

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

Dated July 2, 2026

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

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel, under existing law, interest on the Bonds is (i) excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) not an item of tax preference for purposes of the alternative minimum tax on individuals. See "Tax Matters" herein, including information regarding potential alternative minimum tax consequences for corporations.

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

**\$10,000,000\***  
**MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION**  
**(Tarrant, Johnson and Ellis Counties, Texas)**  
**SALES TAX REVENUE BONDS, NEW SERIES 2026**

**Dated Date: July 1, 2026**

**Due: August 1, as shown on page 2**

**Interest Accrues: Date of Delivery (defined below)**

**PAYMENT TERMS.** . . Interest on the \$10,000,000\* Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, New Series 2026 (the "Bonds") will accrue from the Date of Delivery to the Underwriters, and will be payable February 1 and August 1 of each year commencing February 1, 2027, 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 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" herein. The initial Paying Agent/Registrar is UMB Bank, N.A. Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE.** . . The Bonds are being issued by Mansfield Park Facilities Development Corporation (the "Corporation") pursuant to Chapters 501, 502 and 505, Texas Local Government Code, as amended (collectively the "Act"). The Bonds and their terms are governed by the provisions of a resolution (the "Bond Resolution") to be adopted by the Board of Directors of the Corporation (see "The Bonds - Authority for Issuance").

The Bonds are special obligations of the Corporation, payable from, and together with any Parity New Series Revenue Obligations, secured by a first lien on and pledge of certain Pledged Revenues which include the proceeds of a 1/2 of 1% sales and use tax levied within the City of Mansfield, Texas (the "City") for the benefit of the Corporation (see "Selected Provisions of the Bond Resolution").

*The Bonds are payable solely by a pledge of and lien on the moneys described in the Bond Resolution and not from any other revenues, properties or income of the Corporation. Neither the State, Tarrant, Johnson or Ellis Counties, the City nor any political corporation, subdivision, or agency of the State shall be obligated to pay the Bonds or the interest thereon, and neither the faith and credit nor the taxing power of the State, Tarrant, Johnson or Ellis Counties, the City, or any political corporation, subdivision, or agency thereof, except as authorized by the Act, is pledged to the payment of the principal of or interest on the Bonds (see "The Bonds - Security and Source of Payment").*

**PURPOSE.** . . Proceeds from the sale of the Bonds will be used for the purpose of (i) designing, developing, constructing and equipping of parks, including projects at Katherine Rose Memorial Park; (ii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2026 Bonds Reserve Fund; and (iii) paying the costs of issuing the Bonds.

**BOND INSURANCE.** . . The Corporation has applied for municipal bond insurance on the Bonds and will consider the purchase of such insurance after an analysis of the bids from such companies has been made. See "Bond Insurance Risk Factors" herein.

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**CUSIP PREFIX: 564393**  
**MATURITY SCHEDULE & 9 DIGIT CUSIP**  
**See Schedule on Page 2**

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

**DELIVERY.** . . It is expected that the Bonds will be available for delivery through The DTC on August 11, 2026 (the "Date of Delivery").

**RAYMOND JAMES**

**FROST BANK**

\* Preliminary, subject to change.

## MATURITY SCHEDULE\*

1-Aug Year	Principal Amount	Interest Rate	Initial Yield	CUSIP <sup>(1)</sup> Suffix
2027	\$ 325,000			
2028	325,000			
2029	340,000			
2030	355,000			
2031	375,000			
2032	390,000			
2033	410,000			
2034	430,000			
2035	450,000			
2036	470,000			
2037	495,000			
2038	515,000			
2039	540,000			
2040	565,000			
2041	595,000			
2042	620,000			
2043	650,000			
2044	685,000			
2045	715,000			
2046	750,000			

(Interest accrues from Date of Delivery)

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

**REDEMPTION . . .** The Corporation reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “The Bonds - Optional Redemption”). If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the “Term Bonds”) by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Resolution and will be described in the final Official Statement (see “The Bonds – Mandatory Sinking Fund Redemption”).

\* Preliminary, subject to change.

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

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

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

Certain information set forth herein has been obtained from the Corporation and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Municipal 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 Corporation or other matters described herein since the date hereof. See "Continuing Disclosure of Information" for a description of the Corporation's undertaking to provide certain information on a continuing basis.

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

NEITHER THE CORPORATION, ITS MUNICIPAL ADVISOR NOR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM HEREIN, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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 THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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 UNDERWRITERS 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.

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

## OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the 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 CORPORATION** ..... The Corporation is a non-profit industrial development corporation of the City of Mansfield, Texas (the "City") which is located in the City in Tarrant, Johnson and Ellis Counties, Texas (see "Introduction - Description of the Corporation").
- THE NEW SERIES TAX-EXEMPT BONDS**..... The Bonds are issued as \$10,000,000\* Sales Tax Revenue Bonds, New Series 2026. The Bonds are issued as serial bonds maturing August 1, in the years 2027 through 2046 unless the Underwriters designate two or more consecutive maturities as Term Bonds (see "The Bonds - Description of the Bonds").
- PAYMENT OF INTEREST** ..... Interest on the Bonds accrues from the Date of Delivery, and is payable February 1, 2027, and each August 1 and February 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 being issued by the Corporation pursuant to Chapters 501, 502 and 505, Texas Local Government Code, as amended. The Bonds and their terms are governed by the provisions of the Bond Resolution to be adopted by the Corporation (see "The Bonds – Authority for Issuance").
- SECURITY FOR THE BONDS** ..... The Bonds are special obligations of the Corporation, payable from, and together with any Parity New Series Revenue Obligations, secured by a first lien on and pledge of certain Pledged Revenues which include the gross proceeds of a 1/2 of 1% sales and use tax levied within the City of Mansfield, Texas for the benefit of the Corporation (see "The Bonds - Security and Source of Payment").
- REDEMPTION** ..... The Corporation reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2036 in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption"). If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Resolution and will be described in the final Official Statement (see "The Bonds – Mandatory Sinking Fund Redemption").
- TAX MATTERS**..... In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "Tax Matters" herein, including information regarding potential alternative minimum tax consequences for corporations.
- USE OF PROCEEDS**..... Proceeds from the sale of the Bonds will be used for the purpose of (i) designing, developing, constructing and equipping of parks, including projects at Katherine Rose Memorial Park; (ii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2026 Bonds Reserve Fund; and (iii) paying the costs of issuing the Bonds.
- RATINGS** ..... The Bonds and the presently outstanding Parity New Series Revenue Obligations of the Corporation are rated "Aa1" (negative outlook) by Moody's Investors Service, Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"), without regard to credit enhancement (see "Other Information - Ratings"). The Corporation also has outstanding debt rated by S&P Global Ratings ("S&P").
- INSURANCE** ..... The Corporation has made an application for a municipal bond insurance policy in conjunction with the issuance of the Bonds. See "Bond Insurance Risk Factors".

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\* Preliminary, subject to change.

**BOOK-ENTRY-ONLY**

**SYSTEM** ..... The definitive New Series 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 within a maturity. 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 Corporation has never defaulted in payment of its bonds.

**CORPORATION ADMINISTRATION****THE CORPORATION'S OFFICERS AND BOARD OF DIRECTORS**

<u>Member Name</u>	<u>Member Since</u>	<u>Term Expires</u>
Lindsay Cadenhead President	October, 2017	September, 2027
Raul Najera Vice President	October, 2021	September, 2026
Jessica Ng-Hinojosa	September, 2022	September, 2026
Malinda Knappenberger	October, 2023	September, 2026
Lance Hood	October, 2024	September, 2027
Roderic Russell	October, 2025	September, 2027
Mialinda Francis	October, 2025	September, 2027
Bob Kowalski Alternate	October, 2009	September, 2026

**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>City Council</u>	<u>Elected</u>	<u>Term Expires</u>	<u>Occupation</u>
Michael Evans Mayor, Place 1	Re-elected May, 2025	May 2028	Pastor
Todd Tonore Mayor Pro Tem, Place 6	Re-elected May, 2026	May 2029	CEO
Tamera Bounds Councilmember Place 2	Re-elected May, 2025	May 2028	Director, Rehab Pro
Brent Newsom Councilmember Place 3	Re-elected May, 2023	May 2027	Banking Industry
Juan Fresquez Councilmember Place 4	Elected May, 2024	May 2027	Healthcare Leadership
Tod Simmons Councilmember Place 5	Elected June, 2025	May 2027	President, Simmons Wealth Management
Jim Vaszauskas Councilmember Place 7	Elected May, 2026	May 2029	Consultant and Adjunct Professor

**SELECTED ADMINISTRATIVE STAFF**

<u>Name</u>	<u>Position</u>	<u>Length of Service to City</u>	<u>Total Length of Governmental Service</u>
Joe Smolinski	City Manager	23 Years	23 Years
Troy Lestina	Deputy City Manager	16 Years	18 Years
Matt Jones	Assistant City Manager	6 Years	18 Years
Vanessa Marrero	Assistant City Manager/Deputy City Attorney	3 Years	10 Years
Susana Marin	City Secretary	18 Years	22 Years

**CONSULTANTS AND ADVISORS**

Auditors .....	Whitley Penn LLP Fort Worth, Texas
Bond Counsel .....	Bracewell LLP Dallas, Texas
Municipal Advisor .....	Hilltop Securities Inc. Fort Worth, Texas

For additional information regarding the Corporation, please contact:

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
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## PRELIMINARY OFFICIAL STATEMENT

### RELATING TO

**\$10,000,000\***

### **MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, NEW SERIES 2026**

### INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$10,000,000\* Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, New Series 2026 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in (the "Bond Resolution") to be adopted by the Board of Directors (the "Board") of the Mansfield Park Facilities Development Corporation (the "Corporation") on the date of sale of the Bonds which will authorize the issuance of the Bonds, except as otherwise indicated herein (see "Selected Provisions of the Bond Resolution").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Corporation 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 Corporation's Municipal Advisor, Hilltop Securities Inc. ("HilltopSecurities" or "Municipal Advisor"), Fort Worth, Texas.

All financial and other information presented in this Official Statement has been provided by the Corporation and the City of Mansfield (the "City") from their records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Corporation. 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").

**DESCRIPTION OF THE CORPORATION** . . . The Corporation is a non-profit corporation duly organized and operating under the laws of the State of Texas, particularly Chapters 501, 502 and 505, Texas Local Government Code, as amended (collectively, the "Act"). The Corporation was created following an election held by the City on January 18, 1992, on the question of the levy of a 1/2 of 1% local sales and use tax in the City for the benefit of the Corporation (the "Election"). The purpose of the Corporation as currently organized is to promote and provide for the economic development within the City and the State of Texas in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing, and financing projects under the Act. The City Council of the City of Mansfield appoints the members of the Board and under the provisions of the Act and the Corporation's by-laws is required to approve certain actions of the Corporation, including the issuance of the Bonds by the Corporation.

**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 last amended its Home Rule Charter on November 3, 2020. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. The term of office is a staggered three-year term. The City Manager is the chief executive officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2022 U.S. Census population for the City was 76,724, while the estimated 2026 population is 91,336. The City covers approximately 36.69 square miles.

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\* Preliminary, subject to change.

**THE BONDS**

**PURPOSE.** . . Proceeds from the sale of the Bonds will be used for the purpose of (i) designing, developing, constructing and equipping of parks, including projects at Katherine Rose Memorial Park; (ii) acquiring a New Series Reserve Fund Surety Bond for deposit in the New Series 2026 Bonds Reserve Fund; and (iii) paying the costs of issuing the Bonds.

**DESCRIPTION OF THE BONDS . . .** The Bonds are dated July 1, 2026, and mature on August 1 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the Date of Delivery, and 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, commencing February 1, 2027. 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 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 "Book-Entry-Only System" herein.

**AUTHORITY FOR ISSUANCE.** . . The Bonds are being issued by the Corporation pursuant to the Act. The Bonds and their terms are governed by the provisions of the Bond Resolution to be adopted by the Corporation.

**SECURITY AND SOURCE OF PAYMENT.** . . The Bonds are special obligations of the Corporation payable solely from, and together with any Parity New Series Revenue Obligations, secured by a first lien on and pledge of the Pledged Revenues, as defined below. The Bonds, together with any Parity New Series Revenue Obligations, shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues (See "Selected Provisions of the Bond Resolution").

The Corporation currently has outstanding Previously Issued New Series Bonds secured by and payable from a first lien on and pledge of the Pledged Revenues, as follows:

Dated Date	Outstanding Debt <sup>(1)</sup>	Issue Description
12/1/2015	\$ 2,475,000	Sales Tax Revenue Refunding and Improvement Bonds, New Series 2016
12/1/2015	10,440,000	Sales Tax Revenue Refunding and Improvement Bonds, Taxable New Series 2016
10/1/2016	6,225,000	Sales Tax Revenue Bonds, Taxable New Series 2016A
1/15/2018	3,100,000	Sales Tax Revenue Bonds, Taxable New Series 2018
1/15/2018	1,710,000	Sales Tax Revenue Bonds, New Series 2018
	<u>\$ 23,950,000</u>	

(1) As of June 1, 2026.

**The Bonds do not constitute a debt of the City, Tarrant, Johnson and Ellis Counties, the State or any agency, political corporation or subdivision thereof nor do the Bonds constitute a legal or equitable, pledge, charge, lien or encumbrance upon any property of the Corporation or the City except with respect to the Pledged Revenues. In the Bond Resolution, the Corporation has reserved the right to issue Additional Parity New Series Revenue Obligations payable, in whole or in part, from the Pledged Revenues and, subject to satisfying the terms and conditions prescribed therefor, such Additional Parity New Series Revenue Obligations may be equally and ratably secured by a parity lien on and pledge of such Pledged Revenues. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE, TARRANT, JOHNSON, ELLIS COUNTIES, OR ANY AGENCY, POLITICAL CORPORATION OR SUBDIVISION THEREOF, HAS BEEN PLEDGED FOR THE PAYMENT OF THE BONDS, EXCEPT AS DESCRIBED HEREIN.**

The Act contains provisions which would allow the voters of the City to either reduce or repeal the Sales Tax. Should the Legislature ever enact such an amendment to the Act to allow for the reduction or repeal of the Sales Tax, the Attorney General of Texas has rendered an Opinion (Opinion No. DM-137) to the effect that a "reduction in the sales tax rate, or a limitation on the amount of time the tax may be collected, may not be applied to any bonds issued prior to the date of the rollback election". In so opining, the Attorney General noted any "subsequent legislation which purports to permit the reduction or other limitation of that tax is ineffective to do so, because such alteration would impair the obligation of the contract between the city and such bondholders", and in effect be a violation of Article 1, Section 10 of the United States Constitution and Article I, Section 16 of the Texas Constitution.

The Sales Tax may not be collected after the last day of the first calendar quarter occurring after notification to the State Comptroller of Public Accounts by the Corporation that all bonds or other obligations of the Corporation that are payable in whole or in part from the proceeds of the Sales Tax, including any refunding bonds or other obligations, have been paid in full or the full amount of money necessary to defease such bonds and other obligations has been set aside in a trust account dedicated to their payment.

**PLEDGE UNDER THE BOND RESOLUTION.** . . In the Bond Resolution, the Corporation covenants and agrees that the Pledged Revenues, with the exception of those in excess of the amounts required for the payment and security of the Parity New Series Revenue Obligations (collectively the Bonds, the Previously Issued New Series Bonds and any Additional Parity News Series Revenue Obligations), are irrevocably pledged to the payment and security of the Parity New Series Revenue Obligations,

including the establishment and maintenance of the special funds created and established in the resolutions authorizing Parity New Series Revenue Obligations. Under the Bond Resolution, the Pledged Revenues consist of (i) Gross Sales Tax Revenues from time to time deposited or owing to the Gross Sales Tax Revenue Fund, and (ii) such other money, income, revenues or other property which the Corporation may expressly and specifically pledge to the payment of the Parity New Series Revenue Obligations. The Bond Resolution defines "Gross Sales Tax Revenue" as all of the revenues due or owing to, or collected or received by or on behalf of the Corporation, whether by the City or otherwise, pursuant to the Sales Tax Collection Resolution or the Bond Resolution (collectively, the Bond Resolution, the resolutions authorizing the Previously Issued New Series Bonds and any resolutions authorizing Additional New Series Parity Revenue Obligations) from the levy of the Sales Tax, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

**ADDITIONAL PARITY NEW SERIES REVENUE OBLIGATIONS . . .** In the Bond Resolution, the Corporation reserves the right to issue Additional Parity New Series Revenue Obligations payable from and equally and ratably secured by a first lien on and pledge of the Pledged Revenues on a parity with the lien and pledge securing Outstanding Parity New Series Revenue Obligations, subject to satisfying certain terms and conditions including obtaining a certificate or opinion from a certified public accountant to the effect that the Gross Sales Tax Revenues received by the Corporation for the last completed Fiscal Year or for any twelve consecutive months out of the fifteen months next preceding the adoption of the resolution authorizing the issuance of the Additional Parity New Series Revenue Obligations were equal to at least (i) 1.35 times the combined maximum annual principal and interest requirements on all Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations and (ii) 1.50 times the combined average annual principal and interest requirements on all Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations; provided, that in the event of an increase in the rate of the Sales Tax that becomes effective prior to the date of the resolution authorizing the issuance of the Additional Parity New Series Revenue Obligations, such calculation shall be made if such increase were in effect during such period.

**THE GROSS SALES TAX REVENUE FUND . . .** Under the terms of the Act and a resolution adopted concurrently by the City Council of the City and the Board of Directors of the Corporation (the "Sales Tax Collection Resolution") that relates to the collection, handling and transfer of sales tax revenue due to the Corporation, the Gross Sales Tax Revenues collected by the State Comptroller of Public Accounts and remitted periodically to the City for the benefit of the Corporation shall be deposited by the City as received to the credit of a fund or account of the Corporation to be known as the "Gross Sales Tax Revenue Fund."

As explained below under "Flow of Funds," the Gross Sales Tax Revenues held in the Gross Sales Tax Revenue Fund are to be used to make payments to the New Series Debt Service Fund in amounts equal to one hundred percent (100%) of the interest on and principal of the Parity New Series Revenue Obligations then falling due and payable and then to any amounts required to be made pursuant to the resolutions authorizing the Parity New Series Revenue Obligations.

**GENERAL COVENANT REGARDING THE SALES TAX . . .** The Municipal Sales and Use Tax Act provides that the Sales Tax does not apply to the sale of a taxable item unless the item is also taxable under the Texas Limited Sales, Excise and Use Tax Act. **The Sales Tax is therefore subject to broadening and reduction in the base against which it is levied by action of the State Legislature without the consent of the City or the Corporation.**

In the Bond Resolution, the Corporation covenants, agrees and warrants that, while any Parity New Series Revenue Obligations are outstanding, it will take and pursue all action permissible under applicable law to cause the Sales Tax, at its current rate (1/2 of 1%) or at a higher rate if legally permitted, to be levied and collected continuously in the manner and to the maximum extent permitted by applicable law; and to cause no reduction, abatement or exemption in the Sales Tax until all the Parity New Series Revenue Obligations have been paid in full or until they are lawfully defeased in accordance with the Bond Resolution. The Corporation also covenants and agrees that, if, subsequent to the issuance of the Bonds, the City is authorized by applicable law to impose and levy the Sales Tax on any items or transactions that are not subject to the Sales Tax on the date the Bond Resolution were adopted, then the Corporation will use its best efforts to cause the City to take such action as may be required by applicable law to subject such items or transactions to the Sales Tax.

**OPTIONAL REDEMPTION. . .** The Corporation reserves the right, at its option, to redeem Bonds having stated maturities on and after August 1, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2036, 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 Corporation may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity and series 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 and series 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.

**MANDATORY SINKING FUND REDEMPTION . . .** If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Resolution and will be described in the final Official Statement.

**NOTICE OF REDEMPTION.** . . Not less than 30 days prior to a redemption date for the Bonds, the Corporation 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 Bond Resolution, the Corporation reserves the right in the case of a redemption to give notice of its election or direction 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) the Corporation retains the right to rescind such notice at any time prior to the scheduled redemption date if the Corporation delivers a certificate of the Corporation 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 where redemption has been rescinded shall remain outstanding, and the rescission shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Corporation 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 NOTICES SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICES. NOTICES HAVING BEEN SO GIVEN, THE BONDS CALLED FOR OPTIONAL REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATES, AND NOTWITHSTANDING THAT ANY NEW SERIES BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH NEW SERIES BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

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

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

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 Corporation 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 Corporation: (i) in the proceedings providing for the firm banking arrangements, expressly reserves the right to call 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.

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**FLOW OF FUNDS.** . . The Bond Resolution provide for the establishment and maintenance of the following funds and accounts for the application of the proceeds of the Bonds and for the Pledged Revenues with all revenues flowing first to the Gross Sales Tax Revenue Fund.

Moneys on deposit in the Gross Sales Tax Revenue Fund shall be applied in the following order of priority:

GROSS SALES TAX REVENUE FUND	
PRIORITY	FUND <sup>(1)</sup>
First Priority	New Series Debt Service Fund for the payment of the Parity New Series Revenue Obligations,
Second Priority	On a pro rata basis, to each debt service reserve fund created by any resolution authorizing the issuance of Parity New Series Revenue Obligations, which contains less than the amount to be accumulated and/or maintained therein, as provided in such resolutions;
Third Priority	To pay any amounts due to any bond insurer of Parity New Series Revenue Obligations for the Parity New Series Revenue Obligations not paid pursuant to the sections above,
Fourth Priority	To pay any amounts due to any issuer of a New Series Reserve Fund Surety Bond not paid pursuant to the sections above,
Fifth Priority	Any other fund required by any resolution authorizing issuance of Parity New Series Revenue Obligations,
Sixth Priority	Any other fund or account held at any place or places, or to any payee, required by any other resolution of the Board which authorized the issuance of obligations or the creation of debt of the Corporation having a lien on the Pledged Revenues subordinate to the lien created herein on behalf of the Parity New Series Revenue Obligations, and
Seventh Priority	To the New Series Capital Improvement Fund to be used for paying costs of authorized projects the payment of which are not otherwise provided from the proceeds of New Series Parity Revenue Obligations, and for any other lawful purposes permitted under applicable law. The New Series Capital Improvement Fund at all times shall be free of any lien or pledge created by the Bond Resolution and the resolution or resolutions authorizing the issuance of other Parity New Series Revenue Obligations.

See “Selected Provisions of the Bond Resolution” herein for additional information relating to the flow of funds.

**RESERVE FUND REQUIREMENT.** . . In the Bond Resolution, the Board of Directors has ordered to be created, solely for the benefit of the Bonds, the New Series 2026 Bonds Reserve Fund. The Bond Resolution provides that the Corporation may create and establish a debt service reserve fund pursuant to the provisions of any resolution or other instrument authorizing the issuance of Parity New Series Revenue Obligations for the purpose of securing that particular issue or series of Parity New Series Revenue Obligations or any specific group of issues or series of Parity New Series Revenue Obligations, and the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Pledged Revenues and shall be held solely for the benefit of the owners of the particular Parity New Series Revenue Obligations for which such debt service reserve fund was established.

Amounts on deposit in the New Series 2026 Bonds Reserve Fund, shall be used for (i) the payment of the principal of and interest on the Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make payments due under a New Series Reserve Fund Surety Bond; and (iii) with respect to funds and investments on deposit and credited to the New Series 2026 Bonds Reserve Fund, to retire the last Stated Maturity or Stated Maturities of or interest on the Bonds. The New Series 2026 Bonds Reserve Fund shall be maintained in an amount equal to the Required Reserve for the Bonds, which amount shall be equal to the maximum annual debt service requirements of the then outstanding Bonds calculated on the date such Bonds are issued and recalculated each October 1 thereafter.

If the New Series 2026 Bonds Reserve Fund at any time contains less than the Required Reserve, the Corporation has agreed to cure the deficiency in such Reserve Fund by making monthly deposits and credits to such Reserve Fund in amounts equal to not less than 1/60th of the Required Reserve; provided, however, that no such deposits shall be made into such Reserve Fund during any six month period beginning on February 1 and August 1 until there has been deposited into the New Series Debt Service Fund the full amount required to be deposited therein by the next following February 1 and August 1, as the case may be. The Bond Resolution further provide that, subject only to the prior deposits and credits to be made to the New Series Debt Service Fund, the Pledged Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve, including by paying payments under a New Series Reserve Fund Surety Bond when due, and any reserve established for the benefit of any issue or series of Parity New Series Revenue Obligations and to cure any deficiency in such amounts as required by the terms of the Bond Resolution and any other resolution pertaining to the issuance of New Series Parity Revenue Obligations. Reimbursements to the provider, if any, of a New Series Reserve Fund Surety Bond shall constitute the making up of a deficiency in the respective New Series Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the New Series Reserve Fund Surety Bond.

The Corporation may at any time deposit, supplement, replace or substitute a New Series Reserve Fund Surety Bond (defined in the Bond Resolution as 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 division of Standard & Poor's Financial Services LLC, or Fitch Ratings, Inc., issued to the Corporation for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve) for cash or investments on deposit in the New Series 2026 Bonds Reserve Fund or in substitution for or replacement of any existing New Series Reserve Fund Surety Bond. If the Corporation is required to make a withdrawal from the New Series 2026 Bonds Reserve Fund for any of the purposes described above, the Corporation shall make such withdrawal first from available moneys or investments then on deposit in the New Series 2026 Bonds Reserve Fund, and next from a drawing under any New Series Reserve Fund Surety Bond to the extent of such deficiency. For a further description of the respective Reserve Funds, see "Selected Provisions of the Bond Resolution."

**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 Corporation believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

*The Corporation 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 and series of the Bonds, each in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

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

To facilitate subsequent transfers, all New Series 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation 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 Corporation 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 Corporation, 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 Corporation or 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 Corporation 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 Corporation may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bonds, as appropriate, 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 Bond Resolution 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 Corporation, the Municipal Advisor, or the Underwriters.

**Effect of Termination of Book-Entry-Only System . . .** In the event that the Book-Entry-Only System of Bonds 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 Bond Resolution and summarized under "the Bonds - Transfer, Exchange and Registration" below.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is UMB Bank, N.A., Dallas, Texas. In the Bond Resolution, the Corporation retains the right to replace the Paying Agent/Registrar. The Corporation 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 of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Corporation 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.

**TRANSFER, EXCHANGE AND REGISTRATION.** . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the owners of the Bonds and thereafter, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the 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 in 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 and series 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 Corporation 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 day of the month next preceding such interest payment date.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Corporation. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a 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 Bond Resolution establish the following as 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 Corporation, 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 Bond Resolution, and the continuation thereof for a period of sixty days after notice of such default is given by any Owner to the Corporation. Upon any happening of any Event of Default and except as otherwise provided in the Bond Resolution, any Owner or an authorized representative, thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Corporation for the purpose of protecting and enforcing the rights of the Owners under the Bond Resolution, 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 Bond Resolution, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners under the Bond Resolution or any combination of such remedies. It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all owners of the Bonds then outstanding. The Bond Resolution allows, but does not provide for a trustee to enforce the covenants and obligations of the Corporation. 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 Bond Resolution would be successful.

Furthermore, the Corporation is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Chapter 9 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 Corporation avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Resolution and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

USE OF NEW SERIES BOND PROCEEDS . . . Proceeds from the sale of the Bonds are expected to be expended as follows:

<u>Sources:</u>	<u>The Bonds</u>
Par Amount	\$ -
Reoffering Premium	-
TOTAL SOURCES	<u>\$ -</u>
<u>Uses:</u>	
Deposit to Project Fund	\$ -
Costs of Issuance <sup>(1)</sup>	-
Surety Fee for New Series 2026 Bonds Reserve Fund Surety Bond	-
Rounding Amount	-
TOTAL USES	<u>\$ -</u>

(1) Includes Underwriters' Discount.

### BOND INSURANCE RISK FACTORS

**GENERAL** . . . The Corporation has submitted applications to municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. If the Corporation obtains and accepts a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the Bonds (the "Policy"), the final Official Statement shall disclose certain information relating to the Insurer and the Policy.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy may not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds by the Corporation which is recovered by the Corporation from the Bond owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments may be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the Corporation unless the Insurer chooses to pay such amounts at an earlier date.

Default of payment of principal and interest will not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may require its consent to any remedies and the Insurer's consent may be required in connection with amendments to any Bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds will be payable solely from the moneys pledged pursuant to the Bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

In the event the Corporation elects to purchase bond insurance, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade, and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See the description under "Other Information - Ratings" herein.

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or State law related to insolvency of insurance companies.

Neither the Corporation, the Municipal Advisor nor the Underwriters have made independent investigations into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Corporation to pay principal of and interest on the Bonds and the claims-paying ability of the Insurer, particularly over the life of the Bonds.

**DEBT INFORMATION**

**TABLE 1 – PRO-FORMA MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Previously Issued New Series Bonds			The Bonds <sup>(1)</sup>			Total Debt Service	% of Principal Retired
	Debt Service							
	Principal	Interest	Total	Principal	Interest	Total		
2026	\$ 1,810,000	\$ 1,005,849	\$ 2,815,849	\$ -	\$ -	\$ -	\$ 2,815,849	
2027	1,550,000	941,449	2,491,449	325,000	459,167	784,167	3,275,616	
2028	1,480,000	884,445	2,364,445	325,000	459,563	784,563	3,159,861	
2029	1,285,000	827,728	2,112,728	340,000	444,125	784,125	3,153,358	
2030	1,330,000	778,813	2,108,813	355,000	427,975	782,975	3,157,862	25.92%
2031	1,390,000	727,936	2,117,936	375,000	411,113	786,113	3,157,847	
2032	1,440,000	671,038	2,111,038	390,000	393,300	783,300	3,164,076	
2033	1,510,000	608,594	2,118,594	410,000	374,775	784,775	2,800,917	
2034	1,575,000	543,113	2,118,113	430,000	355,300	785,300	2,815,849	
2035	1,640,000	474,789	2,114,789	450,000	334,875	784,875	2,491,449	54.23%
2036	1,475,000	403,351	1,878,351	470,000	313,500	783,500	2,364,445	
2037	1,545,000	336,736	1,881,736	495,000	291,175	786,175	2,112,728	
2038	1,615,000	266,966	1,881,966	515,000	267,663	782,663	2,108,812	
2039	1,510,000	194,025	1,704,025	540,000	243,200	783,200	2,117,936	
2040	1,585,000	124,799	1,709,799	565,000	217,550	782,550	2,111,039	84.61%
2041	740,000	52,143	792,143	595,000	190,713	785,713	2,118,594	
2042	230,000	20,464	250,464	620,000	162,450	782,450	2,118,113	
2043	240,000	10,450	250,450	650,000	133,000	783,000	2,114,789	
2044	-	-	-	685,000	102,125	787,125	1,878,351	
2045	-	-	-	715,000	69,588	784,588	1,881,736	97.79%
2046	-	-	-	750,000	35,625	785,625	1,881,966	100.00%
	<u>\$ 23,950,000</u>	<u>\$ 8,872,687</u>	<u>\$ 32,822,686</u>	<u>\$ 10,000,000</u>	<u>\$ 5,686,779</u>	<u>\$ 15,686,779</u>	<u>\$ 52,801,192</u>	

(1) Average life of Bonds is 11.972 years. Interest calculated at an average rate of 4.75% for purposes of illustration. Preliminary, subject to change.

## THE SALES TAX

**SOURCE AND AUTHORIZATION.** . . The Sales Tax is a 1/2 of 1% limited sales and use tax imposed on all taxable transactions within the City as approved at the Election. The Sales Tax is authorized to be levied and collected against the receipts from the sale at retail of taxable items within the City. The Sales Tax also is an excise tax on the use, storage or other consumption of taxable tangible personal property purchased, leased or rented from a retailer within the City. The City currently levies an additional sales and use tax for City purposes totaling 1% in accordance with State law and is restricted by current law. The imposition, computation, administration, governance, abolition and use of the Sales Tax is governed by the Texas Limited Sales, Excise, and Use Tax Act except to the extent that there is conflict with the Act, in which case the provisions of the Act control as to the Bonds, and by the Municipal Sales and Use Tax Act, and reference is made thereto for a more complete description of the Sales Tax.

In general, as applied to the Sales Tax, a taxable item includes any tangible personal property and certain taxable services. "Taxable services" include certain amusement services, cable television services, motor vehicle parking and storage services, the repair, maintenance and restoration of most tangible personal property, certain telecommunication services, credit reporting services, debt collection services, insurance services, information services, real property services, data processing services, real property repair and remodeling, security services, internet access services, and distribution utility of transmission or delivery of service directly to an electricity end-use customer whose consumption of electricity is subject to taxation under Chapter 151 of the Texas Tax Code. Certain items are exempted by State law from sales and use taxes, including items purchased for resale, food products (except food products which are sold for immediate consumption, e.g. by restaurants, lunch counters, etc.), health care supplies (including medicines, corrective lens and various therapeutic appliances and devices), agricultural items (if the item is to be used exclusively on a farm or ranch or in the production of agricultural products), timber for sale or agricultural aircraft operations, gas and electricity purchased for residential use (unless a city has taken steps to repeal the exemption), and certain telecommunications services, newspapers and magazines. In addition, items which are taxed under other State laws are generally exempted from sales taxes, except that the following are exempt from the sales taxes: mixed beverages, ice or nonalcoholic beverages that are subject to State alcohol taxes (there is no local component of the State alcohol taxes and, thus, the City would not receive any revenue with respect to such sales) and alcoholic beverages when sold to the holder of a private club registration permit under certain circumstances. These items include certain natural resources, cement, motor vehicles and insurance premiums. Alcohol and tobacco products are taxed under both State alcohol and tobacco taxes as well as through the sales taxes. In addition, purchases made by various exempt organizations are not subject to the sales and use taxes. Such organizations include the federal and state governments, political subdivisions, Indian tribes, religious institutions and certain charitable organizations and non-profit corporations. Also, State law provides an exemption from sales taxes on items purchased under a contract in effect when the legislation authorizing such tax (or the increase in the rate thereof) is enacted, up to a maximum of three years.

In general, a sale of a taxable item is deemed to occur within the municipality, county or special district in which the sale is consummated. The tax levied on the use, storage or consumption of tangible personal property is considered to be consummated at the location where the item is first stored, used or consumed. Thus, the use is considered to be consummated in a municipality, and the tax is levied there if the item is shipped from outside the state to a point within the municipality.

In addition to the local sales and use taxes levied, as described above, the State levies and collects a 6 ¼% sales and use tax against essentially the same taxable items and transactions as the Sales Tax is levied. Under current State law, the maximum aggregate sales and use tax which may be levied within a given area by an authorized political subdivision within such area, including the State, is 8 ¼%. The current aggregate sales and use tax levied in the City is 8 ¼% of which 6 ¼% is levied by the State, 1% is levied by the City, ½ of 1% is levied by the Corporation and ½ of 1% is levied as the Sales Tax for the benefit of the Mansfield Economic Development Corporation.

The Comptroller administers and enforces all sales tax laws and collects all sales and use taxes levied by the State, and levying counties, municipalities and other special districts having sales tax powers. Certain limited items are taxed for the benefit of the State under nonsales tax statutes, such as certain natural resources and other items described above, and are not subject to the sales tax base available to municipalities and counties, including the tax base against which the Sales Tax is levied. Municipalities may by local option determine to tax certain telecommunication services on the same basis as the State taxes such services (some aspects of telecommunication services, such as interstate telephone calls and broadcasts regulated by the FCC are not subject to either State or local taxation). The City has opted to repeal the local telecommunication services exemption. With respect to the taxation of the residential use of gas and electricity, the State is not authorized to collect a sales tax, while municipalities, on a local option basis, may tax such use. The City has opted to tax the residential use of gas and electricity.

In recent years, several changes in the State sales tax laws have contributed to the growth of local sales tax revenues. These changes have added additional goods and services to the list of taxable items. Other items have been subjected to sales tax on an interim basis or have been taxed pursuant to legislation which includes planned phase-outs of the tax, including sales tax for tangible personal property used in manufacturing, processing, or fabrication operations with a useful life of at least six months that became totally exempt from sales tax in 1995. Subject to the right of the governing body of the City to repeal the sales tax holiday, during a three day period beginning the Friday before eight days prior to the earliest possible first day of school, articles of clothing, footwear, qualifying backpacks and school supplies with a cost less than \$100 are exempt from the sales tax. The first \$25 of a monthly charge for Internet access is exempt from sales tax, as is 20% of the value of information services and data processing services. Sales tax is due on over-the-counter drugs and medicines labeled with a national FDA drug code.

With certain exceptions, sales and use taxes in the State are collected at the point of sale and are remitted to the Comptroller by the "taxpayer" who is, generally speaking, the business that collects the tax resulting from a taxable transaction. Taxpayers owing \$500 or more sales and use tax dollars in a calendar month submit their tax collections to the Comptroller on a monthly basis; taxpayers owing less than \$500 sales and use tax dollars in a calendar month but \$1,500 or more in a calendar quarter submit their tax collections quarterly; and taxpayers owing less than \$1,500 in a calendar quarter submit their tax collections annually. Taxpayers are required to report and remit to the Comptroller by the 20th day of the month following the end of the reporting period. The reporting period for yearly filers ends each December 31; for quarterly filers, the reporting period ends at the end of each calendar quarter; and monthly filers report and remit by the 20th of each month for the previous month. The Comptroller is required by law to distribute funds to the receiving political subdivisions periodically and as promptly as feasible but, not less frequently than twice during each fiscal year of the State. Historically, and at the present time, the Comptroller distributes the funds monthly with the largest payments being made quarterly in February, May, August and November. The Comptroller maintains a direct deposit program using electronic funds transfers to expedite the distribution of monthly allocation checks. If a political subdivision desires to participate in the electronic funds transfers, it may make application to the Comptroller. The City participates in this program. Otherwise, the Comptroller mails the monthly allocation check, which is typically received by the middle of the month following the month in which the taxpayer reports and remits payment on the tax.

The Comptroller is responsible for enforcing the collection of sales and use taxes in the State. Under State law, the Comptroller utilizes sales tax permits, sales tax bonds and audits to encourage timely payment of sales and use taxes. Each entity selling, renting, leasing or otherwise providing taxable goods or services is required to have a sales tax permit. Permits are required for each individual location of a taxpayer and are valid for only one year, requiring an annual renewal. As a general rule, every person who applies for a sales tax permit for the first time, or who becomes delinquent in paying the sales or use tax, is required to post a bond in an amount sufficient to protect against the failure to pay taxes. The Comptroller's audit procedures include auditing the largest 2% of the sales and use tax taxpayers (who report about 65% of all sales and use tax in the State annually), each every three or four years. Other taxpayers are selected at random or upon some other basis for audits. The Comptroller also engages in taxpayer education programs and mails a report to each taxpayer before the last day of the month, quarter or year that it covers.

Once a taxpayer becomes delinquent in the payment of a sales or use tax, the Comptroller may collect the delinquent tax by using one or more of the following methods; (i) collection by an automated collection center or local field office, (ii) estimating the taxpayers' liability based on the highest amount due in the previous 12 months and billing them for it, (iii) filing liens and requiring a new or increased payment bond, (iv) utilizing forced collection procedures such as seizing assets of the taxpayer (e.g., a checking account) or freezing assets of the taxpayer that are in the custody of third parties, (v) removing a taxpayer's sales and use tax permit, and (vi) certifying the account to the Attorney General's Office to file suit for collection. A municipality may not sue for delinquent taxes unless it joins the Attorney General as a plaintiff or unless it first receives the permission of the Attorney General and the Comptroller.

The Comptroller retains 2% of the tax receipts for collection of the tax; additionally, under State law, a taxpayer may deduct and withhold 1/2% of the amount of taxes due on a timely return as reimbursement for the cost of collecting the sales and use taxes. In addition, a taxpayer who prepays its tax liability on the basis of a reasonable estimate of the tax liability for a month or quarter in which a prepayment is made, may deduct and withhold 1 1/4% of the amount of the prepayment in addition to the 1/2% allowed for the cost of collecting the sales and use tax.

**INVESTOR CONSIDERATIONS.** . . *The following is a discussion of certain investment considerations that should be considered by any prospective purchaser of the Bonds prior to an investment in the Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with the other parts of this Official Statement, including the Appendices hereto.*

The primary source of security for the Bonds will be certain receipts of the Sales Tax received by the City for the benefit of the Corporation. The amount of revenues from the Sales Tax is closely related to the amount of economic activity in the City. Sales and use tax receipts, unlike other taxes levied by municipalities, immediately reflect changes in the economic conditions of a municipality. The City could be subjected to economic events that slow sales tax growth, or result in an annual decline in collections. The City cannot predict such events, but they could arise from increased environmental regulations, downturns in financial and credit markets, cyclical housing and commercial development activity, changes in Federal and State tax policies, including the implementation of value added taxation measures, among other factors.

Increases in Internet sales may result in a decrease in Sales Tax revenue to the Corporation. The emergence of Internet sales and services and issues related to taxation of such sales and services have been the subject of review and study at the state and national level. In October, 1998, the United States Congress enacted the Internet Tax Freedom Act which provided a three year moratorium on certain aspects of taxation of the Internet (existing taxes imposed by Texas were exempted from the moratorium), and, in late 2001, the moratorium was extended by Congress through November 1, 2003. In 2004, Congress extended the moratorium again until November 1, 2007. On November 1, 2007 the President signed into law a continuation of the moratorium passed by Congress that extends the moratorium until November 1, 2014. On June 9, 2015, the United States House of Representatives approved H.R. 235, the Permanent Internet Tax Freedom Act (PITFA), which would make the moratorium permanent, the bill was sent to the United States Senate, where it was referred to the Committee on Finance. The relevant provisions of the PITFA were added to Section 922 of the Trade Facilitation and Trade Enforcement Act (the "Trade Act"), signed into law by President Obama on February 24, 2016. The Trade Act bans Internet access taxes and imposes a firm end date on those states still imposing the tax. Legislative changes relating to the taxation of Internet sales and services, and any effect of such changes on the Sales Tax received by the Corporation, cannot be predicted at this time.

Although State law protects sales tax data of individual taxpayers, the City is entitled to confidential information from remitters of sales taxes in the City, which it uses to monitor collection efforts of the Comptroller and to target economic development objectives. The availability of such information has made the City aware that large “big box” retailers or other entities could produce a significant percentage of Sales Tax revenues for the Corporation, and that such entities can have business reversals, may occasionally redirect resources and may relocate from the City, thereby potentially adversely affecting Sales Tax revenues. The City and its instrumentalities, including the Corporation, use economic development incentives, zoning and other City services in accordance with strategies designed to retain and attract new businesses to the City, although such efforts are subject to competition from other municipalities in the area, in the State and nationally. In accordance with the Act, the Corporation may enter into economic development incentive agreements with business entities, and such agreements may include rebates or grants equal to substantial portions of Sales Tax revenues collected from business entities and the Corporation may agree to provide such rebates or grants over multiple year periods. The Corporation has not entered into such agreements in the past but may do so in the future, assuming sufficient revenues are available to fund such agreements.

Historically, the Comptroller has remitted sales and use tax allocation checks to municipalities on a monthly basis, but State law currently requires that such allocation be made at least twice annually and such procedures could change in the future. Additionally, the taxable items and services subject to State and local sales and use taxes are subject to legislative action, and have been changed in recent years by the State Legislature. State law provides that the Sales Tax cannot be levied against any taxable item or service unless such item or service is also subject to the State sales and use tax.

The State Legislature has enacted laws permitting the State, together with its political subdivisions, to levy sales and use taxes of up to 8 1/4%, which is among the highest sales tax rates in the nation (although the State has no personal or corporate income tax), and the current total sales and use tax rate within the City's boundaries is 8 1/4 % (including State, City and Mansfield Economic Development Corporation taxes as well as the Sales Tax). The rate of the sales and use taxes authorized in the State could be further increased by the State Legislature and the Corporation has no way of predicting any such increase or the effect that would have on the Sales Tax which secures the Bonds. State leaders have appointed committees to study methods of achieving greater tax equity within the State's tax system. Any changes which may be enacted by the State Legislature could affect the tax base against which the Sales Tax is levied; and the City (and hence the Corporation as the beneficiary of the City's action), except in certain limited instances described below, has no control over the components of the tax base. Neither the City nor the Corporation currently has statutory authority to increase or decrease the maximum authorized rate of the Sales Tax.

Tax receipts received by the Corporation are expected to be subject to seasonal variations and to variations caused by the State laws and administrative practices governing the remittance of sales and use tax receipts which authorize different taxpayers to remit the tax receipts at different times throughout the year.

The Sales Tax is collected by the Comptroller and remitted to the City along with other City sales and use tax receipts. The City allocates a portion of the receipts to the Corporation which represents the 1/2 of 1% tax rate of the Sales Tax. Generally, sales and use taxes in the State are collected at the point of a taxable transaction and remitted by the taxpayer to the Comptroller. The Comptroller has the primary responsibility for enforcing sales and use tax laws and collecting delinquent taxes. The collection efforts of the Comptroller are subject to applicable federal bankruptcy code provisions with respect to the protection of debtors.

**Changes in the tax base against which a sales and use tax is assessed, as well as changes in the rate of such taxes, make projections of future tax revenue collections very uncertain. No independent projections have been made with respect to the revenues available to pay debt service on the Bonds.**

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**TABLE 2 - HISTORICAL CITY RECEIPTS OF 1/2% SALES TAX <sup>(1)(2)</sup>**

Month of Receipt	1/2% Sales Tax Collections Fiscal 2025/26	1/2% Sales Tax Collections Fiscal 2024/25	1/2% Sales Tax Collections Fiscal 2023/24	1/2% Sales Tax Collections Fiscal 2022/23	1/2% Sales Tax Collections Fiscal 2021/22
October	\$ 898,236	\$ 832,391	\$ 767,250	\$ 863,271	\$ 670,718
November	846,509	850,863	788,624	768,607	716,792
December	1,227,033	1,237,240	940,225	1,036,653	921,064
January	808,156	759,014	756,005	721,299	640,631
February	795,186	692,355	706,313	689,299	564,124
March	1,138,696	1,028,733	937,418	895,485	854,217
April	-	838,965	751,414	703,287	696,404
May	-	876,569	801,515	784,698	751,462
June	-	1,026,956	1,017,502	905,955	941,931
July	-	909,514	869,725	772,016	758,187
August	-	843,357	833,159	778,873	745,564
September	-	996,659	937,743	884,067	867,887
Totals	<u>\$ 5,713,816</u>	<u>\$ 10,892,617</u>	<u>\$ 10,106,894</u>	<u>\$ 9,803,509</u>	<u>\$ 9,128,981</u>

(1) Table represents two-month lag

(2) Collections through May 2026.

**TABLE 3 - CALCULATION OF COVERAGE FOR THE ISSUANCE OF ADDITIONAL BONDS<sup>(1)</sup>**

Sales Tax Collection for Fiscal Year Ended 9/30/25 .....	\$ 10,844,325
Maximum Annual Debt Service Fiscal Year 2027.....	\$ 3,275,616
Coverage of Maximum Requirements.....	3.31x
Average Annual Debt Service 2026-2046.....	\$ 2,514,342
Coverage of Average Requirements .....	4.31x
New Series 2026 Bonds Reserve Fund.....	\$ - <sup>(2)</sup>

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

(2) Upon issuance of the Bonds, the New Series 2026 Bonds Reserve Fund is expected to be funded with a New Series Reserve Fund Surety Bond. Preliminary, subject to change.

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**TABLE 4 - HISTORICAL CORPORATION REVENUES AND EXPENDITURES**

	Fiscal Years Ended September 30,				
	2025	2024	2023	2022	2021
<u>Revenues:</u>					
Sales Tax	\$ 10,844,325	\$ 10,061,156	\$ 9,785,580	\$ 9,078,316	\$ 7,987,965
Charges for Services	2,021,856	2,123,549	2,257,091	2,460,106	1,942,734
Interest Income	1,444,667	1,481,858	1,250,591	602,019	2,194
Contributions	67,371	16,791	3,495	8,124	36,158
Miscellaneous	3,749,090	2,899,920	1,507,052	1,470,502	1,912,278
Total Revenues	<u>\$ 18,127,309</u>	<u>\$ 16,583,274</u>	<u>\$ 14,803,809</u>	<u>\$ 13,619,067</u>	<u>\$11,881,329</u>
<u>Expenditures:</u>					
Cultural and Recreational	\$ 6,686,266	\$ 6,591,447	\$ 5,796,319	\$ 5,681,183	\$ 4,993,651
Debt Service	2,879,469	3,177,301	3,164,338	3,164,103	3,159,599
Capital Outlay	848,101	7,019,490	1,247,031	270,622	199,305
Total Expenditures	<u>\$ 10,413,836</u>	<u>\$ 16,788,238</u>	<u>\$ 10,207,688</u>	<u>\$ 9,115,908</u>	<u>\$8,352,555</u>
Excess (Deficiency) of Revenue					
Over Expenditures	<u>7,713,473</u>	<u>(204,964)</u>	<u>4,596,121</u>	<u>4,503,159</u>	<u>3,528,774</u>
SBITA Financing					
SBITA Financing	\$ -	\$ 31,101	\$ -	\$ -	\$ -
Sale of City Property	24,603	34,643	-	2,957	935
Operating Transfers Out	-	(224,617)	(156,020)	(2,213,223)	-
Operating Transfers In	721,823	320,198	318,552	146,296	499,592
Total Other Financing Sources (Uses)	<u>\$ 746,426</u>	<u>\$ 161,325</u>	<u>\$ 162,532</u>	<u>\$ (2,063,970)</u>	<u>\$ 500,527</u>
Beginning Fund Balance					
Beginning Fund Balance	14,400,959	16,561,656	12,222,104	9,776,670	5,758,216
Change in Accounting Principle	-	-	(424,554)	-	-
Beginning Fund Balance as restated	-	-	11,797,550	-	-
Ending Fund Balance	<u>\$ 22,860,858</u>	<u>\$ 16,518,017</u>	<u>\$ 16,556,203</u>	<u>\$ 12,215,859</u>	<u>\$ 9,787,517</u>

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## SELECTED PROVISIONS OF THE BOND RESOLUTION

The following are certain provisions of the Bond Resolution. These provisions are not to be considered a full statement of the terms of the Bond Resolution. Accordingly, these selected provisions are qualified in their entirety by reference to the Bond Resolution and are subject to the full text thereof.

### Section 1.01. Definitions

“Additional Parity New Series Revenue Obligations” means the additional sales tax revenue bonds the Corporation reserves the right to issue on a parity with the Parity New Series Revenue Obligations, in accordance with the terms and conditions prescribed in Section 9.02 hereof.

“Authorized Officer” means the President, Vice President, or Secretary of the Corporation or any other officer or employee of the Corporation, or any other person authorized to perform specific acts or duties by the Board or its bylaws.

“Board” means the Board of Directors of the Corporation.

“Bond” means any of the Bonds.

“Bonds” means the Corporation’s bonds entitled “Mansfield Park Facilities Development Corporation Sales Tax Revenue Bonds, New Series 2026” authorized to be issued by Section 3.01 of this Resolution.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Comptroller” means the Comptroller of Public Accounts of the State of Texas and any successor officer or official that may be charged by law with the duty of collecting Gross Sales Tax Revenues for the account of, and remitting the same to, the City for the account of the Corporation.

“Corporation Order” means a written order signed in the name of the Corporation by an Authorized Officer and delivered to the Paying Agent, or another party hereunder.

“Corporation Projects” means all properties, including land, buildings, and equipment of the types added to the definition of “projects” by the Act that are approved by the Board as necessary and appropriate to fulfill and carry out the purposes of the Corporation.

“Costs of the Projects” means all items of costs of or attributable to the Projects and defined as “Costs” in the Act.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its corporate trust office in Dallas, Texas, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Corporation and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“EMMA” means the Electronic Municipal Market Access System.

“Event of Default” means any Event of Default as defined in Section 11.01 of this Resolution.

“Financial Obligation” means a (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.

“Fiscal Year” means October 1 through September 30.

“Gross Sales Tax Revenue Fund” means the special fund so designated in Section 8.01 hereof.

“Gross Sales Tax Revenues” means all of the revenues due or owing to, or collected or received by or on behalf of the Corporation, whether by the City or otherwise, pursuant to the Sales Tax Collection Resolution or the New Series Resolution or any Additional Parity New Series Revenue Obligations, from or by reason of the levy of the Sales Tax, less any amounts due or owing to the Comptroller as charges for collection or retentions by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

“Initial Bond” means the Bond described in Section 3.04(d) and 6.02(d).

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity of the Bonds, such dates being February 1 and August 1 of each year commencing February 1, 2027.

“MSRB” means the Municipal Securities Rulemaking Board.

“New Series Debt Service Fund” means the debt service fund established by Section 8.01 of this Resolution.

“New Series Reserve Fund” means the reserve fund established by Section 8.01 of this Resolution.

“New Series Reserve Fund Obligations” means cash or investments securities of any of the type or types permitted under Section 8.09 of this Resolution.

“New Series 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 division of Standard & Poor’s Financial Services LLC, or Fitch Ratings, Inc., issued to the Corporation for the benefit of the Owners of the Bonds to satisfy any part of the Required Reserve as provided in Section 8.05 of this Resolution.

“New Series Resolution” means, collectively, this Resolution, the resolutions authorizing the Previously Issued New Series Bonds and any resolutions authorizing Additional New Series Parity Revenue Obligations.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Parity New Series Revenue Obligations” means the Bonds, the Previously Issued New Series Bonds and any Additional Parity New Series Revenue Obligations.

“Paying Agent/Registrar” means UMB Bank, N.A., Dallas, Texas, any successor thereto or an entity which is appointed as and assumes the duties of paying agent/registrar as provided in this Resolution.

“Pledged Funds” means collectively (a) amounts on deposit in the Gross Sales Tax Revenue Fund, (b) amounts on deposit in the New Series Debt Service Fund, (c) amounts on deposit in the New Series Reserve Fund, together with any investments or earnings belonging to said funds, and (d) any additional revenues, other moneys or funds of the Corporation which heretofore have been or hereafter may be expressly and specifically pledged to the payment of the Parity New Series Revenue Obligations.

“Pledged Revenues” means (a) Gross Sales Tax Revenues from time to time deposited or owing to the Gross Sales Tax Revenue Fund, and (b) such other money, income, revenues or other property which the Corporation may expressly and specifically pledge to the payment of Parity New Series Revenue Obligations.

“Previously Issued New Series Bonds” means the outstanding and unpaid revenue bonds of the Corporation designated as follows: (1) Sales Tax Revenue Refunding and Improvement Bonds, Taxable New Series 2016, dated as of December 1, 2015; (2) Sales Tax Revenue Refunding and Improvement Bonds, New Series 2016, dated as of December 1, 2015; (3) Sales Tax Revenue Bonds, Taxable New Series 2016A, dated as of October 1, 2016; (4) Sales Tax Revenue Bonds, Taxable New Series 2018, dated as of January 15, 2018; and (5) Sales Tax Revenue Bonds, New Series 2018, dated as of January 15, 2018.

“Projects” means all properties, including land, buildings, and equipment of the types added to the definition of “projects” by the Act that are approved by the Board as necessary and appropriate to fulfill and carry out the purposes of the Corporation.

“Record Date” means the fifteenth day of the month next preceding an Interest Payment Date.

“Register” means the Register specified in Section 3.06(a) of this Resolution.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representation Letter” means the Blanket Letter of Representations with respect to the Bonds between the Corporation and DTC.

“Resolution” means this Resolution.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“Sales Tax” means the local sales and use tax authorized under the Act and heretofore authorized and levied by the City within its existing boundaries, and hereafter required to be levied and collected within any expanded areas included within the City pursuant to the Act, together with any increases in the rate thereof if provided and authorized by applicable law.

“Sales Tax Collection Resolution” means that certain resolution adopted concurrently by the Board and the governing body of the City on the same date, bearing that name.

“SEC” means the United States Securities and Exchange Commission.

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b) of this Resolution.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b) of this Resolution.

“State” or “Texas” means the State of Texas.

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

“Underwriters” mean Raymond James & Associates, Inc. and Frost Bank.

Section 2.01. **Confirmation and Levy of Sales Tax.** (a) The Corporation hereby confirms the earlier levy by the City of the Sales Tax at the rate voted at the election held by and within the City on January 18, 1992, and the Corporation hereby warrants and represents that the City has duly and lawfully ordered the imposition and collection of the Sales Tax upon all sales, uses and transactions as are permitted by and described in the Act throughout the boundaries of the City as such boundaries existed on the date of said election and as they may be expanded from time to time.

(b) For so long as any Parity New Series Revenue Obligations are outstanding, the Corporation covenants, agrees and warrants to take and pursue all action permissible under applicable law to cause the Sales Tax, at said rate, or at a higher rate if permitted by applicable law, to be levied and collected continuously, in the manner and to the maximum extent permitted by applicable law, and to cause no reduction, abatement or exemption in the Sales Tax or rate of tax below the rate stated, confirmed and ordered in subsection (a) of this Section to be ordered or permitted so long as any Parity New Series Revenue Obligations shall remain outstanding.

(c) If the City shall be authorized hereafter by applicable law to apply, impose and levy the Sales Tax on any taxable items or transactions that are not subject to the Sales Tax on the date of the adoption hereof, the Corporation, to the extent it legally may do so, hereby covenants and agrees to use its best efforts to cause the City to take such action as may be required by applicable law to subject such taxable items or transactions to the Sales Tax.

(d) The Corporation agrees to take and pursue all action permissible under applicable law to cause the Sales Tax to be collected and remitted and deposited as herein required and as required by the Act, at the earliest and most frequent times permitted by applicable law.

(e) The Corporation agrees and covenants at all times, and to use its best efforts to cause the City, to comply with the Sales Tax Collection Resolution.

Section 2.02. **Pledge.** (a) The Corporation hereby irrevocably pledges (i) the Pledged Revenues, and (ii) the Pledged Funds (A) to the payment of the principal of, and the interest and any premiums on, (B) all Parity New Series Revenue Obligations which are or may be outstanding from time to time, and (C) to the establishment and maintenance of the New Series Reserve Fund.

(b) The provisions, covenants, pledge and lien on and against the Pledged Revenues, as herein set forth, are established and shall be for the equal benefit, protection and security of the Owners of the Parity New Series Revenue Obligations without distinction as to priority and rights.

(c) The Parity New Series Revenue Obligations, including interest payable thereon, shall constitute special obligations of the Corporation, payable solely from and secured by an irrevocable first lien on and pledge of the Pledged Revenues and Pledged Funds, and not from any other revenues, properties or income of the Corporation. Parity New Series

Revenue Obligations shall not constitute debts or obligations of the State or of the City, and the Owners of the Parity New Series Revenue Obligations shall never have the right to demand payment out of any funds raised or to be raised by ad valorem taxation. The Parity New Series Revenue Obligations do not give rise to a claim for payment against the City except as to Sales Tax Revenues held by the City and required by the Act to be paid over to the Corporation.

Section 2.03. **Resolution as Security Agreement.** (a) An executed copy of this Resolution shall constitute a security agreement pursuant to applicable law, with the Owners as the secured parties. The lien, pledge, and security interest of the Owners created in this Resolution shall become effective immediately upon the Closing Date of the Bonds, and the same shall be continuously effective for so long as any Bonds are outstanding.

(b) A fully executed copy of this Resolution and the proceedings authorizing it shall be filed as a security agreement among the permanent records of the Corporation. Such records shall be open for inspection to any member of the general public and to any person proposing to do or doing business with, or asserting claims against, the Corporation, at all times during regular business hours.

Section 2.04. **Application of Chapter 1208, Government Code.**

(a) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Corporation under Section 2.02 of this Resolution, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the revenues granted by the Corporation under Section 2.02 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Corporation agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8.01. **Creation and Confirmation of Funds.**

(a) The Corporation hereby creates, establishes and confirms the following funds to be held at the Corporation's depository bank:

(i) "Mansfield Park Development Corporation Gross Sales Tax Revenue Fund" created in resolutions of the Corporation authorizing previously issued, but no longer outstanding, prior lien obligations, herein called the "Gross Sales Tax Revenue Fund;"

(ii) "Mansfield Park Development Corporation New Series Debt Service Fund" created pursuant to the New Series Resolution, herein called the "New Series Debt Service Fund;"

(iii) "Mansfield Park Development Corporation New Series 2016 Taxable Bonds Reserve Fund" created pursuant to the Taxable New Series 2016 Resolution, herein called the "New Series 2016 Taxable Bonds Reserve Fund;"

(iv) "Mansfield Park Development Corporation New Series 2016 Tax-Exempt Bonds Reserve Fund" created pursuant to the Tax-Exempt New Series 2016 Resolution, herein called the "New Series 2016 Tax-Exempt Bonds Reserve Fund;"

(v) "Mansfield Park Development Corporation New Series 2016A Taxable Bonds Reserve Fund" created pursuant to the New Series 2016A Resolution, herein called the "New Series 2016A Bonds Reserve Fund;"

(vi) "Mansfield Park Development Corporation New Series 2018 Taxable Bonds Reserve Fund" created pursuant to the New Series 2018 Taxable Resolution, herein called the "New Series 2018 Taxable Bonds Reserve Fund;"

(vii) "Mansfield Park Development Corporation New Series 2018 Tax-Exempt Bonds Reserve Fund" created pursuant to the New Series 2018 Tax-Exempt Resolution, herein called the "New Series 2018 Tax-Exempt Bonds Reserve Fund;"

(viii) "Mansfield Park Development Corporation New Series 2026 Bonds Reserve Fund" created pursuant to the this Resolution, herein called the "New Series 2026 Reserve Fund;"

(ix) "Mansfield Park Development Corporation New Series Bonds Project Development Fund" created pursuant to the New Series Resolution, herein called the New Series Project Development Fund"; and

(x) "Mansfield Park Facilities Development Corporation New Series Capital Improvement Fund."

(b) Moneys on deposit in the New Series Bonds Project Development Fund shall be used for paying costs of Corporation Projects for which Parity New Series Revenue Obligations from time to time are issued.

(c) The Gross Sales Tax Revenue Fund, which may also be designated as the “Mansfield Park Development Corporation Fund,” is hereby established as a special fund comprised of the Gross Sales Tax Revenues, together with all other revenues as from time to time may be determined for deposit therein by the Corporation, and shall be maintained at the Corporation’s depository bank for the benefit of the Owners of the Parity New Series Revenue Obligations, subject to the further provisions of this Resolution.

(d) The New Series Debt Service Fund shall be maintained for the benefit of the Owners of the Parity New Series Revenue Obligations. Money deposited in the New Series Debt Service Fund shall be used to pay the principal of, premium, if any, and interest on the Parity New Series Revenue Obligations when and as the same shall become due and payable.

(e) The New Series 2026 Bonds Reserve Fund shall be maintained for the benefit of the Owners of the Bonds and not any other New Series Parity Revenue Obligations. Money deposited in the New Series 2026 Bonds Reserve Fund shall be used to pay principal of and/or interest on the Bonds becoming due and payable when there is not sufficient money available in the New Series Debt Service Fund for such purpose. Money on deposit in the New Series 2026 Bonds Reserve Fund may be applied to the acquisition of a New Series Reserve Fund Surety Bond.

(f) Money from time to time on deposit in the New Series Capital Improvement Fund shall be used for paying costs of authorized Projects the payment of which are not otherwise provided from the proceeds of New Series Parity Revenue Obligations, and for any other lawful purposes permitted under applicable law. The New Series Capital Improvement Fund at all times shall be free of any lien or pledge created by this Resolution and the resolution or resolutions authorizing the issuance Additional Parity New Series Revenue Obligations.

Section 8.03. **Gross Sales Tax Revenue Fund.**

(a) All Pledged Revenues shall be deposited and transferred as received to the Gross Sales Tax Revenue Fund.

(b) Moneys deposited in the Gross Sales Tax Revenue Fund shall be pledged and appropriated to the following uses, in the order of priority shown:

(i) First, to the payment, without priority, of all amounts required to be deposited in the New Series Debt Service Fund herein established for the payment of Parity New Series Revenue Obligations;

(ii) Second, on a pro rata basis, to each debt service reserve fund created by any resolution authorizing the issuance of Parity New Series Revenue Obligations, which contains less than the amount to be accumulated and/or maintained therein, as provided in such resolutions;

(iii) Third, to pay any amounts due to any bond insurer of Parity New Series Revenue Obligations not paid pursuant to subsections (i) or (ii) above;

(iv) Fourth, to pay any amounts due to any issuer of a New Series Reserve Fund Surety Bond not paid pursuant to subsections (ii) or (iii) above;

(v) Fifth, to any other fund or account required by any resolution authorizing Parity New Series Revenue Obligations, the amounts required to be deposited therein;

(vi) Sixth, to any fund or account, or to any payee, required by any other resolution of the Board which authorizes the issuance of obligations or the creation of debt of the Corporation having a lien on the Pledged Revenues subordinate to the lien and pledge created herein with respect to the Parity New Series Revenue Obligations; and

(vii) Seventh, to the New Series Capital Improvement Fund.

Section 8.04. **New Series Debt Service Fund.**

(a) The Corporation hereby covenants and agrees to make deposits to the New Series Debt Service Fund from moneys in the Gross Sales Tax Revenue Fund, in substantially equal monthly, bi-monthly, quarterly or semi-annual installments as such money is received, to pay the principal of and interest on the Parity New Series Revenue Obligations as follows:

(i) Such amounts, on deposit and received following the Closing Date, as will be sufficient, together with other amounts, if any, then on hand in the New Series Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and become due and payable with respect to the Parity New Series Revenue Obligations on the next succeeding Interest Payment Date;

(ii) Such amounts, on deposit and received following the Closing Date, as will be sufficient, together with other amounts, if any, on hand in the New Series Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Parity New Series Revenue Obligations on the next succeeding Interest Payment Date on which principal of the Bonds is to be payable.

(b) The deposits to the New Series Debt Service Fund for the payment of principal of and interest on the Parity New Series Revenue Obligations shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the New Series Debt Service Fund and New Series Reserve Fund is equal to the amount required to pay all outstanding obligations (principal and/or interest) for which said Fund was created and established to pay or (ii) the Parity New Series Revenue Obligations are no longer outstanding, i.e., fully paid as to principal and interest on all of the Parity New Series Revenue Obligations have been refunded.

(c) Any proceeds of the Bonds not required for the purposes for which the Bonds are issued shall be deposited to the New Series Debt Service Fund.

Section 8.05. **New Series 2026 Bonds Reserve Fund.**

(a) There is hereby created and ordered held at a depository bank of the Corporation, for the benefit of the Bonds, the New Series 2026 Bonds Reserve Fund. As provided in Section 8.03, the Corporation shall deposit and credit to the New Series 2026 Bonds Reserve Fund amounts required to maintain the balance in the New Series 2026 Reserve Fund in an amount equal to the maximum annual debt service requirements of the Bonds (the "Required Reserve"). The maximum annual debt service requirements of the Bonds shall be calculated by the Corporation on the date of issuance of the Bonds and on each October 1 thereafter, and the Required Reserve to be maintained in the New Series 2026 Bonds Reserve Fund after each such calculation shall be the amount determined by such calculation.

(b) All funds, investments and New Series Reserve Fund Surety Bonds on deposit and credited to the New Series 2026 Bonds Reserve Fund shall be used solely for (i) the payment of the principal of and interest on the Bonds, when and to the extent other funds available for such purposes are insufficient, (ii) to make payments due under a New Series Reserve Fund Surety Bond and (iii) with respect to funds and investments on deposit and credited to the New Series 2026 Reserve Fund other than New Series Reserve Fund Surety Bonds, to retire the last maturity of or interest on the Bonds.

(c) When and for so long as the cash, investments and New Series Reserve Fund Surety Bonds in the New Series 2026 Bonds Reserve Fund equal the Required Reserve, no deposits need be made to the credit of the New Series 2026 Bonds Reserve Fund. If the New Series 2026 Bonds Reserve Fund at any time contains less than the Required Reserve, the Corporation covenants and agrees that the Corporation shall cure the deficiency in the New Series 2026 Bonds Reserve Fund by making deposits to such Fund from the Pledged Revenues in accordance with Section 8.03 by monthly deposits and credits in amounts equal to not less than 1/60th of the Required Reserve with any such deficiency payments being made on or before the last day of each month until the Required Reserve has been fully restored; provided, however, that no such deposits shall be made into the New Series 2026 Bonds Reserve Fund during any six-month period beginning on February 1 and August 1 until there has been deposited into the New Series Debt Service Fund the full amount required to be deposited therein by the next following February 1 and August 1, as the case may be. In addition, in the event that a portion of the Required Reserve is represented by a New Series Reserve Fund Surety Bond, the Required Reserve and deposits to the New Series 2026 Bonds Reserve Fund shall take into account such value of the New Series Reserve Fund Surety Bond. The Corporation further covenants and agrees that, subject only to the prior deposits and credits to be made to the New Series Debt Service Fund, the Pledged Revenues shall be applied, appropriated and used to establish and maintain the Required Reserve, including by paying payments under a New Series Reserve Fund Surety Bond when due, and any reserve established for the benefit of any issue or series of Additional Parity New Series Revenue Obligations and to cure any deficiency in such amounts as required by the terms of this Resolution and any other Resolution pertaining to the issuance of Additional Parity New Series Revenue Obligations. Reimbursements to any provider of a New Series Reserve Fund Surety Bond shall constitute the curing of a deficiency in the New Series 2026 Reserve Fund to the extent that such reimbursements result in the reinstatement, in whole or in part, as the case may be, of the amount of the New Series Reserve Fund Surety Bond to the Required Reserve.

(d) Earnings and income derived from the investment of amounts held for the credit of the New Series 2026 Bonds Reserve Fund shall be retained in the New Series 2026 Bonds Reserve Fund until the New Series 2026 Bonds Reserve Fund contains the Required Reserve. During such time as the New Series 2026 Bonds Reserve Fund contains the Required Reserve or any cash or investment is replaced with a New Series Reserve Fund Surety Bond pursuant to subsection (e) below, the Corporation may, at its option, withdraw funds that are in excess of the Required Reserve and deposit such surplus in the Gross Sales Tax Revenue Fund; provided that the face amount of any New Series Reserve Fund Surety Bond may be reduced at the option of the Corporation in lieu of such withdrawal of excess funds. Notwithstanding the foregoing, any surplus funds in excess of the Required Reserve that consist of gross proceeds of the Bonds or interest thereon shall be used for purposes for which the Bonds were issued or deposited to the New Series Debt Service Fund.

(e) The Corporation may, at any time, deposit, supplement, replace or substitute a New Series Reserve Fund Surety Bond for cash or investments on deposit in the New Series 2026 Bonds Reserve Fund or in substitution for or replacement of any existing New Series Reserve Fund Surety Bond.

(f) If the Corporation is required to make a withdrawal from the New Series 2026 Bonds Reserve Fund for any of the purposes described in this Section, the Corporation shall promptly notify the issuer of such New Series Reserve Fund Surety Bond of the necessity for a withdrawal from the New Series 2026 Bonds Reserve Fund for any such purposes, and shall make such withdrawal first from available moneys or permitted investments then on deposit in the New Series 2026 Bonds Reserve Fund, and next from a drawing under any New Series Reserve Fund Surety Bond to the extent of any deficiency.

(g) In the event there is a draw upon the New Series Reserve Fund Surety Bond, the Corporation shall reimburse the provider of such New Series Reserve Fund Surety Bond for such draw, in accordance with the terms of any agreement pursuant to which the New Series Reserve Fund Surety Bond is used, from Pledged Revenues; however, such reimbursement from Pledged Revenues shall be in accordance with the provisions of Section 8.03 hereof and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the then Outstanding New Series Parity Revenue Obligations.

(h) The Corporation may create and establish a debt service reserve fund pursuant to any resolution or resolutions authorizing the issuance of New Series Parity Revenue Obligations for the purpose of security that series of New Series Parity Revenue Obligations or any specific series of New Series Parity Revenue Obligations; the amounts once deposited or credited to said debt service reserve funds shall no longer constitute Pledged Revenues and shall be held solely for the benefit of the owners of the series of New Series Parity Revenue Obligations for which such debt service reserve fund was established. Each such debt service reserve fund shall be designated in such manner as is necessary to identify the New Series Parity Revenue Obligations it secures and to distinguish such debt service reserve fund from the debt service reserve funds created for the benefit of other New Series Parity Revenue Obligations.

(i) In connection with the issuance of the Bonds, the New Series 2026 Bonds Reserve Fund shall be funded with a New Series Reserve Fund Surety Bond from \_\_\_\_\_. Any Authorized Officer is authorized to execute the New Series 2026 Debt Service Reserve Agreement in substantially the form presented at this meeting.

Section 8.06. **Deficiencies in Funds.**

If the Corporation shall, for any reason, fail to pay into the New Series Debt Service Fund or New Series Reserve Fund the full amounts above stipulated, amounts equivalent to such deficiencies shall be set apart and paid into said funds from the first available revenues of the Corporation and such payments shall be in addition to the amounts hereinabove provided to be otherwise paid into said funds.

Section 8.07. **Security of Funds.**

All moneys on deposit in the funds referred to in this Resolution shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of funds of the City, and moneys on deposit in such funds shall be used only for the purposes permitted by this Resolution.

Section 8.08. **Investments.**

(a) Money in the funds established by this Resolution, the resolutions authorizing the Previously Issued Senior Lien Bonds or any resolution authorizing Parity New Series Revenue Obligations, at the option of the Corporation, may be invested in such securities or obligations as permitted under the laws of the State of Texas applicable to the City.

(b) Any securities or obligations in which money is so invested shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.09. **Investment Income.**

Interest and income derived from investment of any fund created by this Resolution shall be credited to such fund.

Section 9.01. **Issuance of Superior Lien Obligations Prohibited.**

The Corporation hereby covenants that so long as any principal or interest pertaining to any Parity New Series Revenue Obligations remain outstanding and unpaid, it will not authorize or issue obligations secured by a lien on or pledge of the Pledged Revenues superior to the lien ascribed to the Parity New Series Revenue Obligations.

Section 9.02. **Issuance of Additional Parity New Series Revenue Obligations Authorized.**

In addition to the right to issue obligations of inferior lien, the Corporation reserves the right to issue Additional Parity New Series Revenue Obligations which, when duly authorized and issued in compliance with law and the terms and conditions hereinafter appearing, shall be on a parity with the Bonds herein authorized and the Parity New Series Revenue Obligations, payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues and Pledged Funds; and the Parity New Series Revenue Obligations and Additional Parity New Series Revenue Obligations shall in all respects be of equal dignity. The Additional Parity New Series Revenue Obligations may be issued in one or more installments, provided, however, that none shall be issued unless and until the following conditions have been met:

(a) The Corporation is not then in default as to any covenant, condition or obligation prescribed in a resolution authorizing the issuance of the outstanding Previously Issued Senior Lien Bonds or the Parity New Series Revenue Obligations.

(b) Each of the funds created for the payment, security and benefit of the Previously Issued Senior Lien Bonds and the Parity New Series Revenue Obligations contains the amount of money then required to be on deposit therein.

(c) The Corporation has secured from a Certified Public Accountant a certificate or report reflecting that for the Fiscal Year next preceding the date of the proposed Additional Parity New Series Revenue Obligations, or a consecutive twelve (12) month period out of the fifteen (15) month period next preceding the month in which the resolution authorizing the proposed Additional Parity New Series Revenue Obligations is adopted, the Gross Sales Tax Revenues were equal to at least: (i) 1.35 times the combined maximum annual principal and interest requirements on all Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations; and (ii) 1.50 times the combined average annual principal and interest requirements on all Parity New Series Revenue Obligations to be outstanding after the issuance of the proposed Additional Parity New Series Revenue Obligations; provided, that, in the event of an increase in the rate of the Sales Tax that becomes effective prior to the date of the resolution authorizing the issuance of the Additional Parity New Series Revenue Obligations, such certificate or report shall calculate the Gross Sales Tax Revenues for the calculation period as if such increased rate were in effect during such period.

(d) The Additional Parity New Series Revenue Obligations are made to mature on February 1 or August 1, either or both, of each year in which they are scheduled to mature.

(e) The resolution authorizing the Additional Parity New Series Revenue Obligations provides that: (i) the New Series Debt Service Fund be augmented by amounts adequate to accumulate the sum required to pay the principal and interest on such obligations as the same shall become due; and (ii) the amount to be maintained in the New Series Reserve Fund shall be increased to an amount not less than the New Series Reserve Fund Requirement calculated to include the debt service of the proposed additional obligations; and (iii) any additional amount required to be maintained in the New Series Reserve Fund shall be deposited therein upon delivery of such Additional Parity New Series Revenue Obligations or in not more than 60 months from such date.

(f) Parity New Series Revenue Obligations may be refunded upon such terms and conditions as the Board may deem to be in the best interest of the Corporation; and if less than all such outstanding Parity New Series Revenue Obligations are refunded, the proposed refunding obligations shall be considered as "Additional Parity New Series Revenue Obligations" under the provisions of this Section, and the report or certificate required by paragraph (c) shall give effect to the issuance of the proposed refunding obligations and shall not give effect to the obligations being refunded.

Section 10.01. **Pledged Funds and Pledged Revenues.**

(a) The Corporation represents and warrants that it is and will be authorized by applicable law and by its articles of incorporation and bylaws to authorize and issue the Bonds, to adopt this Resolution and to pledge the Pledged Funds and Pledged Revenues in the manner and to the extent provided in this Resolution, and that the Pledged Funds and Pledged Revenues so pledged are and will be and remain free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Resolution except as expressly provided herein for Parity New Series Revenue Obligations.

(b) The Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Corporation in accordance with the terms of this Resolution, subject only to any applicable bankruptcy or insolvency laws or to any applicable law affecting creditors rights generally.

(c) The Corporation shall at all times, to the extent permitted by applicable law, defend, preserve and protect the pledge of the Pledged Funds and Pledged Revenues and all the rights of the Owners under this Resolution and the resolutions authorizing the issuance of the Previously Issued Senior Lien Bonds and Parity New Series Revenue Obligations, against all claims and demands of all persons whomsoever.

(d) The Corporation will take, and use its best efforts to cause the City to take, all steps reasonably necessary and appropriate to collect all delinquencies in the collection of the Sales Tax to the fullest extent permitted by the Act and other applicable law.

Section 10.02. **Accounts, Periodical Reports and Certificates.**

(a) The Corporation shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the funds and accounts established by this Resolution and which, together with all other books and papers of the Corporation, shall at all times be subject to the inspection of, the Owner or Owners of not less than 5% in principal amount of the Parity Revenue Obligations then outstanding or their representatives duly authorized in writing.

(b) The Corporation shall annually, within 180 days after the close of each Fiscal Year, mail or cause to be mailed to any Holder owning at least 25% of the outstanding Parity Revenue Obligations of a single series who so requests in writing, a copy of an annual report for said year containing the following statements in reasonable detail with respect to the Corporation: a balance sheet as of the end of said year and the preceding year, statements of revenue and expense and of changes in financial position for the year then ended and the preceding year setting forth revenues and expenses for such years in accordance with generally accepted accounting principles.

The Directors and Officers of the Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of this Resolution.

Section 10.03. **General.**

The Directors and Officers of the Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of this Resolution.

Section 10.04. **Repeal of Power to Collect Sales Tax.**

Any repeal or amendment of the right and power to levy, collect and apply the Sales Tax pursuant to the Act shall never be effective until all of the principal of and the interest on the Parity New Series Revenue Obligations have been paid in full or they have been lawfully defeased under Article XII.

Section 10.05. **Payment of the Bonds.**

While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the New Series Debt Service Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

Section 11.01. **Events of Default.**

Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an “Event of Default,” to-wit:

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

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

(iii) An order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the Corporation 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 Corporation as applicable, 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.

Section 11.02. **Remedies for Default.**

(a) Upon the happening of any Event of Default, then and in every case any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the Corporation for the purpose of protecting and enforcing the rights of the Owners under this Resolution, 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 herein, 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.

Section 11.03. **Remedies Not Exclusive.**

(a) No remedy herein conferred 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 this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

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

Section 15.01. **Amendments.**

This Resolution shall constitute a contract with the Owners, be binding on the Corporation, and shall not be amended or repealed by the Corporation so long as any Bond remains outstanding except as permitted in this Section. The Corporation may, without consent of or notice to any Owners, from time to time and at any time, amend this Resolution in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Corporation may, with the written consent of the Owners of the Bonds holding a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of this Resolution; provided that, without the consent of all Owners of outstanding Bonds, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

## INVESTMENTS

The Corporation is a nonprofit corporation acting on behalf of the City and is subject to the provisions of the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA") with respect to the investment of its funds. The Corporation invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the Corporation. Both state law and the Corporation's investment policies are subject to change.

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

The Corporation may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAA-m or an equivalent by at least one nationally recognized rating service. The Corporation may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Corporation retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Corporation must do so by order, ordinance, or resolution. The Corporation 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 Texas law, the Corporation 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 Corporation funds, maximum allowable stated maturity of any individual investment the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All Corporation funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, (6) yield, and (7) legality.

Under Texas law, Corporation 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 Corporation shall submit an investment report detailing: (1) the investment position of the Corporation, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of 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 Corporation funds without express written authority from the Board.

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

**TABLE 5- CURRENT INVESTMENTS**

As of May 1, 2026, the Corporation's investable funds were invested in the following categories:

<u>Description of Investment</u>	<u>Total Investment</u>	<u>Percent of Portfolio</u>
Nations Money Market Funds	\$ 1,288,350	14.39%
Texas CLASS	3,467,659	38.73%
TexSTAR	4,197,930	46.88%
	<u>\$ 8,953,939</u>	<u>100.00%</u>

## TAX MATTERS

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

### TAX EXEMPTION

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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 Corporation has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Bond Resolution 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 Corporation and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Corporation and such parties, which Bond Counsel has not independently verified. If the Corporation fails to comply with the covenants in the Bond Resolution or if the foregoing representations are 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.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, 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 Bond Resolution 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 Corporation 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, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also 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.

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**

If the issue price of a maturity of the Bonds exceeds 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 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**

If the issue price of a maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID 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 OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID 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 captions “Tax Matters – Tax Exemption” and “Tax Matters – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriters have purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID 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 Corporation nor Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID 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 OID 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 Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID 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 OID 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 OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID 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.

## CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the Corporation has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Corporation is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Corporation will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material 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) <<http://www.emma.msrb.org/>>.

**ANNUAL REPORTS** . . . The Corporation will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the Corporation of the general type included in this Official Statement under the Tables numbered 1 through 5 and in Appendix B. The Corporation will update and provide this information in the numbered Tables within six months after the end of each fiscal year ending in or after 2026 and, if then available, audited financial statements of the City. If audited financial statements are not available when the information is provided, the Corporation will provide audited financial statements within 12 months of the end of such fiscal year, when and if they become available. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Corporation shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet website or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

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

**EVENT NOTICES** . . . The Corporation 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 Corporation; (13) The consummation of a merger, consolidation, or acquisition involving the Corporation or the sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) Incurrence of a Financial Obligation of the Corporation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Corporation, 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 Corporation, any of which reflect financial difficulties. In addition, the Corporation will provide timely notice of any failure by the Corporation to provide annual financial information in accordance with its agreement described above under "Annual Reports."

For these purposes, (A) any event described in the immediately preceding clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Corporation 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 Corporation, 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 Corporation, and (B) the Corporation 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 Bond Resolution 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 Corporation 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](http://www.emma.msrb.org).

**LIMITATIONS AND AMENDMENTS . . .** The Corporation has agreed to update information and to provide notices of material events only as described above. The Corporation 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 Corporation 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 Corporation 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 Corporation to comply with its agreement.

The Corporation may amend its continuing disclosure agreements from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Corporation, if (i) the agreement, as amended, would have permitted an underwriter 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 Corporation (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 Corporation 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 underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Corporation 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 Corporation has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

## **OTHER INFORMATION**

### **RATINGS**

The Bonds and the presently outstanding Previously Issued New Series Bonds of the Corporation are rated "Aa1" (negative outlook) by Moody's and "AA+" by Fitch, without regard to credit enhancement. The Corporation also has outstanding obligations rated by S&P. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the respective views of such organizations and the Corporation 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 or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the Bonds.

### **LITIGATION**

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

### **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); and the Bonds have not been 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 Corporation 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 governed by Chapter 8, Texas Business and Commerce Code, as amended, 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 PFIA, requires that the Bonds be assigned a rating of "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 Corporation 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 Corporation will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding special obligations of the Corporation, and based upon examination of such transcript of proceedings, the approving 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 and the Bonds are not private activity bonds, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations. The Form of such opinion is attached hereto as Appendix C. Bond Counsel represents the Corporation's Municipal Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, but Bond Counsel has been engaged by and only represents the Corporation in connection with the issuance of the Bonds. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "The Bonds" (except the subcaptions "Book-Entry-Only System," "Bondholders' Remedies" and "Use of Bond Proceeds"), "Selected Provisions of the Bond Resolution," "Tax Matters" "Continuing Disclosure of Information" (except the subcaption "Compliance with Prior Undertakings") and the subcaptions "Legal Investments and Eligibility to Secure Public Funds in Texas," "Registration and Qualification of Bonds For Sale" and "Legal Matters" (except the last two sentences of the first paragraph) under the caption "Other Information" and in Appendix C, and such firm is of the opinion that the information relating to the Bonds and legal issues contained under such captions, subcaptions and Appendix C is a fair and accurate description of the laws and legal issues addressed therein, and, with respect to the Bonds, such information conforms to the Bond Resolution. The legal opinion may accompany the Bonds deposited with DTC or may be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by West & Associates, L.L.P., Dallas, Texas, Counsel to the Underwriters. The fees of Underwriter's Counsel are contingent upon the delivery of the Bonds.

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

## **MUNICIPAL ADVISOR**

Hilltop Securities Inc. is employed as Municipal Advisor to the Corporation in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Obligations. Hilltop Securities, in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and 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 Municipal Advisor to the Corporation has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Corporation and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

## **UNDERWRITING**

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

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

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

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

## **CYBERSECURITY**

Computer networks and data transmission and collection are vital to the operations of the City of Mansfield, Texas (the "City") and the Corporation information technology and infrastructure of the City and Corporation may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City or Corporation. To mitigate these risks, the City and Corporation continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for City and Corporation staff and administration.

## **FORWARD-LOOKING STATEMENTS DISCLAIMER**

The statements contained in this Official Statement, and in any other information provided by the Corporation, that are not purely historical, are forward-looking statements, including statements regarding the Corporation'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 Corporation on the date hereof, and the Corporation assumes no obligation to update any such forward-looking statements. The Corporation'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 Corporation. 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.

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**MISCELLANEOUS**

The financial data and other information contained herein have been obtained from the Corporation's records, the City's 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.

WHITLEY PENN LLP, the City's independent auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in this report.

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

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Board President  
Mansfield Park Facilities  
Development Corporation

ATTEST:

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Board Secretary  
Mansfield Park Facilities  
Development Corporation

**APPENDIX A**

GENERAL INFORMATION REGARDING THE CITY OF MANSFIELD, TEXAS

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

**POPULATION . . .** The City's 2020 U.S. Census population was 72,602, increasing 159.01% since 2000. The City Planning Department estimates the 2026 population at 91,336 reflecting a 155.18% increase since 2010.

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

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

Since 2020, the MEDC has assisted 20 companies with increasing their presence in Mansfield; 10 expansions, 10 new developments and 3 road projects. The new developments include Crystal Window and Door Systems, a door and window manufacturing company, with regional headquarters, who will invest over \$135 million in building a manufacturing facility and corporate headquarters and will create over 650 jobs; Compressed Air Systems with over 90,000 square feet of new warehouse, manufacturing and corporate headquarters for a total new investment of over \$13.6 million and 60 new employees; and Infinity Sound with a capital investment of \$3.6 million, 35 jobs and their corporate headquarters. MEDC also assisted several company expansions, including Mouser Electronics who recently completed 400,000 square feet of warehouse space. BCB Transport completed construction of a new 200,000 square feet warehouse facility with a total investment of \$17 million. MEDC also assisted with several retail and restaurant recruitments at the Shops at Broad and a 150,000 square foot H-E-B Grocery store and surrounding shopping center.

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**PRINCIPAL EMPLOYERS**

<u>Company</u>	<u>Product Line</u>	<u>Number of Employees</u>
Mansfield Independent School District	Education	5,077
Mouser Electronics	Distribution of Electronic Parts	2,252
Methodist Mansfield Medical Center	Full Service Hospital	1,168
Klein Tools	Manufacturer of Hand Tool Products	1,155
City of Mansfield, Texas	Municipal Government	596
Don Lee Farms	Food Processing	335
Texas Health Resources	Full Service Hospital	303
Venus Construction	Utility Contractor	201
SJ Louis Construction of TX	Utility Contractor	200
Conveyors, Inc.	Manufacturer of Conveyor Equipment	192

**HISTORICAL EMPLOYMENT DATA (ANNUAL AVERAGE DATA) <sup>(1)</sup>**

City of Mansfield	April				
	2026	2025	2024	2023	2022
Labor Force	45,078	45,132	44,449	41,871	40,766
Employed	43,351	43,316	42,744	40,325	39,337
Unemployed	1,727	1,816	1,705	1,546	1,429
% Unemployment	3.8%	4.0%	3.8%	3.7%	3.5%

Tarrant County	April				
	2026	2025	2024	2023	2022
Labor Force	1,206,627	1,207,781	1,192,098	1,170,758	1,140,773
Employed	1,161,101	1,160,092	1,144,792	1,127,271	1,099,642
Unemployed	45,526	47,689	47,306	43,487	41,131
% Unemployment	3.8%	3.9%	4.0%	3.7%	3.6%

(1) Source: Texas Employment Commission.

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

The City addresses the needs of its citizens by offering many varied services to its residents. The police and fire departments employ 173 and 115 persons, respectively. Emergency ambulance service is also offered. Park and recreation facilities include 30 City parks consisting of 1,200 acres, 16 playgrounds, 30 athletic fields and over eleven miles of running trails. The City also has one public library with approximately 100,000 visitors per year.

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, Simmons Bank, Bank of America, Mansfield Community Bank, JPMorgan Chase Bank, BBVA Compass Bank, Regions Bank and Wells Fargo Bank.

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

**EDUCATION . . .** The City is served by the Mansfield Independent School District which consists of one pre-kindergarten academy; 24 elementary schools with grades kindergarten through 4; one early learners academy pre-kindergarten; seven intermediate schools with grades 5 and 6; two STEM Academy, seven middle schools for grades 7 and 8; five high schools with grades 9 through 12; one career & technology academy; one early college high school and one alternative campus. Enrollment for the 2024/2025 school year was approximately 35,851. Colleges within close proximity to the City are Tarrant and Dallas County Community Colleges, Southern Methodist University, Dallas Baptist University, University of Dallas, University of North Texas, Texas Women’s University, University of Texas at Dallas, University of Texas at Arlington, Texas Christian University, and Texas Tech University Health Sciences Center School of Nursing satellite campus, all of which are well known for their educational standards.

**BUILDING PERMITS BY CATEGORY**

Fiscal Year Ended 9/30	Commercial and Industrial		Residential		Grand Total
	Number	Amount	Number	Amount	
	2021	86	\$ 168,760,936	943	
2022	99	164,554,677	1,072	366,747,745	531,302,422
2023	75	187,946,099	550	187,835,329	375,781,428
2024	74	179,112,571	1,016	374,351,151	553,463,722
2025	40	320,576,441	754	380,124,720	700,701,161

The following tables illustrate projects underway in the City as of April 30, 2026.

Estimate of Platted Residential Lots Available for Development

<u>Development</u>	<u>Number of Lots Remaining</u>	<u>Years To Build Out</u>	<u>Total Projected Population</u>
Birdsong Ph 2	6	1.0	20
Birdsong Ph 3	75	2.5	247
Birdsong Ph 1	11	1.0	36
Charleston TH	48	1.5	136
Copper Creek	12	1.0	40
Kimball Manor (Duplex)	4	1.5	13
Ladera at the Reserve Ph 2	61	2.0	201
Legacy Estates	4	1.0	13
Long Estates	2	2.0	7
M3 Ranch Ph 2A & 2B	121	3.5	399
M3 Ranch Ph 1A & 1B	34	1.5	112
Main St Village TH	19	1.5	54
Mansfield Webb TH	19	2.0	54
Mitchell Farms	17	1.0	56
Parkside Estates	45	1.5	148
Rockwood Addition Ph 2	25	1.0	82
Rockwood Addition Ph 1	11	1.0	36
Sayers Landing	16	1.5	53
Seeton Estates	4	2.5	13
Somerset Ph 4A	16	1.0	53
Somerset Ph 4B	32	0.5	105
Somerset Ph 5A	36	0.5	119
Somerset Ph 3	9	1.0	30
Southpointe Ph 1A, Sec 1 & 2 & 1B	7	1.0	23
Southpointe Ph 7 & 7A	6	3.0	20
Southpointe Ph 8B	3	1.0	10
The Oaks Preserve Ph 1	2	1.5	7
The View at the Reserve Ph 1	3	1.0	10
The View at the Reserve Ph 2	70	2.5	231
Triple Diamond Ranch Ph 1	5	1.0	16
Triple Diamond Ranch Ph 2	6	1.0	20
Watson Branch Ph 1	11	1.0	36
Total	<u>740</u>		<u>2,399</u>

Estimate of Preliminary Platted Residential Lots for Future

<u>Development</u>	Number of Lots to be Developed	Total Projected Population
Alexis Court Townhomes	48	136
Damascus Gardens	9	30
Southpointe 7B	99	326
The Wyatt Townhomes	25	71
Dolce Vita	125	412
Somerset Townhomes	134	381
Kinney Park	214	705
Rockwood Addition (Future Ph 3)	118	389
Birdsong Ph 4	192	632
Lone Star Ranch Ph 3	66	217
Westhill Parks Ph 1	206	679
The Oaks Preserve Ph 2 & Ph 3	85	280
Homestead Ph 1	186	613
	<u>1,507</u>	<u>4,870</u>

Total Estimate of Preliminary and Final Platted Lots for Development: 2,247

Estimate of Platted Commercial and Industrial Acreage Available for Development

<u>Development</u>	<u>Number of Acres</u>	<u>Uses</u>
157 Building Supply Addition	0.749	Retail/Commercial
AM-C Warehouse Addition	11.920	Industrial
A. Moore U.S. 287 South	3.151	Retail/Commercial
Arlington Federal Credit Union	2.170	Retail/Commercial
Big League Dreams Addition	3.002	Retail/Commercial
Calvary Church of the Nazarene	6.160	Retail/Office
Community of Hope Add.	3.522	Retail/Commercial
Cooper Square Addition	8.080	Retail/Commercial
Costco Addition	2.077	Retail/Commercial
Creekside Plaza	0.610	Office
Easy Drive Business Park	3.885	Industrial
Golden Acres	3.210	Retail/Commercial
Heritage Estates	1.460	Retail/Commercial
Highland Heights	13.380	Office/Commercial
Hillcrest Business Park	7.719	Commercial/Industrial
Jenkins Addition	0.190	Retail/Office
J.M. Thomas Addition	1.360	Retail/Commercial
K&M Hotels Addition	1.151	Retail/Commercial
Knapp Sisters Business Park	3.270	Retail/Commercial
Lightbridge Addition	2.680	Retail/Commercial
Mansfield Debbie Lane Addition	1.270	Retail/Commercial
Mansfield Dental Addition	2.492	Retail/Commercial
Mansfield EDC Tower Add.	14.210	Industrial
Mansfield Industrial Park East	2.860	Commercial/Industrial
Mansfield Marketplace	20.070	Retail/Commercial
Mansfield Medical Plaza	6.270	Office
Mansfield Police Station	3.260	Industrial
Mansfield Retail Center Addition	10.300	Retail/Commercial
Mansfield Town Center East	5.330	Retail/Commercial
Mansfield Town Center West	8.070	Retail/Commercial
McCaslin Business Park	11.670	Commercial/Industrial
Meyergreen Business Park	0.650	Retail/Commercial
New Intermediate School South	5.669	Retail/Commercial
Parkside Estates	2.031	Retail/Commercial
Plainco Properties Addition	1.326	Industrial
Regency Addition	3.320	Commercial
Reynolds Addition	1.415	Retail/Commercial
Sar Medical Plaza	2.320	Office
Sentry Industrial Park	2.383	Industrial
Stadium Plaza	4.890	Commercial/Automotive
Steadfast Heritage Addition	1.630	Commercial/Industrial
Shops at Broad Street, The	14.506	Retail/Commercial
Southpoint Addition	6.425	Retail/Commercial
THR RTC Addition	4.323	Retail/Commercial
TSC Addition	4.440	Commercial/Industrial
Tuscany on Walnut Creek	1.117	Office/Commercial
U.C.I. Addition	7.116	Retail/Commercial
Village at South Pointe, The	24.810	Retail/Commercial
Village Green, The	2.093	Retail/Commercial
Village Off Broadway	1.967	Retail/Commercial
Vistas at Walnut Ridge	4.290	Retail/Commercial
Walnut Creek Corner	3.290	Retail/Commercial
Total	<u>265.56</u>	

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**APPENDIX B**

EXCERPTS FROM THE  
CITY OF MANSFIELD, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the City of Mansfield, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2025 (the "Report"), and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

The City is not obligated to pay the principal or redemption price of, or interest on, the Bonds. The Report is included in this Official Statement because the Corporation is a component unit of the City.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of City Council  
City of Mansfield, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the 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 City of Mansfield, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Honorable Mayor and  
Members of the City Council

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, general fund budgetary comparison schedule, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

To the Honorable Mayor and  
Members of the City Council

***Supplementary 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 combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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 financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Whitley Penn LLP*

Fort Worth, Texas  
March 9, 2026



**CITY OF 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, 2025. 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 of resources less its liabilities and deferred inflows of resources at the close of the City's fiscal year is approximately \$788 million.
- The City's deferred inflows of resources increased approximately \$4 million due to differences between expected and actual experience for pension and OPEB plans, lease activities, and Public Private Partnerships.
- The City recognized approximately \$236 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately \$212 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 \$250 million. Approximately 5% of this \$250 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 \$24 million or 24% of total general fund expenditures.
- The City and MEDC's total debt obligations (excluding premiums and discounts) increased by \$207.8 million (61.3%) during the current fiscal year. This is from approximately \$240.9 million in new bond proceeds offset by refunding and defeasance of \$16.3 million and \$16.8 million in scheduled principal payments during the year. The key factors affecting the City's debt position are as follows:
  - General Obligation Refunding and Improvement Bonds, Series 2025 was issued in the amount of \$13.0 million for the purpose of acquiring, constructing, expanding, and equipping the Mansfield Park Trail Network, and the acquisition of land, and for the purpose of refunding a portion of the City's debt (Combination Tax and Revenue Certificates of Obligation, Series 2016 and General Obligation Refunding and Improvement Bonds, Series 2016).
  - Combination Tax and Revenue Certificates of Obligation, Series 2025 was issued in the amount of \$139.6 million for the purpose of designing, developing, constructing, improving, repairing, extending and expanding public infrastructure, parks and fire facilities, and the acquisition of vehicles and equipment for public safety and public works departments.
  - Special Assessment Revenue Bonds, Series 2025 for Staybolt PID Improvement Area #1 Improvements was issued in the amount of \$9.2 million for the purpose of paying a portion of the costs related to Improvement Area #1 Improvements.
  - Sales Tax Revenue Bonds, Taxable New Series 2025 was issued in the amount of \$22.6 million by Mansfield Economic Development Corporation for the purpose of designing, developing and constructing a professional multi-sport stadium and related infrastructure.
  - Sales Tax Revenue Bonds, Tax-Exempt New Series 2025 was issued in the amount of \$56.5 million by Mansfield Economic Development Corporation for the purpose of designing, developing and constructing a professional multi-sport stadium and related infrastructure.

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

## **CITY OF MANSFIELD, TEXAS**

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

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 & Sewer Fund, and Drainage 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 and the Mansfield Public Facility 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 four Tax Increment Financing Reinvestment Zones (TIRZs), all legally separate entities, which are geographically defined regions within the City limits established by the City. The purpose of the reinvestment zones are to pay for the public's infrastructure to be owned by the City within the region. The TIRZs are an integral part of the primary government. The City has three public improvement districts - South Pointe Public Improvement District, Starlin Public Improvement District, and Staybolt Public Improvement District, which are also an integral part of the primary government. The City established the South Pointe PID for the purpose of maintaining public improvements on approximately 873 acres in the TIRZ number one area. The City established the Starlin PID for the purpose of maintaining public improvements on approximately 121.5 acres. The City established the Staybolt PID for the purpose of maintaining public improvements on approximately 134.3 acres. An annual assessment will fund the public improvement districts.

#### **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.

## **CITY OF MANSFIELD, TEXAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The City maintains 21 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, Mansfield Parks Facility Development Corporation, TIRZ #2, and the Building Construction Fund, all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

#### **Proprietary Funds**

The City maintains two types of 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 & Sewer Fund and Drainage Fund. The City uses an internal service fund to account for its self-insured group health insurance.

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 & Sewer Fund, considered to be a major fund of the City and the Drainage Fund, considered to be nonmajor fund of the City. Additionally, the Group Health Insurance is presented as an internal service fund.

#### **Fiduciary Funds**

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

#### **Notes to Financial Statements**

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

#### **Other Information**

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

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

#### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$787,951,292 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (91.4%) 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

**CITY OF MANSFIELD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City's Net Position**

The following is a summary of the City's Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 304,985,755	\$ 214,603,885	\$ 93,703,033	\$ 105,937,337	\$ 398,688,788	\$ 320,541,222
Capital assets, net	686,145,653	612,224,441	309,346,158	284,918,939	995,491,811	897,143,380
<b>Total Assets</b>	<b>991,131,408</b>	<b>826,828,326</b>	<b>403,049,191</b>	<b>390,856,276</b>	<b>1,394,180,599</b>	<b>1,217,684,602</b>
<b>Total Deferred Outflows of Resources</b>	<b>17,822,306</b>	<b>23,009,938</b>	<b>3,558,472</b>	<b>4,337,409</b>	<b>21,380,778</b>	<b>27,347,347</b>
Other liabilities	33,001,767	21,570,098	10,388,175	5,860,548	43,389,942	27,430,646
Long-term liabilities	485,675,790	354,092,707	74,689,314	80,711,169	560,365,104	434,803,876
<b>Total Liabilities</b>	<b>518,677,557</b>	<b>375,662,805</b>	<b>85,077,489</b>	<b>86,571,717</b>	<b>603,755,046</b>	<b>462,234,522</b>
<b>Total Deferred Inflows of Resources</b>	<b>23,322,141</b>	<b>20,084,808</b>	<b>532,898</b>	<b>147,638</b>	<b>23,855,039</b>	<b>20,232,446</b>
<b>Net Position</b>						
Net investments in capital assets	431,563,296	404,729,970	288,374,479	260,551,898	719,937,775	665,281,868
Restricted	33,821,149	48,674,575	4,934,547	13,081,812	38,755,696	61,756,387
Unrestricted	1,569,571	686,106	27,688,250	34,840,620	29,257,821	35,526,726
<b>Total Net Position</b>	<b>\$ 466,954,016</b>	<b>\$ 454,090,651</b>	<b>\$ 320,997,276</b>	<b>\$ 308,474,330</b>	<b>\$ 787,951,292</b>	<b>\$ 762,564,981</b>

As of September 30, 2025, a portion of the City's net position, \$38,755,696 or (4.9)% represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of \$29,257,821 may be used to meet the government's ongoing obligations to citizens and creditors. Total net position of the City is \$787,951,292.

**City's Changes in Net Position**

The following is a consolidated summary of the City's Statement of Net Activities:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Beg - Net Position</b>	<b>\$ 454,090,651</b>	<b>\$ 406,454,538</b>	<b>\$ 308,474,330</b>	<b>\$ 285,022,918</b>	<b>\$ 762,564,981</b>	<b>\$ 691,477,456</b>
Restatement	1,287,743	-	-	-	1,287,743	-
<b>Beg - Net Position as restated</b>	<b>\$ 455,378,394</b>	<b>\$ 406,454,538</b>	<b>\$ 308,474,330</b>	<b>\$ 285,022,918</b>	<b>\$ 763,852,724</b>	<b>\$ 691,477,456</b>
Revenues	\$ 174,203,228	\$ 183,004,350	\$ 61,983,735	\$ 70,613,903	\$ 236,186,963	\$ 253,618,253
Expenses	167,234,486	139,898,620	44,853,909	42,632,108	212,088,395	182,530,728
Transfers, Net	4,606,880	4,530,383	(4,606,880)	(4,530,383)	-	-
<b>Net Change in Position</b>	<b>11,575,622</b>	<b>47,636,113</b>	<b>12,522,946</b>	<b>23,451,412</b>	<b>24,098,568</b>	<b>71,087,525</b>
<b>End - Net Position</b>	<b>\$ 466,954,016</b>	<b>\$ 454,090,651</b>	<b>\$ 320,997,276</b>	<b>\$ 308,474,330</b>	<b>\$ 787,951,292</b>	<b>\$ 762,564,981</b>

**CITY OF MANSFIELD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The following is a summary of the City's Statement of Net Activities:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 31,856,432	\$ 24,724,850	\$ 56,587,408	\$ 56,769,785	\$ 88,443,840	\$ 81,494,635
Operating grants and contributions	7,310,256	994,236	-	-	7,310,256	994,236
Capital grants and contributions	911,397	26,614,349	959,720	9,648,922	1,871,117	36,263,271
General revenues:						
Property tax	85,810,225	80,163,826	-	-	85,810,225	80,163,826
Sales tax	29,769,057	31,497,759	-	-	29,769,057	31,497,759
Other taxes	6,059,072	4,867,036	-	-	6,059,072	4,867,036
Gain on sale of capital assets	-	4,429,105	-	47,776	-	4,476,881
Other	12,486,789	9,713,189	4,436,607	4,147,420	16,923,396	13,860,609
<b>Total Revenue</b>	<b>174,203,228</b>	<b>183,004,350</b>	<b>61,983,735</b>	<b>70,613,903</b>	<b>236,186,963</b>	<b>253,618,253</b>
<b>Expenses</b>						
General government	53,405,519	37,953,399	-	-	53,405,519	37,953,399
Public safety	57,399,876	51,239,913	-	-	57,399,876	51,239,913
Public works	23,159,891	25,333,799	-	-	23,159,891	25,333,799
Culture and recreation	15,414,203	14,861,115	-	-	15,414,203	14,861,115
Interest on debt	17,854,997	10,510,394	-	-	17,854,997	10,510,394
Water and sewer	-	-	42,917,955	40,952,179	42,917,955	40,952,179
Drainage	-	-	1,935,954	1,679,929	1,935,954	1,679,929
<b>Total Expenses</b>	<b>167,234,486</b>	<b>139,898,620</b>	<b>44,853,909</b>	<b>42,632,108</b>	<b>212,088,395</b>	<b>182,530,728</b>
Increase (Decrease) in net position before transfers	6,968,742	43,105,730	17,129,826	27,981,795	24,098,568	71,087,525
<b>Transfers Between Governmental and Business-type Activities</b>	<b>4,606,880</b>	<b>4,530,383</b>	<b>(4,606,880)</b>	<b>(4,530,383)</b>	<b>-</b>	<b>-</b>
Net Increase (Decrease) in net position	11,575,622	47,636,113	12,522,946	23,451,412	24,098,568	71,087,525
<b>Net Position, Beginning</b>	<b>454,090,651</b>	<b>406,454,538</b>	<b>308,474,330</b>	<b>285,022,918</b>	<b>762,564,981</b>	<b>691,477,456</b>
Restatement	1,287,743	-	-	-	1,287,743	-
<b>Net Position, Beginning, as Restated</b>	<b>455,378,394</b>	<b>406,454,538</b>	<b>308,474,330</b>	<b>285,022,918</b>	<b>763,852,724</b>	<b>691,477,456</b>
<b>Net Position - End of Year</b>	<b>\$ 466,954,016</b>	<b>\$ 454,090,651</b>	<b>\$ 320,997,276</b>	<b>\$ 308,474,330</b>	<b>\$ 787,951,292</b>	<b>\$ 762,564,981</b>

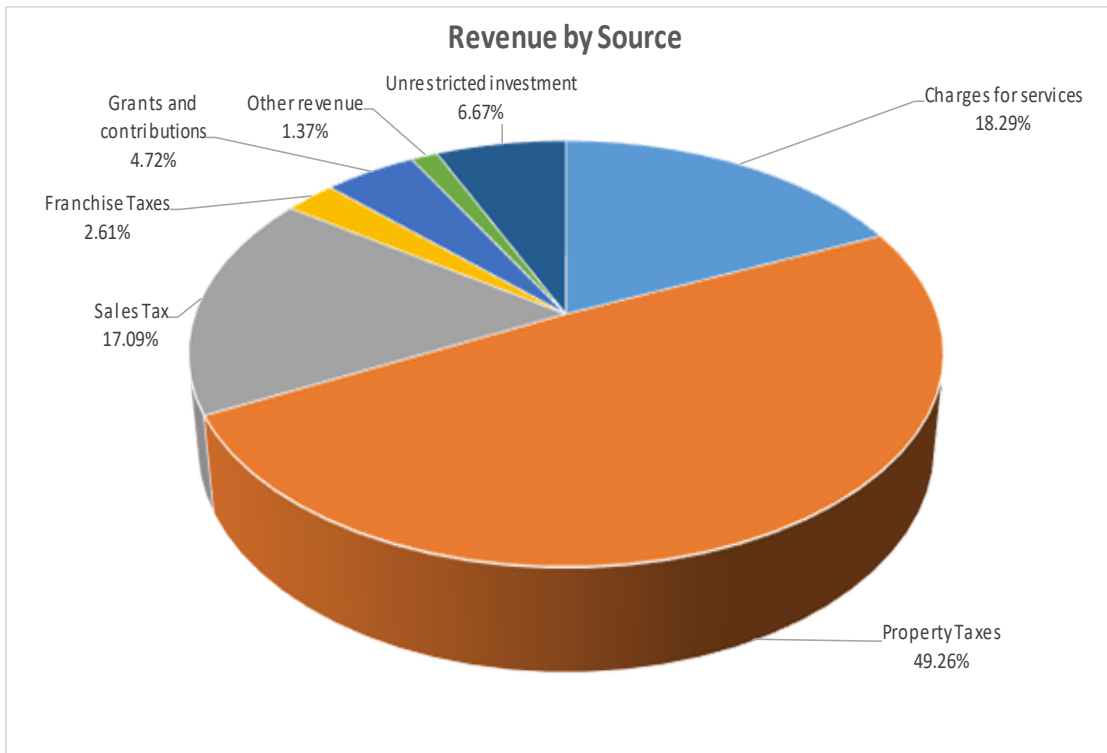
**Governmental Activities**

For fiscal year 2025, the Governmental activities increased the City's net position by \$11.6 million. The increase in the City's net position primarily increased because of an increase in property taxes and charges for services related to new commercial and residential developments that have been completed recently offset a decrease in grants and contributions, and an increase in expenses from operational growth in line with the population growth.

City governmental activity revenue for fiscal year 2025 decreased approximately \$8.8 million from fiscal year 2024. Revenues in fiscal year 2024 were \$183.0 million compared to this fiscal year revenue of \$174.2 million. Significant changes include a \$5.6 million increase in property taxes due to an increase in property valuations and taxpayers, a \$19.4 million decrease in grants and contributions due to the completion of major commercial and residential developments in prior year and a decrease in gain on sale of assets due to no major sales of land to developers during the current year.

**CITY OF MANSFIELD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

For fiscal year 2025, program and general revenue sources for governmental activities were distributed as follows:



Expenses in fiscal year 2025 compared to expenses in fiscal year 2024 increased by 19.5% or \$27.3 million. General government and public works functional expenses increased, primarily due to payroll related expenditures, inflation, and to keep up with sustained growth from population increase and development requirements. Interest on debt increased \$7.3 million due to increased debt activities. The remaining functional expenses remained consistent from prior year.

Functional expense continue to increase as a response to the latest citizens' survey to improvements in streets and culture and recreation expenditures increased due to non-capital projects within the parks department. 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.

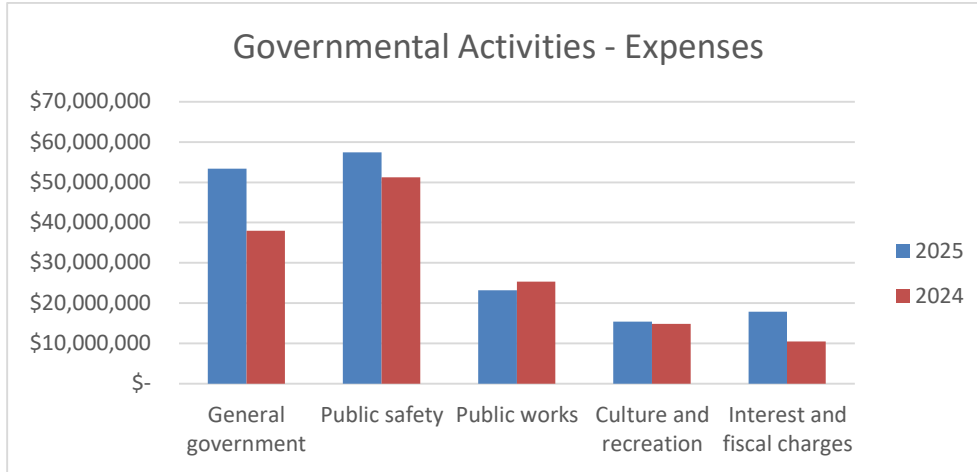
In fiscal 2025, the City recognized \$16.8 million in depreciation expense for street-related assets which is consistent with prior year. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair.

This year the City recognized \$17.9 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.

During fiscal year 2025, the City implemented a restatement of beginning net position to properly present the City's internal service fund related to group health insurance. This restatement had the effect of increasing beginning net position of governmental activities by \$1,287,743 to reflect the presentation of assets, liabilities, and net position associated with internal service operations in the newly presented fund.

**CITY OF MANSFIELD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

For fiscal year 2025 and 2024, functional expenses for governmental activities were distributed as follows:



**Business-Type Activities**

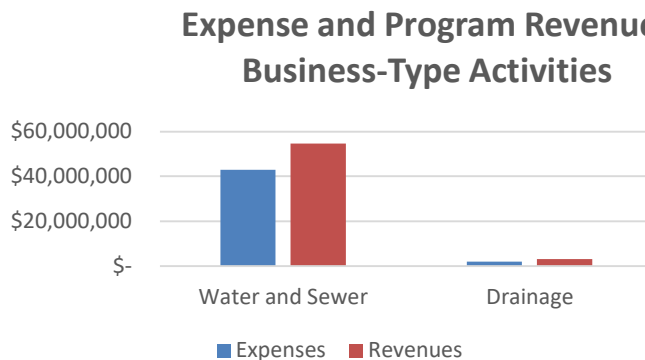
For fiscal year 2025, the Business-type activities increased the City's net position by \$12.5 million.

Revenues without transfers were \$61,983,735 in fiscal year 2025 compared to \$70,613,903 in 2024. The \$8,630,168 decrease or 12.2%, is due to a decrease in capital contributions while charges for services remained consistent. Expenses remained consistent with prior year.

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 2025, developers contributed public improvements or assets of approximately \$1.0 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 & Sewer lines which are conveyed to the City as the developer finishes the developments.

The City's Drainage 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.

A comparison between expenses and program revenues (charges for services and contributions) related to the Water & Sewer and the Drainage operations is as follows:



## **CITY OF MANSFIELD, TEXAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Expenses including interest for fiscal year 2025 were approximately \$44.9 million before transfers of approximately \$(4.6) million, and expenses including interest expense for fiscal year 2024 were approximately \$42.6 million before transfers of approximately \$(4.5) million. Expenses increased by \$2.2 million primarily due to an increase in the cost of water and water treatment. The increase in net position was primarily the result of the activity of the City's Water & Sewer Fund as the City's other Business-Type Funds, the Drainage Fund, for fiscal year 2025 was 11.7% of the change in the net position.

#### **Financial Analysis of The City'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 \$250,407,078, an increase of \$90,208,795 in comparison with the prior year. The majority of the increase is from the issuance of bonds and those proceeds have and will be used to construct public infrastructure and purchase equipment. Approximately 4.6% or \$11,575,864 of the ending fund balance of \$250,407,078 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of fund balance is nonspendable as prepaid or inventory, restricted legally or committed for council approved purposes. To indicate the portion of fund balance that is not available for new spending, the City has labeled the remaining fund balances as follows: 1) restricted \$224,115,962, 2) committed \$343,528, and 3) nonspendable \$14,371,724.

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 \$38,336,455. 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. Total fund balance represents approximately 38.2% of total general fund expenditures for fiscal year 2025.

The City's General Fund balance increased \$888,143 in fiscal year 2025. The key reasons for the increases are as follows:

- Actual expenditures exceeded actual revenues by \$(2,590,589) in the General Fund. The largest revenue increases were related to property taxes \$4,488,826 and franchise taxes \$5,957,906. These increases are a result of increase in taxpayers.
- Other financing sources included the proceeds from issuance of bonds of \$3,633,211 and related premium of \$410,365.

The Debt Service fund has a fund balance of \$6,669,740, which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$773,433 due to increase in interest expenditures. The City pays for tax-pledged debt through the Debt Service Fund. Other financing sources and uses included the proceeds from issuance of bonds of \$14,246,046 and related premium of \$1,357,905 offset by payment to refunded bond escrow agent of \$(11,527,773).

The street construction has a fund balance of \$65,035,300 for fiscal year 2025. The street construction fund's fund balance increased by \$18,384,726 as a result of newly issued construction bonds of \$30,802,630 and related premium of \$3,479,102. During the fiscal year there were construction payments of \$27,316,782 related to the improvement of major streets and neighborhood streets in and throughout the City. Impact fees are additional revenues paid by developers charged by the City for the impact or costs that new development has on primary streets within the City. The impact fees generated amounted to \$4,818,506 in fiscal year 2025.

## **CITY OF MANSFIELD, TEXAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The building construction fund has a fund balance of \$101,937,444 for fiscal year 2025. The building construction fund's fund balance increased by \$57,524,239 as a result of newly issued construction bonds of \$91,622,418 and related premium of \$10,291,068. During the fiscal year building projects increased with construction payments of \$46,760,042 related to the improvement of public infrastructure throughout the City.

The Mansfield Parks Facility Development Corporation (MPFDC) has a fund balance of \$20,837,763 for fiscal year 2025. MPFDC's fund balance increased by \$6,436,804 during the fiscal year as a result of an increase in sales tax revenue of \$1,143,841 offset by a decrease in parks facility construction of \$6,171,389 from prior year.

TIRZ #2 has a deficit fund balance of \$(7,756,039) for fiscal year 2025. TIRZ #2's fund balance decreased by \$2,295,433 as a result of project expenditures incurred in advance of related tax-increment revenues. TIRZ financing requires up-front investment in public infrastructure, therefore expenditures continue to exceed property tax revenues in the early phases of the zone. The deficit is expected to be eliminated over time as incremental property tax revenues are generated within the zone increase and are applied toward these costs. TIRZ #2 was restated as a major fund during fiscal year 2025.

#### **Proprietary Funds**

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

For fiscal year 2025, the Water & Sewer Fund's unrestricted net position amounted to \$21,167,576 and a total net position of \$304,541,916. For fiscal year 2025, the Drainage Fund's unrestricted net position amounted to \$6,520,674 and a total net position of \$16,455,360. For fiscal year 2025, the City's internal service fund's net position amounted to \$424,406.

Net position increased in the Water & Sewer Fund by \$11,054,369 for the fiscal year. The City treats lake water and charges a fee to its consumers. During fiscal year 2025, the City treated approximately 6.7 billion gallons of water. Water & Sewer operating revenues in fiscal year 2025 remained consistent with prior year. Water sales in 2025 was \$29.7 million compared to \$29.3 million in fiscal 2024. Sewer charges in 2025 was \$19.0 million compared to \$18.3 million in fiscal year 2024. Average daily consumption of water increased by 2,002 thousand gallons from prior year. Average daily treatment of sewer waste increased by 504 thousand gallons from prior year. The increase in Water & Sewer charges was offset by a decrease in impact fees of \$638.3 thousand compared to prior year. Water & Sewer operating expenses remained consistent with prior year. Operating expenses are controlled through the direct administration of personnel costs and variable costs, which are directly caused by consumers' demand for the water.

Net position increased in the Drainage fund by \$1,468,577 for the fiscal year. Drainage operating revenues and expenses remained consistent with prior year. Drainage fees in 2025 was \$3.1 million in 2025 compared to \$3.0 million in 2024. Operating expenses was \$1.9 million in 2025 compared to \$1.6 million in 2024.

Net position decreased by \$863,337 in the internal service fund for the fiscal year. Contributions for the fiscal year amounted to \$18.5 million while operating revenues totaled \$19.6 million. Insurance premiums paid totaled \$20.5 million for the fiscal year.

#### **General Fund Budgetary Highlights**

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

- Revenue results were above budgeted estimates by \$3.2 million for fiscal year 2025.
- Property Taxes were below budgeted estimates by \$5.0 million as collections were less than anticipated. Property valuations improved year over year but the City adopted a 16% homestead exemption, an increase of 2% from prior

**CITY OF MANSFIELD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

year. The City also decreased the current tax rate from \$0.659293 to \$0.645 per \$100 of valuation in fiscal year 2025 which limited the taxable growth compared to the prior year.

- Sales Taxes were above budgeted projections by \$1.1 million.
- Franchise Taxes were above budgeted projections by \$0.3 million.
- Licenses and permits exceeded budgeted estimates by \$0.9 million. The City's building permit revenues were above expectations due to the North Texas economy in general, and high demand for home builders and developers to be in Mansfield.
- Contributions and grants were above budgeted by \$0.7 million due to unexpected grant revenue that was awarded to the City in fiscal year 2025. Most of the grant revenue received by the City in fiscal year 2025 was from the Motor Vehicles Crime Prevention Authority.
- Charges for services exceeded budgeted estimates by \$2.3 million as the majority of the better than expected revenue was derived from the collection of additional inspections fees for developments within the City.
- The most significant expenditure of the City is human capital. Management has been effective in maintaining the human capital costs of the organization. With the other financing sources and uses activity included with the operational activity, the City's revenue exceeded its expenditures for the fiscal year by \$888,143. The City was over the overall budget of expenditures by \$3.3 million due to recording of capital outlay. The excess expenditures were offset by increased tax revenue and other financing sources related to the issuance of bonds.

**Capital Asset and Debt Administration**

**Capital Assets**

The City's investment in capital assets net of accumulated depreciation for its governmental and business-type activities as of September 30, 2025 amounts to \$995,491,811 compared to \$897,143,380 at September 30, 2024. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, leased assets, subscription assets, and construction in progress.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 125,939,660	\$ 124,425,103	\$ 14,410,346	\$ 14,298,767	\$ 140,350,006	\$ 138,723,870
Buildings and system	95,635,515	92,673,056	163,690,873	165,890,159	259,326,388	258,563,215
Improvements	22,980,103	10,744,492	1,135,064	190,910	24,115,167	10,935,402
Machinery and equipment	18,584,275	17,708,286	3,484,794	2,805,473	22,069,069	20,513,759
Infrastructure	270,837,039	268,168,595	87,992,861	81,738,778	358,829,900	349,907,373
Construction in progress	150,194,576	94,786,905	38,163,382	19,356,837	188,357,958	114,143,742
Lease assets	10,212	111,828	9,156	21,294	19,368	133,122
Subscription assets	1,964,273	3,606,176	459,682	616,721	2,423,955	4,222,897
<b>Total</b>	<b>\$ 686,145,653</b>	<b>\$ 612,224,441</b>	<b>\$ 309,346,158</b>	<b>\$ 284,918,939</b>	<b>\$ 995,491,811</b>	<b>\$ 897,143,380</b>

**Capital Assets – Governmental Activities**

Roadway expansion and improvements remain a primary element of the City's public works program. In 2025, 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 \$133,914,181 in new street improvements over the next four years.

Street projects in fiscal year 2025:

- The City completed the following roadway improvements during the fiscal year:
  - o Harvest Point (Heritage Parkway, Lone Star Road, Eastern & Western Bridges)
  - o Railroad Quiet Zones (Walnut Creek Drive, Broad Street, Eastern & Western Bridges)

## **CITY OF MANSFIELD, TEXAS**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

- Dick Price Road
- The City continued to improve Vinewood Drive and Heritage Parkway south of Lone Star Road and continues construction on the Staybolt Entertainment District infrastructure.
- Several small arterial streets are under construction and design throughout neighborhoods.
- In total, the City spent \$27,316,782 on street improvements and related work during fiscal year 2025.

#### Building projects in fiscal year 2025:

- The City completed police headquarters during the fiscal year.
- The following facilities were in various stages of planning and construction during the fiscal year:
  - Fire station #1 relocation, city hall, animal control facility, service center expansion, multi-purpose sports venue
- The following public parks and facilities were in various stages of planning and construction during the fiscal year:
  - Geyer commons and canals
  - Southwest Community Park, Sports Park
  - Veterans' Memorial
- In total, the City spent \$46,760,042 on building improvements and related work during fiscal year 2025.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2025 were planned or budgeted expenditures during fiscal year 2025. 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.

#### **Capital Assets – Business-type Activities**

The City's municipally owned and operated Water & Sewer system has maintained its superior rating by the Texas Commission on Environmental Quality. The City has planned more than \$54.2 million of water/sewer improvements over the next four years to be paid for by a combination of cash on hand, bonds, and impact fees. These fees are designed to reduce the system's initial costs in building and running Water & Sewer lines to the user. These impact fees must be used for capital purposes and are restricted as to use by law. Business-type capital assets increased approximately \$24.4 million from the previous year. Current Water & Sewer major projects in progress include the US 287 Frontage Rd. utility relocation project and Holland Road increasing Water & Sewer capital assets by \$23.3 million during the fiscal year. The City's drainage program had minimal improvements this year which were mostly related to the completion of improvements to systems detention basins. The City's drainage capital assets increased by \$1.1 million during the fiscal year.

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

#### **Long-Term Debt**

At the end of the current fiscal year, the primary government had total principal outstanding of \$452,930,000. The governmental activities had \$392,805,000 in total principal outstanding, and business-type activities had \$60,125,000 in total principal outstanding.

The City's Component Unit, Mansfield Economic Development Corporation, MEDC, has \$93,925,000 in outstanding debt backed by a voter passed sales tax.

At the end of the current fiscal year the City's total principal outstanding amounted to \$546,855,000. Of this amount, \$359,690,000 comprises debt backed by the U.S. government's full faith and credit. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**CITY OF MANSFIELD, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The following is a summary of the City and MEDC's outstanding debt for the fiscal year ended:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Component Unit MEDC</b>	<b>Total</b>
<b>Security Instrument:</b>				
Tax obligation bonds	\$ 359,690,000	\$ -	\$ -	\$ 359,690,000
Sales tax revenue bonds	23,950,000	-	93,925,000	117,875,000
Revenue bonds	-	60,125,000	-	60,125,000
Special assessment revenue bonds	9,165,000	-	-	9,165,000
<b>Total</b>	<b>\$ 392,805,000</b>	<b>\$ 60,125,000</b>	<b>\$ 93,925,000</b>	<b>\$ 546,855,000</b>

The City's total debt, including MEDC, increased by \$207,755,000 or 61.3% during the current fiscal year. Key factors for the increase was the issuance of five new bond series offset by refunding, cash defeasance and principal payments on existing outstanding debt. During the fiscal year, the City issued \$240,835,000 in new bonds, defeased and refunded \$16,300,000 in existing debt, and made \$16,780,000 in regularly scheduled principal payments.

The City maintains bond ratings from three rating agencies:

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

For additional information on the City's debt obligations, see note II. F, 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 fiscal year 2025 Property Tax Rate was \$0.645 per \$100 valuation with a tax margin of \$1.855 per \$100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to \$178,230,931, per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of \$11,840,063,744.

**Economic Factors and Next Year's Budgets and Rates**

The following variables were considered in preparing the City's budget for the 2026 fiscal year.

- Throughout the year, City management monitors development activity to ensure responsible stewardship of City resources. The City of Mansfield's economic climate remains strong, supported by improving state and national economic conditions. Strategic investments in infrastructure, rigorous development standards, and proactive economic development initiatives have fostered continued commercial and retail expansion. Residential development also remains active across the City, contributing to overall group.
- The City's annual growth in property valuation has increased 11.7% annually on average for the past ten years and includes a 16% homestead exemption that was put into effect in fiscal year 2025. For fiscal year 2026, the City's valuations are expected to increase 8.2%. Property valuations are expected to remain strong in fiscal 2026 and into 2027 due to residential growth. The City decreased its 2026 tax rate to \$0.639 per \$100 assessed valuation due to the City's emphasis on the importance of easing the tax burden for Mansfield residents while maintain essential

## **CITY OF MANSFIELD, TEXAS**

### ***MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)***

public services. The City is a good place to live as crime is low, school ratings are fairly high, land is affordable, and the City's proximity to Dallas and Fort Worth. The City is developing a discernible and identifiable character of being a place to enjoy a good quality life. These intangible characteristics developed recently - over the last decade. The City is also seeing the continued demand for commercial development because of the significant discretionary spending ability of its residents and the relatively stable economy within the City.

- Sales tax revenue is expected to increase with the new residential development and will grow annually. As with property valuations, the City has adjusted its projections of anticipated sales tax receipts in 2026 and 2027. The expected budgeted sales tax receipts in 2026 are anticipated to exceed budget collections of 2025 by 9.55%. Management is monitoring the collections of sales tax revenue and may modify projections depending upon the overall economy.
- Retail developments continue into 2026 and 2027. The City anticipates continued growth in retail spending activity, including a super studio and a multi-use sports venue, along with several other economic development projects will continue to attract retail and commercial development in the short and long term. Through the Mansfield Economic Development program, the City is constantly searching for new retail, commercial and industrial developments to grow its retail base. 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.

The City's fiscal year 2026 General Fund operating revenue budget increased approximately 8.6% over budgeted revenues in fiscal year 2025. Most of this revenue growth is anticipated from new development in the City that generates additional property tax and sales tax revenue. Any additional appropriations made during fiscal year 2026 will be offset through the management of the operating expenditures of the General Fund during the course of the fiscal year.

#### **Contacting The City's Financial Management**

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, or by phone at 817-276-4265.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	MEDC
<b>Assets</b>				
<b>Current Assets:</b>				
Cash, cash equivalents and investments	\$ 261,488,325	\$ 27,455,644	\$ 288,943,969	\$ 68,961,096
Receivables (net of allowance for uncollectable)	11,327,108	6,781,022	18,108,130	843,357
Lease receivable	203,930	-	203,930	-
Public-private partnerships receivable	16,978,396	-	16,978,396	-
Inventory	-	1,609,085	1,609,085	-
Prepays	11,126	-	11,126	-
Restricted assets:				
Cash, cash equivalents and investments	616,272	57,857,282	58,473,554	122,351
Assets acquired for sale	14,360,598	-	14,360,598	-
<b>Total Current Assets</b>	<b>304,985,755</b>	<b>93,703,033</b>	<b>398,688,788</b>	<b>69,926,804</b>
<b>Noncurrent Assets:</b>				
Capital assets (net of accumulated depreciation/amortization):				
Land	125,939,660	14,410,346	140,350,006	10,382,369
Construction in progress	150,194,576	38,163,382	188,357,958	40,074,038
Buildings and systems	95,635,515	163,690,873	259,326,388	554,969
Improvements other than buildings	22,980,103	1,135,064	24,115,167	15,362,642
Machinery and equipment	18,584,275	3,484,794	22,069,069	-
Infrastructure	270,837,039	87,992,861	358,829,900	-
Lease assets - equipment	10,212	9,156	19,368	-
Subscription assets	1,964,273	459,682	2,423,955	10,101
<b>Total Noncurrent Assets</b>	<b>686,145,653</b>	<b>309,346,158</b>	<b>995,491,811</b>	<b>66,384,119</b>
<b>Total Assets</b>	<b>991,131,408</b>	<b>403,049,191</b>	<b>1,394,180,599</b>	<b>136,310,923</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on refunding	210,261	1,462,335	1,672,596	-
Deferred outflows - pension	13,762,595	1,637,986	15,400,581	176,537
Deferred outflows - OPEB	3,849,450	458,151	4,307,601	49,378
<b>Total Deferred Outflows of Resources</b>	<b>17,822,306</b>	<b>3,558,472</b>	<b>21,380,778</b>	<b>225,915</b>

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF NET POSITION**  
**September 30, 2025**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	MEDC
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 21,974,659	\$ 6,319,590	\$ 28,294,249	\$ 7,808,295
Accrued wages and benefits	2,930,347	267,082	3,197,429	23,862
Accrued liabilities	1,200,849	1,864,855	3,065,704	-
Accrued interest payable	2,490,331	500,400	2,990,731	692,550
Unearned revenue	1,024,150	12,917	1,037,067	-
Liabilities payable from restricted assets	3,381,431	1,423,331	4,804,762	1,669,486
<b>Total Current Liabilities</b>	<b>33,001,767</b>	<b>10,388,175</b>	<b>43,389,942</b>	<b>10,194,193</b>
<b>Noncurrent Liabilities:</b>				
Due within one year				
Compensated absences	5,538,441	536,439	6,074,880	24,472
Lease/SBITA liabilities	839,449	129,946	969,395	9,653
Bonds payable	14,025,000	4,590,000	18,615,000	1,110,000
Due in more than one year				
Compensated absences	7,885,925	749,685	8,635,610	114,717
Lease/SBITA liabilities	530,857	217,912	748,769	-
Bonds payable and premium/discount	410,430,414	62,939,872	473,370,286	95,055,266
Net pension liability	29,683,587	3,532,859	33,216,446	380,760
Net OPEB liability	15,580,243	1,854,318	17,434,561	199,852
Total OPEB liability - SDBF	1,161,874	138,283	1,300,157	14,904
<b>Total Noncurrent Liabilities</b>	<b>485,675,790</b>	<b>74,689,314</b>	<b>560,365,104</b>	<b>96,909,624</b>
<b>Total Liabilities</b>	<b>518,677,557</b>	<b>85,077,489</b>	<b>603,755,046</b>	<b>107,103,817</b>
<b>Deferred Inflows of Resources</b>				
Deferred gain on refunding	1,818,265	-	1,818,265	-
Deferred inflows from leases	185,060	3,512	188,572	-
Deferred Inflows from PPP	16,870,835	-	16,870,835	-
Deferred inflows - pension	2,709,515	322,479	3,031,994	34,756
Deferred inflows - OPEB	1,738,466	206,907	1,945,373	22,300
<b>Total Deferred Inflows of Resources</b>	<b>23,322,141</b>	<b>532,898</b>	<b>23,855,039</b>	<b>57,056</b>
<b>Net Position</b>				
Net investment in capital assets	431,563,296	288,374,479	719,937,775	16,074,572
Restricted	33,821,149	4,934,547	38,755,696	13,301,393
Unrestricted	1,569,571	27,688,250	29,257,821	-
<b>Total Net Position</b>	<b>\$ 466,954,016</b>	<b>\$ 320,997,276</b>	<b>\$ 787,951,292</b>	<b>\$ 29,375,965</b>

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2025**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General government	\$ 53,405,519	\$ 17,680,760	\$ 6,023,917	\$ -
Public safety	57,399,876	5,351,584	934,564	-
Public works	23,159,891	5,083,649	316,131	-
Culture and recreation	15,414,203	3,740,439	35,644	911,397
Interest on long-term debt	17,854,997	-	-	-
<b>Total Governmental Activities</b>	<b>167,234,486</b>	<b>31,856,432</b>	<b>7,310,256</b>	<b>911,397</b>
<b>Business-Type Activities:</b>				
Water	30,496,938	34,532,575	-	959,720
Sewer	12,421,017	18,954,283	-	-
Drainage	1,935,954	3,100,550	-	-
<b>Total Business-Type Activities</b>	<b>44,853,909</b>	<b>56,587,408</b>	<b>-</b>	<b>959,720</b>
<b>Total Primary Government</b>	<b>\$ 212,088,395</b>	<b>\$ 88,443,840</b>	<b>\$ 7,310,256</b>	<b>\$ 1,871,117</b>
<b>Component Units:</b>				
MEDC	\$ 15,323,194	\$ -	\$ -	\$ -
<b>Total Component Units</b>	<b>\$ 15,323,194</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2025**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General government	\$ (29,700,842)	\$ -	\$ (29,700,842)	\$ -
Public safety	(51,113,728)	-	(51,113,728)	-
Public works	(17,760,111)	-	(17,760,111)	-
Culture and recreation	(10,726,723)	-	(10,726,723)	-
Interest on long-term debt	(17,854,997)	-	(17,854,997)	-
<b>Total Governmental Activities</b>	<b>(127,156,401)</b>	<b>-</b>	<b>(127,156,401)</b>	<b>-</b>
<b>Business-Type Activities:</b>				
Water	-	4,995,357	4,995,357	-
Sewer	-	6,533,266	6,533,266	-
Drainage	-	1,164,596	1,164,596	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>12,693,219</b>	<b>12,693,219</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ (127,156,401)</b>	<b>\$ 12,693,219</b>	<b>\$ (114,463,182)</b>	<b>\$ -</b>
<b>Component Units:</b>				
MEDC	\$ -	\$ -	\$ -	\$ (15,323,194)
<b>Total Component Units</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (15,323,194)</b>
<b>General Revenues:</b>				
Taxes:				
Property taxes	\$ 85,810,225	\$ -	\$ 85,810,225	\$ -
Sales taxes	29,769,057	-	29,769,057	9,976,595
Franchise taxes	4,545,041	-	4,545,041	-
Mixed drink taxes	366,293	-	366,293	-
Hotel/Motel taxes	1,147,738	-	1,147,738	-
Unrestricted investment earnings	11,620,586	4,229,954	15,850,540	2,800,483
Miscellaneous	866,203	206,653	1,072,856	41,482
Transfers	4,606,880	(4,606,880)	-	-
<b>Total General Revenues</b>	<b>138,732,023</b>	<b>(170,273)</b>	<b>138,561,750</b>	<b>12,818,560</b>
Change in net position	11,575,622	12,522,946	24,098,568	(2,504,634)
<b>Net Position - Beginning, as Previously Reported</b>	<b>454,090,651</b>	<b>308,474,330</b>	<b>762,564,981</b>	<b>31,880,599</b>
Restatement	1,287,743	-	1,287,743	-
<b>Net Position - Beginning, as Restated</b>	<b>455,378,394</b>	<b>308,474,330</b>	<b>763,852,724</b>	<b>31,880,599</b>
<b>Net Position - End</b>	<b>\$ 466,954,016</b>	<b>\$ 320,997,276</b>	<b>\$ 787,951,292</b>	<b>\$ 29,375,965</b>

**CITY OF MANSFIELD, TEXAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Street Construction</u>	<u>Building Construction</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 989,166	\$ 6,091,952	\$ 22,909,110	\$ 4,409,250
Investments	8,859,464	578,363	48,226,409	110,943,122
Receivables, net of allowance:				
Property taxes	233,676	123,638	-	-
Sales taxes	2,475,050	-	-	-
Other taxes	-	-	-	-
Ambulance fees	1,684,356	-	-	-
Fines, fees and court costs	135,532	-	-	-
Developer agreements	3,964,238	-	-	-
Lease receivable	-	-	-	-
PPP receivable	-	-	-	-
Other receivables	687,985	-	-	-
Due from other funds	18,606,081	-	-	-
Prepaid items	11,126	-	-	-
Assets limited to use:				
Cash and cash equivalents	114,003	-	-	-
Assets acquired for sale	14,360,598	-	-	-
<b>Total Assets</b>	<u>52,121,275</u>	<u>6,793,953</u>	<u>71,135,519</u>	<u>115,352,372</u>
<b>Liabilities</b>				
Accounts payable	3,900,963	575	5,163,343	9,767,070
Accrued wages and benefits	2,818,993	-	7,110	-
Deposits and other liabilities	160,460	-	-	-
Due to other funds	-	-	-	1,773,788
Retainage payable	-	-	929,766	1,874,070
Unearned revenue	558,715	-	-	-
<b>Total Liabilities</b>	<u>7,439,131</u>	<u>575</u>	<u>6,100,219</u>	<u>13,414,928</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	233,676	123,638	-	-
Unavailable revenue - mixed drink taxes	30,192	-	-	-
Unavailable revenue - ambulance fees	1,701,235	-	-	-
Unavailable revenue - courts	135,532	-	-	-
Unavailable revenue - grants	280,816	-	-	-
Unavailable revenue - proceeds from sale of capital assets	3,964,238	-	-	-
Deferred Inflows - leases	-	-	-	-
Deferred Inflows - PPP	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>6,345,689</u>	<u>123,638</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Nonspendable	14,371,724	-	-	-
Restricted	-	6,669,740	65,035,300	101,937,444
Committed	-	-	-	-
Unassigned	23,964,731	-	-	-
<b>Total Fund Balance</b>	<u>38,336,455</u>	<u>6,669,740</u>	<u>65,035,300</u>	<u>101,937,444</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 52,121,275</u>	<u>\$ 6,793,953</u>	<u>\$ 71,135,519</u>	<u>\$ 115,352,372</u>

**CITY OF MANSFIELD, TEXAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2025**

	Mansfield Parks Facility Development Corporation	TIRZ #2	Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 16,138,742	\$ -	\$ 11,232,734	\$ 61,770,954
Investments	8,754,306	-	21,923,035	199,284,699
Receivables, net of allowance:				
Property taxes	-	-	121,236	478,550
Sales taxes	-	-	-	2,475,050
Other taxes	-	-	130,349	130,349
Ambulance fees	-	-	-	1,684,356
Fines, fees and court costs	-	-	-	135,532
Developer agreements	-	429,583	-	4,393,821
Lease receivable	203,930	-	-	203,930
PPP receivable	16,978,396	-	-	16,978,396
Other receivables	1,090,740	-	250,725	2,029,450
Due from other funds	-	-	-	18,606,081
Prepaid items	-	-	-	11,126
Assets limited to use:				
Cash and cash equivalents	502,269	-	-	616,272
Assets acquired for sale	-	-	-	14,360,598
<b>Total Assets</b>	<b>43,668,383</b>	<b>429,583</b>	<b>33,658,079</b>	<b>323,159,164</b>
<b>Liabilities</b>				
Accounts payable	463,199	-	2,692,243	21,987,393
Accrued wages and benefits	98,826	-	5,418	2,930,347
Deposits and other liabilities	1,019,389	-	-	1,179,849
Due to other funds	4,005,645	8,185,622	4,641,026	18,606,081
Retainage payable	-	-	577,595	3,381,431
Unearned revenue	187,666	-	277,769	1,024,150
<b>Total Liabilities</b>	<b>5,774,725</b>	<b>8,185,622</b>	<b>8,194,051</b>	<b>49,109,251</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	5,639	362,953
Unavailable revenue - mixed drink taxes	-	-	-	30,192
Unavailable revenue - ambulance fees	-	-	-	1,701,235
Unavailable revenue - courts	-	-	-	135,532
Unavailable revenue - grants	-	-	111,974	392,790
Unavailable revenue - proceeds from sale of capital assets	-	-	-	3,964,238
Deferred Inflows - leases	185,060	-	-	185,060
Deferred Inflows - PPP	16,870,835	-	-	16,870,835
<b>Total Deferred Inflows of Resources</b>	<b>17,055,895</b>	<b>-</b>	<b>117,613</b>	<b>23,642,835</b>
<b>Fund Balance</b>				
Nonspendable	-	-	-	14,371,724
Restricted	20,837,763	-	29,635,715	224,115,962
Committed	-	-	343,528	343,528
Unassigned	-	(7,756,039)	(4,632,828)	11,575,864
<b>Total Fund Balance</b>	<b>20,837,763</b>	<b>(7,756,039)</b>	<b>25,346,415</b>	<b>250,407,078</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 43,668,383</b>	<b>\$ 429,583</b>	<b>\$ 33,658,079</b>	<b>\$ 323,159,164</b>

**CITY OF MANSFIELD, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2025**

**Total Fund Balances - Governmental Funds** \$ 250,407,078

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 686,145,653

Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds, leases, and SBITAs	(394,175,306)
Unamortized premiums/discounts on bonds	(31,650,414)
Deferred gain on refunding	(1,818,265)
Deferred charges on refunding	210,261
Accrued compensated absences	(13,424,366)

Payables for bond interest which are not due in the current period are not reported in the funds but are included in the statement of net position. (2,490,331)

Recognition of the City's proportionate share of the net pension asset is not reported in the funds. (29,683,587)

Recognition of the City's proportionate share of the total OPEB liability is not reported in the funds. (16,742,117)

Other adjustments are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. Revenues that are unavailable to pay for current period expenditures and are deferred inflows in the governmental funds are recognized in the government wide statements.

Property taxes and mixed beverage tax	393,145
Municipal court - fines and fees	135,532
Grants	392,790
Assets held for sale	3,964,238
Ambulance services	1,701,235

Deferred inflows of resources related to the pension and OPEB plans are not reported in the funds. (4,447,981)

Deferred outflows of resources related to the pension and OPEB plans are not reported in the funds. 17,612,045

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

424,406

**Total Net Position - Governmental Activities** \$ 466,954,016

**CITY OF MANSFIELD, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Street Construction</u>	<u>Building Construction</u>
<b>Revenues</b>				
Taxes:				
Property	\$ 51,523,178	\$ 26,424,152	\$ -	\$ -
Sales	21,721,674	-	-	-
Franchise	4,545,041	-	-	-
Mixed drink	365,262	-	-	-
Hotel/motel	-	-	-	-
Licenses and permits	3,810,959	-	-	-
Charges for services	9,674,961	-	-	-
Fines and forfeitures	1,425,473	-	-	-
Investment earnings	928,329	327,830	2,877,915	5,035,635
Contributions and grants	1,038,333	-	-	-
Impact and developer fees	-	-	4,818,506	-
Miscellaneous	2,698,373	38,164	4,076,668	3,930
<b>Total Revenues</b>	<u>97,731,583</u>	<u>26,790,146</u>	<u>11,773,089</u>	<u>5,039,565</u>
<b>Expenditures</b>				
Current:				
General government	29,483,349	-	-	1,678,564
Public safety	52,212,479	-	-	250,179
Public works	7,816,888	-	71,581	-
Culture and recreation	5,672,086	-	-	14,606
Debt service:				
Principal retirement	858,091	15,775,000	-	-
Interest and fiscal charges	1,337,676	15,682,856	-	-
Bond issuance costs	33,231	181,881	281,732	843,247
Capital outlay	2,908,372	-	27,316,782	46,760,042
<b>Total Expenditures</b>	<u>100,322,172</u>	<u>31,639,737</u>	<u>27,670,095</u>	<u>49,546,638</u>
Excess (deficiency) of revenues over expenditures	(2,590,589)	(4,849,591)	(15,897,006)	(44,507,073)
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	3,633,211	14,246,046	30,802,630	91,622,418
Issuance of SBITAs	41,379	-	-	-
Premium/(Discount) on issuance of bonds	410,365	1,357,905	3,479,102	10,291,068
Payment to refunded bond escrow agent	-	(11,527,773)	-	-
Sale of general capital assets	847,467	-	-	-
Transfers in	-	-	-	117,826
Transfers out	(1,453,690)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>3,478,732</u>	<u>4,076,178</u>	<u>34,281,732</u>	<u>102,031,312</u>
Net change in fund balances	888,143	(773,413)	18,384,726	57,524,239
<b>Fund Balances - Beginning of Year (As Previously Reported)</b>	37,448,312	7,443,153	46,650,574	44,413,205
Change in major fund	-	-	-	-
<b>Fund Balances - Beginning of Year (As Restated)</b>	<u>37,448,312</u>	<u>7,443,153</u>	<u>46,650,574</u>	<u>44,413,205</u>
<b>Fund balances - End of Year</b>	<u>\$ 38,336,455</u>	<u>\$ 6,669,740</u>	<u>\$ 65,035,300</u>	<u>\$ 101,937,444</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2025

	Mansfield Parks Facility Development Corporation	TIRZ #2	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes:				
Property	\$ -	\$ 1,312,342	\$ 7,481,609	\$ 86,741,281
Sales	8,040,920	-	2,803,405	32,565,999
Franchise	-	-	-	4,545,041
Mixed drink	-	-	-	365,262
Hotel/motel	-	-	1,147,738	1,147,738
Licenses and permits	-	-	-	3,810,959
Charges for services	2,021,856	-	135,605	11,832,422
Fines and forfeitures	-	-	39,931	1,465,404
Investment earnings	1,444,667	-	1,006,210	11,620,586
Contributions and grants	67,371	-	6,254,453	7,360,157
Impact and developer fees	1,622,400	-	-	6,440,906
Miscellaneous	104,834	21,000	183,603	7,126,572
<b>Total Revenues</b>	<b>13,302,048</b>	<b>1,333,342</b>	<b>19,052,554</b>	<b>175,022,327</b>
<b>Expenditures</b>				
Current:				
General government	-	1,895,842	12,773,485	45,831,240
Public safety	-	-	336,213	52,798,871
Public works	-	-	-	7,888,469
Culture and recreation	6,686,266	-	6,983	12,379,941
Debt service:				
Principal retirement	6,527	-	1,735,000	18,374,618
Interest and fiscal charges	70,776	-	1,833,845	18,925,153
Bond issuance costs	-	-	819,268	2,159,359
Capital outlay	848,101	1,732,933	19,611,131	99,177,361
<b>Total Expenditures</b>	<b>7,611,670</b>	<b>3,628,775</b>	<b>37,115,925</b>	<b>257,535,012</b>
Excess (deficiency) of revenues over expenditures	5,690,378	(2,295,433)	(18,063,371)	(82,512,685)
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	21,435,695	161,740,000
Issuance of SBITAs	-	-	-	41,379
Premium/(Discount) on issuance of bonds	-	-	1,333,405	16,871,845
Payment to refunded bond escrow agent	-	-	-	(11,527,773)
Sale of general capital assets	24,603	-	117,079	989,149
Transfers in	721,823	-	5,957,297	6,796,946
Transfers out	-	-	(736,376)	(2,190,066)
<b>Total Other Financing Sources (Uses)</b>	<b>746,426</b>	<b>-</b>	<b>28,107,100</b>	<b>172,721,480</b>
Net change in fund balances	6,436,804	(2,295,433)	10,043,729	90,208,795
<b>Fund Balances - Beginning of Year (As Previously Reported)</b>	<b>14,400,959</b>	<b>-</b>	<b>9,842,080</b>	<b>160,198,283</b>
Change in major fund	-	(5,460,606)	5,460,606	-
<b>Fund Balances - Beginning of Year (As Restated)</b>	<b>14,400,959</b>	<b>(5,460,606)</b>	<b>15,302,686</b>	<b>160,198,283</b>
<b>Fund balances - End of Year</b>	<b>\$ 20,837,763</b>	<b>\$ (7,756,039)</b>	<b>\$ 25,346,415</b>	<b>\$ 250,407,078</b>

**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, 2025*

**Net Change in Fund Balances - Total Governmental Funds** \$ 90,208,795

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

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/amortization expense.

Capital outlay	99,177,361
Capital contributions	911,397
Depreciation expense	(25,275,858)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the resulting gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.

(534,607)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.

(2,719,645)

Governmental funds report repayment of debt principal as an expenditure and proceeds of new debt as a financing source. However, in the Statement of Activities, these transactions are only considered changes in long-term debt balances.

Principal on bonds repaid in the current year	17,510,000
Principal on leases/SBITAs in the current year	864,618
Proceeds from the issuance of debt	(161,740,000)
Proceeds from issuance of SBITAs	(41,379)
Premium/Discount on issuance of bonds	(16,871,845)
Payments to escrow for refunded bonds	11,527,773

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	636,876
Accrued interest	(123,179)
Amortization of premium/discount on bonds and deferred gain/loss on refundings	1,203,187
Pension and OPEB expense	(2,294,535)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities (exclusive of capital assets and debt).

(863,337)

**Change in Net Position of Governmental Activities**

\$ 11,575,622

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2025**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water &amp; Sewer</b>			<b>Activities</b>
	<b>Fund</b>	<b>Drainage Fund</b>	<b>Total Enterprise</b>	<b>Group Health Insurance</b>
<b>Assets</b>				
<b>Current Assets:</b>				
Cash, cash equivalents, and investments	\$ 20,394,574	\$ 7,061,070	\$ 27,455,644	\$ 432,672
Accounts receivable, (net of allowance for uncollectable)	6,407,319	373,703	6,781,022	-
Inventories	1,609,085	-	1,609,085	-
Restricted cash and cash equivalents	57,855,834	1,448	57,857,282	-
<b>Total Current Assets</b>	<b>86,266,812</b>	<b>7,436,221</b>	<b>93,703,033</b>	<b>432,672</b>
<b>Noncurrent Assets:</b>				
<b>Capital Assets - Net:</b>				
Land	12,143,021	2,267,325	14,410,346	-
Construction in progress	37,319,900	843,482	38,163,382	-
Buildings, systems, and infrastructure	245,741,210	5,942,524	251,683,734	-
Improvements other than buildings	323,318	811,746	1,135,064	-
Machinery and equipment	3,090,186	394,608	3,484,794	-
Lease assets	9,156	-	9,156	-
Subscription asset	420,423	39,259	459,682	-
<b>Total Capital Assets (Net of Accumulated Depreciation/Amortization)</b>	<b>299,047,214</b>	<b>10,298,944</b>	<b>309,346,158</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>299,047,214</b>	<b>10,298,944</b>	<b>309,346,158</b>	<b>-</b>
<b>Total Assets</b>	<b>385,314,026</b>	<b>17,735,165</b>	<b>403,049,191</b>	<b>432,672</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pension	1,452,622	185,364	1,637,986	-
Deferred outflows - OPEB	407,790	50,361	458,151	-
Deferred loss on refunding	1,462,335	-	1,462,335	-
<b>Total Deferred Outflows of Resources</b>	<b>3,322,747</b>	<b>235,725</b>	<b>3,558,472</b>	<b>-</b>

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**September 30, 2025**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Water &amp; Sewer</b>			<b>Activities</b>
	<b>Fund</b>	<b>Drainage Fund</b>	<b>Total Enterprise</b>	<b>Group Health Insurance</b>
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts payable	\$ 6,085,688	\$ 233,902	\$ 6,319,590	\$ 8,266
Accrued wages and benefits	242,648	24,434	267,082	-
Compensated absences	484,082	52,357	536,439	-
Customer deposits payable	1,864,855	-	1,864,855	-
Retainage payable	1,388,583	34,748	1,423,331	-
Accrued interest payable	496,394	4,006	500,400	-
Bonds payable - current	4,440,000	150,000	4,590,000	-
Lease liability	3,784	-	3,784	-
SBITA liability	117,800	8,362	126,162	-
Unearned revenue	12,917	-	12,917	-
<b>Total Current Liabilities</b>	<b>15,136,751</b>	<b>507,809</b>	<b>15,644,560</b>	<b>8,266</b>
<b>Noncurrent Liabilities:</b>				
Compensated absences	583,959	165,726	749,685	-
Bonds payable	62,786,313	153,559	62,939,872	-
Lease liability	5,840	-	5,840	-
SBITA liability	193,035	19,037	212,072	-
Net pension liability	3,140,909	391,950	3,532,859	-
Net OPEB liability	1,650,343	203,975	1,854,318	-
Total OPEB liability - SDBF	123,072	15,211	138,283	-
<b>Total Noncurrent Liabilities</b>	<b>68,483,471</b>	<b>949,458</b>	<b>69,432,929</b>	<b>-</b>
<b>Total Liabilities</b>	<b>83,620,222</b>	<b>1,457,267</b>	<b>85,077,489</b>	<b>8,266</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pension	286,965	35,514	322,479	-
Deferred inflows - OPEB	184,158	22,749	206,907	-
Deferred inflows - leases	3,512	-	3,512	-
<b>Total Deferred Inflows of Resources</b>	<b>474,635</b>	<b>58,263</b>	<b>532,898</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	278,441,241	9,933,238	288,374,479	-
Restricted:				
Debt service	4,933,099	1,448	4,934,547	-
Unrestricted	21,167,576	6,520,674	27,688,250	424,406
<b>Total Net Position</b>	<b>\$ 304,541,916</b>	<b>\$ 16,455,360</b>	<b>\$ 320,997,276</b>	<b>\$ 424,406</b>

**CITY OF MANSFIELD, TEXAS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

*For the Year Ended September 30, 2025*

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
				<b>Activities</b>
	<b>Water &amp; Sewer</b>			<b>Group Health</b>
	<b>Fund</b>	<b>Drainage Fund</b>	<b>Total Enterprise</b>	<b>Insurance</b>
<b>Operating Revenues</b>				
Charges for services:				
Water sales	\$ 29,712,115	\$ -	\$ 29,712,115	\$ -
Sewer charges	18,954,283	-	18,954,283	-
Drainage fees	-	3,100,550	3,100,550	-
Impact fees	4,820,460	-	4,820,460	-
Contributions	-	-	-	18,502,443
Miscellaneous revenues	193,507	8,839	202,346	1,068,085
<b>Total Operating Revenues</b>	<b>53,680,365</b>	<b>3,109,389</b>	<b>56,789,754</b>	<b>19,570,528</b>
<b>Operating Expenses</b>				
Costs of sales and services	30,672,087	1,490,797	32,162,884	-
Personnel services	894,282	173,093	1,067,375	-
Other operating expenses	57,031	-	57,031	752
Insurance premiums paid	-	-	-	20,451,010
Depreciation/amortization	7,285,072	241,443	7,526,515	-
<b>Total Operating Expenses</b>	<b>38,908,472</b>	<b>1,905,333</b>	<b>40,813,805</b>	<b>20,451,762</b>
Operating Income	14,771,893	1,204,056	15,975,949	(881,234)
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	4,009,430	220,524	4,229,954	17,897
Proceeds from sale of assets	4,307	-	4,307	-
Interest and fiscal charges	(4,009,483)	(30,621)	(4,040,104)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>4,254</b>	<b>189,903</b>	<b>194,157</b>	<b>17,897</b>
Income (Loss) before transfers and contributions	14,776,147	1,393,959	16,170,106	(863,337)
<b>Transfers and Contributions</b>				
Capital contributions	959,720	-	959,720	-
Transfers in	-	74,618	74,618	-
Transfers out	(4,681,498)	-	(4,681,498)	-
<b>Total Transfers and Contributions - Net</b>	<b>(3,721,778)</b>	<b>74,618</b>	<b>(3,647,160)</b>	<b>-</b>
Change in net position	11,054,369	1,468,577	12,522,946	(863,337)
<b>Net Position - Beginning of Year, as Previously Stated</b>	<b>293,487,547</b>	<b>14,986,783</b>	<b>308,474,330</b>	<b>-</b>
Restatement	-	-	-	1,287,743
<b>Net Position - Beginning of Year, as Restated</b>	<b>293,487,547</b>	<b>14,986,783</b>	<b>308,474,330</b>	<b>1,287,743</b>
<b>Net Position - End of Year</b>	<b>\$ 304,541,916</b>	<b>\$ 16,455,360</b>	<b>\$ 320,997,276</b>	<b>\$ 424,406</b>

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended September 30, 2025**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
				<b>Activities</b>
	<b>Water &amp; Sewer</b>			<b>Group Health</b>
<b>Fund</b>	<b>Drainage Fund</b>	<b>Total</b>	<b>Insurance</b>	
<b>Cash Flows From Operating Activities:</b>				
Cash received from user charges	\$ 55,359,119	\$ 3,216,225	\$ 58,575,344	\$ 19,570,528
Other operating revenue	193,507	8,839	202,346	-
Payments to suppliers	(27,554,991)	(1,223,403)	(28,778,394)	-
Payments to employees	(849,936)	(120,618)	(970,554)	-
Payments for insurance premiums	-	-	-	(20,453,285)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>27,147,699</b>	<b>1,881,043</b>	<b>29,028,742</b>	<b>(882,757)</b>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers from other funds	-	74,618	74,618	-
Transfers to other funds	(4,681,498)	-	(4,681,498)	-
<b>Net Cash Provided By (Used In) Noncapital Financing Activities</b>	<b>(4,681,498)</b>	<b>74,618</b>	<b>(4,606,880)</b>	<b>-</b>
<b>Cash flows From Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(30,599,477)	(1,354,257)	(31,953,734)	-
Capital contribution	959,720	-	959,720	-
Principal paid on debt, leases, & SBITAs	(3,787,301)	(151,574)	(3,938,875)	-
Interest and fees paid on long-term debt	(4,442,787)	(32,467)	(4,475,254)	-
Proceeds from sale of capital assets	4,307	-	4,307	-
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>(37,865,538)</b>	<b>(1,538,298)</b>	<b>(39,403,836)</b>	<b>-</b>
<b>Cash Flows From Investing Activities:</b>				
Interest and dividends received	4,009,430	220,524	4,229,954	17,897
<b>Net Cash Provided By Investing Activities</b>	<b>4,009,430</b>	<b>220,524</b>	<b>4,229,954</b>	<b>17,897</b>
Net change in cash and cash equivalents	(11,389,907)	637,887	(10,752,020)	(864,860)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>89,640,315</b>	<b>6,424,631</b>	<b>96,064,946</b>	<b>1,297,532</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>78,250,408</b>	<b>\$ 7,062,518</b>	<b>\$ 85,312,926</b>	<b>\$ 432,672</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>				
<b>Provided By (Used In) Operating Activities:</b>				
Operating income (loss)	\$ 14,771,893	\$ 1,204,056	\$ 15,975,949	\$ (881,234)
<b>Adjustments to Reconcile Operating Income (Loss) to Net</b>				
<b>Cash Provided By (Used In) Operating Activities:</b>				
Depreciation/amortization expense	7,285,072	241,443	7,526,515	-
(Increase) decrease in accounts receivable	1,751,446	115,675	1,867,121	-
(Increase) decrease in inventories	(419,888)	-	(419,888)	-
(Increase) decrease in deferred outflows of resources	745,710	33,227	778,937	-
Increase (decrease) in accounts payable	2,801,606	237,772	3,039,378	(1,523)
Increase (decrease) in accrued wages payable	73,970	6,087	80,057	-
Increase (decrease) in compensated absences	(124,892)	35,181	(89,711)	-
Increase (decrease) in customer deposits	120,815	-	120,815	-
Increase (decrease) in retainage payable	792,409	29,622	822,031	-
Increase (decrease) in net pension liability	(547,182)	(2,475)	(549,657)	-
Increase (decrease) in net OPEB liability	(438,477)	(67,590)	(506,067)	-
Increase (decrease) in total OPEB liability	(3,664)	1,666	(1,998)	-
Increase (decrease) in deferred inflows of resources	338,881	46,379	385,260	-
<b>Total Adjustments</b>	<b>12,375,806</b>	<b>676,987</b>	<b>13,052,793</b>	<b>(1,523)</b>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>\$ 27,147,699</b>	<b>\$ 1,881,043</b>	<b>\$ 29,028,742</b>	<b>\$ (882,757)</b>

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2025**

	<b>Retiree Health Insurance OPEB Trust</b>
<b>Assets</b>	
Cash, cash equivalents, and investments	\$ 29,500,055
Interest receivable	<u>2,862</u>
<b>Total Assets</b>	<u><u>\$ 29,502,917</u></u>
<b>Net Position</b>	
Restricted for:	
Other post employment benefits	\$ 29,502,917
<b>Total Net Position</b>	<u><u>\$ 29,502,917</u></u>

**CITY OF MANSFIELD, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Year June 30, 2025**

	<b>Retiree Health</b>
	<b><u>Insurance OPEB Trust</u></b>
<b>Additions</b>	
Contributions	\$ 1,000,000
Investment earnings:	
Interest	44,365
Dividends	881,934
Net increase (decrease) in fair value of investments	2,333,277
Net increase (decrease) in interest receivable	<u>(7,151)</u>
<b>Total Additions</b>	<b><u>4,252,425</u></b>
<b>Deductions</b>	
Administrative expenses	<u>2,337,481</u>
<b>Total Deductions</b>	<b><u>2,337,481</u></b>
Net increase in Fiduciary Net Position	1,914,944
<b>Net Position, Beginning of Year</b>	<u>27,587,973</u>
<b>Net Position - Ending</b>	<b><u>\$ 29,502,917</u></b>



## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS**

#### **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**

The City has the following blended component units which do not issue separate financial statements.

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

Mansfield Public Facility Corporation - The MPFC board of directors is comprised of the Mayor and the City Council. The purpose of the MPFC is to assist the City in financing, refinancing, or providing public facilities. The City is ultimately responsible for MPFC fiscal matters and the MPFC provides services exclusively to the City. The MPFC does not issue separate financial statements and is included in the governmental funds.

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

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

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **A. Reporting Entity (continued)**

###### **Blended Component Units (continued)**

Mansfield Tax Increment Financing Reinvestment Zone Number Three (TIRZ #3) – The City and the City’s management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ #3. The TIRZ #3 board of directors is an eight-member board; seven 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 Starlin Ranch area, which includes 121 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 #3 was established in October 2022 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.

Mansfield Tax Increment Financing Reinvestment Zone Number Four (TIRZ #4) – The City and the City’s management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ #4. The TIRZ #4 board of directors is a seven-member board consisting entirely of the City’s Council. This TIRZ #4 was established to develop the area east of SH 360, which includes 359 acres. The TIRZ #4 does not issue separate financial statements, as the TIRZ #4 is included as a non-major fund of the City. The TIRZ #4 was established in December 2022 and is for the primary benefit of the City. The benefits include financing of the City’s infrastructure within the TIRZ #4, 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.

Starlin Ranch Public Improvement District - The City established a public improvement district for the purpose of maintaining public improvements on approximately 121.5 acres in the TIRZ number three area. An annual assessment will fund the public improvement district.

Staybolt Public Improvement District – The City established a public improvement district for the purpose of maintaining public improvements on approximately 134.3 acres. 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.

###### **Fiduciary Fund**

Retiree Health Insurance OPEB Trust - In 2007 the City opened an irrevocable trust with Public Agency Retirement Services (PARS) acting as the plan administrator and US Bank serving as the custodial bank to manage the plan's assets. The purpose of the irrevocable trust is to accumulate resources to pay for future medical costs of the retirees of the City. The Retiree Health Insurance OPEB Trust is a fiduciary component unit of the City and therefore OPEB trust fund financial information is also included in the ACFR for the City.

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **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 governmentwide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's Water & 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, TIRZ #2, and Mansfield Parks Facility Development Corporation fund. The major enterprise fund is the Water & Sewer fund, and the nonmajor enterprise fund is the Drainage fund. The internal service fund accounts for the City's group health insurance. 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 termination of major funds along with other qualitative factors. The non-major governmental funds are combined in a separate column in the fund financial statements. The non-major governmental funds are detailed in the combining section of the statements.

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

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

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **C. Measurement Focus and Basis of Accounting**

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

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

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

A portion of the City's revenues are derived from developer contributions. Developer's contributions are recorded as non-operating revenue in the Water & 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.

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

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **C. Measurement Focus and Basis of Accounting (continued)**

###### **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 is used to account for the financial resources used in the construction of general governmental buildings and facilities.

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

TIRZ #2 is used to account for the financing and cost related to revitalization of historic downtown within Mansfield Tax Increment Financing Zone Number Two.

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

###### **The government reports the following major enterprise fund:**

The Water & Sewer Fund accounts for the operation of the City's Water & Sewer system. Activities of the Fund include administration, operation, and maintenance of the Water & 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 government reports the following nonmajor enterprise fund:**

The Drainage 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 internal service fund:**

The City utilizes an Internal Service Fund to account for the financial activity of its group health insurance program. The fund is used to accumulate and allocate costs associated with providing medical, dental, and related coverage to City employees and eligible dependents. Revenues consist primarily of employer and employee contributions, which are determined based on actuarial estimates of expect claims, administrative costs, and stop-loss insurance premium. Fund expenses include claims paid, administrative fees, and stop-loss premiums. This fund allows for the centralized and equitable allocation of health insurance costs to operating departments based on staffing levels and participation.

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **C. Measurement Focus and Basis of Accounting (continued)**

**Additionally, the government reports the following fiduciary fund type:**

The other postemployment benefit trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for other postemployment benefits. Plan trustee must act in accordance with the specific purpose and terms of the OPEB plan. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended June 30, 2025, the Plan's year-end in accordance with GASB Statement No. 74.

##### **D. Assets, Liabilities, and Net Position**

###### **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 2025, the City invested in investment pools 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. Assets Acquired for Sale:**

Land that has been acquired for the purpose of selling for future development rather than for governmental use has been record as assets acquired for sale.

###### **5. Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), lease assets, and subscription assets 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.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position (continued)**

**5. Capital Assets: (continued)**

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

<u>Asset Category</u>	<u>Useful Life</u>
Buildings and improvements	50 years
Water and Sewer Lines	50 years
Vehicles, Machinery, and Equipment	4-10 years
Infrastructure	25 years
Leases	2-50 years
Subscription Based Information Technology Arrangements	2-7 years

**6. Leases:**

Leases are defined by the general government as the right to use an underlying asset. As lessee, the City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Lease assets are measured based on the net present value of the future lease payments at inception using multiple, publicly available data points from across the municipal bond market and the City's bond ratings to generate a consensus view of municipal bond yields and spreads on a quarterly basis, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The City calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculation but are recognized as outflows of resources in the period in which the obligation was incurred.

As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflows of resources at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of the lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **D. Assets, Liabilities, and Net Position (continued)**

##### **7. Subscription-Based Information Technology Arrangement (SBITA):**

Subscription-Based Information Technology Arrangement (SBITA) are defined by the general government as the right to use an underlying asset. The City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) at the beginning of a subscription unless the subscription is considered a short-term subscription or transfers ownership of the underlying asset. Subscription assets are measured based on the net present value of the future subscription payments at inception using multiple, publicly available data points from across the municipal bond market and the City's bond ratings to generate a consensus view of municipal bond yields and spreads on a quarterly basis, which approximate the incremental borrowing rate. Remeasurement of a subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability.

The City calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the subscription liability. Variable subscription payments based on the usage of the underlying assets are not included in the subscription liability calculation but are recognized as outflows of resources in the period in which the obligation was incurred.

##### **8. Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements:**

PPP is an arrangement in which the City (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (PPP asset), for a period of time in an exchange or exchange-like transaction.

As transferor, the City recognizes a PPP receivable. The PPP receivable is measured using the net present value of future PPP payments to be received for the PPP term and deferred inflows of resources at the beginning of the PPP term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the arrangement. This recognition does not apply to short-term arrangements, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of the PPP receivables occur when there are modifications, including but not limited to changes in the contract price, PPP term, and adding or removing an underlying asset to the PPP agreements. In the case of a partial or full PPP termination, the carrying value of the PPP receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

##### **9. Unearned Revenue:**

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

##### **10. Deferred Outflows of Resources:**

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 assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the appropriate future period. 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 actuarial experience is the difference in the expected and actual pension and OPEB experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **D. Assets, Liabilities, and Net Position (continued)**

##### **10. Deferred Outflows of Resources: (continued)**

Deferred assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred investment losses is the difference in the projected and actual earnings on the pension/OPEB assets. This difference is deferred and amortized over a closed five-year period. Deferred loss on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt or new debt, whichever is shorter.

##### **11. Pensions:**

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

##### **12. Other Postemployment Benefits (OPEB):**

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

##### **13. Supplemental Death Benefits Fund (SDBF):**

For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, City specific information about its total OPEB liability in the TMRS Supplemental Death Benefits Fund (SDBF) and retiree health insurance and additions to/deductions from the City's total OPEB liability have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Information regarding the City's SDBF Total OPEB Liability is obtained through TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company.

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

##### **D. Assets, Liabilities, and Net Position (continued)**

###### **14. Deferred Inflows of Resources:**

Deferred inflows of resources represent an acquisition of net assets that applies to future periods by the City that are applicable to future reporting periods. The City has five items that qualify for this category. Deferred assumption changes are differences arising from a change in actuarial assumptions and are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred actuarial experience is the difference in the expected and actual pension and OPEB experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred gain on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt or new debt, whichever is shorter. Deferred inflows from leases is calculated as the lease receivable plus any payments made at or prior to the commencement of the lease, it continues to be recognized as revenue over the life of the lease. Deferred inflows from PPP is calculated as the PPP receivable plus any payments made at or prior to the commencement of the PPP, it continues to be recognized as revenue over the life of the PPP. 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.

###### **15. Compensated Absences:**

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. 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. The liability for compensated absences includes salary-related benefits.

###### **16. Property Tax:**

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

###### **17. Sales Tax:**

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

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **I. Summary of Significant Accounting Policies (continued)**

#### **D. Assets, Liabilities, and Net Position (continued)**

##### **18. 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Net pension liability is the liability of employer contributions to plan members for benefits provided through a defined benefit plan. Net OPEB/Total OPEB - Supplemental Death Benefits Fund (SDBF) liabilities are the liabilities of postemployment benefits provided to employees separately from a pension plan. Net OPEB liabilities are funded through an irrevocable trust while Total OPEB - SDBF liabilities are not.

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

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

##### **19. 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.

##### **20. Use of Estimates:**

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

##### **21. 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, or designee is authorized to assign amounts for a specific purpose as permitted by Section 9.12 of the City Charter. The City Manager has designated the Deputy City Manager to assign fund balance. 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.

## CITY OF MANSFIELD, TEXAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

#### I. Summary of Significant Accounting Policies (continued)

#### D. Assets, Liabilities, and Net Position (continued)

##### 21. Fund Balance Classification: (continued)

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 deficit fund balance of Starlin PID is included in other governmental funds and will be satisfied with future Starlin PID fund revenues or a subsidy from the General Fund. The deficit fund balance in TIRZ #2 is a major governmental fund and will be satisfied with future property tax. The deficit fund balances of TIRZ #3 and TIRZ #4 are included in other governmental funds and will be satisfied with future property tax. The deficit fund balance of the Grants Fund is included in other governmental funds and will be satisfied once grant revenues are received.

##### 22. 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, lease assets, and subscription assets net of accumulated depreciation/amortization 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."

#### E. Risk Disclosures – Concentrations and Constraints

In accordance with GASB Statement No. 102, *Certain Risk Disclosures*, the City evaluates whether it has vulnerabilities due to concentrations or constraints that could make it susceptible to a substantial impact. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources, such as reliance on a single revenue source or vendor. A *constraint* is a limitation imposed by an external party or by formal action of the government's highest level of decision-making authority, such as statutory spending caps or debt limits. The City assesses whether the concentration or constraint is known prior to issuance of the financial statements, whether it makes the City vulnerable to a substantial impact, and whether an event associated with the concentration or constraint has occurred, begun to occur, or is more likely than not to occur within 12 months of the issuance date. If all three criteria are met, the City discloses in the notes the nature of the concentration or constraint, the event or events that could cause a substantial impact, and the actions taken to mitigate the risk prior to issuance. If mitigating actions eliminate these conditions before issuance, disclosure is not required. The City had no concentrations or constraints meeting the requirements for disclosure.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**I. Summary of Significant Accounting Policies (continued)**

**F. Adoption of New Accounting Standards**

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences, aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2024, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2025, but did not have an impact on the financial statements. See Note 1.D.15 of the financial statements.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025, but did not have an impact on the financial statements. See Note 1.E of the financials statements.

**II. Detailed Notes on All Funds**

**A. Deposits and Investments**

State statutes require that all deposits in financial institutions be fully collateralized by U.S. government obligations or obligations of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. As of September 30, 2025, the carrying amount of the City's on demand deposits (including MEDC) was \$74,561,191 and the bank balance was \$89,493,811. Funds were fully collateralized throughout the entire year. As of September 30, 2025, the primary government had cash and cash equivalents and investments of \$347,417,523 including the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

<b>Primary Government - Governmental and Business-type Activities</b>	<b>Net Asset</b>	
	<b>Value</b>	<b>WAM (Days)</b>
Investment Type – TexSTAR Investment Pool	\$ 9,297,380	49
Investment Type - Money Market Mutual Funds	23,779,749	1
Investment Type - LOGIC Investment Pool	79,320,307	54
Investment Type - Texas CLASS Investment Pool	154,176,916	43
<b>Total Net Asset Value and Weighted Average Maturity</b>	<b>\$ 266,574,352</b>	<b>43</b>

As of September 30, 2025, the Mansfield Economic Development Corporation had cash and cash equivalents of \$69,083,447 including the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

<b>Component Unit – Mansfield Economic Development Corporation</b>	<b>Net Asset</b>	
	<b>Value</b>	<b>WAM (Days)</b>
Investment Type – TexSTAR Investment Pool	\$ 45,865,372	49
<b>Total Net Asset Value and Weighted Average Maturity</b>	<b>\$ 45,865,372</b>	<b>49</b>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

As of June 30, 2025, the Fiduciary fund, Retiree Health Insurance OPEB Trust had cash and cash equivalents of \$29,500,055, including the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

<u>Fiduciary Fund - Retiree Health Insurance OPEB Trust</u>	<b>Net Asset</b>	
	<u>Value</u>	<u>WAM (Days)</u>
Investment Type - Money Market Mutual Funds	\$ 29,500,055	1
<b>Total Net Asset Value and Weighted Average Maturity</b>	<b>\$ 29,500,055</b>	<b>1</b>

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, 2025, 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 fair value less an amount insured by the FDIC. Of the primary government and the component unit’s categorizable bank deposits, none were uninsured and uncollateralized as of September 30, 2025

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 fair 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, 2025, the City’s investments are held in Money Market Mutual Funds; Texas CLASS; LOGIC; and TexSTAR Participant Services. These investments are 18.0%, 52.1%, 26.8% and 3.1%, respectively, of the City’s total investments. These money market mutual funds are invested in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government.

At June 30, 2025, the fiscal year end of the Retiree Health Insurance Trust fiduciary fund, the trust had assets held in cash and cash equivalents (2.7%), mutual funds - equity (49.6%), and mutual funds - fixed income (47.7%).

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **II. Detailed Notes on All Funds (continued)**

##### **A. Deposits and Investments (continued)**

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

JPMorgan Investment Management (JPMIM) and Hilltop Securities, Inc. (HSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMIM serves as an investment advisor to TexSTAR, while HSAM provides administrative participant support and marketing services.

TexSTAR is not registered with the Securities and Exchange Commission (SEC) as an investment company but is an investment pool that has been organized in conformity with Chapters 791, Interlocal Cooperation Act, and 2256, Public Funds Investment Act, of the Texas Government Code.

LOGIC is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and JPMIM, and managed by JPMIM, who provides custody and investment management. LOGIC's investment objectives are to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The portfolio will maintain a dollar weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share.

LOGIC may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; SEC-registered money-market fund rated in the highest rating category by at least one nationally recognized statistical rating organization (NRSRO); and commercial paper as authorized under the Public Funds Investment Act (PFIA). The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

The Cooperative Liquid Assets Securities System - Texas ("CLASS") is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Chapter 2256, Texas Government Code. CLASS is created under an Amended and Restated Trust Agreement, dated as of May 1, 2001 (the "Agreement") among certain Texas governmental entities investing in the pool (the "Participants"), Municipal Investors Services Corporation ("MBIA-MISC") as program administrator, and Wells Fargo as custodian. CLASS is not SEC-registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with MBIA-MISC to provide for the investment and management of the public funds of CLASS.

Separate financial statements for CLASS may be obtained by contacting MBIA Asset Management at 815-A Brazos Street, Suite 345, Austin, Texas 78701- 9996 or by calling (800) 707-6242. CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national or state emergency that affects the pool's liquidity.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

Investments with TexSTAR, LOGIC, and Texas CLASS are carried at net asset value per share (or its equivalent), which are not classified in the fair value hierarchy. Fair value amounts approximate net asset value for the applicable external investment pool balances.

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, investments are recorded at fair value.

In accordance with Statement No. 72, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Mutual funds are categorized as Level 1.

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

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

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

<u>Portfolio Segment</u>	<u>Range of Portfolio Assets</u>
Equity	40 -60%
Fixed income	40 -60%
Cash	0-20%

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, investments are recorded at fair value.

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

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

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

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**B. Receivables**

Receivables for the City’s governmental funds as of September 30, 2025 consisted of the following:

	Governmental Funds					Total
	General	Debt Service	MPFDC	TIRZ #2	Non-major	
<b>Receivables:</b>						
Property taxes	\$ 747,193	\$ 389,523	\$ -	\$ -	\$ 121,236	\$ 1,257,952
Sales taxes	2,475,050	-	-	-	-	2,475,050
Other taxes	-	-	-	-	130,349	130,349
Ambulance fees	4,429,454	-	-	-	-	4,429,454
Fines, fees and court costs	365,870	-	-	-	-	365,870
Developer agreements	3,964,238	-	-	429,583	-	4,393,821
Lease receivable	-	-	203,930	-	-	203,930
PPP receivable	-	-	16,978,396	-	-	16,978,396
Other receivables	1,033,322	-	1,090,740	-	250,725	2,374,787
<b>Gross Receivables</b>	<b>13,015,127</b>	<b>389,523</b>	<b>18,273,066</b>	<b>429,583</b>	<b>502,310</b>	<b>32,609,609</b>
Less: Allowance for Uncollectible	(3,834,290)	(265,885)	-	-	-	(4,100,175)
<b>Net Total Receivables</b>	<b>\$ 9,180,837</b>	<b>\$ 123,638</b>	<b>\$ 18,273,066</b>	<b>\$ 429,583</b>	<b>\$ 502,310</b>	<b>\$ 28,509,434</b>

Receivables for the City’s enterprise funds as of September 30, 2025 consisted of the following:

	Proprietary Funds		
	Water & Sewer	Drainage Utility	Total
<b>Receivables:</b>			
Accounts	\$ 8,590,681	\$ 521,872	\$ 9,112,553
Other	4,243	-	4,243
<b>Gross Receivables</b>	<b>8,594,924</b>	<b>521,872</b>	<b>9,116,796</b>
Less: Allowance for Uncollectible	(2,187,605)	(148,169)	(2,335,774)
<b>Net Total Receivables</b>	<b>\$ 6,407,319</b>	<b>\$ 373,703</b>	<b>\$ 6,781,022</b>

Receivables for MEDC total in the amount of \$843,357 as of September 30, 2025.

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

Governmental activities' capital assets activity for the year ended September 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
<b>Capital Assets, Not Being Depreciated/Amortized:</b>					
Land	\$ 124,425,103	\$ 4,870,480	\$ -	\$ (3,355,923)	\$ 125,939,660
Construction in progress	94,786,905	88,673,575	(43,738)	(33,222,166)	150,194,576
<b>Total Capital Assets, Not Being Depreciated/Amortized</b>	<b>219,212,008</b>	<b>93,544,055</b>	<b>(43,738)</b>	<b>(36,578,089)</b>	<b>276,134,236</b>
<b>Capital Assets, Being Depreciated/Amortized:</b>					
Buildings	119,459,781	28,649	(5,928)	10,008,029	129,490,531
Other improvements	39,565,964	-	-	2,296,069	41,862,033
Machinery and equipment	44,794,663	5,563,278	(6,596,451)	403,539	44,165,029
Infrastructure	547,834,359	911,397	-	23,870,452	572,616,208
Lease assets - equipment	304,852	-	(182,313)	-	122,539
Subscription assets	5,531,940	41,379	(1,132,887)	-	4,440,432
<b>Total Capital Assets, Being Depreciated/Amortized</b>	<b>757,491,559</b>	<b>6,544,703</b>	<b>(7,917,579)</b>	<b>36,578,089</b>	<b>792,696,772</b>
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings	(26,786,725)	(2,362,237)	5,928	(4,711,982)	(33,855,016)
Other improvements	(28,821,472)	(1,518,521)	-	11,458,063	(18,881,930)
Machinery and equipment	(27,086,377)	(3,583,901)	6,470,898	(1,381,374)	(25,580,754)
Infrastructure	(279,665,764)	(16,748,698)	-	(5,364,707)	(301,779,169)
Lease assets - equipment	(193,024)	(40,847)	121,544	-	(112,327)
Subscription assets	(1,925,764)	(1,021,654)	471,259	-	(2,476,159)
<b>Total Accumulated Depreciation/Amortization</b>	<b>(364,479,126)</b>	<b>(25,275,858)</b>	<b>7,069,629</b>	<b>-</b>	<b>(382,685,355)</b>
<b>Total Depreciable/Amortizable - Net</b>	<b>393,012,433</b>	<b>(18,731,155)</b>	<b>(847,950)</b>	<b>36,578,089</b>	<b>410,011,417</b>
<b>Governmental Activities - Net</b>	<b>\$ 612,224,441</b>	<b>\$ 74,812,900</b>	<b>\$ (891,688)</b>	<b>\$ -</b>	<b>\$ 686,145,653</b>

Depreciation/amortization expense was charged to functions/programs of the governmental activities as follows:

<b>Governmental Activities</b>	
General Government	\$ 2,371,315
Public Safety	3,182,945
Public Works	16,849,410
Culture and Recreation	2,872,188
<b>Total Depreciation/Amortization Expense -</b>	
<b>Governmental Activities</b>	<b>\$ 25,275,858</b>

Governmental activities had outstanding commitments at September 30, 2025, under authorized construction contracts of approximately \$90.9 million. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the major funds.

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type Activities:</b>					
<b>Capital Assets, Not Being Depreciated/Amortized:</b>					
Land	\$ 14,298,767	\$ 111,579	\$ -	\$ -	\$ 14,410,346
Construction in progress	19,356,837	29,364,102	-	(10,557,557)	38,163,382
<b>Total Capital Assets, Not Being Depreciated/Amortized</b>	<b>33,655,604</b>	<b>29,475,681</b>	<b>-</b>	<b>(10,557,557)</b>	<b>52,573,728</b>
<b>Capital Assets, Being Depreciated/Amortized:</b>					
Buildings and systems	230,118,932	298,320	-	3,079,268	233,496,520
Improvements other than buildings	467,691	-	(11,534)	(43,775)	412,382
Machinery and equipment	7,068,296	1,411,503	(899,919)	-	7,579,880
Infrastructure	109,370,625	959,720	-	7,522,064	117,852,409
Lease assets - equipment	43,927	-	(25,135)	-	18,792
Subscription assets	785,187	-	-	-	785,187
<b>Total Capital Assets, Being Depreciated/Amortized</b>	<b>347,854,658</b>	<b>2,669,543</b>	<b>(936,588)</b>	<b>10,557,557</b>	<b>360,145,170</b>
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings and systems	(64,425,103)	(4,568,798)	-	-	(68,993,901)
Improvements other than buildings	(80,451)	(20,147)	11,534	-	(89,064)
Machinery and equipment	(4,262,823)	(709,868)	877,605	-	(4,095,086)
Infrastructure	(27,631,847)	(2,227,701)	-	-	(29,859,548)
Lease assets - equipment	(22,633)	-	12,997	-	(9,636)
Subscription assets	(168,466)	(157,039)	-	-	(325,505)
<b>Total Accumulated Depreciation/Amortization</b>	<b>(96,591,323)</b>	<b>(7,683,553)</b>	<b>902,136</b>	<b>-</b>	<b>(103,372,740)</b>
<b>Total Depreciable/Amortizable - Net</b>	<b>251,263,335</b>	<b>(5,014,010)</b>	<b>(34,452)</b>	<b>10,557,557</b>	<b>256,772,430</b>
<b>Business-Type Activities - Net</b>	<b>\$ 284,918,939</b>	<b>\$ 24,461,671</b>	<b>\$ (34,452)</b>	<b>\$ -</b>	<b>\$ 309,346,158</b>

Depreciation/amortization expense was charged to functions/programs of business-type activities as follows:

<b>Business-Type Activities:</b>	
Water and Sewer	\$ 7,429,669
Drainage Utility Fund	253,884
<b>Total Depreciation/Amortization Expense -</b>	
<b>Business-Type Activities</b>	<b>\$ 7,683,553</b>

The Water & Sewer Fund had outstanding commitments at September 30, 2025, under authorized construction contracts of approximately \$22.7 million. 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, 2025.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

**Discretely Presented Component Unit**

Activity for the MEDC for the year ended September 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Mansfield Economic Development Corporation:</b>				
<b>Capital Assets, Not Being Depreciated/Amortized:</b>				
Land	\$ 12,846,835	\$ -	\$ (2,464,466)	\$ 10,382,369
Construction in progress	340,910	39,733,128	-	40,074,038
<b>Total Capital Assets, Not Being Depreciated/Amortized:</b>	<u>13,187,745</u>	<u>39,733,128</u>	<u>(2,464,466)</u>	<u>50,456,407</u>
<b>Capital Assets, Being Depreciated/Amortized:</b>				
Buildings	605,288	-	-	605,288
Other Improvements	16,416,326	-	(167,247)	16,249,079
Lease assets - equipment	6,284	-	(6,284)	-
Subscription assets	30,305	-	-	30,305
<b>Total Capital Assets, Being Depreciated/Amortized:</b>	<u>17,058,203</u>	<u>-</u>	<u>(173,531)</u>	<u>16,884,672</u>
<b>Less Accumulated Depreciation/Amortization for:</b>				
Buildings	(38,210)	(12,109)	-	(50,319)
Other Improvements	(449,071)	(490,056)	52,690	(886,437)
Lease assets	(4,189)	(2,095)	6,284	-
Subscription assets	(10,102)	(10,102)	-	(20,204)
<b>Total Accumulated Depreciation/Amortization</b>	<u>(501,572)</u>	<u>(514,362)</u>	<u>58,974</u>	<u>(956,960)</u>
<b>Total Depreciable/Amortizable - Net</b>	<u>16,556,631</u>	<u>(514,362)</u>	<u>(114,557)</u>	<u>15,927,712</u>
<b>Mansfield Economic Development Corporation - Net</b>	<u>\$ 29,744,376</u>	<u>\$ 39,218,766</u>	<u>\$ (2,579,023)</u>	<u>\$ 66,384,119</u>

The MEDC had outstanding commitments at September 30, 2025, under authorized construction contracts of approximately \$51.2 million. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

**Net Investment in Capital Assets**

As of September 30, 2025, the City’s governmental activities calculated net investment in capital assets as follows:

<b>Governmental Activities - Net Investment in Capital Assets:</b>	
Capital assets, net	\$ 686,145,653
Bonds and leases/SBITAs payable	(394,175,306)
Unamortized premium/discount	(31,650,414)
Deferred amount on refunding	(1,608,004)
Related liabilities	(25,289,872)
Unspent proceeds	198,141,239
<b>Net Investment in Capital Assets</b>	<u>\$ 431,563,296</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**C. Capital Assets (continued)**

As of September 30, 2025, the City’s business-type activities calculated net investment in capital assets as follows:

**Business-Type Activities - Net Investment in Capital Assets:**

	<u>Water &amp; Sewer</u>	<u>Drainage</u>	<u>Business-type Activities</u>
Capital assets, net	\$ 299,047,214	\$ 10,298,944	\$ 309,346,158
Bonds, leases/SBITAs payable, and unamortized premium	(67,546,772)	(330,958)	(67,877,730)
Related liabilities	(7,474,271)	(34,748)	(7,509,019)
Deferred amount on refunding	1,462,335	-	1,462,335
Unspent proceeds	52,952,735	-	52,952,735
<b>Net Investment in Capital Assets</b>	<u>\$ 278,441,241</u>	<u>\$ 9,933,238</u>	<u>\$ 288,374,479</u>

As of September 30, 2025, MEDC calculated net investment in capital assets as follows:

**Component Unit - Net Investment in Capital Assets:**

Capital assets, net	\$ 66,384,119
Bonds, leases/SBITAs payable, and unamortized premium	(96,174,919)
Unspent proceeds	45,865,372
<b>Net investment in Capital Assets</b>	<u>\$ 16,074,572</u>

**D. Due to/Due from**

The composition of the due to/due from balances as of September 30, 2025 is as follows:

<u>Fund</u>	<u>Due from</u>	<u>Due to</u>
General Fund	\$ -	\$ 18,606,081
Building Construction	1,773,788	-
Mansfield Parks Facilities Development Corporation	4,005,645	-
TIRZ #2	8,185,622	-
Nonmajor Governmental Funds	4,641,026	-
<b>Total</b>	<u>\$ 18,606,081</u>	<u>\$ 18,606,081</u>

The General Fund purchased land for a park that will be repaid by Mansfield Parks Facility Development Corporation in future years. Interfund activity from the General Fund, Building Construction, TIRZ #2, and non-major funds is for the purpose of purchase, construction, and improvements of capital items and for start-up costs for new funds that do not have a sufficient revenue stream yet. Balances will be repaid when future revenues are available within the next fiscal year.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**E. Interfund Transfers**

The composition of interfund transfers as of September 30, 2025 is as follows:

<b>Transfers In</b>	<b>Transfers Out</b>			<b>Total</b>
	<b>General Fund</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer</b>	
General Fund	\$ -	\$ -	\$ -	\$ -
Building Construction	117,826	-	-	117,826
MPFDC	721,823	-	-	721,823
Nonmajor	614,041	736,376	4,606,880	5,957,297
Drainage	-	-	74,618	74,618
<b>Total</b>	<b>\$ 1,453,690</b>	<b>\$ 736,376</b>	<b>\$ 4,681,498</b>	<b>\$ 6,871,564</b>

The various capital projects funds in nonmajor governmental funds received transfers from the Water & Sewer Funds for a reimbursements of capital outlay related to constructions projects during the year.

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

**F. Long-Term Debt**

**1. 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 2045, 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 2025, the City issued \$139,615,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2025 in the amount \$139,615,000 plus premiums of \$15,769,265 and less issuance costs of \$1,276,967. Proceeds from the sale of the Certificates will be used for the purpose of (i) designing, developing, constructing, improving, repairing, extending and expanding streets, thoroughfares and bridges, including streetscaping, related storm drainage improvements, signalization and other traffic controls, sidewalks, street lights and the acquisition of any right of way therefor; (ii) designing, constructing, renovating, improving and equipping fire department facilities, including Fire Station No. 1 and a logistics and storage building; (iii) acquiring vehicles and equipment for fire, police, public works, code compliance and facilities management, including an ambulance and a quint fire truck; (iv) designing, constructing, renovating, improving, and equipping land and facilities for park, open space and recreation purposes, including the Mansfield Sports Park and Geyer Commons, and acquiring land therefor; (v) designing, constructing, and equipping a new city hall for housing governmental functions of the City; (vi) professional services incurred in connection with items (i) through (v); (vii) paying capitalized interest on the Certificates; and (viii) paying the costs incurred in connection with the issuance of the Certificates.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**1. Governmental Activities – General Obligation Bonds, Loans, and Certificates of Obligation (continued)**

In 2025, the City issued \$12,960,000 in General Obligation Refunding and Improvement Bonds, Series 2025 for the purpose of refunding the Certificates of Obligation Series 2015, and General Obligation Refunding Series 2015. Proceeds of the Bonds are expected to be used for the purpose of (i) acquiring, designing, constructing, expanding, and equipping the Mansfield Linear Park Trail Network, including Walnut Creek Linear Park and Pond Branch Linear Park, and the acquisition of land therefor, (ii) refunding a portion of the City’s outstanding debt in order to lower the overall debt requirements of the City; and (iii) paying the costs incurred in connection with the issuance of the Bonds.

The debt service for the refunded bonds totaled \$14,975,000 and deposited \$11,527,773 in escrow to refund the bonds. The debt service of the refunded debt was \$20,946,500, while the new refunding debt service will be \$19,866,337. The net present value of the savings is \$1,080,163. The refunding resulted in an economic gain of \$1,102,341 which will be 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 total amount of deferred loss on refunding for the governmental bonds was \$210,261 at September 30, 2025.

The total amount of deferred gain on refunding for the governmental bonds was \$1,818,265 at September 30, 2025.

General obligation debt outstanding at September 30, 2025 comprises the following issues:

<b>Series</b>	<b>Interest Rates</b>	<b>Date Series Matures</b>	<b>Amount of Original Issue</b>	<b>Bonds Outstanding</b>
2016A CO	1.25% to 3.90%	2041	\$ 2,960,000	\$ 2,210,000
2017 CO	3.00% to 5.00%	2037	18,975,000	13,225,000
2018 CO	3.00% to 4.00%	2038	15,960,000	11,565,000
2019 CO	3.00% to 4.00%	2039	13,750,000	10,730,000
2020 CO	2.00% to 4.00%	2040	24,245,000	19,660,000
2020 GO Refunding	2.00% to 4.00%	2031	4,475,000	1,105,000
2021 CO	1.50% to 4.00%	2041	9,100,000	7,625,000
2022 CO	4.00% to 5.00%	2042	9,360,000	8,430,000
2022 GO Refunding	4.13% to 5.00%	2043	13,365,000	12,155,000
2022A CO	4.50% to 5.00%	2043	49,200,000	47,605,000
2023 CO	4.00% to 5.00%	2043	4,925,000	4,710,000
2024 GO Refunding	5.00%	2034	11,290,000	9,610,000
2024 CO	5.00%	2044	58,757,000	58,485,000
2025 GO Refunding	4.00% to 5.00%	2045	12,960,000	12,960,000
2025 CO	4.00% to 5.25%	2045	139,615,000	139,615,000
<b>Total</b>				<u><u>\$ 359,690,000</u></u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**1. Governmental Activities – General Obligation Bonds, Loans, and Certificates of Obligation (continued)**

Debt requirements to maturity of \$526,586,492 for general obligation debt, including interest of \$166,896,492, are as follows:

Fiscal Year	Governmental Activities - General Obligations & Certificates of Obligation		
	Principal	Interest	Total
2026	\$ 12,215,000	\$ 16,242,724	\$ 28,457,724
2027	15,920,000	15,590,634	31,510,634
2028	16,740,000	14,835,770	31,575,770
2029	17,605,000	14,040,748	31,645,748
2030	17,465,000	13,223,134	30,688,134
2031 - 2035	97,025,000	53,169,057	150,194,057
2036 - 2040	99,480,000	30,771,790	130,251,790
2041 - 2045	83,240,000	9,022,635	92,262,635
	<u>\$ 359,690,000</u>	<u>\$ 166,896,492</u>	<u>\$ 526,586,492</u>

**2. Governmental Activities – Special Sales Tax Revenue Bonds**

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

As of September 30, 2025 there was no defeased debt outstanding related to the Sales Tax Revenue Bonds.

Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2025 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2016	2.00% to 4.00%	2035	\$ 6,775,000	\$ 2,475,000
2016	1.05% to 4.83%	2040	14,930,000	10,440,000
2016A	1.50% to 2.90%	2041	8,295,000	6,225,000
2018	3.00% to 4.00%	2043	2,325,000	3,100,000
2018	2.54% to 4.35%	2043	3,785,000	1,710,000
<b>Total</b>				<u>\$ 23,950,000</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**2. Governmental Activities – Special Sales Tax Revenue Bonds (continued)**

Debt service requirements to maturity of \$32,822,688 for Special Sales Tax Revenue Bonds, including interest of \$8,872,688, are as follows:

Fiscal Year	Governmental Activities - Sales Tax Revenue Bonds		
	Principal	Interest	Total
2026	\$ 1,810,000	\$ 1,005,849	\$ 2,815,849
2027	1,550,000	941,449	2,491,449
2028	1,480,000	884,445	2,364,445
2029	1,285,000	827,728	2,112,728
2030	1,330,000	778,813	2,108,813
2031 - 2035	7,555,000	3,025,470	10,580,470
2036 - 2040	7,730,000	1,325,877	9,055,877
2041 - 2045	1,210,000	83,057	1,293,057
	<u>\$ 23,950,000</u>	<u>\$ 8,872,688</u>	<u>\$ 32,822,688</u>

The following is a summary of pledged revenues for the Mansfield Parks Facility Development Corporation for the year ended September 30, 2025:

Revenue Pledged	Total Revenue Pledged	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% Sales and Use Tax	\$ 10,844,325	\$ 2,800,917	26%	\$ 32,822,688	Until 2043

**3. Governmental Activities – Special Assessment Revenue Bonds**

In 2025, the City issued \$9,165,000 in Special Assessment Revenue Bonds, Series 2025. Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the actual costs of the Improvement Area #1 Improvements, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds, (iv) paying for a portion of the costs incidental to the organization and administration of the Staybolt Public Improvement District, and (v) paying costs of issuance of the Bonds.

The Bonds are special, limited obligations of the PID payable from Improvement Area #1 Assessments levied against assessable properties in the Improvement Area #1 of the PID.

Special assessment revenue bonds outstanding as of September 30, 2025 are as follows:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2025	4.38% to 6.25%	2055	\$ 9,165,000	\$ 9,165,000
<b>Total</b>				<u>\$ 9,165,000</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**3. Governmental Activities – Special Assessment Revenue Bonds (continued)**

Debt service requirements to maturity of \$20,291,767 for Special Assessment Revenue Bonds, including interest of \$11,126,767 are as follows:

Fiscal Year	Governmental Activities - Special Assessment Bonds		
	Principal	Interest	Total
2026	\$ -	\$ 535,673	\$ 535,673
2027	134,000	547,848	681,848
2028	140,000	541,985	681,985
2029	146,000	535,860	681,860
2030	152,000	529,473	681,473
2031 - 2035	873,000	2,533,013	3,406,013
2036 - 2040	1,159,000	2,247,680	3,406,680
2041 - 2045	1,558,000	1,854,920	3,412,920
2046 - 2050	2,112,000	1,316,001	3,428,001
2051 - 2055	2,891,000	484,314	3,375,314
	<u>\$ 9,165,000</u>	<u>\$ 11,126,767</u>	<u>\$ 20,291,767</u>

**4. Governmental Activities – Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2025 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 234,190,000	\$ 152,575,000	\$ (27,075,000)	\$ 359,690,000	\$ 12,215,000
Sales tax revenue bonds	25,685,000	-	(1,735,000)	23,950,000	1,810,000
Special assessment bonds	-	9,165,000	-	9,165,000	-
Deferred Amounts:					
Premiums	18,602,767	16,924,394	(3,702,699)	31,824,462	-
Discounts	(334,202)	(52,548)	212,702	(174,048)	-
Total bond payable	278,143,565	178,611,846	(32,299,997)	424,455,414	14,025,000
Compensated absences	14,061,242	5,235,181	(5,872,057)	13,424,366	5,538,441
Lease payable	123,827	-	(92,801)	31,026	31,026
Subscription payable	2,426,799	41,379	(1,128,898)	1,339,280	808,423
Total other payable	16,611,868	5,276,560	(7,093,756)	14,794,672	6,377,890
Net Pension Liability	34,506,593	-	(4,823,006)	29,683,587	-
Net OPEB Liability	16,046,527	-	(466,284)	15,580,243	-
Total OPEB Liability - SDBF	1,186,085	-	(24,211)	1,161,874	-
Total Pension & OPEB Liabilities	51,739,205	-	(5,313,501)	46,425,704	-
<b>Total Governmental Activities</b>	<u>\$ 346,494,638</u>	<u>\$ 183,888,406</u>	<u>\$ (44,707,254)</u>	<u>\$ 485,675,790</u>	<u>\$ 20,402,890</u>

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

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**5. Business-Type Activities – Waterworks and Sewer System Refunding and Revenue Bonds**

The Water & Sewer fund revenue bonds are payable from the gross revenues of the Water & 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 2044, and interest is payable semiannually. The total amount of deferred loss on refunding for the Water & Sewer revenue bonds was \$1,462,335 at September 30, 2025.

Water & Sewer fund debt outstanding at September 30, 2025 comprises of the following issues:

<u>Date Issued</u>	<u>Interest Rates</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Bonds Outstanding</u>
2015	2.00% to 5.00%	2027	\$ 9,540,000	\$ 755,000
2016	2.00% to 5.00%	2035	24,510,000	10,890,000
2021	2.00% to 3.00%	2030	7,425,000	3,420,000
2024	5.00%	2044	44,955,000	44,755,000
<b>Total</b>				<u>\$ 59,820,000</u>

Debt service requirements to maturity of \$87,579,080 for Water & Sewer fund, including interest of \$27,759,080, are as follows:

<u>Fiscal Year</u>	<u>Business-Type Activities - Water &amp; Sewer</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2026	\$ 4,440,000	\$ 2,883,115	\$ 7,323,115
2027	4,640,000	2,677,865	7,317,865
2028	4,455,000	2,463,000	6,918,000
2029	4,655,000	2,253,850	6,908,850
2030	2,875,000	2,035,100	4,910,100
2031 - 2035	12,435,000	8,439,900	20,874,900
2036 - 2040	13,190,000	5,325,000	18,515,000
2041 - 2045	13,130,000	1,681,250	14,811,250
	<u>\$ 59,820,000</u>	<u>\$ 27,759,080</u>	<u>\$ 87,579,080</u>

**6. Business-type Activities – Drainage Revenue Bonds**

The Drainage Fund revenue bonds are payable from the gross revenues of the Drainage 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.

Drainage Fund debt outstanding at September 30, 2025 comprises of the following issues:

<u>Date Issued</u>	<u>Interest Rates</u>	<u>Date Series Matures</u>	<u>Amount of Original Issue</u>	<u>Bonds Outstanding</u>
2007	4.00% to 4.30%	2027	\$ 2,200,000	\$ 305,000
<b>Total</b>				<u>\$ 305,000</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**6. Business-type Activities – Drainage Revenue Bonds (continued)**

Debt service requirements to maturity of \$324,780 for Drainage debt, including interest of \$19,780, are as follows:

Fiscal Year	Business-Type Activities - Drainage		
	Principal	Interest	Total Requirements
2026	\$ 150,000	\$ 13,115	\$ 163,115
2027	155,000	6,665	161,665
<b>Total</b>	<b>\$ 305,000</b>	<b>\$ 19,780</b>	<b>\$ 324,780</b>

**7. Changes in business-type activity long-term liabilities**

A summary of business-type activity for the year ended September 30, 2025, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
<b>Business-type Activities:</b>					
Bonds payable:					
Water/Sewer Revenue Bonds	\$ 62,875,000	\$ -	\$ (3,055,000)	\$ 59,820,000	\$ 4,440,000
Drainage Utility Revenue Bonds	450,000	-	(145,000)	305,000	150,000
Deferred Amounts:					
Premiums	8,107,400	-	(610,269)	7,497,131	-
Discounts	(93,340)	-	1,081	(92,259)	-
Total bond payable	71,339,060	-	(3,809,188)	67,529,872	4,590,000
Compensated absences	1,375,833	775,278	(864,987)	1,286,124	536,439
Lease payable	21,949	-	(12,325)	9,624	3,784
Subscription payable	455,595	-	(117,361)	338,234	126,162
Total other payable	1,853,377	775,278	(994,673)	1,633,982	666,385
Net Pension Liability	4,082,516	-	(549,657)	3,532,859	-
Net OPEB Liability	2,360,385	-	(506,067)	1,854,318	-
Total OPEB Liability - SDBF	140,281	-	(1,998)	138,283	-
Total Pension & OPEB Liabilities	6,583,182	-	(1,057,722)	5,525,460	-
<b>Total Business-type Activities</b>	<b>\$ 79,775,619</b>	<b>\$ 775,278</b>	<b>\$ (5,861,583)</b>	<b>\$ 74,689,314</b>	<b>\$ 5,256,385</b>

For financial reporting purposes, the unamortized premiums and discounts have been netted against total bonds outstanding. The Business-Type Activity long-term debt will be repaid, plus interest, from the operating revenues derived primarily from water sales, sewer service charges, and drainage service charges or operating transfers from the general fund.

**8. Mansfield Economic Development Corporation – Sales Tax Revenue Bonds**

In 2025, MEDC issued \$56,485,000 in Sales Tax Revenue Bonds, Tax-Exempt New Series 2025. Proceeds from the sale of the Tax-Exempt Bonds will be used for the purpose of (i) designing, developing and constructing a professional multi-sport stadium and related infrastructure; (ii) acquiring a Reserve Fund Surety Bond for deposit in the New Series 2025 Tax-Exempt Bonds Reserve Fund; (iii) paying capitalized interest on the Tax-Exempt Bonds; and (iv) paying the costs of issuing the Tax-Exempt Bonds.

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**8. Mansfield Economic Development Corporation – Sales Tax Revenue Bonds (continued)**

In 2025, MEDC issued \$22,610,000 in Sales Tax Revenue Bonds, Taxable New Series 2025. Proceeds from the sale of the Taxable Bonds will be used for the purpose of (i) designing, developing and constructing a professional multi-sport stadium and related infrastructure;(ii) acquiring a Reserve Fund Surety Bond for deposit in the New Series 2025 Taxable Bonds Reserve Fund; (iii) paying capitalized interest on the Taxable Bonds; and (iv) paying the costs of issuing the Taxable Bonds.

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.

MEDC debt outstanding at September 30, 2025 comprises of the following issues:

Series	Interest Rates	Date Series	Amount of	Bonds
		Matures	Original Issue	Outstanding
2012	2.00% to 4.00%	2032	\$ 3,090,000	\$ 1,295,000
2016	2.00% to 4.00%	2036	14,125,000	8,955,000
2018	2.52% to 4.29%	2038	6,200,000	4,580,000
2025	4.00% to 5.00%	2054	56,485,000	56,485,000
2025	4.53% to 5.47%	2054	22,610,000	22,610,000
<b>Total</b>				<b>\$ 93,925,000</b>

Debt service requirements to maturity of \$171,340,625 for MEDC debt, including interest of \$77,515,625, are as follows:

Fiscal Year	MEDC Activities - Revenue Bonds		
	Principal	Interest	Total Requirements
2026	\$ 1,110,000	\$ 4,247,637	\$ 5,357,637
2027	1,540,000	4,205,470	5,745,470
2028	1,795,000	4,143,675	5,938,675
2029	1,870,000	4,069,186	5,939,186
2030	1,950,000	3,990,248	5,940,248
2031 - 2035	11,060,000	18,627,484	29,687,484
2036 - 2040	13,700,000	15,992,509	29,692,509
2041 - 2045	17,475,000	12,212,443	29,687,443
2046 - 2050	22,055,000	7,636,515	29,691,515
2051 - 2055	21,370,000	2,390,458	23,760,458
	<b>\$ 93,925,000</b>	<b>\$ 77,515,625</b>	<b>\$ 171,340,625</b>

The following is a summary of pledged revenues for the Mansfield Economic Development Corporation for the year ended September 30, 2025:

Revenue Pledged	Total Revenue Pledged	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue will not be Available for Other Purposes
.5% Sales and Use Tax	\$ 10,860,615	\$ 1,676,730	15%	\$ 147,680,167	Until 2054

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**F. Long-Term Debt (continued)**

**9. Changes in MEDC Long-Term Liabilities**

A summary of MEDC long-term liabilities activity for the year ended September 30, 2025, is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
<b>MEDC Revenue Bonds</b>	\$ 15,900,000	\$ 79,095,000	\$ (1,070,000)	\$ 93,925,000	\$ 1,110,000
Deferred Amounts:					
Premiums	776,818	1,621,463	(59,645)	2,338,636	-
Discounts	(102,191)	-	3,821	(98,370)	-
Total Bond Payable	16,574,627	80,716,463	(1,125,824)	96,165,266	1,110,000
Compensated absences	82,020	81,641	(24,472)	139,189	24,472
Lease payable	2,157	-	(2,157)	-	-
Subscription payable	18,972	-	(9,319)	9,653	9,653
Total other payable	103,149	81,641	(35,948)	148,842	34,125
Net Pension Liability	429,906	-	(49,146)	380,760	-
Net OPEB Liability	193,444	6,408	-	199,852	-
Total OPEB Liability - SDBF	14,752	152	-	14,904	-
Total Pension & OPEB Liabilities	638,102	6,560	(49,146)	595,516	-
<b>Noncurrent Liabilities</b>	<b>\$ 17,315,878</b>	<b>\$ 80,804,664</b>	<b>\$ (1,210,918)</b>	<b>\$ 96,909,624</b>	<b>\$ 1,144,125</b>

**G. Restricted Assets**

The restricted assets of the Business-type Activities as of September 30, 2025 included the following legal use restrictions.

Enterprise Fund	Revenue Sinking and Reserve Fund	Bond Construction Fund	Total
Water & Sewer	\$ 4,933,099	\$ 52,952,735	\$ 57,885,834
Drainage	1,448	-	1,448
<b>Total</b>	<b>\$ 4,934,547</b>	<b>\$ 52,952,735</b>	<b>\$ 57,887,282</b>

The ordinance authorizing the issuance of Water & 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, 2025, 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 & 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 & Sewer System. The unspent proceeds are maintained as restricted assets until such time as needed to fund the Water & 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.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**H. Leases, Subscription-Based Information Technology Arrangements (SBITA), and Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)**

**1. Leases - City as Lessee**

For fiscal year 2025, the City had three active leases. The leases have payments that range from \$3,974 to \$31,850 and interest rates that range from 0.3160% to 3.2380%. As of September 30, 2025, the total combined value of the lease liability is \$40,650, the total combined value of the short-term lease liability is \$34,810. As of September 30, 2025, the combined value of the right to use lease asset was \$141,331 with accumulated amortization of \$121,963. The leases do not have any variable or other payments not included in the lease liability.

<b>Governmental Activities:</b>				
<b>Right-to-use lease assets</b>	<b>Oct 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Sep 30, 2025</b>
Equipment	\$ 304,852	\$ -	\$ (182,313)	\$ 122,539
Less accumulated amortization for:				
Equipment	(193,024)	(40,847)	121,544	(112,327)
<b>Governmental Leases, Net</b>	<b>\$ 111,828</b>	<b>\$ (40,847)</b>	<b>\$ (60,769)</b>	<b>\$ 10,212</b>

<b>Business-Type Activities:</b>				
<b>Right-to-use lease assets</b>	<b>Oct 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Sep 30, 2025</b>
Equipment	\$ 43,927	\$ -	\$ (25,135)	\$ 18,792
Less accumulated amortization for:				
Equipment	(22,633)	-	12,997	(9,636)
<b>Business-Type Leases, Net</b>	<b>\$ 21,294</b>	<b>\$ -</b>	<b>\$ (12,138)</b>	<b>\$ 9,156</b>

<b>Component Unit Activities:</b>				
<b>Right-to-use lease assets</b>	<b>Oct 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Sep 30, 2025</b>
Equipment	\$ 6,284	\$ -	\$ (6,284)	\$ -
Less accumulated amortization for:				
Equipment	(4,189)	(2,095)	6,284	-
<b>Component Unit Leases, Net</b>	<b>\$ 2,095</b>	<b>\$ (2,095)</b>	<b>\$ -</b>	<b>\$ -</b>

Principal and Interest Requirements to Maturity:

<b>Fiscal Year</b>	<b>Governmental Activities - Leases</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2026	\$ 31,026	\$ 824	\$ 31,850
<b>Total</b>	<b>\$ 31,026</b>	<b>\$ 824</b>	<b>\$ 31,850</b>

<b>Fiscal Year</b>	<b>Business-Type Activities - Leases</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2026	\$ 3,784	\$ 190	\$ 3,974
2027	3,872	102	3,974
2028	1,968	17	1,985
	<b>\$ 9,624</b>	<b>\$ 309</b>	<b>\$ 9,933</b>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**H. Leases, Subscription-Based Information Technology Arrangements (SBITA), and Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) (continued)**

**2. Leases - City as Lessor**

For fiscal year 2025, the City had three active leases. The leases have receipts that range from \$9,000 to \$500,000 and interest rates that range from 0.5290% to 4.3170%. As of September 30, 2025, the combined value of the lease receivable is \$203,930, the total combined short-term receivable is \$40,396, and the combined value of the deferred inflow of resources is \$185,411. The leases do not have any variable or other receipts not included in the lease receivable. The City recognized \$71,405 in lease revenue in charges for services and other services during the fiscal year.

<b>Governmental Activities</b>	<b>October 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2025</b>
<b>Lease Receivable</b>				
Land	\$ 84,317	\$ -	\$ (45,782)	\$ 38,535
Infrastructure	167,178	-	(1,783)	165,395
<b>Total</b>	<b>\$ 251,495</b>	<b>\$ -</b>	<b>\$ (47,565)</b>	<b>\$ 203,930</b>

<b>Business-Type Activities</b>	<b>October 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2025</b>
<b>Lease Receivable</b>				
Infrastructure	\$ 22,098	\$ -	\$ (22,098)	\$ -
<b>Total</b>	<b>\$ 22,098</b>	<b>\$ -</b>	<b>\$ (22,098)</b>	<b>\$ -</b>

<b>Governmental Activities</b>	<b>October 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2025</b>
<b>Deferred Inflow of Resources</b>				
Land	\$ 82,301	\$ -	\$ (44,891)	\$ 37,410
Infrastructure	153,114	-	(5,464)	147,650
<b>Total</b>	<b>\$ 235,415</b>	<b>\$ -</b>	<b>\$ (50,355)</b>	<b>\$ 185,060</b>

<b>Business-Type Activities</b>	<b>October 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2025</b>
<b>Deferred Inflow of Resources</b>				
Infrastructure	\$ 24,582	\$ -	\$ (21,070)	\$ 3,512
<b>Total</b>	<b>\$ 24,582</b>	<b>\$ -</b>	<b>\$ (21,070)</b>	<b>\$ 3,512</b>

Principal and Interest Requirements to Maturity:

<b>Fiscal Year</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 40,396	\$ 7,333	\$ 47,729
2027	1,940	7,060	9,000
2028	2,024	6,976	9,000
2029	2,111	6,889	9,000
2030	2,202	6,798	9,000
2031 - 2035	14,363	32,437	46,800
2036 - 2040	22,831	28,649	51,480
2041 - 2045	33,801	22,827	56,628
2046 - 2050	47,913	14,378	62,291
2051 - 2055	36,349	3,182	39,531
<b>Total</b>	<b>\$ 203,930</b>	<b>\$ 136,529</b>	<b>\$ 340,459</b>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**H. Leases, Subscription-Based Information Technology Arrangements (SBITA), and Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) (continued)**

**3. Public-Private and Public-Public Partnerships and Availability Payment Arrangements:**

The City has made four public-private partnership arrangements to transfer the right to operate or use city owned land for the Hawaiian Falls Waterpark, Fieldhouse, StarCenter, and Mansfield National Golf. The City retains ownership of the underlying PPP assets. The terms and conditions of these agreements varies, some are fixed, periodic payments over the arrangement term, which ranges between 17-30 years. Some PPP agreements have additional variable payments based on a percentage of their gross revenue, the percentage varies from 5% to 15%. For fiscal year 2025, the City collected no variable payments not previously recorded as a receivable and recognized \$797,010 in PPP revenue under the charges for services line. The City collected \$712,522 related to interest payments recorded in the interest earnings line. For additional information, refer to the disclosures below.

<u>Governmental Activities</u>	<u>Discount rates</u>	<u>October 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2025</u>
<b>PPP Receivable</b>					
Land	4.116% - 4.297%	\$ 17,296,174	\$ -	\$ (317,778)	\$ 16,978,396
<b>Total</b>		<u>\$ 17,296,174</u>	<u>\$ -</u>	<u>\$ (317,778)</u>	<u>\$ 16,978,396</u>

<u>Governmental Activities</u>	<u>Discount rates</u>	<u>October 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>September 30, 2025</u>
<b>Deferred Inflows of Resources</b>					
Land	4.116% - 4.297%	\$ 17,667,395	\$ -	\$ (797,010)	\$ 16,870,385
<b>Total</b>		<u>\$ 17,667,395</u>	<u>\$ -</u>	<u>\$ (797,010)</u>	<u>\$ 16,870,385</u>

Principal and Interest requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 480,390	\$ 711,193	\$ 1,191,583
2027	500,798	690,785	1,191,583
2028	522,074	669,509	1,191,583
2029	544,254	647,329	1,191,583
2030	567,377	624,206	1,191,583
2031 - 2035	3,283,800	2,723,950	6,007,750
2036 - 2040	4,278,828	1,954,505	6,233,333
2041 - 2045	4,196,216	974,618	5,170,834
2046 - 2050	2,590,127	209,873	2,800,000
2051	14,532	52	14,584
<b>Total</b>	<u>\$ 16,978,396</u>	<u>\$ 9,206,020</u>	<u>\$ 26,184,416</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**H. Leases, Subscription-Based Information Technology Arrangements (SBITA), and Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) (continued)**

**4. Subscription-Based Information Technology Arrangements (SBITA)**

The City has obtained software through long-term subscription arrangements consisting of financial, HR, cloud workspace, water meter/billing, CAD/Mapping, police assistance, and library software. The terms and conditions for these arrangements varies, some are fixed, periodic payments over the arrangement term, which ranges between 1-5 years. For additional information, refer to the disclosures below.

<b>Governmental Activities</b>				
<b>Right-to-Use Subscription Assets</b>	<b>Oct 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Sep 30, 2025</b>
<b>Software</b>	\$ 5,531,940	\$ 41,379	\$ (1,132,887)	\$ 4,440,432
Less accumulated amortization	(1,925,764)	(1,021,654)	471,259	(2,476,159)
<b>Total</b>	<u>\$ 3,606,176</u>	<u>\$ (980,275)</u>	<u>\$ (661,628)</u>	<u>\$ 1,964,273</u>

<b>Business-Type Activities</b>				
<b>Right-to-Use Subscription Assets</b>	<b>Oct 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Sep 30, 2025</b>
<b>Software</b>	\$ 785,187	\$ -	\$ -	\$ 785,187
Less accumulated amortization	(168,466)	(157,039)	-	(325,505)
<b>Total</b>	<u>\$ 616,721</u>	<u>\$ (157,039)</u>	<u>\$ -</u>	<u>\$ 459,682</u>

<b>MEDC Activities</b>				
<b>Right-to-Use Subscription Assets</b>	<b>Oct 1, 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Sep 30, 2025</b>
<b>Software</b>	\$ 30,305	\$ -	\$ -	\$ 30,305
Less accumulated amortization	(10,102)	(10,102)	-	(20,204)
<b>Total</b>	<u>\$ 20,203</u>	<u>\$ (10,102)</u>	<u>\$ -</u>	<u>\$ 10,101</u>

<b>Fiscal Year</b>	<b>Governmental Activities - SBITAs</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2026	\$ 808,423	\$ 39,078	\$ 847,501
2027	356,076	13,841	369,917
2028	150,036	5,004	155,040
2029	21,195	589	21,784
2030	3,550	85	3,635
<b>Total</b>	<u>\$ 1,339,280</u>	<u>\$ 58,597</u>	<u>\$ 1,397,877</u>

<b>Fiscal Year</b>	<b>Business-type Activities - SBITAs</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2026	\$ 126,162	\$ 10,229	\$ 136,391
2027	135,413	6,577	141,990
2028	76,659	2,645	79,304
<b>Total</b>	<u>\$ 338,234</u>	<u>\$ 19,451</u>	<u>\$ 357,685</u>

<b>Fiscal Year</b>	<b>MEDC Activities - SBITAs</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Payment</b>
2026	\$ 9,653	\$ 347	\$ 10,000
<b>Total</b>	<u>\$ 9,653</u>	<u>\$ 347</u>	<u>\$ 10,000</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**I. Pension Retirement Plan**

**Texas Municipal Retirement System**

**Plan Description and Provisions**

The City, including the Mansfield Economic Development Corporation (MEDC), a discretely presented component unit, 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 the 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 annual comprehensive financial report that can be obtained at [www.tmr.com](http://www.tmr.com). All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the 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 actuarially equivalent 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. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200% of the employee's accumulated contributions. A summary of plan provisions for the City are as follows:

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

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	326
Inactive employees entitled to but not yet receiving benefits	256
Active employees	<u>525</u>
<b>Total</b>	<u><u>1,107</u></u>

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**I. Pension Retirement Plan (continued)**

**Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of 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 7.0% of their annual compensation during the fiscal year. The contribution rates for the City were 17.69% and 18.29% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended of September 30, 2025 were \$9,749,916 and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period:	21 years (longest amortization ladder)
Asset Valuation Method	10 Year Smoothed Market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	<u>Post-retirement:</u> 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). <u>Pre-retirement:</u> PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	Adopted 70% non-retroactive repeating COLA.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**I. Pension Retirement Plan (continued)**

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. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table.

Asset Class	Strategic Target Allocation Index	Long-term Expected Real Rate of Return (Arithmetic)
Global private equity	35.0%	7.1%
Core fixed income	6.0%	5.0%
Non-core fixed income	6.0%	6.8%
Hedge funds	5.0%	6.4%
Private equity	13.0%	8.5%
Private debt	13.0%	8.2%
Real estate	12.0%	6.7%
Infrastructure	6.0%	6.0%
Other private markets	4.0%	7.3%
<b>Total</b>	<b>100.0%</b>	

**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 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**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
<b>Balance at December 31, 2023</b>	\$ 257,028,621	\$ 218,009,606	\$ 39,019,015
Changes for the year:			
Service cost	9,589,648	-	9,589,648
Interest	17,295,603	-	17,295,603
Change in benefit terms	-	-	-
Difference between expected and actual experience	2,581,811	-	2,581,811
Changes of assumptions	-	-	-
Contributions - employer	-	8,849,289	(8,849,289)
Contributions - employee	-	3,501,697	(3,501,697)
Net investment income	-	22,686,560	(22,686,560)
Benefits payments, including refunds of employee contributions	(11,184,577)	(11,184,577)	-
Administrative expense	-	(145,277)	145,277
Other changes	-	(3,398)	3,398
Net changes	18,282,485	23,704,294	(5,421,809)
<b>Balance at December 31, 2024</b>	<b>\$ 275,311,106</b>	<b>\$ 241,713,900</b>	<b>\$ 33,597,206</b>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**I. Pension Retirement Plan (continued)**

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 or 1-percentage-point higher than the current rate.

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's Net Pension Liability/(Asset)	\$ 75,201,600	\$ 33,597,206	\$ (325,749)
<b>Pension Plan Fiduciary Net Position</b>			

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2025, the City recognized expense of \$11,407,309.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in expected and actual experience	\$ 8,029,131	\$ (99,531)
Change in assumptions	649	(317,695)
Difference in projected and actual earnings on pension plan investments	-	(2,649,524)
Contributions subsequent to measurement date	7,547,338	-
	<u>\$ 15,577,118</u>	<u>\$ (3,066,750)</u>

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 in the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year</b>	<b>Net Deferred Outflows/(Inflows) of Resources</b>
2026	\$ 2,679,380
2027	4,906,198
2028	(1,858,070)
2029	(805,134)
2030	40,656
	<u>\$ 4,963,030</u>

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB)**

The City offers two other postemployment benefit (OPEB) plans; the Retiree Health Care Plan and the TMRS-Supplemental Death Benefits Fund as discussed below.

**1. TMRS Supplemental Death Benefits**

**Benefit Plan Description**

The City participates in the single-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (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. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No 75.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (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 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).

Membership in the plan as of the measurement date of December 31, 2024 was as follows:

Inactive employees currently receiving benefits	255
Inactive employees entitled to but not yet receiving benefits	65
Active employees	<u>525</u>
<b>Total</b>	<u><u>845</u></u>

**Contributions**

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. For fiscal year 2025, the City's total contribution rate was 0.23% for the months in 2024 and 0.19% for the months in 2025. The City's retiree portion of the contribution rate was 0.07% for the months in 2024 and 0.07% for the months in 2025. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

**Discount Rate**

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the Bond Buyer "20-Bond GO Index" rate is used as of the measurement date of December 31, 2024.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB) (continued)**

**1. TMRS Supplemental Death Benefits (continued)**

**Actuarial Assumptions**

The City's total OPEB liability was measured at December 31, 2024, and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85% per year, including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	\$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Table with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Bond Buyer "20-Bond GO Index" rate as of December 31, 2024

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

**Changes in the Total OPEB Liability - SDBF**

	<u>Total OPEB Liability</u>
<b>Balance at December 31, 2023</b>	\$ 1,341,118
Service cost	50,024
Interest	50,843
Difference between expected and actual experience	(15,793)
Changes in assumptions or other inputs	(76,114)
Benefits payments, including refunds of employee contributions	<u>(35,017)</u>
Net changes	<u>(26,057)</u>
<b>Balance at December 31, 2024</b>	<u>\$ 1,315,061</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB) (continued)**

**1. TMRS Supplemental Death Benefits (continued)**

**Sensitivity Analysis**

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	<u>1% Decrease in Discount Rate (3.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>1% Increase in Discount Rate (5.08%)</u>
City's Total OPEB Liability	\$ 1,583,366	\$ 1,315,061	\$ 1,107,668

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$64,041. As of September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in expected and actual experience	\$ 31,894	\$ (72,512)
Change in assumptions	214,994	(467,018)
Contributions subsequent to measurement date	49,262	-
	<u>\$ 296,150</u>	<u>\$ (539,530)</u>

The deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending September 30, 2026. Amounts currently reported as deferred outflows and deferred inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows.

<u>Fiscal Year</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ (47,461)
2027	(55,914)
2028	(60,751)
2029	(92,565)
2023	(29,374)
Thereafter	(6,577)
	<u>\$ (292,642)</u>

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB) (continued)**

**2. Retiree Health Care Plan**

**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, Financial Services Department, 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.

**Benefit Plan Description**

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

Membership in the plan as of the measurement date of June 30, 2025 was as follows:

Inactive employees (retired post-65)	81
Inactive employees (retired pre-65)	104
Active employees	<u>498</u>
<b>Total</b>	<u><u>683</u></u>

**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 \$1,000,000 for the fiscal year ended September 30, 2025.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB) (continued)**

**2. Retiree Health Care Plan (continued)**

**Net OPEB Liability**

The City’s net OPEB liability (NOL) was measured as of June 30, 2025 and the total OPEB liability (TOL) used to calculate the NOL was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The Net OPEB Liability in the June 30, 2025 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 with the average contributions increased by 2% in each future year, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	PRI-2012 Total Dataset Mortality Table with Improvement Scale MP-2021
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	The mortality table improvement scale has been changed from MP-2020 to MP-2021.
Salary rate	3% per annum

Retirement Rates – for employees eligible for retirement, assumed rates are as follows:

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

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB) (continued)**

**2. Retiree Health Care Plan (continued)**

Withdrawal (turnover) rates – Graduated rates (see table below for sample rates):

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

There were no changes in assumptions.

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, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
Equities	50.0%	3.6%
Fixed income	45.0%	0.9%
Cash	5.0%	0.0%
Inflation	N/A	2.5%
<b>Total</b>	<b>100.0%</b>	<b>7.0%</b>

The actual rate of return, net of expenses paid from the trust, was 11.16% for the current fiscal year.

**Changes in the Net OPEB Liability**

	<u>Net OPEB Liability</u>
<b>Balance at June 30, 2024</b>	\$ 18,600,356
Service cost	454,655
Interest	3,157,271
Difference between expected and actual experience	2,370,653
Employer contributions	(5,040,774)
Expected return on net position	<u>(1,907,746)</u>
Net changes	(965,941)
<b>Balance at June 30, 2025</b>	<u>\$ 17,634,415</u>

The Plan’s fiduciary net position was 64.3% of the Total OPEB liability as of June 30, 2025.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB) (continued)**

**2. Retiree Health Care Plan (continued)**

**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 7.0%, 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:

	<u>1 % Decrease in Discount Rate (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase in Discount Rate (8.00%)</u>
Net OPEB Liability	\$ 24,077,957	\$ 17,634,415	\$ 12,375,601

The following presents the net OPEB liability of the City, calculated using the trend rates, 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 or 1-percentage-point higher than the current rates:

	<u>1 % Decrease in Trend Rate</u>	<u>Trend Rate</u>	<u>1% Increase in Trend Rate</u>
Net OPEB Liability	\$ 12,371,379	\$ 17,634,415	\$ 24,011,849

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

For the year ended September 30, 2025, the City recognized an OPEB expense of \$4,537,231.

At September 30, 2025 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,133,325	\$ -
Net difference between projected and actual investment earnings	927,505	(1,428,143)
	<u>\$ 4,060,830</u>	<u>\$ (1,428,143)</u>

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**J. Other Post- Employment Benefits (OPEB) (continued)**

**2. Retiree Health Care Plan (continued)**

Contributions of \$1,000,000 reported as deferred outflows of resources related to OPEB result from contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability for the fiscal year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2026	\$ 2,228,061
2027	777,762
2028	(127,800)
2029	(245,336)
	<u>\$ 2,632,687</u>

The City recognized combined OPEB expense for the City's two OPEB plans of \$4,601,272.

**Allocation of OPEB Items**

The City allocates OPEB items between governmental activities, business-type activities, and the discretely presented component on the basis of TMRS contributions. For the governmental activities, the net OPEB liability is liquidated by the general fund and MPFDC. For the business-type activities, the net OPEB liability is liquidated by the Water & Sewer fund and the drainage fund.

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

**L. Deferred Compensation Plans**

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

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

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **II. Detailed Notes on All Funds (continued)**

##### **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.

##### **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 \$1.40014 per 1,000 gallons, with a total cost of \$6,335,959 during fiscal year 2025. 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 2025, the City's cost for sewer treatment under the contract was \$11,233,941.

## **CITY OF MANSFIELD, TEXAS**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

#### **II. Detailed Notes on All Funds (continued)**

#### **N. Contracts with Other Governmental Entities and Other Contracts (continued)**

##### **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. The Corporation has made commitments to be administered over the next 12 years in an amount up to \$76.5 million, subject to certain conditions being met. To date, \$19.9 million has been paid. 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.

##### **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, 2025, the City of Mansfield, Texas abated property and sales taxes totaling \$1,793,457 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 \$450,632.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to \$45,931.

An 80% sales tax abatement to a home builder for materials purchased within the City of Mansfield, Texas. The abatement amounted to \$37,392.

A 50% property tax abatement to a developer for constructing a multi-family facility within the City of Mansfield, Texas. The abatement amounted to \$21,285.

A 50% property tax abatement to a developer for a residential development within the City of Mansfield, Texas. The abatement amounted to \$720,562.

A 35% property tax abatement to a developer for a residential development within the City of Mansfield, Texas. The abatement amounted to \$517,655.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**P. Risk Management**

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

During FY 2025, the City was self-insured for Employee Benefits. Group medical benefits were administered by a third-party insurance provider. The City offers two plans with payroll deductions set aside to cover the monthly claims in addition to a health savings account (HSA). The liabilities for insurance claims reported are based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims. The estimated claims incurred but not reported as of September 30, 2025, totaled \$1,312,000, which are recorded as a short-term liability in the General Fund accounts payable. Changes in the liability for the past three years:

<u>Claim Year</u>	<u>Liability Beginning of Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2023	\$ 1,084,000	\$ 16,844,414	\$ 16,454,414	\$ 1,474,000
2024	1,474,000	16,666,730	16,537,730	1,603,000
2025	1,603,000	19,291,681	19,000,681	1,312,000

**Q. New Accounting Pronouncements to be implemented after fiscal year 2025**

In April 2025, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter.

In September 2025, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter.

GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The primary objective of this Statement is to improve financial reporting requirements for subsequent events by clarifying definitions, the evaluation period, and related disclosure requirements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

The City is in the process of evaluating the impact of these statements on its financial statements.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**II. Detailed Notes on All Funds (continued)**

**R. Restatement of beginning balances**

During fiscal year 2025, the City reevaluated the presentation of its Internal Service Fund (ISF) activity and determined that the ISF should be reported within the proprietary fund financial statements. This represents an error correction under GASB Statement No. 100, *Accounting Changes and Error Corrections*, which requires that such changes be reflected through a restatement to beginning balances of the current period rather than a retroactive restatement of prior periods. The effect of the change within the financial reporting entity is summarized in the table below.

During the City’s evaluation of major fund criteria for the fiscal year ending September 30, 2025, TIRZ #2 met the quantitative thresholds for major fund reporting. TIRZ #2 was previously reported as a non-major governmental fund. The effect of the change within the financial reporting entity is summarized in the table below.

	<b>Reporting Units Affected by Restatements of Beginning Balances</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>		<b>Proprietary Funds</b>
	<b>Governmental Activities</b>	<b>TIRZ #2</b>	<b>Non-major Governmental Funds</b>	<b>Internal Service Fund</b>
<b>September 30, 2024, as Previously Reported</b>	\$ 454,090,651	\$ -	\$ 9,842,080	\$ -
Change in reporting unit - nonmajor to major fund	-	(5,460,606)	5,460,606	-
Error correction - internal service fund	1,287,743	-	-	1,287,743
<b>September 30, 2024, as Restated</b>	<u>\$ 455,378,394</u>	<u>\$ (5,460,606)</u>	<u>\$ 15,302,686</u>	<u>\$ 1,287,743</u>

**REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**

**SEPTEMBER 30, 2025**

**Texas Municipal Retirement System**

**TEXAS REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Last Ten Measurement Years**

	Measurement Year December 31,				
	2024	2023	2022	2021	2020
<b>Total Pension Liability</b>					
Service cost	\$ 9,589,648	\$ 9,189,372	\$ 8,207,004	\$ 7,528,793	\$ 7,964,424
Interest (on the total pension liability)	17,295,603	16,103,615	14,798,609	13,577,606	12,756,277
Difference between expected and actual experience	2,581,811	3,239,776	5,003,181	4,765,650	(485,321)
Change of assumptions	-	(495,677)	-	-	-
Benefit payments, including refunds of employee contributions	(11,184,577)	(9,971,714)	(8,361,400)	(7,883,029)	(7,816,442)
<b>Net Change in Total Pension Liability</b>	<b>18,282,485</b>	<b>18,065,372</b>	<b>19,647,394</b>	<b>17,989,020</b>	<b>12,418,938</b>
<b>Total Pension Liability - Beginning</b>	<b>257,028,621</b>	<b>238,963,249</b>	<b>219,315,855</b>	<b>201,326,835</b>	<b>188,907,897</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 275,311,106</b>	<b>\$ 257,028,621</b>	<b>\$ 238,963,249</b>	<b>\$ 219,315,855</b>	<b>\$ 201,326,835</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 8,849,289	\$ 8,242,073	\$ 7,003,075	\$ 6,531,736	\$ 6,668,580
Contributions - employee	3,501,697	3,438,291	3,086,998	2,848,732	3,033,241
Net investment income	22,686,560	22,488,065	(15,157,547)	23,782,546	12,741,845
Benefit payments, including refunds of employee contributions	(11,184,577)	(9,971,714)	(8,361,400)	(7,883,029)	(7,816,442)
Administrative expense	(145,277)	(142,810)	(130,983)	(109,895)	(82,344)
Other	(3,398)	(998)	156,302	753	(3,213)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>23,704,294</b>	<b>24,052,907</b>	<b>(13,403,555)</b>	<b>25,170,843</b>	<b>14,541,667</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>218,009,606</b>	<b>193,956,699</b>	<b>207,360,254</b>	<b>182,189,411</b>	<b>167,647,744</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 241,713,900</b>	<b>\$ 218,009,606</b>	<b>\$ 193,956,699</b>	<b>\$ 207,360,254</b>	<b>\$ 182,189,411</b>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 33,597,206</b>	<b>\$ 39,019,015</b>	<b>\$ 45,006,550</b>	<b>\$ 11,955,601</b>	<b>\$ 19,137,424</b>
<b>Plan Fiduciary Net Position as a Percentage of</b>					
<b>Total Pension Liability</b>	87.80%	84.82%	81.17%	94.55%	90.49%
<b>Covered-employee Payroll</b>	\$ 50,024,245	\$ 49,114,761	\$ 44,099,968	\$ 40,696,177	\$ 43,332,012
<b>Net Pension Liability as a Percentage of Covered-employee Payroll</b>	67.16%	79.44%	102.06%	29.38%	44.16%

**TEXAS REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Last Ten Measurement Years**

	Measurement Year December 31,				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 6,740,954	\$ 6,781,902	\$ 6,423,859	\$ 6,096,131	\$ 5,544,166
Interest (on the total pension liability)	11,894,334	10,919,655	10,061,815	9,139,426	8,685,074
Difference between expected and actual experience	250,026	2,214,327	863,204	1,967,131	162,133
Change of assumptions	78,667	-	-	-	(670,018)
Benefit payments, including refunds of employee contributions	(5,795,914)	(5,115,537)	(4,522,769)	(2,880,319)	(2,461,495)
<b>Net Change in Total Pension Liability</b>	<b>13,168,067</b>	<b>14,800,347</b>	<b>12,826,109</b>	<b>14,322,369</b>	<b>11,259,860</b>
<b>Total Pension Liability - Beginning</b>	<b>175,739,830</b>	<b>160,939,483</b>	<b>148,113,374</b>	<b>133,791,005</b>	<b>122,531,145</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 188,907,897</b>	<b>\$ 175,739,830</b>	<b>\$ 160,939,483</b>	<b>\$ 148,113,374</b>	<b>\$ 133,791,005</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 5,636,312	\$ 5,679,463	\$ 5,249,682	\$ 4,818,294	\$ 4,630,258
Contributions - employee	2,639,076	2,661,060	2,513,528	2,385,294	2,236,839
Net investment income	22,158,465	(4,327,905)	17,197,200	7,585,611	158,951
Benefit payments, including refunds of employee contributions	(5,795,914)	(5,115,537)	(4,522,769)	(2,880,319)	(2,461,495)
Administrative expense	(125,039)	(83,556)	(89,055)	(85,612)	(96,800)
Other	(3,756)	(4,365)	(4,513)	(4,613)	(4,781)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>24,509,144</b>	<b>(1,190,840)</b>	<b>20,344,073</b>	<b>11,818,655</b>	<b>4,462,972</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>143,138,600</b>	<b>144,329,440</b>	<b>123,985,367</b>	<b>112,166,712</b>	<b>107,703,740</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 167,647,744</b>	<b>\$ 143,138,600</b>	<b>\$ 144,329,440</b>	<b>\$ 123,985,367</b>	<b>\$ 112,166,712</b>
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 21,260,153</b>	<b>\$ 32,601,230</b>	<b>\$ 16,610,043</b>	<b>\$ 24,128,007</b>	<b>\$ 21,624,293</b>
<b>Plan Fiduciary Net Position as a Percentage of</b>					
<b>Total Pension Liability</b>	88.75%	81.45%	89.68%	83.71%	83.84%
<b>Covered-employee Payroll</b>	\$ 37,701,084	\$ 38,015,147	\$ 35,907,541	\$ 34,075,932	\$ 31,954,849
<b>Net Pension Liability as a Percentage of Covered-employee Payroll</b>	56.39%	85.76%	46.26%	70.81%	67.67%

**CITY OF MANSFIELD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 9,749,916	\$ 8,947,109	\$ 8,074,011	\$ 7,087,887	\$ 6,495,583
Contributions in relation to the actuarially determined contribution	<u>9,749,916</u>	<u>8,947,109</u>	<u>8,074,011</u>	<u>7,087,887</u>	<u>6,495,583</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 53,469,686	\$ 50,578,787	\$ 48,143,372	\$ 44,116,485	\$ 40,588,706
Contributions as a percentage of covered-employee payroll	18.23%	17.69%	16.77%	16.07%	16.00%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 6,393,535	\$ 5,672,743	\$ 5,648,240	\$ 5,155,157	\$ 5,048,183
Contributions in relation to the actuarially determined contribution	<u>6,393,535</u>	<u>5,672,743</u>	<u>5,648,240</u>	<u>5,155,157</u>	<u>5,048,183</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 41,396,691	\$ 37,574,173	\$ 37,541,117	\$ 35,161,865	\$ 35,121,057
Contributions as a percentage of covered-employee payroll	15.44%	15.10%	15.05%	14.66%	14.37%

**Notes to Schedule of Contributions**

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31, and become effective in January 13 months later.

**Methods and Assumptions Used to Determine Contribution Rate:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period:	21 years
Asset Valuation Method	10 Year Smoothed Market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	<u>Post-retirement:</u> 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). <u>Pre-retirement:</u> PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

**Other Information:** Adopted 70% non-retroactive repeating COLA.

**REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**

**SEPTEMBER 30, 2025**

**Texas Municipal Retirement System – Supplemental Death Benefits**

**CITY OF MANSFIELD, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - SDBF**

**Last Eight Measurement Years**

	Measurement Year December 31,			
	2024	2023	2022	2021
<b>Total OPEB Liability - SDBF</b>				
Service cost	\$ 50,024	\$ 49,115	\$ 92,610	\$ 81,392
Interest (on the Total OPEB liability - SDBF)	50,843	48,740	33,215	33,306
Difference between expected and actual experience	(15,793)	10,595	(9,464)	(17,046)
Change of assumptions or other inputs	(76,114)	70,959	(665,898)	60,000
Benefit payments*	(35,017)	(34,380)	(26,460)	(20,348)
<b>Net Change in Total OPEB Liability</b>	(26,057)	145,029	(575,997)	137,304
<b>Total OPEB Liability - Beginning</b>	1,341,118	1,196,089	1,772,086	1,634,782
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,315,061</u>	<u>\$ 1,341,118</u>	<u>\$ 1,196,089</u>	<u>\$ 1,772,086</u>
<b>Covered Payroll</b>	\$ 50,024,245	\$ 49,114,761	\$ 44,099,969	\$ 40,696,177
<b>Total OPEB Liability- SDBF as a Percentage of Covered Payroll</b>	2.63%	2.73%	2.71%	4.35%

Note: GASB 75 requires 10 years of data to be provided in this schedule. As of September 30, 2025, only 8 years are included and additional years will be added as the information becomes available.

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS – SDBF**

**Last Eight Measurement Years**

	<b>Measurement Year December 31,</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability - SDBF</b>				
Service cost	\$ 77,998	\$ 49,011	\$ 57,023	\$ 46,680
Interest (on the Total OPEB liability)	36,029	44,513	34,935	33,578
Difference between expected and actual experience	14,866	(203,949)	145,354	-
Change of assumptions or other inputs	239,091	214,351	(81,348)	89,076
Benefit payments*	(8,666)	(7,540)	(7,603)	(7,182)
<b>Net Change in Total OPEB Liability</b>	<b>359,318</b>	<b>96,386</b>	<b>148,361</b>	<b>162,152</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,275,464</b>	<b>1,179,078</b>	<b>1,030,717</b>	<b>868,565</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 1,634,782</b>	<b>\$ 1,275,464</b>	<b>\$ 1,179,078</b>	<b>\$ 1,030,717</b>
<b>Covered Payroll</b>	<b>\$ 43,332,012</b>	<b>\$ 37,701,084</b>	<b>\$ 38,015,147</b>	<b>\$ 35,907,541</b>
<b>Total OPEB Liability- SDBF as a Percentage of Covered Payroll</b>	<b>3.77%</b>	<b>3.38%</b>	<b>3.10%</b>	<b>2.87%</b>

Note: GASB 75 requires 10 years of data to be provided in this schedule. As of September 30, 2025, only 8 years are included and additional years will be added as the information becomes available.

**CITY OF MANSFIELD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**  
**SCHEDULE OF CONTRIBUTIONS**  
*Last Eight Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially determined contribution	\$ 37,429	\$ 35,405	\$ 33,700	\$ 26,470
Contributions in relation to the actuarially determined contribution	<u>37,429</u>	<u>35,405</u>	<u>33,700</u>	<u>26,470</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 53,469,686	\$ 50,578,787	\$ 48,143,372	\$ 44,116,485
Contributions as a percentage of covered payroll	0.07%	0.07%	0.07%	0.06%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 20,294	\$ 8,279	\$ 7,508	\$ 7,032
Contributions in relation to the actuarially determined contribution	<u>20,294</u>	<u>8,279</u>	<u>7,508</u>	<u>7,032</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 40,588,706	\$ 41,396,691	\$ 37,541,117	\$ 35,161,865
Contributions as a percentage of covered payroll	0.05%	0.02%	0.02%	0.02%

Note: GASB 75 requires 10 years of data to be provided in this schedule. As of September 30, 2025, only 8 years are included and additional years will be added as the information becomes available.

**CITY OF MANSFIELD, TEXAS**  
**NOTES TO SCHEDULE OF CONTRIBUTIONS**

**Valuation Date:**

Notes: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

**Summary of Actuarial Assumptions:**

Inflation: 2.5%  
 Salary Increases: 3.60% to 11.85% including inflation  
 Discount Rate: 4.08%\*  
 Retirees' Share of Benefit-Related Costs: \$0  
 Administrative Expenses: All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68  
 Mortality Rates – Service Retirees: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).  
 Mortality Rates – Disabled Retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who became disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

**Other Information:**

Notes: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

\*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Note: The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

	<b>Discount Rate - SDBF</b>			
	<b>Last Eight Measurement Years</b>			
	<b>December 31, 2024</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Discount Rate	4.08%	3.77%	4.05%	1.84%
	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Discount Rate	2.00%	2.75%	3.71%	3.31%



**REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**

**JUNE 30, 2025**

**Retiree Health Insurance Plan – Trust**

**REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY  
Last Eight Measurement Years**

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022
<b>Total OPEB Liability</b>				
Service Cost	\$ 454,655	\$ 430,914	\$ 415,131	\$ 210,638
Interest (on the Total OPEB liability)	3,157,271	3,122,321	2,869,583	2,665,007
Difference between expected and actual experience	3,597,315	974,275	3,803,463	2,217,915
Changes in assumptions	-	-	-	-
Plan benefit changes	-	-	-	-
Benefit payments	<u>(4,040,774)</u>	<u>(3,657,997)</u>	<u>(3,407,679)</u>	<u>(2,888,666)</u>
Net Change	3,168,467	869,513	3,680,498	2,204,894
<b>Total OPEB Liability - Beginning</b>	<u>46,188,328</u>	<u>45,318,815</u>	<u>41,638,317</u>	<u>39,433,423</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 49,356,795</u>	<u>\$ 46,188,328</u>	<u>\$ 45,318,815</u>	<u>\$ 41,638,317</u>
<b>Plan Fiduciary Net Position</b>				
City contributions	\$ 5,040,774	\$ 4,657,997	\$ 4,407,679	\$ 3,638,666
Net investment income	3,252,425	2,542,953	1,535,083	(2,742,617)
Benefit payments	(4,040,774)	(3,657,997)	(3,407,679)	(2,888,666)
Administrative Expense	<u>(118,017)</u>	<u>(105,243)</u>	<u>(96,506)</u>	<u>(101,358)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	4,134,408	3,437,710	2,438,577	(2,093,975)
<b>Plan Fiduciary Net Position - Beginning</b>	<u>27,587,972</u>	<u>24,150,262</u>	<u>21,711,685</u>	<u>23,805,660</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 31,722,380</u>	<u>\$ 27,587,972</u>	<u>\$ 24,150,262</u>	<u>\$ 21,711,685</u>
<b>Net OPEB Liability (a-b)</b>	\$ 17,634,415	\$ 18,600,356	\$ 21,168,553	\$ 19,926,632
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	64.27%	59.73%	53.29%	52.14%
<b>Covered Employee Payroll</b>	\$ 52,712,148	\$ 49,568,659	\$ 46,639,904	\$ 43,487,708
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	33.45%	37.52%	45.39%	45.82%

Note: GASB 75 requires 10 years of data to be provided in this schedule. As of June 30, 2025, only 8 years are included and additional years will be added as the information becomes available.

Note: The City amended this plan in fiscal year 2021 resulting in a decrease in the net OPEB liability at year end and resulting in a deferred inflow of resources - plan benefit changes. The change requires all retirees and their spouses on the health insurance plan, upon turning 65, must obtain medical coverage through Medicare. The City provides a monthly allowance to offset the cost of Medicare for retirees and their spouses over the age of 65.

REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED  
 SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY  
 Last Eight Measurement Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 587,134	\$ 607,995	\$ 568,220	\$ 532,526
Interest (on the Total OPEB liability)	4,485,797	4,048,664	3,333,223	3,214,381
Difference between expected and actual experience	816,245	5,583,748	8,760,461	(1,436,903)
Changes in assumptions	-	(1,186,827)	-	-
Plan benefit changes	(29,284,676)	-	-	-
Benefit payments	(2,588,413)	(2,628,940)	(2,441,311)	(353,235)
Net Change	(25,983,913)	6,424,640	10,220,593	1,956,769
<b>Total OPEB Liability - Beginning</b>	<u>65,417,336</u>	<u>58,992,696</u>	<u>48,772,103</u>	<u>46,815,334</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 39,433,423</u>	<u>\$ 65,417,336</u>	<u>\$ 58,992,696</u>	<u>\$ 48,772,103</u>
<b>Plan Fiduciary Net Position</b>				
City contributions	\$ 4,998,413	\$ 2,628,940	\$ 7,261,311	\$ 1,848,035
Net investment income	3,828,049	764,088	959,456	571,467
Benefit payments	(2,588,413)	(2,628,940)	(2,441,311)	(353,235)
Administrative Expense	(92,803)	(80,301)	(66,652)	(56,673)
<b>Net Change in Plan Fiduciary Net Position</b>	6,145,246	683,787	5,712,804	2,009,594
<b>Plan Fiduciary Net Position - Beginning</b>	<u>17,660,414</u>	<u>16,976,627</u>	<u>11,263,823</u>	<u>9,254,229</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 23,805,660</u>	<u>\$ 17,660,414</u>	<u>\$ 16,976,627</u>	<u>\$ 11,263,823</u>
<b>Net OPEB Liability (a-b)</b>	\$ 15,627,763	\$ 47,756,922	\$ 42,016,069	\$ 37,508,280
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	60.37%	27.00%	28.78%	23.09%
<b>Covered Employee Payroll</b>	\$ 41,363,692	\$ 40,045,739	\$ 37,717,964	\$ 36,940,838
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	37.78%	119.26%	111.40%	101.54%

Note: GASB 75 requires 10 years of data to be provided in this schedule. As of June 30, 2025, only 8 years are included and additional years will be added as the information becomes available.

Note: The City amended this plan in fiscal year 2021 resulting in a decrease in the net OPEB liability at year end and resulting in a deferred inflow of resources - plan benefit changes. The change requires all retirees and their spouses on the health insurance plan, upon turning 65, must obtain medical coverage through Medicare. The City provides a monthly allowance to offset the cost of Medicare for retirees and their spouses over the age of 65.

**CITY OF MANSFIELD, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**  
**SCHEDULE OF CONTRIBUTIONS**  
**Last Eight Fiscal Years**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Actuarially determined contribution	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 750,000
Contributions paid by the City into the trust	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>750,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 52,712,148	\$ 49,568,659	\$ 46,639,904	\$ 43,487,708
Contributions as a percentage of covered payroll	1.90%	2.02%	2.14%	1.72%

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 2,410,000	\$ -	\$ 4,820,000	\$ 1,494,800
Contributions paid by the City into the trust	<u>2,410,000</u>	<u>-</u>	<u>4,820,000</u>	<u>1,494,800</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 41,363,692	\$ 40,045,739	\$ 37,717,964	\$ 36,940,838
Contributions as a percentage of covered payroll	5.83%	0.00%	12.78%	4.05%

**CITY OF MANSFIELD, TEXAS**

**NOTES REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**

The NOL in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions:

Actuarial method	Entry Age Normal
Discount rate	7.0% per annum. The plan is funded in an irrevocable trust maintained by the plan sponsor. The City has, on average, made contributions the last five years that, if continued in this fashion, the plan will always be sufficiently funded to pay benefits due.
Inflation	2.5% per annum
Mortality	Pri-2012 Total Dataset Mortality Table with Improvement Scale MP-2021.
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	The City requires retirees and their spouses (if applicable) to enroll in a Medicare plan and the City will reimburse 100% of the premium costs.
Assumed utilization	75% of eligible future retirees are assumed to elect plan benefits

**CITY OF MANSFIELD, TEXAS**

**NOTES REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED (continued)**

Retirement Rate

<u>Attained Age</u>	<u>Rates per 100 Participants</u>
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

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

Other Information:

Notes            Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

**Required Supplementary Information - Unaudited**

**City of Mansfield, Texas  
Schedule of Investment Returns - OPEB  
Last Eight Measurement Years**

<u>Plan Year</u>	<u>Annual Money - Weighted Rate of Return</u>
2018	5.10%
2019	6.50%
2020	4.00%
2021	19.80%
2022	-11.80%
2023	6.48%
2024	9.89%
2025	11.16%

The information in this schedule has been determined as of the measurement date (June 30) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

**CITY OF MANSFIELD, TEXAS**

**REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**

**BUDGET TO ACTUAL – GENERAL FUND**

*For the Year Ended September 30, 2025*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original Budget	Final Budget		
<b>Revenues</b>				
Taxes:				
Property	\$ 56,549,839	\$ 56,549,839	\$ 51,523,178	\$ (5,026,661)
Sales	20,600,448	20,600,448	21,721,674	1,121,226
Franchise	4,218,192	4,218,192	4,545,041	326,849
Mixed drink	345,000	345,000	365,262	20,262
Licenses and permits	2,903,888	2,903,888	3,810,959	907,071
Charges for services	7,409,128	7,409,128	9,674,961	2,265,833
Fines and forfeitures	903,500	903,500	1,425,473	521,973
Investment earnings	300,000	300,000	928,329	628,329
Contributions and grants	350,000	350,000	1,038,333	688,333
Miscellaneous	928,927	928,927	2,698,373	1,769,446
<b>Total Revenues</b>	<b>94,508,922</b>	<b>94,508,922</b>	<b>97,731,583</b>	<b>3,222,661</b>
<b>Expenditures</b>				
Current:				
General government	31,776,179	30,977,596	29,483,349	1,494,247
Public safety	48,890,428	49,689,011	52,212,479	(2,523,468)
Public works	8,350,346	8,350,346	7,816,888	533,458
Culture and recreation	6,464,262	6,464,262	5,672,086	792,176
Debt service:				
Principal retirement	-	-	858,091	(858,091)
Interest and fiscal charges	1,546,756	1,546,756	1,337,676	209,080
Bond issuance costs	-	-	33,231	(33,231)
Capital outlay	-	-	2,908,372	(2,908,372)
<b>Total Expenditures</b>	<b>97,027,971</b>	<b>97,027,971</b>	<b>100,322,172</b>	<b>(3,294,201)</b>
Excess (deficiency) of revenues over expenditures	(2,519,049)	(2,519,049)	(2,590,589)	(71,540)
<b>Other Financing Sources (Uses)</b>				
Issuance of bonds	-	-	3,633,211	3,633,211
Issuance of refunding bonds	-	-	41,379	41,379
Premium/(Discount) on issuance of bonds	-	-	410,365	410,365
Sale of general capital assets	20,000	20,000	847,467	827,467
Transfers in	6,816,061	6,816,061	-	(6,816,061)
Transfers out	(4,317,012)	(4,317,012)	(1,453,690)	2,863,322
<b>Total Other Financing Sources (Uses)</b>	<b>2,519,049</b>	<b>2,519,049</b>	<b>3,478,732</b>	<b>959,683</b>
Net change in fund balances	-	-	888,143	888,143
<b>Fund Balances Beginning</b>	<b>37,448,312</b>	<b>37,448,312</b>	<b>37,448,312</b>	<b>-</b>
<b>Fund Balances Ending</b>	<b>\$ 37,448,312</b>	<b>\$ 37,448,312</b>	<b>\$ 38,336,455</b>	<b>\$ 888,143</b>

See accompanying notes to required supplementary information.

**CITY OF MANSFIELD, TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – GENERAL FUND  
SEPTEMBER 30, 2025**

Stewardship, compliance, and accountability

Budgetary information

As set forth in the City Charter, the City Council adopts an annual budget prepared in accordance with GAAP. The City Manager may transfer part or all of any unencumbered appropriation balance among programs within a specific fund; however, any revisions that alter the total expenditures of the fund must be approved by the City Council. The City, for management purposes, adopts budgets for all funds except Special Revenue, Trust, and Capital Projects, which the use of these funds is legally restricted for a designated purpose. Legal budgets are adopted for the General Fund and the Debt Service Funds; the legal level of control is the fund level.

The City is prohibited from deficit spending as defined by the City’s Charter. The City’s General Fund fund balance as of September 30, 2025, is \$38,336,455.

The Capital Projects are funded through the issuance of general obligation debt authorized for a specific purpose. Trust Funds are restricted by legal authorization, which created the trust.

All unused appropriations, except appropriations for capital expenditures, lapse at the close of the fiscal year to the extent they have not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation. Revenues in the general fund were more than budget by \$3,222,661 and expenditures were more than budget by \$(3,294,201), while other financing sources (uses), net, were more than budget by \$959,683.

**CITY OF MANSFIELD, TEXAS**  
**SUPPLEMENTARY INFORMATION**

Non-major Governmental Funds

Special Revenue Funds

- Hotel/Motel Tax Fund – This fund is used to account for Hotel/Motel tax revenues that are restricted to expenditure for the promotion of tourism, historical preservation, and the performing arts in the City.
- Grants Fund – This fund is used to account for contributions or gifts of cash or other assets from another government to be used or expended for a specific purpose, activity, or facility.
- American Rescue Plan Act - This fund is used to account for the Coronavirus State and Local Fiscal Recovery Funds program grant.
- South Pointe PID – This fund is used to account for the public improvement assessments of the South Pointe Public Improvement District.
- Starlin PID – This fund is used to account for the public improvement assessments of the Starlin Public Improvement District.
- Staybolt PID – This fund is used to account for the public improvement assessments of the Staybolt Public Improvement District.

Other Special Revenue Funds

- Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes. The following funds are combined into a single column for reporting purposes.
- COPS Grant Fund – This fund is used to account for the purchase of equipment used to reduce crime and improve public safety.
- Police Fund – This fund is used to account for contributions or drug forfeitures that are restricted to expenditure for police drug enforcement or the operations of the specific activity receiving the donation.
- Mansfield Municipal Court Fund – This fund is used to account for revenues that are restricted to promote child safety awareness in the community and to provide a safe and secure courtroom environment for all court participants.
- Tree Mitigation Fund – This fund is used to account for revenues that are restricted to expenditure for the preservation of trees and tree replacement in the City.
- Library Fund – This fund is used to account for contributions or gifts from individuals to be used or expended for Library operations, primarily for the purchase of books.
- Animal Control – This fund is used to account for contributions to be used for special medical needs and spaying/neutering assistance for adoptable animals.

Debt Service Fund

- Mansfield Parks Facility Development Corporation Debt Service – This fund is used to account for the principal and interest payments on the MPFDC outstanding bonds.

**CITY OF MANSFIELD, TEXAS**

***SUPPLEMENTARY INFORMATION (continued)***

Non-major Governmental Funds

Capital Projects Funds

- TIRZ #1 Fund – This fund is used to account for the development, construction, improvements, and acquisition of land within a boundary that encompasses 3,100 acres of mixed-use property.
- TIRZ #3 Fund - This fund is used to account for the development, construction, and improvements in the City's Starlin Ranch area.
- TIRZ #4 Fund – This fund is used to account for the development, construction, improvements, and acquisition of land within a boundary that encompasses 359.4 acres of mixed-use property.
- Equipment Replacement Fund – This fund is used to account for the acquisition of vehicles, machinery, and equipment for use by City departments.
- Public Art - This fund is used to account for public art in accordance with the City's Public Art Master Plan.
- Parks Construction Fund – This fund is used to account for the construction of new parks within the City.
- Mansfield Public Facility Corporation - This fund is used to account for financial resources used in the financing, refinancing, acquisition, and construction of "public facilities".

**APPENDIX C**

FORMS OF BOND COUNSEL'S OPINION

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# BRACEWELL

August \_\_, 2026

\$ \_\_\_\_\_  
MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION  
SALES TAX REVENUE BONDS, NEW SERIES 2026

WE HAVE represented the Mansfield Park Facilities Development Corporation (the “Issuer”) as its bond counsel in connection with an issue of sales tax revenue bonds (the “Bonds”) described as follows:

MANSFIELD PARK FACILITIES DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS,  
SERIES 2026, dated July 1, 2026, in the principal amount of \$ \_\_\_\_\_.

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the resolution adopted by the Board of Directors of the Issuer authorizing their issuance (the “Resolution”).

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 been requested to investigate or verify and have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified 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; and customary certificates of officers, agents and representatives of the Issuer, the City of Mansfield, Texas (the “City”) 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. 1 of this issue. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Resolution.

# BRACEWELL

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 Resolution, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION AND IN RELIANCE ON SUCH REPRESENTATIONS, CERTIFICATIONS, AND ASSUMPTIONS, 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, together with the Parity New Series Revenue Obligations, are payable from and secured by a first lien on and pledge of the Pledged Revenues and Pledged Funds, which includes the proceeds of a ½ of 1% sales and use tax levied within the City for the benefit of the Issuer, as defined and described in the Resolution; and
- (C) 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 an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

THE BONDS are not and do not create a debt of the State of Texas, of the City of Mansfield, Texas, or of any other political subdivision or governmental agency of the State of Texas. The Bonds are not secured by any mortgage or other lien on any real or personal property constituting the Project.

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.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to 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. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the law of the United State of America. Further, in the event that the representations or certifications of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Resolution, interest on the Bonds could become includable in gross income for federal income tax

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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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