(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated February 2, 2021

Ratings:
Moody's: "Aa2"
S&P: "AA+"
Fitch: "AAA"
See "OTHER INFORMATION – Ratings"

NEW ISSUE - Book-Entry-Only

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

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

MANSFIELD
TEXAS

$7,425,000*
CITY OF MANSFIELD, TEXAS
(Tarrant, Johnson and Ellis Counties, Texas)
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021

Dated Date: February 1, 2021
Interest to accrue from Date of Delivery

Due: August 1, as shown on Page 2

PAYMENT TERMS . . . Interest on the $7,425,000* City of Mansfield, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2021 (the "Bonds"), will accrue from the date of delivery to the Initial Purchaser thereof (the "Date of Delivery"), will be payable on February 1 and August 1 of each year commencing August 1, 2021, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System". The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas (the "State"), particularly Chapter 1207, Texas Government Code, as amended, Section 9.13 of the City's Home Rule Charter and an ordinance (the "Ordinance") adopted by the City Council on February,8 2021 and, together with outstanding parity revenue bonds (the "Previously Issued Bonds") and any additional parity revenue bonds (the "Additional Bonds"), are special obligations of the City of Mansfield, Texas (the "City"), payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Pledged Revenues of the City's Waterworks and Sewer System (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the City's outstanding System debt (the "Refunded Bonds," see Schedule I, "Schedule of Refunded Bonds") in order to lower the overall debt service requirements of the City and (ii) paying the costs of issuing the Bonds.

CUSIP PREFIX: 564395

MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on March 10, 2021.

BIDS DUE MONDAY, FEBRUARY 8, 2021 AT 10:00 A.M. CST

* Preliminary, subject to change.

CUSIP Prefix: 564395 (1)

MATURITY SCHEDULE*

1-Aug Year	Principal Amount	Rate	Price or Yield	CUSIP Suffix
2021	$ 1,010,000			
2022	1,085,000			
2023	605,000			
2024	625,000			
2025	640,000			
2026	655,000			
2027	670,000			
2028	690,000			
2029	710,000			
2030	735,000			

(Interest to accrue from the Date of Delivery)

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

OPTIONAL REDEMPTION OPTION . . . The City reserves the right, at its option, to redeem Bonds maturing on August 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

* Preliminary, subject to change.

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

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

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

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

The cover pages contain certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all tables, schedules and appendices attached hereto, to obtain information essential to making an informed investment decision.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. NEITHER THE CITY, NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS OFFICIAL STATEMENT.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Mansfield is a political subdivision and municipal corporation of the State, located in Tarrant, Johnson, and Ellis Counties, Texas. The City covers approximately 38.6 square miles (see "INTRODUCTION - Description of the City").

THE BONDS .... The Bonds are issued as $7,425,000* Waterworks and Sewer System Revenue Refunding Bonds, Series 2021. The Bonds are being issued as serial bonds maturing on August 1 in the years 2021 through 2030 (see "THE BONDS - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of delivery to the Initial Purchaser thereof (the "Date of Delivery") and is payable August 1, 2021 and each February 1 and August 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the general laws of the State, including particularly Chapter 1207 Texas Government Code, as amended, Section 9.13 of the City's Home Rule Charter and an Ordinance adopted by the City Council of the City (see "THE BONDS - Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds, together with the previously issued parity bonds (the "Previously Issued Bonds") and any additional bonds (the "Additional Bonds"), constitute special obligations of the City, payable, both as to principal and interest, solely from and secured by a lien on and pledge of the Pledged Revenues of the City's Waterworks and Sewer System (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Security and Source of Payment").

QUALIFIED TAX-EXEMPT OBLIGATIONS .... The City **will not** designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.

REDEMPTION .... The City reserves the right, at its option, to redeem Bonds maturing on and after August 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

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

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the City's outstanding System debt (the "Refunded Bonds," see Schedule I, "Schedule of Refunded Bonds") in order to lower the overall debt service requirements of the City and (ii) paying the costs of issuing the Bonds.

RATINGS .... The Bonds and the presently outstanding System revenue debt of the City are rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"), "AA+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Service LLC business ("S&P") and "AAA" by Fitch Ratings ("Fitch"), without regard to credit enhancement (see "OTHER INFORMATION - Ratings").

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

PAYMENT RECORD .... The City has never defaulted in payment of its bonds.

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* Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 30-Sep	Estimated City Population[1]	Water Usage (gallons) Average Day Usage	Peak Day Usage	Total Usage	Net Revenue Available For Debt Service	Annual Debt Service Requirements	Coverage of Debt
2016	67,628	11,373,000	23,369,000	4,273,509,000	14,077,078	6,081,278	2.31x
2017	68,784	12,256,000	20,975,000	4,480,309,000	15,036,729	6,059,234	2.48x
2018	70,170	13,673,000	26,662,000	4,923,147,000	17,004,947	5,875,009	2.89x
2019	73,410	13,134,000	28,495,000	4,794,009,000	14,914,720	5,586,534	2.67x
2020 [2]	75,759	13,900,000	26,659,000	5,073,500,000	20,474,859	4,735,871	4.32x

(1) Source: City Officials.
(2) Unaudited.

For additional information regarding the City, please contact:

Joe Smolinski Troy Lestina City of Mansfield 1200 E. Broad Street Mansfield, Texas 76063 (817) 276-4200	or	Nick Bulaich Hilltop Securities Inc. 777 Main Street Suite 1525 Fort Worth, Texas 76102 (817) 332-9710	or	W. Boyd London, Jr. Hilltop Securities Inc. 1201 Elm Street Suite 3500 Dallas, Texas 75270 (214) 953-4000

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Elected	Term Expires	Occupation
Michael Evans Mayor, Place 1	Elected December, 2020	May 2022	Pastor
Tamera Bounds Councilmember Place 2	Elected November, 2020	May 2022	Director, RehabPro
Mike Leyman Councilmember Place 3	Elected May, 2018	May 2021	Retired Police Officer
Casey Lewis Councilmember Place 4	Elected May, 2018	May 2021	Realtor
Julie Short Mayor Por-Tem Place 5	Elected May, 2018	May 2021	Realtor
Todd Tonore Councilmember Place 6	Elected November, 2020	May 2023	CEO
Larry Broseh Councilmember Place 7	Re-elected November, 2020	May 2023	President, Cam Tech Inc.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to City	Total Length of Governmental Service
Joe Smolinski	City Manager	19 Years	19 Years
Shelly Lanners	Deputy City Manager	20 Years	33 Years
Troy Lestina	Finance Director	12 Years	14 Years
Susana Marin	City Secretary	14 Years	18 Years
E. Allen Taylor, Jr.	City Attorney	23 Years	32 Years

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Auditors .... BKD CPAs & Advisors
Dallas, Texas

Bond Counsel .... Bracewell LLP
Dallas, Texas

Financial Advisor .... Hilltop Securities Inc.
Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$7,425,000*
CITY OF MANSFIELD, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of $7,425,000* City of Mansfield, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2021 (the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") authorizing the issuance of the Bonds (see "SELECTED PROVISIONS OF THE ORDINANCE").

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

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

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1890, and first adopted its Home Rule Charter in 1975 and amended its Home Rule Charter on May 7, 1988. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is a staggered three-year term. The City Manager is the chief executive officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 56,368, while the estimated 2020 population is 75,759. The City covers approximately 38.6 square miles.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued for the purpose of (i) refunding a portion of the City's outstanding Waterworks and Sewer System debt (the "Refunded Bonds," see Schedule I, "Schedule of Refunded Bonds") in order to lower the overall debt service requirements of the City and (ii) paying the cost of issuing the Bonds.

REFUNDED OBLIGATIONS . . . The principal and interest due on the Refunded Bonds are to be paid on the respective redemption dates of such Refunded Bonds, from funds to be deposited pursuant to a certain Deposit Agreement (the "Deposit Agreement") between the City and BOKF, N.A., Dallas, Texas, as paying agent/registrar for each series of the Refunded Bonds (the "Refunded Bonds Paying Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Initial Purchaser of the Bonds and other funds of the City, if any, the City will deposit with the Refunded Bonds Paying Agent an amount which will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on the respective redemption dates. Such funds will be held by the Refunded Bonds Paying Agent in a special redemption account (the "Redemption Account") and used to pay principal and accrued interest on the Refunded Bonds on the respective redemption dates. Under the Deposit Agreement, the Redemption Account is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds. The funds on deposit in the Redemption Account will not be available to pay debt service on the Bonds.

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* Preliminary, subject to change.

Either the Refunded Bonds Paying Agent, in its capacity as Paying Agent for each of the respective Refunded Bonds, or the City's financial advisor will certify as to the sufficiency of the amounts initially deposited therewith to pay the principal of and interest on the Refunded Bonds when due on the respective redemption dates. By the deposit of the proceeds of the Bonds and other funds of the City, if any are required, with the Refunded Bonds Paying Agent pursuant to the Deposit Agreement, the City will have effected the defeasance of the Refunded Bonds in accordance with applicable State law and the ordinances authorizing the Refunded Bonds. As a result of such defeasance, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Redemption Account held for such purpose by the Refunded Bonds Paying Agent, and the Refunded Bonds will not be deemed as being outstanding obligations of the City payable from revenue of the Waterworks and Sewer System (the "System"), nor for the purpose of applying any limitation on the issuance of debt and the City will have no further responsibility with respect to amounts available in the Redemption Account for the payment of the Refunded Bonds.

SOURCES AND USES OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds are expected to be expended as follows:

Sources:	
Par Amount	$ -
Reoffering Premium	
TOTAL SOURCES	$ -
Uses:	
Deposit to Redemption Account	$ -
Costs of Issuance	
TOTAL USES	$ -

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated February 1, 2021, and mature on August 1 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the date of delivery to the Initial Purchaser thereof (the "Date of Delivery"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 1 and August 1 of each year, commencing August 1, 2021, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended, the Ordinance and Section 9.13 of the City's Home Rule Charter.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the City payable, both as to principal and interest, solely from and, together with certain outstanding revenue bonds of the City (the "Previously Issued Bonds") and any additional parity bonds (the "Additional Bonds") which may be issued in the future, secured by a lien on and pledge of the Pledged Revenues of the System. Pledged Revenues include the Gross Revenues of the System less maintenance and operating expenses (the "Net Revenues") plus other resources of the City which may, at the option of the City, be pledged to the payment of the Bonds, the Previously Issued Bonds and any Additional Bonds. (See "SELECTED PROVISIONS OF THE ORDINANCE."). Maintenance and operating expenses include contractual payments which under Texas laws and their provisions are established as operating expenses.

The City has outstanding Previously Issued Bonds secured by and payable from Pledged Revenues on parity with the Bonds, as follows:

Dated Date	Outstanding Debt[1]	Issue Description
12/1/11	$ 675,000	Waterworks & Sewer System Revenue Refunding Bonds, Series 2012
12/1/14	3,250,000	Waterworks & Sewer System Revenue Refunding Bonds, Series 2015
12/1/15	19,345,000	Waterworks & Sewer System Revenue Refunding and Improvement Bonds, Series 2016
	$ 23,270,000	

(1) As of February 1, 2021. Excludes the Refunded Bonds, and the Bonds.

The Bonds are not a charge upon any other income or revenues of the City and **shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City**. The Ordinance does not create a lien or mortgage on the System, except the Pledged Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

RESERVE FUND . . . As additional security, a Reserve Fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the outstanding Previously Issued Bonds, the Bonds and any Additional Bonds issued on a parity with the Bonds. Any additional amount required to be accumulated in the Reserve Fund by reason of the issuance of the Bonds will be funded over a sixty month period in accordance with the provisions of the Ordinance. The Reserve Fund may be funded in the amount of the Required Reserve by deposit of a Reserve Fund Surety Bond sufficient to provide such portion of the Required Reserve (see "SELECTED PROVISIONS OF THE ORDINANCE").

RATES . . . The City has covenanted in the Ordinance that it will at all times charge and collect rates and charges for services of the System which will produce Gross Revenues at least sufficient to pay all expenses of operation and maintenance of the System, to pay the principal of and interest on all Previously Issued Bonds, the Bonds and any Additional Bonds, and to make all required deposits to the funds provided for in the Ordinance, with such amounts being at least equal to 1.1 times the annual principal and interest requirements of all outstanding Previously Issued Bonds, the Bonds and any Additional Bonds. The City has further covenanted in the Ordinance that, if the System should become legally liable for any other obligations or indebtedness, it will charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment of such obligations.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds maturing on August 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 1, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar, or DTC while the Bonds are in Book-Entry-Only form), shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. In the Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available, in part or in whole, on or before the redemption date shall not constitute an Event of Default.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE RIGHT OF THE CITY TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE IMMEDIATELY PRECEDING PARAGRAPH, NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DEFEASANCE . . . The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current State law, such discharge may be accomplished by either (i) depositing with the Paying Agent/Registrar or any other lawfully authorized entity a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of the Bonds; provided, that under current law, such deposits may be invested and reinvested only in (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in Book-Entry-Only form, and shall mature and/or bear interest in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Ordinance.

Under current State law, upon such deposit as described above, the Bonds shall no longer be regarded to be outstanding for any purpose other than the payment thereof. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

ADDITIONAL BONDS . . . The City may issue Additional Bonds payable from the Pledged Revenues which, together with the Previously Issued Bonds and the Bonds, shall be equally and ratably secured by a parity lien on and pledge of the Pledged Revenues of the System, subject, however, to complying with certain conditions in the Ordinance. See "SELECTED PROVISIONS OF THE ORDINANCE" for terms and conditions to be satisfied for the issuance of Additional Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PAYMENT . . . Principal of the Bonds at stated maturity or earlier redemption will be paid to the registered owner at the stated maturity or earlier redemption, as applicable, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see "Record Date for Interest Payment" herein), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or prior redemption date upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due. So long as CEDE & Co. is the registered owner of the Bonds, payment of principal of and interest on the Bonds will be made as described in "Book-Entry-Only- System" above.

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

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

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

BONDHOLDERS' REMEDIES . . . The Ordinance authorizing the issuance of the Bonds establishes the following Events of Default with respect to the Bonds: (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including, but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the City; or (iii) an order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the City any relief under any Applicable Law, or any other court having valid jurisdiction shall issue an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator, or other similar official for the City of any substantial part of its property, affairs or assets, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.. Upon any happening of any Event of Default and except as otherwise provided in the Ordinance, any Owner or an authorized representative, thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in the Ordinance, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners under the Ordinance or any combination of such remedies. The Ordinance allows, but does not provide for a trustee to enforce the covenants and obligations of the City. **Upon an event of default under the Ordinance, in no event will registered owners have the right to have the maturity of the Bonds accelerated as a remedy.** The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. No assurance can be given that a mandamus or other legal action to enforce a default under the Ordinance would be successful.

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

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

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("*Chapter 9*"). Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the pledged Net Revenues, such provisions are subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that the rights of holders of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

AMENDMENTS . . . The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, as applicable, amend, add to, or rescind any of the provisions of the Ordinance, except that, without the consent of the registered owners of all of the Bonds, as applicable, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal on any installment of interest is due payable, reduce the principal amount or the rate of interest, or in any other way modify the terms of their payment, (2) give any preference to any Bonds, as applicable, over any other Bonds or (3) reduce the aggregate principal amount required to be held by owners for consent to any amendment, addition or rescission.

THE SYSTEM

WATERWORKS SYSTEM

Raw water is supplied to the City through a contract (the "Contract") between the City and the Tarrant Regional Water District, formerly known as the Tarrant County Water Control and Improvement District Number 1 (the "District"). The contract period commenced March 1, 1980 and runs for the life of the bonds which were issued by the District to provide water to the City and thereafter for the life of the District's facilities serving the City. Water is provided to the City from the District's Benbrook Reservoir, Cedar Creek Lake and Richland-Chambers Reservoir. Under the Contract, the City has a take-or-pay gallonage based on the greater of 1.3 million gallons or the average daily consumption for the previous five year period. The rate to be charged to the City for raw water is based upon the District's cost of debt service, operation and maintenance expenses, and any other miscellaneous expenses in connection with its water supply facilities, allocated on a proportionate share based upon actual water consumption of the City in relation to the actual use by the City of Fort Worth, the City of Arlington and the Trinity River Authority, after crediting amounts received by the District from water sales to other customers The rate charged for fiscal year 2019 was $1.26520 per 1,000 gallons. The rate charged for fiscal 2020 was $1.25539 per 1,000 gallons. The rate to be charged for fiscal year 2021 is $1.25448 per 1,000 gallons. The City believes that the raw water supply available to the City under the Contract is adequate for the currently foreseeable ultimate development of the City.

Presently, the City's existing water treatment plant has a capacity of 45.00 million gallons per day ("MGD") and receives raw water through a 30" and a 54" pipeline connected to the District's 72" pipeline from the Cedar Creek Reservoir and the District's 90" pipeline from the Richland-Chambers Reservoir. Water is brought in from Benbrook Reservoir through a 108" pipeline. The water treatment plant is designed to serve a population of approximately 112,500. The City presently has three elevated storage tanks with a combined capacity of 4,000,000 gallons: one has a capacity of 2,000,000 gallons and two have capacities of 1,000,000 gallons each. Also, the City has six ground storage tanks with a combined capacity of 4,240,000 gallons: 300,000 gallons, 440,000 gallons, two at 500,000 gallons each, one at 1,000,000 gallons, and one at 1,500,000 gallons in storage capacity. The City has a combined elevated and ground drinking water storage capacity of 8.24 million gallons.

The City currently provides treated water to a portion of Johnson County Special Utility District ("JCSUD") under a wholesale water supply contract. JCSUD currently takes 2.5 MGD, but has the ability to take up to 9 MGD. The City has entered into a similar wholesale water supply contract with the City of Grand Prairie whereby the City may supply Grand Prairie with up to 12 MGD of treated water. The City is also able to supply portions of Arlington and Grand Prairie with treated water through emergency interconnections. The City's waterworks system has a regional impact and, more importantly, enables the City to receive water from or supply water to surrounding entities during times of drought or emergency responses.

The City has adopted a Water Master Plan, prepared by Freese & Nichols. The master plan analyzes the existing water system and contains recommendations for immediate construction improvements as well as staged construction for the ultimate development of the System.

TABLE 1 - HISTORICAL WATER CONSUMPTION (GALLONS)

Fiscal Year Ended 9/30	Total Usage	Peak Day	Average Day
2016	4,273,509,000	23,369,000	11,373,000
2017	4,480,309,000	20,975,000	11,734,000
2018	4,923,147,000	26,662,000	13,673,000
2019	4,794,009,000	28,495,000	13,134,000
2020 (1)	5,073,568,000	26,659,000	13,900,000

(1) Unaudited.

Table 2 - Ten Largest Water Customers (Based on Gallons Consumed)[(1)]

Customer	2020 Water Usage	% of Total Water Usage	Water Revenue	Percent of Water Revenues
Johnson County SUD	989,332,000	22.08%	$ 3,171,270	13.79%
Mansfield ISD	150,004,640	3.35%	1,007,563	4.38%
City of Mansfield	101,319,620	2.26%	611,656	2.66%
Mansfield National Golf Club	55,134,900	1.23%	80,000	0.35%
Walnut Creek Country Club	41,269,330	0.92%	67,448	0.29%
Methodist Mansfield Medical Center	40,186,510	0.90%	182,318	0.79%
Mid America Apartments LP	37,956,090	0.85%	168,734	0.73%
Southwaste - Dallas	25,370,970	0.57%	9,186	0.04%
Steadfast Villagio LLC	22,834,120	0.51%	99,561	0.43%
Equistar Chemicals	22,541,600	0.50%	84,552	0.37%
	1,485,949,780	33.17%	$ 5,482,288	23.85%

(1) Golf courses and gas companies purchase non-potable water and they pay a discounted rate for the non-potable water. As of September 30, 2020. Unaudited.

Table 3 - Monthly Water Rates

Meter Size	Current Rates Effective as of October 2020
Residential < 2,000 gallons	$7.45
3/4" & 5/8"	$22.57
1"	$56.43
1 1/2"	$112.85
2"	$180.56
3"	$361.12
4"	$620.68
6"	$1,263.92

Volumetric Rate per 1,000 Gallons Water (Effective October 2020)

	Industrial	Residential / Commercial
First 2,000 Gallons	$0.00	$0.00
Next 30,000 Gallons	$2.61	$3.29
Over 32,000 Gallons	$3.26	$4.11

Wastewater System

On August 23, 1974, the City Council approved a contract with the Trinity River Authority of Texas to become a contracting party in the Authority's Central Regional Wastewater System, along with twenty-four other area cities and the Dallas-Fort Worth International Airport.

On August 24, 2015, the City Council approved a contract with the Trinity River Authority of Texas to buy into and become a contracting party in the Authority's Mountain Creek Regional Wastewater System, joining Grand Prairie, Midlothian, and Venus.

The contracting parties have agreed to pay the Authority its net cost of operation and maintenance, including debt service requirements, on each Regional Wastewater System. Payments made by the respective cities are pursuant to authority granted by Texas Local Government Code Sections 402.022 and 402.023, as amended, and Chapter 30, Texas Water Code, as amended, and constitute operating expenses of their waterworks and sewer systems.

The expense of operating TRA's Systems, including administrative overhead and amounts necessary to pay debt service, is paid monthly by the contracting parties based on a formula of dividing each contracting party's estimated contributing flow to the Systems for such year by the total estimated contributing flow by all contracting parties being served at the beginning of each such year, with a year-end adjustment based on actual metered contributing flow to the Systems by all contracting parties. For fiscal year 2019, the City's cost for sewer treatment under the contract was $7,372,667. For fiscal year 2020, the City's cost for sewer treatment under the contract was $7,307,714. For fiscal year 2021, the City's budgeted cost for sewer treatment under the contract is $7,552,536.

The City has adopted a Wastewater Collection Master Plan, prepared by Freese & Nichols. The master plan analyzes the existing wastewater system and contains recommendations for immediate construction improvements as well as staged construction for the ultimate development of the system.

TABLE 4 - WASTEWATER USAGE (GALLONS)

Fiscal Year Ending 9/30	Amount in Gallons (000)
2016	2,146,619
2017	1,962,366
2018	2,025,919
2019	2,303,352
2020	2,966,274 (1)

(1) Unaudited.

TABLE 5 - MONTHLY SEWER RATES

	Current Rates Effective as of October, 2020
Residential	
Base 2,000 Gallons	$ 10.02
Base 2,001 Gallons	28.54
Each 1,000 Over 2,000 Gallons	3.78
Maximum	73.90
Sewer Service Only - Flat Rate	58.78
Commercial	
Base 2,000 Gallons	$ 28.54
Each 1,000 Over 2,000 Gallons	3.78

(Remainder of page intentionally left blank)

DEBT INFORMATION

TABLE 6 - PRO-FORMA WATERWORKS AND SEWER SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

Year Ended 30-Sep	Outstanding Debt[1] Principal	Outstanding Debt[1] Interest	Outstanding Debt[1] Total	The Bonds[2] Principal	The Bonds[2] Interest	The Bonds[2] Total	Total Debt Service	% of Principal Retired
2021	$ 2,255,000	$ 1,091,187	$ 3,346,187	$ 1,010,000	$ 87,420	$ 1,097,420	$ 4,443,607	
2022	2,355,000	988,987	3,343,987	1,085,000	182,800	1,267,800	4,611,787	
2023	2,460,000	881,550	3,341,550	605,000	139,400	744,400	4,085,950	
2024	2,340,000	768,600	3,108,600	625,000	115,200	740,200	3,848,800	
2025	2,215,000	657,250	2,872,250	640,000	102,700	742,700	3,614,950	50.79%
2026	2,325,000	550,050	2,875,050	655,000	89,900	744,900	3,619,950	
2027	2,435,000	437,500	2,872,500	670,000	76,800	746,800	3,619,300	
2028	2,160,000	319,600	2,479,600	690,000	56,700	746,700	3,226,300	
2029	2,260,000	211,600	2,471,600	710,000	36,000	746,000	3,217,600	
2030	370,000	98,600	468,600	735,000	14,700	749,700	1,218,300	93.17%
2031	385,000	83,800	468,800	-	-	-	468,800	
2032	400,000	68,400	468,400	-	-	-	468,400	
2033	420,000	52,400	472,400	-	-	-	472,400	
2034	435,000	35,600	470,600	-	-	-	470,600	
2035	455,000	18,200	473,200	-	-	-	473,200	100.00%
	$ 23,270,000	$ 6,263,325	$ 29,533,325	$ 7,425,000	$ 901,620	$ 8,326,620	$ 37,859,945	

(1) Excludes the Refunded Bonds.
(2) Average life of the Bonds is 4.688 years. Interest is calculated at an average rate of 1.35% for purposes of illustration only. Preliminary, subject to change.

TABLE 7 - AUTHORIZED BUT UNISSUED REVENUE BONDS

As of September 30, 2020, the City has no authorized but unissued revenue debt. Under State law, the City is not required to obtain voter approval for water and sewer system revenue bonds.

ANTICIPATED ISSUANCE OF REVENUE BONDS . . . The City anticipates the issuance of $10,000,000 in additional System revenue debt in the next 12 months.

PENSION PLAN

Plan Description – The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State. The TMRS Act places the general administration and management of the TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	Plan Year 2017	Plan Year 2018
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years require for vesting	5	5
Service retirment eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	196
Inactive employees entitled to but not yet receiving benefits	185
Active employees	486
Total	867

Contributions - The contribution rates for employees in TMRS is 7% of employee gross earnings, and the City matching percentages is 14.95%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the City were 14.94% and 14.95% in calendar years 2018 and 2019 respectively. The City's contributions to TMRS as of September 30, 2018 were $5,672,743 and were equal to the required contributions.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	2.5% per year
Overall payroll growth:	3.0% per year
Investment Rate of Return:	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustments used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate:

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

Changes in Net Pension Liability:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$160,939,483	$ 144,329,440	$ 16,610,043
Changes for the year:			
Service Cost	6,781,902	-	6,781,902
Interest	10,919,655	-	10,919,655
Change in benefit terms	-	-	-
Difference between expected and actual experience	2,214,327	-	2,214,327
Changes of assumptions	-	-	-
Contributions - employer	-	5,679,463	(5,679,463)
Contributions - employee	-	2,661,060	(2,661,060)
Net investment income	-	(4,327,905)	4,327,905
Benefit payments, including refunds of employee constributions	(5,115,537)	(5,115,537)	-
Administrative expense	-	(83,556)	83,556
Other changes	-	(4,365)	4,365
Net changes	14,800,347	(1,190,840)	15,991,187
Balance at 12/31/2018	$175,739,830	$ 143,138,600	$ 32,601,230

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 60,432,763	$ 32,601,230	$ 9,999,191

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2019, the City recognized expense of $8,856,150.

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At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Due to Liabilities:	Recognition Period (or Amortized yrs)	Total (Inflow) or Outflow of Resources	2018 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
2014 Difference in expected and actual experience actuarial (gains) or losses	2.9001	$ 30,492	$ 10,515	$ 19,977
2015 Difference in expected and actual experience actuarial (gains) or losses	3.7300	89,860	24,091	65,769
2016 Difference in expected and actual experience actuarial (gains) or losses	4.7900	1,387,711	289,710	1,098,001
2017 Difference in expected and actual earnings on actuarial (gains) or losses	5.7300	734,942	128,262	606,680
2018 Difference in expected and actual earnings on actuarial (gains) or losses	6.4200	2,214,327	344,911	1,869,416
			797,489	3,659,843
2015 Difference in assumption changes actuarial (gains) or losses	3.7300	(371,347)	(99,557)	(271,790)
			(99,557)	(271,790)

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Due to Assets:				
2014 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	1.0000	250,457	250,457	-
2015 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	2.0000	2,952,125	1,476,062	1,476,063
2016 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	3.0000	(8,614)	(2,872)	(5,742)
2017 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	4.0000	(7,062,550)	(1,765,638)	(5,296,912)
2018 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.0000	14,070,142	2,814,028	11,256,114
			$2,772,037	$ 7,429,523
Total				$ 10,817,576

$4,186,161 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred Outflows/(Inflows) of resources
2019	$ 3,219,513
2020	1,742,399
2021	1,756,186
2022	3,516,074
2023	438,543
Threafter	144,861
Total	$ 10,817,576

SUPPLEMENTAL DEATH BENEFITS

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual earnings (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust meeting the criteria in paragraph 4 of GASB Statement No. 75). TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	38
Active employees	486
Total	679

Contributions - The contribution rates for employees in SDBF is .02% of employee gross earnings, and the city matching percentages is .15%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Employees for the City were required to contribute .02% of their gross earnings during the fiscal year. The contribution rates for the City of Mansfield, Texas were .15% and .15% in calendar years 2018 and 2019 respectively. The City's contributions to SDBF as of September 30, 2019 were $56,361 and were equal to the required contributions.

Total OPEB Liability:

The City's Total OPEB Liability related to SDBF was measured and determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions:

The Total OPEB Liability related to SDBF in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year, including inflation
Discount Rate	3.31%, based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017
Retirees' share of benefit related costs	$0.00
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates - service retirees	RP2000 combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability related to SDBF:

	Total OPEB Liability (SDBF)
Balance at 12/31/2017	$ 1,030,717
Changes for the year:	
Service Cost	57,023
Interest	34,935
Differences between expected and actual experience	145,354
Changes in assumptions or other inputs	(81,348)
Benefit payments*	(7,603)
Net Changes	148,361
Balance at 12/31/2018	$ 1,179,078

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

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

The following presents the total OPEB liability related to SDBF of the City, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability related to SDBF would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability	$ 1,400,162	$ 1,179,078	$ 1,008,727

OPEB Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2019, the City recognized expense of $110,998.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Due to Liabilities	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2019 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in assumptions	8.0400	$ (81,348)	$ (10,118)	$ (71,230)
2017 Change in Assumptions	7.0400	$ 77,997	$ 11,079	$ 66,918
2018 Difference in expected and actual experience actuarial (gains) or losses	8.0400	$ 145,354	$ 18,079	$ 127,275
			$ 19,040	$ 122,963

$42,002 was reported as deferred outflows of resources related to OPEB (SDBF) resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability related to SDBF for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB (SDBF) will be recognized in pension expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources	
2020	$	19,040
2021		19,040
2022		19,040
2023		19,040
2024		19,040
Thereafter		27,763
	$	122,963

OTHER POST-EMPLOYMENT BENEFITS

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

The Plan does issue a stand-alone financial report. For inquiries relating to the plan, please contact The City of Mansfield, Business Services Division, 1200 East Broad Street, Mansfield, Texas 76063.

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

Benefits - City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. Employees and their dependents who retire before of age of 65 with ten years of service and less than 20 years of service are eligible to receive full health insurance coverage as a life time benefit at the same cost of an active employee. Employees and their dependents who retire with 20 years of service are eligible to receive full health insurance coverage as a life time benefit; while their dependents are eligible for full health insurance coverage they must pay the same cost as an active employee for full insurance coverage of their dependents.

At the time of the actuarial valuation, the City had 484 active plan members and 63 retired plan members and 93 retired plan members receiving benefits. Of the retired members, 40 had less than 20 years of service and 53 had more than 20 years of service.

Contributions - Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Expenditures for post-retirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the actuarially determined contribution (ADC), which approximates the annual OPEB cost, and totaled $2,410,000 for the fiscal year ended September 30, 2018. The City also funded 100% of the ADC, which approximates the annual OPEB cost, and totaled $4,820,000 for the fiscal year ended September 30, 2019.

Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of December 31, 2019 and the total OPEB liability (TOL) used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The NOL in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial method	Entry Age Normal
Discount Rate	7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. The City has, on average, made contributions the last five years that, if continued in this fashion, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	RP-2014 Mortality Table with Improvement Scale MP-201
Marriage Assumptions	3-year spouse age difference with females assumed 3 years younger than males. 25% of participants eligible for future post-employment benefits are assumed to have an eligible spouse electing to receive plan benefits. For retired members, we have used actual marital status, as provided, and assumed all such spouses are receiving plan benefits.
Health-care cost trend rates	7% in year 1 graded downward ½% per year to 4.5% in year 6 & later
Post-65 premium reductions	It is assumed that employer-subsidized premiums will be reduced by two-thirds after age 65 due to Medicare eligibility.
Implied subsidy	Included a load of 5% to include the estimated value of implied subsidies for the plan's post-retirement medical benefits.
Assumed utilization	75% of eligible future retirees are assumed to elect plan benefits
Changes in assumptions	We have changed the mrotality table improvement scale from MP-2017 to MP-2018
Salary rate	3% per annum

Retirement Rate

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

Withdrawal Rate

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

The plan's policy in regard to the allocation of invested assets is established by the City Council. The target asset allocation policy is 50% equity investments, 45% fixed income investments, and 5% cash. The long-term expected rate of return on plan investments used in the valuation was determined using a building-block method in which the City's best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the City's expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The City's best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2018	$ 48,772,103	$ 11,263,823	$ 37,508,280
Changes for the year:			
Service Cost	568,220	-	568,220
Interest	3,333,223	-	3,333,223
Difference between expected and actual experience	8,760,461	-	8,760,461
Contributions - employer	-	7,261,311	(7,261,311)
Benefit Payments	(2,441,311)	(2,441,311)	-
Net Investment Income	-	959,456	(959,456)
Administrative expense	-	(66,652)	66,652
Net changes	10,220,593	5,712,804	4,507,789
Balance at 6/30/2019	$ 58,992,696	$ 16,976,627	$ 42,016,069

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

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Total OPEB Liability	$ 51,478,242	$ 42,016,069	$ 34,486,195

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

	1% Decrease in Trend Rates (6.00%)	Trend Rates (7.00%)	1% Increase in Trend Rates (8.00%)
Total OPEB Liability	$ 34,405,648	$ 42,016,069	$ 51,474,229

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

For the year ended September 30, 2019, the City recognized expense of $4,826,810.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Due to Liabilities	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2018 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in assumptions	3.3900	$ (1,109,590)	$ (327,313)	$ (782,277)
2019 Difference in projected and actual earnings on OPEB plan	4.6200	(37,379)	(7,476)	(29,930)
			$ (334,789)	$ (812,207)
Due to Assets				
2018 Difference in projected and actual earnings on OPEB plan investments	4.0000	$ 119,030	$ 29,758	$ 89,272
2019 Defference between expected and actuarial expereince	4.2000	8,760,491	2,085,824	6,674,637
Total			$ 2,115,582	$ 6,763,909

$0.00 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources
2020	$ 1,780,793
2021	1,780,793
2022	1,980,453
2023	409,690
2024	-
Thereafter	-
	$ 5,951,729

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FINANCIAL INFORMATION

TABLE 8 - CONDENSED STATEMENT OF OPERATIONS

	Fiscal Year Ended September 30,				
Revenues	2020[1]	2019	2018	2017	2016
Water Service	$ 23,141,850	$ 20,401,003	$ 22,008,371	$ 19,639,307	$ 18,459,984
Sewer Service	13,805,102	12,805,588	12,580,718	11,533,077	10,863,897
Charges for Services	1,633,661	1,710,937	1,394,059	1,613,957	1,487,430
Interest Earnings	249,422	620,381	371,649	164,312	76,716
Impact Fees	4,879,934	2,939,992	3,500,583	2,357,803	2,230,248
Total Revenues	$ 43,709,969	$ 38,477,901	$ 39,855,380	$ 35,308,456	$ 33,118,275
Expenses					
Costs of Sales and services	$ 19,204,568	$ 19,342,805	$ 19,722,391	$ 16,955,343	$ 15,971,104
Administration	4,030,542	4,220,376	3,128,042	3,316,384	3,070,093
Total Expenses	$ 23,235,110	$ 23,563,181	$ 22,850,433	$ 20,271,727	$ 19,041,197
Net Available for Debt Service	$ 20,474,859	$ 14,914,720	$ 17,004,947	$ 15,036,729	$ 14,077,078
Water Customers	23,364	22,408	21,629	21,291	20,807
Sewer Customers	20,501	19,813	19,282	18,765	18,325

(1) Unaudited.

TABLE 9 - COVERAGE AND FUND BALANCES[1]

Average Annual Principal and Interest Requirements, 2021-2035	$	2,523,996
Coverage of Average Requirements by 9/30/20 Net Available for Debt Service		8.11x
Maximum Principal and Interest Requirements, 2022	$	4,611,787
Coverage of Maximum Requirements by 9/30/20 Net Available for Debt Service		4.44x
Waterworks and Sewer System Bonds Outstanding, 9/30/20	$	31,080,000
Water and Sewer Sinking and Reserve Funds, 9/30/20	$	4,968,717

(1) Projected; excludes the Refunded Bonds; includes the Bonds being offered herein; Preliminary, subject to change. Unaudited.

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TABLE 10 - VALUE OF THE SYSTEM

	Fiscal Year Ended September 30,				
	2020(1)	2019	2018	2017	2016
Buildings and Systems	$ 253,924,896	$ 245,041,748	$ 227,723,705	$ 220,599,627	$ 216,785,671
Land	616,163	186,976	186,976	186,976	186,976
Improvements	138,950	138,950	62,818	62,818	62,818
Machinery and Equipment	4,180,279	4,012,230	3,926,813	3,710,523	3,553,505
Construction in Progress	19,616,431	4,712,809	13,387,042	10,051,687	5,359,446
Total Value	$ 278,476,718	$ 254,092,713	$ 245,287,354	$ 234,611,631	$ 225,948,416
Less: Accumulated Depreciation	69,297,216	65,597,500	61,039,892	56,607,697	52,199,340
Net System Value	$ 209,179,502	$ 188,495,213	$ 184,247,462	$ 178,003,934	$ 173,749,076

(1) Unaudited.

TABLE 11 - CITY'S EQUITY IN SYSTEM

	Fiscal Year Ended September 30,				
Resources	2020(1)	2019	2018	2017	2016
Net System Value	$ 209,179,502	$ 188,495,213	$ 184,247,462	$ 178,003,934	$ 173,749,076
Cash and Investments	37,815,995	40,044,277	37,744,405	35,772,063	35,062,273
Other Resources	7,048,173	7,344,684	6,104,628	5,155,150	4,865,416
Total Resources	$ 254,043,670	$ 235,884,174	$ 228,096,495	$ 218,931,147	$ 213,676,765
Deferred Outflows	$ 4,421,500	$ 4,714,353	$ 3,658,988	$ 4,015,713	$ 4,235,600
Obligations					
Revenue Bonds Payable	$ 34,508,085	$ 37,970,045	$ 42,127,005	$ 46,408,966	$ 50,710,926
Other Obligations	10,827,313	11,750,421	9,351,975	6,258,787	5,898,682
Total Obligations	$ 45,335,398	$ 49,720,466	$ 51,478,980	$ 52,667,753	$ 56,609,608
Deferred Inflows	$ 742,271	$ 111,429	$ 433,213	$ 45,235	$ 53,747
City's Equity in System	$ 212,387,501	$ 190,766,632	$ 179,843,290	$ 170,233,872	$ 161,249,010
Percentage City's Equity in System	83.60%	80.87%	78.85%	77.76%	75.46%

(1) Unaudited.

FINANCIAL POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies used by the City are described below. The audited financial statements of the City for the year ended September 30, 2017, prepared in accordance with the GASB Statements, are included in Appendix B hereto.

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

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

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

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

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

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

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

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

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

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National credit Union Share Insurance Fund or its successor or (B) are invested through (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the City adopts or (ii) a depository institution with a main office or branch office in this state that the City selects; and (a) the broker or depository institution selected arranges for the deposit of the funds in the banking deposits in one or more federal insured depository institutions, regardless of where located, for the City' s account; and (b) the full amount of the principal and accrued interest of the banking deposits is insurance by the United States or an instrumentality of the United States; and (c) the City appoints as the City's custodian of the banking deposits issued for the City's account: (1) the depository institution selected pursuant to (ii) above or (2) an entity described by Section 2256.041(d); or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits; or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share and (14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (10) at least annually, review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 12 - CURRENT INVESTMENTS

As of September 30, 2020, the City's investable funds were invested in the following categories:

Description of Investment	Percent of Portfolio	Total Investment
AIM Invesco	0.67%	$ 468,042
Bank of America Merrill Lynch	35.94%	25,173,305
TexStar	63.39%	44,405,162
	100.00%	$ 70,046,510

SELECTED PROVISIONS OF THE ORDINANCE

The City Council will adopt the Ordinance authorizing the Bonds, which will be in substantially the same form as the Ordinance(s) authorizing the City's outstanding parity revenue bonds, selected provisions of which are shown below:

DEFINITIONS

"Additional Bonds" means additional parity revenue bonds permitted to be issued by the Ordinance.

"Capital Improvements Plan" means the City's capital improvements plan that identifies water supply, treatment and distribution facilities and wastewater collection and treatment facilities constituting capital improvements or facility expansions for which impact fees may be assessed, adopted pursuant to Sections 17-87 and 17-88 in Article V of Chapter 17 of the Code of Ordinances of the City, as amended from time to time.

"Fund" means any fund established pursuant to the Ordinance or any ordinance authorizing the issuance of the Previously Issued Bonds and any Additional Bonds.

"Gross Revenues" means all revenues and income of every nature derived or received by the City from the operation and ownership of the System, including impact fees imposed by the City pursuant to Chapter 395, Local Government Code, and Article V of Chapter 17 of the Code of Ordinances of the City, as amended from time to time, to finance capital improvements and facility expansions identified in the Capital Improvements Plan and the interest income from the investment or deposit of money in any special fund created by any of the respective ordinances authorizing the issuance of Previously Issued Bonds, the Bonds and any Additional Bonds.

"Interest and Sinking Fund" means the interest and sinking fund previously established by the City and confirmed by the Ordinance.

"Net Revenues" means all Gross Revenues after deducting there from an amount equal to the current expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised by the adoption of appropriate resolutions, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from the Net Revenues of the System, shall be deducted in determining "Net Revenues." Payments required to be made by the City for water supply or water facilities, sewer services or sewer facilities, fuel supply, which payments under law constitute operation and maintenance expenses of any part of the System, shall constitute and be regarded as expenses of operation and maintenance of the System. Depreciation and amortization shall not constitute or be regarded as expenses of operation and maintenance of the System.

"Pledged Revenues" means (1) the Net Revenues, plus (2) resources which are expected to be available to the City on a regular periodic basis, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which in the future may, at the option of the City, be pledged to the payment of Previously Issued Bonds, the Bonds and any Additional Bonds.

"Previously Issued Bonds" means the outstanding and unpaid revenue bonds of the City designated as Waterworks and Sewer System Revenue Bonds, Series 2009, dated December 1, 2009; Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2011, dated January 15, 2011; Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, dated December 1, 2011; Waterworks and Sewer System Revenue Refunding Bonds, Series 2015, dated December 1, 2014; Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016, dated December 1, 2015.

"Prior Ordinances" means the respective ordinances that authorized the issuance of the Previously Issued Bonds.

"Reserve Fund Surety Bond" means while any Previously Issued Bonds issued prior to the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 2015 are outstanding, any surety bond or insurance policy having a rating in the highest respective rating categories by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, issued to the City for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve as provided in the Ordinance. At such time as all of the Previously Issued Bonds issued prior to the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 2015 are no longer outstanding, "Reserve Fund Surety Bond" means any surety bond or insurance policy having a rating in the two highest generic rating categories by Moody's Investors Service, Inc., Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, or Fitch Ratings, Inc., issued to the City for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve as provided in the Ordinance.

"System" means (1) the City's entire existing waterworks and sewer system, together with all future extensions, improvements, enlargements, and additions thereto, and all replacements thereof, and (2) any other related facilities, all or any part of the revenues or income from which, in the future, at the option of the City, in accordance with law, become "Pledged Revenues" as herein defined; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not mean any water, sewer, or other facilities of any kind which are declared not to be a part of the System, and which are acquired or constructed by the City with the proceeds from the issuance of "Special Facilities Bonds," which are hereby defined as being special revenue obligations of the City which are not payable from or secured by any Pledged Revenues, but which are secured by and payable from liens on and pledges of any other revenues, sources, or payments, including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities; and such revenues, sources, or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds."

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Bonds as the same come due and payable and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

PLEDGE

Pledge. The Bonds are "Additional Bonds" described in the Prior Ordinances, and the payment of the principal of, premium, if any, and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds shall be secured by and of payable from a lien on and pledge of the Pledged Revenues, and the Pledged Revenues are further pledged to the establishment and maintenance of the Funds created by the Ordinance, and any Funds created by any ordinance authorizing the issuance of any Previously Issued Bonds and any Additional Bonds. The Previously Issued Bonds, the Bonds and any Additional Bonds are not and will not be secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the System.

Bonds as Special Obligations. The Bonds are special obligations of the City payable solely from the Pledged Revenues, as described in the Ordinance, and the Owners thereof shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation.

FUNDS AND ACCOUNTS

The Ordinance confirms the prior establishment of the System Fund, the Interest and Sinking Fund and the Reserve Fund, each to be kept and maintained separately and apart from all other monies of the City.

System Fund. All Gross Revenues shall be credited to the System Fund immediately upon receipt. All current expenses of operation and maintenance of the System shall be paid from such Gross Revenues credited to the System Fund as a first charge against same. Before making any deposits required to be made from the System Fund, the City shall retain in the System Fund at all times an amount at least equal to one-sixth of the amount budgeted for the then current fiscal year for the current operation and maintenance expenses of the System.

Interest and Sinking Fund. Monies deposited to the Interest and Sinking Fund shall be applied solely to the payment when due of principal of and interest on the Bonds, the Previously Issued Bonds and any Additional Bonds.

Reserve Fund. The Reserve Fund shall be used to pay the principal of and interest on the Previously Issued Bonds, the Bonds and any Additional Bonds when and to the extent the amounts in the Interest and Sinking Fund available for such payment are insufficient for such purpose, and may be used for the purpose of finally retiring the last of the Previously Issued Bonds, the Bonds and any Additional Bonds. Money on deposit in the Reserve Fund may be applied to the acquisition of a Reserve Fund Surety Bond. (See "Reserve Fund Requirements").

Investments. Money in any Fund established pursuant to the Ordinance or any ordinance authorizing the issuance of the Previously Issued Bonds and any Additional Bonds, may, at the option of the City, be placed in time deposits or certificates of deposit secured by obligations of the type hereinafter described, or be invested in direct obligations of the United States of America or obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in obligations of instrumentalities of the United States of America, including, but not limited to, evidences of indebtedness issued, insured, or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that any such investments are authorized investments for the funds of the City and shall be made in such manner as will, in the opinion of the City, permit the money required to be expended from any Fund to be available at the proper time or times as expected to be needed. Such investments (except United States Treasury Obligations--State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value as of the last day of each fiscal year. Unless otherwise set forth in the Ordinance, all interest and income derived from such deposits and investments immediately shall be credited to, and any losses debited to, the Fund from which the deposit or investment was made, and surpluses in any Fund shall or may be disposed of as hereinafter provided. Such investments are required to be sold promptly when necessary to prevent any default in connection with the Previously Issued Bonds, the Bonds and any Additional Bonds consistent with the respective ordinances authorizing their issuance.

Funds Secured. Money in all Funds created or confirmed by the Ordinance, to the extent not invested, are required to be secured in the manner prescribed by law.

Priority of Transfers from System Fund. The City will make transfers from the Pledged Revenues on deposit in the System Fund, in the amounts and in the manner required by the Ordinance and the ordinances authorizing the Previously Issued Bonds and any Additional Bonds, first, to the Interest and Sinking Fund, and, second, to the Reserve Fund.

Interest and Sinking Fund Requirements. All amounts received on the date of delivery representing accrued interest on the Bonds will be deposited to the Interest and Sinking Fund and will be applied to the payment of interest next coming due on the Bonds. Each month, in approximately equal monthly installments, the City will transfer from the Pledged Revenues to the Interest and Sinking Fund such amounts as will be sufficient, together with any amounts then on deposit in such Fund, to pay principal of and interest on the Bonds, the Previously Issued Bonds and any Additional Bonds coming due on the next succeeding payment date for such obligations, whether at maturity or upon the prior redemption thereof.

Reserve Fund Requirements. The City agrees to maintain in the Reserve Fund an amount of money and investments equal to the average annual principal and interest requirements of the Previously Issued Bonds, the Bonds and any Additional Bonds then outstanding (the "Required Reserve Amount"). After the delivery of any Additional Bonds, the City agrees to cause the Reserve Fund to be increased, if and to the extent necessary, so that such Fund will contain an amount of money and investments equal to the Required Reserve Amount. Any increase in the Required Reserve Amount may be funded from Pledged Revenues or from proceeds from the sale of any Additional Bonds, or any other available source or combination of sources. All or any part of the Required Reserve Amount not funded initially and immediately after the delivery of any installment or issue of Additional Bonds shall be funded, within not more than five years from the date of such delivery, by deposits of Pledged Revenues in approximately equal monthly installments. Principal amounts of any Previously Issued Bonds and any Additional Bonds which must be redeemed pursuant to any applicable mandatory redemption requirements shall be deemed to be maturing amounts of principal for the purpose of calculating principal and interest requirements on such bonds. When and so long as the amount in the Reserve Fund is not less than the Required Reserve Amount no deposits shall be made to the credit of the Reserve Fund; but when and if the Reserve Fund at any time contains less than the Required Reserve Amount, then the City agrees to transfer from Pledged Revenues in the System Fund, and deposit to the credit of the Reserve Fund, monthly, a sum equal to 1/60th of the Required Reserve Amount, until the Reserve Fund is restored to the Required Reserve Amount. The City specifically covenants that when and so long as the Reserve Fund contains the Required Reserve Amount, the City shall cause all interest and income derived from the deposit or investment of the Reserve Fund to be deposited to the credit of the System Fund, provided that interest and income from moneys representing bond proceeds deposited to the Reserve Fund shall only be used for the same purposes for which such bonds are authorized.

The Reserve Fund may be funded in the amount of the Required Reserve by the deposit of a Reserve Fund Surety Bond sufficient to provide such portion of the Required Reserve. Following such discharge, the City further expressly reserves the right to substitute at any time a Reserve Fund Surety Bond for any funded amounts in the Reserve Fund and to apply the funds thereby released, to the greatest extent permitted by law, to any of the purposes for which the related parity revenue bonds were issued or to pay debt service on the parity revenue bonds. The City shall not employ any Reserve Fund Surety Bond unless (i) the City officially finds that the purchase of such Reserve Fund Surety Bond is cost effective, (ii) the Reserve Fund Surety Bond does not impose upon the City repayment obligations (in the event the Reserve Fund Surety Bond is drawn upon) greater than can be funded from Pledged Revenues on a parity with the deposits that are otherwise required to be made to the Reserve Fund, and (iii) that any interest due in connection with such repayment obligations does not exceed the highest lawful rate of interest which may be paid by the City at the time of delivery of the Reserve Fund Surety Bond.

Deficiencies; Excess Pledged Revenues. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund or the Reserve Fund, such deficiency is required to be made up as soon as possible from the next available Pledged Revenues.

(b) Subject to making the required deposits to the credit of the various Funds when and as required by the Ordinance or any ordinance authorizing the issuance of Previously Issued Bonds or any Additional Bonds, any surplus Pledged Revenues may be used by the City for any lawful purpose.

ADDITIONAL BONDS

The City has reserved the right to issue additional parity revenue bonds ("Additional Bonds"), at any time and from time to time, and in one or more series or issues, in accordance with law and the requirements of the Ordinance and the ordinances authorizing the Previously Issued Bonds and any Additional Bonds, payable from and secured by a lien on and pledge of the Pledged Revenues, equally and ratably on a parity in all respects with the Bonds, the Previously Issued Bonds and any Additional Bonds; provided that such Additional Bonds shall not be delivered unless: (i) the principal of such Additional Bonds is scheduled to be paid on February 1 or August 1, or both; (ii) the Mayor and City Secretary of the City certify, in writing, that the City is not then in default as to any covenant, condition, or obligation in connection with the Bonds, the Previously Issued Bonds and any Additional Bonds or the ordinances authorizing such obligations, and each respective Fund contains the amount required to be on deposit therein; (iii) an independent certified public accountant certifies, in writing, that, in his or her opinion, during either the next preceding fiscal year, or any twelve consecutive calendar month period out of the 18-month period immediately preceding the month in which the ordinance authorizing the proposed Additional Bonds is passed, the Pledged Revenues were at least 1.25 times the average annual principal and interest requirements and 1.10 times the maximum annual principal and interest requirements of the Bonds, all Previously Issued Bonds and any Additional Bonds scheduled to be outstanding after the delivery of the proposed Additional Bonds; provided, that in calculating the amount of Pledged Revenues for such purpose, if there has been an increase in rates charged for services of the System which are then in effect, but which were not in effect during all or any part of the entire period for which the Pledged Revenues are being calculated (the "entire period"), then the certified public accountant, or in lieu thereof, a firm of consulting engineers, shall determine and certify the amount of Pledged Revenues as being the total of (A) the actual Pledged Revenues for the entire period, plus (B) the aggregate amount by which the actual billings during the entire period would have been increased if such rates had been in effect during the entire period; (iv) provision is made in the proposed ordinance to increase the Reserve Fund to the Required Reserve Amount; and (v) all calculations of average annual debt service requirements of any bonds or obligations made in connection with the issuance of such proposed Additional Bonds shall be made as of the date of such Additional Bonds, and, for all purposes under the Ordinance, any principal amount of any bond or obligation required to be mandatorily redeemed shall be deemed to be maturing on the applicable mandatory redemption date.

REPRESENTATIONS AND COVENANTS

Payment of Bonds and Additional Bonds. The City will make available to the Paying Agent/Registrar, from the Interest and Sinking Fund, and, to the extent necessary, from the Reserve Fund, monies sufficient to pay the principal of and interest on the Bonds, Previously Issued Bonds and any Additional Bonds as the same shall come due for payment, either at maturity or upon prior redemption.

Rates. The City covenants and agrees with the holders of all the Previously Issued Bonds, the Bonds and any Additional Bonds as follows:

(a) that it will at all times fix, maintain, charge, and collect for services rendered by the System, rates and charges which will produce Gross Revenues, at least sufficient to pay all expenses of operation and maintenance of the System and to provide an additional amount of Net Revenues to pay promptly all of the principal of and interest on all Previously Issued Bonds, the Bonds and any Additional Bonds, and to make all deposits now or hereafter required to be made into the special funds created by the Ordinance or the ordinance or ordinances authorizing the issuance of Previously Issued Bonds, the Bonds or Additional Bonds, with such amounts being at least equal to 1.1 times the annual principal and interest requirements of all outstanding Previously Issued Bonds, the Bonds and any Additional Bonds; and

(b) that, if the System should become legally liable for any other obligations or indebtedness, the City shall fix, maintain, charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

General Covenants. The City has further covenanted and agreed that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Ordinance, and each ordinance authorizing the issuance of the Previously Issued Bonds and Additional Bonds, and in each and every Previously Issued Bond, Bond and Additional Bond; that it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Bond, Bond and Additional Bond, on the dates and in the places and manner prescribed in such ordinances, Previously Issued Bonds, Bonds and Additional Bonds; and that it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Bond, Bond and Additional Bond, on the dates and in the manner prescribed in such ordinances and Previously Issued Bonds, Bonds and Additional Bonds; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Previously Issued Bonds, the Bonds or Additional Bonds may require the City, its officials, and employees, to carry out, respect, or enforce the covenants and obligations of the Ordinance, or any ordinance authorizing the issuance of Additional Bonds or Previously Issued Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials, and employees.

(b) Legal Authority. The City covenants that it is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Previously Issued Bonds, the Bonds and any Additional Bonds; that all action on its part for the creation and issuance of the said obligations has been or will be duly and effectively taken; and said obligations in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) Title. The City has or will obtain lawful title to the lands, buildings, structures, and facilities constituting the System, and the City warrants that it will defend the title to all the aforesaid lands, buildings, structures, and facilities, and every part thereof, for the benefit of the holders and owners of the Previously Issued Bonds, the Bonds and Additional Bonds, against the claims and demands of all persons whomsoever, and it is lawfully qualified to pledge the Pledged Revenues to the payment of the Previously Issued Bonds, the Bonds and any Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) Liens. The City will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, no such tax, assessment, or charge, and no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) Operation of System; No Free Service. While the Previously Issued Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, the City agrees to continuously and efficiently operate the System, and to maintain the System, or cause the System to be operated and maintained in good condition, repair, and working order, all at reasonable cost. No free service of the System shall be allowed, and should the City or any of its agencies, instrumentalities, lessors, or concessionaires make use or the services and facilities of the System, payment monthly of the standard retail price of the services provided shall be made by the City or any of its agencies, instrumentalities, lessors, or concessionaires out of funds from sources other than the revenues of the System, unless made from surplus Pledged Revenues as permitted by the Ordinance.

(f) Further Encumbrance. While the Previously Issued Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, the City agrees that it will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of the Ordinance and any ordinance authorizing the issuance of Previously Issued Bonds and any Additional Bonds; but the right of the City to issue revenue bonds payable from a subordinate lien on surplus Pledged Revenues is specifically recognized and retained.

(g) Sale or Disposal of Property. While any Previously Issued Bonds, Bonds or Additional Bonds are outstanding and unpaid, the City agrees that it will not sell, convey, mortgage, encumber, lease, or in any manner transfer title to, or dedicate to other use, or otherwise dispose of, the System, (except as permitted in paragraph (f) hereof) or any significant or substantial part thereof; provided that whenever the City deems it necessary to dispose of any property, machinery, fixtures, or equipment, or dedicate such property to other use, it may do so either when it has made arrangements to replace the same or provide substitutes therefor, or it is determined by resolution of the City Council that no such replacement or substitute is necessary.

(h) Insurance.

(1) The City agrees to cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance also shall be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. All insurance premiums shall be paid as an expense of operation of the System. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the registered owners of the Bonds and their representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be deposited in a special and separate trust fund, at an official depository of the City, to be designated the "Insurance Account." The Insurance Account shall be held until such time as other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required.

(2) The annual audit hereinafter required may contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and shall state whether or not all insurance premiums upon the insurance policies to which reference is made have been paid.

(i) Annual Budget. The City covenants to prepare, prior to the beginning of each fiscal year, an annual budget, in accordance with law, reflecting an estimate of cash receipts and disbursements for the ensuing fiscal year in sufficient detail to indicate the probable Gross Revenues and Pledged Revenues for such fiscal year.

(j) Records. The City covenants to keep proper books of record and account in which full, true, proper, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and the Funds created pursuant to the Ordinance, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any Bondholder or citizen of the City. To the extent consistent with the provisions of the Ordinance, the City shall keep its books and records in a manner conforming to standard accounting practices as usually would be followed by private corporations owning and operating a similar System, with appropriate recognition being given to essential differences between municipal and corporate accounting practices.

(k) Audits. After the close of each fiscal year while any of the Previously Issued Bonds, the Bonds or Additional Bonds are outstanding, an audit will be made of the books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each such year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas, to each paying agent for any bonds payable from Pledged Revenues, to any registered owner of the Bonds who shall so request in writing, and to First Southwest Company, LLC. The annual audit reports shall be open to the inspection of the registered owners of the Previously Issued Bonds, the Bonds and any Additional Bonds, and their agents and representatives at all reasonable times.

(l) Governmental Agencies. The City covenants to comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the System.

(m) No Competition. The City covenants that it will not operate, or grant any franchise or, to the extent it legally may, permit the acquisition, construction, or operation of, any facilities which would be in competition with the System, and to the extent that it legally may, the City will prohibit any such competing facilities.

(n) Impact Fees. None of the impact fees pledged in the Ordinance to the payment of the Previously Issued Bonds, the Bonds and any Additional Bonds will be used or expended for an improvement or expansion not identified in the Capital Improvements Plan.

DEFAULT AND REMEDIES

Events of Default. Each of the following occurrences or events for the purpose of the Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including, but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the City.

(iii) An order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the City any relief under any Applicable Law, or any other court having valid jurisdiction shall issue an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator, or other similar official for the City of any substantial part of its property, affairs or assets, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.

Remedies for Default. (a) Upon the happening of any Event of Default, any Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in the Ordinance, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Remedies Not Exclusive. (a) No remedy conferred in the Ordinance or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of the Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under the Ordinance.

(b) The exercise of any remedy conferred or reserved in the Ordinance shall not be deemed a waiver of any other available remedy.

(c) By accepting the delivery of a Bond authorized under the Ordinance, such Owner agrees that the certifications required to effectuate any covenants or representations contained in the Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers or employees of the City or members of the City Council.

DISCHARGE

The Bonds may be defeased, discharged or refunded in any manner permitted by applicable law.

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TAX MATTERS

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

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

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

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Ordinance upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

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

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

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

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

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

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

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CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org <http://www.emma.msrb.org/>.

ANNUAL REPORTS . . . The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in the final Official Statement, being information of the type described in Tables 1 through 12, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles appended to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "*SEC*").

The City's current fiscal year end is September 30. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

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

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

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

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

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

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding System revenue debt of the City are rated "Aa2" by Moody's, "AA+" by S&P and "AAA" by Fitch, without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either of such rating companies, if in the judgment of any such company, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LITIGATION

Savering et al. v. City of Mansfield et al. On August 28, 2014, On August 28, 2014, Josh and Kelli Savering and others filed suit against the City of Mansfield ("City"), the Mansfield Park Facilities Development Corporation ("Corporation"), and several individuals associated with the City or the Corporation (collectively "City Defendants") to resolve a dispute over the construction of a bridge that connects a public park to a walking trail that abuts plaintiffs' property. Plaintiffs alleged various causes of action against the City Defendants and also sought equitable relief in the form of an injunction to require the City to prohibit members of the public from crossing the bridge. Although, the plaintiffs have not alleged damages in connection with their primary claim of prohibiting the members of the public from crossing the bridge, they have pled alternative claims of trespassing, and inverse condemnation of their home sites because of the bridge and members of the public crossing the bridge on land that abuts the plaintiff's property.

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

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

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

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

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

The court further ruled that its earlier opinion – the 4/3 decision against the City mentioned above – does not constitute "law of the case," and neither the court of appeals nor the trial court is bound by its terms. The Court of Appeals reversed the judgment of the trial court and remanded the case for further proceedings. The Court of Appeals opinion was by a three-judge panel of the court, which is how all initial opinions are rendered. The plaintiffs have filed a Motion for Rehearing *en Banc*, which is a request that the entire seven-member court review the decision.

The plaintiffs' Motion for Rehearing requests, among other things, that the court determine the overall title question – i.e., not simply that the HOA did not prove its claim of title but whether the City Defendants' claim is valid. If the court grants the rehearing and makes a decision on that point, the language of the opinion indicates that it likely would rule in the City's favor. There are other issues involved in the case that are of no financial import to the City Defendants. As things stand, the City is in the position of owing nothing to the plaintiffs after the first round of appellate review. The City Defendants continue in their opinion that this case will not have a significant effect upon the financial condition of the city or the MPFDC.

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention (the "CDC") called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include executive orders which have, among other things, imposed limitations on social gatherings and established occupancy limits for most businesses in Texas. Additionally, such orders required every person in Texas to wear a face covering over the nose and mouth while inside a commercial entity, building, or space open to the public, or in an outdoor public space when it is not feasible to maintain six feet of social distance, subject to certain exceptions. The

Governor retains the authority to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

In response to the COVID-19 outbreak, the City implemented a number of temporary measures intended to mitigate operational and financial impacts, and to assist the System's customers, including: (i) to assist customers through financial hardships that may occur as a result of the COVID-19 outbreak the City offered extended payment plans and waived late fees; and (ii) the City deferred disconnections of water and sewer services for non-payment during the COVID-19 related emergency in order to ensure that all residents could continue to have System services available to them. Although the City has ceased these measures, the City continues to work with its customers that are still feeling financial difficulties because of the COVID-19 outbreak. The measures taken by the City to date, and additional measures that may be taken in the future, may lead to the increase of uncollected accounts and the decrease of timely payments from System customers.

The City cannot predict (i) the duration or extent of the COVID-19 outbreak; (ii) whether and to what extent COVID-19 may have on the operations of the System and the revenues of the System; (iii) whether and to what extent COVID-19 may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact System-related construction, the cost, sources of funds, schedule or implementation of the System's capital improvement program, or other System operations; (iv) whether or to what extent the City and the System may provide additional deferrals, forbearances, adjustments or other changes to its customers or its billing and collection procedures; or (v) whether any of the foregoing may have a material adverse effect on the finances and operations of the System. As of the date of this Official Statement, the operations and revenues of the System have not been materially adversely affected by COVID-19 and the various local, state and federal actions taken in connection with COVID-19, but there is no guarantee that the System will not be materially adversely affected by such events in the future. Prospective investors should assume that the restrictions and limitations related to COVID-19, and the current upheaval to the national and global economies, may increase at least over the near term, recovery may be prolonged and, therefore, may have an adverse impact on System revenues.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

LEGAL MATTERS

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix C. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement or Notice of Sale, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

FINANCIAL ADVISOR

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

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

INITIAL PURCHASER

After requesting competitive bids for the Bonds, the City accepted the bid of ______________________ (the "Initial Purchaser") to purchase the Bonds at the prices shown on page 2 of the Official Statement. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

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

The Ordinance authorizing the issuance of the Bonds approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Initial Purchaser.

FORWARD-LOOKING STATEMENT DISCLAIMER

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

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

MICHAEL EVANS
Mayor
City of Mansfield, Texas

ATTEST:

SUSANA MARIN
City Secretary

Schedule I

SCHEDULE OF REFUNDED BONDS

Waterworks & Sewer System Revenue Bonds, Series 2009

Original Dated Date	Original Maturity Date	Interest Rates	Principal Refunded Amount	Redemption Date
12/1/2009	8/1/2021 (1)	4.000%	$ 125,000	3/15/2021
	8/1/2023 (1)	4.000%	265,000	3/15/2021
	8/1/2025 (1)	4.100%	290,000	3/15/2021
	8/1/2027 (1)	4.250%	315,000	3/15/2021
	8/1/2030 (1)	4.500%	530,000	3/15/2021
			$ 1,525,000	

(1) Represents a Term Bond with mandatory sinking fund payments on August 1 in the years 2021, 2023, 2025, 2027 and a final maturity on August 1, 2030..

Waterworks & Sewer System Revenue Refunding and Improvement Bonds, Series 2011

Original Dated Date	Original Maturity Date	Interest Rates	Principal Refunded Amount	Redemption Date
1/15/2011	8/1/2021	4.000%	$ 920,000	3/15/2021
	8/1/2022	4.000%	955,000	3/15/2021
	8/1/2023	4.250%	470,000	3/15/2021
	8/1/2024	4.375%	490,000	3/15/2021
	8/1/2025	4.500%	510,000	3/15/2021
	8/1/2026	4.625%	535,000	3/15/2021
	8/1/2027	4.750%	560,000	3/15/2021
	8/1/2028	4.750%	585,000	3/15/2021
	8/1/2029	4.750%	615,000	3/15/2021
	8/1/2030	5.000%	645,000	3/15/2021
			$ 6,285,000	

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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

POPULATION . . . The City's 2010 Census population was 56,368, increasing 101.09% since 2000. The City Planning Department estimates the 2021 population at 78,184 reflecting a 39% increase since 2010.

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

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

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

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

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PRINCIPAL EMPLOYERS

Company	Product Line	Number of Employees
Mansfield Independent School District	Education	4,603
Mouser Electronics	Distribution of Electronics Parts	2,000
Methodist Mansfield Medical Center	Full Service Hospital	1,428
Klein Tools	Manufacturer of Hand Tool Products	554
Hoffman Cabinets	Cabinet Manufacturer	461
BCB Transport	Transportation Provider	435
Wal-Mart Super Center	Superstore	400
Kroger	Grocery Stores(2)	320
Super Target	Super center	250
SJ Louis Construction of TX.	Utility Contractor	225
Lifetime Fitness	Fitness Center	200
Walnut Creek Country Club	Country Club	190
Best Buy	Electronics Store	180
Kindred Hospital	Treatment Center	155
Sam's Club	Warehouse Store	150
IJAC	Automative Air Conditioning Parts Distributor	148
Lowe's	Home Improvement Store	146
Home Depot	Home Improvement Store	145
Utex Industries	Manufacturer of Consumable Components for High Pressure Pumping Applications	138
Conveyors, Inc.	Manufacturer Conveyor Equipment	130
On The Border	Mexican Restaurant	125
Mauser Packaging	Producer of Injection Molded Plastic Buckets	125
Gamma Aerospace	CNC Machining	123
RJ Carroll	Telecommunications Contractor	115
Trinity Forge	Drop Forger	110
Master Meter	Manufactuer of Water Meters	108
Southern Champion Tray	Manufacturer of Paperboard Folding Cartons	106
Champion	RV Manufacturer	105
R1	Medical Billing	100
Ramtech Building Systems	Manufacturer of Modular Office Buildings	100
LyondellBasell/Equistar Chemicals	Manufacturer of Plastic Polymers used in Auto Industry	93
Hensley Attachments	Manufacturer of Excavator Buckets	87
Sellmark	Outdoor Products Manufacturer & Distributor	87
AM-C Warehouse	Cold Storage Facility	85
Oldcastle Precast	Manufacturer of Concrete Utility Products	80
Parker Hannifin	Manufacturer of Thermoplastic & Fluoropolymers	76
PCX Aerostructures	Manufacturer of Aeronautical Components	75
Lok-Mor	Manufacturer of Threaded Products	75
Martin Conveyor	Manufactuer of Screw Conveyors	72
Paragon	Manufactuer of Plastic Bottles	60
American Carton	Cartons	57
Drill King	Manufacturer of Drill Bits	54
Kimbrough Fire Extinguisher	Fire Protection Solutions	50
Sentry Processing	Rebar Sales & Fabrication	48
Engage Industrial Solutions	Sheet Metal & Structural Fabrication	40
New Tech Systems	Manufacturer of Electronic Pipe Inspection Systems	36

HISTORICAL EMPLOYMENT DATA (ANNUAL AVERAGE DATA) (1)

City of Mansfield	2020(2)	2019	2018	2017	2016
Labor Force	37,576	38,244	37,397	36,000	34,017
Employed	35,101	37,040	36,194	34,788	32,817
Unemployed	2,475	1,204	1,203	1,212	1,200
% Unemployment	6.6%	3.1%	3.2%	3.4%	3.5%

Tarrant County	2020(2)	2019	2018	2017	2016
Labor Force	1,072,941	1,082,571	1,059,957	1,036,343	1,010,694
Employed	992,126	1,046,916	1,023,016	997,799	970,542
Unemployed	80,815	35,655	36,941	38,544	40,152
% Unemployment	7.5%	3.3%	3.5%	3.7%	4.0%

(1) Source: Texas Employment Commission.
(2) Through September 2020.

SERVICES . . . The City is served by hospitals within the City and the immediate area including Mansfield Methodist Hospital, Columbia HCA, Arlington Memorial Hospital, Huguley Hospital, Harris Hospital and John Peter Smith Hospital. Texas Health Resources will open a new full service hospital by December 2020.

The City addresses the needs of its citizens by offering many varied services to its residents. The police and fire departments employ 162 and 103persons, respectively. Emergency ambulance service is also offered. Park and recreation facilities include 19 City parks consisting of 917 acres, 15 playgrounds, 30 athletic fields and over nine miles of running trails. The City also has one public library with approximately 102,241 volumes.

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

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

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

EDUCATION . . . The City is served by the Mansfield Independent School District which consists of one pre-kindergarten academy; 23 elementary schools with grades pre-kindergarten through 4; six intermediate schools with grades 5 and 6; one STEM Academy, six middle schools for grades 7 and 8; five high schools, with grades 9 through 12; one high school with grades 11 and 12; one career & technology academy; one early college high school; and one alternative school campus. Current enrollment for the District is approximately 35,485. The District employs a total of 4,6844 personnel, of which 2,703 are classroom teachers or administrators. The District maintains pupil-teacher ratios of 22:1 for elementary, a 28:1 ratio for grades 5 through 12.

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

BUILDING PERMITS BY CATEGORY

Fiscal Year Ended 9/30	Commercial and Industrial Number	Commercial and Industrial Amount	Residential Number	Residential Amount	Grand Total
2016	55	$ 73,855,151	396	$ 185,334,922	$ 259,190,073
2017	38	61,880,960	412	144,216,289	206,097,249
2018	44	92,342,272	598	231,982,881	324,325,153
2019	45	68,079,866	471	162,391,591	230,471,457
2020 (1)	92	312,449,253	758	266,028,479	578,477,732

(1) As of September 2020.

The following tables illustrate projects underway in the City as of September 30, 2020.

Estimate of Platted Residential Lots Available for Development

Development	Number of Lots Remaining	Years To Build Out	Total Projected Population
Bower Ranch Ph 1-3	34	1.0	105
Britton Riness	7	2.0	22
Cypress Crossing	7	0.5	22
Dove Chase Ph 2	106	2.0	326
Forest Brook	46	1.0	142
Knott's Landing	28	1.5	86
Ladera at the Reserve Ph 1	89	2.0	274
Lake Park	23	1.5	71
Mill Valley	99	1.0	305
Pemberley Estates, Ph 1 & 2	19	1.0	59
Riverwalk	90	2.0	277
Rockwood	82	1.5	253
Seeton Estates	50	2.0	154
Silver Oak Ph 1	113	2.0	348
Southpointe Ph 1A & 1B	27	0.5	83
Southpointe Ph 2	26	1.0	80
Southpointe Ph 3	63	1.0	194
Southpointe Ph 4	178	2.0	548
Southpointe Ph 6a	16	0.5	49
Somerset Ph 2	114	1.5	351
The Oaks Preserve Ph 1	60	1.5	185
Triple Diamond Ranch Ph 1	115	2.5	354
Total	1,392		4,288

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Estimate of Preliminary Platted Residential Lots for Future

Development	Number of Lots to be Developed	Total Projected Population
Birdsong Ph 1	112	345
Birdsong Future Phases	422	1300
Colby Crossing Ph 2	46	142
Dolce Vita	277	853
Ladera at the Reserve Ph 2	70	216
Legacy Estates	28	86
Lone Star Ranch Ph 3	66	203
M3 Ranch Ph 1	402	1,238
Mansfield Webb Townhomes	19	59
Mitchell Farms	112	345
The Oaks Preserve Ph 2	149	459
Rockwood Addition Ph 2-4	358	1,103
Silver Oak Ph 2	79	243
Somerset Addition Ph 3	204	628
Somerset Addition Ph 4	204	628
Southpointe Ph 5	116	357
Southpointe Ph 7	180	554
Southpointe Ph 8A	125	385
Southpointe Ph 8B	93	286
Sunset Crossing	105	323
Triple Diamond Ranch Ph 2	61	188
The View at the Reserve	312	961
Watson Branch Ph 1	101	311
Watson Branch Ph 2	141	434
	3,782	11,647

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Estimate of Platted Commercial and Industrial Acreage Available for Development

Development	Number of Acres	Uses
Cannon Professional Plaza	3.950	Office
Community of Hope Add.	5.310	Retail
Creekside Plaza	1.650	Office
Enclave, The	2.520	Office
Fountainview Center	2.630	Office
Golden Acres	3.210	Retail/Commercial
Heritage Industrial Park	67.170	Commercial/Industrial
Heritage Estates	2.770	Retail/Commercial
Highland Heights	13.380	Office/Commercial
Hillcrest Addition	42.171	Commercial/Industrial
Hillcrest Business Park	1.940	Commercial/Industrial
Jacob Back Addition	1.179	Retail/Commercial
J.M. Thomas	1.360	Retail/Commercial
Knapp Sisters Business Park	3.290	Retail/Commercial
Legends Mansfield Addition	2.540	Retail/Commercial
Mansfield 287 Addition	1.510	Retail/Commercial
Mansfield Debbie Lane Addition	1.270	Retail/Commercial
Mansfield Hospital Addition	0.690	Retail/Commercial
Mansfield Industrial Park East	2.860	Commercial/Industrial
Mansfield Marketplace	15.450	Retail/Commercial
Mansfield Medical Plaza	6.270	Office
Mansfield Town Center East	5.330	Retail/Commercial
Mansfield Town Center West	8.070	Retail/Commercial
McCaslin Business Park	13.594	Commercial/Industrial
Meyergreen Business Park	0.650	Commercial
Ritter-Meehan No. 1 Addition	1.000	Retail/Commercial
New Intermediate School South	7.520	Retail/Commercial
Sar Medical Plaza	1.780	Office
Sentry Industrial Park	16.240	Heavy Industrial
Stadium Plaza	4.870	Commercial/Automotive
Steadfast Heritage Center	3.170	Commercial/Industrial
The Shops at Broad Street	10.500	Retail/Commercial
TSC Addition	4.440	Commercial/Industrial
Tuscany at Walnut Creek	1.370	Office/Commercial
Village Off Broadway	9.991	Retail/Commercial
Walnut Creek Corner	4.460	Retail/Commercial
Walnut Creek Village Ph 2	1.630	Retail/Automotive
WeatherfordAddition	1.570	Retail/Commercial
Total	279.31	

APPENDIX B

EXCERPTS FROM THE

CITY OF MANSFIELD, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2019

The information contained in this Appendix consists of excerpts from the City of Mansfield, Texas Annual Financial Report for the Year Ended September 30, 2019, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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KPMG

KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2721

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
City of Mansfield, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
February 6, 2020

MANSFIELD
TEXAS

Management's Discussion and Analysis

As management of the City of Mansfield, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The City's net position or assets and deferred outflows less its liabilities and deferred inflows at the close of the City's fiscal year is approximately $465 million.

- The City recognized approximately $155 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately $138 million in expenses in servicing the City's governmental and business enterprises.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of approximately $58 million. Approximately 29% of this $58 million is available for spending at the City's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately $17 million or 28% of total general fund expenditures.

- The City's total debt obligations decreased by $3.41 million (1.42%) during the current fiscal year. This is from approximately $13.8 million in new bond proceeds offset by $17.2 million in scheduled principal payments and payments to escrow agents during the year. The key factors affecting the City's debt position are as follows:

  Certificates of Obligation of $7.488 million for the purpose of street improvements and other public purposes.

  Certificates of Obligation of $1.300 million for the purpose of designing a fire station

  Certificates of Obligation of $.955 million for the purpose of downtown improvements.

  Certificates of Obligation of $.507 million for the purpose of restoring a historical building.

  Certificates of Obligation of $3.500 million for the purpose of land acquisition for parks.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the street construction fund, the building construction fund, and the TIRZ Fund Number 1, all of which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $464,944,777 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (90.24%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other	$ 69,936,605	$ 69,318,983	$ 52,476,271	$ 48,975,014	$ 122,412,876	$ 118,293,997
Capital	434,803,657	424,290,267	202,839,592	198,684,457	637,643,249	622,974,724
Total assets	504,740,262	493,609,250	255,315,863	247,659,471	760,056,125	741,268,721
Deferred outflows:	20,231,266	9,498,826	7,282,378	5,373,449	27,513,644	14,872,275
Liabilities:						
Long-Term	248,227,826	227,281,180	60,201,546	62,733,505	308,429,372	290,014,685
Other	7,630,988	7,721,895	4,019,120	3,588,917	11,650,108	11,310,812
Total liabilities	255,858,814	235,003,075	64,220,666	66,322,422	320,079,480	301,325,497
Deferred inflows:	2,225,824	5,308,215	319,688	1,394,013	2,545,512	6,702,228
Net investment in capital assets	255,292,846	247,101,905	164,254,085	155,722,327	419,546,931	402,824,232
Restricted	37,150,376	36,285,740	13,689,966	13,197,895	50,840,342	49,483,635
Unrestricted	(25,556,332)	(20,590,859)	20,113,836	16,396,263	(5,442,496)	(4,194,596)
Total net position	$ 266,886,890	$ 262,796,786	$ 198,057,887	$ 185,316,485	$ 464,944,777	$ 448,113,271

As of September 30, 2019, a portion of the City's net position, $50,840,342 or (10.93)% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of ($5,442,496) is unavailable for use as this amount represents current and future uses of unrestricted assets. The current use and future use of assets, deficit balance, occurred from the implementation of the Government Accounting Standards Board's guidance on postemployment benefits. Total net position of the City is $464,944,777.

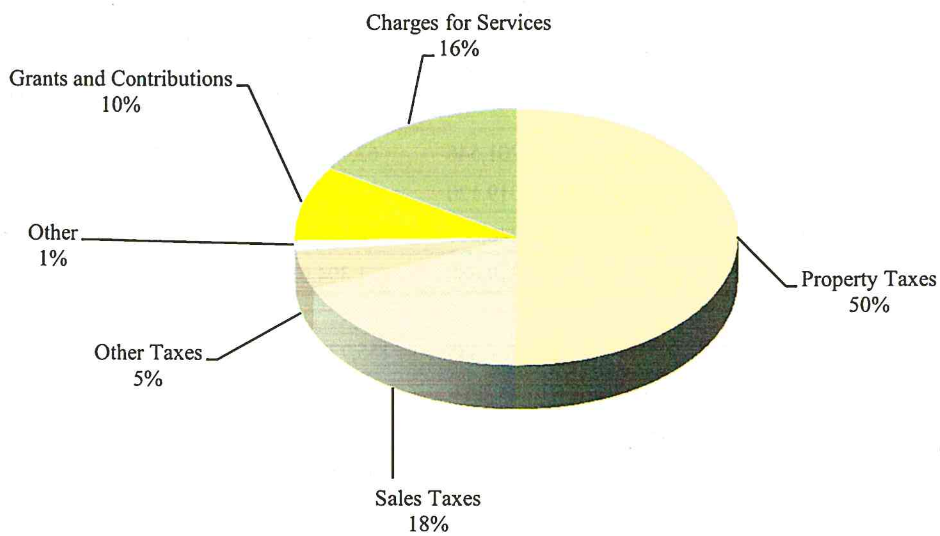
City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2019	2018	2019	2018	2019	2018
Beg - Net Position (adjusted)	$ 262,796,786	$ 247,216,976	$ 185,316,485	$ 169,310,140	$ 448,113,271	$ 416,527,116
Revenues	$ 102,514,214	$ 98,935,123	$ 52,215,037	$ 59,599,884	$ 154,729,251	$ 158,535,007
Expenses	99,182,904	84,945,120	38,714,841	42,003,732	137,897,745	126,948,852
Transfers, net	758,794	1,589,807	(758,794)	(1,589,807)	-	-
Net Change in Position	4,090,104	15,579,810	12,741,402	16,006,345	16,831,506	31,586,155
End - Net Position	$ 266,886,890	$ 262,796,786	$ 198,057,887	$ 185,316,485	$ 464,944,777	$ 448,113,271

Governmental Activities

City governmental activity revenue for fiscal year 2019 increased $3.6 million from fiscal year 2018. Revenues in fiscal year 2018 were $98.9 million compared to this fiscal year revenue of $102.5 million. The increases were from new property taxes from new development, sales taxes, capital grants and better than expected collections from other revenues. Most of these increases were modest increases over prior year and primarily related to the improvements in the overall economy and the growth in the City's property improvements from the fiscal year ended 2019.

Governmental Activities - Revenues by Source for fiscal year ending 2019



Expenses in fiscal year 2019 compared to expenses in fiscal year 2018 increased by 16.76% or $14.2 million. The demand for services increased expenditures in fiscal 2019 compared to prior year. The increases occurred in public safety primarily due to added new personnel and this department represents the greatest number of employees working for the City. The increase in public works was related to additional expenses for aging streets.

The public works program of the City spends most of its money on street improvements, which are recognized over the course of time through depreciation expense after the improvements have been capitalized. In fiscal 2019, the City recognized $12.1 million in depreciation expense for street-related assets compared to $11.5 in fiscal 2018. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over $4.8 million in maintenance and repairs on its 630 plus miles of linear streets. The increase in depreciation expense and street maintenance comprises the bulk of the increase in the public works program

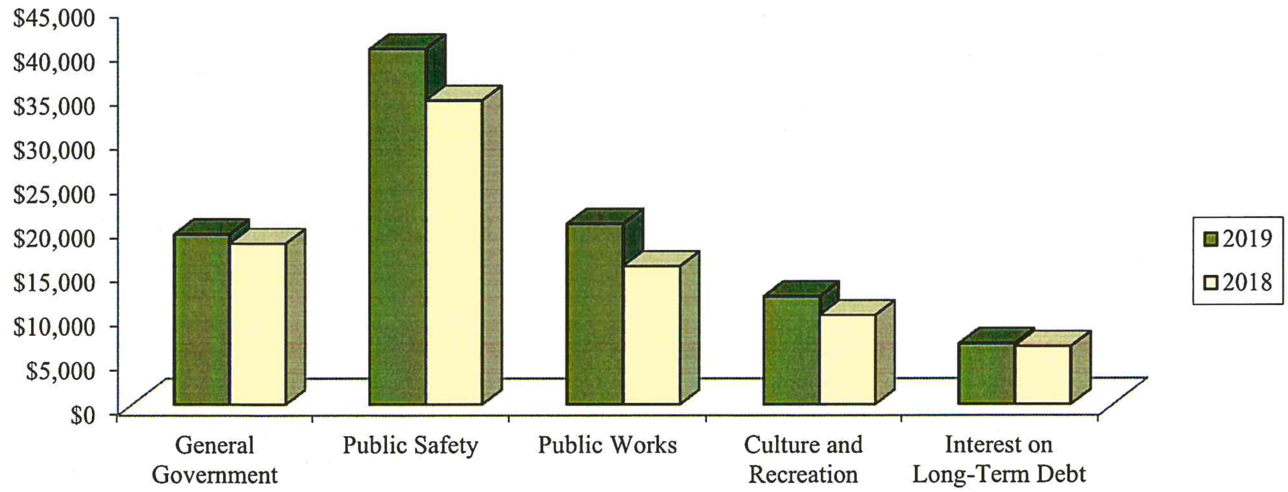
This year the City recognized $6.9 million in interest, amortization and associated issuance costs. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by $4.1 million. The increase in the City net position primarily occurred because of a decrease in capital contributions received by the City in the amount of $2.9 million and an increase in all tax categories collected of $6.8 million.

City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES -						
Program Revenues:						
Charges for Services	$16,417,313	$17,039,875	$47,603,707	$55,327,502	$64,021,020	$72,367,377
Operating Grants and Contributions	364,704	537,571	-	-	364,704	537,571
Capital Grants and Contributions	9,190,904	12,138,654	3,968,414	3,900,175	13,159,318	16,038,829
General Revenues:						
Property taxes	51,392,861	46,358,223	-	-	51,392,861	46,358,223
Sales taxes	18,724,296	17,397,040	-	-	18,724,296	17,397,040
Other taxes	5,096,239	4,667,455	-	-	5,096,239	4,667,455
Other	1,327,897	796,305	642,916	372,207	1,970,813	1,168,512
Total Revenues	102,514,214	98,935,123	52,215,037	59,599,884	154,729,251	158,535,007
EXPENSES -						
General government	19,297,584	18,218,204	-	-	19,297,584	18,218,204
Public safety	40,252,978	34,407,383	-	-	40,252,978	34,407,383
Public works	20,480,928	15,647,044	-	-	20,480,928	15,647,044
Culture and recreation	12,247,607	10,104,737	-	-	12,247,607	10,104,737
Interest on debt	6,903,807	6,567,752	-	-	6,903,807	6,567,752
Water and Sewer	-	-	29,855,512	29,153,375	29,855,512	29,153,375
Law Enforcement	-	-	7,478,718	11,509,861	7,478,718	11,509,861
Drainage	-	-	1,380,611	1,340,496	1,380,611	1,340,496
Total Expenses	99,182,904	84,945,120	38,714,841	42,003,732	137,897,745	126,948,852
Before transfers	3,331,310	13,990,003	13,500,196	17,596,152	16,831,506	31,586,155
TRANSFERS, net	758,794	1,589,807	(758,794)	(1,589,807)	-	-
Change in net position	4,090,104	15,579,810	12,741,402	16,006,345	16,831,506	31,586,155
Net Position, Beginning	262,796,786	247,216,976	185,316,485	169,310,140	448,113,271	416,527,116
Net Position, Ending	$266,886,890	$262,796,786	$198,057,887	$185,316,485	$464,944,777	$448,113,271

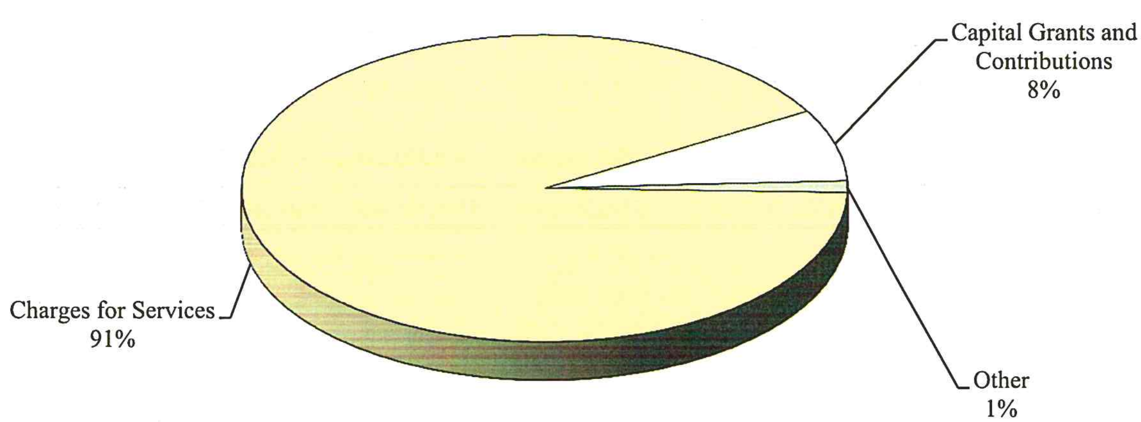
Governmental Activities – Expenses (in thousands)



Business-Type Activities

Revenues exceeded expenses for the City's business-type activities in fiscal year 2019. Total revenues including capital contributions were approximately $52.2 million and total expenses including interest expense were approximately $38.7 million while equity transfers were approximately ($0.8) million which added approximately $12.7 million to the Business-Type's net financial position. This increased the net position of the business-type activities from approximately $185.3 million to approximately $198.1 million by the end of fiscal year 2019.

Business-Type Activities – Revenues by Source for fiscal year ending 2019



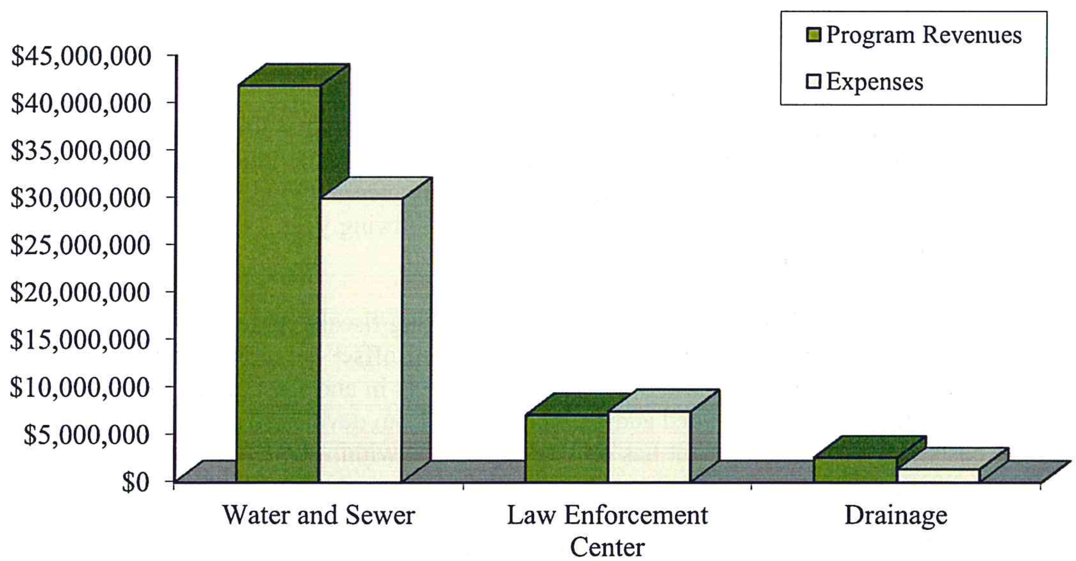
Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 12.39% or $7.4 million. Revenues including capital contributions for fiscal year 2019 were approximately $52.2 million and revenues including capital contributions for fiscal year 2018 were approximately $59.6 million. Expenses including interest for fiscal year 2019 were approximately $38.7 million before equity transfers of approximately $0.8 million and expenses including interest expense for fiscal year 2018 were approximately $42.0 million before equity transfers of approximately $1.6 million. The increase in net position was primarily the result of the activity of the City's Water & Sewer Fund as the financial results of the City's other Business-Type Funds, Law Enforcement Center Fund, and Drainage Utility Fund, for fiscal year 2019 was 14% of the change in the net position of the City's Business-Type Activities.

Capital contributions have been a revenue source for the Business-Type Activities. These capital contributions are from the public improvements donated by developers. The City requires developers to pay for the cost of public improvements or infrastructure needed to support their developments, and in fiscal year 2019, developers contributed public improvements or assets of $4.0 million. These assets are considered revenue in the year of acceptance or in the year of contribution. Generally, these capital contributions are non-cash contributions from developers and are in the form of water and sewer lines which are conveyed to the City as the developer finishes the developments.

The City's Law Enforcement Center charges a fee for the services rendered to support the contracts that the City has with other governmental agencies for the housing of inmates. These fees are recognized as Charges for Services in the Business-Type Activities and are used to pay for the cost of housing inmates in this Business-Type Activity.

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

Business-Type Activities - Program Revenues and Expenses for fiscal year ending 2019



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $58,387,132, an increase of $1,051,437 in comparison with the prior year. The majority of the increase is from the borrowing of bond proceeds that were used to construct infrastructure and purchase equipment. Approximately 28.89% or $16,870,818 of the ending fund balance of $58,387,132 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of fund balance is dedicated for legally specific or defined purposes. To indicate that it is not available for new spending because it has already been committed, defined or legally restricted for specific purposes, the City has labeled the remaining fund balances as follows: 1) debt service or for future construction contracts, $37,961,036; 2) for committed purposes, $3,257,405, such as park improvements; and 3) for assigned purposes, $297,873, such as capital improvements and land acquisition.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was $17,409,306. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent approximately 29% of total general fund expenditures for fiscal year 2019.

The City's General Fund unassigned fund balance and fund balance increased $380,329 in fiscal year 2019. The key reasons for the increases are as follows:

- Actual revenues exceeded actual expenditures by $1,504,995 in the general fund.

- Other Sources of revenue included the Water and Sewer Utility Fund's payment in-lieu of taxes to the City's General Fund for the use of the City's right of way. This amount was $1,667,461 in fiscal year 2019.

The debt service fund has a fund balance of $1,697,691, which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $409,227. The City generally budgets to maintain a constant fund balance within the debt service fund during the fiscal year, and any excess collection in a year is generally spent or used in the following year. The City pays for tax-pledged debt through the Debt Service Fund.

The street construction fund balance decreased by $293,247 during fiscal year 2019. This fund's fund balance decreased as a result of bonds issued and contributions received offset by construction payments of $8,478,598 for the improvement of major streets and neighborhood streets in and throughout the City. Other activity within the street construction fund included additional revenues from development fees charged by the City for the impact or costs that new development has on primary streets within the City. The fee generated $2,329,198 in fiscal year 2019.

The building construction fund expended $740,212 to finish the construction of the Stars Center recreational facilities and design other public facilities.

TIRZ #1 spent $307,178 for infrastructure improvements in the tax increment reinvestment zone.

Proprietary Funds

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

Unrestricted net position (deficit) of the Water and Sewer Fund at the end of the year amounted to $24,351,059, for the Law Enforcement Center amounted to ($7,744,988), and for the Drainage Utility Fund amounted to $3,507,765. Factors affecting the performance of these activities are as follows:

- The City treats lake water and sells it to consumers for a fee. In fiscal year 2019, Water and Sewer revenue decreased $1,382,498 or 4.00%, despite an increase in new connects to the system and a water and sewer fee increase in fiscal year 2019. Weather also influences the system's revenue. Fiscal year 2019 was a fairly fairly wet and mild year in the North Texas area as the temperatures were considered to be a little below average. The result was a decrease in Water and Sewer revenue for the City. Weather extremes can test the City's ability to produce water for consumption and it can test the system's ability to finance the infrastructure to supply the water to meet the demand of the consumer. A rainy year creates less demand for water, which creates less revenue to support the cost of financing the infrastructure, which is built to supply the demand for water in a year without rain.

- During fiscal year 2019, the City distributed 4.7 billion gallons of water while billing customers for 4.0 billion gallons of water usage or 85.1% of the actual plant's production. In fiscal year 2018, the City billed for 4.7 billion gallons of water usage compared to actual plant production of 4.9 billion. Actual water and sewer revenue in fiscal year 2019 decreased compared to fiscal year 2018. Actual water and sewer revenue in 2019 was $33.2 million compared to $34.6 million in fiscal 2018. Demand for water in fiscal year 2019 was consistent with demand for water in fiscal year 2018 even though the total number of customers increased year over year by 448 new accounts. The water and sewer activity of the business-type activities produced operating income of $9.6 million for fiscal year 2019 as compared to $12.5 million in fiscal year 2018.

- Unrestricted net position increased in the Water and Sewer Fund by $2,445,648. Operating expenses increased $712,742 over last year, excluding depreciation. Operating expenses are controlled through the direct administration of personnel costs and variable costs, which are directly caused by consumers' demand for the water. The City spent $5,667,444 for raw water in fiscal year 2019 compared to $5,287,359 in fiscal year 2018, and the City spent $7,372,667 to treat the City wastewater in fiscal 2019 compared to $6,862,364 in fiscal year 2018. The cost for raw water increased year over year by $380,085 while the cost to treat used water increased year over year by $510,303.

- The Law Enforcement Center Fund had an operating loss of $350,993 this fiscal year. The operating loss is attributable to the loss of the Fort Worth contract in fiscal year 2019.

- The Drainage Utility Fund revenue had operating income of $1,385,084 this fiscal year. Drainage Fees were $2,630,320 and operating expenses excluding depreciation were $1,083,807.

Budgetary Highlights

General Fund

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

Revenue results exceeded budgeted estimates by $2,145,417 for fiscal year ended 2019:

- Property Taxes were below budgeted estimates by $623,994 as collections were less than anticipated. Property valuations improved year over year which has improved overall property tax revenue compared to prior year; however, collections were anticipated to be greater than actual collections.

- Sales Taxes exceeded budgeted projections by $370,771 as the effects of the national economy loosened its hold on consumer spending in Mansfield, Texas, during fiscal 2019. New development occurred in 2019 that created new sales tax collections as well.

- Licenses and permits exceeded budgeted estimates by $274,323. The City's building permit revenues were above expectations because of the economic recovery in the residential construction sector in the area; although the City's economy performed well during the great recession, development has generally improved in the area because the region has been improving.

- Intergovernmental revenue was unexpected grant revenue that was awarded to the City in fiscal year 2019. The grant revenue was received by the City in fiscal year 2019 and used for purpose of public safety.

- Charges for services exceeded budgeted estimates by $827,469 as the majority of the better than expected revenue was derived from the collections of fees for trash services within the City.

- The most significant expenditure of the City was human capital. Management has been effective in maintaining the human capital costs of the organization. The bonds issued include reimbursement of a prior period land purchase. With the other financing sources and uses activity included with the operational activity, the City's revenue exceeded its expenditures for the fiscal year. The City was within the overall budget of $62,320,874 inclusive of all financial activity for the fiscal year 2019.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019 amounts to $637,643,249 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	$107,685,098	$101,730,579	$2,271,603	$2,271,603	$109,956,701	$104,002,182
Buildings and system	92,575,924	90,651,980	146,944,961	136,987,744	239,520,885	227,639,724
Improvements	10,391,300	11,681,322	2,368,225	2,335,119	12,759,525	14,016,441
Machinery and equipment	9,922,077	9,930,276	1,669,371	1,611,757	11,591,448	11,542,033
Infrastructure	201,407,087	190,194,825	44,858,158	42,091,192	246,265,245	232,286,017
Construction in progress	12,822,171	20,101,285	4,727,274	13,387,042	17,549,445	33,488,327
Total	$434,803,657	$424,290,267	$202,839,592	$198,684,457	$637,643,249	$622,974,724

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2019, several major arterial thoroughfares in the City were widened to provide access to Mansfield's developing retail centers. Mansfield has leveraged future tax revenue with general obligation bonds and anticipated the collection of roadway impact fees to pay for an expected $100 million in new street improvements over the next 10 years.

Street projects in fiscal year 2019:

- The City continued to improve Seeton Rd. and South Main St. Other road improvements include the completion of Debbie Lane from FM 157 to US 287.
- Several small arterial streets are under construction and design throughout neighborhoods.
- In total, the City spent $8,478,598 in street improvements and related work during fiscal year 2019.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2019 were planned or budgeted expenditures during fiscal year 2019. The City plans its asset expansion with deliberate budgetary control and oversight as these costs are substantial and have a significant effect on the operational cost and performance of the City.

Business-Type Assets

The City's municipally owned and operated water and sewer system has maintained its superior rating by the Texas Commission on Environmental Quality. Approximately 21% of the City's more than $72 million water/sewer improvement tab is expected to be paid by impact fees over the next ten years. These fees are designed to reduce the system's initial costs in building and running water and sewer lines to the user. These impact fees must be used for capital purposes and are restricted as to use by law.

The City's drainage program had some improvements this year which were mostly related improving systems detention basins. The City has spent over $7.7 million on the drainage improvements as of September 30, 2019.

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

Long-Term Debt

At the end of the current fiscal year, the City had total principal outstanding of $236,040,000. Of this amount, $138,605,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City's Component Unit, Mansfield Economic Development Corporation, MEDC, has $25,170,000 in outstanding debt backed by a voter passed sales tax.

City's Outstanding Debt - Tax Obligations and Revenue Bonds

	Governmental Activities	Business-Type Activities	Component Unit MEDC	Total
Security Instrument:				
Tax obligation bonds	$ 138,115,000	$ 490,000	$ -	$ 138,605,000
Sales tax revenue bonds	35,260,000	-	25,170,000	60,430,000
Revenue bonds	-	37,005,000	-	37,005,000
Total	$ 173,375,000	$ 37,495,000	$ 25,170,000	$ 236,040,000

The City's total debt increased $3,410,000 or 1.42% during the current fiscal year. Key factors for the increase are from the issuance of additional bonds, which were offset by principal payments on existing outstanding debt. The City issued $13,750,000 in new bonds proceeds. The City maintains bond ratings from three rating agencies:

Company	General Fund Bonds	Water and Sewer Revenue Bonds	Sales Tax Revenue Bonds	Drainage Revenue Bonds
Moody's	"Aa2"	"Aa2"	"Aa3"	"Aa2"
Standard & Poor's	"AAA"	"AA+"	"A+"	"AA"
Fitch	"AA+"	"AA+"	"AA+"	"AA"

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

The City Charter of the City and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 populations, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter, which also imposes a limit of $2.50. The FY 2018/2019 Property Tax Rate was $0.70950 per $100 valuation with a tax margin of $1.79050 per $100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to $125,882,614, per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of $7,030,584,424.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential construction is expected to add 1,217 units with approximately 712 single-family units in 2020. The City's tax year is one year in arrear; the housing starts in calendar year 2019 are for budget year or fiscal year 2021. The new development is expected to generate additional ad valorem tax for fiscal year 2021.

- The City's annual growth in property valuation has increased 6% annually on average for the past ten years. For fiscal years 2020 and 2021, the City's valuations are expected to increase 7.21% and 7.13%, respectively. Generally, the City has weathered the great recession and property valuations are expected to improve in fiscal 2020 and into 2021. The improvements are expected because of limited residential inventory, that the City is a good place to live as crime is low, that school ratings are fairly high, that land is affordable and the City's proximity to Dallas and Fort Worth. The City is developing a discernable and identifiable character of being a place to enjoy a life and a good quality life. These intangible characteristics developed recently - over the last decade. The City is also seeing the continued demand for commercial development because of the significant discretionary spending ability of its residents and the relatively stable economy within the City.

- Sales tax revenue is expected to increase with the new residential development and will grow annually; like property valuations, the City has adjusted its projections of anticipated sales tax receipts in 2020 and 2021. The expected budgeted sales tax receipts in 2020 are anticipated to exceed actual collections of 2019 by 4%. Management is monitoring the collections of sales tax revenue and may modify projections into 2020 depending upon the overall economy.

- Retail developments continue into 2020 and 2021. The challenge has been the effect of the national economy and the ability of companies and businesses to obtain capital financing. The City has taken an aggressive position in continuing development in the City because of the support for continued retail development and the community's expectation of additional retail. Development is expected to continue and new property valuations are expected from these developments.

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

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

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

These variables were considered in preparing the City's budget for the 2020 fiscal year.

The City's 2020 General Fund Operating Revenue Budget increased approximately 9.51% or $5.9 million over the fiscal year 2019 budget. Most of this revenue growth was from new development in the City that generated additional property tax and sales tax revenue. The tax rate is $0.71 per $100 in assessed valuation of property within the City limits for fiscal year 2020. Any additional appropriations made during fiscal year 2020 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2020.

Requests for Information

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

City of Mansfield, Texas
Statement of Net Position
As of September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents and investments	$ 63,086,138	$ 30,625,588	$ 93,711,726	$ 3,477,165
Receivables (net of allowance for uncollectibles)	4,710,190	7,216,657	11,926,847	488,327
Lease receivable	2,140,277	-	2,140,277	-
Inventories	-	1,083,447	1,083,447	-
Restricted assets:				
Cash and cash equivalents and investments	-	13,550,579	13,550,579	6,538,977
Capital assets (net of accumulated depreciation):				
Land	107,685,098	2,271,603	109,956,701	10,272,190
Buildings and systems	92,575,924	146,944,961	239,520,885	-
Improvements other than buildings	10,391,300	2,368,225	12,759,525	90,976
Machinery and equipment	9,922,077	1,669,371	11,591,448	-
Infrastructure	201,407,087	44,858,158	246,265,245	-
Construction in progress	12,822,171	4,727,274	17,549,445	17,573,278
Subtotal capital assets	434,803,657	202,839,592	637,643,249	27,936,444
Total assets	504,740,262	255,315,863	760,056,125	38,440,913
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	3,289,904	865,698	4,155,602	30,559
Deferred OPEB contributions	31,975	9,787	41,762	240
Deferred investment losses	6,285,867	1,177,656	7,463,523	25,369
Deferred assumption changes	48,092	17,996	66,088	830
Deferred actuarial experience	7,934,328	2,453,781	10,388,109	73,646
Deferred loss on refunding	2,641,100	2,757,460	5,398,560	120,384
Total deferred outflows of resources	20,231,266	7,282,378	27,513,644	251,028
LIABILITIES				
Accounts payable and other current liabilities	7,630,988	1,487,384	9,118,372	68,556
Liabilities payable from restricted assets	-	2,531,736	2,531,736	-
Noncurrent liabilities:				
Due within one year	14,792,596	4,624,004	19,416,600	1,813,893
Due in more than one year	174,890,015	38,810,577	213,700,592	24,362,116
Net pension liability	25,641,058	6,724,309	32,365,367	235,863
Net OPEB liability	31,986,834	9,789,743	41,776,577	239,492
Total OPEB liability - SDBF	917,323	252,913	1,170,236	8,842
Total liabilities	255,858,814	64,220,666	320,079,480	26,728,762
DEFERRED INFLOWS OF RESOURCES				
Prepaid rent	1,413,333	-	1,413,333	-
Deferred assumption changes	812,491	305,610	1,118,101	7,196
Deferred gain on refunding	-	14,078	14,078	-
Total deferred inflows of resources	2,225,824	319,688	2,545,512	7,196
NET POSITION				
Net investment in capital assets	255,292,846	164,254,085	419,546,931	7,829,590
Restricted for:				
Debt Service	1,404,167	3,904,565	5,308,732	229,457
Capital Projects	35,746,209	9,785,401	45,531,610	-
Unrestricted	(25,556,332)	20,113,836	(5,442,496)	3,896,936
Total net position	$ 266,886,890	$ 198,057,887	$ 464,944,777	$ 11,955,983

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

City of Mansfield, Texas
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: MEDC
Primary government:								
Governmental activities:								
General government	$ 19,297,584	$ 7,130,290	$ -	$ -	$ (12,167,294)	$ -	$ (12,167,294)	$ -
Public safety	40,252,978	3,528,325	360,564	71,000	(36,293,089)	-	(36,293,089)	-
Public Works	20,480,928	2,804,854	-	9,119,904	(8,556,170)	-	(8,556,170)	-
Culture and recreation	12,247,607	2,953,844	4,140	-	(9,289,623)	-	(9,289,623)	-
Interest on long-term debt	6,903,807	-	-	-	(6,903,807)	-	(6,903,807)	-
Total governmental activities	99,182,904	16,417,313	364,704	9,190,904	(73,209,983)	-	(73,209,983)	-
Business-type activities:								
Water	21,021,441	25,051,932	-	1,969,445	-	5,999,936	5,999,936	-
Sewer	8,834,071	12,805,588	-	1,998,969	-	5,970,486	5,970,486	-
Law enforcement center	7,478,718	7,113,585	-	-	-	(365,133)	(365,133)	-
Drainage	1,380,611	2,632,602	-	-	-	1,251,991	1,251,991	-
Total business-type activities	38,714,841	47,603,707	-	3,968,414	-	12,857,280	12,857,280	-
Total primary government	$ 137,897,745	$ 64,021,020	$ 364,704	$ 13,159,318	$ (73,209,983)	$ 12,857,280	$ (60,352,703)	$ -
Component units:								
MEDC	5,565,761	919	3,054,050	-	-	-	-	(2,510,792)
Total component units	$ 5,565,761	$ 919	$ 3,054,050	$ -	$ -	$ -	$ -	$ (2,510,792)
General revenues:								
Property taxes					51,392,861	-	51,392,861	-
Sales taxes					18,724,296	-	18,724,296	6,247,275
Franchise taxes					4,093,063	-	4,093,063	-
Mixed drink taxes					277,793	-	277,793	-
Hotel/Motel taxes					725,383	-	725,383	-
Unrestricted investment earnings					1,119,147	642,916	1,762,063	99,815
Gas royalty income					156,588	-	156,588	-
Gain/(loss) on sale of capital assets					52,162	-	52,162	(269,513)
Transfers					758,794	(758,794)	-	-
Total general revenues					77,300,087	(115,878)	77,184,209	6,077,577
Change in net position					4,090,104	12,741,402	16,831,506	3,566,785
Net position beginning					262,796,786	185,316,485	448,113,271	8,389,198
Net position ending					$ 266,886,890	$ 198,057,887	$ 464,944,777	$ 11,955,983

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

City of Mansfield, Texas
Balance Sheet
Governmental Funds
As of September 30, 2019

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents, and investments	$ 16,589,570	$ 1,697,691	$ 25,083,308	$ 4,358,226	$ 3,708,239	$ 11,649,104	$ 63,086,138
Receivables (net of allowance for uncollectibles)	3,609,061	125,557	-	-	24,581	950,991	4,710,190
Due from other funds	558,010	-	-	-	-	-	558,010
Total assets	$ 20,756,641	$ 1,823,248	$ 25,083,308	$ 4,358,226	$ 3,732,820	$ 12,600,095	$ 68,354,338
LIABILITIES AND FUND BALANCES AND DEFERRED INFLOWS OF RESOURCES							
Liabilities:							
Accounts payable	$ 1,218,750	$ -	$ 662,537	$ 690,883	$ 769,745	$ 685,255	$ 4,027,170
Due to other funds	-	-	-	-	-	558,010	558,010
Accrued liabilities	1,297,348	-	8,713	-	-	1,039,510	2,345,571
Retainage payable	-	-	189,699	-	-	132,331	322,030
Unearned revenue	831,237	125,557	-	-	-	1,757,631	2,714,425
Total liabilities	3,347,335	125,557	860,949	690,883	769,745	4,172,737	9,967,206
Fund balances:							
Restricted	$ -	$ 1,697,691	$ 24,222,359	$ 3,667,343	$ 2,963,075	$ 5,410,568	$ 37,961,036
Commited	-	-	-	-	-	3,257,405	3,257,405
Assigned	200,786	-	-	-	-	97,087	297,873
Unassigned	17,208,520	-	-	-	-	(337,702)	16,870,818
Total fund balances	17,409,306	1,697,691	24,222,359	3,667,343	2,963,075	8,427,358	58,387,132
Total liabilities, deferred inflows of resources, and fund balances	$ 20,756,641	$ 1,823,248	$ 25,083,308	$ 4,358,226	$ 3,732,820	$ 12,600,095	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	434,803,657
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	2,140,277
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,301,092
Long-term liabilities, including bonds payable and pension expense, are not due and payable in the current period and therefore are not reported in the funds	(229,745,268)
Net position of governmental activities	$ 266,886,890

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

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	$ 33,966,793	$ 15,525,781	$ -	$ -	$ 1,384,189	$ 430,151	$ 51,306,914
Sales	12,494,551	-	-	-	-	6,229,745	18,724,296
Franchise	4,093,063	-	-	-	-	-	4,093,063
Mixed drink	277,793	-	-	-	-	-	277,793
Hotel/motel	-	-	-	-	-	725,383	725,383
Licenses and permits	2,260,191	-	-	-	-	150,423	2,410,614
Intergovernmental	599,725	-	1,120,808	-	-	71,000	1,791,533
Charges for services	5,537,205	-	-		-	1,819,618	7,356,823
Fines	1,727,667	-	-	-	-	152,644	1,880,311
Interest earnings	589,290	10,777	293,577	36,470	33,543	155,490	1,119,147
Contributions and donations	-	-	-	-	-	109,902	109,902
Impact fees	-	-	2,329,198	-	-	620,500	2,949,698
Miscellaneous	1,009,032	14,967	7,818	-	-	73,533	1,105,350
Total revenues	62,555,310	15,551,525	3,751,401	36,470	1,417,732	10,538,389	93,850,827
EXPENDITURES							
Current:							
General government	15,635,490	-	-	-	307,178	1,147,674	17,090,342
Public safety	36,353,285	-	-	-	-	84,858	36,438,143
Public works	4,689,809	-	3,054,050	-	-	-	7,743,859
Culture and recreation	4,197,037	-	-	21,669	-	5,021,496	9,240,202
Debt service:							
Principal	-	9,540,000	-	-	-	1,670,000	11,210,000
Interest	-	5,579,980	-	-	-	1,484,395	7,064,375
Fiscal charges	-	22,318	-	-	-	3,500	25,818
Bond issuance cost	-	-	97,344	35,906	-	48,322	181,572
Capital outlay:							
Land	-	-	-	822,455	-	5,162,166	5,984,621
Highways and streets	-	-	8,478,598	-	-	-	8,478,598
Buildings	-	-	-	740,212	-	786,582	1,526,794
Improvements other than buildings	-	-	-	-	-	1,227,046	1,227,046
Equipment	174,694	-	-	10,125	-	1,203,033	1,387,852
Total expenditures	61,050,315	15,142,298	11,629,992	1,630,367	307,178	17,839,072	107,599,222
Excess (deficiency) of revenues over (under) expenditures	1,504,995	409,227	(7,878,591)	(1,593,897)	1,110,554	(7,300,683)	(13,748,395)
OTHER FINANCING SOURCES (USES)							
Transfers in	1,963,663	-	-	481,223	-	2,050,381	4,495,267
Transfers out	(3,187,154)	-	-	-	(296,200)	(253,119)	(3,736,473)
Sale of city property	98,825	-	-	-	-	13,463	112,288
Bonds issued	-	-	7,488,000	2,762,000	-	3,500,000	13,750,000
Premium on bonds issued	-	-	97,344	35,906	-	45,500	178,750
Total other financing sources and uses	(1,124,666)	-	7,585,344	3,279,129	(296,200)	5,356,225	14,799,832
Net change in fund balances	380,329	409,227	(293,247)	1,685,232	814,354	(1,944,458)	1,051,437
Fund balances - beginning	17,028,977	1,288,464	24,515,606	1,982,111	2,148,721	10,371,816	57,335,695
Fund balances - ending	$ 17,409,306	$ 1,697,691	$ 24,222,359	$ 3,667,343	$ 2,963,075	$ 8,427,358	$ 58,387,132

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

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2019

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

Net change in fund balances total governmental funds	$	1,051,437
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,727,724
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		8,785,666
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.		439,999
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(674,566)
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.		8,326,459
Deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then. Deferred inflows are deferred pension contributions		5,408,372
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items. Also included is net pension liability which is the difference in Total Pension Liabilty less the Plan Fiduciary Net Position.		(20,974,987)
Changes in net position of governmental activities	$	4,090,104

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

City of Mansfield, Texas
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-Type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 26,792,196	$ 105,058	$ 3,728,334	$ 30,625,588
Accounts receivable (net of allowance for uncollectibles)	6,287,382	567,208	362,067	7,216,657
Inventories	1,057,302	26,145.00	-	1,083,447
Current assets	34,136,880	698,411	4,090,401	38,925,692
Current restricted assets:				
Cash and cash equivalents	13,252,081	216,436	82,062	13,550,579
Total current assets	47,388,961	914,847	4,172,463	52,476,271
Noncurrent assets:				
Capital assets:				
Land	186,976	234,528	1,850,099	2,271,603
Buildings and systems	245,041,748	7,363,784	7,725,501	260,131,033
Improvements other than buildings	138,950	2,688,591	-	2,827,541
Machinery and equipment	4,012,230	1,332,776	393,535	5,738,541
Construction in progress	4,712,809	-	14,465	4,727,274
Less accumulated depreciation	(65,597,500)	(5,789,043)	(1,469,857)	(72,856,400)
Total capital assets (net of accumulated depreciation)	188,495,213	5,830,636	8,513,743	202,839,592
Total noncurrent assets	188,495,213	5,830,636	8,513,743	202,839,592
Total assets	235,884,174	6,745,483	12,686,206	255,315,863
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	364,615	465,082	36,001	865,698
Deferred OPEB contributions	4,297	5,091	399	9,787
Deferred investment losses	689,351	414,144	74,161	1,177,656
Deferred assumption changes	5,863	11,705	428	17,996
Deferred actuarial experience	1,011,900	1,349,279	92,602	2,453,781
Deferred loss on refunding	2,638,327	-	119,133	2,757,460
Total deferred outflows of resources	4,714,353	2,245,301	322,724	7,282,378
LIABILITIES				
Current liabilities:				
Accounts payable	1,104,870	118,338	47,428	1,270,636
Compensated absences	325,677	342,601	16,573	684,851
Accrued liabilities	93,808	106,762	16,178	216,748
Current liabilities	1,524,355	567,701	80,179	2,172,235
Current liabilities payable from restricted assets:				
Customer deposits payable	1,555,672	3,362	-	1,559,034
Revenue bonds payable	3,461,961	-	432,503	3,894,464
Certificates of obligation payable	-	44,689	-	44,689
Accrued interest payable	785,091	2,448	-	787,539
Retainage payable	117,991	-	5,126	123,117
Accrued liabilities	-	62,046	-	62,046
Current liabilities payable from restricted assets	5,920,715	112,545	437,629	6,470,889
Total current liabilities	7,445,070	680,246	517,808	8,643,124
Noncurrent liabilities:				
Compensated absences	433,582	1,078,555	27,838	1,539,975
General obligation bonds payable (net of unamortized discounts)	-	442,720	-	442,720
Revenue bonds payable (net of deferred amount on refunding)	34,508,084	-	2,319,798	36,827,882
Total OPEB liability - SDBF	106,471	134,769	11,673	252,913
Net OPEB liability	4,298,243	5,092,347	399,153	9,789,743
Net pension liability	2,929,016	3,563,664	231,629	6,724,309
Total noncurrent liabilities	42,275,396	10,312,055	2,990,091	55,577,542
Total liabilities	49,720,466	10,992,301	3,507,899	64,220,666
DEFERRED INFLOWS OF RESOURCES				
Deferred assumption changes	111,429	186,253	7,928	305,610
Deferred gain on refunding	-	14,078	-	14,078
Total deferred inflows of resources	111,429	200,331	7,928	319,688
NET POSITION (DEFICIT)				
Net investment in capital assets	153,163,492	5,329,151	5,761,442	164,254,085
Restricted for debt service	3,661,056	19,613	223,896	3,904,565
Restricted for capital projects	9,591,025	194,376	-	9,785,401
Unrestricted	24,351,059	(7,744,988)	3,507,765	20,113,836
Total net position	$ 190,766,632	$ (2,201,848)	$ 9,493,103	$ 198,057,887

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

City of Mansfield, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
Operating revenues:				
Charges for sales and services:				
Water sales	$ 20,401,003	$ -	$ -	$ 20,401,003
Sewer charges	12,805,588	-	-	12,805,588
Drainage fees	-	-	2,630,320	2,630,320
Housing services	-	6,749,005	-	6,749,005
Other services	4,650,929	364,580	2,282	5,017,791
Total operating revenues	37,857,520	7,113,585	2,632,602	47,603,707
Operating expenses:				
Costs of sales and services	19,342,805	6,422,122	197,795	25,962,722
Administration	4,220,376	805,121	886,012	5,911,509
Depreciation	4,681,516	237,335	163,711	5,082,562
Total operating expenses	28,244,697	7,464,578	1,247,518	36,956,793
Operating income (loss)	9,612,823	(350,993)	1,385,084	10,646,914
Nonoperating revenues (expenses):				
Interest earnings	620,381	-	22,535	642,916
Interest expense	(1,610,815)	(14,140)	(133,093)	(1,758,048)
Total nonoperating revenue (expenses)	(990,434)	(14,140)	(110,558)	(1,115,132)
Income (loss) before contributions and transfers	8,622,389	(365,133)	1,274,526	9,531,782
Capital contributions	3,968,414	-	-	3,968,414
Transfers in (out)	(1,667,461)	908,667	-	(758,794)
Change in net position	10,923,342	543,534	1,274,526	12,741,402
Total net position - beginning	179,843,290	(2,745,382)	8,218,577	185,316,485
Total net position- ending	$ 190,766,632	$ (2,201,848)	$ 9,493,103	$ 198,057,887

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

City of Mansfield, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Law Enforcement Center	Drainage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	$ 37,051,567	$ 7,076,376	$ 2,610,765	$ 46,738,708
Payments to suppliers	(18,050,420)	(1,361,652)	(515,517)	(19,927,589)
Payments to employees	(5,103,635)	(7,461,830)	(477,417)	(13,042,882)
Net cash provided by (used in) operating activities	13,897,512	(1,747,106)	1,617,831	13,768,237
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to/from other funds	(1,667,461)	908,667	-	(758,794)
Net cash provided by (used in) capital and related financing activities	(1,667,461)	908,667	-	(758,794)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(4,960,853)	(32,115)	(276,315)	(5,269,283)
Principal paid on capital debt	(3,875,000)	(50,000)	(420,000)	(4,345,000)
Interest paid on capital debt	(1,714,707)	(15,684)	(111,770)	(1,842,161)
Net cash used in capital and related financing activities	(10,550,560)	(97,799)	(808,085)	(11,456,444)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	620,381	-	22,535	642,916
Net cash provided by investing activities	620,381	-	22,535	642,916
Net increase (decrease) in cash and cash equivalents	2,299,872	(936,238)	832,281	2,195,915
Cash and cash equivalents, October 1	37,744,405	1,257,732	2,978,115	41,980,252
Cash and cash equivalents, September 30 (including $13,252,081; $216,436; and $82,062 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	$ 40,044,277	$ 321,494	$ 3,810,396	$ 44,176,167
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 9,612,823	$ (350,993)	$ 1,385,084	$ 10,646,914
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	4,681,516	237,335	163,711	5,082,562
(Increase) in accounts receivable	(845,137)	(37,209)	(21,837)	(904,183)
(Increase) in inventories	(394,919)	(6,240)	-	(401,159)
Increase (decrease) in accounts payable	843,229	(1,589,999)	90,873	(655,897)
Total adjustments	4,284,689	(1,396,113)	232,747	3,121,323
Net cash provided by (used in) operating activities	$ 13,897,512	$ (1,747,106)	$ 1,617,831	$ 13,768,237
Noncash capital activities:				
Contributions of capital assets from developers	$ 3,968,414	$ -	$ -	$ 3,968,414

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

City of Mansfield, Texas
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2019

	Agency
ASSET	
Cash and cash equivalents	$3,781,949
Total assets	$3,781,949
LIABILITIES	
Insurance payable	$3,781,949
Total liabilities	$3,781,949

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

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Blended Component Units

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

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

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

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

Discretely Presented Component Unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers ad valorem tax, sales tax, hotel/motel tax, mixed drink tax, and investment earnings to be available if they are collected within 60 days of the end of the current fiscal period. Franchise tax revenues are considered to be available if collected within 30 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and will be paid shortly after year-end (not to exceed one month).

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

A portion of the City's revenues are derived from developer contributions. The effect of these transactions, recorded as revenue, in the City's water and sewer funds was significant. Developer's contributions of $3,968,414 are recorded as non-operating revenue in the water and sewer fund financial statements. These amounts represent revenues from non-exchange transactions during the fiscal year. For reporting non-exchange transactions for the governmental activities, in the government-wide financial statements on the accrual basis of accounting, the revenues are recorded as capital contributions program revenue, which totaled $8,845,792.

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

The government reports the following major governmental funds:

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

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

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

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

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

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

The government reports the following major proprietary funds:

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

The Law Enforcement Center Fund accounts for the operation of the City's jail facility.

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

Additionally, the government reports the following fund type:

Agency Funds are used to account for assets held by the City in a trustee capacity for others or for other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. The Payroll Fund and the Employee Group Health Insurance Fund are the Agency Funds currently administered by the City.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

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

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

For fiscal year 2019, the City invested in direct obligations of the U.S. government, or its agencies and mutual funds as authorized by the City's investment policy. The City records interest revenue earned from investment activities in each respective fund and recognizes its investments on a fair value basis, which is based on quoted market prices.

2. Inventory:

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

3. Prepaid Items:

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

4. Capital Assets:

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

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

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

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with the interest earned on invested proceeds over the same period. The City capitalized $0 of interest during fiscal year 2019.

5. Deferred Inflows and Outflows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until the appropriate future period. The City has six items that qualify for this category. Deferred pension/OPEB contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment gains/losses are the differences in the projected and actual earnings on the pension/OPEB assets. This difference is deferred and amortized over a closed five year period. Deferred actuarial expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred loss on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt. Unavailable revenue is only reported in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

This separate financial statement element, deferred inflows of resources is used to report revenues of the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements. Deferred pension contribution is the difference in assumption changes or actuarial gains or losses. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

6. Compensated Absences:

Vested or accumulated vacation leave is accrued in the government-wide and proprietary fund financial statements when incurred. No liability is recorded for non-vesting, accumulating rights to receive sick pay benefits. Vacation is earned in varying amounts up to a maximum of fifteen (15) days for employees with ten (10) or more years of service. Unused vacation leave is carried forward from one year to the next without limit with regards to years of service. As of September 30, 2019, the liability for accrued vacation was $9,829,599. The amount applicable to the Proprietary Funds of $2,224,826 and the MEDC of $74,073 have been recorded in these funds, and the amount applicable to other funds of $7,530,700 has been recorded in the government-wide financial statements.

7. Interfund Charges:

The City allocates to the Water and Sewer Fund, a percentage of the salaries and wages and related costs of personnel who perform administrative services for the fund but are paid through the General Fund. During the year ended September 30, 2019, the City allocated $147,980 to the Water and Sewer Fund for these services.

8. Property Tax:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent on February 1 of the following year. The City contracts with Tarrant County to bill and collect its property taxes. Property tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

9. Long-Term Obligations:

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

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

10. Restricted Assets:

Certain proceeds of Proprietary Fund Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Additionally, amounts held by the City for inmates of the Law Enforcement Center are also classified as restricted assets on the statement of net position.

11. Use of Estimates:

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

12. Fund Balance Classification:

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

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

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

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

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Restricted:							
Debt service reserve	-	1,697,691	-	-	-	-	1,697,691
Parks debt service reserve	-	-	-	-	-	517,136	517,136
Street construction/improvements	-	-	24,222,359	-	-	-	24,222,359
Municipal building improvements	-	-	-	3,667,343	-	-	3,667,343
Parks and recreation	-	-	-	-	-	3,188,598	3,188,598
Other capital projects	-	-	-	-	2,963,075	-	2,963,075
Equipment /other purposes	-	-	-	-	-	1,451,406	1,451,406
COPS Grant						102,481	102,481
JAG Grant						71,000	71,000
Court seizure fund	-	-	-	-	-	77,911	77,911
Public infrastructure	-	-	-	-	-	2,036	2,036
Commited:							
Tree mitigation	-	-	-	-	-	27,461	27,461
Parks and recreation	-	-	-	-	-	1,755,398	1,755,398
Tourism promotion	-	-	-	-	-	992,477	992,477
Court security and technology	-	-	-	-	-	408,039	408,039
Animal control	-	-	-	-	-	74,030	74,030
Assigned:							
Permits	200,786	-	-	-	-	-	200,786
Library	-	-	-	-	-	97,087	97,087
Unassigned:	17,208,520	-	-	-	-	(337,702)	16,870,818
Total fund balances	17,409,306	1,697,691	24,222,359	3,667,343	2,963,075	8,427,358	58,387,132

The deficit fund balance in TIRZ #2, included in other governmental funds, will be satisfied with future TIRZ fund revenues or a subsidy from the General Fund.

13. Net Position:

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

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

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

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of this $229,745,268 difference are as follows:

Bonds payable	173,375,000
Premium on issuance of bonds	9,678,865
Discounts on issuance of bonds	(901,954)
Deferred loss on refunding	(2,641,100)
Accrued interest payable	936,217
Compensated absences	7,530,700
Deferred pension contributions	(3,289,904)
Deferred OPEB contributions	(31,975)
Deferred investment losses	(6,285,867)
Deferred assumption changes	(48,092)
Net pension liability	25,641,058
Net OPEB liability	31,986,834
Total OPEB liability - SDBF	917,323
Deferred pension expense	(7,934,328)
Deferred assumption changes	812,491
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	$229,745,268

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $1,727,724 difference are as follows:

Capital outlay	$18,604,911
Depreciation expense	(16,877,187)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 1,727,724

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position." The statement of activities reports contributions of capital assets. Conversely, the governmental funds do not report any contributions of capital assets. The $8,785,666 difference is as follows:

Net adjustment to increase changes in fund balances – total government funds to arrive at changes in net position of governmental activities	$ 8,785,666

Another element of that reconciliation states that "revenues recognizing future lease payments on a straight-line basis in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds." The $439,999 difference is as follows:

The statement of activities reports lease revenues to recognize future lease payments on a straight-line basis. However, governmental funds do not report lease revenues until they are available.	$439,999

Another element of that reconciliation states that "revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds". The ($674,566) difference is as follows:

The governmental funds defer revenue related to uncollected receivables. However, in the statement of activities, this is recognized in the current period.	($ 674,566)

Another element of that reconciliation states that "deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then." Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding, and deferred pension expenses. The details of this $8,326,459 difference are as follows:

Changes in deferred pension contributions	$ 200,035
Changes in deferred OPEB contributions	(1,733,282)
Changes in deferred investment losses	3,879,886
Changes in deferred actuarial expense	6,300,979
Changes in deferred assumption changes	(8,619)
Changes in deferred loss on refunding	(312,540)
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 8,326,459

Another element of that reconciliation states that "deferred inflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an inflow until then." Deferred inflows are deferred pension contributions, and deferred rent. The details of this ($5,408,372) difference are as follows:

Changes in deferred investment gains	($5,141,868)
Changes in deferred assumption changes	(266,504)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (5,408,372)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(20,974,987) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$(13,750,000)
Premium on issuance of bonds	(178,750)

Accrued interest payable	(28,341)
Amortization of premiums/discounts	708,839
Compensated absences	(230,488)
Principal payments or payments to escrow agent	11,210,000
Change in net pension liability	(13,542,483)
Change in net OPEB liability	(4,995,875)
Change in total OPEB liability - SDBF	(167,889)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (20,974,987)

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2019, the primary government had cash and cash equivalents of $42,305,420 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

Primary Government - Governmental Activities and Business-type Activities	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	$64,956,885	0.08

As of September 30, 2019, the Mansfield Economic Development Corporation had cash and cash equivalents of $5,552,706 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM)

Component Unit - Mansfield Economic Development Corporation	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	4,463,436	0.08

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

Interest Rate Risk –

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

Credit Risk –

The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities, obligations of Texas and its agencies, fully insured or collateralized certificates of deposit, fully collateralized direct repurchase agreements, government pools and money market funds consisting of any of these securities listed, and obligations of states, cities, and other political subdivisions with a rating of "A" or its equivalent. As of September 30, 2019, the City's investment in the money market mutual funds was rated "AAA" by Standard and Poor's and "Aaa" by Moody's Investment Service.

Custodial Credit Risk Deposits –

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy, which requires a collateralization level of 105% of market value less an amount insured by the FDIC.

Custodial Credit Risk Investments –

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

Concentration of Credit Risk Investments –

The City's investment policy does not place a limit on the amount the City may invest in a single issuer because the City's investment policy limits the City's authorized investments. These authorized investments include any security backed by the federal government, the State of Texas, or political subdivision with an investment grade rating of "A" or better. The City's investment policy authorizes mutual funds, "AAA" rated only registered with the Securities and Exchange Commission available alternatives to previously listed authorized securities. At September 30, 2019, the City's investments are held in Bank of America Merrill Lynch Money Market Mutual Fund; and TexStar Participant Services. These investments are 35.92%; and 63.41% of the City's total investments. These money market mutual funds are invested in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government.

B. Receivables

Receivables at September 30, 2019 consisted of the following:

	Governmental Funds				
	General	Debt Service	TIRZ #1	Non-major	Total
Receivables:					
Property Taxes	$ 837,496	$ 481,376	$ -	$ -	$1,318,872
Accounts	10,006,572	-	24,581	950,991	10,982,144
Gross Receivables	10,844,068	481,376	24,581	950,991	12,301,016
Less: Allowance for Uncollectible	(7,235,007)	(355,819)	-	-	(7,590,826)
Net Total Receivables	$ 3,609,061	$ 125,557	$ 24,581	$ 950,991	$ 4,710,190

	Proprietary Funds			
	Water & Sewer	Law Enforcement	Drainage Utility	Total
Receivables:				
Accounts	$7,324,955	$567,208	$ 438,103	$8,330,266
Other	150,024	-	-	150,024
Gross Receivables	7,474,979	567,208	438,103	8,480,290
Less: Allowance for Uncollectible	(1,187,597)	-	(76,036)	(1,263,633)
Net Total Receivables	$6,287,382	$567,208	$362,067	$7,216,657

The MEDC has a receivable in the amount of $488,327 as of September 30, 2019.

C. Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

Governmental activities:	Sept 30, 2018	Increases	Decreases	Sept 30, 2019
Capital assets, not being depreciated:				
Land	$ 101,730,579	$ 5,984,621	$ (30,102)	$ 107,685,098
Construction in progress	20,101,285	10,817,979	(18,097,093)	12,822,171
Total capital assets, not being depreciated	121,831,864	16,802,600	(18,127,195)	120,507,269
Capital assets, being depreciated:				
Buildings	104,520,682	3,512,538	-	108,033,220
Other improvements	27,760,820	741,781	-	28,502,601
Machinery and equipment	27,741,124	1,123,991	(221,946)	28,643,169
Infrastructure	383,685,076	23,354,778	-	407,039,854
Total capital assets, being depreciated	543,707,702	28,733,088	(221,946)	572,218,844
Less accumulated depreciation for:				
Buildings	(13,868,702)	(1,588,594)	-	(15,457,296)
Other improvements	(16,079,498)	(2,031,803)	-	(18,111,301)
Machinery and equipment	(17,810,848)	(1,114,274)	204,030	(18,721,092)
Infrastructure	(193,490,251)	(12,142,516)	-	(205,632,767)
Total accumulated depreciation	(241,249,299)	(16,877,187)	204,030	(257,922,456)
Total capital assets being depreciated, net	302,458,403	11,855,901	(17,916)	314,296,388
Governmental activities capital assets, net	$ 424,290,267	$ 28,658,501	$ (18,145,111)	$ 434,803,657

Business-type activities:	Sept 30, 2018	Increases	Decreases	Sept 30, 2019
Capital assets, not being depreciated:				
Land	$ 2,271,603	$ -	$ -	$ 2,271,603
Construction in progress	13,387,042	4,257,199	(12,916,967)	4,727,274
Total capital assets, not being depreciated	15,658,645	4,257,199	(12,916,967)	6,998,877
Capital assets, being depreciated:				
Buildings and systems	182,385,773	13,433,258	-	195,819,031
Improvements other than buildings	2,751,409	76,132	-	2,827,541
Machinery and equipment	5,442,788	442,274	(146,521)	5,738,541
Infrastructure	60,343,588	3,968,414	-	64,312,002
Total capital assets, being depreciated	250,923,558	17,920,078	(146,521)	268,697,115
Less accumulated depreciation for:				
Buildings and systems	(45,398,029)	(3,476,041)	-	(48,874,070)
Improvements other than buildings	(416,290)	(43,026)	-	(459,316)
Machinery and equipment	(3,831,031)	(362,047)	123,908	(4,069,170)
Infrastructure	(18,252,396)	(1,201,448)	-	(19,453,844)
Total accumulated depreciation	(67,897,746)	(5,082,562)	123,908	(72,856,400)
Total capital assets being depreciated, net	183,025,812	12,837,516	(22,613)	195,840,715
Business-type activities capital assets, net	$ 198,684,457	$ 17,094,715	$ (12,939,580)	$202,839,592

D. Capital assets continued

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

Governmental Activities:	
General Government	$ 1,230,747
Public Safety	1,191,169
Public Works	12,217,645
Culture and Recreation	2,237,626
Total Depreciation Expense – Governmental Activities	$16,877,187
Business-Type Activities:	
Water and Sewer	$ 4,681,516
Law Enforcement Center	237,335
Drainage Utility Fund	163,711
Total Depreciation Expense – Business-Type Activities	$ 5,082,562

Construction Commitments

The general government had outstanding commitments at September 30, 2019, under authorized construction contracts of approximately $1,791,552. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the major funds.

The MPFDC had outstanding commitments at September 30, 2019, under authorized construction contracts of approximately $1,629,319. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Water and Sewer Fund had outstanding commitments at September 30, 2019, under authorized construction contracts of approximately $12,100,691. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Drainage Fund had no outstanding commitments at September 30, 2019.

Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2019 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2018	Increases	Decreases	Sept 30, 2019
Capital assets, not being depreciated:				
Land	$ 12,325,640	$ -	$ (2,053,450)	$ 10,272,190
Construction in progress	15,822,820	1,750,458	-	17,573,278
Total capital assets, not being depreciated	28,148,460	1,750,458	(2,053,450)	27,845,468
Capital assets, being depreciated:				
Other Improvements	167,248	-	-	167,248
Machinery and equipment	72,312	-	-	72,312
Total capital assets, being depreciated	239,560	-	-	239,560
Less accumulated depreciation for:				
Other improvements	(73,220)	(3,052)	-	(76,272)
Machinery and equipment	(72,312)	-	-	(72,312)
Total accumulated depreciation	(145,532)	(3,052)	-	(148,584)
Total capital assets being depreciated, net	94,028	(3,052)	-	90,976
MEDC capital assets, net	$ 28,242,488	$ 1,747,406	$ (2,053,450)	$ 27,936,444

The MEDC had no outstanding commitments at September 30, 2019.

E. Deferred Outflows and Inflows of Resources

The City has five items that qualify for this category. Deferred pension/OPEB contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment losses are the differences in the projected and actual earnings on the pension/OPEB assets. This difference is deferred and amortized over a closed five year period. Deferred actuarial expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred loss on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt.

The City has two types of deferred inflows of resources. Deferred assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred gain on refunding is the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt. Prepaid rent is rent paid in advance for the Stars Center. This balance is amortized monthly according to the contract. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

F. Due to/Due from

The composition of the due to/due from balances as of September 30, 2019 is as follows:

Fund	Due to	Due from
General Fund	$558,010	$ -
TIRZ #2	-	558,010
TOTAL	$558,010	$558,010

G. Interfund Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

Fund	Transfers In	Transfers Out
General Fund	$1,963,663	$3,187,154
Building Construction	481,223	-
MPFDC	697,876	12,739
Parks Construction	12,739	240,380
Equipment Replacement	1,339,766	-
Law Enforcement Center	908,667	-
TIRZ #1	-	296,200
Water and Sewer Fund	-	1,667,461
TOTAL	$5,403,934	$5,403,934

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, in the amount of $1,667,461, for services provided as part of the City's ordinary government.

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

H. Long-Term Debt

Governmental Activities -

General Obligation Bonds, Loans, and Certificates of Obligation

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

In 2013, the City issued $4,200,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding $4,505,000 of the City's outstanding debt. The bonds of $4,200,000 plus premiums of $418,231, less discounts of $26,939 and less issuance costs of $86,000 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $99,624 and resulted in an economic gain of $712,222. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $44,353 at September 30, 2019.

In 2013, the City issued $2,880,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding $2,915,000 of the City's outstanding debt. The bonds of $2,880,000 plus premiums of $120,815, less discounts of $20,667 and less issuance costs of $68,262 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $76,966 and resulted in an economic gain of $464,895. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $25,866 at September 30, 2019.

In 2014, the City issued $16,500,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014, for the purpose of construction of street improvements and building improvements. The bonds of $16,500,000 plus premiums of $234,249, less discounts of $109,661 and less issuance costs of $125,247 were used to construct and design street improvements and building improvements.

In 2014, the City issued $1,255,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014A, for the purpose of purchasing equipment and building improvements. The bonds of $1,255,000 plus premiums of $24,276, less discounts of $13,534 and less issuance costs of $10,742 were used to purchase equipment and building improvements.

In 2014, the City issued $6,710,000 in General Obligation Refunding Bonds, Series 2014, for the purpose of refunding $6,610,000 of the City's outstanding debt. The bonds of $6,710,000 plus premiums of $192,313, less discounts of $33,333 and less issuance costs of $103,837 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $153,534 and resulted in an economic gain of $450,680. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $0 at September 30, 2019.

In 2015, the City issued $15,870,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2015, for the purpose of construction of street improvements and building improvements.

The bonds of $15,870,000 plus premiums of $2,223,562, less discounts of $100,908 and less issuance costs of $142,655 were used to construct and design street improvements and to purchase equipment.

In 2015, the City issued $11,700,000 in General Obligation Refunding Bonds, Series 2015, for the purpose of refunding $12,940,000 of the City's outstanding debt. The bonds of $11,700,000 plus premiums of $1,773,891, less discounts of $68,304 and less issuance costs of $136,800 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $708,384 and resulted in an economic gain of $1,035,085. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $432,902 at September 30, 2019.

In 2016, the City issued $13,705,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2016, for the purpose of construction of street improvements and building improvements. The bonds of $13,705,000 plus premiums of $2,078,521, less discounts of $86,147 and less issuance costs of $127,374 will be used to construct and design street improvements and to purchase equipment.

In 2016, the City issued $14,885,000 in General Obligation Refunding and Improvements Bonds, Series 2016, for the purpose of refunding $14,475,000 of the City's outstanding debt. The bonds of $14,885,000 plus premiums of $2,510,526, less discounts of $92,270 and less issuance costs of $148,038 were used to refund a portion of the City's outstanding debt and to fund municipal library improvements.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $1,545,218 and resulted in an economic gain of $1,942,477. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $1,261,928 at September 30, 2019.

In 2016, the City issued $3,770,000 in General Obligation Refunding, Series 2016 for the purpose of refunding $3,550,000 of the City's outstanding debt. The bonds of $3,550,000 less discounts of $23,640 and less issuance costs of $54,832 were used to refund a portion of the City's outstanding debt.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $312,126 and resulted in an economic gain of $493,265. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $216,754 at September 30, 2019.

In 2017, the City issued $18,975,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, for the purpose of construction of street improvements and building improvements. The bonds of $18,975,000 plus premiums of $696,455 and less issuance costs of $171,455 will be used to construct and design street improvements and to purchase equipment.

In 2017, the City issued $2,960,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2017, for the purpose of construction of a public recreational facility. The bonds of $2,960,000 less discounts of $19,340 and less issuance costs of $85,660 will be used to construct and design a public recreational ice skating facility.

In 2018, the City issued $15,960,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2018, for the purpose of construction of street improvements, land acquisition, purchase of equipment and building improvements. The bonds of $15,960,000 plus premiums of $1,060,344 and less issuance and discount costs of $264,140 will be used to construct and design street improvements, land acquisition, purchase equipment and building improvements.

In 2019, the City issued $13,750,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2019. The bonds of $13,750,000 plus premiums of $178,750 and less issuance costs of $175,750 will be used for the purpose of construction of street improvements, land acquisition, purchase of equipment, and building improvements.

As of September 30, 2019 there was $-0- of defeased debt outstanding related to the General Obligation Bonds.

The total amount of deferred loss on refunding for the governmental bonds was $2,641,100 at September 30, 2019.

General obligation debt outstanding at September 30, 2019 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2009 GO Refunding	3.00% to 4.00%	2022	10,400,000	2,480,000
2011 GO Refunding	2.00% to 4.00%	2022	9,730,000	1,935,000
2011 CO	2.00% to 5.00%	2025	3,090,000	2,125,000
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	4,870,000
2012 CO	2.00% to 4.00%	2032	3,415,000	2,470,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,265,000
2013 CO	2.00% to 4.00%	2033	5,335,000	4,055,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	2,565,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	1,325,000
2014 CO	2.50% to 4.38%	2034	16,500,000	13,880,000
2014A CO	2.00% to 4.13%	2034	1,255,000	1,055,000
2015 CO	2.00% to 5.00%	2035	15,870,000	13,470,000
2015 GO Refunding	4.00% to 5.00%	2027	11,700,000	7,190,000
2016 GO Refunding	1.35% to 3.71%	2028	3,770,000	3,105,000
2016 CO	2.00% to 5.00%	2036	13,705,000	12,315,000
2016 GO	2.00% to 5.00%	2036	14,885,000	13,360,000
2016A CO	1.25% to 3.90%	2041	2,960,000	2,780,000
2017 CO	3.00% to 5.00%	2037	18,975,000	17,735,000
2018 CO	3.00% to 4.00%	2038	15,960,000	15,385,000
2019 CO	3.00% to 4.00%	2039	13,750,000	13,750,000
TOTAL				$138,115,000

Annual debt service requirements to maturity for general obligation debt, including interest of $45,747,044, are as follows:

Fiscal Year	Principal	Interest	Total
2020	9,925,000	5,432,275	15,357,275
2021	9,825,000	5,068,487	14,893,487
2022	9,535,000	4,701,274	14,236,274
2023	9,120,000	4,331,806	13,451,806
2024	9,490,000	3,966,030	13,456,030
2025-2029	40,470,000	14,351,669	54,821,669
2030-2034	33,800,000	6,649,866	40,449,866
2031-2039	15,595,000	1,231,694	16,826,694
2040-2044	355,000	13,943	368,943
TOTAL	$138,115,000	$45,747,044	$183,862,044

Special Sales Tax Revenue Bonds

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

In 2018, the City issued $2,325,000 in Revenue Improvements Bonds, Taxable Series 2018 for the purpose of construction and equipping a public recreational facility. The bonds of $2,325,000 plus premiums of $126,944 less discounts of $15,767 and less issuance costs of $86,177 will be used to construct and design an administrative building.

In 2018, the City issued $3,785,000 in Revenue Improvements Bonds, Series 2018 for the purpose of construction of an administrative building. The bonds of $3,785,000 less discounts of $29,113 and less issuance costs of $105,887 will be used to construct and equip a public recreational ice skating facility.

As of September 30, 2019 there was $-0- of defeased debt outstanding related to the Sales Tax Revenue Bonds.

Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2019 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 3.25%	2024	4,995,000	1,630,000
2016	2.00% to 4.00%	2035	6,775,000	5,580,000
2016	1.05% to 4.83%	2040	14,930,000	14,215,000
2016A	1.50% to 2.95%	2041	8,295,000	7,810,000
2018	3.00% to 4.00%	2043	2,325,000	2,275,000
2018	2.54% to 4.35%	2043	3,785,000	3,750,000
TOTAL				$35,260,000

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of $16,156,608, are as follows:

Fiscal Year	Principal	Interest	Total
2020	1,815,000	1,344,861	3,159,861
2021	1,855,000	1,298,358	3,153,358
2022	1,910,000	1,247,861	3,157,861
2023	1,965,000	1,192,847	3,157,847
2024	2,030,000	1,134,077	3,164,077
2025-2029	7,860,000	4,725,388	12,585,388
2030-2034	7,245,000	3,329,494	10,574,494
2035-2039	7,785,000	1,675,867	9,460,867
2040-2044	2,795,000	207,855	3,002,855
TOTAL	$35,260,000	$16,156,608	$51,416,608

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2019 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
General Obligation Bonds	$ 133,905,000	$ 13,750,000	$ (9,540,000)	$ 138,115,000	$ 9,925,000
Sales Tax Revenue Bonds	36,930,000	-	(1,670,000)	35,260,000	1,815,000
Deferred Amounts:					
Premiums	10,300,959	178,750	(800,844)	9,678,865	757,977
Discounts	(993,959)	-	92,005	(901,954)	(84,654)
Total bonds payable	180,142,000	13,928,750	(11,918,839)	182,151,911	12,413,323
Compensated absences	7,300,212	2,297,623	(2,067,135)	7,530,700	2,379,273
Total	$ 187,442,212	$ 16,226,373	$ (13,985,974)	$ 189,682,611	$ 14,792,596
Net Pension Liability	$ 12,098,574	$ 13,542,484	$ -	$ 25,641,058	
Net OPEB Liability	26,990,959	10,523,911	(5,528,036)	31,986,834	
Total OPEB Liability - SDBF	749,435	222,108	(54,220)	917,323	
Total pension & OPEB liabilities	$ 39,838,968	$ 24,288,503	$ (5,582,256)	$ 58,545,215	

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

Business-Type Activities -

Water and Sewer Fund

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

Waterworks and Sewer System Refunding and Revenue Bonds

In 2011, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $104,513 and resulted in an economic gain of $53,332. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $57,757 at September 30, 2019.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $195,970 and resulted in an economic gain of $192,727. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $69,406 at September 30, 2019.

In 2015, the City issued $9,540,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding $9,875,000 of the City's outstanding debt. The bonds of $9,540,000 plus premiums of $953,667, less discounts of $49,493 and less issuance costs of $135,100 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $427,370 and resulted in an economic gain of $534,193. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $261,171 at September 30, 2019.

In 2016, the City issued $24,510,000 in Revenue Refunding & Improvements Bonds, Series 2016 for the purpose of refunding $18,430,000 of the City's outstanding debt. The bonds of $24,510,000 plus premiums of $4,057,204, less discounts of $146,376 and less issuance costs of $202,794 were used to refund a portion of the City's outstanding debt along with funding water and sewer infrastructure costs.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $2,788,035 and resulted in an economic gain of $3,081,707. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $2,249,993 at September 30, 2019.

The total amount of defeased debt outstanding related to Water/Sewer Bonds as of September 30, 2019 was $-0-.

The total amount of deferred loss on refunding for the water and sewer revenue bonds was $2,638,327 at September 30, 2019.

Water and sewer fund debt outstanding at September 30, 2019 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2009	3.00% to 4.50%	2030	$2,585,000	$1,645,000
2011	2.00% to 5.00%	2030	13,995,000	7,180,000
2012	2.00% to 3.00%	2023	2,320,000	890,000
2015	2.00% to 5.00%	2027	9,540,000	3,730,000
2016	2.00% to 5.00%	2035	24,510,000	20,815,000
TOTAL				$34,260,000

Debt service requirements to maturity for water and sewer fund debt, including interest of $9,721,919, are as follows:

Fiscal Year	Principal	Interest	Total
2020	3,180,000	1,554,834	4,734,834
2021	3,300,000	1,435,871	4,735,871
2022	3,440,000	1,291,871	4,731,871
2023	3,065,000	1,141,034	4,206,034
2024	2,970,000	1,002,709	3,972,709
2025-2029	15,010,000	2,898,025	17,908,025
2030-2034	2,840,000	379,375	3,219,375
2035-2039	455,000	18,200	473,200
TOTAL	$34,260,000	$9,721,919	$43,981,919

Law Enforcement Center

The Authority issued mortgage revenue bonds in 1989 to construct a 48-bed detention facility and administrative offices, for City use, and a 96-bed detention facility for surrounding agencies use (the Law Enforcement Complex). In 1991, the Authority purchased a 3.2-acre tract of land adjacent to the Law Enforcement Complex with proceeds from a property acquisition note, for future expansion. In 1993, additional mortgage revenue bonds were issued for a 96-bed expansion of the Law Enforcement Center, which was completed in January 1995.

Refunding Bonds

In 2016, the City issued $595,000 in General Obligation Refunding, Series 2016 for the purpose of refunding $555,000 of the City's outstanding debt. The bonds of $595,000 less discounts of $3,731 and less issuance costs of $8,654 were used to refund a portion of the City's outstanding debt.

In 2016, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $49,261 and resulted in an economic gain of $77,850. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $14,078 at September 30, 2019.

Law Enforcement Center Fund debt outstanding at September 30, 2019 comprises the following issue:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2016 GO	1.35% to 3.71%	2028	595,000	490,000
TOTAL				$490,000

Debt service requirements to maturity for Law Enforcement Center debt, including interest of $78,170, are as follows:

Fiscal Year	Principal	Interest	Total
2020	45,000	14,685	59,685
2021	50,000	13,538	63,538
2022	50,000	12,210	62,210
2023	55,000	10,729	65,729
2024	50,000	9,177	59,177
2025-2029	240,000	17,831	257,831
TOTAL	$490,000	$78,170	$568,170

Drainage Utility Fund

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

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $285,920 and resulted in an economic gain of $333,855. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $119,133 at September 30, 2019.

The total amount of deferred loss on refunding for the Drainage Utility bonds was $119,133 at September 30, 2019.

Drainage Utility Fund debt outstanding at September 30, 2019 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007	4.00% to 4.30%	2027	$2,200,000	$1,095,000
2012	2.00% to 3.13%	2024	3,740,000	1,650,000
TOTAL				$2,745,000

Debt service requirements to maturity for Drainage Utility debt, including interest of $371,073, are as follows:

Fiscal Year	Principal	Interest	Total
2020	430,000	97,070	527,070
2021	440,000	79,750	519,750
2022	460,000	66,710	526,710
2023	475,000	52,175	527,175
2024	490,000	36,238	526,238
2025-2029	450,000	39,130	489,130
TOTAL	$2,745,000	$371,073	$3,116,073

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2019, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	$ 38,135,000	$ -	$ (3,875,000)	$ 34,260,000	$ 3,180,000
LEC Certificates of Obligation	540,000	-	(50,000)	490,000	45,000
Drainage Utility Revenue Bonds	3,165,000	-	(420,000)	2,745,000	430,000
Deferred Amounts:					
Premiums	4,236,142	-	(304,965)	3,931,177	304,965
Discounts	(237,234)	-	20,812	(216,422)	(20,812)
Total bonds payable	45,838,908	-	(4,629,153)	41,209,755	3,939,153
Compensated absences	2,006,344	813,488	(595,006)	2,224,826	684,851
Total	$ 47,845,252	$ 813,488	$ (5,224,159)	$ 43,434,581	$ 4,624,004
Net Pension Liability	$ 4,319,257	$ 2,405,052	$ -	$ 6,724,309	
Net OPEB Liability	10,299,773	1,181,853	(1,691,885)	9,789,741	
Total OPEB Liability - SDBF	269,223	115,494	(131,804)	252,913	
Total pension & OPEB liabilities	$ 14,888,253	$ 3,702,399	$ (1,823,689)	$ 16,766,963	

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

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

Discretely Presented Component Unit

Mansfield Economic Development Corporation

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

In 2015, the City issued $2,880,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding $2,880,000 of the City's outstanding debt. The bonds of $2,880,000 plus premiums of $171,114, less discounts of $17,011 and less issuance costs of $77,121 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $75,079 and resulted in an economic gain of $291,881. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $36,149 at September 30, 2019.

In 2015, the City issued $5,630,000 in Revenue Refunding Taxable Bonds, Series 2015 for the purpose of refunding $5,305,000 of the City's outstanding debt. The bonds of $5,630,000 less discounts of $32,775 and less issuance costs of $113,738 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $174,946 and resulted in an economic gain of $710,459. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $84,233 at September 30, 2019.

In 2017, the City issued $14,125,000 in Revenue Improvements Bonds, Series 2017 for the purpose of construction of a public recreational facility. The bonds of $14,125,000 plus premiums of $1,141,332, less discounts of $84,063 and less issuance costs of $182,270 will be used to construct and design street improvements and building improvements.

In 2018, the City issued $6,200,000 in Revenue Improvements Bonds, Series 2018 for the purpose of land acquisition and infrastructure improvements. The bonds of $6,200,000, less discounts of $44,099 and less issuance costs of $155,902 will be used for land acquisition and infrastructure improvements.

There was $-0- of outstanding defeased debt as September 30, 2019.

The total amount of deferred loss on refunding for the MEDC bonds was $120,384 at September 30, 2019.

MEDC debt outstanding at September 30, 2019 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 4.00%	2032	$3,090,000	$2,190,000
2015A	0.50% to 3.55%	2024	5,630,000	2,935,000
2015	2.00% to 4.00%	2024	2,880,000	1,520,000
2016	2.00% to 4.00%	2036	14,125,000	12,450,000
2018	2.52% to 4.29%	2038	6,200,000	6,075,000
TOTAL				$25,170,000

Debt service requirements to maturity for MEDC debt, including interest of $8,294,592, are as follows:

Fiscal Year	Principal	Interest	Total
2020	1,740,000	911,126	2,651,126
2021	1,795,000	868,484	2,663,484
2022	1,850,000	810,857	2,660,857
2023	1,905,000	748,848	2,653,848
2024	1,980,000	680,028	2,660,028
2025-2029	5,775,000	2,611,617	8,386,617
2030-2034	6,550,000	1,391,980	7,941,980
2035-2039	3,575,000	271,652	3,846,652
TOTAL	$25,170,000	$8,294,592	$33,464,592

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2019, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	$ 26,775,000	$ -	$ (1,605,000)	$ 25,170,000	$ 1,740,000
Deferred Amounts:					
Premiums	1,164,062	-	(66,653)	1,097,409	66,653
Discounts	(178,867)	-	13,394	(165,473)	(13,394)
Total bonds payable	27,760,195	-	(1,658,259)	26,101,936	1,793,259
Compensated absences	64,305	27,695	(17,927)	74,073	20,634
Total Noncurrent Liabilties	$ 27,824,500	$ 27,695	$ (1,676,186)	$ 26,176,009	$ 1,813,893
Net Pension Liability	$ 192,212	$ 43,651	$ -	$ 235,863	
Net OPEB Liability	217,548	63,333	(41,389)	239,492	
Total OPEB Liability - SDBF	12,059	39,786	(43,003)	8,842	
Total pension & OPEB liabilities	$ 421,819	$ 146,770	$ (84,392)	$ 484,197	

I. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2019 included the following legal use restrictions.

Enterprise Fund	Revenue Bond Sinking and Reserve Fund	Bond Construction Fund	Inmate Trust Fund	Total
Water and Sewer Fund	$4,446,147	$8,805,934	$ -	$13,252,081
Law Enforcement Complex	22,060	10,482	183,894	216,436
Drainage Utility	82,062	-	-	82,062
TOTAL	$4,550,269	$8,816,416	$183,894	$13,550,579

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, 2019, the sinking fund balance is sufficient to satisfy such bond ordinance requirements. The bond ordinance also contains provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and the pledged revenues are equal to or greater than 1.25 times the average annual debt service requirements after giving effect to the proposed additional bonds and any proposed rate increases. In addition, the bond ordinance requires that the annual gross revenues of the Water and Sewer System, less annual operation and maintenance expenses (excluding depreciation and amortization expense), be at least 1.10 times the annual principal and interest requirements of all the outstanding revenue bonds.

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

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

J. Retirement Plan

Plan Description:

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided:

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

	Plan Year 2017	**Plan Year 2018**
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	196
Inactive employees entitled to but not yet receiving benefits	185
Active employees	486
Total	867

Contributions:

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the city matching percentage is 14.95%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the City were 14.94% and 14.95% in calendar years 2018 and 2019 respectively. The City's contributions to TMRS as of September 30, 2019 were $5,672,743 and were equal to the required contributions.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return (Arithmetic)**
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	100.0%	

Discount Rate:

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

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Positon (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	$ 160,939,483	$ 144,329,440	$ 16,610,043
Changes for the year:			
Service Cost	6,781,902	-	6,781,902
Interest	10,919,655	-	10,919,655
Change in benefit terms	-	-	-
Difference between expected and actual experience	2,214,327	-	2,214,327
Changes of assumptions	-	-	-
Contributions - employer	-	5,679,463	(5,679,463)
Contributions - employee	-	2,661,060	(2,661,060)
Net investment income	-	(4,327,905)	4,327,905
Benefit payments, including refunds of employee contributions	(5,115,537)	(5,115,537)	-
Administrative expense	-	(83,556)	83,556
Other changes	-	(4,365)	4,365
Net changes	$ 14,800,347	$ (1,190,840)	$ 15,991,187
Balance at 12/31/2018	$ 175,739,830	$ 143,138,600	$ 32,601,230

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 60,432,763	$ 32,601,230	$ 9,999,191

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2019, the City recognized expense of $8,856,150.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total (Inflow) or Outflow of Resources	2019 Recognized in current pension expense	Deferred (Inflow)/Outflow in future expense
2014 Difference in expected and actual experience actuarial (gains) or losses	2.9001	$ 30,492	$ 10,515	$ 19,977
2015 Difference in expected and actual experience actuarial (gains) or losses	3.7300	$ 89,860	$ 24,091	65,769
2016 Difference in expected and actual experience actuarial (gains) or losses	4.7900	$ 1,387,711	$ 289,710	1,098,001
2017 Difference in expected and actual experience actuarial (gains) or losses	5.7300	$ 734,942	$ 128,262	606,680
2018 Difference in expected and actual experience actuarial (gains) or losses	6.4200	$ 2,214,327	$ 344,911	1,869,416
			$ 797,489	$ 3,659,843
2015 Difference in assumption changes	3.7300	(371,347)	(99,557)	(271,790)
			$ (99,557)	$ (271,790)
Due to Assets:				
2014 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	1.000	250,457	250,457	-
2015 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	2.000	2,952,125	1,476,062	1,476,063
2016 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	3.000	(8,614)	(2,872)	(5,742)
2017 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	4.000	(7,062,550)	(1,765,638)	(5,296,912)
2018 Difference in projected and actual earnings on pension plan investments actuarial (gains) or losses	5.000	14,070,142	2,814,028	11,256,114
			$ 2,772,037	$ 7,429,523
Total				$ 10,817,576

$4,186,161 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2020	$ 3,219,513
2021	1,742,399
2022	1,756,186
2023	3,516,074
2024	438,543
Thereafter	144,861
Total	$10,817,576

K. Supplemental Death Benefits

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust meeting the criteria in paragraph 4 of GASB Statement No. 75). TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	155
Inactive employees entitled to but not yet receiving benefits	38
Active employees	486
Total	679

Contributions:

The contribution rates for employees in SDBF is .02% of employee gross earnings, and the city matching percentages is .15%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the EAN actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

Employees for the City were required to contribute .02% of their gross earnings during the fiscal year. The contribution rates for the City were .15% and .15% in calendar years 2018 and 2019 respectively. The City's contributions to SDBF as of September 30, 2019 were $56,361 and were equal to the required contributions.

Total OPEB Liability - SDBF:

The City's total OPEB Liability - SDBF was measured and determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions:

The total OPEB Liability - SDBF in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5% per year, including inflation
Discount rate	3.71%, based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018
Retirees' share of benefit-related costs	$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates- disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the total OPEB liability - SDBF:

	Total OPEB Liability (SDBF)
Balance at 12/31/2017	$ 1,030,717
Changes for the year:	
Service Cost	57,023
Interest	34,935
Differences between expected and actual experience	145,354
Changes in assumptions or other inputs	(81,348)
Benefit payments*	(7,603)
Net changes	148,361
Balance at 12/31/2018	$ 1,179,078

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

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

The following presents the total OPEB liability - SDBF of the City, calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability - SDBF would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
Total OPEB Liability -SDBF	$ 1,400,162	$ 1,179,078	$ 1,008,727

OPEB Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2019, the City recognized expense of $110,998.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2019 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in assumptions	8.0400	$ (81,348)	$ (10,118)	$ (71,230)
2017 Change in assumptions	7.0400	77,997	11,079	66,918
2018 Difference in expected and actual experience	8.0400	145,354	18,079	127,275
			$ 19,040	$ 122,963

$42,002 was reported as deferred outflows of resources related to OPEB (SDBF) resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability - SDBF for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB (SDBF) will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2020	$ 19,040
2021	19,040
2022	19,040
2023	19,040
2024	19,040
Thereafter	27,763
Total	$ 122,963

L. Other Post-Employment Benefits - OPEB

Plan Description

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

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

Measurement Focus and Basis of Accounting

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

Benefits

City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. Employees and their dependents who retire before the age of 65 with ten years of service and less than 20 years of service are eligible to receive full health insurance coverage as a life time benefit at the same cost of an active employee. Employees and their dependents who retire with 20 years of service are eligible to receive full health insurance coverage as a life time benefit; while their dependents are eligible for full health insurance coverage they must pay the same cost as an active employee for full insurance coverage of their dependents.

Employees

At the time of the actuarial valuation, the City had 484 active plan members and 93 retired plan members receiving benefits. Of the retired members, 40 had less than 20 years of service and 53 had more than 20 years of service.

Contributions

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. Expenditures for post-retirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the actuarially determined contribution (ADC), which approximates the annual OPEB cost, and totaled $4,820,000 for the fiscal year ended September 30, 2019.

Net OPEB Liability

The City's net OPEB liability (NOL) was measured as of June 30, 2019 and the total OPEB liability (TOL) - SDBF used to calculate the NOL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The NOL in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial method	Entry Age Normal
Discount rate	7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. The City has, on average, made contributions the last five years that, if continued in this fashion, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	RP-2014 Mortality Table with Improvement Scale MP-2018
Marriage Assumptions	3-year spouse age difference with females assumed 3 years younger than males. 25% of participants eligible for future post-employment benefits are assumed to have an eligible spouse electing to receive plan benefits. For

	retired members, we have used actual marital status, as provided, and assumed all such spouses are receiving plan benefits.
Health-care cost trend rates	7% in year 1 graded downward ½% per year to 4.5% in year 6 & later
Post-65 premium reductions	It is assumed that employer-subsidized premiums will be reduced by two-thirds after age 65 due to Medicare eligibility.
Assumed utilization	75% of eligible future retirees are assumed to elect plan benefits
Changes in assumptions	We have changed the mortality table improvement scale from MP-2017 to MP-2018.
Salary rate	3% per annum

Retirement Rate

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

Withdrawal Rate

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

The plan's policy in regard to the allocation of invested assets is established by the City Council. The target asset allocation policy is 50% equity investments, 45% fixed income investments, and 5% cash. The long-term expected rate of return on plan investments used in the valuation was determined using a building-block method in which the City's best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the City's expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The City's best estimates of geometric real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Positon (b)	Net OPEB Liability (a) - (b)
Balance at 6/30/2018	$48,772,103	$ 11,263,823	$37,508,280
Changes for the year:			
Service Cost	568,220	-	568,220
Interest	3,333,223	-	3,333,223
Difference between expected and actual experience	8,760,461	-	8,760,461
Contributions - employer	-	7,261,311	(7,261,311)
Benefit payments	(2,441,311)	(2,441,311)	-
Net investment income	-	959,456	(959,456)
Administrative expense	-	(66,652)	66,652
Net changes	10,220,593	5,712,804	4,507,789
Balance at 6/30/2019	$58,992,696	$ 16,976,627	$42,016,069

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

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net OPEB Liability	$ 51,478,242	$ 42,016,069	$ 34,486,195

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

	1% Decrease in Trend Rates (6.00%)	Trend Rates (7.00%)	1% Increase in Trend Rates (8.00%)
Net OPEB Liability	$ 34,405,648	$ 42,016,069	$ 51,474,229

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

For the year ended September 30, 2019, the City recognized expense of $4,826,810.

At September 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Outflows and Inflows - Current and Future Expense

Due to Liabilities:	Recognition Period (or Amortization yrs)	Total Remaining (Inflow) or Outflow of Resources	2019 Recognized in current OPEB expense	Deferred (Inflow)/Outflow in future expense
2018 Change in assumptions	3.3900	$ (1,109,590)	$ (327,313)	$ (782,277)
			$ (327,313)	$ (782,277)
Due to Assets:				
2018/2019 Net difference in projected and actual earnings on OPEB plan investments	5.0000	$ 81,651	$ 22,282	$ 59,369
2019 Difference between expected and actuarial experience	4.2000	8,760,461	2,085,824	6,674,637
			$ 2,108,106	$ 6,734,006
Total				$ 5,951,729

$0 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the year ended September 30,	Net deferred outflows (inflows) of resources
2020	$ 1,780,793
2021	1,780,793
2022	1,980,453
2023	409,690
2024	-
Thereafter	-
Total	$ 5,951,729

Deferred Outflows and Inflows of Resources Related to Pensions and OPEBs

	Governmental Activities	Business-type Activities	Total Primary Government	Component Unit	Total Deferred Outflows and Inflows
Deferred Outflows:					
Deferred pension contributions	$ 3,289,904	$ 865,698	$ 4,155,602	$ 30,559	$ 4,186,161
Deferred OPEB contributions	31,975	9,787	41,762	240	42,002
Deferred investment losses	6,285,867	1,177,656	7,463,523	25,369	7,488,892
Deferred assumption changes	48,092	17,996	66,088	830	66,918
Deferred actuarial experience	7,934,328	2,453,781	10,388,109	73,646	10,461,755
	$ 17,590,166	$ 4,524,918	$ 22,115,084	$ 130,644	$ 22,245,728
Deferred Inflows:					
Deferred assumption changes	$ 812,491	$ 305,610	$ 1,118,101	$ 7,196	$ 1,125,297
	$ 812,491	$ 305,610	$ 1,118,101	$ 7,196	$ 1,125,297
Liabilities:					
Net pension liability	$ 25,641,058	$ 6,724,309	$ 32,365,367	$ 235,863	$ 32,601,230
Net OPEB liability	31,986,834	9,789,743	41,776,577	239,492	42,016,069
Total OPEB liability - SDBF	917,323	252,913	1,170,236	8,842	1,179,078
	$ 58,545,215	$ 16,766,965	$ 75,312,180	$ 484,197	$ 75,796,377

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

M. Commitments and Contingencies

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

Audits of Grant Activities

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

General Equipment Commitments as of September 30, 2019 are as follows:

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

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2020	241,153	31,246	209,907	675,237
2021	241,153	23,836	217,317	457,920
2022	241,153	16,165	224,988	232,932
2023	241,153	8,221	232,932	-
TOTAL	$964,612	$79,468	$885,144	

N. Contracts with Other Governmental Entities and Other Contracts

Water Supply

Raw water is supplied to the City through a contract between the City and the Tarrant Regional Water District (TRWD). The basic contract, which was renegotiated and approved by the TRWD and the City Council on September 10, 1979, provides for a contract period to run for the life of the bonds, which were issued by the TRWD to provide water to the City and thereafter for the life of the TRWD facilities serving the City. Water is provided to the City from the TRWD Cedar Creek Lake and Richland-Tehuacanna Reservoir. Under the contract, the City has a take-or-pay gallon requirement based on the greater of 1.3 million gallons or the average daily consumption for the previous five-year period. The rate to be charged to the City for raw water is based upon the TRWD cost of debt service, operation and maintenance expenses, and any other miscellaneous expenses in connection with its water supply facilities. These costs will be allocated on a proportionate share based upon actual water consumption of the City in relation to the actual use by the City of Fort Worth and the Trinity River Authority (TRA) after crediting the amount received by the TRWD from water sales to the City of Arlington and other customers. The current rate charged for raw water has been calculated to be $1.26520 per 1,000 gallons, with a total cost of $5,667,444 during fiscal year 2019. It is estimated that the raw water supply available to the City under the contract is adequate for the ultimate development of the City.

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

Sewer Treatment

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

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

The expense of operating TRA's Central System, including administrative overhead and amounts necessary to pay debt service, is paid monthly by the contracting parties based on a formula of dividing each contracting party's estimated contributing flow to the Central System for such year by the total estimated contributing flow by all contracting parties being served at the beginning of each such year, with a year-end adjustment based on actual metered contributing flow to the Central System by all contracting parties. For fiscal year 2019, the City's cost for sewer treatment under the contract was $7,372,667.

Law Enforcement Complex Housing Commitment

On June 25, 1990, the City entered into an Intergovernmental Agreement Contract (IGA) with the United States Marshal's Service (USMS) to provide for the housing, safekeeping, and subsistence of adult male and female federal prisoners. The City began housing prisoners from the Immigration and Naturalization Service pursuant to the terms and conditions of the USMS contract or IGA. Effective October 1, 2018, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of $78.00 per day.

On January 1, 2017, the City entered into an IGA with the USMS to provide for the housing, safekeeping, and subsistence of adult male and female federal prisoners. The City began housing prisoners from the Immigration and Naturalization Service pursuant to the terms and conditions of the USMS contract or IGA. On January 1, 2017, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of $66.30 per day, effective January 1, 2017.

If any net losses or capital requirements should arise in the future, the City will be required to make cash advances and/or operating transfers from the general fund to fund these operating and capital requirements. The City cannot reasonably estimate the amounts, if any, of the advances or operating transfers that may be required.

Mansfield National Golf Club

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

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

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

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

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

Sports Park – Big League Dreams

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

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

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

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

Water Park – Hawaiian Falls

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

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

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

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

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

Fieldhouse

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

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

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

Stars Center

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

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

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

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

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

Mansfield Economic Development Corporation Commitments

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

In continuance of the City's economic development program, the Corporation has made additional commitments to incentivize industry over the next several years. These commitments are generally contingent upon the industry's capital investments and creation of new jobs or other criteria determined by the Corporation. The arrangements vary in amounts and allow for reimbursements for capital costs or expansion costs incurred by the industries. These commitments require stringent performance commitments by the respective industries to qualify for the incentives. To date, the Corporation had made commitments to be administered over the next several years in the amounts of $2.4 million in year 2020, $1.4 million in year 2021, $1.4 million in year 2022, $.3 million in year 2023, and $.1 million in 2024. These commitments and amounts may change from year to year depending upon the performance of the industries, and their ability to meet the performance standards as established by the Corporation. In the event, the Corporation deems the industries performance insufficient, the Corporation can restructure, extend, void or recover the commitments.

Mansfield Tax Increment Financing Reinvestment Zone Number Two Commitments

The Mansfield Tax Increment Financing Reinvestment Zone Number Two's board of directors has committed the TIRZ to reimburse the City for the following expenditures. The expenditures are land acquisition - $962,133, downtown lofts - $1,229,496, parking lot construction - $283,736 and business incentives - $356,855. These funds are anticipated to be paid to the City with future revenue of the TIRZ.

O. Tax Abatements

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

For the fiscal year ended September 30, 2019, the City of Mansfield, Texas abated property and sales taxes totaling $607,745 under this program, including the following tax abatement agreements:

A 100% property tax abatement to a tool manufacturer for building a manufacturing center in the industrial district. The abatement amounted to $578,906.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $15,274.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to $13,565.

P. Conduit Debt Obligations

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

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

Q. Risk Management

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

R. Subsequent Events

Bond Issuances

On January 13, 2020, the City issued $24,245,000 in Combination Tax and Revenue Certificates of Obligation, Series 2020. The purpose of the Combination Tax and Revenue Certificates of Obligations, Series 2020 are for the design, development, and construction of public infrastructure and land acquisition.

On January 13, 2020 the City issued $4,475,000 in General Obligation Refunding Bonds, Series 2020. The debt was issued to refund the Series 2009 General Obligation Refunding Bonds, the Series 2011 Certificates of Obligation, and the Series 2011 General Obligation Refunding Bonds. The refunding resulted in an economic gain (difference between the present value of the debt service payment of the old debt and new debt) of $378,603.

S. New Accounting Pronouncements to be implemented after fiscal year 2019

For fiscal year 2019, the City has implemented Statement No. 83 "Certain Asset Retirement Obligations" of the financial accounting standards issued by the GASB The Statement had no effect on the City's financial statements in fiscal year 2019.

For fiscal year 2019, the City has implemented Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" of the financial accounting standards issued by the GASB. The Statement had no effect on the City's financial statements in fiscal year 2019.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The primary objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for fiscal years beginning after December 15, 2018. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, Leases. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for fiscal years beginning after December 15, 2019. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 16. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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March _, 2021

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CITY OF MANSFIELD, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE
REFUNDING BONDS
SERIES 2021

WE HAVE represented the City of Mansfield, Texas (the "Issuer") as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> CITY OF MANSFIELD, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021, dated February 1, 2021, in the principal amount of $____________.

The Bonds mature, bear interest, are subject to redemption and may be transferred and exchanged as set out in the Bonds and in the bond ordinance adopted by the City Council of the Issuer authorizing their issuance (the "Ordinance").

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; a certain escrow deposit agreement (the "Deposit Agreement") between the City and BOKF, NA, as paying agent/registrar for the Refunded Bonds (the "Refunded Bonds Paying Agent"); the certification (the "Sufficiency Certificate") of the Refunded Bonds Paying Agent verifying the sufficiency of the deposits

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made in the Deposit Agreement for defeasance of the obligations being refunded (the "Refunded Bonds"); customary certificates of officers, agents and representatives of the Issuer and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have also examined executed Bond No. T-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding special obligations of the Issuer;

(B) The Bonds are payable from and secured by a lien on and pledge of the Pledged Revenues of the Issuer's waterworks and sewer system, as defined and described in the Ordinance;

(C) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to the Deposit Agreement and, therefore, the Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in the Deposit Agreement; and

(D) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

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