



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2011



City of Mansfield, Texas
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended September 30, 2011

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1200 E. Broad Street
Mansfield, Texas 76063
817-276-4200

February 22, 2012

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, 2011.

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, 2011 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 unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2011 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 Metroplex. The City currently occupies a land area of 36.64 square miles and serves an approximate population of 56,850. 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 for 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 69 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 72.

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 in severe 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.

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 94 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 2010/2011 school year was approximately 32,638, with a pupil-teacher ratio of one teacher to 25.7 students. 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 Harris 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, Huguley 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. State Highway 360, connecting Interstate Highway 20 and U.S. Highway 287, was approved and completed by the Texas Department of Transportation.

Phase I of the State Highway 360 southern extension project was completed in September 1994. Phase II, from Arlington Webb to East Broad Street in Mansfield, was completed in July 1998. Phase III, from East Broad Street to U.S. Highway 287, was completed in August 2003.

The major benefits to the City regarding the extension 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. Construction of the frontage roads opened up 6.1 miles of frontage for industrial and commercial development properties.

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

In 1999, management assembled a committee to develop a ten-year operating and capital plan that would be used as a guide, plan, or financial roadmap to assist in decision making of management as the City gets larger. The primary directives issued by the City manager to the committee were as follows:

- Review population growth projections
- Identify potential high growth areas
- Specify major infrastructure improvements
- Analyze the financial impact of the improvements
- Develop a comprehensive strategic plan

Council adopted the plan in November 2000. Since the original adoption of the plan, the City has revised and adopted new plans to include additional economic variables, policy decisions, and other planning instruments that affect the overall financial plan of the City.

The Strategic Plan considers and includes the current and future revenue structure of the system based upon current market trends assuming an allowance for expenditures and sound conservative fiscal policies to protect, maintain, and improve the City's Services.

Awards and Acknowledgments

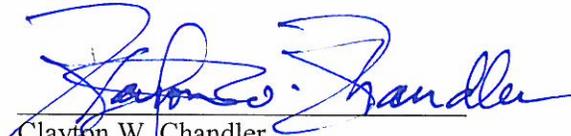
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the 24th consecutive year that 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.

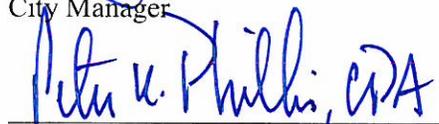
In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2010. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including 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

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

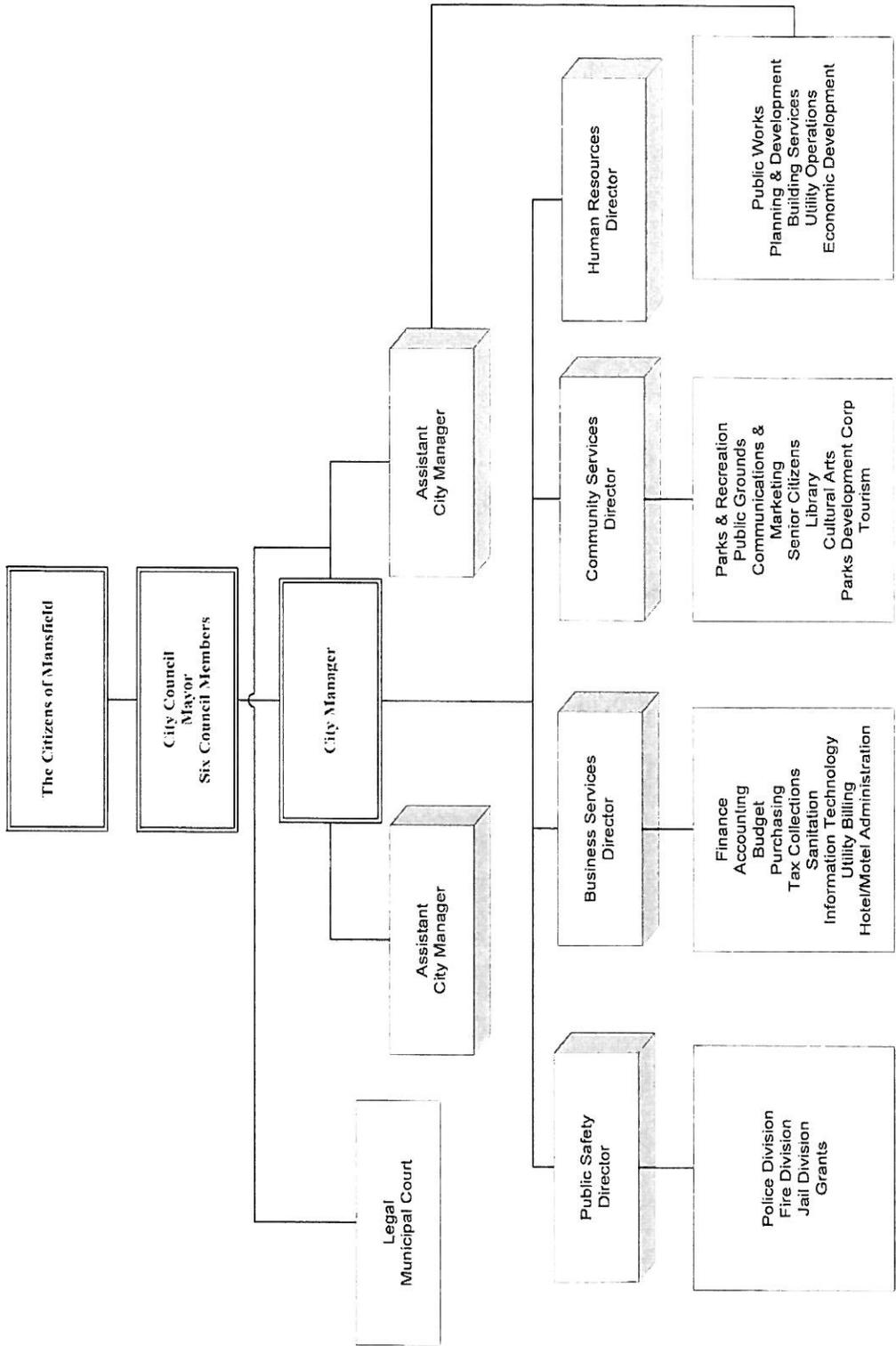


Linda C. Sandson

President

Jeffrey R. Enos

Executive Director



CITY OF MANSFIELD, TEXAS

PRINCIPAL OFFICERS

SEPTEMBER 30, 2011

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 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditor's Report

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 14 through 27, and the budgetary comparison information on pages 69 through 70 and 74 through 75, and the schedules of funding progress on page 68 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, 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 fund financial statements and schedules and capital assets used in the operation of governmental funds schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

February 22, 2012

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, 2011. 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 assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$368 million (net assets). Of this amount, \$26 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City recognized \$92 million in revenue from various sources of taxes, services, and capital contributions and recognized \$83 million in expenses for servicing the City's governmental and business activities.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29 million. Approximately 31% of this \$29 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 \$9 million or 26% of total general fund expenditures.
- The City's total debt obligations increased by \$.6 million (3%) during the current fiscal year. This is from \$12 million in new bond proceeds offset by scheduled principal payments during the year. The key factors affecting the City's debt position are as follows:

Issuance of General Obligations Refunding Bonds of \$10 million for annual savings on principal and interest payments of refunded bonds

Issuance of Certificates of Obligations Bonds of \$3 million for the purpose of street improvements and traffic mitigation

Issuance of \$9 million in Water and Sewer System Revenue Bonds for system improvements and refundings

Issuance of \$5 million in Water and Sewer Refunding Revenue Bonds for annual savings in debt service payments by paying off previously issued debt and issuing less expensive debt

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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 periods (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 a Drainage Fund.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Mansfield Parks Facilities Development Corporation, 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.

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, all of which are considered to be major funds. Data from the other 5 governmental funds are combined into a single, aggregated presentation. Individual fund data

for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City maintains 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 nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$368,372,672 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (92%) 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 Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other	\$ 35,877,385	\$ 33,084,987	\$ 42,856,421	\$ 34,896,996	\$ 78,733,806	\$ 67,981,983
Capital	312,500,724	317,646,091	162,738,181	158,399,039	475,238,905	476,045,130
Total assets	348,378,109	350,731,078	205,594,602	193,296,035	553,972,711	544,027,113
Liabilities:						
Long-Term	110,836,251	114,414,605	68,245,429	63,121,630	179,081,680	177,536,235
Other	3,785,044	3,455,431	2,733,315	4,027,243	6,518,359	7,482,674
Total liabilities	114,621,295	117,870,036	70,978,744	67,148,873	185,600,039	185,018,909
Net assets:						
Invested in assets, net related debt	225,082,719	224,554,633	112,360,271	111,361,518	337,442,990	335,916,151
Restricted	619,135	1,037,490	4,330,931	4,246,013	4,950,066	5,283,503
Unrestricted	8,054,960	7,268,919	17,924,656	10,539,631	25,979,616	17,808,550
Total net assets	\$233,756,814	\$232,861,042	\$134,615,858	\$126,147,162	\$368,372,672	\$359,008,204

An additional portion of the City's net assets, \$4,950,066 or 1.35%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$25,979,616, 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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

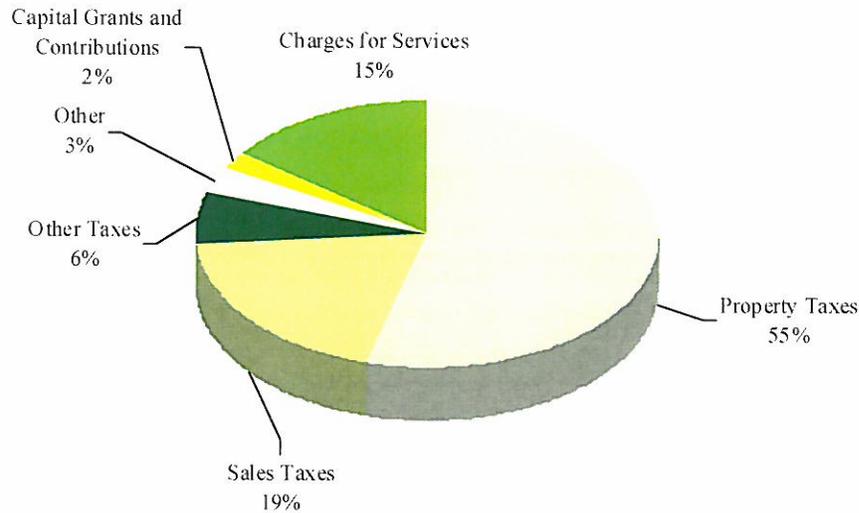
City's Changes in Net Assets

	Governmental Activities		Business Activities		Total	
	2011	2010	2011	2010	2011	2010
Beg - Net Assets	232,861,042	233,942,769	126,147,162	120,771,270	359,008,204	354,714,039
Revenues	\$56,668,437	\$53,375,056	\$35,567,829	\$29,786,706	\$92,236,266	\$83,161,762
Expenses	55,214,342	54,197,334	27,594,498	24,670,263	82,808,840	78,867,597
Transfers, net	(558,323)	(259,449)	495,365	259,449	(62,958)	-
Subtotal	895,772	(1,081,727)	8,468,696	5,375,892	9,364,468	4,294,165
End - Net Assets	\$233,756,814	\$232,861,042	\$134,615,858	\$126,147,162	\$368,372,672	\$359,008,204

Governmental Activities

City governmental activity revenue for fiscal year 2011 increased \$3.2 million from fiscal 2010. Revenues in fiscal 2010 were \$53.4 million compared to this fiscal year revenue of \$56.6 million. The increases were from the City's reaction to the overall economy. The economy spurred the City to revisit its Charges for Services and Other Fees. Upon review of these fee structures, the City increased the Charges for Services and Other Fees to increase operating revenue for services rendered by the City. These increases added approximately \$2.5 million in operating revenues for the Governmental Activities of the City or 5% of the 6% overall increase in revenue year over year. The increases were in the categories of gas well drilling fees and police fines, some of which are new programs by the City. The other revenue categories that increased over fiscal year 2010 when compared the fiscal year 2011 are property taxes, sales taxes, franchise taxes, and capital grants and contributions. Most of these increases were modest increases over prior year and primarily related to the improvements in the economy and the additions new businesses and residents in the City from the fiscal year ended 2010.

Governmental Activities - Revenues by Source



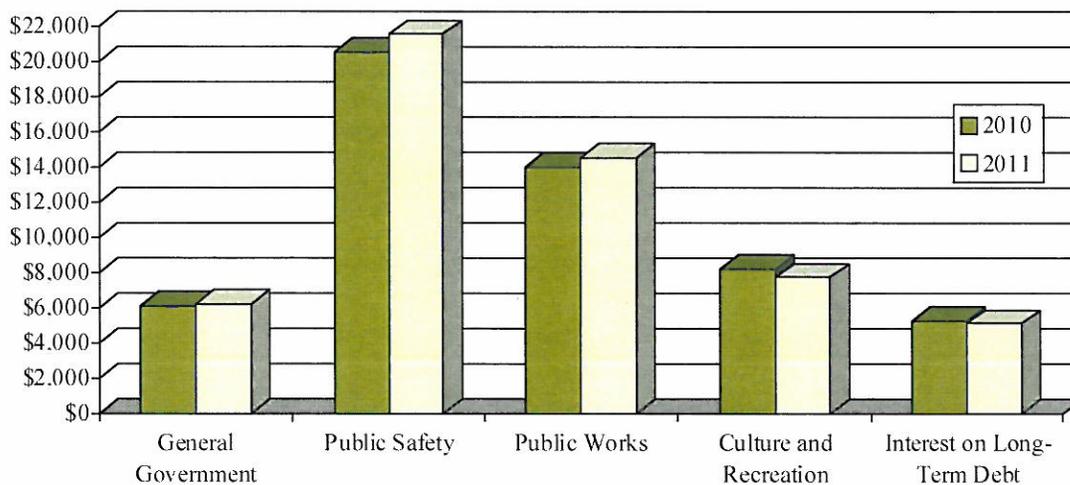
Expenses increased in fiscal year 2011 compared to expenses in fiscal year 2010 by 2% or \$1.0 million. The expectation of a continued demand for certain services reprioritized funding in fiscal year 2011 compared to prior year. The realignment of expenses reduced cultural and recreational services, increased infrastructure repairs and added costs to public safety which has been a priority of the administration in recent years. The increases occurred in public safety because it has greatest number of employees working for the City and in public works because of the need to repair some 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. This fiscal year 2011, the City recognized almost \$9.5 million in depreciation expense for street-related assets. Street improvements are expected to last twenty-five years with the appropriate level maintenance and repair. This year, the City spent over \$2.0 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 spent \$5.1 million in interest expense related to the borrowing of \$106.2 million in governmental activities. This was 9.3% of the total expenses recognized for fiscal year 2011. 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 added \$.8 million to the City net assets. Key elements of this increase are as follows:

City's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues -						
Program Revenues:						
Charges for Services	\$8,429,164	\$6,959,033	\$34,443,100	\$28,794,577	\$42,872,264	\$35,753,610
Operating grants and Contributions	364,763	613,052	-	-	364,763	613,052
Capital Grants and Contributions	1,125,297	771,256	549,147	417,259	1,674,444	1,188,515
General Revenues:						
Property taxes	30,513,927	30,365,986	571,050	568,365	31,084,977	30,934,351
Sales taxes	10,893,765	10,717,665	-	-	10,893,765	10,717,665
Other taxes	3,514,711	3,158,706	-	-	3,514,711	3,158,706
Other	1,826,810	789,358	4,532	6,505	1,831,342	795,863
Total Revenues	56,668,437	53,375,056	35,567,829	29,786,706	92,236,266	83,161,762

EXPENSES -						
General government	6,196,081	6,141,923	-	-	6,196,081	6,141,923
Public safety	21,539,651	20,515,130	-	-	21,539,651	20,515,130
Public works	14,578,732	14,027,330	-	-	14,578,732	14,027,330
Culture and recreation	7,762,084	8,194,975	-	-	7,762,084	8,194,975
Interest on debt	5,137,794	5,317,976	-	-	5,137,794	5,317,976
Water and Sewer	-	-	18,358,119	15,782,497	18,358,119	15,782,497
Law Enforcement	-	-	8,373,281	8,017,674	8,373,281	8,017,674
Drainage	-	-	863,098	870,092	863,098	870,092
Total Expenses	55,214,342	54,197,334	27,594,498	24,670,263	82,808,840	78,867,597
Subtotal	1,454,095	(822,278)	7,973,331	5,116,443	9,427,426	4,294,165
TRANSFERS, net	(558,323)	(259,449)	495,365	259,449	(62,958)	-
Subtotal	895,772	(1,081,727)	8,468,696	5,375,892	9,364,468	4,294,165
NET ASSETS – Beg	232,861,042	233,942,769	126,147,162	120,771,270	359,008,204	354,714,039
NET ASSETS - End	\$233,756,814	\$232,861,042	\$134,615,858	\$126,147,162	\$368,372,672	\$359,008,204

Governmental Activities – Expenses Comparatively (in thousands)



Business-Type Activities

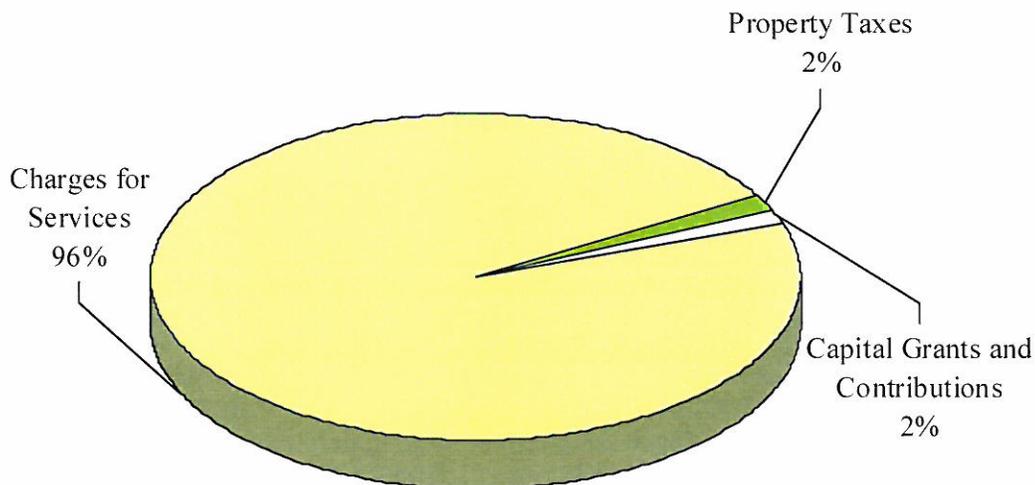
Revenues and expenses for the City’s business-type activities increased over the previous fiscal. Revenues of \$35.5 million exceeded total expenses, \$27.6 million, and equity transfers, \$.5 million, by \$8.4 million. This increased the net assets of the business-type activities from \$126.2 million to \$134.6 million by the end of fiscal year 2011. Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 19% or \$5.8 million. Revenues for fiscal year 2011 were \$35.6 million and revenues for fiscal year 2010 were \$29.8 million. Expenses for fiscal year 2011 were \$27.6 million before equity transfers of \$.5 million and expenses for fiscal year 2010 were \$24.7 million before equity transfers of \$.3 million. The increase in net assets is 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 2011 were comparable to the results of fiscal year 2010.

Capital contributions have been a significant 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 2011 developers contributed public improvements or assets of \$549,147.

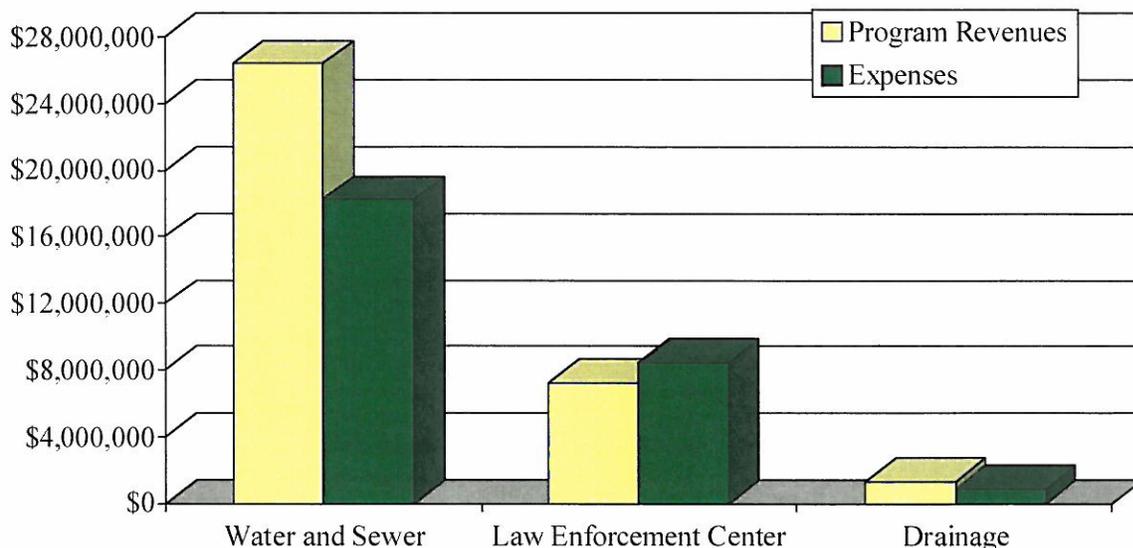
These assets are considered revenue in the year of acceptance or contribution. Generally, these capital contributions are non-cash contributions from developers and are in the form of water and sewer lines and contributed as the developer finishes out the developments.

The other significant revenue in the business-type activities is a Property Tax that is levied through the taxing authority of the City, Texas. The purpose of this levy is to pay debt for the construction costs of the City's Law Enforcement Center Fund. The City's Law Enforcement Center keeps the fees or Charges for Services generated from contracts 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.

Business-Type Activities – Revenues by Source



Business-Type Activities - Program Revenues and Expenses



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 \$29,230,295, an increase of \$2,395,759 in comparison with the prior year. The increase is from the use of funds on capital projects that are ultimately capitalized as well as an increase working capital in the general fund by \$1,049,777. Approximately 30.88% of this total amount \$9,027,424 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is dedicated for specifically legally committed and spendable purposes to indicate that it is not available for new spending because it has already been committed 1) to liquidate prepaid expenses and inventory items \$66,521; 2) to pay debt service or for future construction contracts \$16,789,279; 3) to pay for committed purposes, \$3,223,314 such as park improvement; and 4) to pay for assigned purposes. \$123,757.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the general fund was \$9,032,717. 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 26% of total general fund expenditures.

The fund balance of the City's general fund increased \$1,049,777 during the fiscal year 2011. The key reason for the increase is as follows:

- Actual revenues exceeded actual expenditures by \$2,134,015, which was decreased by the net effect of other financing uses of \$(1,084,238). Other financing uses paid for the cost of operating the City's portion of the Law Enforcement Center and for capital – an ambulance and police cars. The City's Water and Sewer Utility operation made a payment in-lieu of taxes to the City for the use of the City's right of way. This amount was \$662,552 and offset the total other financing uses of \$(1,780,621) in fiscal year 2011.
- The City's general fund saw an increase in total revenues year over year by \$1,891,355. Operating costs increased \$1,062,418. The primary increase in revenues was from other fees. Other fees increased primarily from the implementation of two new programs by the City to recover costs of services related to new costs of services created by Oil and Gas companies. The City raised the fees assessed or charged to Oil and Gas Companies for the City's review, and inspection of the well sites located in the City. The other revenue increases were from the overall expansion of the City's economy from the new growth the City enjoyed from the prior year. These revenue increases were in Property Taxes, which were from better than expected collections of delinquent taxes, Sales Taxes, and Other Taxes or Franchise Fees.
- 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 human resources of the City. Overall, no new personnel were added during fiscal year 2011 and personnel costs were managed and funded based on demand for services.

The debt service fund has a fund balance of \$902,381 of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$(304,949). The decrease is from the City anticipating fewer collections than actually received during the year. 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, except for an amount of debt that is paid through the City's Law Enforcement Center. For budgetary purposes and compliance with the statutory reporting requirements, the City discloses the amount of debt paid by ad valorem taxes. The payment of the tax-pledged debt paid by ad valorem taxes for the Law Enforcement Center is recorded in the Law Enforcement Center Fund, a Proprietary Fund, and was in the amount of \$571,050 for fiscal year 2011.

The street construction's fund balance increased by \$340,812 during fiscal year 2011. This fund's fund balance increased as a result of new bond proceeds and construction payments and commitments of \$4,009,952 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 \$997,005 in fiscal year 2011. The City's Economic Development Corporation also contributed \$353,470 for land and infrastructure improvement during fiscal year 2011.

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 assets (deficit) of the Water and Sewer Fund at the end of the year amounted to \$17,156,684 those for the Law Enforcement Center amounted to \$(476,914), and those for the Drainage Utility fund amounted to \$1,244,886. Factors affecting the performance of these activities are as follows:

- The City treats lake water and sells it to consumers for a fee. These fees have remained relatively constant over the past decade, but in 2006, the City restructured the Water and Sewer rates to comply with conservation requirements of the State of Texas. In 2009 and 2010, the City subsequently raised rates to offset the decrease in capital assessment fees and the increased costs from the City's primary water supplier. The new rate design has not significantly affected or reduced consumption in the Water and Sewer Fund. Weather influences water and sewer revenue. Weather extremes test the City's ability to produce water for consumption and it challenges the system's ability to finance the infrastructure to supply the water to meet the demand of the consumer. A wet year causes less demand for water, which creates less revenue to support the cost of financing the infrastructure which has been built to supply the demand for water in a dry year. Fiscal year 2011 was dry year.
- During fiscal year 2011, the City distributed 4.5 billion gallons of water while billing customers for 3.9 billion gallons of water usage or 86.67% of the actual plant's production. In fiscal year 2010, the City billed for 3.29 billion gallons of water usage compared to actual plant production of 3.03 billion. Actual water and sewer revenue in fiscal year 2011 increased compared to fiscal year 2010 because of increased water and sewer rates in 2010 and an extended period of little rainfall combined with a record setting days of 100 degree temperatures. Actual water and sewer revenue in 2011 was \$24.2 million compared to \$18.4 million in fiscal 2010. Demand for water increased in fiscal year 2011 and the number of new customers remained relatively constant, only 186 new units. The water and sewer activity of the business-type activities produced operating income of \$10.9 million for fiscal year 2011 as compared to \$6.6 million in fiscal year 2010.

- Unrestricted net assets increased in the Water and Sewer Fund by \$7,288,421. Operating expenses increased \$859,945 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 \$2,839,570 for raw water in fiscal year 2011 compared to \$2,577,585 in fiscal year 2010 and the City spent \$3,524,925 to treat the City wastewater in fiscal 2011.
- The Law Enforcement Center Fund had operating loss of \$1,518,535 this fiscal year. The operating loss is attributable to the costs of operating a municipal jail.
- The Drainage Utility Fund revenue had operating income of \$763,395 this fiscal year. Drainage Fees exceeded \$1.2 million and expenses excluding depreciation and before debt service were \$485,285. This program is driven from the growth of new development, and since growth has slowed over the last three years, the City has been active in developing compliance programs to meet new environmental requirements established by State and Federal regulatory agencies.

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 \$1,667,530 for fiscal year ended 2011:

- Property Taxes exceeded estimates by \$206,027 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 fell below budgeted projections by \$33,540 as the effects of the national economy continued its hold on consumer spending in Mansfield, Texas, during fiscal 2011. In fiscal 2009 and 2010, the local economy felt the impact of the housing market recession; subsequently, the City's anticipated revenue projection fell below estimates. In an effort to offset the flattening in sales tax, the City packaged a shop Mansfield, Texas campaign as well as offered better incentive packages to recruit new businesses to Mansfield, Texas.
- Franchise fees exceeded budgeted estimates by \$533,383 as the City has seen an increase in franchise fees from wireless companies operating in the City.
- Licenses and permits exceeded budgeted estimates by \$573,866. The budgeted building activity revenue was conservatively estimated in 2011. The City has 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. Building permits exceeded prior year activity slightly, but the City aggressively budgeted this estimate well below actual because of the lasting impact of permanent costs being added to the City's overall operating cost and the lasting effect of the housing recovery.
- Interest income fell below budgeted estimates by \$26,013 from the decrease in interest rates by the Federal Reserve in recent years.
- Expenditures were 100.99% of budgeted estimates for fiscal year ended 2011

- Expenditures allowed for the maintenance of the City’s existing service program. There was a reprioritization of funding and additional funding allowed for the improvement of the morale of the employee group as the City Council permitted additional compensation for the employee group in fiscal year 2011. The compensation was distributed equally to the workforce as management generated the savings by managing the cost of City’s human resources. Management has been very effective in targeting savings from the management of personnel costs. Fiscal year 2011 is no exception.

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, 2011 amounts to \$475,238,905 (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	
	2011	2010	2011	2010	2011	2010
Land	\$92,748,243	\$92,695,882	\$1,996,738	\$1,530,975	\$94,744,981	\$94,226,857
Buildings and system	53,028,176	53,679,424	118,993,751	86,476,564	172,021,927	140,155,988
Improvements	7,301,379	7,284,816	2,541,348	2,540,671	9,842,727	9,825,487
Machinery and equipment	4,776,481	4,898,584	611,018	503,425	5,387,499	5,402,009
Infrastructure	146,103,658	150,532,933	35,599,059	35,969,866	181,702,717	186,502,799
Construction in progress	8,542,787	8,554,452	2,996,267	31,377,538	11,539,054	39,931,990
Total	\$312,500,724	\$317,646,091	\$162,738,181	\$158,399,039	\$475,238,905	\$476,045,130

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City’s public works program. In 2011, 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 \$58 million in new street improvements over the next 10 years.

Major Street projects in 2011:

- One of the streets that have seen extensive reworking and improvement is Cardinal Road, which is on the west side of the City. The City is seeing some residential development occurring in its western corridor, which has prompted some of these infrastructure improvements. Cardinal Road, which began construction in 2007, was completed in fiscal year 2011 at the cost of \$1,929,330.
- Several small arterial streets are under construction and design throughout neighborhoods.
- In total, the City spent \$4,009,952 in street improvements and related work during fiscal year 2011.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2011 were planned or budgeted expenditures during fiscal year 2011. 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 20% of the City's more than \$110 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. In 2009, Utility Operations began the construction of water treatment plant; the expansion added an additional 15 million gallons of daily production capacity upon its completion in 2011. The plant expansion also uses new technology to purify raw water, which is considered to be highly innovative and progressive for the City.

The City's drainage program, which consists of \$18.5 million in improvements scheduled over the next twenty 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 \$6.3 million on the drainage improvements as of September 30, 2011 and has over \$899,201 in construction in progress stage.

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

Long-Term Debt

At the end of the current fiscal year, the City had total principal outstanding of \$184,070,000. Of this amount, \$95,745,000 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 \$9,905,000 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 2011
Security Instrument:				
Tax obligation bonds	\$93,210,000	\$2,535,000	\$ -	\$ 95,745,000
Sales tax revenue bonds	12,965,000	-	9,905,000	22,870,000
Revenue bonds	-	65,455,000	-	65,455,000
Total	<u>\$ 106,175,000</u>	<u>\$ 67,990,000</u>	<u>\$9,905,000</u>	<u>\$184,070,000</u>

The City's total debt increased \$600,000 or 0.33% 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 \$12,285,000 in new bonds proceeds and issued \$14,530,000 in refunding bonds. The City maintains bond ratings from three investment houses:

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. of the basic financial statements.

The City Charter of the City and the statutes of the State of Texas do not prescribe a legal debt limit.

However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 populations, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. The City operates under a Home Rule Charter, which also imposes a limit of \$2.50. The FY2010/2011 Property Tax Rate was \$.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 \$72,083,403 per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of \$4,027,005,764.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential construction is expected to add 225 units with approximately 15 new commercial units in 2012. 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 2012 fiscal year, the City maintained the building services-related revenue with expectations similar to that of 2010. The City's tax year is one year in arrear, thus the housing starts in calendar year 2011 are for budget year or fiscal year 2012.
- The City's annual growth in property valuation has increased 12% annually on average for the past ten years. For fiscal years 2012 and 2013, the City's valuations are expected to increase 2% and 2%, respectively. Generally, the City has seen the effect of the residential marketplace, which has been offset by the inertia of new growth and the value of the new growth as it is measured in terms of the quality of life. This intangible trait has developed fairly recently over the last decade, which is now being tested and seems to be adding value to existing residential communities within the City causing some residential communities to stabilize rather quickly in the face of recent declines in existing property valuation during fiscal 2011. The City is also seeing the continued demand for commercial development within the City because of the significant discretionary spend of the residents and the relatively stable economy in the City.
- In years past, sales tax revenue grew at a rate in excess of 10% annually; however, like property valuations, the City has moderated its projections of anticipated sales tax receipts in 2011 and 2012. The expected budgeted sales tax receipts in 2012 are at 2011 budgeted estimates with the expectation that the estimates may be attained or surpassed toward the end of 2012.
- Retail developments and improvements continued in 2011. 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 now embarking on offering incentives, i.e., 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 though 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 are planning on capturing this income through commercial developments.
- The City benefits from its strategic location, which is approximately 20 miles from Fort Worth and 32 miles from Dallas.

- The City has developed strict building and construction requirements that require 80% masonry construction and require strict setback provisions for retail and commercial development.

All these variables were considered in preparing the City's budget for the 2012 fiscal year.

The City's 2012 General Fund Operating Revenue Budget increased approximately 2% or almost \$1 million over the fiscal year 2011 budget. Most of this revenue growth was from the revamping of existing service fees like gas well operator fees, alarm fees, and other fees created by services directly offered to the citizenry. The tax rate was held constant this year at \$.71 per \$100 in assessed valuation of property within the City limits. Unassigned fund balance is expected to grow over fiscal year 2011. Any additional appropriations made during fiscal year 2011 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2011.

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 Assets
As of September 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents	\$ 30,587,253	\$ 16,601,785	\$ 47,189,038	\$ 5,632,989
Receivables (net of allowance for uncollectibles)	2,086,166	4,322,854	6,409,020	308,856
Lease receivable	990,000	-	990,000	-
Inventories	61,228	417,514	478,742	-
Prepays	5,293	-	5,293	-
Deferred issuance costs	2,147,445	1,127,211	3,274,656	189,809
Restricted assets:				
Cash and cash equivalents	-	20,387,057	20,387,057	3,719,569
Capital assets (net of accumulated depreciation):				
Land	92,748,243	1,996,738	94,744,981	7,807,082
Buildings and systems	53,028,176	118,993,751	172,021,927	-
Improvements other than buildings	7,301,379	2,541,348	9,842,727	109,448
Machinery and equipment	4,776,481	611,018	5,387,499	-
Infrastructure	146,103,658	35,599,059	181,702,717	-
Construction in progress	8,542,787	2,996,267	11,539,054	751,129
Total assets	<u>348,378,109</u>	<u>205,594,602</u>	<u>553,972,711</u>	<u>18,518,882</u>
LIABILITIES				
Accounts payable and other current liabilities	3,785,044	861,953	4,646,997	49,037
Liabilities payable from restricted assets	-	1,871,362	1,871,362	-
Noncurrent liabilities:				
Due within one year	9,154,770	4,644,410	13,799,180	566,945
Due in more than one year	101,681,481	63,601,019	165,282,500	9,314,651
Total liabilities	<u>114,621,295</u>	<u>70,978,744</u>	<u>185,600,039</u>	<u>9,930,633</u>
NET ASSETS				
Invested in capital assets, net of related debt	225,082,719	112,360,271	337,442,990	2,695,441
Restricted for:				
Debt Service	619,135	4,330,931	4,950,066	-
Unrestricted	8,054,960	17,924,656	25,979,616	5,892,808
Total net assets	<u>\$ 233,756,814</u>	<u>\$ 134,615,858</u>	<u>\$ 368,372,672</u>	<u>\$ 8,588,249</u>

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, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 6,196,081	\$ 4,263,185	\$ 4,898	\$ -	\$ (1,927,998)	\$ -	\$ (1,927,998)	\$ -
Public safety	21,539,651	2,325,143	226,555	2,375	(18,985,578)	-	(18,985,578)	-
Public Works	14,578,732	1,061,352	97,320	1,122,922	(12,297,138)	-	(12,297,138)	-
Culture and recreation	7,762,084	779,484	35,990	-	(6,946,610)	-	(6,946,610)	-
Interest on long-term debt	5,137,794	-	-	-	(5,137,794)	-	(5,137,794)	-
Total governmental activities	55,214,342	8,429,164	364,763	1,125,297	(45,295,118)	-	(45,295,118)	-
Business-type activities:								
Water	13,111,628	18,143,980	-	549,147	-	5,581,499	5,581,499	-
Sewer	5,246,491	8,250,025	-	-	-	3,003,534	3,003,534	-
Law enforcement center	8,373,281	6,696,941	-	-	-	(1,676,340)	(1,676,340)	-
Drainage	863,098	1,352,154	-	-	-	489,056	489,056	-
Total business-type activities	27,594,498	34,443,100	-	549,147	-	7,397,749	7,397,749	-
Total primary government	\$ 82,808,840	\$ 42,872,264	\$ 364,763	\$ 1,674,444	\$ (45,295,118)	\$ 7,397,749	\$ (37,897,369)	\$ -
Component units:								
MEDC	2,688,560	1,164	-	-	-	-	-	(2,687,396)
Total component units	\$ 2,688,560	\$ 1,164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,687,396)
General revenues:								
Property taxes					30,513,927	571,050	31,084,977	-
Sales taxes					10,893,765	-	10,893,765	3,631,255
Franchise taxes					3,514,711	-	3,514,711	-
Mixed drink taxes					119,697	-	119,697	-
Hotel/Motel taxes					419,012	-	419,012	-
Unrestricted investment earnings					4,552	4,532	9,084	435
Gas royalty income					1,249,393	-	1,249,393	158,711
Gain (loss) on sale of capital assets					34,156	-	34,156	-
Transfers					(558,323)	495,365	(62,958)	62,958
Total general revenues					46,190,890	1,070,947	47,261,837	3,853,359
Change in net assets					895,772	8,468,096	9,364,468	1,165,963
Net assets beginning of year					232,861,042	126,147,162	359,008,204	7,422,286
Net assets ending of year					\$ 233,756,814	\$ 134,615,858	\$ 368,372,672	\$ 8,588,249

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

City of Mansfield
Balance Sheet
Governmental Funds
As of September 30, 2011

	General	Debt Service	Street Construction	Building Construction	TIRZ	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents, and investments	\$ 9,834,727	\$ 902,381	\$ 8,967,758	\$ 107,589	\$ 1,158,678	\$ 9,616,120	\$ 30,587,253
Receivables (net of allowance for uncollectibles)	1,492,971	102,193	-	-	-	491,002	2,086,166
Inventory	-	-	-	-	-	61,228	61,228
Due from other funds	-	-	-	-	-	-	-
Prepays	5,293	-	-	-	-	-	5,293
Total assets	<u>\$ 11,332,991</u>	<u>\$ 1,004,574</u>	<u>\$ 8,967,758</u>	<u>\$ 107,589</u>	<u>\$ 1,158,678</u>	<u>\$ 10,168,350</u>	<u>\$ 32,739,940</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,228,900	\$ -	\$ 519,594	\$ -	\$ 49,291	257,165	2,054,950
Accrued liabilities	700,125	-	15,508	-	-	31,556	747,189
Retainage payable	-	-	48,895	-	2,566	123,871	175,332
Deferred revenue	371,249	102,193	-	-	-	58,732	532,174
Total liabilities	<u>2,300,274</u>	<u>102,193</u>	<u>583,997</u>	<u>-</u>	<u>51,857</u>	<u>471,324</u>	<u>3,509,645</u>
Fund balances:							
Nonspendable	5,293	-	-	-	-	61,228	66,521
Restricted	-	902,381	8,383,761	107,589	1,106,821	6,288,727	16,789,279
Committed	-	-	-	-	-	3,223,314	3,223,314
Assigned	-	-	-	-	-	123,757	123,757
Unassigned	9,027,424	-	-	-	-	-	9,027,424
Total fund balances	<u>9,032,717</u>	<u>902,381</u>	<u>8,383,761</u>	<u>107,589</u>	<u>1,106,821</u>	<u>9,697,026</u>	<u>29,230,295</u>
Total liabilities and fund balances	<u>\$ 11,332,991</u>	<u>\$ 1,004,574</u>	<u>\$ 8,967,758</u>	<u>\$ 107,589</u>	<u>\$ 1,158,678</u>	<u>\$ 10,168,350</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	312,500,724
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	990,000
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	532,174
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	<u>(109,496,379)</u>
Net assets of governmental activities	<u>\$ 233,756,814</u>

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, 2011

	General	Debt Service	Street Construction	Building Construction	TIRZ	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 19,698,256	\$ 10,450,515	\$ -	\$ -	\$ 365,156	\$ -	\$ 30,513,927
Sales	7,262,510	-	-	-	-	3,631,255	10,893,765
Franchise	3,514,711	-	-	-	-	-	3,514,711
Mixed Drink	119,697	-	-	-	-	-	119,697
Hotel/motel	-	-	-	-	-	419,012	419,012
Licenses and permits	1,581,082	-	-	-	-	1,249,393	2,830,475
Intergovernmental	220,117	-	-	-	-	-	220,117
Charges for services	2,659,754	-	-	-	-	505,419	3,165,173
Fines	1,439,350	-	-	-	-	121,710	1,561,060
Interest earnings	3,987	57	289	1	12	206	4,552
Contributions and donations	5,333	-	353,470	-	-	51,539	410,342
Impact fees	-	-	997,005	-	-	512,284	1,509,289
Miscellaneous	302,637	4,898	-	-	7,000	12,932	327,467
Total revenues	<u>36,807,434</u>	<u>10,455,470</u>	<u>1,350,764</u>	<u>1</u>	<u>372,168</u>	<u>6,503,750</u>	<u>55,489,587</u>
EXPENDITURES							
Current:							
General government	5,518,720	-	-	-	-	-	5,518,720
Public safety	20,352,292	-	-	7,702	-	155,469	20,515,463
Public works	4,724,243	-	-	-	-	-	4,724,243
Culture and recreation	3,958,746	-	-	-	-	2,259,935	6,218,681
Debt service:							
Principal	-	6,275,000	-	-	-	925,000	7,200,000
Interest	-	4,379,542	-	-	-	677,936	5,057,478
Fiscal Charges	-	16,235	-	-	-	-	16,235
Bond issuance cost	-	211,437	76,661	-	-	-	288,098
Capital outlay:							
Land	-	-	-	-	-	52,361	52,361
Highways and streets	-	-	4,009,952	-	65,949	52,071	4,127,972
Buildings	-	-	-	-	-	-	-
Improvements other than buildings	-	-	-	-	-	1,407,889	1,407,889
Equipment	119,418	-	-	-	-	894,055	1,013,473
Parks	-	-	-	-	-	-	-
Total expenditures	<u>34,673,419</u>	<u>10,882,214</u>	<u>4,086,613</u>	<u>7,702</u>	<u>65,949</u>	<u>6,424,716</u>	<u>56,140,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,134,015</u>	<u>(426,744)</u>	<u>(2,735,849)</u>	<u>(7,701)</u>	<u>306,221</u>	<u>79,034</u>	<u>(651,026)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	662,552	361	-	-	-	559,746	1,222,659
Transfers out	(1,780,621)	-	-	(361)	-	-	(1,780,982)
Sale of city property	33,831	-	-	-	-	325	34,156
Capital lease	-	-	-	-	-	372,856	372,856
Refunding bonds issued	-	9,730,000	-	-	-	-	9,730,000
Bonds issued	-	-	3,090,000	-	-	-	3,090,000
Premium on bonds issued	-	165,460	19,302	-	-	-	184,762
Discounts on bonds issued	-	(25,064)	(32,641)	-	-	-	(57,705)
Payment to refunding bond escrow agent	-	(9,748,962)	-	-	-	-	(9,748,962)
Total other financing sources and uses	<u>(1,084,238)</u>	<u>121,795</u>	<u>3,076,661</u>	<u>(361)</u>	<u>-</u>	<u>932,927</u>	<u>3,046,784</u>
Net change in fund balances	<u>1,049,777</u>	<u>(304,949)</u>	<u>340,812</u>	<u>(8,062)</u>	<u>306,221</u>	<u>1,011,961</u>	<u>2,395,759</u>
Fund balances - beginning	7,982,940	1,207,330	8,042,949	115,652	800,600	8,685,065	26,834,536
Fund balances - ending	<u>\$ 9,032,717</u>	<u>\$ 902,381</u>	<u>\$ 8,383,761</u>	<u>\$ 107,589</u>	<u>\$ 1,106,821</u>	<u>\$ 9,697,026</u>	<u>\$ 29,230,295</u>

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, 2011

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

Net change in fund balances total governmental funds	\$ 2,395,759
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(5,906,929)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to increase net assets.	771,827
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.	90,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	19,110
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.	<u>3,526,005</u>
Changes in net assets of governmental activities	<u><u>\$ 895,772</u></u>

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

City of Mansfield, Texas
Statement of Net Assets
Proprietary Funds
September 30, 2011

	Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 15,410,354	\$ 50	\$ 1,191,381	\$ 16,601,785
Accounts receivable (net of allowance for uncollectibles)	3,933,024	240,589	149,241	4,322,854
Inventories	405,002	12,512	-	417,514
Current assets	<u>19,748,380</u>	<u>253,151</u>	<u>1,340,622</u>	<u>21,342,153</u>
Current restricted assets				
Cash and cash equivalents	19,145,533	178,985	1,062,539	20,387,057
Total current assets	<u>38,893,913</u>	<u>432,136</u>	<u>2,403,161</u>	<u>41,729,210</u>
Noncurrent assets:				
Deferred charges	927,237	37,000	162,974	1,127,211
Capital assets:				
Land	138,191	234,528	1,624,019	1,996,738
Buildings and systems	178,071,888	7,349,971	4,205,065	189,626,924
Improvements other than buildings	62,818	2,623,773	-	2,686,591
Machinery and equipment	2,016,272	1,041,379	85,481	3,143,132
Construction in progress	2,097,066	-	899,201	2,996,267
Less accumulated depreciation	<u>(33,365,177)</u>	<u>(3,886,675)</u>	<u>(459,619)</u>	<u>(37,711,471)</u>
Total capital assets (net of accumulated depreciation)	<u>149,021,058</u>	<u>7,362,976</u>	<u>6,354,147</u>	<u>162,738,181</u>
Total noncurrent assets	<u>149,948,295</u>	<u>7,399,976</u>	<u>6,517,121</u>	<u>163,865,392</u>
Total assets	<u>188,842,208</u>	<u>7,832,112</u>	<u>8,920,282</u>	<u>205,594,602</u>
LIABILITIES				
Current liabilities:				
Accounts payable	456,712	69,145	19,473	545,330
Compensated absences	145,196	199,214	-	344,410
Accrued liabilities	95,311	215,912	5,400	316,623
Current liabilities	<u>697,219</u>	<u>484,271</u>	<u>24,873</u>	<u>1,206,363</u>
Current liabilities payable from restricted assets				
Customer deposits payable	1,223,769	-	-	1,223,769
Revenue bonds payable	3,550,000	-	305,000	3,855,000
Certificates of obligation payable	-	445,000	-	445,000
Accrued interest payable	461,983	21,003	40,605	523,591
Accounts payable	11,012	-	5,181	16,193
Retainage payable	69,602	-	25,077	94,679
Accrued liabilities	-	13,130	-	13,130
Current liabilities payable from restricted assets	<u>5,316,366</u>	<u>479,133</u>	<u>375,863</u>	<u>6,171,362</u>
Total current liabilities	<u>6,013,585</u>	<u>963,404</u>	<u>400,736</u>	<u>7,377,725</u>
Noncurrent liabilities				
Compensated absences	129,146	318,071	-	447,217
General obligation bonds payable (net of unamortized discounts)	-	2,086,795	-	2,086,795
Revenue bonds payable (net of deferred amount on refunding)	55,813,510	-	5,253,497	61,067,007
Total noncurrent liabilities	<u>55,942,656</u>	<u>2,404,866</u>	<u>5,253,497</u>	<u>63,601,019</u>
Total liabilities	<u>61,956,241</u>	<u>3,368,270</u>	<u>5,654,233</u>	<u>70,978,744</u>
NET ASSETS(DEFICIT)				
Invested in capital assets (net of related debt)	105,601,717	4,833,476	1,925,078	112,360,271
Restricted for debt service	4,127,566	107,280	96,085	4,330,931
Unrestricted	17,156,684	(476,914)	1,244,886	17,924,656
Total net assets	<u>\$ 126,885,967</u>	<u>\$ 4,463,842</u>	<u>\$ 3,266,049</u>	<u>\$ 134,615,858</u>

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 Assets
Proprietary Funds
For the Year Ended September 30, 2011

Enterprise Funds				
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 15,982,205	\$ -	\$ -	\$ 15,982,205
Sewer charges	8,250,025	-	-	8,250,025
Drainage fees	-	-	1,207,579	1,207,579
Housing services	-	6,421,396	-	6,421,396
Other services	2,161,775	275,545	144,575	2,581,895
Total operating revenues	<u>26,394,005</u>	<u>6,696,941</u>	<u>1,352,154</u>	<u>34,443,100</u>
Operating expenses:				
Costs of sales and services	10,359,848	7,747,805	152,035	18,259,688
Administration	2,085,466	203,725	333,250	2,622,441
Depreciation	3,003,556	263,946	103,474	3,370,976
Total operating expenses	<u>15,448,870</u>	<u>8,215,476</u>	<u>588,759</u>	<u>24,253,105</u>
Operating income (loss)	<u>10,945,135</u>	<u>(1,518,535)</u>	<u>763,395</u>	<u>10,189,995</u>
Nonoperating revenues (expenses):				
Interest earnings	4,497	1	34	4,532
Interest expense	(2,909,256)	(157,796)	(274,341)	(3,341,393)
Property tax revenue	-	571,050	-	571,050
Total nonoperating revenue (expenses)	<u>(2,904,759)</u>	<u>413,255</u>	<u>(274,307)</u>	<u>(2,765,811)</u>
Income before contributions and transfers	8,040,376	(1,105,280)	489,088	7,424,184
Capital contributions	549,147	-	-	549,147
Transfers in / (out)	(725,510)	1,220,875	-	495,365
Change in net assets	7,864,013	115,595	489,088	8,468,696
Total net assets - beginning	<u>119,021,954</u>	<u>4,348,247</u>	<u>2,776,961</u>	<u>126,147,162</u>
Total net assets - ending	<u>\$ 126,885,967</u>	<u>\$ 4,463,842</u>	<u>\$ 3,266,049</u>	<u>\$ 134,615,858</u>

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, 2011

	Enterprise Funds			Totals
	Water and Sewer Fund	Law Enforcement Center	Drainage Utility Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	\$ 25,315,360	\$ 6,703,599	\$ 1,339,969	\$ 33,358,928
Payments to suppliers	(10,779,358)	(1,282,887)	(257,806)	(12,320,051)
Payments to employees	(3,143,631)	(6,591,299)	(205,605)	(9,940,535)
Net cash provided by (used) operating activities	<u>11,392,371</u>	<u>(1,170,587)</u>	<u>876,558</u>	<u>11,098,342</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property tax revenue	-	571,050	-	571,050
Transfer to (from) other funds	(725,610)	1,220,875	-	495,265
Net cash provided (used) by capital and related financing activities	<u>(725,610)</u>	<u>1,791,925</u>	<u>-</u>	<u>1,066,315</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	14,030,764	-	-	14,030,764
Acquisition and construction of capital assets	(6,231,952)	(38,858)	(1,059,911)	(7,330,721)
Principal paid on capital debt	(8,245,000)	(425,000)	(295,000)	(8,965,000)
Interest paid on capital debt	(2,711,369)	(142,717)	(253,013)	(3,107,099)
Fiscal charges from issuance of debt	(120,175)	-	(5,500)	(125,675)
Net cash provided by (used) by capital and related financing activities	<u>(3,277,732)</u>	<u>(606,575)</u>	<u>(1,613,424)</u>	<u>(5,497,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	4,497	1	34	4,532
Net cash provided by investing activities	<u>4,497</u>	<u>1</u>	<u>34</u>	<u>4,532</u>
Net increase (decrease) in cash and cash equivalents	7,393,526	14,764	(736,832)	6,671,458
Cash and cash equivalents, October 1	27,162,361	164,271	2,990,752	30,317,384
Cash and cash equivalents, September 30 (including \$19,145,533, \$178,985 and \$1,062,539 for the Water and Sewer fund, Law Enforcement Center, and Drainage Utility fund respectively, reported in restricted accounts)	<u>\$ 34,555,887</u>	<u>\$ 179,035</u>	<u>\$ 2,253,920</u>	<u>\$ 36,988,842</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 10,945,135	\$ (1,518,535)	\$ 763,395	\$ 10,189,995
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	3,003,556	263,946	103,474	3,370,976
(Increase) decrease in accounts receivable	(1,078,647)	6,658	(12,187)	(1,084,176)
(Increase) in inventories	(41,811)	(2,173)	-	(43,984)
Increase (decrease) in accounts payable	(1,435,862)	79,517	21,876	(1,334,469)
Total adjustments	<u>447,236</u>	<u>347,948</u>	<u>113,163</u>	<u>908,347</u>
Net cash provided by (used) operating activities	<u>\$ 11,392,371</u>	<u>\$ (1,170,587)</u>	<u>\$ 876,558</u>	<u>\$ 11,098,342</u>
Noncash capital activities:				
Contributions of capital assets from developers	\$ 549,147	\$ -	\$ -	\$ 549,147

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, 2011

	Agency
ASSET	
Cash and cash equivalent	\$ 322,683
Total assets	322,683
 LIABILITIES	
Insurance payable	322,683
Total liabilities	322,683
 NET ASSETS	
	-
	-

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

CITY OF MANSFIELD, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. The more significant accounting and reporting policies used by the City are described below.

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 that belong to the City). The MPFDC does not issue separate financial statements. 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. Currently, 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 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. In addition, City management maintains significant continuing management responsibility with respect to MEDC financial matters. The City is financially accountable for the MEDC because the City Council approves the MEDC's budget, levies taxes, and must approve any debt issuances. The MEDC 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 assets 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 new reporting model as defined by GASB Statement No. 34, 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. 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 nonmajor funds are combined in a separate column in the fund financial statements. The nonmajor 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 significant amount 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 \$549,147 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 nonexchange 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 \$1,125,297.

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 nonoperating 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 Funds 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 nonoperating 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 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 nonmajor 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 utility. 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 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 Assets 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 assets 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, Bank of America, Mansfield.

For fiscal year 2011, the City invested in direct obligations of the United States 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.

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 nonspendable portion of the fund balance is provided equal to the amount of prepaid items, 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 2011.

5. 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 nonvesting, 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, 2011, the liability for accrued vacation, calculated in accordance with GASB Statement No. 16, Accounting for Compensated Absences, was \$5,809,680. The amount applicable to the Proprietary Funds \$791,627 and the MEDC \$51,643 have been recorded in these funds, and the amount applicable to other funds \$4,966,410 has been recorded in the government-wide financial statements.

6. 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, 2011, the City allocated \$147,980 to the Water and Sewer Fund for these services.

7. 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.

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 in population 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 per \$100 assessed valuation. For the year ended September 30, 2011, the City had a tax margin of \$1.79 per \$100 assessed valuation based upon the maximum rates prescribed by law.

8. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

9. 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 assets because their use is limited by applicable bond covenants. Additionally, amounts held by the City for inmates of the Law Enforcement Complex are also classified as restricted assets on the statement of net assets.

10. 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.

11. Fund Balance Classification:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to classify the fund balances. For committed fund balance classification, the City Council must take formal action to establish, modify, or rescind a fund balance commitment. For assigned fund balance classification, the City Manager with concurrence of the Finance Director is authorized to assign amounts for a specific purpose. 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. Per the City's resolution, the minimum General Fund policy requirement is 25% of the annual General Fund 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:							
Prepays	5,293	-	-	-	-	-	5,293
Inventory	-	-	-	-	-	61,228	61,228
Restricted:							
Debt service reserve	-	902,381	-	-	-	-	902,381
Parks debt service reserve	-	-	-	-	-	422,157	422,157
Street construction/improvements	-	-	8,383,761	-	-	-	8,383,761
Municipal building improvements	-	-	-	107,589	-	-	107,589
Parks and recreation	-	-	-	-	-	4,047,650	4,047,650
Parks capital improvements	-	-	-	-	-	1,458,837	1,458,837
Equipment replacement	-	-	-	-	-	351,833	351,833
Other capital projects	-	-	-	-	1,106,821	-	1,106,821
Other purposes	-	-	-	-	-	8,250	8,250
Committed:							
Tree mitigation	-	-	-	-	-	1,825,600	1,825,600
Parks capital improvements	-	-	-	-	-	909,105	909,105
Tourism promotion	-	-	-	-	-	338,937	338,937
Court security and technology	-	-	-	-	-	137,942	137,942
Animal control	-	-	-	-	-	11,730	11,730
Assigned:							
Public safety	-	-	-	-	-	90,738	90,738
Library	-	-	-	-	-	33,019	33,019
Unassigned:	9,027,424	-	-	-	-	-	9,027,424
Total fund balances	<u>9,032,717</u>	<u>902,381</u>	<u>8,383,761</u>	<u>107,589</u>	<u>1,106,821</u>	<u>9,697,026</u>	<u>29,230,295</u>

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 Assets

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. 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 \$109,496,379 difference are as follows:

Bonds payable	\$106,175,000
Issuance costs (amortized over life of debt)	(2,147,445)
Premium on issuance of bonds	1,431,352
Discounts on issuance of bonds	(914,112)
Fiscal charges	(822,418)
Accrued interest payable	807,592
Compensated absences	4,966,410
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$109,496,379</u>

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 assets 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 \$(5,906,929) difference are as follows:

Capital outlay	\$ 6,601,695
Depreciation expense	<u>(12,508,624)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (5,906,929)</u>

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 assets.” The statement of activities reports contributions of capital assets. Conversely, the governmental funds do not report any contributions of capital assets. The \$771,827 difference is as follows:

Net adjustment to increase changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$771,827</u>
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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 \$90,000 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.	<u>\$90,000</u>
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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 \$19,110 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.	<u>\$19,110</u>
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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 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 statement of activities.” The details of this \$3,526,005 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$(12,820,000)
Premium on issuance of bonds	(184,762)
Discounts on issuance of bonds	57,705
Issuance Costs	50,841
Accrued interest payable	64,081
Amortization of issuance costs	(202,623)
Compensated absences	(388,199)
Principal reductions:	
General obligation debt payments	<u>16,948,962</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,526,005</u>

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2011, the primary government had cash and cash equivalents of \$22,301,473 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 & Business-type Activities	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	<u>\$45,576,987</u>	<u>0.08</u>

As of September 30, 2011, the Mansfield Economic Development Corporation had cash and cash equivalents of \$1,336,400 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	<u>\$8,016,158</u>	<u>0.08</u>

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, 2011, 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. Recent Federal legislation guarantees the City's deposits held by its' depository bank.

Custodial Credit Risk Investments –

For an investment, this is the risk that in the event of the failure of the counterparty, the government 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, 2011, the City's investments are held in Merrill Lynch Money Market Mutual Fund and Nations Fund Money Market Mutual Fund. These investments are 44.26% and 54.90% 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.

The investment consists of an interest in various mutual funds. This interest is valued at \$1.00 per share. There are no assigned ratings to the fund. The funds can be moved daily or redeemed at any time by the Trustee.

Credit Risk –

The City authorized the custodian to invest the contributions in the Index PLUS Moderative Conservative fund with the Trustee, Union Bank, which is an exchange traded fund. The investment goals of this fund are to gain current income and moderate capital appreciation.

Custodial Credit Risk Investments –

For an investment, this is the risk that in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments.

B. Receivables

Receivables at September 30, 2011 consisted of the following:

Governmental Funds				
	General	Debt Service	Nonmajor	Total
Receivables:				
Property Taxes	\$ 727,583	\$ 403,020	\$ -	\$1,130,603
Accounts	3,033,504	-	491,002	3,524,506
Gross Receivables	3,761,087	403,020	491,002	4,655,109
Less: Allowance for Uncollectible	2,268,116	300,827	-	2,568,943
Net Total Receivables	<u>\$1,492,971</u>	<u>\$ 102,193</u>	<u>\$491,002</u>	<u>\$2,086,166</u>

Proprietary Funds				
	Water & Sewer	Law Enforcement	Drainage Utility	Total
Receivables:				
Accounts	\$4,506,385	\$240,589	\$187,100	\$4,934,074
Other	40,449	-	-	40,449
Gross Receivables	4,546,834	240,589	187,100	4,974,523
Less: Allowance for uncollectibles	613,810	-	37,859	651,669
Net Total Receivables	<u>\$3,933,024</u>	<u>\$240,589</u>	<u>\$149,241</u>	<u>\$4,322,854</u>

The MEDC has a sales tax receivable in the amount of \$308,856 as of September 30, 2011.

C. Capital assets

Capital asset activity for the year ended September 30, 2011 is as follows:

Governmental activities:	Sept 30, 2010	Increases	Decreases	Sept 30, 2011
Capital assets, not being depreciated:				
Land	\$ 92,695,882	\$ 52,361	\$ -	\$ 92,748,243
Construction in progress	8,554,452	6,601,692	(6,613,358)	8,542,787
Total capital assets, not being depreciated	101,250,334	6,654,053	(6,613,358)	101,291,030
Buildings	59,045,272	5,300	-	59,050,572
Other improvements	13,586,632	1,258,046	-	14,844,678
Machinery and equipment	18,474,937	1,003,425	(247,387)	19,230,975
Infrastructure	261,492,906	5,066,055	-	266,558,961
Total capital assets being depreciated	352,599,747	7,332,826	(247,387)	359,685,186
Less accumulated depreciation for:				
Buildings	(5,365,849)	(656,548)	-	(6,022,396)
Other improvements	(6,301,817)	(1,241,487)	-	(7,543,304)
Machinery and equipment	(13,576,352)	(1,115,263)	237,122	(14,454,494)
Infrastructure	(110,959,972)	(9,495,326)	-	(120,455,300)
Total accumulated depreciation	<u>(136,203,990)</u>	<u>(12,508,624)</u>	<u>237,122</u>	<u>(148,475,492)</u>
Total capital assets being depreciated, net	<u>216,395,757</u>	<u>(5,175,795)</u>	<u>(10,265)</u>	<u>211,209,694</u>
Governmental activities capital assets, net	<u>\$317,646,091</u>	<u>\$1,478,258</u>	<u>\$(6,623,623)</u>	<u>\$312,500,724</u>

Business-type activities:	Sept 30, 2010	Increases	Decreases	Sept 30, 2011
Capital assets, not being depreciated:				
Land	\$ 1,530,975	\$ 465,763	\$ -	\$ 1,996,738
Construction in progress	31,377,538	6,982,333	(35,363,604)	2,996,267
Total capital assets, not being depreciated	32,908,513	7,448,096	(35,363,604)	4,993,005
Capital assets, being depreciated:				
Buildings and systems	108,066,059	34,742,848	-	142,808,907
Improvements other than buildings	2,684,010	2,581	-	2,686,591
Machinery and equipment	2,990,625	334,803	(182,296)	3,143,132
Infrastructure	46,268,870	549,147	-	46,818,017
Total capital assets, being depreciated	160,009,564	35,629,379	(182,296)	195,456,647
Less accumulated depreciation for:				
Buildings and systems	(21,591,778)	(2,223,378)	-	(23,815,156)
Improvements other than buildings	(143,338)	(1,905)	-	(145,243)
Machinery and equipment	(2,484,917)	(225,740)	178,543	(2,532,114)
Infrastructure	(10,299,005)	(919,953)	-	(11,218,958)
Total accumulated depreciation	(34,519,038)	(3,370,976)	178,543	(37,711,471)
Total capital assets being depreciated, net	125,490,526	32,258,403	(3,753)	157,745,176
Business-type activities capital assets, net	\$158,399,039	\$39,706,499	\$(35,367,357)	\$162,738,181

C. Capital assets continued

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

Governmental Activities:	
General Government	\$ 382,018
Public Safety	787,982
Public Works	9,835,785
Culture and Recreation	1,502,839
Total Depreciation Expense – Governmental Activities	<u>\$12,508,624</u>
Business-Type Activities:	
Water and Sewer	\$ 3,003,556
Law Enforcement Center	263,946
Drainage Utility Fund	103,474
Total Depreciation Expense – Business-Type Activities	<u>\$ 3,370,976</u>

Construction Commitments

The general government had outstanding commitments at September 30, 2011, under authorized construction contracts of approximately \$1,436,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The MPFDC had outstanding commitments at September 30, 2011, under authorized construction contracts of approximately \$104,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Water and Sewer Fund had outstanding commitments at September 30, 2011, under authorized construction contracts of approximately \$286,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

The Drainage Utility Fund had outstanding commitments at September 30, 2011, under authorized construction contracts of approximately \$47,000. 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, 2011 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2010	Increases	Decreases	Sept 30, 2011
Capital assets, not being depreciated:				
Land	\$7,807,082	\$ -	\$ -	\$7,807,082
Construction in Progress	481,884	269,245	-	751,129
Total capital assets, not being depreciated	<u>8,288,966</u>	<u>269,245</u>	<u>-</u>	<u>8,558,211</u>
Capital assets, being depreciated:				
Other improvements	167,248	-	-	167,248
Machinery and equipment	72,312	-	-	72,312
Total capital assets, being depreciated	<u>239,560</u>	<u>-</u>	<u>-</u>	<u>239,560</u>
Less accumulated depreciation for:				
Other improvements	(48,388)	(2,516)	-	(50,904)
Machinery and equipment	(79,208)	-	-	(79,208)
Total accumulated depreciation	<u>(127,596)</u>	<u>(2,516)</u>	<u>-</u>	<u>(130,112)</u>
Total capital assets being depreciated, net	<u>111,964</u>	<u>(2,516)</u>	<u>-</u>	<u>109,448</u>
MEDC capital assets, net	<u>\$ 8,400,930</u>	<u>\$266,729</u>	<u>\$ -</u>	<u>\$ 8,667,659</u>

The MEDC had outstanding commitments at September 30, 2011 under authorized construction contracts of approximately \$948,000.

D. Interfund Transfers

The composition of interfund balances as of September 30, 2011 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$662,552	\$1,780,621
Equipment Replacement	559,746	-
Debt Service Fund	361	-
Building Construction		361
Mansfield Economic DC	62,958	
Water and Sewer Fund	-	725,510
Law Enforcement Center	1,220,875	-
TOTAL	<u>\$2,506,492</u>	<u>\$2,506,492</u>

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, \$662,552, for services provided as part of the City's ordinary government.

Interfund activity from the General Fund, Building Construction Fund, and the Nonmajor 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 Nonmajor 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.

E. 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 2031, 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 2011, the City issued \$9,730,000 in General Obligation Refunding Bonds, Series 2011, for the purpose of refunding \$9,530,000 of the City's outstanding debt. The bonds of \$9,730,000 plus premiums of \$165,460, less discounts of \$25,065 and less issuance costs of \$198,847 will be 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 \$218,962 and resulted in an economic gain of \$343,016. 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 \$209,010 at September 30, 2011.

In 2011, the City issued \$3,090,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2011, for the purpose of construction of street improvements. The bonds of \$3,090,000 plus premiums of \$19,302, less discounts of \$32,641 and less issuance costs of \$76,661 will be used to construct and design street improvements.

General obligation debt outstanding at September 30, 2011 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2003	1.25% to 4.60%	2024	\$ 3,500,000	\$ 1,275,000
2003	2.00% to 4.88%	2024	7,420,000	1,870,000
2004	2.00% to 5.00%	2019	18,025,000	10,010,000
2004 A	2.50% to 5.00%	2025	6,885,000	4,930,000
2004 CO Taxable	5.01% to 5.63%	2023	3,505,000	3,215,000
2004 CO Tax-exempt	2.50% to 5.00%	2025	6,705,000	5,080,000
2005 Refunding	3.00% to 5.00%	2020	9,050,000	6,115,000
2006	4.00% to 4.35%	2026	6,905,000	5,775,000
2007 CO	4.00% to 5.00%	2027	3,320,000	2,910,000
2007	4.00% to 5.00%	2027	5,215,000	4,580,000
2007A CO	5.90% to 6.51%	2028	1,255,000	1,125,000
2007A GO	5.50% to 4.63%	2028	5,300,000	4,640,000
2007B GO	5.50% to 4.63%	2028	5,300,000	4,820,000
2008 CO	5.00% to 6.25%	2029	12,330,000	11,815,000
2008 GO	5.00% to 6.25%	2029	3,105,000	2,975,000
2009 GO Refunding	3.00% to 4.00%	2022	10,400,000	9,255,000
2011 GO Refunding	2.00% to 4.00%	2022	9,730,000	9,730,000
2011 CO	2.00% to 5.00%	2031	3,090,000	3,090,000
TOTAL				<u>\$93,210,000</u>

Annual debt service requirements to maturity for general obligation debt, including interest of \$33,539,735, are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$6,705,000	\$4,093,674	\$10,798,674
2013	6,865,000	3,831,223	10,696,223
2014	7,170,000	3,542,255	10,712,255
2015	6,895,000	3,243,683	10,138,683
2016	6,735,000	2,957,347	9,692,347
2017-2021	30,315,000	10,760,893	41,075,893
2022-2026	21,825,000	4,550,866	26,375,866
2027-2031	6,700,000	559,794	7,259,794
TOTAL	<u>\$93,210,000</u>	<u>\$33,539,735</u>	<u>\$126,749,735</u>

Authorized but unissued general obligation bonds as of September 30, 2011 are as follows:

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

The City entered into a purchase agreement for the purchase of Public Safety equipment. This lease purchase agreement was entered into August 15, 2011. 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.

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2012	\$80,118	\$9,098	\$71,020	\$301,836
2013	80,118	7,365	72,753	229,083
2014	80,118	5,590	74,528	154,555
2015	80,118	3,771	76,346	78,209
2016	80,118	1,908	78,209	—
TOTAL	<u>\$400,590</u>	<u>\$27,732</u>	<u>\$372,856</u>	

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, 2011 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
1998	3.75% to 5.00%	2012	\$3,265,000	\$310,000
1999	5.15% to 7.15%	2019	1,595,000	900,000
2004	2.00% to 5.00%	2024	5,000,000	3,790,000
2006	4.00% to 4.40%	2024	3,940,000	3,340,000
2007	4.00% to 4.30%	2027	2,200,000	1,890,000
2007A	5.90% to 6.51%	2028	2,990,000	2,735,000
TOTAL				<u>\$12,965,000</u>

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of \$5,428,585, are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$970,000	\$626,955	\$1,596,955
2013	690,000	582,085	1,272,085
2014	730,000	551,356	1,281,356
2015	755,000	518,695	1,273,695
2016	795,000	484,402	1,279,402
2017-2021	4,265,000	1,833,782	6,098,782
2022-2026	4,115,000	776,123	4,891,123
2027-2028	645,000	55,187	700,187
TOTAL	<u>\$12,965,000</u>	<u>\$5,428,585</u>	<u>\$18,393,585</u>

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2011 was as follows:

Changes in Long-term Debt	General Obligation Debt	Sales Tax Revenue Bonds	Compensated Absences	Total
Beginning of year	\$96,080,227	\$13,756,167	\$4,578,211	\$114,414,605
Amounts added during fiscal year	12,820,000	-	1,670,828	14,490,828
Premiums on Issuance	184,762	-	-	184,762
Discounts on Issuance	(57,705)	-	-	(57,705)
Amortization of premium/discount	26,497	8,855	-	35,352
Amounts retired during fiscal year	<u>(16,023,962)</u>	<u>(925,000)</u>	<u>(1,282,629)</u>	<u>(18,231,591)</u>
Amounts payable at end of year	<u>\$93,029,819</u>	<u>\$12,840,022</u>	<u>\$4,966,410</u>	<u>\$110,836,251</u>
Amounts due within one year	<u>\$6,705,000</u>	<u>\$970,000</u>	<u>\$1,479,770</u>	<u>\$9,154,770</u>

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

The City issued in the current fiscal year \$13,995,000 in Water and Sewer System Revenue Refunding Bonds, Series 2011, for the purposes of constructing, improving, and expanding water and sewer lines and refunding prior issuances. The Bonds of \$13,995,000 plus premiums of \$34,803 less discounts of \$31,722 and less the issuance costs of \$248,568 will be used for the water and sewer lines.

During 1995, the City adopted the provisions of GASB Statement No. 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, in connection with the refunding of water and sewer debt. 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 \$168,222 at September 30, 2011.

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 \$125,385 at September 30, 2011.

In 2011, the City issued \$13,995,000 in Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2011, for the purpose of refunding \$4,645,000 of the City's outstanding debt and constructing, improving and expanding water and sewer lines. The bonds of \$13,995,000 plus premiums of \$34,803, less discounts of \$31,722 and less issuance costs of \$248,568 will be used to refund a portion of the City's outstanding debt and the construction and design of water and sewer improvements.

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 \$101,763 at September 30, 2011.

Water and sewer fund debt outstanding at September 30, 2011 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2003	2.00% to 4.75%	2023	\$3,400,000	\$2,305,000
2004	2.00% to 4.00%	2019	11,975,000	6,745,000
2004A	2.25% to 4.75%	2024	3,135,000	2,265,000
2005Ref	3.00% to 4.10%	2019	9,105,000	3,260,000
2007	4.00% to 4.30%	2027	6,000,000	5,150,000
2008	4.00% to 4.30%	2029	26,185,000	24,180,000
2009	2.00% to 4.50%	2030	2,585,000	2,490,000
2011	2.00% to 5.00%	2030	13,995,000	13,445,000
TOTAL				<u>\$59,840,000</u>

Debt service requirements to maturity for water and sewer fund debt, including interest of \$28,011,438, are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$3,550,000	\$2,771,899	\$6,321,899
2013	3,670,000	2,655,924	6,325,924
2014	3,795,000	2,534,911	6,329,911
2015	3,940,000	2,403,515	6,343,515
2016	3,675,000	2,253,265	5,928,265
2017-2021	17,300,000	8,972,983	26,272,983
2022-2026	14,415,000	5,199,114	19,614,114
2027-2030	9,495,000	1,219,828	10,714,828
TOTAL	<u>\$59,840,000</u>	<u>\$28,011,439</u>	<u>\$87,851,439</u>

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 is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$0 at September 30, 2011. There was \$0 of outstanding defeased debt at September 30, 2011.

Law Enforcement Center Fund debt outstanding at September 30, 2011 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2005 Refund	3.50% to 5.00%	2015	\$2,355,000	\$1,810,000
2007B CO	6.45% to 6.45%	2028	790,000	725,000
TOTAL				<u>\$2,535,000</u>

Debt service requirements to maturity for Law Enforcement Center debt, including interest of \$656,545, are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$445,000	\$125,956	\$570,956
2013	465,000	102,844	567,844
2014	490,000	78,606	568,606
2015	515,000	53,083	568,083
2016	30,000	39,023	69,023
2017-2021	195,000	160,444	355,444
2022-2026	260,000	87,720	347,720
2027-2028	135,000	8,869	143,869
TOTAL	<u>\$2,535,000</u>	<u>\$656,545</u>	<u>\$3,191,545</u>

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.

Drainage Utility Fund debt outstanding at September 30, 2011 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2003	2.00% to 4.88%	2024	\$5,100,000	\$3,725,000
2007	4.00% to 4.30%	2027	2,200,000	1,890,000
TOTAL				<u>\$5,615,000</u>

Debt service requirements to maturity for Drainage Utility debt, including interest of \$2,040,015, are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$305,000	\$243,628	\$548,628
2013	320,000	231,428	551,428
2014	335,000	218,628	553,628
2015	345,000	205,228	550,228
2016	360,000	191,428	551,428
2017-2021	2,040,000	714,435	2,754,435
2022-2026	1,755,000	228,575	1,983,575
2027-2029	155,000	6,665	161,665
TOTAL	<u>\$5,615,000</u>	<u>\$2,040,015</u>	<u>\$7,655,015</u>

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2011, is as follows:

Changes in Long - Term Debt	Water & Sewer Revenue Bonds	Law Enforcement Tax Obligations	Drainage Utility Revenue Bonds	Compensated Absences	Total
Debt beg of year	\$53,631,921	\$2,945,591	\$5,849,345	\$694,773	\$63,121,630
Deferred amort on Refunding	77,515	21,340	-	-	98,855
Amount add 2011	13,995,000	-	-	395,380	14,390,380
Premiums Issuance	34,803	-	-	-	34,803
Discounts Issuance	(31,722)	-	-	-	(31,722)
Amort premiums /discounts	5,506	(10,136)	4,153	-	(477)
Amount paid 2011	(8,349,514)	(425,000)	(295,000)	(298,527)	(9,368,041)
Debt end of year	<u>\$ 59,363,510</u>	<u>\$ 2,531,795</u>	<u>\$5,558,498</u>	<u>\$ 791,626</u>	<u>\$68,245,429</u>
Due in one year	<u>\$ 3,550,000</u>	<u>\$ 445,000</u>	<u>\$ 305,000</u>	<u>\$ 344,410</u>	<u>\$4,644,410</u>

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, 2011 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2004	3.25% to 6.33%	2024	\$8,300,000	\$6,390,000
2004	3.38% to 5.13%	2024	4,715,000	3,515,000
TOTAL				<u>\$9,905,000</u>

Debt service requirements to maturity for MEDC debt, including interest of \$4,403,692, are as follows:

Fiscal Year	Principal	Interest	Total
2012	\$545,000	\$556,169	\$1,101,169
2013	575,000	528,125	1,103,125
2014	600,000	498,071	1,098,071
2015	635,000	466,368	1,101,368
2016	670,000	432,488	1,102,488
2017-2021	3,935,000	1,568,355	5,503,355
2022-2024	2,945,000	354,116	3,299,116
TOTAL	<u>\$9,905,000</u>	<u>\$4,403,692</u>	<u>\$14,308,692</u>

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2011, is as follows:

Changes in Long-term Debt	Revenue Refunding Bonds	Compensated Absences	Total
Amounts payable at beginning of year	\$10,344,180	\$42,577	\$10,386,757
Amortization of deferred amounts on issuance	5,773	-	5,773
Amounts added during fiscal year 2011	-	28,087	28,087
Amounts retired during fiscal year 2011	(520,000)	(19,021)	(539,021)
Amounts payable at end of year	<u>\$9,829,953</u>	<u>\$51,643</u>	<u>\$ 9,881,596</u>
Amounts due within one year	<u>\$545,000</u>	<u>\$21,945</u>	<u>\$566,945</u>

F. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2011 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	\$4,127,566	\$15,017,967	\$ -	\$19,145,533
Law Enforcement Complex	107,280	10,482	61,223	178,985
Drainage Utility	96,085	966,454	-	1,062,539
TOTAL	<u>\$4,330,931</u>	<u>\$15,994,903</u>	<u>\$61,223</u>	<u>\$20,387,057</u>

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, 2011, 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.

G. Retirement Plan

Plan Description:

The City provides pension benefits for all of its eligible employees through a nontraditional, 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 2010	Plan Year 2011
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 2011, 2010, and 2009 was \$3,869,129, \$3,643,202, and \$3,256,553, respectively, which was equal to the City's required and actual contributions. The required contributions were determined as part of the December 31, 2009 and 2008 actuarial valuations using the projected unit credit actuarial cost method.

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2009 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, is as follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining			
Amortization Period	29 years; closed period	28.1 years; closed period	27.1 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return*	7.5%	7.5%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
*Includes Inflation at Cost-of-Living Adjustments	3.00%	3.00%	3.00%
	2.1%	2.1%	2.1%

The funded status as of December 31, 2010 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
(1) 12/31/2010	\$51,314,466	\$70,658,616	72.6%	\$19,344,150	\$25,789,618	75.0%
(2) 12/31/2010	\$64,912,070	\$82,127,435	79.0%	\$17,215,365	\$25,789,618	66.8%

(1) Actuarial Valuation performed under the original fund structure

(2) Actuarial Valuation performed under the new fund structure

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.

H. 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 2011, 2010, and 2009 were \$42,684, \$40,809, and \$40,900, respectively, which equaled the required contributions each year.

I. 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 \$740.27 for medical coverage and \$33.64 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 451 active plan members and only 22 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 \$585,684 for the fiscal year ended September 30, 2011. The City also funded 100% of the ARC, which approximates the annual OPEB cost, and totaled \$585,684 for the fiscal year ended September 30, 2010. 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 \$585,684 for fiscal year 2011.

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, 2009, in fiscal year 2010.

The funded status as of December 31, 2009 (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
12/31/2009	\$801,167	\$4,944,949	16%	\$4,143,782	\$26,475,384	15.65%

Actuarial Methods and Assumptions

Actuarial Cost Method - Projected Unit Credit
 Actuarial Valuation Date - October 1, 2009
 Discount Rate - 7%
 Amortization method - 30 years, level dollar open amortization
 Open amortization means a fresh-start each year for the cumulative unrecognized amount.
 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
55	5.18

Healthcare Cost Trend Rates 10% initially graded downward 1.5% per year to 4.0% in year 5 and later.

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.

J. 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 significant 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 significant to the City’s financial statements.

K. 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 gallonage based on the greater of 1.3 million gallons or the average daily consumption for the previous five-year period. The rate to be charged to the City for raw water is based upon the 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 \$0.71816 per 1,000 gallons, with a total cost of \$2,839,570 during fiscal year 2011. 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 nineteen 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 2011, the City's cost for sewer treatment under the contract was \$3,524,925.

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 five 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 five-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 seven years. However, if the gross receipts generated from the operation of the water park exceed \$2,500,000 in any year within the seven-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.

L. 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.

M. 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.

N. Subsequent Events

Bond Issuances

On January 11, 2012, the city issued \$5,855,000 in General Obligation Refunding Bonds, Series 2012; \$3,415,000 in Combination Tax and Revenue Certificates of Obligation, Series 2012 and \$3,075,000 in Combination Tax and Revenue Certificates of Obligation, Series 2012-A. The purpose of the Combination Tax and Revenue Certificates of Obligation, Series 2012 are for the construction of street improvements. The purpose of the Combination Tax and Revenue Certificates of Obligation, Series 2012-A are for the construction and renovation of the the city's water park facilities. Additionally, the city authorized the issuance of \$3,740,000 in Municipal Drainage Utility System Revenue Refunding Bonds, Series 2012; \$4,995,000 in Sales Tax Revenue Refunding Bonds, Series 2012 for the MPFDC; \$2,320,000 in Waterworks and Sewer System Revenue Refunding Bonds, Series 2012, and \$3,090,000 in Sales Tax Revenue Bonds, Series 2012, for the MEDC for improvements in industrial areas.

CITY OF MANSFIELD, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SEPTEMBER 30, 2011

Texas Municipal Retirement System
Schedule of Funding Progress - Unaudited

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date, December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded (1)/(2)	Unfunded AAL (2)-(1)	Annual Covered Payroll	Unfunded AAL as Percentage of Covered Payroll (4)/(5)
2010	\$64,912,070	\$82,127,435	79.0%	\$17,215,365	\$25,789,618	66.8%
2009	46,933,448	66,258,915	70.8%	19,325,467	26,475,384	73.0%
2008	42,002,665	60,219,780	69.7%	18,216,115	25,727,619	70.8%

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

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded (1)/(2)	Unfunded AAL (2)-(1)	Annual Covered Payroll	Unfunded AAL as Percentage of Covered Payroll (4)/(5)
Oct 1, 2009	\$801,167	\$4,944,949	16%	\$4,143,782	\$26,475,384	15.65%
Oct 1, 2008	352,062	4,249,532	8%	3,897,470	25,562,767	15.25%
Nov 1, 2005	-	2,451,000	0%	2,451,000	18,029,606	13.6%

Note: ARC of \$585,684 for fiscal year 2011 as of September 30, 2011 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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 19,492,229	\$ 19,492,229	\$ 19,698,256	\$ 206,027
Sales	7,296,050	7,296,050	7,262,510	(33,540)
Franchise	2,981,328	2,981,328	3,514,711	533,383
Mixed drink	122,000	122,000	119,697	(2,303)
Licenses and permits	1,007,216	1,007,216	1,581,082	573,866
Intergovernmental	-	-	220,117	220,117
Charges for services	2,552,005	2,552,005	2,659,754	107,749
Fines	1,345,211	1,345,211	1,439,350	94,139
Interest earnings	30,000	30,000	3,987	(26,013)
Contributions and donations	-	-	5,333	5,333
Miscellaneous	313,865	313,865	302,637	(11,228)
Total revenues	<u>35,139,904</u>	<u>35,139,904</u>	<u>36,807,434</u>	<u>1,667,530</u>
EXPENDITURES				
Current:				
General Government:	5,818,636	5,818,636	5,518,720	299,916
Public safety	19,683,470	19,683,470	20,471,710	(788,240)
Public works	4,730,558	4,730,558	4,724,243	6,315
Culture and recreation	4,100,056	4,100,056	3,958,746	141,310
Total expenditures	<u>34,332,720</u>	<u>34,332,720</u>	<u>34,673,419</u>	<u>(340,699)</u>
Excess of expenditures over revenues	<u>807,184</u>	<u>807,184</u>	<u>2,134,015</u>	<u>1,326,831</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	662,552	662,552	662,552	-
Transfers out	(2,122,497)	(2,122,497)	(1,780,621)	341,876
Sale of city property	-	-	33,831	33,831
Total other financing sources and uses	<u>(1,459,945)</u>	<u>(1,459,945)</u>	<u>(1,084,238)</u>	<u>375,707</u>
Net change in fund balances	<u>(652,761)</u>	<u>(652,761)</u>	<u>1,049,777</u>	<u>1,702,538</u>
Fund balances - beginning	<u>7,982,940</u>	<u>7,982,940</u>	<u>7,982,940</u>	<u>-</u>
Fund balances - ending	<u>\$ 7,330,179</u>	<u>\$ 7,330,179</u>	<u>\$ 9,032,717</u>	<u>\$ 1,702,538</u>

See accompanying notes to required supplementary information.

CITY OF MANSFIELD, TEXAS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2011

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.

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 \$1,667,530 and expenditures were more than budget by \$340,699 which was offset by other financing sources (uses) which was less than budget by \$375,707.

Supplementary Information

Nonmajor 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.

City of Mansfield, Texas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 As of September 30, 2011

	Special Revenue		Total	Debt Service	Capital Projects			Total Nonmajor Governmental Funds
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds		MPFDC Debt Service	Equipment Replacement	Parks Construction	Total	
ASSETS								
Cash and cash equivalents	\$ 4,890,219	\$ 2,402,159	\$ 7,292,378	\$ 422,157	\$ 442,748	\$ 1,458,837	\$ 1,901,585	\$ 9,616,120
Accounts receivable, net	371,767	119,235	491,002	-	-	-	-	491,002
Inventory	-	61,228	61,228	-	-	-	-	61,228
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 5,261,986</u>	<u>\$ 2,582,622</u>	<u>\$ 7,844,608</u>	<u>\$ 422,157</u>	<u>\$ 442,748</u>	<u>\$ 1,458,837</u>	<u>\$ 1,901,585</u>	<u>\$ 10,168,350</u>
LIABILITIES								
Accounts payable	\$ 95,601	\$ 70,649	\$ 166,250	\$ -	\$ 90,915	\$ -	\$ 90,915	\$ 257,165
Accrued liabilities	28,000	3,556	31,556	-	-	-	-	31,556
Retainage payable	122,898	973	123,871	-	-	-	-	123,871
Deferred revenue	58,732	-	58,732	-	-	-	-	58,732
Total liabilities	<u>305,231</u>	<u>75,178</u>	<u>380,409</u>	<u>-</u>	<u>90,915</u>	<u>-</u>	<u>90,915</u>	<u>471,324</u>
FUND BALANCES								
Nonspendable	-	61,228	61,228	-	-	-	-	61,228
Restricted	4,047,650	8,250	4,055,900	422,157	351,833	1,458,837	1,810,670	6,288,727
Committed	909,105	2,314,209	3,223,314	-	-	-	-	3,223,314
Assigned	-	123,757	123,757	-	-	-	-	123,757
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>4,956,755</u>	<u>2,507,444</u>	<u>7,464,199</u>	<u>422,157</u>	<u>351,833</u>	<u>1,458,837</u>	<u>1,810,670</u>	<u>9,697,026</u>
Total liabilities and fund balances	<u>\$ 5,261,986</u>	<u>\$ 2,582,622</u>	<u>\$ 7,844,608</u>	<u>\$ 422,157</u>	<u>\$ 442,748</u>	<u>\$ 1,458,837</u>	<u>\$ 1,901,585</u>	<u>\$ 10,168,350</u>

City of Mansfield, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Special Revenue		Total	Debt Service	Capital Projects			Total Nonmajor Governmental Funds
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds		MPFDC Debt Service	Equipment Replacement	Parks Construction	Total	
REVENUE								
Taxes	\$ 2,036,649	\$ 419,012	\$ 2,455,661	\$ 1,594,606	\$ -	\$ -	\$ -	\$ 4,050,267
Development fees	217,000	295,284	512,284	-	-	-	-	512,284
Gas royalty	1,249,393	-	1,249,393	-	-	-	-	1,249,393
Recreational Fees	505,419	-	505,419	-	-	-	-	505,419
Fines and forfeitures	-	121,710	121,710	-	-	-	-	121,710
Investment earnings	65	110	175	8	1	23	24	207
Donations	31,615	19,924	51,539	-	-	-	-	51,539
Miscellaneous	3,063	-	3,063	-	9,868	-	9,868	12,931
Total revenues	4,043,204	856,040	4,899,244	1,594,614	9,869	23	9,892	6,503,750
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Culture and recreation	1,901,919	358,016	2,259,935	-	-	-	-	2,259,935
Public safety	-	134,816	134,816	-	20,653	-	20,653	155,469
Debt service:								
Principal retirement	-	-	-	925,000	-	-	-	925,000
Interest and fiscal charges	-	-	-	677,936	-	-	-	677,936
Bond issuance cost	-	-	-	-	-	-	-	-
Capital outlay:								
Land	52,361	-	52,361	-	-	-	-	52,361
Buildings	5,300	46,771	52,071	-	-	-	-	52,071
Improvements (not buildings)	1,407,889	-	1,407,889	-	-	-	-	1,407,889
Equipment	54,534	242,088	296,622	-	597,433	-	597,433	894,055
Parks	-	-	-	-	-	-	-	-
Total expenditures	3,422,003	781,691	4,203,694	1,602,936	618,086	-	618,086	6,424,716
Excess (deficiency) of revenues over (under) expenditures	621,201	74,349	695,550	(8,322)	(608,217)	23	(608,194)	79,034
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	559,746	-	559,746	559,746
Sale of city property	325	-	325	-	-	-	-	325
Capital Lease	-	-	-	-	372,856	-	372,856	372,856
Total other financing sources	325	-	325	-	932,602	-	932,602	932,927
Net change in fund balances	621,526	74,349	695,875	(8,322)	324,385	23	324,408	1,011,961
Fund balances beginning	4,335,229	2,433,095	6,768,324	430,479	27,448	1,458,814	1,486,262	8,685,065
Fund balances ending	\$ 4,956,755	\$ 2,507,444	\$ 7,464,199	\$ 422,157	\$ 351,833	\$ 1,458,837	\$ 1,810,670	9,697,026

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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 11,371,163	\$ 11,371,163	\$ 10,450,515	\$ (920,648)
Investment earnings	18,250	18,250	57	(18,193)
Miscellaneous	-	-	4,898	4,898
Total revenues	<u>11,389,413</u>	<u>11,389,413</u>	<u>10,455,470</u>	<u>(933,943)</u>
EXPENDITURES				
Debt service:				
Principal	6,700,000	6,700,000	6,275,000	425,000
Interest	4,670,413	4,670,413	4,379,542	290,871
Fiscal charges	19,000	19,000	16,235	2,765
Issuance costs	-	-	211,437	(211,437)
Total expenditures	<u>11,389,413</u>	<u>11,389,413</u>	<u>10,882,214</u>	<u>507,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(426,744)</u>	<u>(426,744)</u>
OTHER FINANCES SOURCES (USES)				
Refunding bonds issued	-	-	9,730,000	(9,730,000)
Premium on bonds issued	-	-	165,460	(165,460)
Discounts on bonds issued	-	-	(25,064)	25,064
Payment to refunded bond escrow agent	-	-	(9,748,962)	9,748,962
Transfer In	-	-	361	(361)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>121,795</u>	<u>(121,795)</u>
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>(304,949)</u>	<u>(304,949)</u>
Fund balances beginning	<u>1,207,330</u>	<u>1,207,330</u>	<u>1,207,330</u>	<u>-</u>
Fund balances ending	<u>\$ 1,207,330</u>	<u>\$ 1,207,330</u>	<u>\$ 902,381</u>	<u>\$ (304,949)</u>

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 1,594,137	\$ 1,594,137	\$ 1,594,606	\$ 469
Investment earnings	-	-	8	8
Other Financing Source	5,000	5,000	-	(5,000)
Total revenues	<u>1,599,137</u>	<u>1,599,137</u>	<u>1,594,614</u>	<u>(4,523)</u>
EXPENDITURES				
Debt service:				
Principal	925,000	925,000	925,000	-
Interest and fiscal charges	674,137	674,137	677,936	3,799
Total expenditures	<u>1,599,137</u>	<u>1,599,137</u>	<u>1,602,936</u>	<u>(3,799)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(8,322)</u>	<u>(8,322)</u>
Fund balances beginning	430,479	430,479	430,479	-
Fund balances ending	<u>\$ 430,479</u>	<u>\$ 430,479</u>	<u>\$ 422,157</u>	<u>\$ (8,322)</u>

City of Mansfield, Texas
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2011

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
ASSETS				
Cash and cash equivalents	\$ 678,167	\$ 9,083,362	\$ 9,438,846	\$ 322,683
Total Assets	<u>\$ 678,167</u>	<u>\$ 9,083,362</u>	<u>\$ 9,438,846</u>	<u>\$ 322,683</u>
LIABILITIES				
Insurance Payable	\$ 678,167	\$ 9,083,362	\$ 9,438,846	\$ 322,683
Total Liabilities	<u>\$ 678,167</u>	<u>\$ 9,083,362</u>	<u>\$ 9,438,846</u>	<u>\$ 322,683</u>

City of Mansfield, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules By Source
 September 30, 2011

Governmental funds capital assets:

Land	\$	92,748,243
Buildings		59,050,572
Other Improvements		14,844,678
Vehicles, Machinery, and Equipment		19,230,975
Infrastructure		266,558,958
Construction In Progress		8,542,787
Total Capital Assets	\$	460,976,213

Investments in governmental funds capital assets by source:

General Obligation Bonds	\$	193,949,244
Intergovernmental Revenues		3,430,647
Current Revenue		11,346,694
Special Revenues		8,229,529
Developer Revenue		1,729,823
Contributions		242,290,276
Total Investment In Capital Assets	\$	460,976,213

City of Mansfield, Texas
 Capital Assets Used in the Operation of Governmental Funds
 Schedule By Function and Activity
 September 30, 2011

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government:							
Administration				\$ 125,377			\$ 125,377
City secretary/legal				87,625			87,625
Personnel				23,627			23,627
Finance				9,754			9,754
Accounting/budget/purchasing				22,948			22,948
Tax assessing				12,806			12,806
Information services				528,450			528,450
Planning and development				122,285			122,285
Engineering				81,002			81,002
Code enforcement				93,957			93,957
Building inspection				50,073			50,073
General government buildings	8,079,306	59,045,272	33,471	392,466		-	67,550,515
Total general government	8,079,306	59,045,272	33,471	1,550,370	-	-	68,708,419
Public safety:							
Police			46,159	8,059,356		75,462	8,180,977
Fire			8,851	5,873,035		-	5,881,886
Municipal court	282,234			132,782		-	415,016
Animal control			83,291	182,277			265,568
Total public safety	282,234	-	138,301	14,247,450	-	75,462	14,743,447
Culture and recreation							
Parks and recreation	1,813,185	5,300	14,656,830	1,060,023		580,525	18,115,863
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	2,223,186	5,300	14,672,906	2,218,188	-	580,525	19,700,105
Public works:							
Streets	82,163,517			1,214,967	266,558,958	7,886,800	357,824,242
Total public works	82,163,517	-	-	1,214,967	266,558,958	7,886,800	357,824,242
Total governmental funds capital assets	\$ 92,748,243	\$ 59,050,572	\$ 14,844,678	\$ 19,230,975	\$ 266,558,958	\$ 8,542,787	\$ 460,976,213

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, 2011

Function and Activity	Governmental Funds Capital Assets September 30, 2010	Additions	Deductions	Governmental Funds Capital Assets September 30, 2011
General government				
Administration	\$ 125,377	\$ 506,296	\$ 1,413	\$ 630,260
City secretary/legal	87,625	-	-	87,625
Personnel	23,627	-	-	23,627
Finance	9,754	-	-	9,754
Accounting/budget/purchasing	22,948	-	-	22,948
Tax assessing	12,806	-	-	12,806
Information services	528,450	-	-	528,450
Planning and development	122,285	-	-	122,285
Engineering	81,002	-	-	81,002
Code enforcement	93,957	-	-	93,957
Building inspection	50,073	-	-	50,073
General government buildings	19,028,560	5,300	-	19,033,860
Total general government	<u>20,186,464</u>	<u>511,596</u>	<u>1,413</u>	<u>20,696,647</u>
Public safety:				
Police	7,420,987	499,792	169,285	7,751,494
Fire	13,071,347	400,644	58,395	13,413,596
Municipal court	132,782	-	-	132,782
Animal control	703,225	-	-	703,225
Total public safety	<u>21,328,341</u>	<u>900,436</u>	<u>227,680</u>	<u>22,001,097</u>
Culture and recreation				
Parks and recreation	54,685,553	1,334,547	18,295	56,001,805
Senior citizens	82,434	-	-	82,434
Library	3,549,989	-	-	3,549,989
Land maintenance	195,166	52,361	-	247,527
Building maintenance	810,454	-	-	810,454
Total culture and recreation	<u>59,323,596</u>	<u>1,386,908</u>	<u>18,295</u>	<u>60,692,209</u>
Public works:				
Streets	353,011,679	4,574,581	-	357,586,260
Total public works	<u>353,011,679</u>	<u>4,574,581</u>	<u>-</u>	<u>357,586,260</u>
Total governmental funds capital assets	<u>\$ 453,850,080</u>	<u>\$ 7,373,521</u>	<u>\$ 247,388</u>	<u>\$ 460,976,213</u>

MANSFIELD ECONOMIC DEVELOPMENT CORPORATION

City of Mansfield
Balance Sheet
Mansfield Economic Development Corporation
As of September 30, 2011

ASSETS

Cash and investments	\$	5,632,989
Receivables (net of allowance for uncollectibles)		308,856
Restricted cash and investments		3,719,569
Prepays		-
Total assets	\$	<u>9,661,414</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	34,733
Accrued liabilities		14,304
Total liabilities		<u>49,037</u>

Fund balances:

Nonspendable		-
Restricted		3,719,569
Committed		-
Unassigned		5,892,808
Total fund balances		<u>9,612,377</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,667,659
Issuance costs when debt is first issued. The amount is deferred and amortized in the treatment of long-term debt and related items.		189,809
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(9,881,596)</u>

Net assets of governmental activities	\$	<u>8,588,249</u>
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City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Mansfield Economic Development Corporation
For the Year Ended September 30, 2011

REVENUES

Sales taxes	\$	3,631,255
Gas Royalty Income		158,711
Interest		435
Contributions		-
Miscellaneous		1,164
Total revenues		<u>3,791,565</u>

EXPENDITURES

Current:		
Administration		830,051
Projects		1,513,631
Debt service:		
Principal		520,000
Interest		582,169
Capital outlay:		
Land		-
Total expenditures		<u>3,445,851</u>
Excess (deficiency) of revenues over (under) expenditures		<u>345,714</u>

OTHER FINANCING SOURCES (USES)

Transfer from Utility Construction		<u>62,958</u>
Total other financing sources		<u>62,958</u>
Net change in fund balance		408,672
Fund balance beginning		<u>9,203,705</u>
Fund balance ending	\$	<u><u>9,612,377</u></u>

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, 2011

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

Net change in fund balances MEDC	\$	408,672
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
		266,729
<p>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.</p>		
		490,562
Changes in net assets of governmental activities	\$	1,165,963

CITY OF MANSFIELD, TEXAS

STATISTICAL SECTION

SEPTEMBER 30, 2011

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 85 - 91
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 92 - 95
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	
Debt Capacity	Page 96 - 100
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 101 - 103
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	Page 104 - 105
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 performs.	

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

	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 197,666	\$ 204,332	\$ 210,596	\$ 217,381	\$ 226,079	\$ 226,416	\$ 224,555	\$ 225,082
Restricted	635	403	446	993	1,815	721	1,037	619
Unrestricted	7,071	7,959	8,298	8,657	4,064	6,806	7,269	8,055
Total governmental activities net assets	\$ 205,372	\$ 212,694	\$ 219,340	\$ 227,031	\$ 231,958	\$ 233,943	\$ 232,861	\$ 233,756
Business-type activities								
Invested in capital assets, net of related debt	\$ 76,316	\$ 83,989	\$ 91,581	\$ 97,214	\$ 103,077	\$ 107,442	\$ 111,276	\$ 112,360
Restricted	3,186	3,202	3,593	3,906	3,792	4,280	4,246	4,331
Unrestricted	2,955	5,056	6,795	7,511	7,996	9,049	10,625	17,925
Total business-type activities net assets	\$ 82,457	\$ 92,247	\$ 101,969	\$ 108,631	\$ 114,865	\$ 120,771	\$ 126,147	\$ 134,616
Primary government								
Invested in capital assets, net of related debt	\$ 273,982	\$ 288,321	\$ 302,177	\$ 314,595	\$ 329,156	\$ 333,858	\$ 335,831	\$ 337,442
Restricted	3,821	3,605	4,039	4,899	5,607	5,001	5,283	4,950
Unrestricted	10,026	13,015	15,093	16,168	12,060	15,855	17,894	25,980
Total primary government net assets	\$ 287,829	\$ 304,941	\$ 321,309	\$ 335,662	\$ 346,823	\$ 354,714	\$ 359,008	\$ 368,372

Note: The City implemented GASB 34 in 2002.

City of Mansfield, Texas
Changes in Net Assets of Governmental & Business Type Activities
Last Eight Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	\$ 6,412	\$ 7,491	\$ 8,216	\$ 9,073	\$ 9,630	\$ 6,574	\$ 6,142	\$ 6,196
Public safety	10,383	12,279	14,708	17,452	18,513	20,227	20,515	21,540
Public works	10,215	10,857	11,282	12,010	12,303	15,054	14,027	14,579
Culture and recreation	4,245	3,823	4,660	5,366	6,628	7,898	8,195	7,762
Interest on long-term debt	3,481	3,805	4,180	4,543	5,176	5,424	5,318	5,137
Total governmental activities expenses	\$ 34,736	\$ 38,255	\$ 43,046	\$ 48,444	\$ 52,250	\$ 55,177	\$ 54,197	\$ 55,214
Business-type activities:								
Water	7,721	8,800	10,158	11,408	11,140	12,019	11,567	13,112
Sewer	1,913	2,337	3,155	3,335	3,360	3,950	4,216	5,246
Law enforcement center	5,727	5,809	6,273	7,478	7,484	8,241	8,018	8,373
Drainage	632	571	761	886	846	941	870	863
Total business-type activities expenses	15,993	17,517	20,347	23,107	22,830	25,151	24,671	27,594
Total primary government expenses	\$ 50,729	\$ 55,772	\$ 63,393	\$ 71,551	\$ 75,080	\$ 80,328	\$ 78,868	\$ 82,808
Program revenues								
Governmental activities:								
Charges for services:								
General government	\$ 4,438	\$ 4,694	\$ 4,167	\$ 4,241	\$ 4,819	\$ 4,593	\$ 3,659	\$ 4,263
Public safety	1,374	1,131	620	1,368	1,317	1,593	1,747	2,325
Public works	1,237	1,265	1,961	2,856	1,529	974	708	1,061
Culture and recreation	369	522	677	1,877	1,619	939	844	779
Operating grants and contributions	160	42	71	339	653	432	613	365
Capital grants and contributions	9,601	7,370	7,871	5,690	4,066	3,495	771	1,125
Total governmental activities program revenues	17,179	15,024	15,367	16,371	14,003	12,026	8,342	9,918
Business-type activities:								
Charges for services:								
Water	12,321	13,768	14,799	12,357	14,060	15,137	14,821	18,144
Sewer	3,724	4,059	4,901	5,702	5,045	5,918	6,288	8,250
Law enforcement center	4,757	4,937	6,024	7,724	7,261	7,346	6,483	6,697
Drainage	865	900	1,114	1,031	1,075	1,209	1,203	1,352
Operating grants and contributions	-	-	-	-	126	92	-	-
Capital grants and contributions	3,231	2,465	2,426	2,405	1,140	1,910	417	549
Total business-type activities program revenues	24,898	26,129	29,264	29,219	28,707	31,612	29,212	34,992
Total primary government program revenues	\$ 42,077	\$ 41,153	\$ 44,631	\$ 45,590	\$ 42,710	\$ 43,638	\$ 37,554	\$ 44,910
Net (expense) revenue								
Governmental activities	\$ (17,557)	\$ (23,231)	\$ (27,679)	\$ (32,073)	\$ (38,247)	\$ (43,151)	\$ (45,855)	\$ (45,296)
Business-type activities	8,905	8,612	8,917	6,112	5,877	6,461	4,541	7,398
Total primary government net expense	\$ (8,652)	\$ (14,619)	\$ (18,762)	\$ (25,961)	\$ (32,370)	\$ (36,690)	\$ (41,314)	\$ (37,898)

General Revenues and Other Changes in

Net Assets

Governmental activities:

Taxes

Property taxes	\$ 16,854	\$ 19,350	\$ 21,334	\$ 23,972	\$ 26,606	\$ 29,004	\$ 30,366	\$ 30,514
Sales taxes	5,866	7,095	7,840	9,259	10,582	10,638	10,718	10,894
Franchise taxes	2,058	2,157	2,467	2,669	2,849	3,048	3,158	3,514
Mixed drink taxes	33	41	59	74	105	126	118	120
Hotel/motel taxes	61	80	87	102	253	387	290	419
Unrestricted investment earnings	307	1,008	1,801	2,353	1,298	148	2	5
Gas royalty income	-	-	-	109	347	861	379	1,249
Gain on sale of capital assets	7,731	822	76	(23)	(10)	11	-	34
Transfers	(422)	-	662	1,249	1,144	913	(259)	(558)
Total governmental activities	\$ 32,488	\$ 30,553	\$ 34,326	\$ 39,764	\$ 43,174	\$ 45,136	\$ 44,772	\$ 46,191

Business-type activities:

Property taxes	514	512	503	503	494	578	568	571
Unrestricted investment earnings	184	666	953	1,296	525	120	7	4
Gain on sale of capital assets	-	-	10	-	-	7	-	-
Special item-debt forgiveness	604	-	-	-	-	-	-	-
Transfers	422	-	(662)	(1,249)	(662)	(1,260)	259	495
Total business-type activities	1,724	1,178	804	550	357	(555)	834	1,070
Total primary government	\$ 34,212	\$ 31,731	\$ 35,130	\$ 40,314	\$ 43,531	\$ 44,581	\$ 45,606	\$ 47,261

Change in Net Assets:

Governmental activities	\$ 14,931	\$ 7,322	\$ 6,647	\$ 7,691	\$ 4,927	\$ (719)	\$ 37,886	\$ 46,191
Business-type activities	10,629	9,790	9,721	6,662	6,234	3,986	7,769	1,070
Total primary government	\$ 25,560	\$ 17,112	\$ 16,368	\$ 14,353	\$ 11,161	\$ 3,267	\$ 45,655	\$ 47,261

Note: The City implemented GASB 34 in Fiscal Year 2002
 In 2009, Certain expenses were reclassified from general government to public works.

City of Mansfield, Texas
 Governmental Activities Tax Revenue By Source
 Last Eight 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
2004	16.854	5.866	2.058	33	61	24.872
2005	19.350	7.095	2.157	41	80	28.723
2006	21.334	7.840	2.467	59	87	31.787
2007	24.074	9.259	2.669	75	102	36.179
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	3.515	120	419	45.462

Note: The City implemented GASB 34 in 2002.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010*	2011*
General fund:										
Reserved	\$ 50	\$ 3	\$ 11	\$ 6	\$ 38	\$ 39	\$ 49	\$ 8	\$ -	\$ -
Unreserved	4,875	6,416	7,069	8,054	8,473	9,665	4,329	7,179	-	-
Nonspendable									6	5
Unassigned									7,977	9,027
Total general fund	\$ 4,925	\$ 6,419	\$ 7,080	\$ 8,060	\$ 8,511	\$ 9,704	\$ 4,378	\$ 7,187	\$ 7,983	\$ 9,032
All other governmental funds:										
Reserved	\$ 12,410	\$ 16,345	\$ 16,047	\$ 28,455	\$ 24,672	\$ 15,134	\$ 18,783	\$ 22,441	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	160	208	215	290	326	948	1,857	2,315	-	-
Nonspendable									61	61
Restricted									15,789	16,789
Committed									2,891	3,224
Assigned									110	124
Total all other governmental funds	\$ 12,570	\$ 16,553	\$ 16,262	\$ 28,745	\$ 24,998	\$ 16,082	\$ 20,640	\$ 24,756	\$ 18,851	\$ 20,198

* City implemented GASB 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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 18,853	\$ 21,268	\$ 24,800	\$ 28,657	\$ 31,601	\$ 36,179	\$ 40,297	\$ 43,208	\$ 44,650	\$ 45,461
Licenses and permits	2,008	2,303	2,852	3,048	2,356	2,074	1,598	1,118	1,750	2,831
Intergovernmental	1,426	118	153	111	143	109	517	23	350	220
Charges for services	1,810	1,888	1,859	1,906	2,025	2,614	2,150	2,750	3,075	3,165
Fines	721	857	931	861	960	1,036	968	1,046	1,261	1,561
Interest	473	330	307	1,008	1,801	2,353	1,298	148	2	5
Contributions and donations	615	448	1,034	118	376	443	2,153	432	777	410
Impact fees	1,126	1,243	892	926	1,728	3,738	2,226	1,305	971	1,509
Miscellaneous	844	795	602	792	898	920	2,582	2,717	422	326
Total revenues	\$ 27,876	\$ 29,250	\$ 33,430	\$ 37,427	\$ 41,888	\$ 49,466	\$ 53,789	\$ 52,747	\$ 53,258	\$ 55,488
Expenditures										
General government	4,173	5,359	5,860	6,957	7,517	8,157	9,061	6,013	5,504	5,519
Public safety	7,908	8,419	9,515	11,310	13,634	15,822	17,672	19,159	19,370	20,516
Public works	1,084	1,640	2,555	2,811	2,628	2,868	2,644	5,559	4,858	4,724
Culture and recreation	2,440	2,440	3,742	3,184	4,024	4,560	5,432	6,118	6,303	6,219
Capital outlay	12,501	7,936	23,412	15,462	20,453	27,080	24,157	13,572	9,552	6,602
Debt Service:										
Principal	3,299	3,329	3,880	4,975	5,245	6,040	5,770	6,165	6,930	7,200
Interest	3,011	3,316	3,380	3,642	4,185	4,502	5,161	5,343	5,474	5,057
Fiscal charges	-	366	547	305	-	-	-	-	14	16
Bond issuance cost	130	315	520	412	552	257	414	365	2	288
Total expenditures	34,546	33,120	53,411	49,058	58,238	69,286	70,311	62,294	58,007	56,141
Excess of revenues over (under) expenditures	(6,670)	(3,870)	(19,981)	(11,631)	(16,350)	(19,820)	(16,522)	(9,547)	(4,749)	(653)

Transfers-in	268	2,416	3,058	3,534	3,839	1,977	9,450	1,016	925	1,223
Transfers-out	(1,761)	(3,528)	(3,480)	(3,534)	(3,177)	(729)	(8,307)	(103)	(1,185)	(1,781)
Sale of city property	-	-	7,973	7,601	77	-	2	11	-	34
Operating Lease	-	-	-	-	-	-	-	-	-	373
Refunding bonds issued	-	9,215	18,025	9,050	-	-	-	10,400	-	9,730
Bonds issued	6,800	8,550	12,420	17,095	12,345	10,735	14,645	15,435	-	3,090
Premium on bonds issued	-	440	967	498	130	265	101	218	-	185
Discounts on bonds issued	-	(198)	(277)	(235)	(160)	(127)	(164)	(220)	-	(58)
Payment to refunded bond escrow agent	-	(7,548)	(18,335)	(8,915)	-	-	-	(10,385)	-	(9,749)
Total other financing sources (uses)	5,307	9,347	20,351	25,094	13,054	12,121	15,727	16,372	(260)	3,047
Net change in fund balances	\$ (1,363)	\$ 5,477	\$ 370	\$ 13,463	\$ (3,296)	\$ (7,699)	\$ (795)	\$ 6,825	\$ (5,009)	\$ 2,396
Debt service as a percentage of non-capital expenditures	29.2%	29.1%	27.8%	27.8%	26.4%	25.6%	24.6%	24.4%	25.6%	25.4%

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
2002	12,256	4,695	1,852	34	16	18,853					
2003	14,169	5,155	1,864	57	23	21,268					
2004	16,782	5,866	2,058	61	33	24,800					
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	419	120	45,462					

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:	Total Taxable	Total
	Real Property	Personal Property	Tax-Exempt Property	Assessed Value	Direct Tax Rate
2002	1,723,360,215	272,615,099	304,192,570	1,691,782,744	0.71
2003	2,113,315,391	287,263,215	397,494,575	2,003,084,031	0.71
2004	2,456,766,762	301,618,686	414,732,527	2,343,652,921	0.71
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

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

City of Mansfield, Texas
Property Tax Rates
Direct and Overlapping¹ Governments
Last Ten Fiscal Years

Fiscal Year	City of Mansfield, Texas										Overlapping Rates					Total Direct and Overlapping Rates
	City of Mansfield, Texas					Counties ¹					School District					
	Operating Millage	Debt Service Millage	City Millage	Total Millage		Operating Millage	Debt Service Millage	Total Millage	County Millage		Operating Millage	Debt Service Millage	Total Millage	Special Districts		
2002	0.387	0.323	0.710	0.825	0.097	0.922	1.343	0.328	1.671	0.372	3.675					
2003	0.388	0.322	0.710	0.852	0.088	0.940	1.367	0.315	1.682	0.372	3.704					
2004	0.397	0.313	0.710	0.883	0.087	0.969	1.367	0.315	1.682	0.372	3.733					
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	0.974	1.407	0.365	1.772	0.375	3.811					
2007	0.399	0.291	0.690	0.855	0.138	0.973	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	0.947	1.040	0.410	1.450	0.386	3.493					
2010	0.444	0.266	0.710	0.841	0.112	0.978	1.040	0.456	1.496	0.386	3.570					
2011	0.457	0.253	0.710	0.843	0.109	0.952	1.040	0.456	1.496	0.397	3.555					

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 Appraisal District
Ellis County Appraisal District
Johnson County Appraisal District

City of Mansfield, Texas
Principal Property Taxpayers
As of September 30, 2011
(amounts expressed in thousands)

Taxpayer	2011			2002		
	Taxable Assessed		Percentage of Total Taxable Assessed	Taxable Assessed		Percentage of Total Taxable Assessed
	Value	Rank	Value	Value	Rank	Value
XTO Energy Inc	\$ 63,295,140	1	1.44%			
Broadstone at Lowe's Farm LLC	38,139,000	2	0.87%	22,484,224	2	1.33%
Mansfield Kdc Ii Lp Etal	31,487,121	3	0.72%	23,579,509	1	1.39%
Wal-mart Stores Inc.	26,972,573	4	0.61%			
Oncore Electric Delivery Co	30,155,052	5	0.69%			
Carrizo Oil & Gas	25,445,320	6	0.58%			
CP Holding Etal	22,830,000	7	0.52%	-		
Spyglass of Mansfield, Ltd	21,000,000	8	0.48%			
Waterview at Mansfield Inv LP	21,000,000	9	0.48%			
Apartment Reit Town Crossing	19,699,000	10	0.45%			
Simeus Foods International	-		-	14,740,528	5	0.87%
Southwestern Bell	-		-	9,229,690	7	0.54%
Walnut Creek Management Co.	-		-	8,173,056	8	0.48%
Pier 1 Imports	-		-	18,554,195	3	1.09%
Drilltech Mission	-		-	15,991,288	4	0.94%
Albertson's	-		-	7,284,718	10	0.43%
Solvay Polymers	-		-	9,894,732	6	0.58%
Mouser Electronics	-		-	7,547,702	9	0.44%
Total	\$ 300,023,206		6.84%	\$ 137,479,642		8.10%

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		Collected within the Fiscal Year of the Levy		Collections for Prior Years ⁽¹⁾		Total Collections to Date	
	Fiscal Year	Amount	Amount	Percentage of Levy	Prior Years ⁽¹⁾	Amount	Percentage of Levy	
2002	12,012	11,750	97.8%	247	11,997	99.9%		
2003	14,222	14,214	99.9%	470	14,684	103.2%		
2004	16,640	16,688	100.3%	607	17,295	103.9%		
2005	19,045	19,058	100.1%	421	19,479	102.3%		
2006	20,973	20,846	99.4%	440	21,286	101.5%		
2007	22,816	22,959	100.6%	558	23,517	103.1%		
2008	26,425	25,870	97.9%	498	26,368	99.8%		
2009	29,289	29,100	99.35%	483	29,583	101.0%		
2010	30,541	30,159	98.75%	362	30,521	99.9%		
2011	30,380	30,093	99.06%	524	30,617	100.8%		

(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)

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds	Certificate Obligation Bonds	Bonds				
2002	55,342	4,070	27,823	4,630		91,865	13.43%	2,835	
2003	62,490	3,810	31,430	4,390		102,120	13.34%	2,890	
2004	65,995	8,535	38,030	4,135		116,695	10.58%	2,571	
2005	78,540	8,245	38,550	3,855		129,190	8.66%	2,550	
2006	82,190	11,695	35,515	3,565		132,965	8.30%	2,446	
2007	85,200	13,380	40,555	3,255		142,390	8.32%	2,452	
2008	91,825	15,630	37,030	3,715		148,200	8.70%	2,565	
2009	102,235	14,780	60,545	3,350		180,910	10.62%	3,089	
2010	96,195	13,890	60,000	2,960		173,045	9.96%	2,936	
2011	93,210	12,965	65,455	2,535		174,165	10.40%	3,064	

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
2002	55,342	861	54,481	3.22%	1.681
2003	62,490	832	61,658	3.08%	1.745
2004	65,995	935	65,060	2.78%	1.433
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%	1.624

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, 2011
(amounts expressed in thousands)

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Mansfield Independent School District	\$ 696,013,430	47.08%	\$ 327,683,123
Midlothian Independent School District	238,173,591	0.67%	1,595,763
Johnson County	20,199,579	2.16%	436,311
Ellis County	59,586,262	0.20%	119,173
Tarrant County	335,050,000	3.24%	10,855,620
Tarrant County Hospital District	27,160,000	3.24%	879,984
Tarrant County College District	29,780,000	3.24%	<u>964,872</u>
Subtotal, overlapping debt			342,534,846
City of Mansfield, Texas direct debt			<u>102,595,000</u>
Total direct and overlapping debt			<u><u>\$ 445,129,846</u></u>

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
 (amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 253,767,412	\$ 300,462,605	\$ 351,547,938	\$ 402,357,407	\$ 456,301,145	\$ 495,999,906	\$ 614,812,798	\$ 614,812,798	\$ 616,470,986	\$ 604,050,865
Total net debt applicable to limit	59,971,985	66,880,000	70,130,000	82,395,000	85,755,000	88,455,000	95,540,000	105,585,000	99,155,000	95,745,000
Legal debt margin	\$ 193,795,427	\$ 233,582,605	\$ 281,417,938	\$ 319,962,407	\$ 370,546,145	\$ 407,544,906	\$ 519,272,798	\$ 509,227,798	\$ 517,315,986	\$ 508,305,865

Total net debt applicable to the limit as a percentage of debt limit

23.63%	22.26%	19.95%	20.48%	18.79%	17.83%	15.54%	17.83%	16.08%	15.85%
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Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Value	\$	4,027,005,764
Debt limit (15% of assessed value)		604,050,865
Debt applicable to limit		
General obligation bonds		93,210,000
Certificates of obligation		2,535,000
Legal debt margin	\$	508,305,865

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

Fiscal Year	Water and Sewer Revenue Bonds					Drainage Revenue Bonds						
	Less:		Net			Less:		Net				
	Charges and Other	Operating Expenses	Available Revenue	Principal	Debt Service Interest	Charges and Other	Operating Expenses	Available Revenue	Principal	Debt Service Interest	Coverage	
2002	13,287,807	5,435,796	7,852,011	1,895,565	1,535,138	-	-	-	-	-	-	-
2003	15,496,138	6,094,287	9,401,851	2,331,108	1,580,470	-	-	-	-	-	-	-
2004	16,198,675	6,625,678	9,572,997	2,375,000	1,533,546	894,834	468,008	426,826	-	161,377	2.64	
2005	18,370,541	7,940,712	10,429,829	2,670,000	1,478,072	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	1,114,103	534,478	579,625	185,000	199,433	1.51	
2007	19,143,231	10,910,954	8,232,277	2,970,000	1,343,718	1,232,484	543,033	689,451	190,000	260,747	1.53	
2008	19,105,084	10,461,808	8,643,276	3,255,000	1,292,141	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	1,317,815	585,370	762,445	275,000	273,753	1.39	
2010	21,115,595	11,546,363	9,569,232	2,845,000	2,680,830	1,202,606	490,128	712,478	285,000	264,753	1.30	
2011	26,398,502	12,445,314	13,953,188	3,600,000	2,711,369	1,352,188	485,285	866,903	295,000	254,890	1.58	

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Charges and other includes investment earnings. Operating expenses do not include interest or depreciation. The first series of drainage bonds were issued in fiscal year 2004. There were no drainage bonds outstanding prior to fiscal year 2004.

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
2002	32.600	688.144	21.109	32.00	19,163	6.1
2003	36.100	782.485	21.675	32.20	20,091	5.8
2004	40.050	972.840	24.291	32.30	23,300	4.8
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	7.4
2010	56.368	1,492.534	26.478	31.80	31,226	6.8
2011	56.850	1,505.296	26.478	31.80	32,638	7.2

¹Estimated Population - City's Planning Department

²Mansfield Economic Development Corporation

³Mansfield Independent School District

⁴Texas Workforce Commission

City of Mansfield, Texas
Principal Employers
Current Year and Ten Years Ago

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mansfield Independent School District	2,900	1	12.40%	1,207	1	-
Mouser Electronics	980	2	4.19%	450	2	-
Methodist Mansfield	713	3	3.05%	215	5	-
Klein Tools	585	4	2.50%	248	4	-
City of Mansfield, Texas	503	5	2.15%	197	7	-
Walmart	380	6	1.62%	-	-	-
Solvay Engineered Polymers(Bassell Lyondell)	300	7	1.28%	175	8	-
Kroger	250	8	1.07%	100	10	-
Broad St Medical	237	9	1.01%	360	3	-
Kindred Hospital Mansfield	201	10	0.86%	200	6	-
Tarrant County	199	11	0.85%	130	9	-
	<u>7,248</u>		<u>27.95%</u>	<u>3,282</u>		<u>-</u>

Sources:
Mansfield Economic Development Corporation

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function										
General Government	16	20	22	22	23	24	30	30	30	30
Public Safety:										
Police	69	76	79	88	100	104	115	114	114	113
Fire	54	55	56	64	71	77	81	81	81	81
Public Works	41	42	51	53	49	51	52	56	56	58
Culture and Recreation	43	49	50	52	57	59	62	56	56	56
Water and Sewer	35	40	43	51	52	52	52	52	52	52
Law Enforcement Center	84	88	96	82	97	107	113	113	113	114
Drainage Utility	-	2	3	5	5	7	3	3	3	3
Total	342	372	400	417	454	481	508	505	505	507

Source: City Budget Office

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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Physical arrests	1,386	1,589	2,155	2,327	2,582	1,860	2,385	2,821	3,050	3,050
Accidents	513	503	626	675	710	819	852	751	825	837
Traffic violations	9,668	9,560	9,720	9,902	10,497	8,868	7,886	8,280	7,638	9,579
Fire:										
Number of calls answered	2,338	3,966	4,361	4,341	5,717	6,919	7,848	7,121	7,103	7,084
Inspections	391	391	520	1,107	1,218	1,340	1,254	1,886	1,998	2,305
Public Works:										
Street resurfacing (miles)	4	3	4	4	4	3	2.5	2	2.1	2.0
Asphalt overlays (square feet)	35,630	35,630	38,800	41,719	42,971	42,971	42,971	42,971	42,971	42,971
Culture and recreation:										
Sports association participants	8,075	9,000	10,250	12,000	14,000	14,700	14,700	13,800	9,086	7,235
MAC rentals	408	480	540	540	576	600	600	540	660	660
Water:										
New connections	1,188	1,188	1,416	1,560	755	550	469	400	300	255
Water main breaks	29	29	52	50	101	87	80	87	39	76
Average daily consumption (thousands of gallons)	4,712	5,501	5,765	7,773	9,388	8,185	9,771	9,937	8,987	11,793
Sewer:										
Average daily sewage treatment (thousands of gallons)	3,445	3,558	3,799	4,668	5,161	5,262	5,179	5,529	5,717	5,167
Public Safety:										
Police:										
Stations	1	1	1	2	2	2	2	2	2	2
Patrol units	30	35	38	44	49	56	54	54	55	52
Fire stations	2	2	2	3	3	3	3	4	4	4

