CITY OF MANSFIELD, TEXAS

Independent Auditors' Reports on Federal Awards in
Accordance with OMB Circular A-133 Report

Fiscal Year Ended September 30, 2014

CITY OF MANSFIELD, TEXAS

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KPMG LLP
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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 the City of Mansfield, Texas (the City) as of and for the year ended September 30, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 6, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Dallas, Texas
February 6, 2015

KPMG LLP
Suite 3100
717 North Harwood Street
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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

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

Report on Compliance for Each Major Federal Program

We have audited the City of Mansfield, Texas (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2014. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on

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compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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 the City as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 6, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Dallas, Texas
February 6, 2015

CITY OF MANSFIELD, TEXAS

Schedule of Expenditures of Federal Awards

September 30, 2014

Federal grantor/pass-through grantor/program title	Federal CFDA number	Grant number	FY2014 total grant expenditures
U.S. Department of Justice:			
Bulletproof Vest Partnership Program	16.607	13067131	$ 6,800
Body Worn Cameras	16.738	DJ-11-A10-27004-001	42,845
Infrared Imaging Equipment	16.738	DJ-11-A10-27144-01	76,875
Live Scan Fingerprint System	16.738	DJ-11-A10-27003-01	23,850
Total CFDA 16.738			143,570
Total U.S. Department of Justice			150,370
U.S. Department of Homeland Security, Federal Emergency Management Agency:			
Pass through State of Texas:			
Hazard Mitigation Grant Program	97.039	DR-4029-015	312,116
Hazard Mitigation Grant Program	97.039	DR-4029-012	315,451
Total CFDA 97.039			627,567
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			627,567
Total federal assistance			$ 777,937

See accompanying notes to schedule of expenditures of federal awards.

CITY OF MANSFIELD, TEXAS

Summary of Findings and Question Costs

September 30, 2014

(1) General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Mansfield, Texas (the City). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

The City's reporting entity is defined in note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is described in note 1 to the City's basic financial statements.

(3) Relationship to Federal Financial Reports

Grant expenditure reports as of September 30, 2014, which have been submitted to grantor agencies, will, in some cases, differ from amounts disclosed herein. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

(4) Subrecipients

Of the federal expenditures presented in the schedules, the City did not provide federal awards to subrecipients during 2014.

(5) Federal Awards Reconciliation

Intergovernmental revenues per statement of revenues, expenditures, and changes in fund balances governmental funds	$	301,676
Grant revenue to proprietary funds		296,969
Deferred revenue		391,323
Less: Intergovernmental awards from state government		(212,031)
Total expenditures per schedule of expenditures of federal awards	$	777,937

CITY OF MANSFIELD, TEXAS

Summary of Findings and Question Costs

September 30, 2014

Section I – Summary of Auditors' Reports

Financial Statements

Type of auditors' report issued:	**Unmodified**			
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	Yes	✓	No
• Significant deficiency(ies) identified?	_____	Yes	✓	None reported
• Noncompliance material to the financial statements noted?	_____	Yes	✓	No

Federal Awards

Internal control over major program:				
• Material weakness(es) identified?	_____	Yes	✓	No
• Significant deficiency(ies) identified?	_____	Yes	✓	None reported
Type of auditors' report issued on compliance for major program:	**Unmodified**			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____	Yes	✓	No

Identification of major program:

CFDA number(s)	**Name of federal program**
97.039	Hazard Mitigation Grant Program

Dollar threshold used to distinguish between type A and type B programs:	$300,000			
Auditee qualified as low-risk auditee?	_____	Yes	✓	No

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

KPMG LLP
Suite 3100
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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note I to the basic financial statements, the City adopted Governmental Accounting Standards Board Statements No. 65, *Items Previously Reported as Assets and Liabilities*, *and* No. 66, *Technical Corrections 2012*, in fiscal year 2014. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 14–27, the budgetary comparison information on pages 72–73 and 77–78, and the schedules of funding progress on page 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
February 6, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2014

Prepared by:

Business Services Department

City of Mansfield, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2014

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1200 E. Broad Street
Mansfield, Texas 76063
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February 6, 2015

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Mansfield, Texas (the City) for the fiscal year ended September 30, 2014.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by KPMG, LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1890, is located in the southeastern portion of Tarrant County, with small areas of the City extending into Johnson and Ellis counties, and is considered to be one of the top

growth areas in the Dallas/Fort Worth Metropolitan Area (Metroplex). The City currently occupies a land area of 38.6 square miles and serves an approximate population of 59,230. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City is a home rule-city and operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a nonpartisan, at-large basis. Council members serve three- year staggered terms so that at least two members are elected every year. The Mayor and each Council member, unless sooner removed under the provisions of the City Charter, hold office until a qualified successor is elected. Regular terms of office commence at the beginning of the first regular meeting of the Council in May or following the final election as provided in Section 4.05 (Charter Amendment of August 11, 1979).

This report includes all funds of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, traffic engineering, and infrastructure; planning and zoning; general administrative services; water treatment and distribution; sewer service; drainage enhancements and improvements; and recreational and cultural activities. In addition to general government activities, the Mansfield Park Facilities Development Corporation and the Mansfield Economic Development Corporation are required to be included in the City's reporting entity. For additional information, see note I.A. of the notes to financial statements.

The annual budget serves as the foundation for the City's financial planning, financial policies, and financial control. All agencies of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to September 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 15. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). However, the statutory authority or legal level of control for the authority of annual expenditures is appropriated at the fund level by the City Council. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council, if requested by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 72 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules section, which starts on page 75.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City currently enjoys a favorable economic environment and local indicators point to continued stability even though the national economy has been recovering from the great economic recession over the past several years. The region has a varied manufacturing and industrial base that adds

to the relative stability of the unemployment rate. The current unemployment is well below the national average.

Industry

Mansfield has a large industrial area within the City with rail service and adequate water storage to meet fire protection and other demands. The City is not financially dependent upon any one industry or type of industry. See page 98 in the Statistical Section for further information on principal taxpayers. The City recognizes the value of industry to its economic base and continues to seek industry that will be beneficial to the City. Beginning in fiscal year (FY) 1997, the Mansfield Economic Development Corporation, funded by a 1/2 cent sales tax, provides funds for economic development, including financial incentives, infrastructure needs, and tax relief in the recruitment and retention of industry. Recent accomplishments in locating major businesses such as Methodist Hospital and Kline Tools are indicative of the accomplishments of the economic development program.

Transportation

The City is traversed east and west by U.S. Highway 287, and north and south by State Highway 360. The City has direct access to Interstate Highway 20 and Interstate Highway 30. Railroad freight service is provided by Union 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, one of the highest rated school districts in the Dallas/Fort Worth metropolitan area by the Texas Education Agency. The City has five high schools (Grades 9 and 12), six middle schools (Grades 7 and 8), six intermediate schools (Grades 5 and 6), and 22 elementary schools (Grades K - 4). Enrollment for the 2013/2014 school year was approximately 32,732. The District maintains a pupil–teacher ratio of 22:1 for elementary, a 27:1 ratio for intermediate, and a 28:1 for secondary education and career tech center. Colleges within close proximity to the City are Tarrant and Dallas County Junior 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, and Texas Christian University, all of which are well known for their educational standards.

Medical Services

Full service medical service is provided by Methodist Health System, and limited-service care is provided by Vencor Hospital and Cook Children's Clinic. Other full-service hospitals in the immediate area include Medical Center of Arlington, Arlington Memorial Hospital, Hughley Memorial Medical Center, Harris Methodist Hospital, Cook Children's, and John Peter Smith Hospital.

Area Economic Condition

Mansfield, located in the Dallas/Fort Worth Metroplex, and included as one of the 13 cities that comprise the Mid-Cities, continues to grow and develop. The overall outlook for Mansfield in the future is positive. The City is traversed by State Highway 360 and U.S. Highway 287.

The major benefits to the City of State Highway 360 are as follows: direct north and south access to the Dallas/Fort Worth International Airport in 20 minutes, the potential of expanding the City's commercial/industrial and residential developments along the corridor of State Highway 360, as well as

the numerous industrial parks located within the close proximity of State Highway 360 and U.S. Highway 287 intersection.

Over the past several years, the City and the local economy have experienced increasing property values and sales tax. Current real estate values are trending upward, and the City is continuing to experience positive growth in residential, industrial, and commercial properties.

Long-Term Financial Planning

The City of Mansfield, Texas has a Long-Term financial plan that includes ten years of projected financial data. The plan is intended to guide management in the daily decisions of managing the City's business matters and long-term capital projects. The plan assembles the visions of City Council, Management and City Staff, into a working plan that allows the vision of the City to be implemented over the course of time. The plan includes variables that allow for current and projected economic factors including:

- Review population growth projections
- Identify potential high-growth areas
- Specify major infrastructure improvements
- Analyze the financial impact of the improvements
- Comprehensive planning documents, Land Use Plan, Thoroughfare Plan, Water & Sewer master plan

The Council adopted the plan in November 2000, and it has been revised, modified, and amended since the original adoption of the plan in the year 2000.

Awards and Acknowledgments

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the 27th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

_____
Clayton W. Chandler
City Manager

_____
Peter K. Phillis, CPA
Director of Business Services

_____
Troy M. Lestina
Assistant Director of Business Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

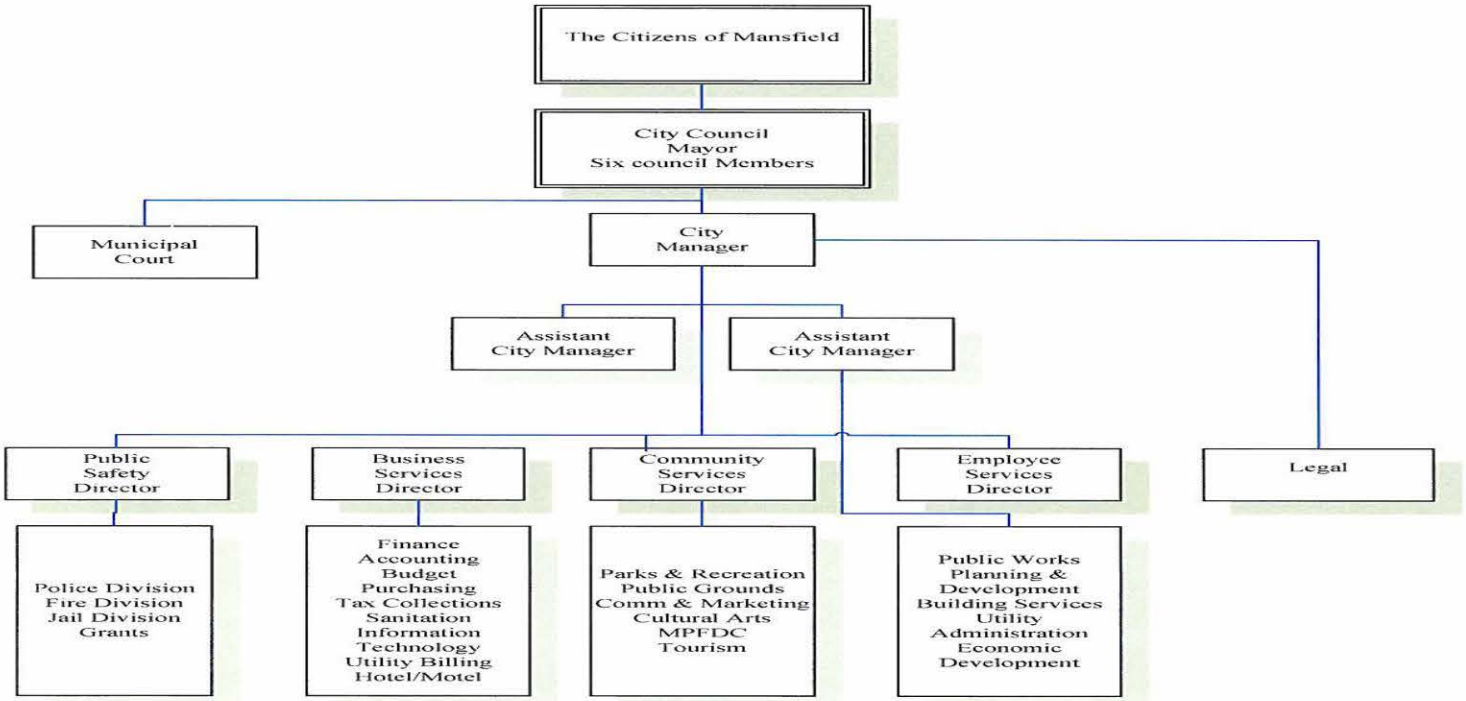
City of Mansfield

Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO


The Citizens of Mansfield
City Council
Mayor
Six council Members
Municipal Court
City Manager
Assistant City Manager
Assistant City Manager
Public Safety Director
Business Services Director
Community Services Director
Employee Services Director
Legal
Police Division
Fire Division
Jail Division
Grants
Finance
Accounting
Budget
Purchasing
Tax Collections
Sanitation
Information Technology
Utility Billing
Hotel/Motel
Parks & Recreation
Public Grounds
Comm & Marketing
Cultural Arts
MPFDC
Tourism
Public Works
Planning & Development
Building Services
Utility Administration
Economic Development

CITY OF MANSFIELD, TEXAS

PRINCIPAL OFFICERS

SEPTEMBER 30, 2014

MAYOR

David Cook

MAYOR PRO TEM

Larry Broseh

CITY COUNCIL

Stephen Lindsey
Darryl Haynes
Wendy Burgess
Cory Hoffman
Brent Newsom

CITY MANAGER

Clayton W. Chandler

ASSISTANT CITY MANAGER

Chris Burkett

DIRECTOR OF BUSINESS SERVICES

Peter K. Phillis, CPA

KPMG LLP
Suite 500
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

KPMG LLP is a U.S. limited liability partnership, member firm of KPMG International, a Swiss cooperative.

KPMG

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas, as of September 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note I to the basic financial statements, the City adopted Governmental Accounting Standards Board Statements No. 65, *Items Previously Reported as Assets and Liabilities*, and No. 66, *Technical Corrections 2012*, in fiscal year 2014. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 14–21, the budgetary comparison information on pages 72–73 and 77–78, and the schedules of funding progress on page 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2015 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
February 6, 2015

Management's Discussion and Analysis

As management of the City of Mansfield (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, 2014. 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 less its liabilities at the close of the City's fiscal year is $402 million. Of this amount, $30 million may be used to meet the government's ongoing obligations to its citizens and creditors.

- The City recognized $120 million in revenue from various sources of taxes, services, and capital contributions and recognized $98 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 $43.1 million. Approximately 27% of this $43.1 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 $11.7 million or 26% of total general fund expenditures.

- The City's total debt obligations increased by $3.8 million (2.1%) during the current fiscal year. This is from $24.5 million in new and refunding bond proceeds offset by $20.7 million in scheduled principal payments and payments to escrow agents during the year. The key factors affecting the City's debt position are as follows:

  Issuance of General Obligation Refunding Bonds of $6.7 million for annual savings on principal and interest payments of refunded bonds and the issuance of Certificates of Obligation of $17.8 million for the purpose of street improvements and other public purposes.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported

in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes).

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Mansfield Parks Facilities Development Corporation, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government. The City has two Tax Increment Financing Reinvestment Zones (TIRZs), both legally separate entities, which are geographically defined regions within the City limits established by the City. The purpose of the reinvestment zone is to pay for the public's infrastructure to be owned by the City within the region. The TIRZs are an integral part of the primary government.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the street construction fund, the building construction fund, and the TIRZ Fund #1, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds

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

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

Fiduciary Funds

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

Notes to Financial Statements

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

Other Information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $401,584,527 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (82.01%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other	$ 51,889,936	$ 38,393,368	$ 40,014,764	$ 48,575,545	$ 91,904,700	$ 86,968,913
Capital	321,912,487	311,570,707	173,177,023	163,482,458	495,089,510	475,053,165
Total assets	373,802,423	349,964,075	213,191,787	212,058,003	586,994,210	562,022,078
Deferred outflows:	1,147,989	-	543,902	-	1,691,891	-
Liabilities:						
Long-Term	119,471,866	108,755,675	56,096,077	59,965,551	175,567,943	168,721,226
Other	7,465,487	6,451,415	4,068,144	3,315,163	11,533,631	9,766,578
Total liabilities	126,937,353	115,207,090	60,164,221	63,280,714	187,101,574	178,457,804
Net position:						
Net investment in capital assets	210,129,999	211,269,350	119,190,128	105,677,483	329,320,127	316,946,833
Restricted	29,294,497	15,520,208	12,548,222	18,107,759	41,842,719	33,627,967
Unrestricted	8,588,563	7,967,427	21,833,118	24,992,047	30,421,681	32,959,474
Total net position	$248,013,059	$234,756,985	$153,571,468	$148,777,289	$401,584,527	$383,534,274

As of September 30, 2014, a portion of the City's net position, $41,842,719 or 10.42% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $30,421,681, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

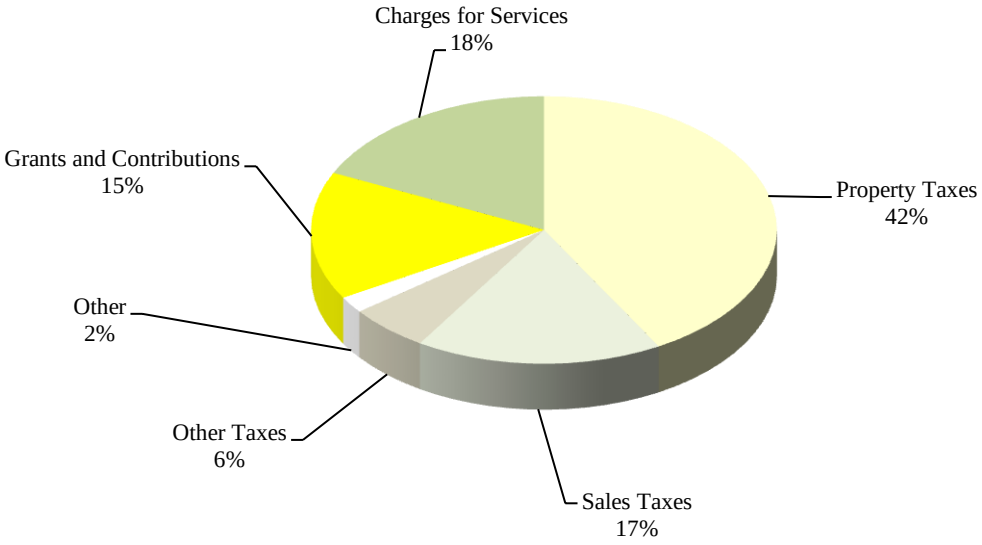
City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Beg - Net Position	$232,461,533	$234,782,424	$147,808,243	$140,839,572	$380,269,776	$375,621,996
Revenues	$78,674,294	$60,772,933	$41,053,261	$39,401,992	$119,727,555	$100,174,925
Expenses	63,933,300	60,572,215	34,479,504	31,690,432	98,412,784	92,262,647
Transfers, net	810,532	(226,157)	(810,532)	226,157	-	-
Net Change in Position	15,551,526	(25,439)	5,763,225	7,937,717	21,314,771	7,912,278
End - Net Position	$248,013,059	$234,756,985	$153,571,468	$148,777,289	$401,584,527	$383,534,274

Governmental Activities

City governmental activity revenue for fiscal year 2014 increased $17.9 million from fiscal 2013. Revenues in fiscal year 2013 were $60.8 million compared to this fiscal year revenue of $78.7 million. The increases were from the City's reaction to the overall economy. The economy delivered better than expected results for the City during fiscal year 2014. The increases came from new property taxes from new development, sales taxes and better than expected collections in other taxes from improved franchise fees. Most of these increases were modest increases over prior year and primarily related to the improvements in the overall economy and the additional new retail and new residential growth in the City from the fiscal year ended 2014.

Governmental Activities - Revenues by Source for fiscal year ending 2014



Expenses in fiscal year 2014 compared to expenses in fiscal year 2013 increased by 5.6% or $3.4 million. The demand for services increased funding in fiscal 2014 compared to prior year. The increases: infrastructure, public safety, and recreation have been a priority of the administration in recent years. The increases occurred in public safety primarily because the department added new personnel and it has greatest number of employees working for the City; in public works the increase was related to additional expenses for aging streets.

The public works program of the City spends most of its money on street improvements, which are recognized over the course of time through depreciation expense after the improvements have been capitalized. In fiscal 2014, the City recognized $10.2 million in depreciation expense for street-related assets. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over $2.5 million in maintenance and repairs on its 245 plus miles of linear streets. Interest expense is another component of expenses that is affected by the development of the City.

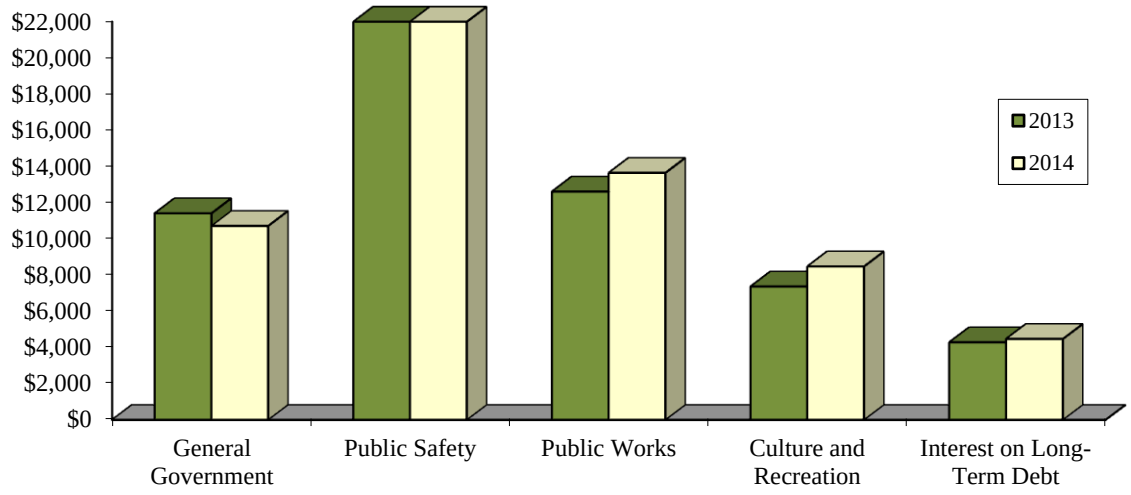
This year the City recognized $4.5 million in interest expense. There was a one-time charge of $2.3 million of debt related expenses or issuance costs from the implementation of Governmental Accounting Standards Board Statement Number 65. These expenses accounted for 10.3% of the total expenses recognized for fiscal 2014. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by $15.6 million. The increase in the City net position occurred because of capital contributions received by the City in the amount of $11.9 million. The City's change in net position increased $14.7 million before transfers in fiscal year 2014.

City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
REVENUES -						
Program Revenues:						
Charges for Services	$14,294,018	$11,549,839	$39,056,610	$38,802,151,	$53,350,628	$50,351,990
Operating grants and Contributions	347,709	187,403	273,119	505,123	620,828	692,526
Capital Grants and Contributions	11,962,132	244,787	1,701,114	531,674	13,663,246	776,461
General Revenues:						
Property taxes	33,243,790	31,389,240	-	473,203	33,243,790	31,862,443
Sales taxes	13,592,946	12,195,898	-	-	13,592,946	12,195,898
Other taxes	4,470,549	4,135,319	-	-	4,470,549	4,135,319
Other	763,150	1,070,447	22,418	(910,159)	785,568	160,288
Total Revenues	78,674,294	60,772,933	41,053,261	39,401,992	119,727,555	100,174,925
EXPENSES -						
General government	10,759,471	8,397,239	-	-	10,759,471	8,397,239
Public safety	26,457,942	24,725,424	-	-	26,457,942	24,725,424
Public works	13,681,970	14,851,816	-	-	13,681,970	14,851,816
Culture and recreation	8,529,149	8,281,150	-	-	8,529,149	8,281,150
Interest on debt	4,504,768	4,316,586	-	-	4,504,768	4,316,586
Water and Sewer	-	-	23,037,636	20,751,757	23,037,636	20,751,757
Law Enforcement	-	-	10,070,406	9,836,118	10,070,406	9,836,118
Drainage	-	-	1,371,462	1,102,557	1,371,462	1,102,557
Total Expenses	63,933,300	60,572,215	34,479,504	31,690,432	98,412,804	92,262,647
Subtotal	14,740,994	200,718	6,573,757	7,711,560	21,314,751	7,912,278
TRANSFERS, net	810,532	(226,157)	(810,532)	226,157	-	-
Subtotal	15,551,526	(25,439)	5,763,225	7,937,717	21,314,751	7,912,278
NET POSITION, Beginning	232,461,533	234,782,424	147,808,243	140,839,572	380,269,776	375,621,996
Ending	$248,013,059	$234,756,985	$153,571,468	$148,777,289	$401,584,527	$383,534,274

Governmental Activities – Expenses (in thousands)



Business-Type Activities

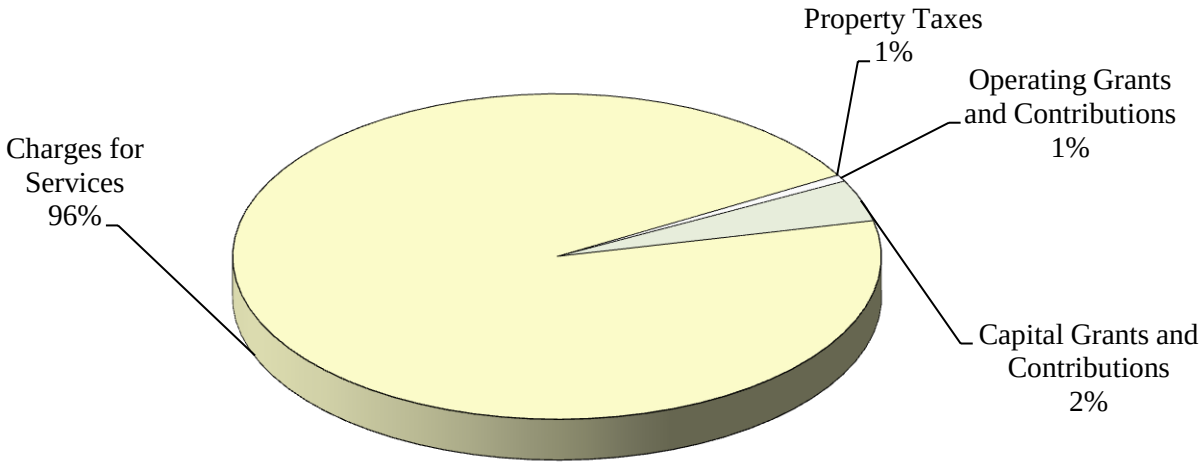
Revenues exceeded expenses for the City's business-type activities in fiscal year 2014. Total revenues were $41.1 million and total expenses were $34.5 million while equity transfers were $(0.8) million that added $5.8 million to the Business-Type's net financial position. This increased the net position of the business-type activities from $147.8 million to $153.6 million by the end of fiscal year 2014. Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 4.19% or $1.7 million. Revenues for fiscal year 2014 were $41.1 million and revenues for fiscal year 2013 were $39.4 million. Expenses for fiscal year 2014 were $34.4 million before equity transfers of $(0.8) million and expenses for fiscal year 2013 were $31.7 million before equity transfers of $0.2 million. The increase in net position was primarily the result of the activity of the City's Water & Sewer Fund as the financial results of the City's other Business-Type Funds, Law Enforcement Center Fund, and Drainage Utility Fund, for fiscal year 2014 were less than one percent of the change in the net position of the City's Business-Type Activities.

Capital contributions have been a revenue source for the Business-Type Activities. These capital contributions are from the public improvements donated by developers. The City requires developers to pay for the cost of public improvements or infrastructure needed to support their developments, and in fiscal year 2014, developers contributed public improvements or assets of $1,701,114. These assets are considered revenue in the year of acceptance or in the year of contribution. Generally, these capital contributions are non-cash contributions from developers and are in the form of water and sewer lines and are conveyed to the City as the developer finishes out the developments.

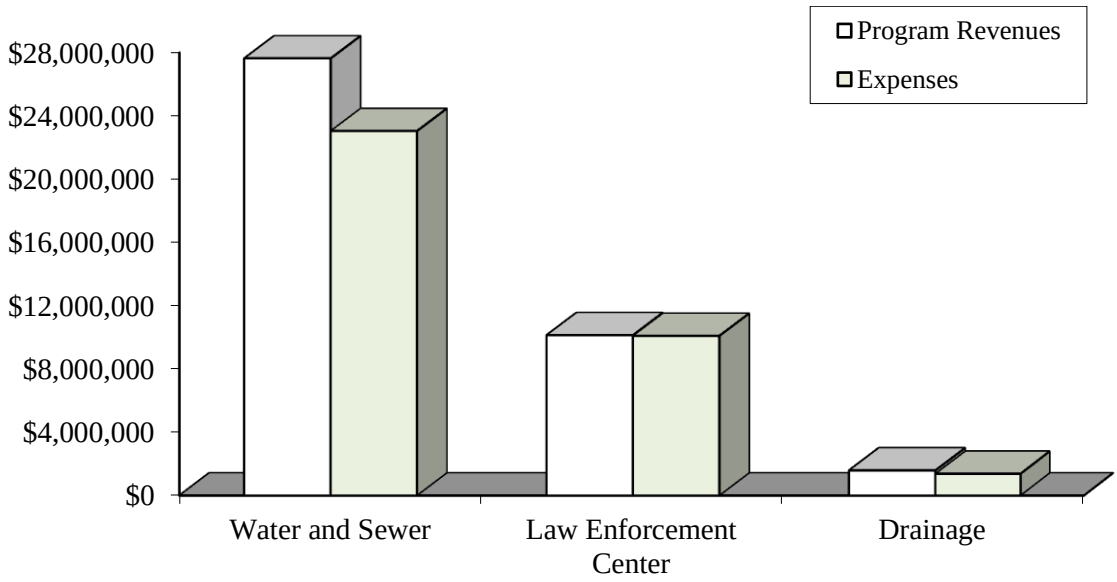
The City's Law Enforcement Center charges a fee for the Services rendered to support the contracts that the City has with other governmental agencies for the housing of inmates. These fees are recognized as Charges for Services in the Business-Type Activities and are used to pay for the cost of housing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

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

Business-Type Activities – Revenues by Source for fiscal year ending 2014



Business-Type Activities - Program Revenues and Expenses for fiscal year ending 2014



Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $43,165,864, an increase of $14,583,062 in comparison with the prior year. The increase is from bond proceeds that will be used to construct infrastructure and purchase equipment. Approximately 27.01% or is $11,657,018 of the ending fund balance of $43,165,864 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of fund balance is dedicated for legally specific or defined purposes. To indicate that it is not available for new spending because it has already been committed, defined or legally restricted for specific purposes, the City has labeled the remaining fund balances as follows: 1) prepaid expenses and inventory items, $61,228; 2) debt service or for future construction contracts, $28,068,406; 3) for committed purposes, $3,218,947, such as park improvement; and 4) for assigned purposes, $160,265, such as capital improvements and land acquisition for the general fund.

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 $11,657,018. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 25.51% of total general fund expenditures.

The City's unassigned fund balance increased $1,062,905 in fiscal year 2014 while the fund balance of the City increased $1,052,806 during the fiscal year 2014. The key reasons for the increases are as follows:

- Actual expenditures exceeded actual revenues by $3,321,748. The City spent $3,797,752 on land in fiscal year 2014. These costs are recognized as an expense and included in the actual expenditures of fiscal year 2014. The City acquired the land with the intent of using the land for purposes of public safety. Actual revenues exceeded actual expenditures without the land acquisition by $476,004. The land purchase was offset by bond proceeds of $3,536,555.

- Other Sources of revenue included the Water and Sewer Utility Fund's payment in-lieu of taxes to the City's General Fund for the use of the City's right of way. This amount was $810,532 in fiscal year 2014.

- The City operating expenses increased because of the City's goal to maintain a quality workforce. Funds were spent to maintain the workforce and maintain the morale through the administration of compensation. The primary increases are in the City's Public Safety function as most of the employee group is in the City's Public Safety function. The City has maintained a conservative strategy in managing the human resources of the City. Overall, a few new personnel were added during fiscal year 2014 and personnel costs were managed and funded based on demand for services.

The debt service fund has a fund balance of $855,768, which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $259,626. The City generally budgets to maintain a constant fund balance within the debt service fund during the fiscal year, and any excess collection in a year is generally spent or used in the following year. The City pays for tax-pledged debt through the Debt Service Fund.

The street construction fund balance increased by $2,885,686 during fiscal year 2014. This fund's fund balance increased as a result of bonds issued and contributions received offset by construction payments of $8,027,284 for the improvement of major streets and neighborhood streets in and throughout the City. Other activity within the street construction fund included additional revenues from development fees charged by the City for the impact or costs that new development has on primary streets within the City. This fee generated $1,242,317 in fiscal year 2014.

Proprietary Funds

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

Unrestricted net position (deficit) of the Water and Sewer Fund at the end of the year amounted to $21,004,754, those for the Law Enforcement Center amounted to $(673,405), and those for the Drainage Utility Fund amounted to $1,501,769. Factors affecting the performance of these activities are as follows:

- The City treats lake water and sells it to consumers for a fee. In fiscal year 2014, Water and Sewer revenue increased $1,275,808 or 5%. The increase is attributable to new connects to the system in fiscal year 2014, and a water and sewer fee increase in fiscal year 2014. Weather influences the system's revenue. Fiscal year 2014 was a fairly normal year in the North Texas area as the temperatures were considered to be average. The result was a fairly consistent year in Water and Sewer revenue for the City. Weather extremes can test the City's ability to produce water for consumption and it can test the system's ability to finance the infrastructure to supply the water to meet the demand of the consumer. A wet year creates less demand for water, which creates less revenue to support the cost of financing the infrastructure, which is built to supply the demand for water in a dry year.

- During fiscal year 2014, the City distributed 3.9 billion gallons of water while billing customers for 3.3 billion gallons of water usage or 85% of the actual plant's production. In fiscal year 2013, the City billed for 3.3 billion gallons of water usage compared to actual plant production of 3.6 billion. Actual water and sewer revenue in fiscal year 2014 increased compared to fiscal year 2013. Actual water and sewer revenue in 2014 was $25 million compared to $23.7 million in fiscal 2013. Demand for water fiscal year 2014 was consistent with demand for water in fiscal year 2013 even though the total number of customers increased year over year by 286 new accounts. The water and sewer activity of the business-type activities produced operating income of $7.2 million for fiscal year 2014 as compared to $10.2 million in fiscal year 2013.

- Unrestricted net position decreased in the Water and Sewer Fund by $2,055,708. Operating expenses increased $2,456,301 over last year, excluding depreciation. Operating expenses are controlled through the direct administration of personnel costs and variable costs, which are directly caused by consumer's demand for the water. The City spent $4,360,425 for raw water in fiscal year 2014 compared to $3,544,949 in fiscal year 2013 and the City spent $4,939,762 to treat the City wastewater in fiscal 2014 compared to $4,112,368 in fiscal year 2013. The cost for raw water and the cost to treat used water increased year over year by $1,642,870.

- The Law Enforcement Center Fund had operating income of $129,588 this fiscal year. The operating income is attributable to the management of the costs of operating a municipal jail, which are offset by transfers from the General Fund, which pay for the City's portion of jail services. No transfers from the General Fund were made in fiscal year 2014 as the City transferred $1,036,689 in fiscal year 2013.

- The Drainage Utility Fund revenue had operating income of $392,832 this fiscal year. Drainage Fees approached $1.3 million and expenses excluding depreciation and before debt service were $1,084,682.

Budgetary Highlights

General Fund

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

Revenue results exceeded budgeted estimates by $1,256,762 for fiscal year ended 2014:

- Property Taxes fell below budgeted estimates by $525,436 because original assessed valuation estimates were lower than final valuations as the ad valorem roll was finalized by the appraisal district after the adoption of the City's budget.

- Sales Taxes exceeded budgeted projections by $324,004 as the effects of the national economy loosened its hold on consumer spending in Mansfield, Texas, during fiscal 2014. New development occurred in 2014 that created new sales tax collections as well.

- Licenses and permits were above budgeted estimates by $73,433. The City realized a slowdown in residential development resulting from the housing market recession that rippled through the U.S. economy during fiscal year 2009 and 2010. The City budgeted building permit revenue in anticipation of the residential building market recovery. Budgeted estimates exceeded actual result for fiscal year 2014.

- Intergovernmental revenue was unexpected grant revenue that was awarded to the City in fiscal year 2014. The grant revenue was received by the City in fiscal year 2014 and used for purpose of public safety.

- Charges for services exceeded budgeted estimates by $521,801 as the majority of the better than expected revenue was derived from the collections of fees for trash services within the City. Fees did increase for this service in fiscal year 2014 as the fees were raised to keep pace with the cost of inflation.

- Expenditures were 110.45% of budgeted estimates for fiscal year ended 2014. The City spent $3,797,752 for land that was not budgeted. The purpose of the acquisition of property is to acquire land for a future public training facility. The additional expenditures were attributable to the increase in the cost of public safety. The cost of hiring new police officers coupled with more compensation increased the cost of labor in the public safety program of the City in fiscal year 2014. Management has been very effective in maintaining morale and improving services within the City while keeping the City within its overall budget.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2014 amounts to $495,089,510 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$98,635,855	$94,605,319	$2,066,739	$2,026,739	$100,702,594	$96,632,058
Buildings and system	53,034,799	54,206,918	120,767,761	115,782,986	173,802,560	169,989,904
Improvements	7,779,287	5,474,788	2,483,842	2,528,639	10,263,129	8,003,427
Machinery and equipment	5,933,477	5,039,983	910,411	668,195	6,843,888	5,708,178
Infrastructure	139,573,629	143,267,847	35,257,940	34,503,178	174,831,569	177,771,025
Construction in progress	16,955,440	8,975,852	11,690,330	7,972,721	28,645,770	16,948,573
Total	$321,912,487	$311,570,707	$173,177,023	$163,482,458	$495,089,510	$475,053,165

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2014, 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 $89 million in new street improvements over the next 10 years.

Street projects in fiscal year 2014:

- The City improved the intersection of Debbie Lane and Matlock which is the interchange between two major thoroughfares in the northeast quadrant of the City. Other road improvements include the completion of the eastern portion of Broad Street which is the entry point of the City from east.

- Several small arterial streets are under construction and design throughout neighborhoods.

- In total, the City spent $8,027,284 in street improvements and related work during fiscal year 2014.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2014 were planned or budgeted expenditures during fiscal year 2014. 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 ultimately performance of the City.

Business-Type Assets

The City's municipally owned and operated water and sewer system has maintained its superior rating by the Texas Commission on Environmental Quality. Approximately 13% of the City's more than $71.7 million water/sewer improvement tab is expected to be paid by impact fees over the next ten years. These fees are designed to reduce the system's initial costs in building and running water and sewer lines to the user. These impact fees must be used for capital purposes and are restricted as to use by law.

The City's drainage program, which consists of $18.5 million in improvements scheduled over the next 20 years, had some improvements this year, which were mostly related to soft costs coupled with improving and building detention basins. The City has spent over $7.5 million on the drainage improvements as of September 30, 2014.

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

Long-Term Debt

At the end of the current fiscal year, the City had total principal outstanding of $177,460,000. Of this amount, $102,165,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City's Component Unit, Mansfield Economic Development Corporation, MEDC, has $11,030,000 in outstanding debt backed by a voter passed sales tax.

City's Outstanding Debt - Tax Obligations and Revenue Bonds

	Governmental Activities	Business-Type Activities	Component Unit MEDC	Total 2014
Security Instrument:				
Tax obligation bonds	$101,030,000	$1,135,000	$ -	$ 102,165,000
Sales tax revenue bonds	10,645,000	-	11,030,000	21,675,000
Revenue bonds	-	53,620,000	-	53,620,000
Total	$ 111,675,000	$ 54,755,000	$11,030,000	$177,460,000

The City's total debt increased $3,770,000 or 2.13% during the current fiscal year. Key factors for the increase are from the issuance of additional bonds and refunding bonds, which were offset by principal payments on existing outstanding debt. The City issued $17,755,000 in new bonds proceeds and issued $6,710,000 in refunding bonds. The City maintains bond ratings from three rating agencies:

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

For additional information on the City's debt obligations, see note IV.E. in the basic financial statements.

The City Charter of the City and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 populations, limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter, which also imposes a limit of $2.50. The FY 2013/2014 Property Tax Rate was $0.71000 per $100 valuation with a tax margin of $1.79000 per $100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to $80,364,115 per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of $4,489,615,347.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential construction is expected to add 462 units with approximately 240 single-family units in 2015. The City has seen a decline in building activity over the past several years; however, development is still occurring within the City. During the budget process for the 2015 fiscal year, the City maintained the building services-related revenue with expectations similar to that of 2014. The City's tax year is one year in arrears thus the housing starts in calendar year 2013 are for budget year or fiscal year 2015.

- The City's annual growth in property valuation has increased 13% annually on average for the past ten years. For fiscal years 2015 and 2016, the City's valuations are expected to increase 6.3% and 6.8%, respectively. Generally, the City has experienced the effect of the residential marketplace, although property valuations are expected to improve in fiscal 2015 and into 2016. The improvements are expected because of limited residential inventory, and the fact that 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 discernable and identifiable character of being a place to enjoy a life and a good quality life. These intangible characteristics developed fairly recently - over the last decade. Also, the City is seeing the continued demand for commercial development because of the significant discretionary spend of the residents and the relatively stable economy within the City.

- In years past, sales tax revenue grew in excess of 10% annually; like property valuations, the City has adjusted its projections of anticipated sales tax receipts in 2015 and 2016. The expected budgeted sales tax receipts in 2015 are better than anticipated actual collections in 2014 by 1%.The City is expecting fiscal year 2016 to increase 4% above budgeted estimates for 2015. Management is monitoring the collections of sales tax revenue and may modify projections into 2016 depending upon the overall economy.

- Retail developments and improvements continue into 2015 and 2016. The challenge has been the effect of the national economy and the ability of companies and businesses to obtain capital financing. The City is taking an aggressive position in continuing development in the City because of the support for continued retail development and the community's expectation to support additional retail. The City is offering development incentives - that is partnering with developers to pay for public infrastructure to offset lending costs of developers because of the credit or lending industry. 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 code standards that require sustainable developments to assist in extending the asset life of the tax base into the future.

These variables were considered in preparing the City's budget for the 2015 fiscal year.

The City's 2015 General Fund Operating Revenue Budget increased approximately 5% or $2.2 million over the fiscal year 2014 budget. Most of this revenue growth was from new commercial development in the City that generated additional property tax and sales tax revenue of almost $1.8 million coupled with the continued improvement in the residential permit activity into 2015. The tax rate was held constant in 2014 at $0.71 per $100 in assessed valuation of property within the City limits. Unassigned fund balance is expected to grow over fiscal year 2014. Any additional appropriations made during fiscal year 2015 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2015.

Requests for Information

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

City of Mansfield
Statement of Net Position
As of September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents	$ 47,676,164	$ 15,356,250	$ 63,032,414	$ 5,855,087
Receivables (net of allowance for uncollectibles)	3,086,433	4,508,907	7,595,340	359,488
Lease receivable	1,066,111	-	1,066,111	-
Inventories	61,228	267,966	329,194	-
Restricted assets:				
Cash and cash equivalents	-	19,881,641	19,881,641	1,944,730
Capital assets (net of accumulated depreciation):				
Land	98,635,855	2,066,739	100,702,594	6,897,477
Buildings and systems	53,034,799	120,767,761	173,802,560	-
Improvements other than buildings	7,779,287	2,483,842	10,263,129	106,244
Machinery and equipment	5,933,477	910,411	6,843,888	-
Infrastructure	139,573,629	35,257,940	174,831,569	-
Construction in progress	16,955,440	11,690,330	28,645,770	9,009,357
Total assets	373,802,423	213,191,787	586,994,210	24,172,383
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	1,147,989	543,902	1,691,891	-
LIABILITIES				
Accounts payable and other current liabilities	7,465,487	1,719,949	9,185,436	1,397,199
Liabilities payable from restricted assets	-	2,348,195	2,348,195	-
Noncurrent liabilities:				
Due within one year	10,082,575	5,254,747	15,337,322	785,024
Due in more than one year	109,389,291	50,841,330	160,230,621	10,203,310
Total liabilities	126,937,353	60,164,221	187,101,574	12,385,533
NET POSITION				
Net investment in capital assets	210,129,999	119,190,128	329,320,127	6,969,474
Restricted for:				
Debt Service	464,102	3,862,255	4,326,357	-
Capital Projects	28,830,395	8,685,967	37,516,362	-
Unrestricted	8,588,563	21,833,118	30,421,681	4,817,376
Total net position	$ 248,013,059	$ 153,571,468	$ 401,584,527	$ 11,786,850

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

City of Mansfield
Statement of Activities
For the Year Ended September 30, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**MEDC**
Primary government:								
Governmental activities:								
General government	$ 10,759,471	$ 4,711,844	$ -	$ 6,500,000	$ 452,373	$ -	$ 452,373	$ -
Public safety	26,457,942	3,277,989	318,359	742,648	(22,118,946)	-	(22,118,946)	-
Public Works	13,681,970	4,369,480	-	4,719,484	(4,593,006)	-	(4,593,006)	-
Culture and recreation	8,529,149	1,934,705	29,350	-	(6,565,094)	-	(6,565,094)	-
Interest on long-term debt	4,504,768	-	-	-	(4,504,768)	-	(4,504,768)	-
Total governmental activities	63,933,300	14,294,018	347,709	11,962,132	(37,329,441)	-	(37,329,441)	-
Business-type activities:								
Water	17,307,982	18,364,850	-	1,701,114	-	2,757,982	2,757,982	-
Sewer	5,729,654	9,267,629	-	-	-	3,537,975	3,537,975	-
Law enforcement center	10,070,406	10,114,438	-	-	-	44,032	44,032	-
Drainage	1,371,462	1,309,693	273,119	-	-	211,350	211,350	-
Total business-type activities	34,479,504	39,056,610	273,119	1,701,114	-	6,551,339	6,551,339	-
Total primary government	$ 98,412,804	$ 53,350,628	$ 620,828	$ 13,663,246	$ (37,329,441)	$ 6,551,339	$ (30,778,102)	$ -
Component units:								
MEDC	3,186,511	6,074	-	1,408,862	-	-	-	(1,771,575)
Total component units	$ 3,186,511	$ 6,074	$ -	$ 1,408,862	$ -	$ -	$ -	$ (1,771,575)
General revenues:								
Property taxes					33,243,790	-	33,243,790	-
Sales taxes					13,592,946	-	13,592,946	4,530,982
Franchise taxes					3,659,355	-	3,659,355	-
Mixed drink taxes					159,969	-	159,969	-
Hotel/Motel taxes					651,225	-	651,225	-
Unrestricted investment earnings					23,777	22,418	46,195	4,051
Gas royalty income					722,317	-	722,317	2,793
Gain on sale of capital assets					17,056	-	17,056	-
Transfers					810,532	(810,532)	-	-
Total general revenues					52,880,967	(788,114)	52,092,853	4,537,826
Change in net position					15,551,526	5,763,225	21,314,751	2,766,251
Net position beginning as adjusted (Note 12)					232,461,533	147,808,243	380,269,776	9,020,599
Net position ending					$ 248,013,059	$ 153,571,468	$ 401,584,527	$ 11,786,850

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

City of Mansfield
Balance Sheet
Governmental Funds
As of September 30, 2014

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents, and investments	$ 12,734,643	$ 855,768	$ 10,575,583	$ 3,708,588	$ 7,999,289	$ 11,802,292	$ 47,676,164
Receivables (net of allowance for uncollectibles)	1,930,091	73,982	-	-	-	1,082,360	3,086,433
Inventory	-	-	-	-	-	61,228	61,228
Total assets	$ 14,664,734	$ 929,750	$ 10,575,583	$ 3,708,588	$ 7,999,289	$ 12,945,880	$ 50,823,825
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 873,313	$ -	$ 836,491	$ 566,271	$ -	551,246	2,827,322
Accrued liabilities	1,662,439	-	593,761	-	1,256,081	81,620	3,593,901
Retainage payable	-	-	264,091	107,145	-	-	371,236
Unearned revenue	471,964	73,982	-	-	-	319,556	865,502
Total liabilities	3,007,716	73,982	1,694,343	673,416	1,256,081	952,422	7,657,961
Fund balances:							
Nonspendable	-	-	-	-	-	61,228	61,228
Restricted	-	855,768	8,881,240	3,035,172	6,743,208	8,553,018	28,068,406
Commited	-	-	-	-	-	3,218,947	3,218,947
Assigned	-	-	-	-	-	160,265	160,265
Unassigned	11,657,018	-	-	-	-	-	11,657,018
Total fund balances	11,657,018	855,768	8,881,240	3,035,172	6,743,208	11,993,458	43,165,864
Total liabilities and fund balances	$ 14,664,734	$ 929,750	$ 10,575,583	$ 3,708,588	$ 7,999,289	$ 12,945,880	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	321,912,487
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	1,066,111
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	865,502
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(118,996,905)
Net position of governmental activities	$ 248,013,059

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

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2014

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	$ 21,212,879	$ 11,582,773	$ -	$ -	$ 499,144	$ 13,788	$ 33,308,584
Sales	9,061,964	-	-	-	-	4,530,982	13,592,946
Franchise	3,659,355	-	-	-	-	-	3,659,355
Mixed drink	159,969	-	-	-	-	-	159,969
Hotel/motel	-	-	-	-	-	651,225	651,225
Licenses and permits	1,306,622	-	-	-	-	681,764	1,988,386
Intergovernmental	301,676	-	-	-	-	-	301,676
Charges for services	3,900,711	-	-	-	-	868,690	4,769,401
Fines	2,051,831	-	-	-	-	253,416	2,305,247
Interest earnings	11,278	314	4,553	956	1,131	5,545	23,777
Contributions and donations	-	-	-	-	6,500,000	46,033	6,546,033
Impact fees	-	-	1,242,317	-	-	692,750	1,935,067
Miscellaneous	708,552	88,180	2,804,816	-	-	126,375	3,727,923
Total revenues	42,374,837	11,671,267	4,051,686	956	7,000,275	7,870,568	72,969,589
EXPENDITURES							
Current:		-					
General government	9,731,149	-	-	-	-	729,308	10,460,457
Public safety	25,208,963	-	-	37,505	-	170,907	25,417,375
Public works	3,387,934	-	-	-	-	-	3,387,934
Culture and recreation	3,490,299	-	-	-	-	3,169,583	6,659,882
Debt service:							
Principal	-	7,895,000	-	-	-	785,000	8,680,000
Interest	-	3,882,106	140	105	-	465,593	4,347,944
Fiscal charges	-	153,544	-	-	-	-	153,544
Bond issuance cost	29,328	111,802	56,390	42,376	-	16,405	256,301
Capital outlay:							
Land	3,797,752	-	-	-	-	7,364	3,805,116
Highways and streets	-	-	8,027,284	-	1,435,208	-	9,462,492
Buildings	-	-	-	2,465,975	-	-	2,465,975
Improvements other than buildings	-	-	-	-	-	1,185,847	1,185,847
Equipment	51,160	-	-	-	-	931,371	982,531
Parks	-	-	-	-	-	135,195	135,195
Total expenditures	45,696,585	12,042,452	8,083,814	2,545,961	1,435,208	7,596,573	77,400,593
Excess (deficiency) of revenues over (under) expenditures	(3,321,748)	(371,185)	(4,032,128)	(2,545,005)	5,565,067	273,995	(4,431,004)
OTHER FINANCING SOURCES (USES)							
Transfers in	810,532	-	65,000	-	-	-	875,532
Transfers out	-	-		-	-	(65,000)	(65,000)
Sale of city property	-	-	-	-	-	54,224	54,224
Refunding bonds issued	-	6,710,000				-	6,710,000
Bonds issued	3,536,555	371,831	6,800,000	5,110,000	-	1,936,614	17,755,000
Premium on bonds issued	51,366	192,313	98,766	74,220	-	34,174	450,839
Discounts on bonds issued	(23,899)	(33,333)	(45,952)	(34,532)		(18,813)	(156,529)
Payment to refunded bond escrow agent	-	(6,610,000)	-	-	-	-	(6,610,000)
Total other financing sources and uses	4,374,554	630,811	6,917,814	5,149,688	-	1,941,199	19,014,066
Net change in fund balances	1,052,806	259,626	2,885,686	2,604,683	5,565,067	2,215,194	14,583,062
Fund balances - beginning	10,604,212	596,142	5,995,554	430,489	1,178,141	9,778,264	28,582,802
Fund balances - ending	$ 11,657,018	$ 855,768	$ 8,881,240	$ 3,035,172	$ 6,743,208	$ 11,993,458	$ 43,165,864

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

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2014

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

Net change in fund balances total governmental funds	$ 14,833,369
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,916,814
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	5,424,964
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.	40,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(64,814)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items.	(9,598,807)
Changes in net position of governmental activities	$ 15,551,526

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

City of Mansfield, Texas
Statement of Net Position
Proprietary Funds
September 30, 2014

	Business-Type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 13,494,471	$ 222,268	$ 1,639,511	$ 15,356,250
Accounts receivable (net of allowance for uncollectibles)	4,064,049	286,345	158,513	4,508,907
Inventories	243,093	24,873	-	267,966
Current assets	17,801,613	533,486	1,798,024	20,133,123
Current restricted assets:				
Cash and cash equivalents	18,965,999	598,620	317,022	19,881,641
Total current assets	36,767,612	1,132,106	2,115,046	40,014,764
Noncurrent assets:				
Capital assets:				
Land	138,191	234,528	1,694,020	2,066,739
Buildings and systems	189,430,954	7,363,784	5,808,544	202,603,282
Improvements other than buildings	62,818	2,651,815	-	2,714,633
Machinery and equipment	2,459,124	1,325,322	137,512	3,921,958
Construction in progress	11,690,330	-	-	11,690,330
Less accumulated depreciation	(44,391,687)	(4,660,308)	(767,924)	(49,819,919)
Total capital assets (net of accumulated depreciation)	159,389,730	6,915,141	6,872,152	173,177,023
Total noncurrent assets	159,389,730	6,915,141	6,872,152	173,177,023
Total assets	196,157,342	8,047,247	8,987,198	213,191,787
LIABILITIES				
Current liabilities:				
Accounts payable	1,112,407	83,649	39,718	1,235,774
Compensated absences	163,565	241,183	-	404,748
Accrued liabilities	164,911	308,174	11,090	484,175
Current liabilities	1,440,883	633,006	50,808	2,124,697
Current liabilities payable from restricted assets:				
Customer deposits payable	1,338,458	3,362	-	1,341,820
Revenue bonds payable	3,960,000	-	375,000	4,335,000
Certificates of obligation payable	-	515,000	-	515,000
Accrued interest payable	394,120	8,857	24,562	427,539
Retainage payable	522,206	-	6,763	528,969
Accrued liabilities	17,001	32,866	-	49,867
Current liabilities payable from restricted assets	6,231,785	560,085	406,325	7,198,195
Total current liabilities	7,672,668	1,193,091	457,133	9,322,892
Noncurrent liabilities:				
Compensated absences	384,191	537,658	-	921,849
General obligation bonds payable (net of unamortized discounts)	-	650,407	-	650,407
Revenue bonds payable (net of deferred amount on refunding)	44,583,624	-	4,141,547	48,725,171
Total noncurrent liabilities	44,967,815	1,188,065	4,141,547	50,297,427
Total liabilities	52,640,483	2,381,156	4,598,680	59,620,319
NET POSITION (DEFICIT)				
Net investment in capital assets	110,846,106	5,749,734	2,594,288	119,190,128
Restricted for debt service	3,710,531	97,946	53,778	3,862,255
Restricted for capital projects	7,955,468	491,816	238,683	8,685,967
Unrestricted	21,004,754	(673,405)	1,501,769	21,833,118
Total net position	$ 143,516,859	$ 5,666,091	$ 4,388,518	$ 153,571,468

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

City of Mansfield, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
Operating revenues:				
Charges for sales and services:				
Water sales	$ 15,662,227	$ -	$ -	$ 15,662,227
Sewer charges	9,267,629	-	-	9,267,629
Drainage fees	-	-	1,299,904	1,299,904
Housing services	-	9,735,416	-	9,735,416
Other services	2,702,623	379,022	282,908	3,364,553
Total operating revenues	27,632,479	10,114,438	1,582,812	39,329,729
Operating expenses:				
Costs of sales and services	14,005,266	9,469,737	828,248	24,303,251
Administration	2,739,322	259,990	256,434	3,255,746
Depreciation	3,712,396	255,123	105,298	4,072,817
Total operating expenses	20,456,984	9,984,850	1,189,980	31,631,814
Operating income (loss)	7,175,495	129,588	392,832	7,697,915
Nonoperating revenues (expenses):				
Interest earnings	22,178	-	240	22,418
Interest expense	(2,580,652)	(85,556)	(181,482)	(2,847,690)
Total nonoperating revenue (expenses)	(2,558,474)	(85,556)	(181,242)	(2,825,272)
Income before contributions and transfers	4,617,021	44,032	211,590	4,872,643
Capital contributions	1,701,114	-	-	1,701,114
Transfers in (out)	(810,532)	-	-	(810,532)
Change in net position	5,507,603	44,032	211,590	5,763,225
Total net position - beginning	138,009,256	5,622,059	4,176,928	147,808,243
Total net position- ending	$ 143,516,859	$ 5,666,091	$ 4,388,518	$ 153,571,468

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

City of Mansfield, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2014

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Law Enforcement Center	Drainage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	$ 27,485,014	$ 10,111,582	$ 1,907,988	$ 39,504,584
Payments to suppliers	(12,806,685)	(1,495,834)	(902,408)	(15,204,927)
Payments to employees	(4,142,989)	(8,157,299)	(189,139)	(12,489,427)
Net cash provided by operating activities	10,535,340	458,449	816,441	11,810,230
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to/from other funds	(810,532)	-	-	(810,532)
Net cash provided by (used in) capital and related financing activities	(810,532)	-	-	(810,532)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(11,785,651)	(209,213)	(91,599)	(12,086,463)
Principal paid on capital debt	(3,820,000)	(490,000)	(370,000)	(4,680,000)
Interest paid on capital debt	(2,493,316)	(78,606)	(156,670)	(2,728,592)
Net cash used in capital and related financing activities	(18,098,967)	(777,819)	(618,269)	(19,495,055)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	22,178	-	240	22,418
Net cash provided by investing activities	22,178	-	240	22,418
Net (decrease) increase in cash and cash equivalents	(8,351,981)	(319,370)	198,412	(8,472,939)
Cash and cash equivalents, October 1	39,775,251	1,142,276	1,761,609	42,679,136
Cash and cash equivalents, September 30 (including $18,965,999; $598,620; and $317,022 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	$ 32,460,470	$ 820,888	$ 1,956,533	$ 35,237,891
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	$ 7,175,495	$ 129,588	$ 392,832	$ 7,697,915
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	3,712,396	255,123	105,298	4,072,817
(Increase) decrease in accounts receivable	(147,465)	(2,856)	325,176	174,855
(Increase) decrease in inventories	(17,622)	(6,741)	-	(24,363)
Increase (decrease) in accounts payable	(187,464)	83,335	(6,865)	(110,994)
Total adjustments	3,359,845	328,861	423,609	4,112,315
Net cash provided by operating activities	$ 10,535,340	$ 458,449	$ 816,441	$ 11,810,230
Noncash capital activities:				
Contributions of capital assets from developers	$ 1,701,114	$ -	$ -	$ 1,701,114

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

City of Mansfield, Texas
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2014

	Agency
ASSET	
Cash and cash equivalent	$ 1,536,286
Total assets	$ 1,536,286
LIABILITIES	
Insurance payable	$ 1,536,286
Total liabilities	$ 1,536,286

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

I. Summary of Significant Accounting Policies

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

New Pronouncements

For fiscal year 2014, the City implemented the following statements issued by GASB.

GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources or inflow of resources, certain items previously reported as assets and liabilities. The effect of the new pronouncement recognizes Deferred Outflows on the Statement Net Position as a single item that is reclassified from the noncurrent liabilities to deferred loss on refunding and the other impact recognizes deferred issuance cost related to the issuance of long term debt as an expense in this fiscal year.

GASB issued Statement No. 66, Technical Corrections 2012. The objective of this Statement is to improve accounting and financial reporting for government reporting by resolving conflicting guidance that resulted from the issuance of GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB Statement 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The effective date for this Statement is for financial statements whose fiscal year begins after December 15, 2012. The implementation of this statement did not result in any changes to the financial statements.

A. Reporting Entity

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

Blended Component Units

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

Mansfield Tax Increment Financing Reinvestment Zone Number One (TIRZ) - The City and the City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of the TIRZ. The TIRZ 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 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 as it is a 3,100-acre tract of land that is in three Counties. The TIRZ does not issue separate financial statements, as the TIRZ is included as a major fund of the City. The TIRZ 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, which are owned and maintained by the City.

Mansfield Tax Increment Financing Reinvestment Zone Number Two (TIRZ) – The City and the City's management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ. The TIRZ 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 was established to revitalize the City's Historic Downtown area, which includes 317 developed acres. The TIRZ does not issue separate financial statements, as the TIRZ is included as a non-major fund of the City. The TIRZ 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, which will be owned and maintained by the City.

Discretely Presented Component Unit

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

B. Government-Wide and Fund Financial Statements

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

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

for State and Local Governments, the focus is either the City as a whole or major individual fund (within the fund financial statements).

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers ad valorem tax, sales tax, hotel/motel tax, mixed drink tax, and investment earnings to be available if they are collected within 60 days of the end of

the current fiscal period. Franchise tax revenues are considered to be available if collected within 30 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and will be paid shortly after year-end (not to exceed one month).

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

A portion of the City's revenues are derived from developer contributions. The effect of these transactions, recorded as revenue, in the City's water and sewer funds was significant. Developer's contributions of $1,701,114 are recorded as nonoperating revenue in the water and sewer fund financial statements. These amounts represent revenues from nonexchange transactions during the fiscal year. For reporting non-exchange transactions for the governmental activities, in the government-wide financial statements on the accrual basis of accounting, the revenues are recorded as capital contributions program revenue, which totaled $11,962,132.

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

The government reports the following major governmental funds:

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

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

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund type:

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

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

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

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

For fiscal year 2014, the City invested in direct obligations of the U.S. government, or its agencies and mutual funds as authorized by the City's investment policy. The City records interest revenue earned from investment activities in each respective fund and recognizes its investments on a fair value basis, which is based on quoted market prices.

2. Inventory:

Inventory consists primarily of supplies, valued at cost. Cost is determined using the weighted average method. Inventory is charged to the user departments and recorded as expenses/expenditures when consumed rather than when purchased.

3. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond are recorded as prepaid items. The non-spendable portion of the fund balance is provided equal to the amount of inventory, as the amount is not available for expenditure. These payments are recognized under the consumption method.

4. Capital Assets:

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

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

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

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with the interest earned on invested proceeds over the same period. The City capitalized $0 of interest during fiscal year 2014.

5. Deferred Inflows and Outflows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until the appropriate future period. The City has one item that qualifies in this category. It is the deferred loss on refunding reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt

and its reacquisition price. This amount is deferred and amortized over the shorter of the life and the refunding or the refunded debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only 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

Deferred outflows of resources are used to report consumptions of net position by the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements

6. Compensated Absences:

Vested or accumulated vacation leave is accrued in the government-wide and proprietary fund financial statements when incurred. No liability is recorded for non-vesting, accumulating rights to receive sick pay benefits. Vacation is earned in varying amounts up to a maximum of fifteen (15) days for employees with ten (10) or more years of service. Unused vacation leave is carried forward from one year to the next without limit with regards to years of service. As of September 30, 2014, the liability for accrued vacation was $7,911,926. The amount applicable to the Proprietary Funds $1,326,597 and the MEDC $43,941 have been recorded in these funds, and the amount applicable to other funds $6,541,389 has been recorded in the government-wide financial statements.

7. Interfund Charges:

The City allocates to the Water and Sewer Fund, a percentage of the salaries and wages and related costs of personnel who perform administrative services for the fund but are paid through the General Fund. During the year ended September 30, 2014, the City allocated $147,980 to the Water and Sewer Fund for these services.

8. Property Tax:

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

9. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred loss on refunding.

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

10. Restricted Assets:

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

11. Use of Estimates:

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

12. Change in Accounting Principle:

In March 2013, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* This Statement established accounting and financial reporting standards that reclassify, as deferred outflows or resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized as outflows of resources or inflow of resources, certain items previously reported as assets and liabilities. As a result, costs related to the issuance of bonds which were previously deferred have been reclassified as if they had been reported as an outflow of resources when incurred.

	Governmental Activities	Business-Type Activities	Component Unit
Net Position - beginning of period, as previously reported	$ 234,756,985	$ 148,777,289	$ 9,281,114
GASB 65 - unamortized bond issuance costs	(2,295,452)	(969,046)	(260,515)
Net Position - beginning of period, as adjusted	$ 232,461,533	$ 147,808,243	$ 9,020,599

13. Fund Balance Classification:

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

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

spendable form or required to be maintained intact. The unassigned fund balance classification represents fund balance that has not been classified to another category.

The City considers an amount spent when the expenditure is incurred when restricted or unrestricted fund balances are available. In addition, the City considers an amount spent when expenditure is incurred for purposes for which an amount in the committed, assigned, or unassigned amounts could be used. The City considers expenditure 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 General Fund unassigned fund balance to be 25% of the ensuing fiscal year's General Fund operating budget. The detailed fund balance classifications are as follows:

	General	Debt Service	Street Construction	Building Construction	TIRZ	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable:							
Inventory	-	-	-	-	-	61,228	61,228
Restricted:							
Debt service reserve	-	855,768	-	-	-	-	855,768
Parks debt service reserve	-	-	-	-	-	207,380	207,380
Street construction/improvements	-	-	8,881,240	-	-	-	8,881,240
Municipal building improvements	-	-	-	3,035,172	-	-	3,035,172
Parks and recreation	-	-	-	-	-	7,072,999	7,072,999
Parks capital improvements	-	-	-	-	-	16,212	16,212
Other capital projects	-	-	-	-	6,743,208	3,538	6,746,746
Equipment /other purposes	-	-	-	-	-	1,222,776	1,222,776
Court seizure fund	-	-	-	-	-	30,113	30,113
Commited:							
Tree mitigation	-	-	-	-	-	521,173	521,173
Parks capital improvements	-	-	-	-	-	1,604,943	1,604,943
Tourism promotion	-	-	-	-	-	817,845	817,845
Court security and technology	-	-	-	-	-	267,544	267,544
Animal control	-	-	-	-	-	7,442	7,442
Assigned:							
COPS Grant	-	-	-	-	-	101,872	101,872
Library	-	-	-	-	-	58,393	58,393
Unassigned:	11,657,018	-	-	-	-	-	11,657,018
Total fund balances	11,657,018	855,768	8,881,240	3,035,172	6,743,208	11,993,458	43,165,864

14. Net Position:

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

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

Restricted – Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there

are both restricted and unrestricted assets available, it is the City's policy to apply those expenses to restricted assets, to the extent such are available, and then to unrestricted assets.

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

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

The details of this $118,996,905 difference are as follows:

Bonds payable	$111,675,000
Premium on issuance of bonds	2,162,749
Discounts on issuance of bonds	(907,273)
Fiscal charges	(1,147,989)
Accrued interest payable	673,028
Compensated absences	6,541,389
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	$118,996,905

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

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $4,916,814 difference are as follows:

Capital outlay	$18,037,156
Depreciation expense	(13,120,342)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 4,916,814

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position." The statement of activities reports contributions of capital assets. Conversely, the governmental funds do not report any contributions of capital assets. The $5,424,964 difference is as follows:

Net adjustment to increase changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$5,424,964

Another element of that reconciliation states that "revenues recognizing future lease payments on a straight-line basis in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds." The $40,000 difference is as follows:

The statement of activities reports lease revenues to recognize future lease payments on a straight-line basis. However, governmental funds do not report lease revenues until they are available.	$40,000

Another element of that reconciliation states that "other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds". The $(64,814) difference is as follows:

The governmental funds defer revenue related to uncollected receivables. However, in the statement of activities, this amount is recognized in the current period.	$(64,814)

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(9,598,809) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$(24,465,000)
Premium on issuance of bonds	(450,839)
Discounts on issuance of bonds	156,529
Accrued interest payable	(30,607)
Amortization of premiums/discounts	130,107
Compensated absences	(382,543)
Principal payments or payments to escrow agent	15,443,544
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ (9,598,809)

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2014, the primary government had cash and cash equivalents of $13,423,532 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

Primary Government - Governmental Activities and Business-type Activities	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	$69,490,523	0.13

As of September 30, 2014, the Mansfield Economic Development Corporation had cash and cash equivalents of $1,061,640 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM)

Component Unit - Mansfield Economic Development Corporation	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	6,738,177	0.13

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, 2014, the City's investment in the money market mutual funds was rated "AAA" by Standard and Poor's and "Aaa" by Moody's Investment Service.

Custodial Credit Risk Deposits –

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

Custodial Credit Risk Investments –

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

Concentration of Credit Risk Investments –

The City's investment policy does not place a limit on the amount the City may invest in a single issuer because the City's investment policy limits the City's authorized investments. These authorized investments include any security backed by the federal government, the State of Texas, or political subdivision with an investment grade rating of "A" or better. The City's investment policy authorizes mutual funds, "AAA" rated only registered with the Securities and Exchange Commission available alternatives to previously listed authorized securities. At September 30, 2014, the City's investments are held in Texas Class Money Market Mutual Fund; Bank of America Merrill Lynch Money Market Mutual Fund; and TexStar Participant Services. These investments are 33.37%; 31.73%; and 34.31% of the City's total investments. These money market mutual funds are invested in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government.

B. Receivables

Receivables at September 30, 2014 consisted of the following:

Governmental Funds	General	Debt Service	Non-major	Total
Receivables:				
Property Taxes	$ 726,635	$ 388,872	$ -	$1,115,507
Accounts	5,529,510	-	1,082,360	6,611,870
Gross Receivables	6,256,145	388,872	1,082,360	7,727,377
Less: Allowance for Uncollectible	4,326,054	314,890	-	4,640,944
Net Total Receivables	$1,930,091	$ 73,982	$ 1,082,360	$ 3,086,433

Proprietary Funds	Water & Sewer	Law Enforcement	Drainage Utility	Total
Receivables:				
Accounts	$4,874,495	$286,345	$207,814	$5,368,654
Other	43,506	-	-	43,506
Gross Receivables	4,918,001	286,345	207,814	5,412,160
Less: Allowance for uncollectibles	853,952	-	49,301	903,253
Net Total Receivables	$ 4,064,049	$ 286,345	$ 158,513	$ 4,508,907

The MEDC has a sales tax receivable in the amount of $359,488 as of September 30, 2014.

C. Capital Assets

Capital asset activity for the year ended September 30, 2014 is as follows:

Governmental activities:	Sept 30, 2013	Increases	Decreases	Sept 30, 2014
Capital assets, not being depreciated:				
Land	$ 94,605,319	$ 4,030,536	$ -	$ 98,635,855
Construction in progress	8,975,852	14,006,620	(6,027,032)	16,955,440
Total capital assets, not being depreciated	103,581,171	18,037,156	(6,027,032)	115,591,295
Buildings	62,065,246	-	-	62,065,246
Other improvements	15,359,926	3,287,942	-	18,647,868
Machinery and equipment	20,678,082	1,714,258	(576,343)	21,815,997
Infrastructure	283,173,992	6,486,966	-	289,660,958
Total capital assets being depreciated	381,277,246	11,489,166	(576,343)	392,190,069
Less accumulated depreciation for:				
Buildings	(7,858,328)	(1,172,119)	-	(9,030,447)
Other improvements	(9,885,138)	(983,443)	-	(10,868,581)
Machinery and equipment	(15,638,099)	(783,596)	539,175	(15,882,520)
Infrastructure	(139,906,145)	(10,181,184)	-	(150,087,329)
Total accumulated depreciation	(173,287,710)	(13,120,342)	539,175	(185,868,877)

Total capital assets being depreciated, net	207,989,536	(1,631,176)	(37,168)	206,321,192
Governmental activities capital assets, net	$311,570,707	$16,405,980	$(6,064,200)	$321,912,487

Business-type activities:	Sept 30, 2013	Increases	Decreases	Sept 30, 2014
Capital assets, not being depreciated:				
Land	$ 2,026,739	$ 40,000	$ -	$ 2,066,739
Construction in progress	7,972,721	11,817,054	(8,099,445)	11,690,330
Total capital assets, not being depreciated	9,999,460	11,857,054	(8,099,445)	13,757,069
Capital assets, being depreciated:				
Buildings and systems	145,414,629	7,898,747	-	153,313,376
Improvements other than buildings	2,714,633	-	-	2,714,633
Machinery and equipment	3,491,852	409,911	20,195	3,921,958
Infrastructure	47,588,791	1,701,115	-	49,289,906
Total capital assets, being depreciated	199,209,905	10,009,773	20,195	209,239,873
Less accumulated depreciation for:				
Buildings and systems	(29,631,642)	(2,916,254)	-	(32,547,896)
Improvements other than buildings	(185,994)	(44,796)	-	(230,790)
Machinery and equipment	(2,823,657)	(165,415)	(20,195)	(3,009,267)
Infrastructure	(13,085,614)	(946,352)	-	(14,031,966)
Total accumulated depreciation	(45,726,907)	(4,072,817)	(20,195)	(49,819,919)
Total capital assets being depreciated, net	153,482,998	5,936,956	-	159,419,954
Business-type activities capital assets, net	$163,482,458	$17,794,010	$(8,099,445)	$173,177,023

D. Capital assets continued

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

Governmental Activities:	
General Government	$ 285,139
Public Safety	761,415
Public Works	10,241,478
Culture and Recreation	1,832,310
Total Depreciation Expense – Governmental Activities	$13,120,342
Business-Type Activities:	
Water and Sewer	$ 3,712,396
Law Enforcement Center	255,123
Drainage Utility Fund	105,298
Total Depreciation Expense – Business-Type Activities	$ 4,072,817

Construction Commitments

The general government had outstanding commitments at September 30, 2014, under authorized construction contracts of approximately $6,717,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the major funds.

The MPFDC had outstanding commitments at September 30, 2014, under authorized construction contracts of approximately $1,372,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the non-major funds.

The Water and Sewer Fund had outstanding commitments at September 30, 2014, under authorized construction contracts of approximately $9,450,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2014 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2013	Increases	Decreases	Sept 30, 2014
Capital assets, not being depreciated:				
Land	$6,865,506	$ 31,971	$ -	$6,897,477
Construction in Progress	1,885,895	8,973,841	(1,850,379)	9,009,357
Total capital assets, not being depreciated	8,751,401	9,005,812	(1,850,379)	15,906,834
Capital assets, being depreciated:				
Other improvements	167,248	-	-	167,248
Machinery and equipment	72,312	-	-	72,312
Total capital assets, being depreciated	239,560	-	-	239,560
Less accumulated depreciation for:				
Other improvements	(57,952)	(3,052)	-	(61,004)
Machinery and equipment	(79,208)	-	6,896	(72,312)
Total accumulated depreciation	(137,160)	(3,052)	6,896	(133,316)
Total capital assets being depreciated, net	102,400	(3,052)	6,896	106,244
MEDC capital assets, net	$ 8,853,801	$9,002,760	$(1,843,483)	$ 16,013,078

The MEDC had outstanding commitments at September 30, 2014 under authorized construction contracts of approximately $2,799,000.

E. Interfund Transfers

The composition of interfund balances as of September 30, 2014 is as follows:

Fund	Transfers In	Transfers Out
General Fund	$810,532	$ -
Street Construction Fund	65,000	-
Mansfield Parks FDC	-	65,000
Water and Sewer Fund	-	810,532
TOTAL	$875,532	$875,532

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, $810,532, for services provided as part of the City's ordinary government.

Interfund activity from the General Fund, Building Construction Fund, and the non-major funds is for the purpose of purchase, construction, and improvements of fixed 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

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 2034, and interest is payable semiannually. Proceeds of general obligation bonds are recorded in the Capital Projects Funds and are restricted to the use for which they were approved in the bond elections. Certificates of obligation bonds and loan proceeds are recorded in the appropriate fund for which the debt was issued and approved by the City. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures.

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

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $99,624 and resulted in an economic gain of $712,222. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $85,294 at September 30, 2014.

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

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $76,966 and resulted in an economic gain of $464,895. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $83,718 at September 30, 2014.

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

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

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

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $153,534 and resulted in an economic gain of $450,680. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $134,351 at September 30, 2014

General obligation debt outstanding at September 30, 2014 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2005 Refunding	3.00% to 5.00%	2020	9,050,000	3,865,000
2006	4.00% to 4.35%	2026	6,905,000	4,890,000
2007 CO	4.00% to 5.00%	2027	3,320,000	2,505,000
2007	4.00% to 5.00%	2027	5,215,000	3,935,000
2007A CO	5.90% to 6.51%	2028	1,255,000	980,000
2007A GO	5.50% to 4.63%	2028	5,300,000	4,160,000
2007B GO	5.50% to 4.63%	2028	5,300,000	4,190,000
2008 CO	5.00% to 6.25%	2029	12,330,000	10,105,000
2008 GO	5.00% to 6.25%	2029	3,105,000	2,660,000
2009 GO Refunding	3.00% to 4.00%	2022	10,400,000	6,965,000
2011 GO Refunding	2.00% to 4.00%	2022	9,730,000	6,400,000
2011 CO	2.00% to 5.00%	2031	3,090,000	2,755,000
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	5,640,000
2012 CO	2.00% to 4.00%	2032	3,415,000	3,160,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,865,000
2013 CO	2.00% to 4.00%	2033	5,335,000	5,135,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	3,910,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	2,670,000
2014 GO Refunding	2.00% to 2.50%	2019	6,710,000	6,485,000
2014 CO	2.50% to 4.38%	2034	16,500,000	16,500,000
2014A CO	2.00% to 4.13%	2034	1,255,000	1,255,000
TOTAL				$101,030,000

Annual debt service requirements to maturity for general obligation debt, including interest of $32,650,110, are as follows:

Fiscal Year	Principal	Interest	Total
2015	$7,450,000	$3,917,750	$11,367,750
2016	7,925,000	3,672,499	11,597,499
2017	7,765,000	3,418,171	11,183,171
2018	7,550,000	3,158,696	10,708,696
2019	7,160,000	2,893,754	10,053,754

2020-2024	32,450,000	10,443,079	42,893,079
2025-2029	21,595,000	4,280,846	25,875,846
2030-2034	9,135,000	865,315	10,000,315
TOTAL	$101,030,000	$32,650,110	$133,680,110

Authorized but unissued general obligation bonds as of September 30, 2014 are as follows:

Purpose	Date Authorized	Amount Authorized	Unissued Balance
Library	2/7/2004	$1,535,000	$1,535,000

General Operating Leases as of September 30, 2014 are as follows:

The City has entered into two operating purchase agreements for Public Safety equipment. These lease agreements were entered into August 15, 2011 and June 27, 2012. The amount of the equipment purchased was $372,856 and is to be repaid over a five-year period at an interest rate of 2.44% per year and $2,073,235 to be repaid over a ten-year period at an interest rate of 3.53%. Annual payments subject to annual appropriation are to occur over the next ten years as follows:

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2014	$321,271	$5,590	$315,681	$1,986,637
2015	321,271	68,443	252,828	1,733,809
2016	321,271	60,353	260,918	1,472,891
2017	241,153	51,993	189,160	1,283,731
2018	241,153	45,316	195,837	1,087,894
2019-2023	1,205,765	117,871	1,087,894	-
TOTAL	$2,651,884	$349,566	$2,302,318	

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.

Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2014 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2006	4.00% to 4.40%	2026	3,940,000	$2,825,000
2007	4.00% to 4.30%	2027	2,200,000	1,620,000
2007A	5.90% to 6.51%	2028	2,990,000	2,435,000
2012	2.00% to 3.25%	2024	4,995,000	3,765,000
TOTAL				$10,645,000

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of $3,224,881, are as follows:

Fiscal Year	Principal	Interest	Total
2015	805,000	433,283	1,238,283

2016	835,000	407,104	1,242,104
2017	860,000	379,830	1,239,830
2018	890,000	351,166	1,241,166
2019	925,000	321,393	1,246,393
2020-2023	3,430,000	952,857	4,382,857
2024-2028	2,900,000	379,248	3,279,248
TOTAL	$10,645,000	$3,224,881	$13,869,881

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2014 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
General Obligation Bonds	91,070,000	24,465,000	(14,505,000)	101,030,000	7,450,000
Sales Tax Revenue Bonds	11,430,000		(785,000)	10,645,000	805,000
Deferred Amounts:				-	
Premiums	2,267,598	450,836	(555,685)	2,162,749	-
Discounts	(890,664)	(156,529)	139,920	(907,273)	-
Total bonds & notes payable	103,876,934	24,759,307	(15,705,765)	112,930,476	8,255,000
Deferred charge on refunding	(1,280,106)	(153,544)	285,661	(1,147,989)	-
Compensated absences	6,158,846	1,974,368	(1,591,825)	6,541,389	1,827,575
	108,755,674	26,580,131	(17,011,929)	118,323,876	10,082,575

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

Business-Type Activities -

Water and Sewer Fund

The water and sewer fund revenue bonds are payable from the gross revenues of the water and sewer system. Gross revenues are to be used first-to-pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2030, and interest is payable semiannually.

Waterworks and Sewer System Refunding and Revenue Bonds

In 2004, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $462,612. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's

life was shorter than the life of the new debt. The deferred amount on refunding was $42,556 at September 30, 2014.

In 2005, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $327,090. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $27,258 at September 30, 2014.

In 2011, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $104,513 and resulted in an economic gain of $53,332. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $85,261 at September 30, 2014.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $195,970 and resulted in an economic gain of $192,727. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $151,061 at September 30, 2014.

Water and sewer fund debt outstanding at September 30, 2014 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2004	3.38% to 4.00%	2019	11,975,000	$4,155,000
2004A	4.00% to 4.75%	2024	3,135,000	1,845,000
2005Ref	3.60% to 4.10%	2019	9,105,000	1,620,000
2007	4.00% to 4.30%	2027	6,000,000	4,415,000
2008	4.38% to 6.75%	2029	26,185,000	21,525,000
2009	3.00% to 4.50%	2030	2,585,000	2,195,000
2011	2.00% to 5.00%	2030	13,995,000	11,240,000
2012	2.00% to 3.00%	2023	2,320,000	1,890,000
TOTAL				$48,885,000

Debt service requirements to maturity for water and sewer fund debt, including interest of $19,843,085, are as follows:

Fiscal Year	Principal	Interest	Total
2015	$3,960,000	$2,364,720	$6,324,720
2016	3,695,000	2,217,470	5,912,470
2017	3,825,000	2,073,826	5,898,826
2018	3,795,000	1,920,695	5,715,695
2019	3,660,000	1,767,128	5,427,128
2020-2023	12,150,000	5,615,289	17,765,289
2024-2028	14,060,000	3,622,619	17,682,619
2029-2030	3,740,000	261,338	4,001,338
TOTAL	$48,885,000	$19,843,085	$68,728,085

Law Enforcement Center

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

Refunding Bonds

In 2005, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $294,336. This deferred amount on refunding was being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. There were no deferred or defeased amounts as of September 30, 2014.

Law Enforcement Center Fund debt outstanding at September 30, 2014 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2005 Refund	5.00%	2015	$2,355,000	$485,000
2007B CO	6.45% to 6.45%	2028	790,000	650,000
TOTAL				$1,135,000

Debt service requirements to maturity for Law Enforcement Center debt, including interest of $349,139, are as follows:

Fiscal Year	Principal	Interest	Total
2015	$515,000	$53,083	$568,083
2016	30,000	39,023	69,023
2017	35,000	36,926	71,926
2018	35,000	34,669	69,669
2019	40,000	32,250	72,250
2020-2024	230,000	119,325	349,325
2025-2028	250,000	33,863	283,863
TOTAL	$1,135,000	$349,139	$1,484,139

Drainage Utility Fund

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

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by $285,920 and resulted in an economic gain of $333,855. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was $238,267 at September 30, 2014.

Drainage Utility Fund debt outstanding at September 30, 2014 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007	4.00% to 4.30%	2027	$2,200,000	$1,620,000
2012	2.00% to 3.13%	2024	3,740,000	3,115,000
TOTAL				$4,735,000

Debt service requirements to maturity for Drainage Utility debt, including interest of $1,010,423, are as follows:

Fiscal Year	Principal	Interest	Total
2015	375,000	147,370	522,370
2016	390,000	137,970	527,970
2017	400,000	128,170	528,170
2018	405,000	118,070	523,070
2019	420,000	107,770	527,770
2020-2024	2,295,000	331,943	2,626,943
2025-2027	450,000	39,130	489,130
TOTAL	$4,735,000	$1,010,423	$5,745,423

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2014, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	52,705,000	-	(3,820,000)	48,885,000	3,960,000
LEC Certificates of Obligation	1,625,000	-	(490,000)	1,135,000	515,000
Drainage Utility Revenue Bonds	5,105,000	-	(370,000)	4,735,000	375,000
Deferred Amounts:					
Premiums	439,729	-	(54,768)	384,961	
Discounts	(415,043)	-	44,564	(370,479)	
Total bonds & notes payable	59,459,686	-	(4,690,204)	54,769,482	4,850,000
Deferred charge on refunding	(685,665)	-	141,763	(543,902)	
Compensated absences	1,191,530	487,602	(352,536)	1,326,596	404,747
	59,965,551	487,602	(4,900,977)	55,552,176	5,254,747

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

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

Discretely Presented Component Unit

Mansfield Economic Development Corporation

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

MEDC debt outstanding at September 30, 2014 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2004	5.81% to 6.33%	2024	$8,300,000	$5,305,000
2004A	4.36% to 5.13%	2024	4,715,000	2,880,000
2012	2.00% to 4.00%	2032	3,090,000	2,845,000
TOTAL				$11,030,000

Debt service requirements to maturity for MEDC debt, including interest of $3,857,033, are as follows:

Fiscal Year	Principal	Interest	Total
2015	760,000	556,318	1,316,318
2016	800,000	519,938	1,319,938
2017	835,000	481,314	1,316,314
2018	880,000	440,055	1,320,055
2019	920,000	396,112	1,316,112
2020-2024	5,380,000	1,196,459	6,576,459
2025-2029	860,000	218,637	1,078,637
2030-2032	595,000	48,200	643,200
TOTAL	$11,030,000	$3,857,033	$14,887,033

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2014, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	11,755,000	-	(725,000)	11,030,000	760,000
Deferred Amounts:					
Premiums	20,568	-	(1,491)	19,077	
Discounts	(113,564)	-	8,880	(104,684)	
Total bonds & notes payable	11,662,004	-	(717,611)	10,944,393	760,000
Deferred charge on refunding	-	-	-	-	
Compensated absences	42,504	23,233	(21,796)	43,941	25,024
	11,704,508	23,233	(739,407)	10,988,334	785,024

G. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2014 included the following legal use restrictions.

Enterprise Fund	Revenue Bond Sinking and Reserve Fund	Bond Construction Fund	Inmate Trust Fund	Total
Water and Sewer Fund	$4,104,652	$14,861,347	$ -	$18,965,999
Law Enforcement Complex	483,568	10,482	104,750	598,620
Drainage Utility	78,339	238,683	-	317,022
TOTAL	$4,666,559	$15,110,512	$104,750	$19,881,641

The ordinance authorizing the issuance of Water and Sewer System revenue bonds requires that the City establish a sinking fund (Revenue Bond Sinking and Reserve Fund) in an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds. At September 30, 2014, the sinking fund balance is sufficient to satisfy such bond ordinance requirements. The bond ordinance also contains provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and the pledged revenues are equal to or greater than 1.25 times the average annual debt service requirements after giving effect to the proposed additional bonds and any proposed rate increases. In addition, the bond ordinance requires that the annual gross revenues of the Water and Sewer System, less annual operation and maintenance expenses (excluding depreciation and amortization expense), be at least 1.10 times the annual principal and interest requirements of all the outstanding revenue bonds.

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

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

H. Retirement Plan

Plan Description:

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' Website at www.TMRS.com.

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

	Plan Year 2013	**Plan Year 2014**
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's project benefit allocated annually; the prior service contribution rate amortizes the underfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rates go into effect. The annual pension cost for 2013, 2012, and 2011 was $4,173,052, $3,944,031, and $3,869,129, respectively, which was equal to the City's required and actual contributions. The required contributions were determined as part of the December 31, 2013 and 2012 actuarial valuations using the projected unit credit actuarial cost method.

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2013 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation date, December 31, 2013, is as follows:

Valuation Date	**12/31/2011**	**12/31/2012**	**12/31/2013**
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent	Level Percent
Remaining Amortization Period	26.1 years; closed period	25.1 years; closed period	26.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return*	7.5%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress:

In October2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013 (unaudited), the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	$92,677,623	$111,899,202	82.8%	$19,221,579	$28,526,524	67.4%
12/31/2012	82,380,703	96,569,889	85.3%	14,189,186	26,472,599	53.6%
12/31/2011	73,360,968	89,180,462	82.3%	15,819,494	25,790,850	61.3%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

I. Supplemental Death Benefits

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions:

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2013, 2012, and 2011 were $36,303, $31,710, and $42,684, respectively, which equaled the required contributions each year.

J. Other Post-Employment Benefits - OPEB

Plan Description

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

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

Measurement Focus and Basis of Accounting

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

Benefits

City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. After the age of 65, the City will pay the following percentage of employer-subsidized premium as a lifetime-only benefit. At the time of the actuarial valuation, the City paid retired employee premiums of $891.82 for medical coverage and $38.89 for dental coverage. The City does not subsidize family health coverage. The years of service must be worked for the City, and other creditable years of service are excluded when determining the percentage:

Years of Service with the City	Percentage of Employer-Subsidized Premium
20 and more	100%
19	95%
18	90%
17	85%
16	80%

15	75%
14	70%
13	65%
12	60%
11	55%
10	50%

At the time of the actuarial valuation, the City had 479 active plan members and only 51 retired plan members receiving benefits.

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the plan upon retirement. Expenditures for postretirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the ARC, which approximates the annual OPEB cost, and totaled $1,212,510 for the fiscal year ended September 30, 2014. The City also funded 100% of the ARC, which approximates the annual OPEB cost, and totaled $1,000,959 and $703,567 for each of the fiscal years ended September 30, 2013 and 2012 respectively. The retirees are responsible for funding approximately 2% of the healthcare and other benefit premiums.

Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. The City paid the ARC, including the employee portions of healthcare premiums directly to the Trust in the amount of $1,212,510 for fiscal year 2014.

Funding

The City makes an annual contribution to the plan approximately equal to the ARC. The City commissioned an updated actuarial valuation of the plan for October 1, 2013 for fiscal year 2014.

The funded status as of October 1, 2013 (unaudited), the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/2013	$4,025,043	$13,155,090	31%	$9,130,047	$28,061,984	32.54%
10/01/2012	3,233,404	10,608,407	30%	7,375,003	27,925,254	26.41%
10/01/2011	2,284,937	7,646,266	30%	5,361,329	25,173,254	21.3%

Note: ARC of $1,212,510 for fiscal year 2014 as of September 30, 2014 is based on the current practice of funding the plan in a segregated GASB-qualified trust.

Actuarial Methods and Assumptions

Actuarial Cost Method - Projected Unit Credit
Actuarial Valuation Date - October 1, 2013
Discount Rate - 7%
Amortization method - 30 years, level dollar open amortization
Open amortization means a fresh start each year for the cumulative unrecognized amount.
Healthcare Cost Trends Rates – 8% initially graded downward 0.05% per year to 5.0% in year 7 and later.

Mortality - IRS 2008 Combined Static Mortality Table

Retirement Rate –

Attained Age	Rates per 100 Participants
50	3.0
51	1.5
55	7.5
58	10.0
60	25.0
61	10.0
65	100

Withdrawal Rate –

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarial calculations reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

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.

K. 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.

L. 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 $0.97659 per 1,000 gallons, with a total cost of $4,360,414 during fiscal year 2014. 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 2014, the City's cost for sewer treatment under the contract was $4,939,762.

Law Enforcement Complex Housing Commitments

On June 25, 1990, the City entered into an Intergovernmental Agreement Contract (IGA) with the United States Marshal's Service (USMS) to provide for the housing, safekeeping, and subsistence of adult male and female federal prisoners.

The City began housing prisoners from the Immigration and Naturalization Service pursuant to the terms and conditions of the USMS contract or IGA. On December 11, 1998, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of $46.60 per day, effective June 1, 1999.

On November 1, 2001, the City and the City of Fort Worth, Texas, entered into an agreement under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, for the purpose of housing the City of Fort Worth's prisoners. This contract was renegotiated during fiscal year 2006, and a new agreement was reached between the City and the City of Fort Worth, Texas, commencing on October 1, 2006. The new agreement is an annual agreement that automatically renews for subsequent one-year terms, commencing on October 1 of each year and ending on September 30 of each year for nine (9) years after the Initial Term until September 30, 2016. There are various provisions in the contract defining both the purpose and nature of the duties of the City, and the City of Fort Worth, Texas, in housing the City of Fort Worth, Texas, prisoners. The general terms of the contract agree that the City will collect a monthly fee of $388,969 or $4,667,626 in the first year of the contract. Each subsequent term of the contract, the annual amount will increase 4% per year. There are various provisions in the contract that define additional payments for housing prisoners over a specified cap and a reduction in payments if the population of the prisoners drops below a certain number. These provisions give notice to each party that a material change has occurred in the purpose and management of housing the City of Fort Worth, Texas, prisoners and that adjustments to the terms of the contract should be mutually agreed upon by both parties.

The Contract is subject to termination by either party upon written notice provided 90 days before any annual renewal date. Upon such notice of intent, neither party is obligated to any further performance or consideration that has not already been rendered. If the City of Fort Worth, Texas, fails to appropriate funds sufficient to fulfill its obligations under this agreement, Fort Worth may terminate this agreement to be effective by whichever effective date is sooner: (1) thirty (30) days following delivery by Fort Worth to the City of written notice of Fort Worth's intent to terminate or (2) the last date for which funding has been appropriated by Fort Worth's City Council for Fort Worth to fulfill its obligations under this Agreement.

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

Mansfield National Golf Club

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

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

The value of the improvements made to the property, subject to and reserving the leasehold rights of Alliance as defined by the agreement, became the vested rights of MPFDC and subsequently the vested rights of the City. The rights of the value of improvements have been used as collateral for financing the cost of constructing the improvements. The improvements or rights of the value of the improvement are

not carried or recognized as an asset by the MPFDC. However, upon the dissolution of the lease agreement, the rights of the value of the improvements are to be recognized as an asset by the MPFDC. The MPFDC has the right of first refusal and the authority to approve or disapprove future assignments of the rights made by Alliance. In the event Alliance becomes insolvent, certain remedies are permitted by the agreement and in no circumstance is the MPFDC obligated to or committed to Alliance's creditors.

The City is accruing a lease receivable of $90,000 per year to recognize future rental income over the term of the lease on a straight-line basis.

Sports Park – Big League Dreams

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

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

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

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

Water Park – Hawaiian Falls

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

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

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

M. Conduit Debt Obligations

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

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

N. 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.

O. Subsequent Events

Bond Issuances

On December 8, 2014, the City issued $11,700,000 in General Obligation Refunding Bonds, Series 2015; and $15,870,000 in Combination Tax and Revenue Certificates of Obligation, Series 2015. The City issued $9,540,000 in Waterworks and Sewer System Revenue Refunding Bonds, Series 2015. Also, the City issued $2,880,000 in Sales Tax Revenue Refunding Bonds, New Series 2015 and $5,630,000 in Sales Tax Revenue Refunding Bonds, Taxable New Series 2015. The purpose of the Combination Tax and Revenue Certificates of Obligations, Series 2015 are for the design, development, and construction of street improvements, public safety improvements and equipment.

P. New Accounting Pronouncements

For fiscal year 2014, the City has implemented Statements No. 65 and 66 of financial accounting standards issued by the GASB.

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. This Statement improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The City is in the process of evaluating the impact of this pronouncement on its financial statements.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement will be effective for the City in fiscal year 2015. The City is in the process of evaluating the impact of this pronouncement on its financial statements.

In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The provisions of Statement 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

In April of 2013, the GASB issued Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend non-exchange financial guarantees and by those governments that receive non-exchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending non-exchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The provisions of Statement 70 are effective for financial statements for reporting beginning after June 15, 2013.

In November of 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

CITY OF MANSFIELD, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SEPTEMBER 30, 2014

Texas Municipal Retirement System
Schedule of Funding Progress - Unaudited

Actuarial Valuation Date, December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded AAL as Percentage of Covered Payroll (4)/(5)
2013	$92,677,623	$111,899,202	82.8%	$19,221,579	$28,526,524	67.4%
2012	82,380,703	96,569,889	85.3%	14,189,186	26,472,599	53.6%
2011	73,360,398	89,180,462	82.3%	15,820,064	25,790,850	61.3%

Note: The Texas State Legislature met in 2011 and passed Senate Bill 350, which restructured TMRS' internal account structure. Prior to passage, TMRS accounted for three different pools of assets – one for cities, one for active employees, and one for retirees. SB 350 allowed TMRS to combine each of these pools into a single pool for each participating City, The Benefit Accumulation Fund. This new fund structure more closely resembles the structure of the vast majority of public pension systems, and helps protect cities against the downside risk of adverse investment returns while providing future contribution rate stability. These changes were incorporated into the TMRS 2010 Actuarial Valuation and amounts reported in the City's CAFR for FY 2011 now include the additional assets and liabilities of the former pool used to account for retirees, which had the net effect of increasing the City's funded ratio while at the same time reducing the contribution rate for FY 2012.

Retiree Health Insurance Other Postemployment Benefits
Schedule of Funding Progress - Unaudited

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded AAL (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded AAL as Percentage of Covered Payroll (4)/(5)
Oct 1, 2013	$4,025,043	$13,155,090	31%	$9,130,047	$28,061,984	32.54%
Oct 1, 2012	3,233,404	10,608,407	30%	7,375,003	27,925,254	26.41%
Oct 1, 2011	2,284,937	7,646,266	30%	5,361,329	25,173,254	21.30%

Note: ARC of $1,212,510 for fiscal year 2014 as of September 30, 2014 is based on the current practice of funding the plan in a segregated GASB-qualified trust.

Required Supplementary Information

City of Mansfield, Texas
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	$ 21,738,315	$ 21,738,315	$ 21,212,879	$ (525,436)
Sales	8,737,960	8,737,960	9,061,964	324,004
Franchise	3,501,211	3,501,211	3,659,355	158,144
Mixed drink	118,000	118,000	159,969	41,969
Licenses and permits	1,233,179	1,233,179	1,306,622	73,443
Intergovernmental	-	-	301,676	301,676
Charges for services	3,378,910	3,378,910	3,900,711	521,801
Fines	2,271,200	2,271,200	2,051,831	(219,369)
Interest earnings	5,000	5,000	11,278	6,278
Miscellaneous	134,300	134,300	708,552	574,252
Total revenues	41,118,075	41,118,075	42,374,837	1,256,762
EXPENDITURES				
Current:				
General Government:	10,199,552	10,199,552	9,731,149	468,403
Public safety	24,183,897	24,183,897	25,208,963	(1,025,066)
Public works	3,374,725	3,374,725	3,387,934	(13,209)
Culture and recreation	3,616,945	3,616,945	3,490,299	126,646
Bond Issuance Cost	-	-	29,328	(29,328)
Captial outlay:				
Land	-	-	3,797,752	(3,797,752)
Equipment	-	-	51,160	(51,160)
Total expenditures	41,375,119	41,375,119	45,696,585	(4,321,466)
Excess of expenditures over revenues	(257,044)	(257,044)	(3,321,748)	(3,064,704)
OTHER FINANCING SOURCES (USES)				
Transfers in	810,532	810,532	810,532	-
Transfers out	(553,488)	(553,488)	-	553,488
Bonds Isued	-	-	3,536,555	3,536,555
Premium on bonds issued	-	-	51,366	51,366
Discounts on bonds issued	-	-	(23,899)	(23,899)
Total other financing sources and uses	257,044	257,044	4,374,554	4,117,510
Net change in fund balances	(0)	(0)	1,052,806	1,052,806
Fund balances - beginning	10,604,212	10,604,212	10,604,212	-
Fund balances - ending	$ 10,604,212	$ 10,604,212	$ 11,657,018	$ 1,052,806

See accompanying notes to required supplementary information.

CITY OF MANSFIELD, TEXAS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

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 Agency, 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 fund balance as of September 30, 2014 is $11,657,018.

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. Agency Funds are used to account for assets held for other funds, governments, or individuals and are custodial in nature.

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 $1,256,762 and expenditures were more than budget by $4,321,466, which was offset by other financing sources (uses), which were more than budget by $4,117,510.

Supplementary Information

Non-major Governmental Funds

Special Revenue Fund

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

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.

- 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.
- 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.
- 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.
- 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.

Capital Projects Funds

Equipment Replacement Fund – This fund is used to account for the acquisition of vehicles, machinery, and equipment for use by City departments.

Parks Construction Fund – This fund is used to account for the construction of new parks within the City.

TIRZ #2 Fund – This fund is used to account for the revitalization of the City’s Historic Downtown.

City of Mansfield, Texas

Combining Balance Sheet

Nonmajor Governmental Funds

As of September 30, 2014

	Special Revenue			Debt Service	Capital Projects				
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds	Total	MPFDC Debt Service	TIRZ #2	Equipment Replacement	Parks Construction	Total	Total Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	$ 8,668,333	$ 1,675,858	$ 10,344,191	$ 207,380	$ 3,538	$ 1,230,971	$ 16,212	$ 1,250,721	$ 11,802,292
Accounts receivable, net	914,664	167,696	1,082,360	-	-	-	-	-	1,082,360
Inventory	-	61,228	61,228	-	-	-	-	-	61,228
Total assets	$ 9,582,997	$ 1,904,782	$ 11,487,779	$ 207,380	$ 3,538	$ 1,230,971	$ 16,212	$ 1,250,721	$ 12,945,880
LIABILITIES									
Accounts payable	$ 517,519	$ 25,532	$ 543,051	$ -	$ -	$ 8,195	$ -	$ 8,195	$ 551,246
Accrued liabilities	67,980	13,640	81,620	-	-	-	-	-	81,620
Unearned revenue	319,556	-	319,556	-	-	-	-	-	319,556
Total liabilities	905,055	39,172	944,227	-	-	8,195	-	8,195	952,422
FUND BALANCES									
Nonspendable	-	61,228	61,228	-	-	-	-	-	61,228
Restricted	7,072,999	30,113	7,103,112	207,380	3,538	1,222,776	16,212	1,242,526	8,553,018
Committed	1,604,943	1,614,004	3,218,947	-	-	-	-	-	3,218,947
Assigned	-	160,265	160,265	-	-	-	-	-	160,265
Total fund balances	8,677,942	1,865,610	10,543,552	207,380	3,538	1,222,776	16,212	1,242,526	11,993,458
Total liabilities and fund balances	$ 9,582,997	$ 1,904,782	$ 11,487,779	$ 207,380	$ 3,538	$ 1,230,971	$ 16,212	$ 1,250,721	$ 12,945,880

City of Mansfield, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2014

	Special Revenue			Debt Service	Capital Projects				
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds	Total	MPFDC Debt Service	TIRZ #2	Equipment Replacement	Parks Construction	Total	Total Nonmajor Governmental Funds
REVENUE									
Taxes	$ 3,338,017	$ 651,225	$ 3,989,242	$1,192,965	$ 13,788	$ -	$ -	$ 13,788	$ 5,195,995
Development fees	692,750	-	692,750	-	-	-	-	-	692,750
Gas royalty	681,764	-	681,764	-	-	-	-	-	681,764
Recreational Fees	868,690	-	868,690	-	-	-	-	-	868,690
Fines and forfeitures	-	253,416	253,416	-	-	-	-	-	253,416
Investment earnings	4,480	321	4,801	-	-	124	620	744	5,545
Donations	29,350	16,683	46,033	-	-	-	-	-	46,033
Miscellaneous	73,214	3,547	76,761	9,744	-	39,870	-	39,870	126,375
Total revenues	5,688,265	925,192	6,613,457	1,202,709	13,788	39,994	620	54,402	7,870,568
EXPENDITURES									
Current:									
General government	-	700,688	700,688	-	-	28,620	-	28,620	729,308
Culture and recreation	3,168,269	-	3,168,269	-	-	-	1,314	1,314	3,169,583
Public safety	-	154,884	154,884	-	-	16,023	-	16,023	170,907
Debt service:									
Principal retirement	-	-	-	785,000	-	-	-	-	785,000
Interest	-	-	-	465,410	-	183	-	183	465,593
Bond issuance cost	-	-	-	-	-	16,405	-	16,405	16,405
Capital outlay:									
Land	7,364	-	7,364	-	-	-	-	-	7,364
Improvements (not buildings)	-	-	-	-	-	-	1,185,847	1,185,847	1,185,847
Equipment	128,510	101,926	230,436	-	10,250	690,685	-	700,935	931,371
Parks	135,195	-	135,195	-	-	-	-	-	135,195
Total expenditures	3,439,338	957,498	4,396,836	1,250,410	10,250	751,916	1,187,161	1,949,327	7,596,573
Excess (deficiency) of revenues over (under) expenditures	2,248,927	(32,306)	2,216,621	(47,701)	3,538	(711,922)	(1,186,541)	(1,894,925)	273,995
OTHER FINANCING SOURCES (USES)									
Transfers out:									
Street Construction fund	(65,000)	-	(65,000)	-	-	-	-	-	(65,000)
Sale of city property	-	-	-	-	-	54,224	-	54,224	54,224
Bonds issued	-	-	-	-	-	1,936,614	-	1,936,614	1,936,614
Premiums on bonds issued	-	-	-	-	-	34,174	-	34,174	34,174
Discounts on bonds issued	-	-	-	-	-	(18,813)	-	(18,813)	(18,813)
Total other financing sources	(65,000)	-	(65,000)	-	-	2,006,199	-	2,006,199	1,941,199
Net change in fund balances	2,183,927	(32,306)	2,151,621	(47,701)	3,538	1,294,277	(1,186,541)	111,274	2,215,194
Fund balances beginning	6,494,015	1,897,916	8,391,931	255,081	-	(71,501)	1,202,753	1,131,252	9,778,264
Fund balances ending	$ 8,677,942	$1,865,610	$ 10,543,552	$ 207,380	$ 3,538	$1,222,776	$ 16,212	$1,242,526	11,993,458

Required Supplementary Information

City of Mansfield, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Property taxes	$ 11,941,800	$ 11,941,800	$ 11,582,773	$ (359,027)
Investment earnings	-	-	314	314
Miscellaneous	-	-	88,180	88,180
Total revenues	11,941,800	11,941,800	11,671,267	(270,533)
EXPENDITURES				
Debt service:				
Principal	8,205,519	8,205,519	7,895,000	310,519
Interest	3,736,281	3,736,281	3,882,106	(145,825)
Fiscal charges	-	-	153,544	(153,544)
Issuance Costs	-	-	111,802	(111,802)
Total expenditures	11,941,800	11,941,800	12,042,452	(100,652)
Excess (deficiency) of revenues over (under) expenditures	-	-	(371,185)	(371,185)
OTHER FINANCES SOURCES (USES)				
Refunding bonds issued	-	-	6,710,000	(6,710,000)
Bonds issued	-	-	371,831	(371,831)
Premium on bonds issued	-	-	192,313	(192,313)
Discounts on bonds issued	-	-	(33,333)	33,333
Payment to refunded bond escrow agent	-	-	(6,610,000)	6,610,000
Transfer In	-	-	-	-
Total other financing sources (uses)	-	-	630,811	(630,811)
Net changes in fund balance	-	-	259,626	259,626
Fund balances beginning	668,959	668,959	596,142	-
Fund balances ending	$ 668,959	$ 668,959	$ 855,768	$ 259,626

Required Supplementary Information

City of Mansfield, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual
Mansfield Parks Facilities Development Corporation Debt Service Fund
For the Year Ended September 30, 2014

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Sales taxes	$ 1,243,573	$ 1,243,573	$ 1,192,965	$ (50,608)
Other Financing Source	-	-	9,744	9,744
Total revenues	1,243,573	1,243,573	1,202,709	(40,864)
EXPENDITURES				
Debt service:				
Principal	785,000	785,000	785,000	-
Interest and fiscal charges	458,573	458,573	465,410	6,837
Total expenditures	1,243,573	1,243,573	1,250,410	(6,837)
Excess (deficiency) of revenues over (under) expenditures	-	-	(47,701)	(47,701)
OTHER FINANCES SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Discounts on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfer In	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance	-	-	(47,701)	(47,701)
Fund balances beginning	255,081	255,081	255,081	-
Fund balances ending	$ 255,081	$ 255,081	$ 207,380	$ (47,701)

City of Mansfield, Texas
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2014

	Beginning	Additions	Deletions	Ending
ASSETS				
Cash and cash equivalents	$ 924,670	$ 11,609,165	$ 10,997,549	$ 1,536,286
Total Assets	$ 924,670	$ 11,609,165	$ 10,997,549	$ 1,536,286
LIABILITIES				
Insurance Payable	$ 924,670	$ 11,609,165	$ 10,997,549	$ 1,536,286
Total Liabilities	$ 924,670	$ 11,609,165	$ 10,997,549	$ 1,536,286

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
September 30, 2014

Governmental funds capital assets:		
Land	$	98,635,855
Buildings		62,065,246
Other Improvements		18,647,868
Vehicles, Machinery, and Equipment		21,815,997
Infrastructure		289,660,958
Construction In Progress		16,955,440
Total Capital Assets	$	507,781,364

Investments in governmental funds capital assets by source:		
General Obligation Bonds	$	206,648,713
Intergovernmental Revenues		3,439,102
Current Revenue		13,605,111
Special Revenues		9,794,832
Developer Revenue		2,965,461
Contributions		271,328,145
Total Investment In Capital Assets	$	507,781,364

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
September 30, 2014

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government:							
Administration				$ 125,377			$ 125,377
City secretary/legal				$ 100,961			100,961
Personnel				$ 55,334			55,334
Finance				$ 9,754			9,754
Accounting/budget/purchasing				$ 22,948			22,948
Tax assessing				$ 12,806			12,806
Information services				$ 584,401			584,401
Planning and development				$ 122,285			122,285
Engineering				$ 105,983			105,983
Code enforcement				$ 93,957			93,957
Building inspection				$ 50,073			50,073
General government buildings	13,123,245	62,031,206	33,471	$ 402,717		60,030	75,650,669
Total general government	13,123,245	62,031,206	33,471	$ 1,686,596	-	60,030	76,934,548
Public safety:							
Police			46,159	$ 9,059,384		1,620,287	10,725,830
Fire			8,851	$ 6,496,511		854,683	7,360,045
Municipal court	282,234			$ 240,948			523,182
Animal control			83,291	$ 136,957		7,500	227,748
Total public safety	282,234	-	138,301	$ 15,933,800	-	2,482,470	18,836,805
Culture and recreation							
Parks and recreation	2,656,858	34,040	18,460,020	$ 1,522,160		351,325	23,024,403
Senior citizens			3,000	$ 79,434			82,434
Library	410,001			$ 825,459			1,235,460
Land maintenance				$ 195,166			195,166
Building maintenance			13,076	$ 58,106			71,182
Total culture and recreation	3,066,859	34,040	18,476,096	$ 2,680,325	-	351,325	24,608,645
Public works:							
Streets	82,163,517			$ 1,515,276	289,660,958	14,061,615	387,401,366
Total public works	82,163,517	-	-	$ 1,515,276	289,660,958	14,061,615	387,401,366
Total governmental funds capital assets	$ 98,635,855	$ 62,065,246	$ 18,647,868	$ 21,815,997	$ 289,660,958	$ 16,955,440	$ 507,781,364

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function And Activity
For the fiscal year ended September 30, 2014

Function and Activity	Governmental Funds Capital Assets, September 30, 2013	Additions	Deductions	Governmental Funds Capital Assets, September 30, 2014
General government				
Administration	$ 630,260	$ -	$ -	$ 630,260
City secretary/legal	87,625	13,336	-	100,961
Personnel	55,334	-	-	55,334
Finance	9,754	-	-	9,754
Accounting/budget/purchasing	22,948	-	-	22,948
Tax assessing	12,806	-	-	12,806
Information services	584,401	-	-	584,401
Planning and development	129,285	-	-	129,285
Engineering	105,983	-	-	105,983
Code enforcement	93,957	-	-	93,957
Building inspection	50,073	-	-	50,073
General government buildings	23,305,861	3,808,002	-	27,113,863
Total general government	25,088,287	3,821,338	-	28,909,625
Public safety:				
Police	8,108,203	2,493,146	275,582	10,325,767
Fire	13,942,337	1,204,859	255,441	14,891,755
Municipal court	240,948	-	-	240,948
Animal control	703,225	7,500	45,320	665,405
Total public safety	22,994,713	3,705,505	576,343	26,123,875
Culture and recreation				
Parks and recreation	59,453,429	1,456,917	-	60,910,346
Senior citizens	82,434	-	-	82,434
Library	3,549,989	-	-	3,549,989
Land maintenance	247,527	-	-	247,527
Building maintenance	810,454	-	-	810,454
Total culture and recreation	64,143,833	1,456,917	-	65,600,750
Public works:				
Streets	372,631,586	14,515,528	-	387,147,114
Total public works	372,631,586	14,515,528	-	387,147,114
Total governmental funds capital assets	$ 484,858,419	$ 23,499,288	$ 576,343	$ 507,781,364

MANSFIELD ECONOMIC DEVELOPMENT CORPORATION

City of Mansfield
Balance Sheet
Mansfield Economic Development Corporation
As of September 30, 2014

ASSETS		
Cash and investments	$	5,855,087
Receivables (net of allowance for uncollectibles)		359,488
Restricted cash and investments		1,944,730
Total assets	$	8,159,305
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$	1,009,278
Accrued liabilities		387,921
Total liabilities		1,397,199
Fund balances:		
Reserved for capital projects		1,944,730
Unreserved, undesignated		4,817,376
Total fund balances		6,762,106
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,013,077
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(10,988,333)
Net position of governmental activities	$	11,786,850

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Mansfield Economic Development Corporation
September 30, 2014

REVENUES		
Sales taxes	$	4,530,982
Gas Royalty Income		2,793
Interest		4,051
Contributions		1,408,862
Miscellaneous		6,074
Total revenues		5,952,762
EXPENDITURES		
Current:		
Administration		766,063
Projects		8,973,840
Debt service:		
Principal		725,000
Interest		597,059
Capital outlay:		
Land		-
Total expenditures		11,061,962
Excess (deficiency) of revenues over (under) expenditures		(5,109,200)
OTHER FINANCING SOURCES (USES)		
Sale of city property		-
Total other financing sources (uses)		-
Net change in fund balance		(5,109,200)
Fund balance beginning		11,871,306
Fund balance ending	$	6,762,106

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
Mansfield Economic Development Corporation
to the Statement of Activities
For the Year Ended September 30, 2014

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

Net change in fund balances MEDC	$	(5,109,200)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		7,127,306
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		31,971
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items.		716,174
Changes in net position of governmental activities	$	2,766,251

CITY OF MANSFIELD, TEXAS

STATISTICAL SECTION

SEPTEMBER 30, 2014

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends Page 88 – 94

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity Page 95 – 98

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.

Capacity Page 99 – 103

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information Page 104 – 105

These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.

Operating Information Page 106 – 108

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services that the City provides and the activities it perfoms.

City of Mansfield, Texas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
Net investment in capital assets	$ 204,332	$ 210,596	$ 217,381	$ 226,079	$ 226,416	$ 224,555	$ 225,083	$ 225,017	$ 211,270	$ 210,130
Restricted	403	446	993	1,815	721	1,037	619	490	15,520	29,294
Unrestricted	7,959	8,298	8,657	4,064	6,806	7,269	7,953	9,275	7,967	8,589
Total governmental activities net position	$ 212,694	$ 219,340	$ 227,031	$ 231,958	$ 233,943	$ 232,861	$ 233,655	$ 234,782	$ 234,757	$ 248,013
Business-type activities:										
Net investment in capital assets	$ 83,989	$ 91,581	$ 97,214	$ 103,077	$ 107,442	$ 111,276	$ 112,164	$ 115,837	$ 105,677	$ 119,190
Restricted	3,202	3,593	3,906	3,792	4,280	4,246	4,331	4,320	18,108	12,548
Unrestricted	5,056	6,795	7,511	7,996	9,049	10,625	17,657	20,683	24,992	21,833
Total business-type activities net position	$ 92,247	$ 101,969	$ 108,631	$ 114,865	$ 120,771	$ 126,147	$ 134,152	$ 140,840	$ 148,777	$ 153,571
Primary government:										
Net investment in capital assets	$ 288,321	$ 302,177	$ 314,595	$ 329,156	$ 333,858	$ 335,831	$ 337,247	$ 340,854	$ 316,947	$ 329,320
Restricted	3,605	4,039	4,899	5,607	5,001	5,283	4,950	4,810	33,628	41,842
Unrestricted	13,015	15,093	16,168	12,060	15,855	17,894	25,610	29,958	32,959	30,422
Total primary government net position	$ 304,941	$ 321,309	$ 335,662	$ 346,823	$ 354,714	$ 359,008	$ 367,807	$ 375,622	$ 383,534	$ 401,584

City of Mansfield, Texas
Changes in Net Position of Governmental and Business Type Activities
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	$ 7,491	$ 8,216	$ 9,073	$ 9,630	$ 6,574	$ 6,142	$ 6,196	$ 6,686	$ 8,397	$ 10,759
Public safety	12,279	14,708	17,452	18,513	20,227	20,515	21,539	22,640	24,725	26,458
Public works	10,857	11,282	12,010	12,303	15,054	14,027	14,579	15,115	14,852	13,682
Culture and recreation	3,823	4,660	5,366	6,628	7,898	8,195	7,762	8,488	8,281	8,529
Interest on long-term debt	3,805	4,180	4,543	5,176	5,424	5,318	5,138	4,461	4,317	4,505
Total governmental activities expenses	$ 38,255	$ 43,046	$ 48,444	$ 52,250	$ 55,177	$ 54,197	$ 55,214	$ 57,390	$ 60,572	$ 63,933
Business-type activities:										
Water	8,800	10,158	11,408	11,140	12,019	11,567	13,112	14,441	15,838	17,308
Sewer	2,337	3,155	3,335	3,360	3,950	4,216	5,246	6,112	4,913	5,730
Law enforcement center	5,809	6,273	7,478	7,484	8,241	8,018	8,373	8,712	9,836	10,070
Drainage	571	761	886	846	941	870	863	752	1,103	1,371
Total business-type activities expenses	17,517	20,347	23,107	22,830	25,151	24,671	27,594	30,017	31,690	34,479
Total primary government expenses	$ 55,772	$ 63,393	$ 71,551	$ 75,080	$ 80,328	$ 78,868	$ 82,808	$ 87,407	$ 92,262	$ 98,412
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 4,694	$ 4,167	$ 4,241	$ 4,819	$ 4,593	$ 3,659	$ 4,263	$ 4,627	$ 4,993	$ 4,712
Public safety	1,131	620	1,368	1,317	1,593	1,747	2,325	2,394	2,789	3,278
Public works	1,265	1,961	2,856	1,529	974	708	1,061	1,610	2,216	4,369
Culture and recreation	522	677	1,877	1,619	939	844	779	1,188	1,552	1,935
Operating grants and contributions	42	71	339	653	432	613	365	442	187	348
Capital grants and contributions	7,370	7,871	5,690	4,066	3,495	771	1,125	539	245	11,962
Total governmental activities program revenues	15,024	15,367	16,371	14,003	12,026	8,342	9,918	10,800	11,982	26,604
Business-type activities:										
Charges for services:										
Water	13,768	14,799	12,357	14,060	15,137	14,821	18,144	17,437	19,577	18,365
Sewer	4,059	4,901	5,702	5,045	5,918	6,288	8,250	8,220	8,601	9,267
Law enforcement center	4,937	6,024	7,724	7,261	7,346	6,483	6,697	8,025	9,322	10,114
Drainage	900	1,114	1,031	1,075	1,209	1,203	1,352	2,079	1,302	1,310
Operating grants and contributions	-	-	-	126	92	-	-	-	505	273
Capital grants and contributions	2,465	2,426	2,405	1,140	1,910	417	549	239	532	1,701
Total business-type activities program revenues	26,129	29,264	29,219	28,707	31,612	29,212	34,992	36,000	39,839	41,030
Total primary government program revenues	$ 41,153	$ 44,631	$ 45,590	$ 42,710	$ 43,638	$ 37,554	$ 44,910	$ 46,800	$ 51,821	$ 67,634

Net (expense) revenue:										
Governmental activities	$ (23,231)	$ (27,679)	$ (32,073)	$ (38,247)	$ (43,151)	$ (45,855)	$ (45,296)	$ (46,590)	$ (48,590)	$ (37,329)
Business-type activities	8,612	8,917	6,112	5,877	6,461	4,541	7,398	5,983	8,149	6,551
Total primary government net expense	$ (14,619)	$ (18,762)	$ (25,961)	$ (32,370)	$ (36,690)	$ (41,314)	$ (37,898)	$ (40,607)	$ (40,441)	$ (30,778)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 19,350	$ 21,334	$ 23,972	$ 26,606	$ 29,004	$ 30,366	$ 30,514	$ 30,823	$ 31,389	$ 33,244
Sales taxes	7,095	7,840	9,259	10,582	10,638	10,718	10,894	11,699	12,196	13,593
Franchise taxes	2,157	2,467	2,669	2,849	3,048	3,158	3,514	3,537	3,477	3,659
Mixed drink taxes	41	59	74	105	126	118	120	101	107	160
Hotel/motel taxes	80	87	102	253	387	290	419	508	551	651
Unrestricted investment earnings	1,008	1,801	2,353	1,298	148	2	4	16	32	24
Gas royalty income	-	-	109	347	861	379	1,249	541	788	722
Gain on sale of capital assets	822	76	(23)	(10)	11	-	34	36	250	17
Transfers	-	662	1,249	1,144	913	(259)	(558)	354	(226)	810
Total governmental activities	$ 30,553	$ 34,326	$ 39,764	$ 43,174	$ 45,136	$ 44,772	$ 46,190	$ 47,615	$ 48,564	$ 52,880
Business-type activities:										
Property taxes	512	503	503	494	578	568	571	571	473	-
Unrestricted investment earnings	666	953	1,296	525	120	7	4	24	43	22
Gain (loss) on sale of capital assets	-	10	-	-	7	-	-	-	(953)	-
Special item-debt forgiveness	-	-	-	-	-	-	-	-	-	-
Transfers	-	(662)	(1,249)	(662)	(1,260)	259	495	(354)	226	(810)
Total business-type activities	1,178	804	550	357	(555)	834	1,070	241	(211)	(788)
Total primary government	$ 31,731	$ 35,130	$ 40,314	$ 43,531	$ 44,581	$ 45,606	$ 47,260	$ 47,856	$ 48,353	$ 52,092
Change in Net Position:										
Governmental activities	$ 7,322	$ 6,647	$ 7,691	$ 4,927	$ 1,985	$ (1,083)	$ 894	$ 1,025	$ (26)	$ 15,551
Business-type activities	9,790	9,721	6,662	6,234	5,906	5,375	8,468	6,224	7,938	5,763
Total primary government	$ 17,112	$ 16,368	$ 14,353	$ 11,161	$ 7,891	$ 4,292	$ 9,362	$ 7,249	$ 7,912	$ 21,314

In 2009, Certain expenses were reclassified from general government to public works.

City of Mansfield, Texas
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Drink Tax	Hotel/Motel Tax	Total
2005	19,350	7,095	2,157	41	80	28,723
2006	21,334	7,840	2,467	59	87	31,787
2007	23,972	9,259	2,669	74	102	36,076
2008	26,606	10,582	2,849	105	253	40,395
2009	29,004	10,638	3,048	126	387	43,203
2010	30,366	10,718	3,158	118	290	44,650
2011	30,514	10,894	3,514	120	419	45,461
2012	30,823	11,699	3,537	101	508	46,668
2013	31,389	12,196	3,477	107	551	47,720
2014	33,244	13,593	3,659	160	651	51,307

City of Mansfield, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010*	2011	2012	2013	2014
General fund:										
Reserved	$ 6	$ 38	$ 39	$ 49	$ 8	$ -	$ -	$ -	$ -	$ -
Unreserved	8,054	8,473	9,665	4,329	7,179	-	-	-	-	-
Nonspendable	-	-	-	-	-	6	5	34	10	-
Assigned	-	-	-	-	-	-	-	650	-	-
Unassigned	-	-	-	-	-	7,977	9,027	9,887	10,594	11,657
Total general fund	$ 8,060	$ 8,511	$ 9,704	$ 4,378	$ 7,187	$ 7,983	$ 9,032	$ 10,571	$ 10,604	$ 11,657
All other governmental funds:										
Reserved	$ 28,455	$ 24,672	$ 15,134	$ 18,783	$ 22,441	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	290	326	948	1,857	2,315	-	-	-	-	-
Nonspendable	-	-	-	-	-	61	61	61	61	61
Restricted	-	-	-	-	-	15,789	16,789	16,838	15,176	28,068
Committed	-	-	-	-	-	2,891	3,224	3,273	2,691	3,219
Assigned	-	-	-	-	-	110	124	43	51	160
Total all other governmental funds	$ 28,745	$ 24,998	$ 16,082	$ 20,640	$ 24,756	$ 18,851	$ 20,198	$ 20,215	$ 17,979	$ 31,508

* City implemented GASB Statement No. 54 in Fiscal Year 2010

City of Mansfield, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	$ 28,657	$ 31,601	$ 36,179	$ 40,297	$ 43,208	$ 44,650	$ 45,343	$ 46,546	$ 47,696	$ 51,372
Licenses and permits	3,048	2,356	2,074	1,598	1,118	1,750	2,830	2,264	1,982	1,988
Intergovernmental	111	143	109	517	23	350	220	387	131	302
Charges for services	1,906	2,025	2,614	2,150	2,750	3,075	3,165	3,723	4,594	4,769
Fines	861	960	1,036	968	1,046	1,261	1,561	1,746	2,645	2,305
Interest	1,008	1,801	2,353	1,298	148	2	4	16	32	24
Contributions and donations	118	376	443	2,153	432	777	57	54	56	6,546
Impact fees	926	1,728	3,738	2,226	1,305	971	1,509	1,267	1,777	1,935
Miscellaneous	792	898	920	2,582	2,717	422	327	1,365	1,299	3,728
Total revenues	$ 37,427	$ 41,888	$ 49,466	$ 53,789	$ 52,747	$ 53,258	$ 55,016	$ 57,368	$ 60,212	$ 72,969
Expenditures										
General government	6,957	7,517	8,157	9,061	6,013	5,504	5,519	5,991	7,507	10,461
Public safety	11,310	13,634	15,822	17,672	19,159	19,370	20,513	21,836	23,279	25,417
Public works	2,811	2,628	2,868	2,644	5,559	4,858	4,724	5,161	4,868	3,388
Culture and recreation	3,184	4,024	4,560	5,432	6,118	6,303	6,206	6,941	6,295	6,660
Capital outlay	15,462	20,453	27,080	24,157	13,572	9,552	6,141	10,138	13,738	18,037
Debt Service:										
Principal	4,975	5,245	6,040	5,770	6,165	6,930	7,200	7,950	7,875	8,680
Interest	3,642	4,185	4,502	5,161	5,343	5,474	5,057	4,581	4,362	4,348
Fiscal charges	305	-	-	-	-	14	16	600	176	154
Bond issuance cost	412	552	257	414	365	2	288	415	246	256
Total expenditures	49,058	58,238	69,286	70,311	62,294	58,007	55,664	63,613	68,346	77,401
Excess of revenues over (under) expenditures	(11,631)	(16,350)	(19,820)	(16,522)	(9,547)	(4,749)	(648)	(6,245)	(8,134)	(4,432)

Transfers-in	3,534	3,839	1,977	9,450	1,016	925	1,223	777	2,289	876
Transfers-out	(3,534)	(3,177)	(729)	(8,307)	(103)	(1,185)	(1,781)	(423)	(2,515)	(65)
Sale of city property	7,601	77	-	2	11	-	34	37	314	54
Operating Lease	-	-	-	-	-	-	373	-	-	-
Refunding bonds issued	9,050	-	-	-	10,400	-	9,730	10,850	7,080	6,710
Bonds issued	17,095	12,345	10,735	14,645	15,435	-	3,090	6,490	5,335	17,755
Premium on bonds issued	498	130	265	101	218	-	185	367	932	450
Discounts on bonds issued	(235)	(160)	(127)	(164)	(220)	-	(58)	(112)	(84)	(156)
Payment to refunded bond escrow agent	(8,915)	-	-	-	(10,385)	-	(9,749)	(10,185)	(7,420)	(6,610)
Total other financing sources (uses)	25,094	13,054	12,121	15,727	16,372	(260)	3,047	7,801	5,931	19,014
Net change in fund balances	$ 13,463	$ (3,296)	$ (7,699)	$ (795)	$ 6,825	$ (5,009)	$ 2,399	$ 1,556	$ (2,203)	$ 14,833
Debt service as a percentage of non-capital expenditures	25.6%	25.0%	25.0%	23.7%	23.6%	25.6%	24.8%	23.4%	22.4%	21.9%

City of Mansfield, Texas
General Governmental Tax Revenue By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Tax	Mixed Drink	Total
2005	19,284	7,095	2,157	80	41	28,657
2006	21,148	7,840	2,467	87	59	31,601
2007	24,074	9,259	2,669	102	75	36,179
2008	26,507	10,582	2,850	253	105	40,297
2009	29,100	10,639	3,048	295	126	43,208
2010	30,365	10,718	3,159	290	118	44,650
2011	30,514	10,894	3,515	300	120	45,343
2012	30,700	11,700	3,537	508	101	46,546
2013	31,365	12,196	3,477	551	107	47,696
2014	33,309	13,593	3,659	160	651	51,372

City of Mansfield, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended September 30	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2005	2,770,756,998	334,918,437	423,292,720	2,682,382,715	0.71
2006	3,161,952,079	386,563,292	506,507,735	3,042,007,636	0.69
2007	3,363,128,663	340,732,813	397,195,436	3,306,666,040	0.69
2008	3,728,211,159	451,982,835	349,439,672	3,830,754,322	0.69
2009	4,085,602,544	403,228,962	390,079,518	4,098,751,988	0.71
2010	4,096,767,192	502,804,565	489,765,181	4,109,806,576	0.71
2011	3,922,110,419	500,107,757	395,212,412	4,027,005,764	0.71
2012	4,366,636,631	510,514,153	480,454,086	4,396,696,698	0.71
2013	4,404,361,995	640,695,688	555,442,336	4,489,615,347	0.71
2014	4,512,982,547	632,347,276	494,913,889	4,650,415,934	0.71

Source: Tarrant Appraisal District, Johnson Appriasal District, and Ellis County Appraisal District

City of Mansfield, Texas
Property Tax Rates
Direct and Overlapping[1] Governments
Last Ten Fiscal Years

	City of Mansfield, Texas			Overlapping Rates							
				Counties[1]			School District				Total
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	Direct and Overlapping Rates
2005	0.414	0.296	0.710	0.882	0.089	0.971	1.377	0.340	1.717	0.375	3.773
2006	0.404	0.286	0.690	0.883	0.090	0.973	1.407	0.365	1.772	0.375	3.810
2007	0.399	0.291	0.690	0.855	0.138	0.993	1.288	0.400	1.688	0.375	3.746
2008	0.410	0.280	0.690	0.834	0.150	0.984	1.040	0.410	1.450	0.402	3.526
2009	0.486	0.224	0.710	0.865	0.113	0.978	1.040	0.410	1.450	0.386	3.524
2010	0.444	0.266	0.710	0.841	0.112	0.953	1.040	0.456	1.496	0.386	3.545
2011	0.457	0.253	0.710	0.843	0.109	0.952	1.040	0.456	1.496	0.397	3.555
2012	0.454	0.256	0.710	0.816	0.161	0.977	1.040	0.500	1.540	0.397	3.624
2013	0.451	0.259	0.710	0.914	0.101	1.015	1.040	0.500	1.540	0.397	3.662
2014	0.463	0.248	0.710	0.937	0.112	1.049	1.040	0.487	1.527	0.397	3.683

[1] Overlapping rates are those of local and county governments that apply to property owners within the City of Mansfield, Texas. Not all overlapping rates apply to all City of Mansfield, Texas property owners (e.g., the rates for the special districts and counties apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district and county. The City of Mansfield, Texas is located within three separate counties, Tarrant, Johnson, and Ellis.)

Source:
Tarrant County Apprasial District
Ellis County Apprasial District
Johnson County Appraisal District

City of Mansfield, Texas
Principal Property Taxpayers
As of September 30, 2014
(amounts expressed in thousands)

	2014			2005		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Mouser Electronics	$ 137,305,479	1	2.77%			
Mansfield KDC III LP Etal	63,399,260	2	1.28%			
Mid-America Apartments LP	48,600,000	3	0.98%			
Advenir @ Mansfield LLC	40,000,000	4	0.81%			
Wal-Mart Stores Inc.	38,997,792	5	0.79%	22,617,933	2	0.84%
Oncor Electric Delivery Co	34,596,412	6	0.70%	24,059,661	1	0.90%
Sir Mansfield Landing LLC	29,355,000	7	0.59%			
XTO Energy Inc	28,971,150	8	0.58%			
Mansfield Seq 287 & Debbie Ltd	28,391,232	9	0.57%			
Klein Tools Inc.	25,828,755	10	0.52%			
Pier 1 Imports	-		-	16,952,585	3	0.63%
Spyglass of Mansfield Ltd.	-		-	14,989,619	4	0.56%
Lowe's	-		-	14,652,336	5	0.55%
Simeus Foods International	-		-	12,209,518	6	0.46%
Target Corporation	-		-	11,675,918	7	0.44%
Mansfield Commons Ltd.	-		-	10,774,592	8	0.40%
Southwestern Bell	-		-	9,179,022	9	0.34%
Mansfield Kdc Ii Lp	-		-	8,478,918	10	0.32%
Total	$ 475,445,080		9.59%	$ 145,590,102		5.43%

Source: Tarrant Appraisal District

City of Mansfield, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years (1)	Total Collections to Date	Accumulated Deliquent Taxes	Percentage of Levy
		Amount	Percentage of Levy		Amount		
2005	19,045	19,058	100.1%	446	19,504	34	102.4%
2006	20,973	20,846	99.4%	481	21,327	36	101.7%
2007	22,816	22,959	100.6%	433	23,392	39	102.5%
2008	26,425	25,870	97.9%	397	26,267	33	99.4%
2009	29,289	29,100	99.35%	335	29,435	55	100.5%
2010	30,541	30,159	98.75%	354	30,513	102	99.9%
2011	30,380	30,093	99.06%	184	30,277	87	99.7%
2012	31,049	30,709	98.90%	211	30,920	102	99.6%
2013	31,578	31,353	99.29%	113	31,466	120	99.6%
2014	32,910	32,698	99.36%	-	32,698	212	99.4%

(1) - Information was not available from Tarrant Appraisal District for collections in subsequent years. Thus, the amount shown is actual delinquent property taxes collected during the fiscal year.

City of Mansfield, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

	Governmental Activities		Business-Type Activities					
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Water/Sewer Revenue Bonds	Drainage Utility Revenue Bonds	Certificate Obligation Bonds	Total Primary Government	Percentage of Personal Income[1]	Per Capita
2005	78,540	8,245	33,635	4,915	3,855	129,190	8.66%	2,550
2006	82,190	11,695	30,785	4,730	3,565	132,965	8.30%	2,446
2007	85,200	13,380	33,815	6,740	3,255	142,390	8.32%	2,452
2008	91,825	15,630	30,560	6,470	3,715	148,200	8.70%	2,565
2009	102,235	14,780	54,350	6,195	3,350	180,910	10.62%	3,089
2010	96,195	13,890	54,090	5,910	2,960	173,045	9.96%	2,936
2011	93,210	12,965	56,840	5,615	2,535	171,165	10.03%	2,955
2012	93,200	12,180	56,405	5,465	2,090	169,340	10.00%	2,945
2013	91,070	11,430	52,705	5,105	1,625	161,935	9.67%	2,848
2014	101,030	10,645	48,885	4,735	1,135	166,430	9.94%	2,928

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] See the schedule of demographic and economic statistics on page for personal income and population data.

City of Mansfield, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2005	78,540	780	77,760	2.90%	1,535
2006	82,190	733	81,457	2.68%	1,498
2007	85,200	1,363	83,837	2.54%	1,496
2008	91,825	2,307	89,518	2.43%	1,567
2009	102,235	1,064	101,171	2.47%	1,742
2010	96,195	1,207	94,988	2.31%	1,611
2011	93,210	902	92,308	2.29%	1,566
2012	93,200	669	92,531	2.10%	1,609
2013	91,070	596	90,474	2.06%	1,574
2014	101,030	856	100,174	2.28%	1,742

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

City of Mansfield, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2014
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Mansfield Independent School District	$ 719,518,374	45.18%	$325,078,401
Midlothian Independent School District	243,304,663	0.83%	2,019,429
Johnson County	14,404,579	1.78%	256,402
Ellis County	49,516,262	0.14%	69,323
Tarrant County	317,820,000	3.41%	10,837,662
Tarrant County Hospital District	24,425,000	3.41%	832,893
Tarrant County College District	7,935,000	3.41%	270,584
Subtotal, overlapping debt			339,364,694
City of Mansfield, Texas direct debt			120,510,000
Total direct and overlapping debt			$459,874,694

Sources:
FSC Disclosure Services (Division of First Southwest)

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mansfield, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

City of Mansfield, Texas
Legal Debt Margin Information
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Annual Debt Limit	$ 40,235,741	$ 45,630,115	$ 49,599,991	$ 61,481,280	$ 61,481,280	$ 61,647,099	$ 60,405,087	$ 65,950,450	$ 67,344,230	$ 69,756,239
Total net debt payment applicable to limit	9,080,640	9,933,090	11,045,973	11,461,010	12,074,192	12,971,729	12,825,195	13,101,663	12,957,138	13,604,515
Legal debt margin	$ 31,155,101	$ 35,697,025	$ 38,554,018	$ 50,020,270	$ 49,407,088	$ 48,675,370	$ 47,579,892	$ 52,848,787	$ 54,387,092	$ 56,151,724
Total net debt applicable to the limit as a percentage of debt limit	22.57%	21.77%	22.27%	18.64%	19.64%	17.83%	21.23%	19.87%	19.24%	19.50%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value	$ 4,650,415,934
Debt limit ($1.50 of assessed value)	69,756,239
Annual Debt Payments applicable to limit:	
General obligation bonds	13,604,515
Annual legal debt margin	$ 56,151,724

The City Charter of the City of Mansfield, Texas 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 population limits the ad valorem tax rate to $2.50 per $100 of assessed valuation. The Attorney General of the State of Texas has further defined the debt limit of applicable cities to be a $1.50 per $100 of assessed valuation.

City of Mansfield, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

	Water and Sewer Revenue Bonds						Drainage Revenue Bonds					
		Less:	Net					Less:	Net			
Fiscal	Charges	Operating	Available	Debt Service			Charges	Operating	Available	Debt Service		
Year	and Other	Expenses	Revenue	Principal	Interest	Coverage	and Other	Expenses	Revenue	Principal	Interest	Coverage
2005	18,370,541	7,940,712	10,429,829	2,670,000	1,478,072	2.51	1,022,939	357,017	665,922	185,000	203,133	1.72
2006	20,536,694	10,038,359	10,498,335	2,850,000	1,252,033	2.56	1,114,103	534,478	579,625	185,000	199,433	1.51
2007	19,188,996	10,837,689	8,351,307	2,970,000	1,343,718	1.94	1,186,718	543,033	643,685	190,000	260,747	1.43
2008	19,105,084	10,461,808	8,643,276	3,255,000	1,292,141	1.90	1,200,862	462,402	738,460	270,000	281,721	1.34
2009	21,151,621	11,916,708	9,234,913	2,395,000	2,195,165	2.01	1,317,815	561,370	756,445	275,000	273,753	1.38
2010	21,158,866	11,543,411	9,615,455	2,845,000	2,680,830	1.74	1,202,606	491,966	710,640	285,000	264,753	1.29
2011	26,398,502	12,445,314	13,953,188	3,600,000	2,711,369	2.21	1,354,035	484,436	869,599	295,000	254,890	1.58
2012	25,681,367	14,034,447	11,646,920	3,600,000	2,705,582	1.85	1,260,527	503,105	757,422	385,000	138,398	1.45
2013	28,220,877	14,288,287	13,932,590	3,700,000	2,611,729	2.21	1,807,772	797,607	1,010,165	360,000	165,670	1.92
2014	27,654,657	16,744,588	10,910,069	3,820,000	2,493,316	1.73	1,582,812	1,084,682	498,130	370,000	156,670	0.95

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.
Charges and other include investment earnings. Operating expenses do not include interest or depreciation.

City of Mansfield, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population[1]	Personal Income (amounts expressed in thousands)	Per Capita Personal Income[2]	Median Age[2]	School Enrollment[3]	Unemployment Rate[4]
2005	45,000	1,325,961	29,466	32.30	23,300	4.5
2006	49,000	1,443,825	29,466	32.30	27,500	3.8
2007	51,300	1,520,433	29,638	31.80	27,940	3.9
2008	53,200	1,576,745	29,638	31.80	29,324	4.4
2009	55,950	1,481,466	26,478	31.80	31,680	7.2
2010	56,368	1,492,534	26,478	31.80	31,226	7.1
2011	56,850	1,505,296	26,478	31.80	32,638	6.5
2012	57,494	1,704,065	29,639	32.06	32,577	6.0
2013	58,106	1,717,276	29,554	32.30	32,732	4.9
2014	59,230	1,890,450	31,917	32.30	32,778	5.1

[1]Estimated Population - City's Planning Department
[2]Mansfield Economic Development Corporation
[3]Mansfield Independent School District
[4]Texas Workforce Commission

City of Mansfield, Texas

Principal Employers

Current Year and Ten Years Ago

	2014			2005		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mansfield Independent School District	4,228	1	13.67%	2,089	1	6.76%
Mouser Electronics	1,300	2	4.20%	275	5	0.89%
Methodist Mansfield Medical Center	735	3	2.38%	-		0.00%
City of Mansfield, Texas	524	4	1.69%	435	2	1.41%
Walmart	400	5	1.29%	400	3	1.29%
Target	250	6	0.81%	-		0.00%
Lifetime Fitness	200	7	0.65%	-		0.00%
SJ Louis Construction of TX	200	7	0.65%	-		0.00%
Tarrant County	199	8	0.64%	-		0.00%
Walnut Creek Country Club	190	9	0.61%	-		0.00%
Best Buy	180	10	0.58%	-		0.00%
Trinity Forge	180	10	0.58%	143	7	0.46%
Simeus Foods				375	4	1.21%
Vencor Hospital				150	6	0.49%
Martin Conveying Machinery				120	9	0.39%
Conveyos Inc.				115	10	0.37%
RMD				125	8	0.40%
	8,586		27.76%	4,227		13.65%

City of Mansfield, Texas
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
General Government	22	23	24	30	30	30	30	31	31	31
Public Safety:										
Police	88	100	104	115	114	114	113	115	121	126
Fire	64	71	77	81	81	81	81	83	83	83
Public Works	53	49	51	52	56	56	58	57	57	56
Culture and Recreation	52	57	59	62	56	56	56	55	55	63
Water and Sewer	51	52	52	52	52	52	52	52	52	51
Law Enforcement Center	82	97	107	113	113	113	114	109	109	111
Drainage Utility	5	5	7	3	3	3	3	3	3	3
Total	417	454	480	508	505	505	507	505	511	524

Source: City Budget Office

City of Mansfield, Texas
Operating Indicators by Function
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
Police:										
Physical arrests	2,327	2,582	1,860	2,385	2,821	3,050	3,050	2,236	1,646	2,171
Accidents	675	710	819	852	751	825	837	837	909	861
Traffic violations	9,902	10,497	8,868	7,886	8,280	7,638	9,579	10,537	10,571	9,926
Fire:										
Number of calls answered	4,341	5,717	6,919	7,848	7,121	7,103	7,084	7,110	7,911	8,704
Inspections	1,107	1,218	1,340	1,254	1,886	1,998	2,305	2,850	2,008	2,850
Public Works:										
Street resurfacing (miles)	4	4	3	2.5	2	2.1	2.0	2.2	2.2	2.2
Asphalt overlays (square feet)	41,719	42,971	42,971	42,971	42,971	42,971	42,971	42,971	42,971	42,971
Culture and recreation:										
Sports association participants	12,000	14,000	14,700	14,700	13,800	9,086	7,235	7,445	7,235	7,770
MAC rentals	540	576	600	600	540	660	660	660	540	600
Water:										
New connections	1,560	755	550	469	400	300	255	343	419	333
Water main breaks	50	101	87	80	87	39	76	61	66	48
Average daily consumption (thousands of gallons)	7,773	9,388	8,185	9,771	9,937	8,987	11,793	11,944	10,667	9,278
Sewer:										
Average daily sewage treatment (thousands of gallons)	4,668	5,161	5,262	5,179	5,529	5,717	5,167	5,984	5,450	5,156
Public Safety:										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	44	49	56	54	54	55	52	44	42	42
Fire stations	3	3	3	3	4	4	4	4	4	4

Public Works:										
Streets miles maintained	240	240	245	245	245	245	243	242	242	248
Miles of water and sewer lines	485	493	511	539	539	559	534	553	554	538
Calls for service	4,630	4,815	4,725	3,880	4,200	3,885	5,710	4,700	4,700	4,820
Culture and recreation:										
Parks acreage	244	603	603	738	755	738	760	738	738	830
Parks	11	12	12	12	12	12	13	13	13	14
Tennis courts	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	242	266	266	268	268	296	287	292	296	292
Fire hydrants*	1,859	1,967	2,097	2,201	2,201	2,207	2,207	2,207	2,207	2,207
Maximum daily capacity (thousands of gallons)	30,000	30,000	45,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Sewer:										
Sanitary sewer mains (miles)	212	239	280	282	286	296	257	261	261	264
Sewer lines repairs	162	162	199	83	54	43	23	23	64	26
Maximum daily treatment capacity (thousands of gallons)	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Law Enforcement Center: @										
Average Daily Inmate Population	-	-	-	-	-	225	213	192	242	410
Average Daily Meals Served	-	-	-	-	-	675	639	576	726	1,230
Drainage Utility: #										
Vegetation Control (acres)	-	-	-	-	-	-	-	56	56	56
Ditch & Channel Maintenance (miles)	-	-	-	-	-	-	-	11	13	13
Box Culverts Cleaned (feet)	-	-	-	-	-	-	-	10,072	10,072	10,072

Source: City Budget Office

(-) indicates that the information was not available.

*Updated 2008 GIS system.

@ - Implemented Fiscal Year 2010

- Implemented Fiscal Year 2012

MANSFIELD
TEXAS