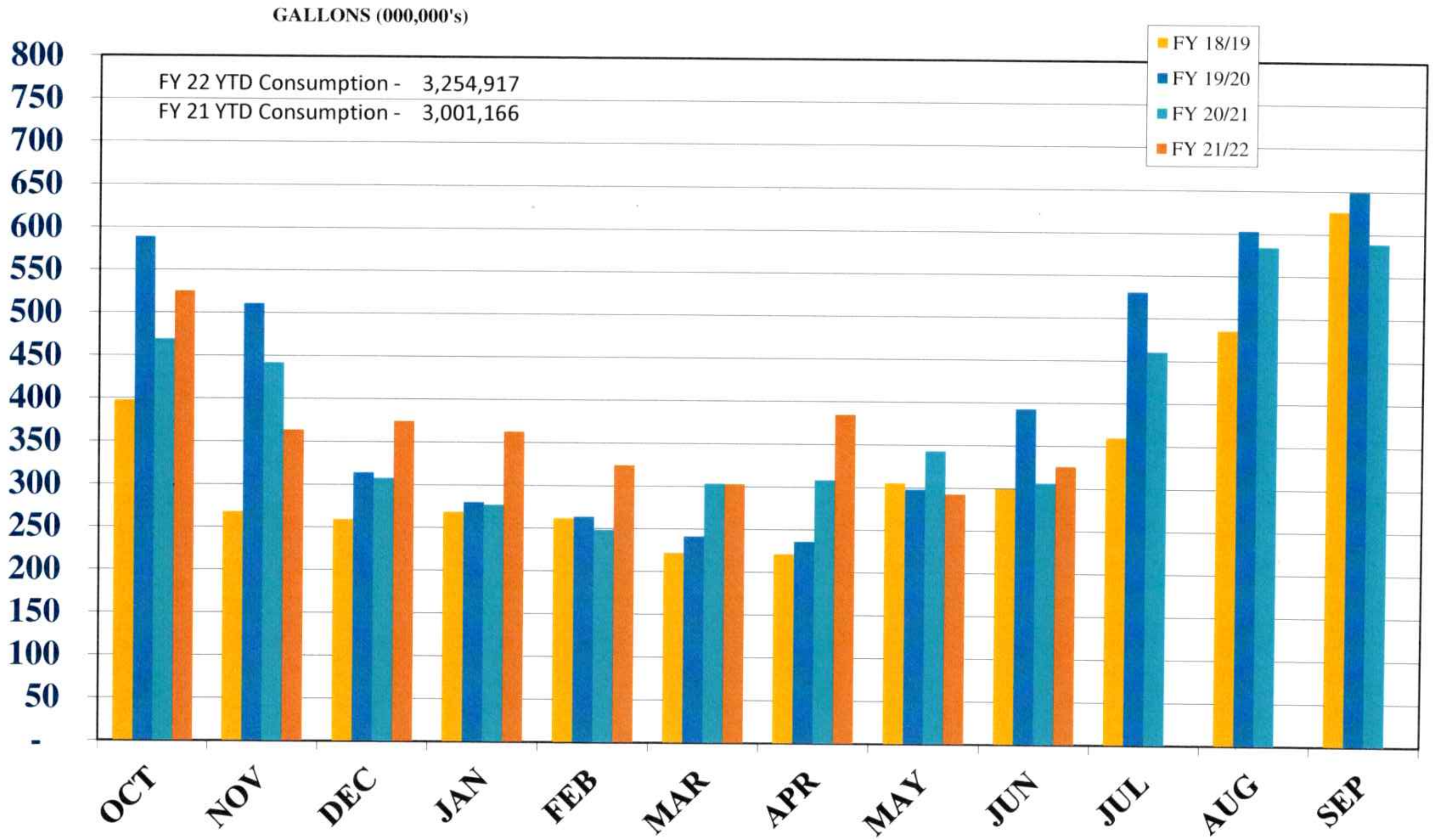
Utility Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE	FY22 ORIGINAL BUDGET	FY22 POSITIVE (NEGATIVE) BUDGET	FY22 PERCENT COLLECTED TO BUDGET
OPERATING REVENUES:							
Water Service	$ 2,401,480	$ 1,592,115	$ 18,024,921	$ 15,222,621	$ 22,316,266	$ (4,291,345)	80.77%
Sewer Service	1,342,291	1,042,824	10,615,214	9,875,105	13,519,835	(2,904,621)	78.52%
Water Penalties	62,583	-	260,472	-	250,000	10,472	104.19%
Water Taps	-	-	-	-	18,811	(18,811)	0.00%
Meter Set Fee	47,320	25,350	308,860	234,700	98,940	209,920	312.17%
Utility Miscellaneous	5,483	12,400	44,997	64,401	60,000	(15,003)	75.00%
Restore Service Fee	11,580	1,430	55,224	6,068	90,000	(34,776)	61.36%
Sewer Tap	-	-	-	-	2,000	(2,000)	0.00%
Water Impact Fees	306,000	149,100	3,203,080	2,689,380	900,000	2,303,080	355.90%
Sewer Impact Fees	133,950	76,050	1,531,070	1,149,258	600,000	931,070	255.18%
Pretreatment Fees	-	-	203,076	368,061	60,000	143,076	338.46%
Other Income	15,765	13,553	232,247	193,914	189,123	43,124	122.80%
Contribution	-	-	-	-	-	-	0.00%
Total Revenues	$ 4,326,452	$ 2,912,822	$ 34,479,161	$ 29,803,508	$ 38,104,975	$ (3,625,814)	90.48%
OPERATING EXPENSES:							
Administration	104,756	92,145	990,329	922,773	1,517,105	526,776	65.28%
Billing And Collection	86,542	70,070	645,018	654,559	986,221	341,203	65.40%
Meter Reading/Repairs	76,990	68,822	830,888	713,984	1,216,799	385,911	68.28%
Water Distribution	88,926	62,928	753,351	587,185	1,137,244	383,893	66.24%
Wastewater Collection	899,108	121,477	7,150,878	6,275,228	9,251,077	2,100,199	77.30%
Water Treatment	974,799	614,084	8,024,123	6,654,350	10,591,924	2,567,801	75.76%
Water Quality	49,918	41,655	449,390	397,379	565,347	115,957	79.49%
Water Demand Management	11,345	13,428	116,098	95,293	160,543	44,445	72.32%
Depreciation	313,897	303,303	2,860,646	2,810,998	-	(2,860,646)	0.00%
Total Operating Expenses	2,606,281	1,387,912	21,820,721	19,111,749	25,426,260	3,605,539	85.82%
OPERATING INCOME (LOSS)	1,720,171	1,524,910	12,658,440	10,691,759	12,678,715	(20,275)	
NONOPERATING REVENUES (EXPENSES):							
Non-Departmental	(77,202)	(71,955)	(961,818)	(927,948)	(6,671,154)	5,709,336	14.42%
Interest Revenue	-	-	9,616	7,855	24,000	(14,384)	40.07%
Debt Service	(94,241)	(119,656)	(848,167)	(1,076,904)	(3,465,000)	2,616,833	24.48%
Bad Debt Expense	-	-	-	-	(48,000)	48,000	0.00%
Net Nonoperating Revenues (Expenses)	(171,443)	(191,611)	(1,800,369)	(1,996,997)	(10,160,154)	8,359,785	17.72%
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,548,728	1,333,299	10,858,071	8,694,762	2,518,561	8,339,510	431.12%
OPERATING TRANSFERS:							
Transfers In (Out)	-	-	-	(331,095)	(2,518,561)	2,518,561	0.00%
Net Operating Transfers	-	-	-	(331,095)	(2,518,561)	2,518,561	0.00%
CHANGE IN NET POSITION	1,548,728	1,333,299	10,858,071	8,363,667	-	10,858,071	
NET POSITION, BEGINNING	237,640,755	215,726,990	228,331,412	208,696,622	228,331,412	-	
NET POSITON, ENDING	$ 239,189,483	$ 217,060,289	$ 239,189,483	$ 217,060,289	$ 228,331,412	$ 10,858,071	

CITY OF MANSFIELD
UTILITY FUND
REVENUE BOND COVERAGE

Definition of Bond Coverage:

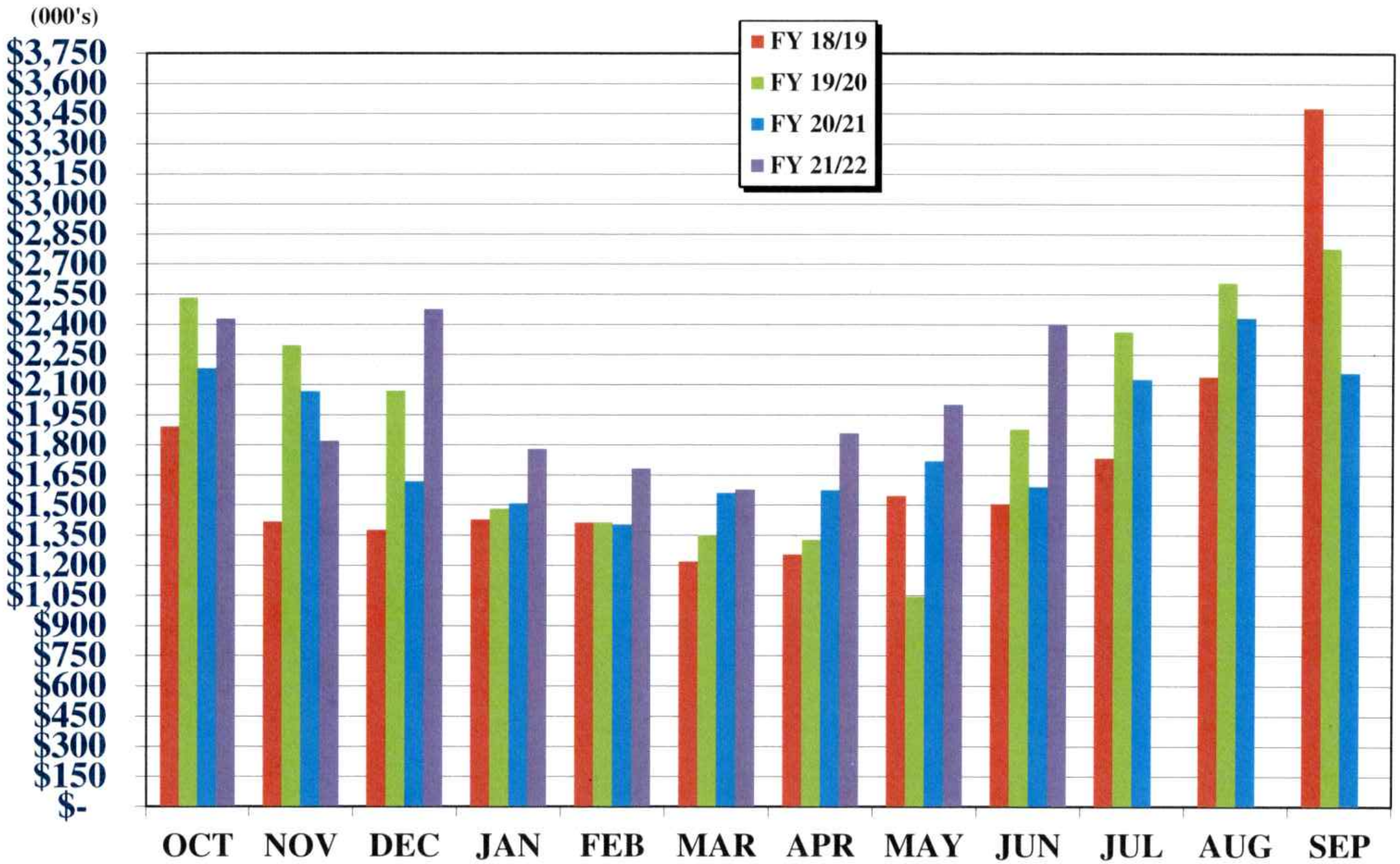
The ordinance authorizing the issuance of Water and Sewer System revenue bonds requires that the City establish a sinking fund (Revenue Bond Sinking and Reserve Fund) in an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds. At September 30, 2021, the sinking fund balance was sufficient to satisfy such bond ordinance requirements. The bond ordinance also contains provisions which, among other items, restricts 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. The bond ordinance also 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 then outstanding revenue bonds. The governing body has adopted a resolution stating that they want a coverage factor in excess of 1.30. During 2021, the City achieved a 3.82 bond coverage ratio which exceeded the 1.10 required by the bond ordinance. For fiscal year 2022, the bond coverage ratio is projected at 3.67.

CITY OF MANSFIELD
WATER CONSUMPTION



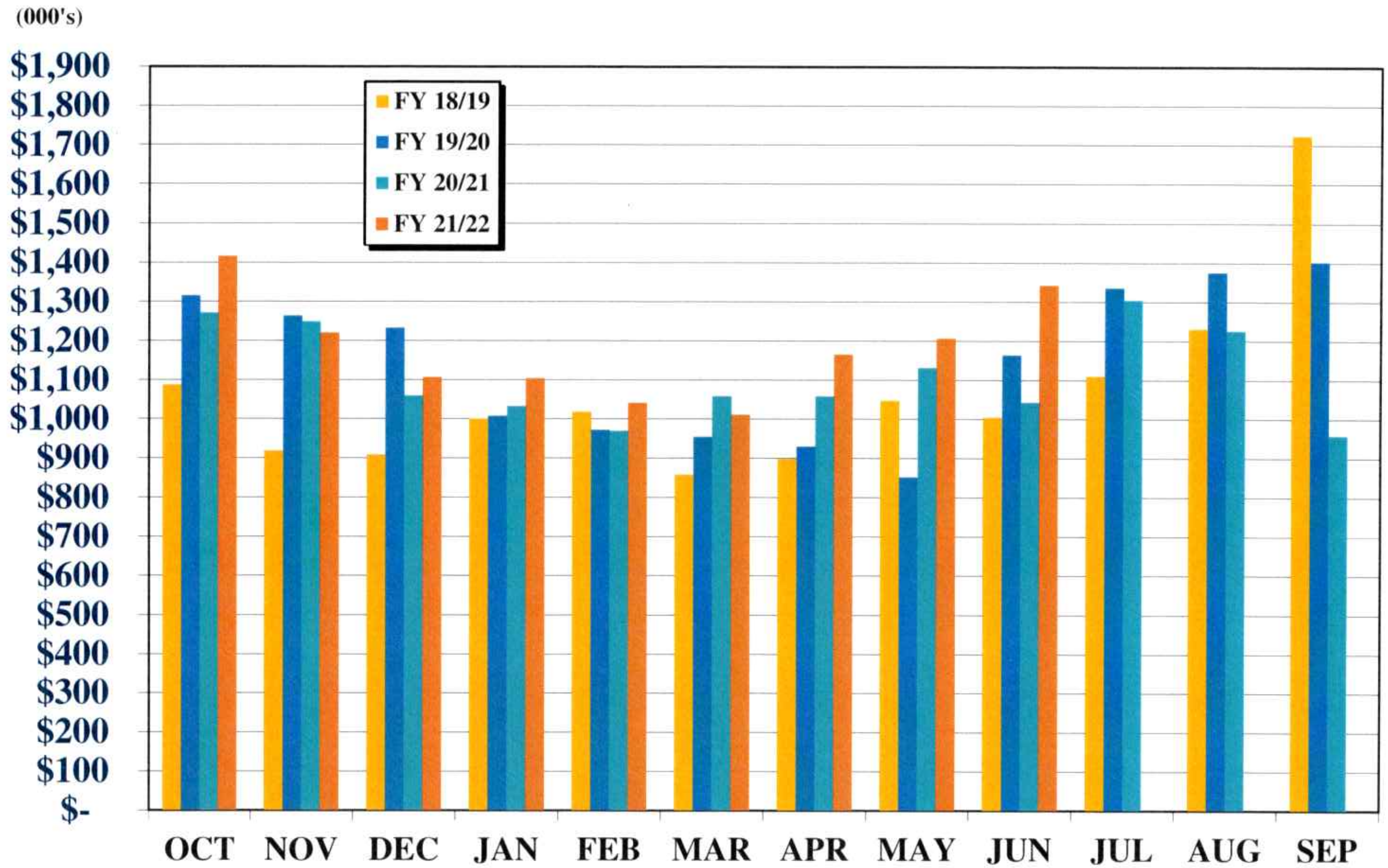
CITY OF MANSFIELD

UTILITY FUND - WATER SALES

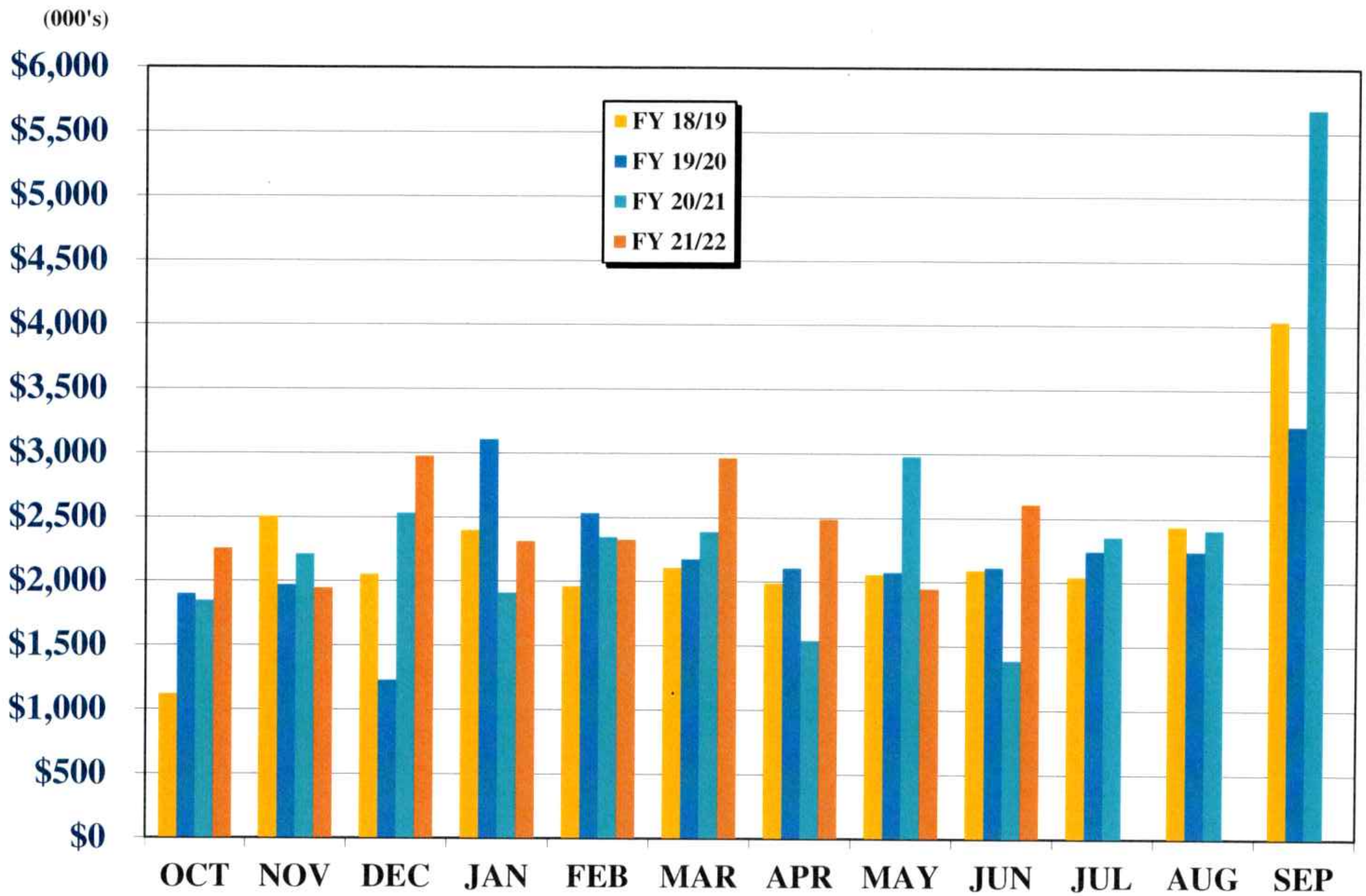


CITY OF MANSFIELD

UTILITY FUND - SEWER SERVICE

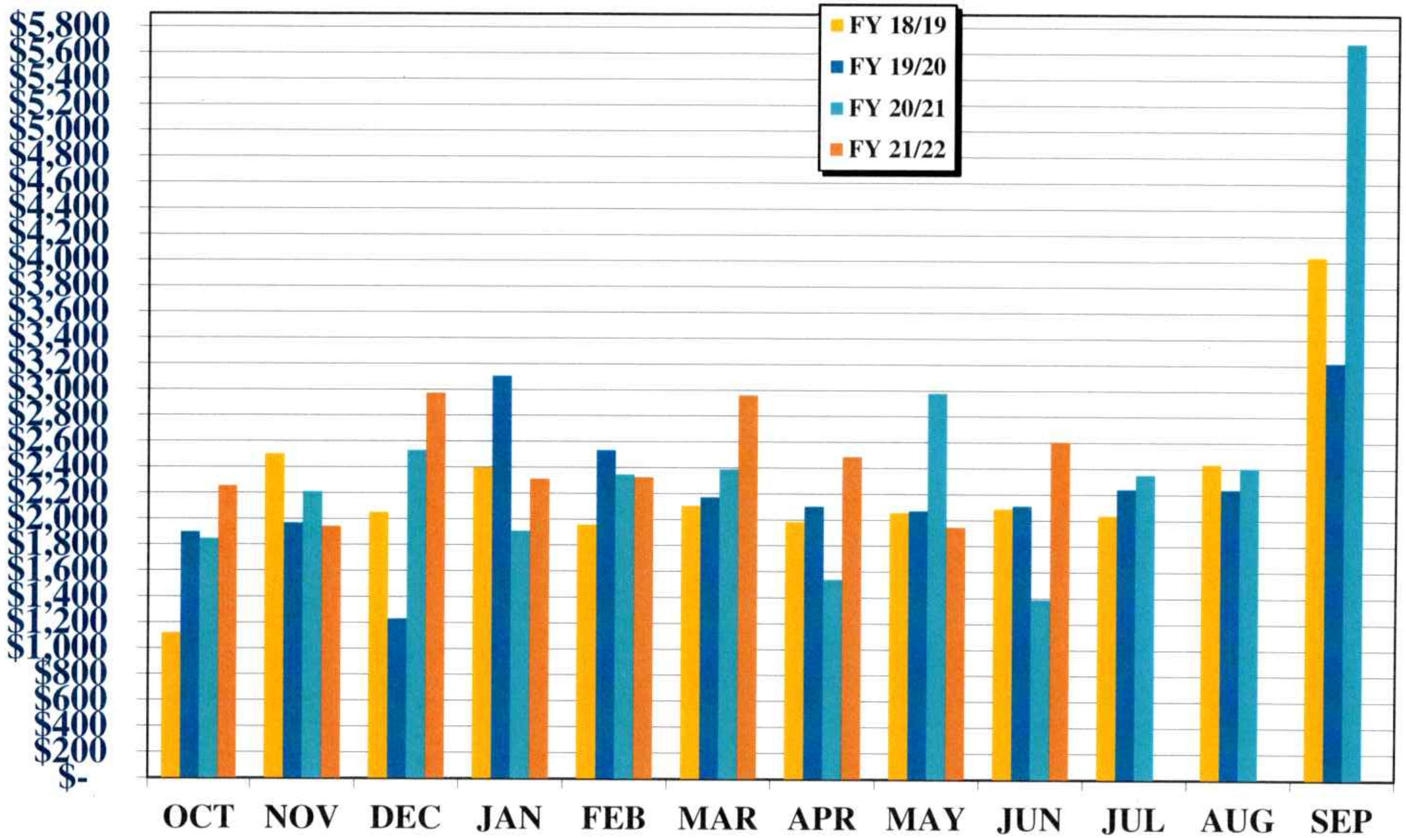


CITY OF MANSFIELD
UTILITY FUND - TOTAL REVENUES



CITY OF MANSFIELD
UTILITY OPERATING EXPENDITURES

(000's)



City of Mansfield, Texas

Comparative Statement of Net Position
June 30, 2022 and 2021 (Unaudited)

Drainage Utility Fund		Fiscal 2022		Fiscal 2021
ASSETS				
Cash And Investments	$	5,758,144	$	5,014,821
Accounts Receivable		224,718		289,256
Restricted Assets:				
Cash and Investments		428,106		420,397
Fixed Assets (Net of accumulated depreciation)		8,593,430		8,664,444
Total Assets		15,004,398		14,388,918
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions		54,279		47,806
Deferred OPEB contributions		10,912		23,151
Deferred investment losses		-		4,167
Deferred assumption changes		5,626		3,020
Deferred actuarial experience		109,438		113,466
Deferred loss on refunding		71,480		95,307
Total deferred outflows of resources		251,735		286,917
Total Assets and Deferred Outflows of Resources	$	15,256,133	$	14,675,835
LIABILITIES				
Accounts Payable	$	1,687	$	1,894
Accrued Liabilities		78,935		57,335
Retainage Payable		9,262		5,126
Bond Payable		1,875,000		2,315,000
Accrued Interest Payable		27,796		33,229
Unamortized Discounts on Bonds		(14,363)		(18,334)
Unamortized Premiums on Bonds		16,662		23,134
Total OPEB liability		19,781		12,500
Net OPEB liability		217,226		448,915
Net pension liability		230,794		208,350
Total Liabilities		2,462,780		3,087,149
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes		9,616		10,611
Deferred investment gains		80,501		49,875
Deferred actuarial experience		8,526		6,017
Plan Changes		295,535		-
Total deferred inflows of resources		394,178		66,503
NET POSITION				
Invested in Capital Assets (net of related debt)		6,365,944		6,440,550
Reserved for Debt Service		455,902		453,626
Unrestricted		5,577,329		4,628,007
Total Net Position		12,399,175		11,522,183
Total Liabilities, Deferred Inflows of Resources, and Net Position	$	15,256,133	$	14,675,835

City of Mansfield, Texas

Comparative Statement of Activites

For the Month and Nine Months Ended June 30, 2022 and 2021 (Unaudited)

Drainage Utility Fund	FY22 MONTH TO DATE	FY21 MONTH TO DATE	FY22 YEAR TO DATE	FY21 YEAR TO DATE
OPERATING REVENUES:				
Contributions	$ -	$ -	$ -	$ -
Licenses Fee-Gaswells/Pipelines	-	-	-	-
Drainage Fee	231,767	228,239	2,073,206	2,027,420
Total Operating Revenues	231,767	228,239	2,073,206	2,027,420
OPERATING EXPENSES:				
Administration	72,886	65,770	714,285	622,934
General Maintenance	35,690	17,513	217,169	306,139
Depreciation	17,874	17,121	159,989	141,001
Total Operating Expenses	126,450	100,404	1,091,443	1,070,074
OPERATING INCOME (LOSS)	105,317	127,835	981,763	957,346
NONOPERATING REVENUES (EXPENSES):				
Interest Revenue	-	8	947	351
Other Income	11,768	736	20,765	7,849
Amortization	-	-	-	-
Interest and fiscal charges	(5,559)	(6,646)	(55,224)	(65,004)
Net Nonoperating Revenue	6,209	(5,902)	(33,512)	(56,804)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	111,526	121,933	948,251	900,542
OPERATING TRANSFERS				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Net Operating Transfers	-	-	-	-
CHANGE IN NET POSITION	111,526	121,933	948,251	900,542
NET POSITION, BEGINNING	12,287,649	11,400,250	11,450,924	10,621,641
NET POSITION, ENDING	$ 12,399,175	$ 11,522,183	$ 12,399,175	$ 11,522,183

CITY OF MANSFIELD, TEXAS
SALES TAX COMPARISON
INFORMATION

GENERAL FUND
YEAR TO DATE SALES TAX COMPARISON
OCTOBER 2021 T0 SEPTEMBER 2022

MONTH	FY21	FY22	DOLLAR VALUE INCREASE (DECREASE) FY 2021/2022	PERCENTAGE INCREASE (DECREASE) FY 2021/2022
OCTOBER	1,088,496.91	1,316,775.91	228,279.00	20.97%
NOVEMBER	1,419,747.37	1,635,390.33	215,642.96	15.19%
DECEMBER	1,137,620.48	1,341,435.44	203,814.96	17.92%
JANUARY	1,158,578.39	1,433,583.81	275,005.42	23.74%
FEBRUARY	1,595,982.42	1,842,127.98	246,145.56	15.42%
MARCH	1,112,384.55	1,281,261.21	168,876.66	15.18%
Subtotal	7,512,810.12	8,850,574.68	1,337,764.56	17.81%
APRIL	971,449.77	1,128,248.42	156,798.65	16.14%
MAY	1,635,008.34	1,708,434.56	73,426.22	4.49%
JUNE	1,308,448.95	1,392,807.31	84,358.36	6.45%
JULY			0.00	
AUGUST			0.00	
SEPTEMBER			0.00	
YTD TOTAL	11,427,717.18	13,080,064.97	1,652,347.79	14.46%
BUDGET		14,951,607.00		
OVER/(UNDER) BUDGET		(1,871,542.04)		

MANSFIELD PARKS FACILITIES DEVELOPMENT CORP.
YEAR TO DATE SALES TAX COMPARISON
OCTOBER 2021
TO SEPTEMBER 2022

MONTH	FY21	FY22	DOLLAR VALUE INCREASE (DECREASE) FY 2021/2022	PERCENTAGE INCREASE (DECREASE) FY 2021/2022
OCTOBER	544,248.46	658,387.96	114,139.50	20.97%
NOVEMBER	709,873.69	817,695.17	107,821.48	15.19%
DECEMBER	568,810.24	670,717.72	101,907.48	17.92%
JANUARY	579,289.19	716,791.90	137,502.71	23.74%
FEBRUARY	797,991.21	921,063.98	123,072.77	15.42%
MARCH	556,192.28	640,630.60	84,438.32	15.18%
Subtotal	3,756,405.07	4,425,287.33	668,882.26	17.81%
APRIL	485,724.89	564,124.21	78,399.32	16.14%
MAY	817,504.17	854,217.28	36,713.11	4.49%
JUNE	654,224.47	696,403.65	42,179.18	6.45%
JULY			0.00	
AUGUST			0.00	
SEPTEMBER			0.00	
YTD TOTAL	5,713,858.60	6,540,032.47	826,173.87	14.46%

MANSFIELD ECONOMIC DEVELOPMENT CORP.
YEAR TO DATE SALES TAX COMPARISON
OCTOBER 2021 TO SEPTEMBER 2022

MONTH	FY21	FY22	DOLLAR VALUE INCREASE (DECREASE) FY 2021/2022	PERCENTAGE INCREASE (DECREASE) FY 2021/2022
OCTOBER	544,248.46	658,387.96	114,139.50	20.97%
NOVEMBER	709,873.69	817,695.16	107,821.47	15.19%
DECEMBER	568,810.24	670,717.72	101,907.48	17.92%
JANUARY	579,289.19	716,791.90	137,502.71	23.74%
FEBRUARY	797,991.21	921,063.99	123,072.78	15.42%
MARCH	556,192.28	640,630.60	84,438.32	15.18%
Subtotal	3,756,405.07	4,425,287.33	668,882.26	17.81%
APRIL	485,724.89	564,124.21	78,399.32	16.14%
MAY	817,504.17	854,217.28	36,713.11	4.49%
JUNE	654,224.47	696,403.66	42,179.19	6.45%
JULY			0.00	
AUGUST			0.00	
SEPTEMBER			0.00	
YTD TOTAL	5,713,858.60	6,540,032.48	826,173.88	14.46%

GENERAL FUND
MANSFIELD PARKS DEVELOPMENT CORP.
AND
MANSFIELD ECONOMIC DEVELOPMENT CORP.
COMBINED TOTAL YEAR TO DATE SALES TAX COMPARISON
OCTOBER 2021 TO SEPTEMBER 2022

MONTH	FY21	FY22	DOLLAR VALUE INCREASE (DECREASE) FY 2021/2022	PERCENTAGE INCREASE (DECREASE) FY 2021/2022
OCTOBER	2,176,993.83	2,633,551.82	456,557.99	20.97%
NOVEMBER	2,839,494.75	3,270,780.66	431,285.91	15.19%
DECEMBER	2,275,240.96	2,682,870.88	407,629.92	17.92%
JANUARY	2,317,156.77	2,867,167.61	550,010.84	23.74%
FEBRUARY	3,191,964.84	3,684,255.95	492,291.11	15.42%
MARCH	2,224,769.10	2,562,522.41	337,753.31	15.18%
Subtotal	15,025,620.25	17,701,149.33	2,675,529.08	17.81%
APRIL	1,942,899.54	2,256,496.84	313,597.30	16.14%
MAY	3,270,016.68	3,416,869.12	146,852.44	4.49%
JUNE	2,616,897.90	2,785,614.62	168,716.72	6.45%
JULY			0.00	
AUGUST			0.00	
SEPTEMBER			0.00	
YTD TOTAL	22,855,434.37	26,160,129.91	3,304,695.54	14.46%
BUDGET		29,903,214.00		
OVER/(UNDER) BUDGET		(3,743,084.09)		

SCHEDULE OF INVESTMENTS

MANSFIELD
T E X A S

INVESTMENT OFFICERS' REPORT

This report is prepared in accordance with the Public funds Investment Act ("Act"), Chapter 2256 of Title 10 of the Government Code. This Act prescribes the investment of funds in the custody of a district or authority created under Article XVI, Section 59, of the Texas Constitution. Section 2256.023(a) of the Act states that "not less than quarterly the investment officers shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period." This report covers the month of June for Fiscal Year 2022.

Bryan Rebel
Investment Officer

City of Mansfield
Portfolio Holdings
Tracker Portfolio Set Up - by Issuer
Report Format: By Transaction
Group By: Issuer
Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 6/30/2022

Description	CUSIP/Ticker	Settlement Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Maturity Date	Days To Maturity	Accrued Interest	% of Portfolio	Portfolio Name
AIM Invesco												
AIM Invesco MM	AIM	9/30/1999	0.240	468,688.49	468,688.49	468,688.49	468,688.49	N/A	1		0.51	15 - Street Construction
Sub Total / Average AIM Invesco			**0.240**	**468,688.49**	**468,688.49**	**468,688.49**	**468,688.49**		**1**	**0.00**	**0.51**	
CLASS												
CLASS LGIP	CLASS	5/27/2021	1.158	1,716,358.58	1,716,358.58	1,716,358.58	1,716,358.58	N/A	1		1.87	110 - ARPA
Sub Total / Average CLASS			**1.158**	**1,716,358.58**	**1,716,358.58**	**1,716,358.58**	**1,716,358.58**		**1**	**0.00**	**1.87**	
LOGIC												
LOGIC LGIP	LOGIC	5/28/2022	1.797	5,005,453.47	5,005,453.47	5,005,453.47	5,005,453.47	N/A	1		5.45	25 - Water & Sewer
LOGIC LGIP	LOGIC	5/28/2022	1.797	8,008,725.55	8,008,725.55	8,008,725.55	8,008,725.55	N/A	1		8.71	01 - General Fund
LOGIC LGIP	LOGIC	5/28/2022	1.797	4,004,362.78	4,004,362.78	4,004,362.78	4,004,362.78	N/A	1		4.36	39 - Economic Development
LOGIC LGIP	LOGIC	5/28/2022	1.797	3,003,272.09	3,003,272.09	3,003,272.09	3,003,272.09	N/A	1		3.27	50 - TIF
Sub Total / Average LOGIC			**1.797**	**20,021,813.89**	**20,021,813.89**	**20,021,813.89**	**20,021,813.89**		**1**	**0.00**	**21.79**	
Nations Funds												
Nations Funds MM	MF0008	10/25/1999	0.000	26,614.60	26,614.60	26,614.60	26,614.60	N/A	1		0.03	06 - Tree Mitigation
Nations Funds MM	MF0008	10/25/1999	0.000	152,279.61	152,279.61	152,279.61	152,279.61	N/A	1		0.17	39 - Economic Development
Nations Funds MM	MF0008	10/25/1999	0.000	1,458,249.62	1,458,249.62	1,458,249.62	1,458,249.62	N/A	1		1.59	28 - Utility Construction Fund 28
Nations Funds MM	MF0008	10/25/1999	0.000	445,812.15	445,812.15	445,812.15	445,812.15	N/A	1		0.49	10 - Debt Services
Nations Funds MM	MF0008	10/25/1999	0.000	607,122.27	607,122.27	607,122.27	607,122.27	N/A	1		0.66	24 - Mansfield Parks Land Dedication
Nations Funds MM	MF0008	10/25/1999	0.000	2,293,497.73	2,293,497.73	2,293,497.73	2,293,497.73	N/A	1		2.50	23 - Mansfield Parks 1/2 Sales Tax
Nations Funds MM	MF0008	10/25/1999	0.000	3,363,726.58	3,363,726.58	3,363,726.58	3,363,726.58	N/A	1		3.66	15 - Street Construction
Nations Funds MM	MF0008	10/25/1999	0.000	4,876,347.60	4,876,347.60	4,876,347.60	4,876,347.60	N/A	1		5.31	25 - Water & Sewer
Nations Funds MM	MF0008	10/25/1999	0.000	4,170,982.20	4,170,982.20	4,170,982.20	4,170,982.20	N/A	1		4.54	01 - General Fund
Nations Funds MM	MF0008	4/11/2012	0.000	3,010,843.20	3,010,843.20	3,010,843.20	3,010,843.20	N/A	1		3.28	27 - Revenue Bond Reserve
Nations Funds MM	MF0008	8/1/2016	0.000	1,543,135.54	1,543,135.54	1,543,135.54	1,543,135.54	N/A	1		1.68	86 - 2016 Streets Construction
Nations Funds MM	MF0008	8/1/2016	0.000	1,616,868.95	1,616,868.95	1,616,868.95	1,616,868.95	N/A	1		1.76	309 - Library Expansion

Description	CUSIP/Ticker	Settlement Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Maturity Date	Days To Maturity	Accrued Interest	% of Portfolio	Portfolio Name
Nations Funds MM	MF0008	12/1/2017	0.000	25,976.48	25,976.48	25,976.48	25,976.48	N/A	1		0.03	87 - 2017 Streets Construction
Nations Funds MM	MF0008	7/2/2018	0.000	1,601,010.67	1,601,010.67	1,601,010.67	1,601,010.67	N/A	1		1.74	873 - MEDC Construction
Sub Total / Average Nations Funds			**0.000**	**25,192,467.20**	**25,192,467.20**	**25,192,467.20**	**25,192,467.20**		**1**	**0.00**	**27.41**	
TexStar												
TexStar LGIP	TEXSTAR	11/2/2012	0.985	53,943.08	53,943.08	53,943.08	53,943.08	N/A	1		0.06	10 - Debt Services
TexStar LGIP	TEXSTAR	11/2/2012	0.985	7,313,817.40	7,313,817.40	7,313,817.40	7,313,817.40	N/A	1		7.96	28 - Utility Construction Fund 28
TexStar LGIP	TEXSTAR	11/2/2012	0.985	1,065,371.33	1,065,371.33	1,065,371.33	1,065,371.33	N/A	1		1.16	24 - Mansfield Parks Land Dedication
TexStar LGIP	TEXSTAR	11/2/2012	0.985	998,805.04	998,805.04	998,805.04	998,805.04	N/A	1		1.09	19 - Drainage Utility Fund
TexStar LGIP	TEXSTAR	11/2/2012	0.985	2,446,363.41	2,446,363.41	2,446,363.41	2,446,363.41	N/A	1		2.66	23 - Mansfield Parks 1/2 Sales Tax
TexStar LGIP	TEXSTAR	11/2/2012	0.985	1,518,872.84	1,518,872.84	1,518,872.84	1,518,872.84	N/A	1		1.65	81 - Street Construction 2012 Issue
TexStar LGIP	TEXSTAR	11/2/2012	0.985	1,486,750.64	1,486,750.64	1,486,750.64	1,486,750.64	N/A	1		1.62	50 - TIF
TexStar LGIP	TEXSTAR	11/2/2012	0.985	834,433.88	834,433.88	834,433.88	834,433.88	N/A	1		0.91	39 - Economic Development
TexStar LGIP	TEXSTAR	11/2/2012	0.985	8,515,822.02	8,515,822.02	8,515,822.02	8,515,822.02	N/A	1		9.27	01 - General Fund
TexStar LGIP	TEXSTAR	11/2/2012	0.985	1,959,752.80	1,959,752.80	1,959,752.80	1,959,752.80	N/A	1		2.13	15 - Street Construction
TexStar LGIP	TEXSTAR	11/2/2012	0.985	79,737.47	79,737.47	79,737.47	79,737.47	N/A	1		0.09	16 - Building Construction
TexStar LGIP	TEXSTAR	11/2/2012	0.985	231,969.46	231,969.46	231,969.46	231,969.46	N/A	1		0.25	38 - MEDC I&S Fund
TexStar LGIP	TEXSTAR	11/2/2012	0.985	11,297,877.01	11,297,877.01	11,297,877.01	11,297,877.01	N/A	1		12.29	25 - Water & Sewer
TexStar LGIP	TEXSTAR	1/8/2014	0.985	4,846.12	4,846.12	4,846.12	4,846.12	N/A	1		0.01	22 - Equipment Replacement
TexStar LGIP	TEXSTAR	11/30/2014	0.985	584,259.52	584,259.52	584,259.52	584,259.52	N/A	1		0.64	08 - Hotel
TexStar LGIP	TEXSTAR	8/31/2016	0.985	973,896.96	973,896.96	973,896.96	973,896.96	N/A	1		1.06	86 - 2016 Streets Construction
TexStar LGIP	TEXSTAR	12/31/2017	0.985	3,442,225.32	3,442,225.32	3,442,225.32	3,442,225.32	N/A	1		3.75	87 - 2017 Streets Construction
TexStar LGIP	TEXSTAR	7/31/2018	0.985	1,691,368.48	1,691,368.48	1,691,368.48	1,691,368.48	N/A	1		1.84	873 - MEDC Construction
Sub Total / Average TexStar			**0.985**	**44,500,112.78**	**44,500,112.78**	**44,500,112.78**	**44,500,112.78**		**1**	**0.00**	**48.42**	
Total / Average			**0.891**	**91,899,440.94**	**91,899,440.94**	**91,899,440.94**	**91,899,440.94**		**1**	**0.00**	**100**	

City of Mansfield
Portfolio Holdings
Tracker Portfolio Set Up - by Portfolio (Fund)
Report Format: By Transaction
Group By: Portfolio Name
Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 6/30/2022

Description	CUSIP/Ticker	Security Type	Settlement Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Maturity Date	Days To Maturity	Accrued Interest	% of Portfolio
01 - General Fund												
LOGIC LGIP	LOGIC	Local Government Investment Pool	5/28/2022	1.797	8,008,725.55	8,008,725.55	8,008,725.55	8,008,725.55	N/A	1		8.71
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	4,170,982.20	4,170,982.20	4,170,982.20	4,170,982.20	N/A	1		4.54
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	8,515,822.02	8,515,822.02	8,515,822.02	8,515,822.02	N/A	1		9.27
Sub Total / Average 01 - General Fund				**1.101**	**20,695,529.77**	**20,695,529.77**	**20,695,529.77**	**20,695,529.77**		**1**	**0.00**	**22.52**
06 - Tree Mitigation												
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	26,614.60	26,614.60	26,614.60	26,614.60	N/A	1		0.03
Sub Total / Average 06 - Tree Mitigation				**0.000**	**26,614.60**	**26,614.60**	**26,614.60**	**26,614.60**		**1**	**0.00**	**0.03**
08 - Hotel												
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/30/2014	0.985	584,259.52	584,259.52	584,259.52	584,259.52	N/A	1		0.64
Sub Total / Average 08 - Hotel				**0.985**	**584,259.52**	**584,259.52**	**584,259.52**	**584,259.52**		**1**	**0.00**	**0.64**
10 - Debt Services												
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	445,812.15	445,812.15	445,812.15	445,812.15	N/A	1		0.49
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	53,943.08	53,943.08	53,943.08	53,943.08	N/A	1		0.06
Sub Total / Average 10 - Debt Services				**0.106**	**499,755.23**	**499,755.23**	**499,755.23**	**499,755.23**		**1**	**0.00**	**0.54**
110 - ARPA												
CLASS LGIP	CLASS	Local Government Investment Pool	5/27/2021	1.158	1,716,358.58	1,716,358.58	1,716,358.58	1,716,358.58	N/A	1		1.87
Sub Total / Average 110 - ARPA				**1.158**	**1,716,358.58**	**1,716,358.58**	**1,716,358.58**	**1,716,358.58**		**1**	**0.00**	**1.87**
15 - Street Construction												
AIM Invesco MM	AIM	Money Market	9/30/1999	0.240	468,688.49	468,688.49	468,688.49	468,688.49	N/A	1		0.51
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	3,363,726.58	3,363,726.58	3,363,726.58	3,363,726.58	N/A	1		3.66
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	1,959,752.80	1,959,752.80	1,959,752.80	1,959,752.80	N/A	1		2.13

Description	CUSIP/Ticker	Security Type	Settlement Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Maturity Date	Days To Maturity	Accrued Interest	% of Portfolio
Sub Total / Average 15 - Street Construction				**0.353**	**5,792,167.87**	**5,792,167.87**	**5,792,167.87**	**5,792,167.87**		**1**	**0.00**	**6.30**
16 - Building Construction												
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	79,737.47	79,737.47	79,737.47	79,737.47	N/A	1		0.09
Sub Total / Average 16 - Building Construction				**0.985**	**79,737.47**	**79,737.47**	**79,737.47**	**79,737.47**		**1**	**0.00**	**0.09**
19 - Drainage Utility Fund												
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	998,805.04	998,805.04	998,805.04	998,805.04	N/A	1		1.09
Sub Total / Average 19 - Drainage Utility Fund				**0.985**	**998,805.04**	**998,805.04**	**998,805.04**	**998,805.04**		**1**	**0.00**	**1.09**
22 - Equipment Replacement												
TexStar LGIP	TEXSTAR	Local Government Investment Pool	1/8/2014	0.985	4,846.12	4,846.12	4,846.12	4,846.12	N/A	1		0.01
Sub Total / Average 22 - Equipment Replacement				**0.985**	**4,846.12**	**4,846.12**	**4,846.12**	**4,846.12**		**1**	**0.00**	**0.01**
23 - Mansfield Parks 1/2 Sales Tax												
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	2,293,497.73	2,293,497.73	2,293,497.73	2,293,497.73	N/A	1		2.50
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	2,446,363.41	2,446,363.41	2,446,363.41	2,446,363.41	N/A	1		2.66
Sub Total / Average 23 - Mansfield Parks 1/2 Sales Tax				**0.508**	**4,739,861.14**	**4,739,861.14**	**4,739,861.14**	**4,739,861.14**		**1**	**0.00**	**5.16**
24 - Mansfield Parks Land Dedication												
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	607,122.27	607,122.27	607,122.27	607,122.27	N/A	1		0.66
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	1,065,371.33	1,065,371.33	1,065,371.33	1,065,371.33	N/A	1		1.16
Sub Total / Average 24 - Mansfield Parks Land Dedication				**0.627**	**1,672,493.60**	**1,672,493.60**	**1,672,493.60**	**1,672,493.60**		**1**	**0.00**	**1.82**
25 - Water & Sewer												
LOGIC LGIP	LOGIC	Local Government Investment Pool	5/28/2022	1.797	5,005,453.47	5,005,453.47	5,005,453.47	5,005,453.47	N/A	1		5.45
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	4,876,347.60	4,876,347.60	4,876,347.60	4,876,347.60	N/A	1		5.31
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	11,297,877.01	11,297,877.01	11,297,877.01	11,297,877.01	N/A	1		12.29
Sub Total / Average 25 - Water & Sewer				**0.950**	**21,179,678.08**	**21,179,678.08**	**21,179,678.08**	**21,179,678.08**		**1**	**0.00**	**23.05**
27 - Revenue Bond Reserve												

Description	CUSIP/Ticker	Security Type	Settlement Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Maturity Date	Days To Maturity	Accrued Interest	% of Portfolio
Nations Funds MM	MF0008	Money Market	4/11/2012	0.000	3,010,843.20	3,010,843.20	3,010,843.20	3,010,843.20	N/A	1		3.28
Sub Total / Average 27 - Revenue Bond Reserve				**0.000**	**3,010,843.20**	**3,010,843.20**	**3,010,843.20**	**3,010,843.20**		**1**	**0.00**	**3.28**
28 - Utility Construction Fund 28												
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	1,458,249.62	1,458,249.62	1,458,249.62	1,458,249.62	N/A	1		1.59
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	7,313,817.40	7,313,817.40	7,313,817.40	7,313,817.40	N/A	1		7.96
Sub Total / Average 28 - Utility Construction Fund 28				**0.821**	**8,772,067.02**	**8,772,067.02**	**8,772,067.02**	**8,772,067.02**		**1**	**0.00**	**9.55**
309 - Library Expansion												
Nations Funds MM	MF0008	Money Market	8/1/2016	0.000	1,616,868.95	1,616,868.95	1,616,868.95	1,616,868.95	N/A	1		1.76
Sub Total / Average 309 - Library Expansion				**0.000**	**1,616,868.95**	**1,616,868.95**	**1,616,868.95**	**1,616,868.95**		**1**	**0.00**	**1.76**
38 - MEDC I&S Fund												
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	231,969.46	231,969.46	231,969.46	231,969.46	N/A	1		0.25
Sub Total / Average 38 - MEDC I&S Fund				**0.985**	**231,969.46**	**231,969.46**	**231,969.46**	**231,969.46**		**1**	**0.00**	**0.25**
39 - Economic Development												
LOGIC LGIP	LOGIC	Local Government Investment Pool	5/28/2022	1.797	4,004,362.78	4,004,362.78	4,004,362.78	4,004,362.78	N/A	1		4.36
Nations Funds MM	MF0008	Money Market	10/25/1999	0.000	152,279.61	152,279.61	152,279.61	152,279.61	N/A	1		0.17
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	834,433.88	834,433.88	834,433.88	834,433.88	N/A	1		0.91
Sub Total / Average 39 - Economic Development				**1.606**	**4,991,076.27**	**4,991,076.27**	**4,991,076.27**	**4,991,076.27**		**1**	**0.00**	**5.43**
50 - TIF												
LOGIC LGIP	LOGIC	Local Government Investment Pool	5/28/2022	1.797	3,003,272.09	3,003,272.09	3,003,272.09	3,003,272.09	N/A	1		3.27
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	1,486,750.64	1,486,750.64	1,486,750.64	1,486,750.64	N/A	1		1.62
Sub Total / Average 50 - TIF				**1.528**	**4,490,022.73**	**4,490,022.73**	**4,490,022.73**	**4,490,022.73**		**1**	**0.00**	**4.89**
81 - Street Construction 2012 Issue												
TexStar LGIP	TEXSTAR	Local Government Investment Pool	11/2/2012	0.985	1,518,872.84	1,518,872.84	1,518,872.84	1,518,872.84	N/A	1		1.65
Sub Total / Average 81 - Street Construction 2012 Issue				**0.985**	**1,518,872.84**	**1,518,872.84**	**1,518,872.84**	**1,518,872.84**		**1**	**0.00**	**1.65**

Description	CUSIP/Ticker	Security Type	Settlement Date	YTM @ Cost	Face Amount/Shares	Cost Value	Book Value	Market Value	Maturity Date	Days To Maturity	Accrued Interest	% of Portfolio
86 - 2016 Streets Construction												
Nations Funds MM	MF0008	Money Market	8/1/2016	0.000	1,543,135.54	1,543,135.54	1,543,135.54	1,543,135.54	N/A	1		1.68
TexStar LGIP	TEXSTAR	Local Government Investment Pool	8/31/2016	0.985	973,896.96	973,896.96	973,896.96	973,896.96	N/A	1		1.06
Sub Total / Average 86 - 2016 Streets Construction				**0.381**	**2,517,032.50**	**2,517,032.50**	**2,517,032.50**	**2,517,032.50**		**1**	**0.00**	**2.74**
87 - 2017 Streets Construction												
Nations Funds MM	MF0008	Money Market	12/1/2017	0.000	25,976.48	25,976.48	25,976.48	25,976.48	N/A	1		0.03
TexStar LGIP	TEXSTAR	Local Government Investment Pool	12/31/2017	0.985	3,442,225.32	3,442,225.32	3,442,225.32	3,442,225.32	N/A	1		3.75
Sub Total / Average 87 - 2017 Streets Construction				**0.978**	**3,468,201.80**	**3,468,201.80**	**3,468,201.80**	**3,468,201.80**		**1**	**0.00**	**3.77**
873 - MEDC Construction												
Nations Funds MM	MF0008	Money Market	7/2/2018	0.000	1,601,010.67	1,601,010.67	1,601,010.67	1,601,010.67	N/A	1		1.74
TexStar LGIP	TEXSTAR	Local Government Investment Pool	7/31/2018	0.985	1,691,368.48	1,691,368.48	1,691,368.48	1,691,368.48	N/A	1		1.84
Sub Total / Average 873 - MEDC Construction				**0.506**	**3,292,379.15**	**3,292,379.15**	**3,292,379.15**	**3,292,379.15**		**1**	**0.00**	**3.58**
Total / Average				**0.891**	**91,899,440.94**	**91,899,440.94**	**91,899,440.94**	**91,899,440.94**		**1**	**0.00**	**100**

Federal Reserve Bank of Dallas

SECOND QUARTER 2022

Southwest Economy

Changing Economy Likely to Test Banks as Stimulus Ends, Growth Slows

PLUS

Looking back at a past *Southwest Economy* article, with updates to the story through today.

Harris County Five Years After Hurricane Harvey Hit

In late 2017, then-Harris County Judge Ed Emmett went "On the Record" in *Southwest Economy* ("Harris County Faces Challenges Following Hurricane Harvey Deluge") to discuss the response to Hurricane Harvey, the Category 4 storm that struck in August.

Comparing Hurricane Harvey to previous severe weather events in the region:

There is no comparison—Harvey is by far the worst storm to hit Harris County. Unlike past events such as Hurricane Ike, Harvey was a rain and flooding event that affected a much greater number of people and businesses.

Over 50 inches of rain fell in parts of the county; there is very little you can do to prepare for that amount of rain in a short period of time. For homeowners, it has been a much more difficult event to deal with than [for] businesses since homeowners don't have the resources to rebuild. Going forward, the biggest challenge is finding the money to rebuild and beef up infrastructure to reduce the impact of the next big flood.

Update: Harris County acquired $7.7 billion in mostly federal funding to mitigate the impact of future storms. Almost $2.8 billion was allocated for emergency work, flood-control infrastructure, housing, and planning and administration.

How the recovery proceeded given that residential disruption was more pronounced than business disruption:

Businesses have the resources to start the repairs right away, and most were back on their feet relatively quickly. Even a small restaurant I know of in Meyerland, one of the hardest-hit areas in the county, took on five feet of water but was back in operation within three weeks.

The issue with homeowners is that most people have a significant money shortage and don't have the funds to rebuild. Many homeowners were not insured, and even those who were are waiting a long time for FEMA [Federal Emergency Management Agency] to send them checks. Even then, often the amount received doesn't cover the cost to rebuild. So, many have been left waiting for additional aid or hoping for a buyout.

Update: Harris County has spent $30 million for rehabilitation and repair of homes, much of it from the U.S. Department of Housing and Urban Development Homeowners Assistance Program.

The most important points and biggest challenges in the county's initial post-Harvey flood-control strategy:

The most important element of the plan is the overall vision. We need to acknowledge that we live in a flood-prone area and take action to reduce the impacts of future floods. Rather than fighting with our watersheds, we need to use them as assets and turn as many of them as possible into recreational areas and green spaces. We need to change our thinking and think of everything as a flood-control effort.

An important use of funds would be to buy out homes in true flood plains. If people have been allowed to build in flood-prone areas, where they really shouldn't have built, we need to buy them out so that we don't keep paying out insurance.


ON THE RECORD

A Conversation with Judge Ed Emmett

Harris County Faces Challenges Following Hurricane Harvey Deluge

Edward M. Emmett became Harris County judge in 2007. He is the chief administrative officer and director of emergency management in the county, which includes most of the city of Houston. He recently released a 15-point plan to prevent future flooding disasters. Harris County is the third-most populous U.S. county, accounting for two-thirds of the Houston metropolitan statistical area's population of 6.8 million people.

Q. How did Hurricane Harvey's aftermath compare to previous severe weather events in the region?

There is no comparison—Harvey is by far the worst storm to hit Harris County. Unlike past events such as Hurricane Ike, Harvey was a rain and flooding event that affected a much greater number of people and businesses.

Over 50 inches of rain fell in parts of the county; there is very little you can do to prepare for that amount of rain in a short period of time. With a hurricane, there is a storm surge that is localized and more predictable, which allows you to better prepare and evacuate people. What many people don't understand is that Harris County has good drainage—that's why most of the water was gone within a week. It was just too much rain in a very short period of time, and for homeowners, it has been a much more difficult event to deal with than businesses since homeowners don't have the resources to rebuild. Going forward, the biggest challenge is finding the money to rebuild and beef up infrastructure to reduce the impact of the next big flood.

Q. What do you see as key differences in the response to Harvey compared with Superstorm Sandy and Hurricane Katrina?

Katrina was a game changer in terms of how large a political event it was and how governmental entities reacted in the aftermath. There was a lot of criticism of federal, state and local governments. What a lot of people remember is the disjointed response.

By the time I had become county judge in 2007, the precedent had already been set in our region that during these kinds of crises, the city, county and state need to work together. We don't get caught up in who is in charge of what, we simply do what needs to be done to make sure everyone is safe.

Hurricanes didn't used to be political events. As an example, I was in the Houston area when Hurricane Alicia hit us in 1983, and it wasn't an event that came into the political realm. Nobody talked about the government's response or how FEMA (the Federal Emergency Management Agency) managed the aftermath. That first changed with the politicization of Hurricane Andrew [in South Florida] in 1992—an election year—when President [George H.W.] Bush was judged by how he responded. Since then, these storms have become political in the sense that the response to the event is judged and used as ammunition in the next election cycle.

Q. Businesses have told us that Harvey did not cause as much business disruption as it did residential disruption. How does this impact the recovery?

Businesses have the resources to start the repairs right away, and most were back on their feet relatively quickly. Even a small restaurant I know of in Meyerland, one of the hardest-hit areas in the county, took on five feet of water but was back in operation within three weeks. Once the water was gone, businesses had the wherewithal to begin rebuilding and get back into operation.

The issue with homeowners is that most people have a significant money shortage and don't have the funds to rebuild. Many homeowners were not insured, and even those who were are waiting a long time for FEMA to send them checks. Even then, often the amount received doesn't cover the cost to rebuild. So, many have been left waiting for additional aid or hoping for a buyout.

Q. What do you see as the most important points of your recently announced flood control proposal? What are the biggest challenges?

The most important element of the plan is the overall vision. We need to acknowledge that we live in a flood-prone area and take action to reduce the impacts of future floods. Rather than fighting with our watersheds, we need to use them as assets and turn as many of them as possible into recreational areas and green spaces. It is a different kind of mindset that we need to adopt.

Beyond that, we need to recognize that lakes Houston and Conroe need to be designated as flood-control lakes rather than water supplies. We need to change our thinking and think of everything as a flood-control effort.

8 Southwest Economy • Federal Reserve Bank of Dallas • Fourth Quarter 2017

Southwest Economy, Fourth Quarter, 2017

Update: A total of $446.2 million had been spent on home buyouts in Harris County as of year-end 2021. More than 4,000 property owners have volunteered for a buyout: 1,600 were approved, 457 are in process; 718 were purchased as of April 2022.

The Houston metropolitan area's governmental structure and implementation of flood-prevention strategies:

We need a long-term revenue source that encompasses unincorporated Harris County to finance these infrastructure projects. A huge number of people live outside of incorporated areas of Harris County. Compared with Dallas County, where there are about 6,000 people in unincorporated areas, there are almost 2 million in Harris County—nearly the same as the city of Houston's population.

Update: Counties that include large parts of the unincorporated Houston suburbs (not part of an established city) attracted new residents from 2017 to 2021—Waller County, up 3.7 percent; Montgomery, 3.2 percent; and Fort Bend, 2.8 percent. To avoid future catastrophic flooding, Harris County alone has spent $1.5 billion on flood-control infrastructure and $199.4 million on other flood-control projects as of year-end 2021.

—Updates from Luis Torres

Changing Economy Likely to Test Banks as Stimulus Ends, Growth Slows

By Amy Chapel and Kory Killgo

ABSTRACT: Banks in the region and the U.S., which have benefited from pandemic-era fiscal stimulus, face downside risks arising from Russia's invasion of Ukraine, ongoing COVID-19 shocks abroad and expectations of significant central bank tightening to address elevated inflation. If a meaningful macroeconomic shock occurs, banks could face decelerating loan growth, deteriorating asset quality and declining earnings.

The challenges to banks are numerous: decelerating global growth, high inflation, potential structural economic change, significantly tighter central bank policy and high cybersecurity risks.

All these factors confront institutions in the Eleventh District and across the country.[1]

The sources of these factors resemble those clouding the broader economic outlook—Russia's invasion of Ukraine and the continuing effects of the pandemic. Despite recent uncertainty, banks began 2022 on stronger footing and with a generally positive outlook.

Asset quality improved in 2021, with noncurrent loans as a share of total loans declining to lows not seen since before the 2008–09 financial crisis. Banks offered loan forbearance as part of the response to the pandemic which, combined with subsequent significant government stimulus, helped keep asset quality strong relative to prepandemic levels.

As a result, some banks reduced loan loss reserves, a move that boosted profitability last year. With asset quality at historically strong levels and a resumption of loan growth underway, it is unlikely banks will be able to further reduce loan loss reserves this year. Additionally, banks face significant hiring competition and wage pressures. These factors could further affect bank earnings this year.

Continued pressure on banks' net interest margins is also likely to weigh on earnings.[2] Net interest margins trended lower and were near historic lows in 2021. Despite the Federal Reserve beginning a monetary policy tightening cycle in March 2022, with higher short-term rates benefiting margins, it's likely margins will remain compressed as short-term rates are expected to increase more quickly than long-term ones.

In addition to raising the benchmark federal funds rate, the Federal Reserve began reducing the size of its balance sheet, which grew significantly during the financial crisis of the late 2000s and again in response to the COVID-19 economic downturn. Over time, reduction of the asset side of the Fed's balance sheet will also decrease Federal Reserve liabilities, including banks' reserves at the Federal Reserve.

Bank Profitability Rebounds

Profitability, as measured by return on average assets, recovered markedly in 2021.[3] Profitability was 1.33 percent for district banks in 2021, up 23 basis points (0.23 percentage points) from 2020, and 1.35 percent for U.S. banks, up 46 basis points (*Chart 1*).[4]

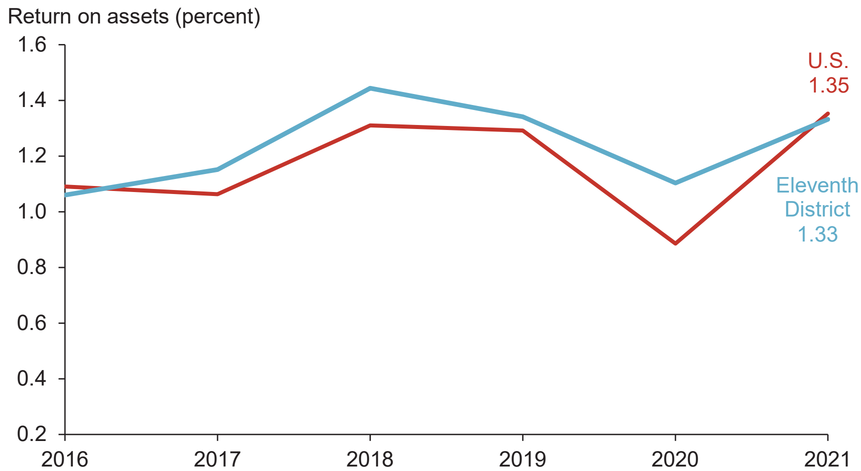
Releases from banks' loan loss reserves together with lower noninterest expense offset declining revenue.

Both in the district and nationally, decreased provision for loan losses accounted for most of the improvement in profitability.[5] Provision expense went from historically reducing profitability to mildly supporting it in 2021, indicating a net release of loan loss reserves.

This was the first time since 1984—when the data began to be collected—that the U.S. banking industry in aggregate experienced negative provision expense. This is unlikely to continue. For district banks, reserve releases contributed 45 basis points to the improved return on average assets; nationally, it added 53 basis points.

Also contributing to profitability in 2021 was decreased noninterest

CHART 1 Eleventh District, U.S. Bank Profitability Rebounded in 2021



NOTE: Data are for commercial banks with total assets less than $100 billion.
SOURCE: Federal Financial Institutions Examination Council, Reports of Condition and Income.

expense—which includes employee salaries and benefits, operating expenses and expenses for premises. At district banks, noninterest expense was down 22 basis points to 2.20 percent of average assets, while nationwide noninterest expense fell 22 basis points to 2.40 percent.

In an environment of rising wages and with the need for greater investment in technology and IT security, noninterest expenses could rise.

Conversely, noninterest income was a drag on profitability. Despite noninterest income increasing in 2021—which anecdotally was partially attributable to fee income from the federal COVID-19 Paycheck Protection Program (PPP) relief loans that banks administered—it rose more slowly than average assets, thus reducing the return on average assets.

Net interest margins—at near historic lows in 2021—also weighed on bank profitability. At district banks, net interest margins fell 30 basis points to 2.92 percent of tax-equivalent average earning assets in 2021. Nationally, margins fell 16 basis points to 3.22 percent.

Despite Federal Reserve monetary policy tightening beginning in March 2022, margins will remain compressed this year because of Treasury curve flatness.[6] This is the result of a relatively small difference in the yield between short-term and long-term Treasury bonds. Banks take in deposits, paying a relatively low interest rate, and lend funds for longer terms at higher rates.

Banks seeking to boost net interest margins have increasingly invested in securities, including Treasuries, agency securities (bonds issued by federal government agencies and government-sponsored entities) and agency mortgage-backed securities.

Securities increased $42.5 billion for district banks in 2021—up 30.2 percent from 2020—and $367.8 billion nationwide in 2021, up 31.8 percent (*Table 1*). Growth in securities drove bank balance sheet expansion last year. Banks' total assets—including loans, securities and reserve balances at the Fed—increased $70.8 billion (11.9 percent) in the district and $637.3 billion (10.2 percent) nationwide in 2021 compared with 2020.

Another driver of asset growth was reserve balances at the Fed, attributable to the central bank's asset purchases and to stimulus funds moving from the U.S. Treasury to taxpayers, who, in turn, increased their deposit balances at banks.

However, as the Fed's Federal Open Market Committee reduces the Fed's balance sheet while tightening monetary policy, bank reserve balances at the Fed and consumer bank deposits are expected to decline. While this could marginally worsen banking liquidity, it could provide some relief to bank leverage ratios, weakened by double-digit balance sheet growth during the pandemic.[7]

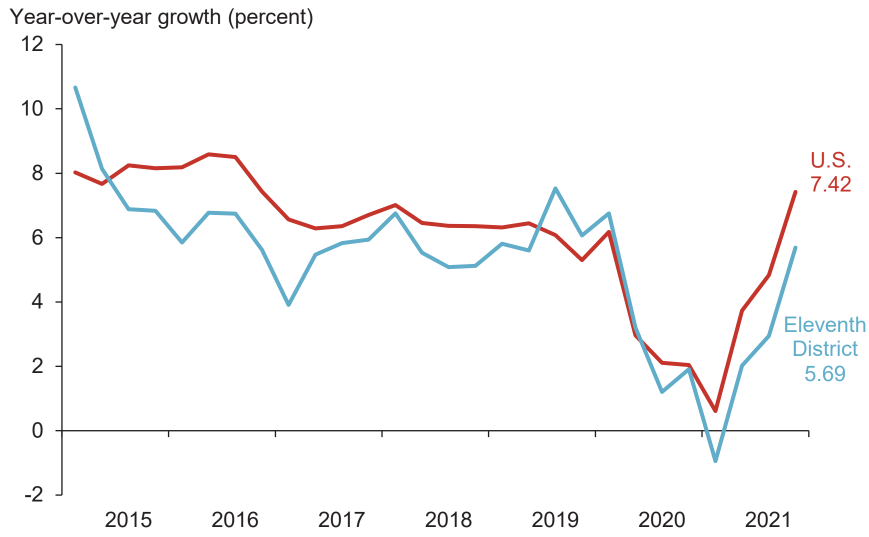
TABLE 1 Fed Balances and Securities Drive Bank Balance Sheet Growth

	Change: Dec. 31, 2020–Dec. 31, 2021			
	Eleventh District banks		U.S. banks	
	Dollars (billions)	Percent	Dollars (billions)	Percent
Total assets	70.8	11.9	637.3	10.2
PPP	-18.5	-80.1	-192.2	-76.2
Loans (excl PPP)	17.8	5.7	283.0	7.4
Securities	42.5	30.2	367.8	31.8
Balances at the Fed	24.0	46.1	129.5	31.9
Other interest bearing	3.2	13.5	29.7	16.2
Other	1.8	4.4	19.5	4.3
Total liabilities	66.9	12.6	588.5	10.6
Deposits	73.7	14.8	662.6	12.8
Wholesale funds	-6.8	-38.9	-68.9	-27.7
Other	na	na	-5.2	-3.4
Equity capital	4.0	6.1	48.9	7.0

NOTES: Data are for commercial banks with total assets less than $100 billion. PPP refers to the Paycheck Protection Program. Equity capital equals total assets minus total liabilities. The change from 2020 to 2021 is shown in both dollars and percent for Eleventh District and U.S. banks.
SOURCE: Federal Financial Institutions Examination Council, Reports of Condition and Income.

CHART 2

Loan Growth Picks Up for U.S., Eleventh District Banks



NOTE: Data are for commercial banks with total assets less than $100 billion and have been adjusted to exclude Paycheck Protection Program loans.

SOURCE: Federal Financial Institutions Examination Council, Reports of Condition and Income.

Bank balance sheet expansion eased last year as government pandemic support to businesses and consumers ended, slowing deposit growth. Deposit growth driven by pandemic interventions peaked in early 2021. Deposits rose 27.1 percent year over year at district banks as of March 31, 2021, and 22.7 percent nationwide. Anecdotally, bankers reported that the PPP produced an inflow of retail and small business deposits.

By year-end 2021, deposit growth had slipped to 14.8 percent year over year in the district and 12.8 percent nationwide. Deposit growth is expected to continue slowing in 2022, as stimulus measures end.

District Loan Growth Uptick

Loan growth, disrupted by the pandemic, regained its footing in 2021. Loans among district banks grew 5.7 percent last year, versus 1.9 percent in 2020 (*Chart 2*). They increased 7.4 percent nationwide in 2021, compared with just below 2.0 percent the prior year.[8]

Loan growth has picked up this year, though banks will likely face strong competition for loans after tepid COVID-19-era performance.

Loan growth was broad based across major categories last year (*Chart 3*). Nationwide, commercial and industrial loan growth led the recovery in 2021 after becoming the slowest-growing category in 2020 as businesses took on PPP loans instead. The recent performance is indicative of businesses responding to the recovery with renewed borrowing to finance capital expenditures or restock inventories. Commercial and industrial loans rose 11.7 percent in the district and 12.6 percent nationwide in 2021.

The strength of consumers and demand for housing boosted consumer and residential mortgage loan growth, while new construction and a gradual return of employees to offices supported expansion of the commercial real estate category. In the district, commercial real estate loans rose 9.1 percent, consumer loans increased 7.9 percent, and residential real estate loans grew 1.5 percent.

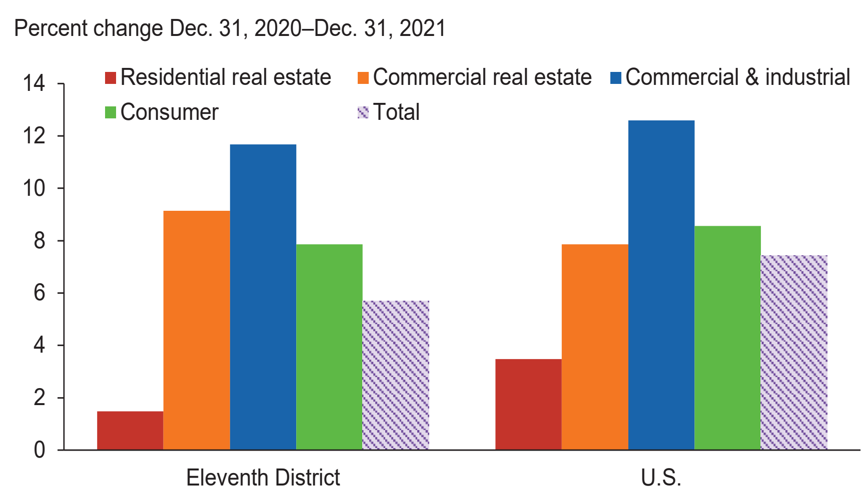
By comparison, nationwide, consumer loans rose 8.6 percent, faster than both commercial real estate, 7.9 percent, and residential real estate, 3.5 percent.

High concentrations of commercial real estate loans and their rapid growth have been historically associated with elevated risk of failures. Thus, banks' commercial real estate activity bears monitoring. At year-end 2021, 17.4 percent of district banks had material concentrations in the sector, the highest percentage since 2006.[9]

Nationwide, 8.8 percent of banks had material concentrations in commercial real estate—close to a record high. While these loans are performing well, underlying property prices have been supported by a period of low interest rates

CHART 3

All Major Categories of Bank Lending Improved in 2021



NOTE: Data are for commercial banks with total assets less than $100 billion and have been adjusted to exclude Paycheck Protection Program loans.

SOURCE: Federal Financial Institutions Examination Council, Reports of Condition and Income.

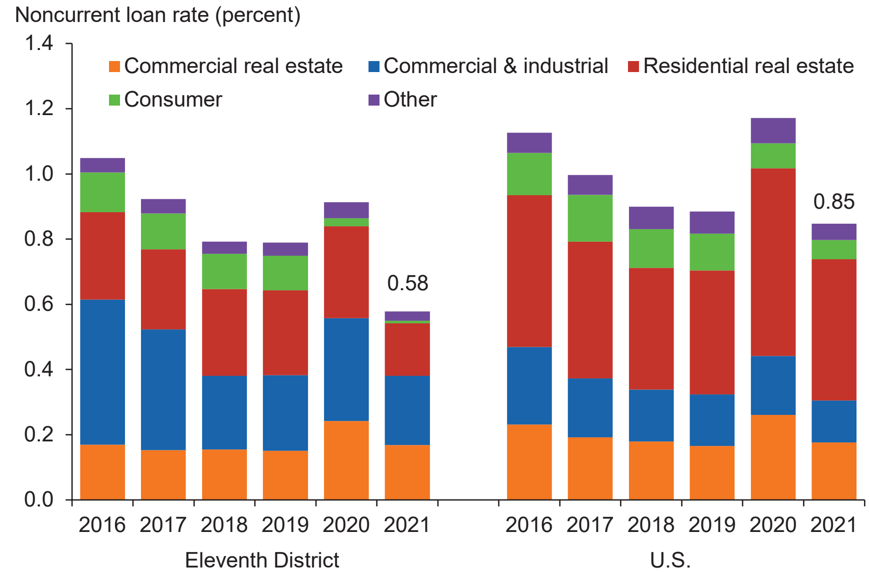
and pandemic stimulus, and they bear watching as credit conditions evolve through the year.

Strong Asset Quality

Asset quality improved steadily in 2021 for banks in the district and nationwide, with noncurrent loans reaching levels last seen before the financial crisis in the late 2000s. Limited deterioration in asset quality during the pandemic was largely due to banks providing loan forbearance—including payment deferrals, fee waivers and extension of payment terms—under the Coronavirus Aid, Relief and Economic Security Act. The action allowed traditional measures of asset quality to remain strong and improve as borrowers largely resumed normal payments. The quick economic recovery as well as government stimulus also bolstered borrowers' financial positions.

Across the district, 0.58 percent of loans at year-end 2021 were noncurrent—past due 90 days or more or on nonaccrual status (not generating interest)—down from 0.91 percent at the end of 2020 (*Chart 4*). Nationwide, noncurrent loans fell to 0.85 percent in 2021 from 1.17 percent. These are the lowest noncurrent loan values since 2007 for banks both in the district and nationwide.

CHART 4 Noncurrent Loan Rates Improve in 2021 in District, U.S.



NOTE: Data are for commercial banks with total assets less than $100 billion.
SOURCE: Federal Financial Institutions Examination Council, Reports of Condition and Income.

Of the major loan categories, residential real estate loans improved most in the district and nationwide.

Asset quality likely won't improve further in 2022; it's already near historic levels, loan growth is picking up, and the Russia–Ukraine war is clouding the economic outlook.

Uncertain Outlook

Significant public sector stimulus in response to the pandemic has produced an environment where asset quality is historically benign and loan growth is improving, even while there are strong headwinds to bank earnings, and banks' commercial real estate concentrations are high.

Downside risks in the near term arise from the Russia–Ukraine conflict, recurring COVID-19 shocks abroad and expectations of significant central bank tightening to address elevated inflation. Should an economic downturn or other major macroeconomic shock occur, banks' loan growth could decelerate, with asset quality deteriorating and earnings declining.

Chapel is a macrosurveillance manager, and Killgo is a financial industry analyst in the Banking Supervision Department at the Federal Reserve Bank of Dallas.

Notes

[1] The district comprises Texas, northern Louisiana and southern New Mexico.

[2] Net interest margin is the difference between a bank's interest income (loan and securities yields) and interest expense (deposit and other borrowing costs) weighted by average earning assets.

[3] Bank profits consist of net interest income (interest income from loans and securities less interest paid on deposits and other borrowings) plus noninterest income (fees for services) less noninterest expense (salaries and benefits for employees). Profits also reflect gains or losses on the sale of securities and are reduced by provision expense (funds set aside to cover potential loan losses) and taxes.

[4] The existing analysis includes commercial banks with total assets less than $100 billion (over 99 percent of commercial banks nationwide and in district). Data for district banks have been adjusted for structure changes, such as mergers, acquisitions and relocations.

[5] Provision expense is the amount banks set aside to cover loan losses; provision expense gets added to a bank's loan loss reserve, the buffer against expected losses. Reductions from the loan loss reserve—negative provision expense—boost profitability.

[6] The relationship between the slope of the Treasury, or yield, curve and bank profitability as measured by net interest margin remains intact, according to an analysis in "Smaller Banks Less Able to Withstand Flattening Yield Curve," by Pavel Kapinos and Alex Musatov, Federal Reserve Bank of Dallas *Economic Letter*, vol. 13, no. 8, 2018. https://fraser.stlouisfed.org/title/economic-letter-6362/smaller-banks-less-able-withstand-flattening-yield-curve-607748.

[7] Bank leverage ratios are a measure of a bank's core capital relative to its total assets. A bank's core capital includes assets that can be easily liquidated if the bank needs capital in the event of a large, unexpected loss or financial crisis.

[8] Loan growth values exclude PPP loans.

[9] A bank has a material commercial real estate concentration if its: (1) total reported loans for construction, land development and other land represent 100 percent or more of their total capital; or (2) total commercial real estate loans represent 300 percent or more of their total capital, and the outstanding balance of their commercial real estate loans has increased by 50 percent or more during the prior 36 months.

A Conversation with Raymond Robertson

Trade Binds Central America, Mexico to U.S. Despite Past Inequities

Raymond Robertson is the director of the Mosbacher Institute for Trade, Economics and Public Policy at the Bush School of Government and Public Service at Texas A&M University. He discusses the impact of free trade agreements on Mexico and Central America.

Q. NAFTA (the North American Free Trade Agreement) ushered in an era of free trade in North America. How successful was it? How did it help Mexico?

NAFTA certainly represented the beginning of a new North American era. When President George H.W. Bush started negotiations for NAFTA, the original motivation included taking advantage of trade to promote economic growth.

Most people do not realize that it was probably even more about locking in Mexican (economic) reforms after the lost 1980s and bringing Mexico and the United States (and Canada) closer together as neighbors in both the economic and political sense. To that extent, NAFTA was tremendously successful.

Mexico did not revert to the closed-economy paradigm and—except for some external shocks—has enjoyed macroeconomic stability for much of the past 30 years. NAFTA may not have lived up to the very high expectations expressed by U.S. and Mexican governments in 1992, but NAFTA helped Mexico transition from being a natural-resource exporter (like Russia and other developing countries) to being a manufacturing exporter that now focuses on automobiles, electronics and aerospace.

These industries provide very good formal sector jobs that draw workers out of agriculture and motivate investment in education. Mexico's post-NAFTA transformation remains largely unappreciated.

Q. Under NAFTA, did Mexican manufacturing workers experience improved wages and working conditions? What was the impact on U.S. workers?

President Lyndon Johnson allegedly expressed a preference for one-armed economists because he was often frustrated when economists said "… but on the other hand." Unfortunately, there are two sides to the experiences of workers in North America because of NAFTA.

NAFTA helped hitch Mexico's wagon to the U.S. manufacturing sectors. Integration with the U.S. manufacturing sector increased the demand for workers and was the driving engine of Mexican manufacturing employment for much of the past 30 years.

The comparison between Mexico's north and south [regions] shows the positive benefits of NAFTA in the sense that the much-more-integrated north has much higher wages and much more manufacturing employment. Mexico's south continues to struggle with lower wages and higher rates of agricultural employment. To that extent, one of the problems with NAFTA was that it did not go far enough to help Mexico's south.

At the same time, U.S. manufacturing workers have had a tough 30 years since NAFTA due to technological advances and competition from China. These shocks have affected Mexico as well. Competition with China in the U.S. market hurt Mexican workers—especially women working in apparel.

In the integrated sectors, such as automobiles and other manufacturing, U.S. and Mexican manufacturing employment are highly correlated, suggesting that the U.S. and Mexico are not competing for jobs with each other as much as they are working together to produce final goods that compete in the global market.

North American integration has really helped U.S. consumers. Millions of U.S. consumers enjoy Mexican avocados and cars, for example. In the cases where U.S. workers were hurt by growing integration—and obviously, there were geographically concentrated employment losses—the U.S. government could have done much more to help workers.

Insufficient support for these workers is in many ways responsible for the backlash we see against NAFTA today. The gains from NAFTA in terms of expanding U.S. and Canadian employment due to improvements in productivity and lower prices for North American consumers receive much less media attention.

Q. Ten years after NAFTA came the Central American version, CAFTA-DR. How did it differ from NAFTA, and what was it supposed to accomplish?

CAFTA-DR includes the United States, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua and was signed in 2004 during the George W. Bush administration. I mention the date and countries because these are very different countries from Mexico and, of course, Canada.

Generally, Central American countries have much lower incomes, more workers in agriculture and rely much less on manufacturing for exports. While Mexico primarily exports cars and car parts, the main manufacturing export from most of the Central American countries is apparel.

Apparel is often the first manufacturing sector that emerging-market coun-

People are much less enthusiastic about trade, and the calls for "reshoring" are rising. I think that "near-shoring" that includes shifting production from China to Mexico and Central America would help promote growth in the U.S. as well as Latin America.

tries enter along the path of economic development. While the goals of NAFTA were largely political, the goals of CAFTA-DR focused more on promoting trade and investment as a way to stimulate employment growth and foster stability.

Central America is an important source of U.S. immigration, and part of the logic of CAFTA-DR was to create jobs in Central America so that workers would not feel like they had to move to the U.S. to find employment.

Q. You have extensively researched apparel and textile trade under CAFTA-DR and around the world. What have you learned?

I have researched apparel trade for almost 20 years. Apparel is a really important sector because it often serves as a gateway for formal employment in developing countries. Workers come from subsistence agriculture and the informal sector to work in apparel factories. Apparel jobs are actually good jobs relative to most domestic alternatives in these countries.

It is a little bit surprising to hear apparel factory jobs described as "good" jobs, because they are often associated with the term "sweatshops" and are well known for very long hours; low wages; unfavorable working conditions, such as no temperature control and lack of safety measures; and, sometimes, outright abuse.

Compared with employment conditions in developed countries—like the U.S.—apparel jobs in developing countries are often very problematic. But the typical employment alternatives for these workers—often young, less-educated women—are even worse. Agriculture usually has much lower wages and higher accident rates and fatalities than apparel factories, for example.

Other sectors that are not "globalized," such as agriculture and the informal sector, may not get the same attention and, as a result, have worse conditions (than apparel factories) and less hope for change. By being the entry-level job in the formal sector, apparel jobs can be a springboard for other formal employment as well and help lay the foundation for careers.

Because apparel is easy to start up, has a global export market and offers jobs that bring people out of agriculture and informality, developing-country governments often try to promote apparel exports. At the same time, apparel trade is highly regulated.

The apparel trade is regulated today through rules of origin clauses in trade agreements. Every trade agreement needs rules of origin because they define what "made in America"—or "made in wherever"—means.

For example, rules of origin might specify that at least 60 percent of the value of a final good must be added in Mexico for a product to be considered "made in Mexico." If the rules of origin set the level at 40 percent, Mexico could import 50 percent worth of the final good value in parts from other countries, assemble them and then export the good as a Mexican product.

Apparel rules of origin are often much more complicated. Consider the production of a shirt. Shirts are considered "apparel" and are assembled (usually sewed) from pieces of fabric. Fabric is considered "textiles," which is different from apparel. Fabric (textiles) is either woven or knit from yarn and threads, which are spun from, say, cotton or artificial fibers.

In some cases, rules of origin for apparel specify that not only does a shirt have to be sewn in, say, Honduras, to be counted as Honduran, but the fabric and textiles must also come from Honduras. The CAFTA-DR agreement goes even further than that. The CAFTA-DR agreement adopts a "yarn-forward" rule that says that the shirt, fabric and the yarn that goes into the fabric must come from a CAFTA-DR country.

As a result, CAFTA-DR countries that want to benefit from the provisions in the CAFTA-DR must use the relatively limited supply of fibers, threads and fabrics produced in CAFTA-DR countries. Central American countries grow very little cotton and produce even fewer artificial fibers. Even fabric production is limited in Central America.

As a result, Central America relies on U.S. thread, fibers and fabrics for its exports. Since the U.S. produces a limited range of thread, fibers and fabrics, Central American apparel exports are very limited by the agreement.

In a recent paper, I estimated the relationship between apparel trade and nearly every trade agreement in force worldwide. In some cases, such as the U.S.–Jordan agreement, there is a very large and significant trade increase. CAFTA-DR, however, is associated with approximately 70 percent less apparel trade than the "average" agreement and, shockingly, much less trade than between country pairs that have no agreement at all.

Q. Why did CAFTA-DR fail where NAFTA succeeded?

CAFTA-DR is associated with an increase in total trade that is statistically and economically significant. For apparel, however, the comparison between CAFTA-DR and NAFTA is really interesting.

In the first few years after NAFTA took effect (1994–2000), apparel trade between Mexico and the U.S. increased significantly. When China entered the World Trade Organization in 2001, however, apparel production shifted from Mexico to China.

During the 2000s, three trends have emerged. First, technology of textile production advanced, creating a wider range of fibers, yarns and textiles. Second, production, especially of textiles used in wearing apparel, shifted from the U.S. to other producers around the world. Third, being capital and technology abundant, the U.S. shifted textile production away from wearing apparel toward more advanced textile products, such as flame-resistant materials, filters and high-performance industrial fabrics.

The CAFTA-DR effectively restricted Central America's textiles to those that remained in the U.S. As the U.S. share of the global range of textiles used in wearing apparel fell, Central America became less and less competitive because it lacked access to the global range of fabrics that consumers demanded.

Just think of how "simple" jeans have changed over the past 15 to 20 years. Jeans increasingly use "stretchy" fabrics, and there are many more available degrees of "stretchiness" in jeans. If using these newer fabrics means that you lose CAFTA-DR tariff preferences, you may want to stick with simpler products, like T-shirts.

Production shifting back to Mexico from China is generally not in apparel. Mexico is capturing much more-sophisticated goods—auto parts, electronics and aerospace.

If we want to create jobs here, we need to increase exports. Mexico and Central America buy much more, per dollar of income, than China or other East Asian countries. Expanding employment in Mexico and Central America is a way to boost U.S. exports and, therefore, U.S. jobs.

Q. What can we do to boost economic development in Central America? Would economic development in Central America damp outmigration and take some pressure off the Southwest U.S. border?

It seems clear that the restrictive rules of origin in CAFTA-DR are holding back Central American apparel production. I estimate that if CAFTA-DR were changed so that it was associated with just the "average" increase in apparel production found in other trade agreements, about 100,000 new direct jobs would be created. This is a number that is comparable to the size of migration flows from Central America.

In other words, just updating CAFTA-DR would go a long way toward reducing Central American migration and promoting growth and development in the region.

Obviously, there are still some barriers to economic growth, but my estimates hold things like corruption and electricity prices constant and suggest that the trade agreement would go a long way. Furthermore, Mexico increasingly produces textiles that get exported to Central America.

To the extent that we would want to support Central America and Mexico, we should consider revising the CAFTA-DR to facilitate Mexico's participation in textile production for Central America. Expanding the agreement to allow textile (and other) production from other countries, such as Colombia, would also promote development and stability in the region.

Q. Geopolitical tension is rising around the world, and global supply chains are under pressure. Are we seeing the end of the post-World War II free trade era?

I think a lot of people see the COVID-19 crisis as a turning point in global trade, but the data suggest that the last financial crisis (2007–09) was a turning point for globalization. The share of trade in global GDP has either remained constant or has been falling since then.

People are much less enthusiastic about trade, and the calls for "reshoring" are rising. I think that "near-shoring" that includes shifting production from China to Mexico and Central America would help promote growth in the U.S. as well as Latin America.

We should be thinking of this kind of integration more than complete reshoring because it's pretty clear from the last 20 years that manufacturers would respond to government pressure to reshore by increasing automation rather than bringing a lot of jobs back to the U.S.

If we want to create jobs here, we need to increase exports. Mexico and Central America buy much more, per dollar of income, than China or other East Asian countries. Expanding employment in Mexico and Central America is a way to boost U.S. exports and, therefore, U.S. jobs.

And if the production shifts from China, it's going to be difficult to argue that Mexican or Central American development comes at the expense of U.S. jobs. Economic integration in the Americas is a win-win solution.

Houston Still an Energy Town, Largely Pins Growth on the Sector

By Jesse Thompson

ABSTRACT: The COVID-19 pandemic decimated the oil and gas sector, whose delayed recovery slowed the Houston area's growth relative to the rest of Texas and the nation through most of 2021. In recent months, increasing oil and gas demand and shifting geopolitics have become tailwinds for energy production and exports—as well as for Houston.

At Houston's core, energy still rules. Two years after a COVID-19 lockdown helped collapse the energy sector and economic activity, historically high oil and gas prices and rising exports are propelling Houston ahead of the nation even as uncertainty and inflation erode the global economic outlook.

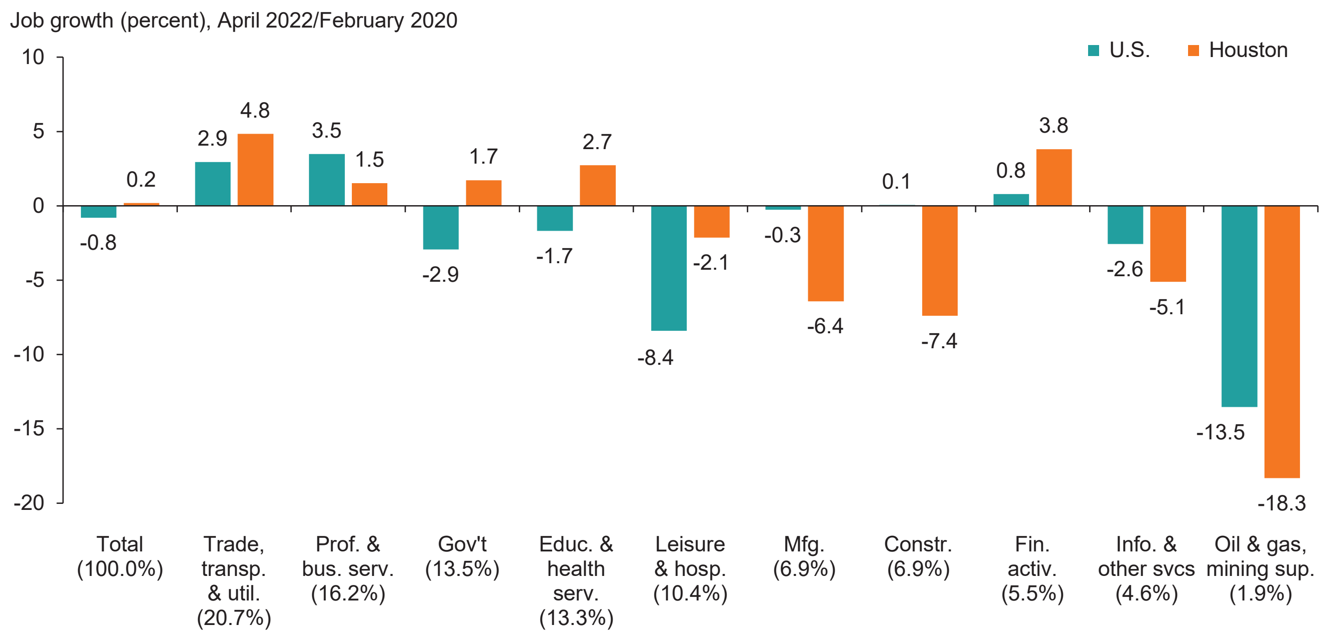
Some 25 months after the pandemic first struck, Houston has regained the 361,000 jobs that disappeared from February to April 2020 (*Chart 1*). Texas employment was 2.5 percent above its prepandemic level. By comparison, U.S. payrolls were 0.8 percent below prepandemic levels.

Apart from energy, the local service sector also suffered in the collapse, accounting for 330,000 lost jobs. Leisure and hospitality alone (especially restaurants) shed 134,000 positions, while trade, transportation and utilities (notably retail); professional and business services; and education and health services together lost another 138,000 jobs. Meanwhile, goods-producing sectors dropped 41,000 positions, more than half involving construction.

Houston, led by the service sector, initially declined more slowly than the U.S.; local employment fell 11.2 percent from February to April 2020 versus 14.4 percent in the U.S. By comparison, declines in area goods-producing industries continued into 2021.

Early in the pandemic, the energy downturn weighed on Houston manufacturing and construction industries. The fabricated metals industry, which

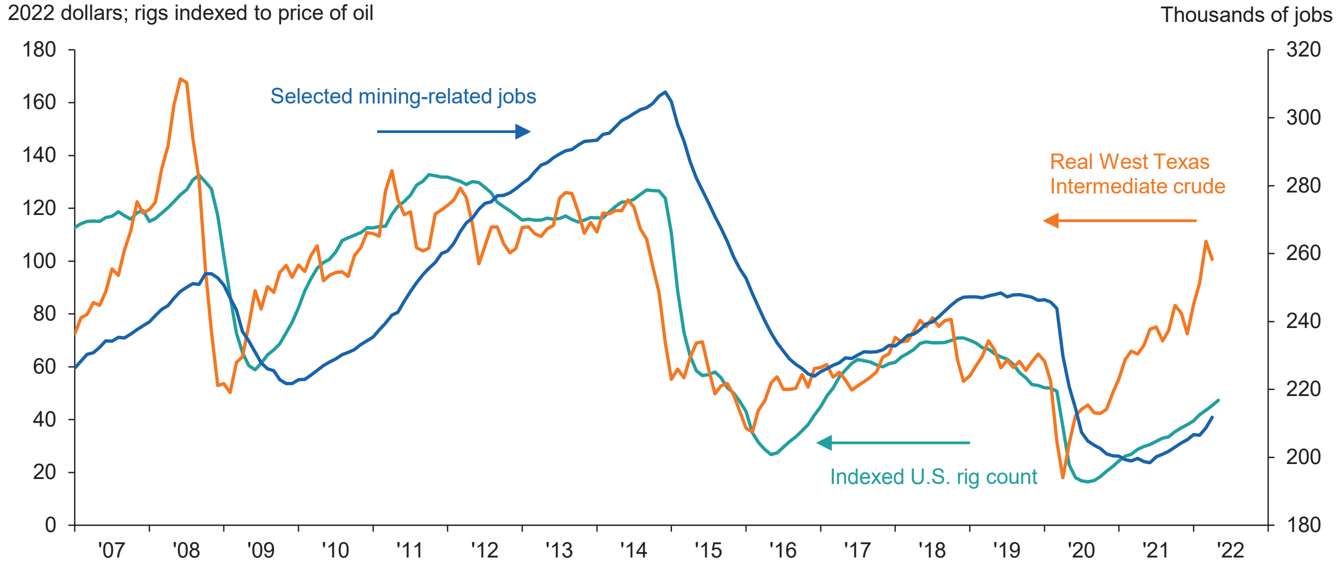
CHART 1 Houston Preceded U.S. in Recovery from Pandemic Job Losses



NOTE: Numbers in parentheses indicate the share of total state employment for April 2022.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; Federal Reserve Bank of Dallas.

CHART 2

Houston's Energy-Related Job Growth Anemic Despite Oil-Price Jump



NOTES: The U.S. rig count is indexed to the real price of oil such that the February 2016 rig count equals $35 in February 2022 dollars (actual February 2016 rig count 532; actual February 2022 rig count 636). Houston's mining-related jobs include oil and gas extraction; support activities for mining; fabricated metals manufacturing; agriculture, construction and mining machinery manufacturing; pipeline transportation; and architecture, engineering and related services.

SOURCES: Baker Hughes; Bureau of Labor Statistics; Energy Information Administration; adjustments by the Federal Reserve Bank of Dallas.

produces components used by the oil and gas sector, slowed. Oilfield machinery, pipeline and related equipment, making up a large share of local machinery manufacturing, weakened. Construction sank, in part because of project cancellations and delays related to oil and gas mining, pipelines and petrochemicals.

Service industries in Houston—retail and wholesale trade and transportation, education and health, government, and financial activities—had surpassed pre-pandemic employment levels by April 2022. Nationally, education and health and government employment still had shortfalls. Texas' decision to end pandemic restrictions on businesses earlier than most other states aided Houston's leisure and hospitality rebound.

Energy Still Important

The pandemic underscored that Houston, despite diversifying since the 1980s, remains deeply connected to oil and gas.[1] The industry, with many of its biggest players headquartered in the metro area, accounts for more than one-third of Houston's economy—including mining and refining as well as sizable segments of transportation, construction, manufacturing and services.

Energy's direct share of the area's GDP has averaged 7 percent over the past decade—even though very little oil and gas is produced locally. Nondurable goods manufacturing, mostly refining and petrochemical output, accounted for 13 percent of GDP, while durable goods manufacturing tied to energy accounted for another 3–4 percent. There are also spillovers to other industries, such as construction and engineering and legal services, as well as indirect impacts of spending by energy sector employees.

Despite energy's large GDP impact, the employment share is relatively small. The industry is capital intensive, which means employment is relatively low but wages are high. From 2011 to 2020, it accounted for about 16 percent of Houston employment and 29 percent of wages paid.

Slow Shift to Growth

Even before the pandemic, U.S. fossil fuel producers struggled with poor rates of return on invested capital and dwindling access to funding. The 2020 oil demand collapse was devastating; global inventories of crude oil, gasoline and diesel swelled to historic levels and prices plummeted.

The West Texas Intermediate (WTI) crude oil benchmark fell to negative $37 on April 22, 2020, meaning that producers paid to get rid of inventories. Oilfield activity fell 70 percent, and production from existing wells was in many cases capped or choked

The pandemic underscored that Houston, despite diversifying since the 1980s, remains deeply connected to oil and gas. The industry, with many of its biggest players headquartered in the metro area, accounts for more than one-third of Houston's economy.

because there was nowhere to deliver product. One in five oil and gas mining jobs in Houston had disappeared by August 2020, though employment in the broader energy industry didn't hit bottom until March 2021 (*Chart 2*). Bankruptcies surged.[2, 3]

As world economies began emerging from COVID-19 constraints in 2021, OPEC, Russia and other OPEC+ nations hewed to crude oil production growth limits; rising consumption drained oil stored from 2020. However, as inventories subsequently dwindled, OPEC+ producers couldn't restore output as quickly as promised and oil prices pushed higher.

U.S. drilling tends to follow oil prices, but the industry's response to rising real oil prices has been relatively lethargic since early 2021.

Before the pandemic, years of poor returns had sharply reduced access to capital from bond markets, banks and investors. The total return including reinvested dividends on Standard & Poor's (S&P's) basket of exploration and production (E&P) firms was negative 50 percent from December 2012 to December 2020. The return on the broad S&P 500 was 209 percent.

Separately, $300 billion in energy debt was subject to bankruptcy proceedings in 2015 to 2021, according to the law firm Haynes and Boone. While some lenders abandoned energy, investors increasingly turned to alternative energy investments such as wind, solar and batteries.

Oil producers leaned on thousands of uncompleted wells in 2021 left from the pandemic-related collapse—wells that were drilled but not yet brought into production. This reduced the need to spend on drilling new wells. By year-end, rising real energy prices, the limited spending and large dividends turned energy stocks from the worst-performing to the best-performing sector in the S&P 500. The bankruptcy cycle came to an end, and energy companies could again borrow through the bond market.

Still, the industry continued to cite investor demands for capital discipline and only modestly boosted spending on drilling and production activity. The reticence to spend has coincided with surging input prices for steel pipe, sand and machinery along with supply-chain delays and a very tight labor market. Thus, oil prices exceeding $100 per barrel may not generate the same level of stimulus for Houston as prior oil upturns would suggest even if elevated prices persist well past 2022, as currently expected.

Houston Exports Boom

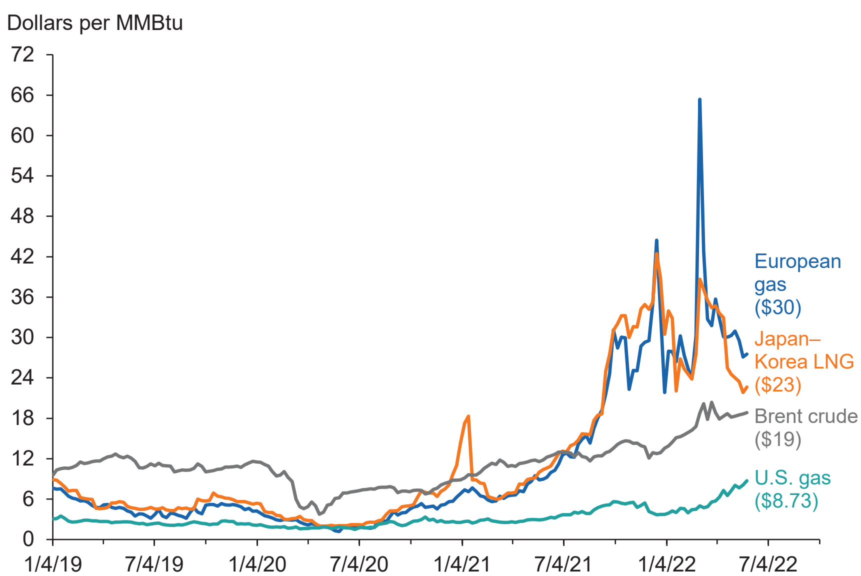
Russia's invasion of Ukraine in late February 2022 came at a time when European natural gas inventories were at perilously low levels dating back to early 2021 as Russia slowed deliveries. (Europe is a major purchaser of Russian natural gas).[4] The price of European gas rose from $7 per million British thermal units (MMBtu) at the start of 2021 to $30 in October 2021 and surged to $65 in the week following the invasion (*Chart 3*). Energy-hungry European buyers bid up liquefied natural gas (LNG) prices all around the world, including in the U.S.

U.S. benchmark Henry Hub natural gas rose to nearly $9 per MMBtu in May 2022 as moderate domestic supply growth met stronger domestic demand and growing LNG exports. A widening spread between U.S. and global energy benchmarks confers a cost advantage on U.S. firms with the capacity to export energy and energy-intensive products such as fuels and petrochemicals.[5]

Surging global demand for energy products has driven Houston exports to record highs. Chemicals, petroleum products, crude oil and natural gas make up three-quarters of the value of exports from the Houston–Galveston customs district, which extends along the Texas coast from Galveston and the Houston Ship Channel to Corpus Christi.

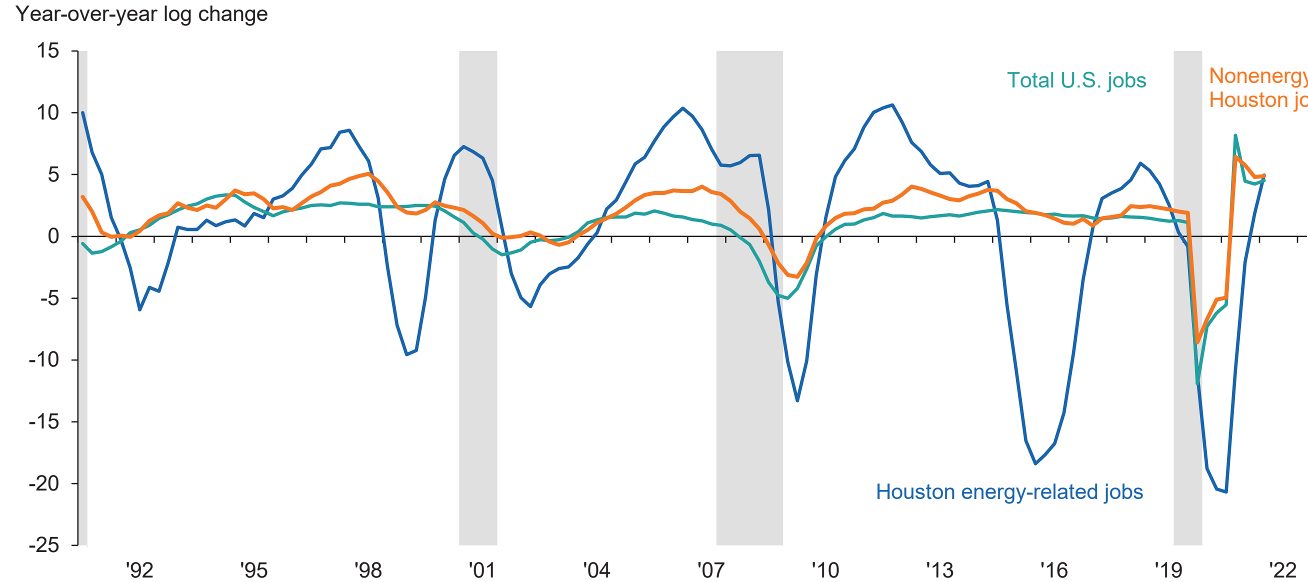
In the near term, the price differentials for natural gas will support elevated petroleum chemical product exports—to the extent supply chains can accommodate them. Spurred by sanctions against Russia and a desire to speed the energy transition to more carbon-neutral fuels, nations are moving to diversify sources of natural gas while displacing coal as an energy source. This would favor new investments in LNG capacity along the Texas coast, boosting heavy construction, manufacturing, logistics and support services for several years.

CHART 3 Curtailed Natural Gas Supplies, Strong Demand Push Prices Higher



NOTES: MMBtu stands for million British thermal units. European gas is the Netherlands TTF (Title Transfer Facility) price, and U.S. gas is Henry Hub. LNG refers to liquefied natural gas. Currencies are converted using exchange rates. Prices in parentheses are for the week ended May 27, 2022.
SOURCES: Bloomberg; S&P Platts; author's calculations.

CHART 4 Houston Nonenergy Job Growth Resembles Overall U.S. Performance



NOTES: Energy-related jobs include oil and gas extraction; support activities for mining, fabricated metals manufacturing; agriculture, construction and mining machinery manufacturing; pipeline transportation; and architecture, engineering and related services. Data are quarterly through fourth quarter 2021. Gray bars indicate recessions.

SOURCES: Bureau of Labor Statistics; seasonal and other adjustments by the Federal Reserve Bank of Dallas.

U.S. Economic Drivers

Outside of its oil and gas booms and busts, the Houston economy tends to be more closely correlated with the national economy (*Chart 4*).

Employment in Houston's nonenergy sectors has grown at a 2 percent average annual pace over the past decade, while U.S. employment has expanded at a 1.3 percent rate. The area's nonenergy jobs had in aggregate fully recovered to prepandemic levels by March 2022. with its annual performance resembling the rest of Texas and rarely falling below U.S. growth rates.

Professional and business services, education and health services, and leisure and hospitality are major drivers apart from energy.[6]

U.S. Economy Slowing

Energy-producing regions such as Texas tend to benefit from higher oil and gas prices, while most of the rest of the U.S. does not. At the same time, U.S. economic slowing will diminish some of Houston's momentum.

The *Blue-Chip Economic Indicators* consensus of economic projections for the U.S. economy—an average of many forecasts—suggested in May 2022 that U.S. real (inflation-adjusted) GDP would slow from the 5.5 percent year-over-year rate in fourth quarter 2021 to 1.5 percent at year-end 2022. The latest forecast is sharply lower than the 2.9 percent 2022 growth anticipated in the February estimate.

Factors figuring in the reduction included a weak estimate of first-quarter GDP, rising interest rates, worsening supply-chain issues and inflationary pressures.

Rather than seeing Consumer Price Index (CPI) inflation slow from 7.0 percent in late 2021 to 3.3 percent in 2022, the consensus panel in its May projections anticipated inflation exceeding 6.0 percent between fourth quarter 2021 and fourth quarter 2022. Longer term, forecasters anticipated that inflation wouldn't fall into the Federal Reserve's target range of 2–2.5 percent until 2024.

Meanwhile, job forecasts have accelerated on stronger-than-expected job growth. The Survey of Professional Forecasters (SPF) projection for U.S. job growth in 2022 reached 2.8 percent from 2.6 percent. Similarly, the Dallas Fed's May projection for 2022 Texas job growth increased robustly to 3.7 percent from 3.0, in part because of higher energy prices. In both the U.S. and Texas, the pace of growth through year-end is likely to slow.

Houston to Outperform

The drag on consumers from high fuel prices is more than offset in Houston by spending in oil and gas and related sectors. However, energy firms' expenditures are expected to remain moderate compared with past episodes of high energy prices, limiting their impact. At the same time, exports of natural gas are likely to rise, supporting related investments for several years and giving Houston job growth a bit of a tailwind.

If recent projections for the U.S. prove accurate and energy prices remain elevated as anticipated, Houston payroll growth should outpace the national rate of 2.8 percent this year and could outpace the state. Thus, Houston should do well absent an unexpected, large increase in energy supplies, a negative demand shock such as a recession or a new, widespread COVID-19 outbreak.

(Continued on the back page)

Crypto Miners Eye Texas for Energy Abundance; Banks View Digital Entrée

By Jill Cetina and Ally Hoffman

ABSTRACT: Cryptocurrencies have existed for over 10 years. Since their launch, cryptocurrencies have grown in quantity and market capitalization. Because they rely on decentralized technology that is computationally complex, cryptocurrencies are significant energy consumers. Texas' power-generating abilities have captured the attention of cryptocurrencies as miners move to the state.

Cryptocurrencies have been around over a decade, with their valuations rising notably, though not always steadily. Cryptocurrencies are a form of digital currency that can serve as a medium of exchange and a store of value, although they lack the backing of any central authority or government.

The market capitalization of bitcoin and ethereum—the two largest cryptocurrencies—totaled about $781 billion as of June 1 (*Chart 1*). All told, there are about 100 significant cryptocurrencies, with a market capitalization of approximately $1.2 trillion, down 60 percent from their recent peak in fall 2021.

Cryptocurrency mining refers to the work (done by computers) that manages the blockchain, the record of cryptocurrency transactions. Crypto mining is controversial, in part, because the process requires large quantities of electricity, which is often produced using fossil fuels such as natural gas or coal. Moreover, crypto mining is growing quickly in the U.S. and in Texas, following recent adverse regulatory and political developments in foreign centers of crypto mining activity—China, Russia and Kazakhstan.[1]

Mining activity is measured by hash rate—a metric of the computational power needed for calculations to

CHART 1 Cryptocurrency Market Capitalization Up from Early 2020 but Volatility High

NOTES: Market capitalization for each cryptocurrency is computed as circulating supply for the number of cryptocurrency coins times the price for the coin in U.S. dollars. Data are through June 1, 2022.
SOURCE: Bloomberg.

maintain the blockchain and earn new cryptocurrency coins. The bitcoin hash rate plummeted to zero in China in 2021 while rising in the U.S. and other countries (*Chart 2*).

Although reliable data are hard to come by, some observers suggest Texas may be the largest state for crypto mining, accounting for 25 percent of the U.S. total.[2] Texas' attraction may be the state's relatively inexpensive energy and favorable regulations.

Although reliable data are hard to come by, some observers suggest Texas may be the largest state for crypto mining, accounting for 25 percent of the U.S. total. Texas' attraction may be the state's relatively inexpensive energy and favorable regulations.

A Digital Currency

Cryptocurrencies are supposed to be used like any other currency. But unlike traditional physical currencies such as the dollar, cryptocurrencies only exist electronically.

An individual can hold crypto as a store of value, an investment, and use it as collateral or as a means of payment. Digital coins can be "mined" or purchased on an exchange and stored in a digital wallet.

Transactions in which a cryptocurrency is used are verified and recorded in a distributed public ledger—a database that is spread across a network of computers—the best known of which is blockchain.

Transactions are stored in discrete blocks that taken together form a chain. Each block is a collection of detailed data, such as records or transactions. The blocks are iteratively linked in a chain based on an individual block's hash value—a calculation based on the data it holds relative to other such links in the chain.

In this process—which also serves as a security measure—the hash value of a previous data block determines the next block's hash value, which is then used to determine the value of the subsequent block.

There are several reasons for interest in cryptocurrencies. For some crypto enthusiasts, it derives from concern whether fiat currencies—like the U.S. dollar and euro—are a reliable store of value, especially when the Federal Reserve and other central banks have expanded their balance sheets and put significantly more currency in circulation following the Global Financial Crisis in the late 2000s and again during the 2020–21 pandemic.

Hence, some investors not only buy and hold cryptocurrencies because they believe they will increase in value but also because they believe cryptos may act as an inflation hedge, although that hasn't been the case in the current high-inflation episode.[3] Of course, others worry that with no government backing, cryptocurrencies' value is not secured by any central authority and could collapse.

An additional appeal of cryptocurrencies is that the blockchain allows immediate encrypted transaction processing and in ways that can include other transaction information, such as contract and counterparty details. This appeals to many consumers and gamers, particularly for those who transact across borders or need real-time payments.

Lastly, blockchain technology allows for greater decentralization of finance because it occurs on a distributed ledger and isn't controlled by a government. Hence, another appeal of cryptocurrency is the unregulated and anonymous nature of the transactions. However, this feature likely attracts individuals who seek to evade taxes, money-laundering laws or capital controls.

Transaction Costs, Speed

Cryptocurrencies can have high transaction costs and slow speed, and they carry the risk of manipulation. While decentralized finance has the potential to reduce costs and accelerate transactions (relative to traditional financial systems), it doesn't always deliver.

Transaction costs are volatile and can rise sharply as transaction volume increases. Bitcoin transaction fees were approximately $1.30 per transaction in June 2020, rose to $13.15 by October 2020 and exceeded $60 in April 2021.[4]

A recent study noted that a likely reason for high fees is a lack of competition in cryptocurrency markets, with its authors finding that bitcoin mining capacity is highly concentrated—the top 10 percent of miners control 90 percent of mining capacity. Even more telling, just 0.1 percent of miners account for about 50 percent of mining capacity.[5]

A new payment protocol dubbed "lightning" was added to bitcoin in 2018 to increase speed and reduce transaction costs associated with micropayments.[6] Lightning defers final settlement on the bitcoin blockchain, though that opens a security vulnerability that complicates tracing transactions.

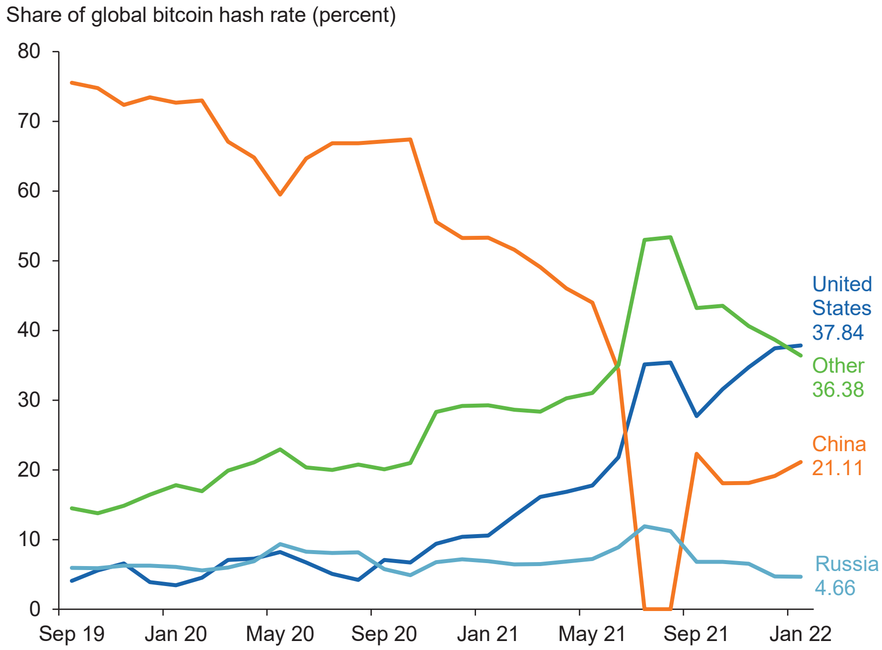
Security concerns center on attacks on the blockchain. A 2020 study analyzed 14 attacks on 13 different cryptocurrencies where the blockchain was manipulated by gaining control over 51 percent of the mining nodes—computers searching for new pieces of cryptocurrency—to undermine the blockchain's integrity.[7]

Keys to Crypto Mining

Cryptocurrency mining is the term describing the computers that approve blocks of transactions to become part of the blockchain. As compensation for maintaining the blockchain, miners receive new cryptocurrency.

For example, the compensation for mining one block of the bitcoin blockchain is 6.25 bitcoins, about $30,000 based on the exchange rate as of June 1, 2022.[8] Given that there are about 144 blocks mined every day, miners collectively earn bitcoin worth approximately $27 million daily.[9]

CHART 2 U.S. Share of Global Bitcoin Hash Rate Rises



NOTES: The hash rate is a measure of the total computational power used to earn new cryptocurrency coins. The average monthly bitcoin hash rate share by country is based on geolocational mining pool data. The "Other" category includes countries such as Canada, Germany, Iran, Ireland, Kazakhstan and Malaysia. Data are available through January 2022.

SOURCE: Cambridge Centre for Alternative Finance, University of Cambridge.

To participate, miners must solve a complicated math problem, referred to as the "proof of work." Solving this problem is slow and energy intensive, requiring significant amounts of computing power, with no guarantee that the time and energy expenditure will pay off—only the first miner to solve the proof of work earns compensation.

Proof of work is known as a "consensus protocol"—a way in which consensus can be reached on changes to a blockchain. Although the proof-of-work consensus mechanism is largely effective at allowing decentralization, it requires significant electric power.[10]

Critics argue that the process is wasteful; energy could be directed to more productive uses, such as powering homes and businesses.[11]

Energy Economics

Mining and trading of bitcoin consumes an estimated 91 terawatt hours annually, equivalent to the annual national energy consumption of Finland or Jordan.[12] Mining a single block on the bitcoin blockchain consumes about 2,000 kilowatt hours, more power than an average U.S. household consumes in two months.[13]

The historically low cost of electricity in Texas relative to the nation and the state's rapid growth of renewable energy sources, as well as light regulation, have likely helped attract crypto miners to the region.

What are the implications for Texas' energy sector? On the one hand, there are concerns that crypto mining power demand can increase energy costs, reduce electricity grid stability and lead to greater carbon emissions.

On the other hand, crypto supporters say it is possible that co-locating cryptocurrency mining with commercial renewable energy generation could mitigate pollution, improve the economics of renewable projects and attract investors.

This argument suggests crypto mining could be a key source of demand for renewable power during periods when electricity demand is low and power output is high and storing the excess electricity in batteries is impractical. Hence, combining crypto mining with renewable projects would provide more consistent, dependable electricity demand that could support renewable project cashflows and improve repayment prospects for windfarms and solar farms, for example.[14]

The relationship between cryptocurrency and energy markets suggests more research about the markets' relationships may be appropriate. For example, depending on whether the price of bitcoin declines or increases, the payout for mining diminishes or grows, assuming a constant price for electricity. This rate-of-return calculation may affect the willingness of miners to participate. Miner participation determines how quickly new bitcoin comes to the marketplace, affecting its liquidity and value.

Additionally, the amount of mining activity may also prompt additional blockchain transactions, as some miners liquidate part of their crypto earnings to pay for the costs of mining.

The increase in demand for energy attributable to cryptocurrency mining is contingent on the continued use of the proof-of-work consensus protocol. The difficulty of mining new blocks on a proof-of-work blockchain increases as the number of miners rises. As concerns surrounding the energy cost for proof of work have grown, some cryptocurrencies may

The historically low cost of electricity in Texas relative to the nation and the state's rapid growth of renewable energy sources, as well as light regulation, have likely helped attract crypto miners to the region.

evolve to less energy-intensive consensus protocols.

Ethereum, the second-largest cryptocurrency, announced plans to convert from proof of work to proof of stake in late 2022. In proof-of-stake protocols, which are less energy intensive, miners serve as a validator in proportion to the amount of the cryptocurrency they control.

Impact on Banks

Texas affirmed in June 2021 that state-chartered banks may offer custody services for virtual currency assets.[15] The state has also said banks can allow virtual currencies as collateral for loans.[16] State officials also appear to be responding to the security challenges of "physically" holding crypto, potential operating difficulties at established crypto exchanges and a desire to provide traditional financial institutions an entrée to providing crypto custody and related services.[17]

Banks seeking to offer crypto services must conduct an assessment—identifying and implementing controls to mitigate risks, including loss of client crypto assets, risk-monitoring capacity, money-laundering concerns and reputational risk.

Still, cryptocurrencies remain a novel development in the financial services ecosystem. As such, they may represent increased risk to the financial sector while simultaneously offering innovation that holds the potential for long-term change.[18]

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Notes

[1] China's central bank banned all cryptocurrency transactions In September 2021; the Russian central bank proposed banning cryptocurrency in January 2022. While this proposal was pending, the U.S. and European Union took measures in April to sanction Russian entities active in cryptocurrency in light of Russia's war against Ukraine. In Kazakhstan, domestic energy shortages resulted in a government crackdown on more than 100 unlicensed crypto mining operations.

[2] "Texas Bitcoin Miners Seek Cheap Power, Land and a Place to Stay," by Shelly Hagan, Bloomberg, May 4, 2022. Luxor Technologies, a mining platform, estimates that Texas accounts for 25 percent of total U.S. mining activity.

[3] "Inflation and Cryptocurrencies Revisited: A Time-Scale Analysis," by Thomas Conlon, Shaen Corbet and Richard J. McGee, *Economics Letters*, vol. 206, 2021, https://doi.org/10.1016/j.econlet.2021.109996.

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[5] "Blockchain Analysis of the Bitcoin Market," by Igor Makarov and Antoinette Schoar, National Bureau of Economic Research, Working Paper no. 29396, October 2021, http://dx.doi.org/10.3386/w29396.

[6] "A Measurement Study of Bitcoin Lightning Network," by Yuwei Guo, Jinfeng Tong and Chen Feng, July 2019.

[7] "Cryptocurrency Value and 51% Attacks: Evidence from Event Studies," Savva Shanaev, Arina Shuraeva, Mikhail Vasenin and Maksim Kuznetsov, *The Journal of Alternative Investments*, Winter 2020, https://doi.org/10.3905/jai.2019.1.081.

[8] "Cryptocurrency Prices, Charts, Daily Trends, Market Cap and Highlights," Coinbase, accessed May 27, 2022, www.coinbase.com/price.

[9] "What Is Bitcoin Mining?" Bitcoin.com, accessed May 27, 2022, www.bitcoin.com/get-started/what-is-bitcoin-mining/.

[10] It is only largely effective because many miners aggregate their equipment to provide a higher likelihood of calculating the problem first and, thus, earning the compensation. These groups are commonly known as "mining pools." See note 5.

[11] One study estimates that 90 percent of the transaction volume on the bitcoin blockchain is an unproductive byproduct of user strategies to impede the tracing of cash flows by moving funds over long chains of multiple addresses. See note 5.

[12] "Bitcoin Uses More Electricity Than Many Countries. How Is That Possible?" by Jon Huang, Claire O'Neill and Hiroko Tabuchi, *New York Times*, Sept. 3, 2021.

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[16] Texas House Bill No. 4474, passed June 15, 2021, accessed June 6, 2022, https://legiscan.com/TX/text/HB4474/id/2406936/Texas-2021-HB4474-Enrolled.html.

[17] "Move Along, Says Coinbase's Armstrong," by Phillip Stafford, *Financial Times*, May 11, 2022.

[18] "Risk in the Crypto Markets," speech by Federal Reserve Governor Christopher J. Waller, Board of Governors of the Federal Reserve System, June 3, 2022, www.federalreserve.gov/newsevents/speech/waller20220603a.htm.

Federal Dollars Could Drive Electric-Vehicle Charging Across Texas

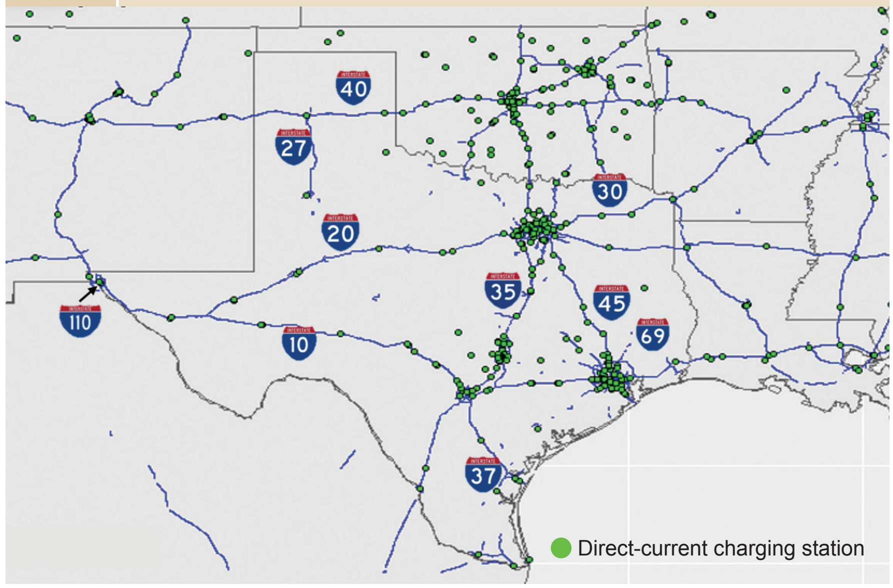
By Jessica Rindels and Michael D. Plante

Surveys often find that consumers who are reluctant to switch to electric vehicles cite inadequate charging facilities. The recently approved federal Infrastructure Investment and Jobs Act seeks to address such concerns, providing funding to expand charging infrastructure along interstates and in rural areas.

A total of $7.5 billion is earmarked for construction of 500,000 chargers by 2030. Texas is set to receive more than $400 million over the next five years, the most funding of any state. This could roughly double the number of charging stations along interstates in Texas.

The new facilities will boost the number of direct-current chargers, the most powerful chargers available, which can “refill” even the largest batteries in around 30 minutes. Less-powerful chargers, while cheaper, are much slower and can require hours for a full recharge.

CHART 1 Texas' Direct-Current Charging Stations Scarce Outside of Metros



NOTE: Each dot represents an electric vehicle charging station with at least one direct-current super charger.
SOURCES: Department of Energy; OpenStreetMaps.

Infrastructure in Texas

There are 266 charging stations with direct-current charging ports throughout the state.[1] Over 80 percent of those charging stations are in the vicinity of the Dallas–Fort Worth, Houston, Austin and San Antonio metropolitan areas (*Chart 1*). The remainder are scattered across the state, primarily along interstates.

The fast chargers are concentrated in the largest metros because that’s where most electric vehicles are—data show that these areas account for more than 85 percent of the roughly 88,000 battery-powered electric vehicles registered in Texas.[2]

Expanding Charging Access

The small number of electric vehicles in rural areas reduces the economic incentives for building commercial charging stations there. As a result, infrastructure remains sparse in rural Texas and, more generally, in most neighboring states.

At the same time, the lack of charging infrastructure is believed to hold back electric vehicle adoption—the scarcity of facilities makes electric ownership less convenient for those unable to charge at home or at work. Additionally, while electric vehicle range has increased dramatically in recent years, surveys have found that consumers remain concerned about recharging during long trips away from home.[3]

For the 2021 model year, gasoline-powered cars had a median range of about 400 miles on a tank of gas; most electric vehicles go 60 to 80 percent of that distance on a charge.

A total of $5 billion has been allocated to fast-charging infrastructure, requiring stations with at least four direct-current, fast-charging ports at least every 50 miles along interstates. Another $2.5 billion will support charging in rural areas and other underserved communities.

States must submit final charging-station plans to the Joint Office of Energy and Transportation by Aug. 1, 2022, to be reviewed and approved by the Federal Highway Administration by Sept. 30, 2022.

Though the Texas Department of Transportation is still in the planning process, the agency has identified numerous “study areas” along major interstates and in nearly every county in Texas where new charging stations might be placed.

Subsequent planning and installation could take up to 18 months, but greater accessibility to charging infrastructure appears likely.

Notes

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[2] State EV Registration Dashboard for Texas, Atlas Public Policy’s EV Hub, accessed May 25, 2022.

[3] “U.S. Electric Vehicle Experience Ownership Study,” J.D. Power, accessed May 25, 2022.

Texas Home Prices Rose at Record Pace in 2021

By Luis Torres

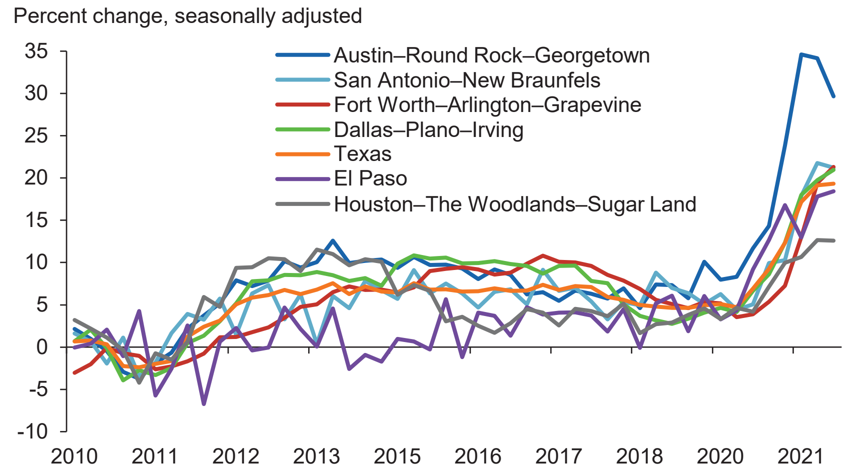
House prices in Texas metropolitan areas recorded historic year-over-year increases in 2021.

Austin registered the highest growth rate, with an average annual home price increase of 30 percent in fourth quarter 2021 (*Chart 1*). Fort Worth, San Antonio and Dallas home prices jumped 21 percent.

Home price growth also accelerated in El Paso, up an annualized 18 percent at year-end 2021. By comparison, Houston's rate of increase was the lowest among major metros at a healthy and still-elevated 13 percent.

The buyer frenzy in Texas housing markets began in summer 2020, just months after COVID-19 shut down the economy in March and April. Several factors contributed to the surge, including low mortgage rates, more people working from home, federal stimulus payments and unemployment benefits, a federal student loan payment pause, a surging stock market and accelerating domestic migration to the state.[1]

CHART 1 Texas Homes Reach Record High Rate of Price Increase in 2021



SOURCE: Federal Housing Finance Agency House Price Index, Purchase Only.

Slow Inventory Growth

The inventory of homes was low even before the pandemic, further straining the marketplace. Texas homebuilders were slow to build back inventory after the Great Recession a decade earlier, and by some measures, construction had lagged demand for years, especially for lower-priced "starter" homes—those priced below $250,000.

The pandemic demand boom further depleted the inventory of homes available for sale, propelling prices higher.

The difference in price pressures among Texas metros can be explained by each area's industry mix and the resulting pace of economic growth, which is highly correlated with the number of people moving to an area and its subsequent housing demand.

Austin home prices soared as the high-tech industry boomed during the pandemic and in-migration accelerated. The high-tech industry was also quick to adopt remote work arrangements, which aided worker mobility and relocation.

Lofty Price Rises

The large price increases in Texas housing markets prompted discussion of a speculative housing bubble."[2] However, rapid home price growth does not necessarily indicate a bubble. Bubbles arise when there is a persistent misalignment of home prices with economic conditions and housing market fundamentals—which doesn't appear to be the case in the pandemic recovery.

Texas' months of inventory of homes for both existing and new homes have reached historical lows across all price categories, according to the Texas Real Estate Research Center at Texas A&M University.[3]

For example, there was less than one month's inventory in Austin and Dallas–Fort Worth in February 2022 and only a little more than one month in El Paso, Houston and San Antonio. Six months of inventory is typically considered a balanced housing market.

A scarcity of available homes—reflected in the low months of inventory—is a significant reason why housing prices rose so abruptly and make it difficult to claim a housing bubble exists.

Still, identifying bubbles is no easy task. It requires extraordinary insight that even the savviest market participants sometimes lack. For example, unlike Arizona, California, Florida and Nevada, the Texas housing market did not experience explosive price growth during the mid-2000s' boom (and subsequent collapse). Texas' price growth was more aligned with fundamentals, including employment, income, new-home construction and population growth.

Notes

[1] "Largest Texas Metros Lure Big-City, Coastal Migrants During Pandemic," by Wenli Li and Yichen Su, Federal Reserve Bank of Dallas *Southwest Economy*, Fourth Quarter, 2021, www.dallasfed.org/research/swe/2021/swe2104/swe2104b.aspx.

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[3] See "Texas Housing Insight," Texas Real Estate Research Center at Texas A&M University, April 2022.

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Houston Still an Energy Town, Largely Pins Growth on the Sector

(Continued from page 13)

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Notes

[1] "Diversified Houston Spared Recession… So Far," by Jesse Thompson, Federal Reserve Bank of Dallas *Southwest Economy*, Third Quarter, 2015, https://fraser.stlouisfed.org/title/southwest-economy-6378/third-quarter-2015-608994/spotlight-609740.

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[4] *Energy Indicators*, by Jesse Thompson, Federal Reserve Bank of Dallas, January 2022, www.dallasfed.org/research/energy/indicators/2022/en2201.aspx.

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