

OFFICIAL STATEMENT DATED OCTOBER 31, 2023

NEW ISSUES – BOOK ENTRY ONLY

RATINGS: Fitch: “AA”; Moody’s: “A1”

See “RATINGS” herein.

*In the opinion of Co-Bond Counsel (named below), interest on the Series 2023A Bonds (described herein) will be excludable from gross income of the owners thereof for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS – Series 2023A Bonds” herein, including the alternative minimum tax on certain corporations. The Series 2023B Bonds (described herein) are not obligations described in section 103(a) of the Internal Revenue Code of 1986; accordingly, interest on the Series 2023B Bonds will be includeable in gross income for federal income tax purposes. See “TAX MATTERS – Series 2023B Bonds” herein.*

**CITY OF FORT WORTH, TEXAS**  
**(Tarrant, Denton, Parker, Johnson and Wise Counties, Texas)**

**\$29,085,000**  
**SPECIAL TAX REVENUE BONDS,**  
**SERIES 2023A**

**\$40,385,000**  
**SPECIAL TAX REVENUE BONDS,**  
**TAXABLE SERIES 2023B**

**Dated Date: Delivery Date**

**Due: March 1, as shown on page ii**

The \$29,085,000 Special Tax Revenue Bonds, Series 2023A (the “Series 2023A Bonds”) and the \$40,385,000 Special Tax Revenue Bonds, Taxable Series 2023B (the “Series 2023B Bonds” and, collectively with the Series 2023A Bonds, the “Bonds” or the “Series 2023 Bonds”) are being issued by the City of Fort Worth, Texas (the “City”) pursuant to the Constitution and general laws of the State of Texas (the “State”), including particularly Chapter 1371, Texas Government Code, as amended (“Chapter 1371”), Chapter 334, Texas Local Government Code, as amended (“Chapter 334”), the City’s Home Rule Charter, an election held within the City on November 4, 2014 (the “Election”) pursuant to Chapter 334’s provisions authorizing the imposition of certain taxes under such authority, and separate and distinct ordinances related to each series of Bonds, each adopted by the City Council of the City (the “City Council”) on September 26, 2023 and amended and restated on October 17, 2023, authorizing the issuance of the Bonds (as amended and restated, the “2023A Ordinance” and the “2023B Ordinance”, respectively, and collectively, the “Ordinance”). As permitted by Chapter 1371, the City Council, in the Ordinance, delegated to a pricing officer of the City the authority to establish the final terms of the sale of the Bonds. The final sales terms are evidenced in a “Bond Purchase Agreement” between the City and the hereinafter defined Underwriters memorializing the terms of sale and purchase of each series of the Bonds. The Bond Purchase Agreement was executed by an Authorized Issuer Representative on October 31, 2023. See “THE BONDS – Authority for Issuance” herein. Defined terms used herein without definition shall have the respective meanings described herein in “SELECTED PROVISIONS OF THE ORDINANCE – Definitions” attached hereto as APPENDIX C.

Interest on the Bonds, calculated on the basis of a 360-day year composed of twelve 30-day months, will accrue from the Delivery Date (defined below) to the initial purchasers thereof named below (the “Underwriters”), and is payable initially on March 1, 2024, and on each September 1 and March 1 thereafter until stated maturity or prior redemption. The definitive Bonds will be issued as fully-registered obligations, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for so long as the Bonds are maintained in DTC’s Book-Entry-Only System. Book-entry interests in the Bonds will be made available for purchase in principal amounts of \$5,000 or any integral multiple thereof. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Bonds. So long as DTC or its nominee is the Registered Owner (defined herein) of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar, to the securities depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners. See “REGISTRATION, TRANSFER AND EXCHANGE - Book-Entry-Only System” herein.

The City is issuing the Series 2023A Bonds for the purposes of (i) paying costs paid or incurred as part of the capital replacement of mechanical, electrical, and plumbing systems across the Will Rogers Memorial Center (“WRMC”) complex, as well as investments in furniture, fixtures, and equipment, as an Adjacent Support Facilities Project as part of the Venue Project, and (ii) paying certain costs of issuance of the Series 2023A Bonds. The City is issuing the Series 2023B Bonds for the purposes of (i) paying costs paid or incurred as part of the rebuilding of the Sheep and Swine Barn at WRMC as an Adjacent Support Facilities Project as part of the Venue Project, and (ii) paying certain costs of issuance of the Series 2023B Bonds. See “PLAN OF FINANCING” herein. The principal of, premium, if any, and interest on the Bonds are secured by and payable from a first lien on and pledge of the Pledged Revenues, consisting of Airport Shared Revenues, Available City Hotel Tax Revenues, State PFZ Funds through expiration of the Zone, any investment earnings thereon, and any other revenues, other than ad valorem taxes, that the City designates as a Pledged Revenue under the Ordinance, as further described herein. The Bonds are additionally secured by a first lien on and pledge of the 334 Revenues (though use of such 334 Revenues is limited with respect to the Series 2023A Bonds to 5% of the Debt Service thereon for the current year). See “SECURITY FOR THE SERIES 2023 BONDS” herein. The Bonds are being issued as Additional Bonds on a parity with the Series 2017 Bonds, except as described herein (see “THE BONDS - Additional Bonds” herein).

**NEITHER THE STATE, THE CITY, NOR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE, EITHER INDIVIDUALLY OR COLLECTIVELY, SHALL PLEDGE REVENUES AS SECURITY FOR THE BONDS FROM FUNDS RAISED OR TO BE RAISED BY AD VALOREM TAXATION; AND NEITHER THE FAITH AND CREDIT, NOR THE TAXING POWER, OF THE STATE, THE CITY, OR ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY), OR THE INTEREST ON THE BONDS. NO INTEREST IN THE VENUE PROJECT OR THE ADJACENT SUPPORT FACILITIES PROJECT (DEFINED HEREIN) HAS BEEN GRANTED AS SECURITY FOR THE PAYMENT OF THE BONDS.**

SEE INSIDE COVER PAGES FOR STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,  
INITIAL YIELDS, CUSIP NUMBERS, AND REDEMPTION PROVISIONS FOR THE BONDS

*The Bonds are offered for delivery, when, as, and if issued and received by the Underwriters and are subject to the approving opinions of the Attorney General of the State and the legal opinions of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Kelly Hart & Hallman LLP, Fort Worth, Texas, as Co-Bond Counsel. See “LEGAL MATTERS” herein. Certain legal matters will be passed upon for the City by the City Attorney and for the Underwriters by their counsel, Bracewell LLP, Austin, Texas. Certain matters will be passed upon for the City by West & Associates, L.L.P., Fort Worth, Texas, as Disclosure Counsel to the City. The Bonds are expected to be available for delivery through the services of DTC on or about November 28, 2023 (the “Delivery Date”).*

**JEFFERIES**

**RAMIREZ & CO., INC.**

**STEPHENS INC.**

## MATURITY SCHEDULE

### **\$29,085,000 CITY OF FORT WORTH, TEXAS SPECIAL TAX REVENUE BONDS, SERIES 2023A**

**CUSIP Prefix: 349507<sup>(1)</sup>**

#### **\$10,255,000 Serial Bonds**

<u>Maturity (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix<sup>(1)</sup></u>
2024	\$475,000	5.000%	4.040%	BT9
2025	450,000	5.000%	3.990%	BU6
2026	470,000	5.000%	3.940%	BV4
2027	495,000	5.000%	3.890%	BW2
2028	520,000	5.000%	3.890%	BX0
2029	550,000	5.000%	3.940%	BY8
2030	575,000	5.000%	3.980%	BZ5
2031	605,000	5.000%	4.020%	CA9
2032	635,000	5.000%	4.070%	CB7
2033	670,000	5.000%	4.090%	CC5
2034	705,000	5.000%	4.130% <sup>(2)</sup>	CD3
2035	740,000	5.000%	4.240% <sup>(2)</sup>	CE1
2036	780,000	5.000%	4.390% <sup>(2)</sup>	CF8
2037	820,000	5.000%	4.550% <sup>(2)</sup>	CG6
2038	860,000	5.000%	4.640% <sup>(2)</sup>	CH4
2039	905,000	5.250%	4.670% <sup>(2)</sup>	CJ0

#### **\$18,830,000 Term Bonds**

\$4,110,000 5.000% Term Bonds due March 1, 2043 Priced to Yield 5.000% – CUSIP Suffix CK7<sup>(1)</sup>

\$6,445,000 5.000% Term Bonds due March 1, 2048 Priced to Yield 5.130% – CUSIP Suffix CL5<sup>(1)</sup>

\$8,275,000 5.000% Term Bonds due March 1, 2053 Priced to Yield 5.200% – CUSIP Suffix CM3<sup>(1)</sup>

**(Interest to accrue from Delivery Date)**

**OPTIONAL REDEMPTION OF THE SERIES 2023A BONDS . . .** The City reserves the right, at its option, to redeem the Series 2023A Bonds having stated maturities on and after March 1, 2034, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. (See “THE BONDS – Redemption - Optional Redemption of Series 2023A Bonds at Par”.)

**MANDATORY SINKING FUND REDEMPTION OF THE SERIES 2023A BONDS . . .** The Series 2023A Bonds maturing on March 1 in the years 2043, 2048 and 2053 are subject to mandatory sinking fund redemption as described herein. (See “THE BONDS – Redemption – Mandatory Sinking Fund Redemption of Series 2023A Bonds”.)

<sup>(1)</sup> CUSIP numbers are included solely for the convenience of the owners of the Series 2023A Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services provided. None of the City, the Co-Financial Advisors or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

<sup>(2)</sup> Yield shown is yield to first optional call date, March 1, 2033.

## MATURITY SCHEDULE

### **\$40,385,000 CITY OF FORT WORTH, TEXAS SPECIAL TAX REVENUE BONDS, TAXABLE SERIES 2023B**

**CUSIP Prefix: 349507<sup>(1)</sup>**

#### **\$7,225,000 Serial Bonds**

<b>Maturity (March 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Initial Yield</b>	<b>CUSIP Suffix<sup>(1)</sup></b>
2024	\$610,000	5.727%	5.727%	CN1
2025	505,000	5.577%	5.577%	CP6
2026	535,000	5.503%	5.503%	CQ4
2027	565,000	5.513%	5.513%	CR2
2028	595,000	5.613%	5.613%	CS0
2029	630,000	5.783%	5.783%	CT8
2030	670,000	5.883%	5.883%	CU5
2031	710,000	5.967%	5.967%	CV3
2032	755,000	6.017%	6.017%	CW1
2033	800,000	6.067%	6.067%	CX9
2034	850,000	6.167%	6.167%	CY7

#### **\$33,160,000 Term Bonds**

\$10,765,000 6.518% Term Bonds due March 1, 2043 Priced to Yield 6.518% – CUSIP Suffix CZ4<sup>(1)</sup>

\$22,395,000 6.618% Term Bonds due March 1, 2053 Priced to Yield 6.618% – CUSIP Suffix DA8<sup>(1)</sup>

#### **(Interest to accrue from Delivery Date)**

**OPTIONAL REDEMPTION OF THE SERIES 2023B BONDS AT PAR . . .** The City reserves the right, at its option, to redeem the Series 2023B Bonds having stated maturities on and after March 1, 2034, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2033 (the “Initial 2023B Par Call Date”), or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. (See “THE BONDS – Redemption - Optional Redemption of Series 2023B Bonds at Par”.)

**OPTIONAL REDEMPTION OF THE SERIES 2023B BONDS AT MAKE-WHOLE REDEMPTION PRICE . . .** The Series 2023B Bonds are subject to redemption prior to maturity by written direction of the City, in whole or in part, on any date prior to the Initial 2023B Par Call Date, in principal amounts equal to \$5,000 or any integral multiple thereof, at the Make-Whole Redemption Price (as defined and to be determined as described herein). (See “THE BONDS – Redemption – Optional Redemption of Series 2023B Bonds at Make-Whole Redemption Price”.)

**MANDATORY SINKING FUND REDEMPTION OF THE SERIES 2023B BONDS . . .** The Series 2023B Bonds maturing on March 1 in the years 2043 and 2053 are subject to mandatory sinking fund redemption as described herein. (See “THE BONDS – Redemption – Mandatory Sinking Fund Redemption of Series 2023B Bonds”.)

<sup>(1)</sup>CUSIP numbers are included solely for the convenience of the owners of the Series 2023B Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services provided. None of the City, the Co-Financial Advisors or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers shown herein

## USE OF INFORMATION IN THE OFFICIAL STATEMENT

This Official Statement and the information contained herein and attached hereto are subject to amendment. Under no circumstances will this Official Statement, which includes the cover page, maturity schedules and Appendices attached hereto, constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

No dealer, broker, salesman, or other person has been authorized to give any information or to make any representation with respect to the Series 2023 Bonds, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Co-Financial Advisors, or the Underwriters. The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Co-Financial Advisors or the Underwriters. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein after the date of this Official Statement.

THE SERIES 2023 BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH; NOR HAVE THE SERIES 2023 BONDS BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION (DOMESTIC OR FOREIGN). THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE SERIES 2023 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS (DOMESTIC OR FOREIGN) IN WHICH THE SERIES 2023 BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2023 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

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

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

The agreements of the City and others related to the Series 2023 Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Series 2023 Bonds is to be construed as constituting an agreement with the purchasers of the Series 2023 Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

None of the City, the Co-Financial Advisors, or the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its Book-Entry-Only System under the caption "REGISTRATION, TRANSFER AND EXCHANGE - Book-Entry-Only System" as such information was provided by DTC.

NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SERIES 2023 BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

*References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or hyperlinks contained therein are not incorporated into, and are not a part of, this Official Statement for any purposes.*

## TABLE OF CONTENTS

<b>INTRODUCTION .....</b>	<b>1</b>	HOTEL-GENERATED SALES AND USE TAX.....	34
DESCRIPTION OF THE CITY .....	1	TEXAS COMPTROLLER REMITTANCE OF STATE PFZ	
<b>PLAN OF FINANCING .....</b>	<b>1</b>	FUNDS; ZONE EXPIRATION .....	34
PURPOSE OF THE BONDS.....	1	AIRPORT SHARED REVENUES .....	34
SECURITY .....	2	REGULATORY AND LEGISLATIVE ENVIRONMENT .	35
THE VENUE PROJECT.....	2	NON-RECOURSE OBLIGATIONS.....	35
SOURCES AND USES OF PROCEEDS .....	2	IMPACT OF COVID-19.....	35
<b>ANNUAL DEBT SERVICE REQUIREMENTS .....</b>	<b>3</b>	INFORMATION TECHNOLOGY AND	
<b>THE BONDS .....</b>	<b>3</b>	CYBERSECURITY .....	36
GENERAL DESCRIPTION OF THE BONDS.....	3	<b>INVESTMENTS.....</b>	<b>36</b>
AUTHORITY FOR ISSUANCE.....	4	LEGAL INVESTMENTS .....	36
RECORD DATE FOR INTEREST PAYMENT .....	4	INVESTMENT POLICY.....	37
SECURITY FOR THE BONDS .....	4	ADDITIONAL PROVISIONS.....	37
FUNDS, ACCOUNTS, AND SUBACCOUNTS .....	5	CITY’S INVESTMENT POLICY AND STRATEGY .....	38
ADDITIONAL BONDS.....	5	CURRENT INVESTMENTS.....	39
REDEMPTION.....	5	<b>LITIGATION .....</b>	<b>40</b>
DEFEASANCE.....	8	<b>TAX MATTERS.....</b>	<b>40</b>
AMENDMENTS TO THE ORDINANCE.....	8	CERTAIN FEDERAL INCOME TAX	
NOTICE TO REGISTERED OWNERS.....	9	CONSIDERATIONS.....	40
PAYING AGENT/REGISTRAR RESIGNATION AND		INFORMATION REPORTING AND BACKUP	
REMOVAL; SUCCESSOR PAYING		WITHHOLDING .....	41
AGENT/REGISTRAR .....	9	SERIES 2023A BONDS .....	41
OWNERSHIP.....	9	SERIES 2023B BONDS .....	43
PAYMENT RECORD .....	9	<b>LEGAL INVESTMENTS AND ELIGIBILITY TO</b>	
<b>REGISTRATION, TRANSFER AND EXCHANGE.....</b>	<b>9</b>	<b>SECURE PUBLIC FUNDS IN TEXAS .....</b>	<b>43</b>
BOOK-ENTRY-ONLY SYSTEM.....	9	<b>LEGAL MATTERS .....</b>	<b>44</b>
FUTURE REGISTRATION .....	11	<b>RATINGS.....</b>	<b>44</b>
LIMITATION ON TRANSFER OF BONDS .....	11	<b>CONTINUING DISCLOSURE OF INFORMATION.....</b>	<b>45</b>
REPLACEMENT BONDS .....	11	ANNUAL REPORTS .....	45
<b>THE VENUE PROJECT .....</b>	<b>11</b>	NOTICE OF CERTAIN EVENTS.....	45
GENERAL CHARACTERISTICS .....	11	AVAILABILITY OF INFORMATION .....	46
WILL ROGERS MEMORIAL CENTER DESCRIPTION	12	LIMITATIONS AND AMENDMENTS .....	46
<b>SPECIAL LEGISLATION AND VENUE PROJECT</b>		COMPLIANCE WITH PRIOR UNDERTAKINGS.....	46
<b>ELECTION .....</b>	<b>15</b>	<b>USE OF AUDITED FINANCIAL STATEMENTS.....</b>	<b>46</b>
QUALIFIED PROJECT LEGISLATION.....	15	<b>CO-FINANCIAL ADVISORS.....</b>	<b>46</b>
PROJECT FINANCING ZONE .....	15	<b>UNDERWRITING .....</b>	<b>47</b>
VENUE RESOLUTION AND 334 REVENUES .....	17	<b>REGISTRATION AND QUALIFICATION OF BONDS</b>	
ELECTION.....	17	<b>FOR SALE .....</b>	<b>47</b>
FUNDING PLAN RESOLUTION .....	17	<b>FORWARD-LOOKING STATEMENTS</b>	
<b>SECURITY FOR THE SERIES 2023 BONDS .....</b>	<b>17</b>	<b>DISCLAIMER; INFORMATION FROM</b>	
PLEDGED REVENUES AND 334 REVENUES.....	17	<b>ONLINE SOURCES.....</b>	<b>47</b>
HOTEL OCCUPANCY TAX.....	18	<b>MISCELLANEOUS INFORMATION.....</b>	<b>48</b>
STATE PFZ FUNDS .....	23	<b>AUTHORIZATION OF THE OFFICIAL</b>	
AIRPORT SHARED REVENUES .....	23	<b>STATEMENT .....</b>	<b>48</b>
ORDINANCE FUNDS AND ACCOUNTS CREATED ....	27	<b>APPENDICES</b>	
FLOW OF FUNDS.....	29	GENERAL INFORMATION REGARDING THE CITY .....	A
<b>DEFAULTS AND REMEDIES .....</b>	<b>31</b>	FINANCIAL STATEMENTS.....	B
<b>INFORMATION CONCERNING THE CITY’S</b>		SELECTED PROVISIONS OF THE ORDINANCE .....	C
<b>GENERAL OPERATIONS.....</b>	<b>33</b>	FORMS OF Co-BOND COUNSEL’S OPINIONS.....	D
<b>INVESTOR CONSIDERATIONS .....</b>	<b>33</b>		
HOTEL-INDUSTRY RELATED RISKS .....	33		
VENUE TAXES.....	34		
EVENTS OF FORCE MAJEURE .....	34		

The cover page hereof, the maturity schedules, this page, the Appendices attached hereto and any addenda, supplement or amendment hereto, are part of the Official Statement.

## CITY OFFICIALS, STAFF AND CONSULTANTS

### ELECTED OFFICIALS<sup>(1)</sup>

City Council	Term Expires	Occupation
Mattie Parker Mayor, Place 1	May 2025	Chief of Staff
Carlos E. Flores Councilmember, Place 2	May 2025	Engineer
Michael D. Crain Councilmember, Place 3	May 2025	Real Estate Broker
Charles Lauersdorf Councilmember, Place 4	May 2025	Entrepreneur
Gyna Bivens Councilmember, Place 5	May 2025	President and Executive Director of North Texas LEAD
Dr. Jared Williams Councilmember, Place 6	May 2025	Non-Profit Leader; Science Educator
Macy Hill Councilmember, Place 7	May 2025	Philanthropy Advisor
Chris Nettles Councilmember, Place 8	May 2025	Pastor; Small Business Owner
Elizabeth M. Beck Councilmember, Place 9	May 2025	Attorney
Alan Blaylock Councilmember, Place 10	May 2025	Retired
Jeanette Martinez Councilmember, Place 11	May 2025	Executive Administrator

<sup>(1)</sup> As a result of an amendment to the Fort Worth City Charter approved at an election held May 7, 2016, the configuration of the City Council increased from a nine-member council to an eleven-member council, with the Mayor to be elected at large and the ten City Council members to be elected from ten single member districts. City Council approved a new redistricting map on March 29, 2022 which was implemented with the May 6, 2023 municipal election and June 10, 2023 municipal runoff election.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

## SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service in Present Position</u>	<u>Length of Service With City</u>
David Cooke	City Manager	9 Years	9 Years
Fernando Costa	Assistant City Manager	14 Years	23 Years
Valerie Washington	Assistant City Manager	8 Years	8 Years
Dana Burghdoff	Assistant City Manager	4 Years	23 Years
William Johnson	Assistant City Manager	1 Year	5 Years
Jesica McEachern	Assistant City Manager	1 Year	1 Year
Reginald Zeno	Chief Financial Officer	4 Years	4 Years
Leann Guzman	City Attorney	1½ Years	19½ Years
Jannette S. Goodall	City Secretary	2 Years	2 Years

## CONSULTANTS AND ADVISORS

Independent Auditors .....FORVIS, LLP  
Dallas, Texas

Co-Bond Counsel .....McCall, Parkhurst & Horton L.L.P.  
Dallas, Texas

Kelly Hart & Hallman LLP  
Fort Worth, Texas

Co-Financial Advisor .....PFM Financial Advisors LLC  
Dallas, Texas

Tijerina Galvan Lawrence LLC  
Fort Worth, Texas

Disclosure Counsel..... West & Associates, L.L.P.  
Fort Worth, Texas

For additional information regarding the City, please contact:

Reginald Zeno  
Chief Financial Officer  
City of Fort Worth  
200 Texas Street  
Third Floor, Southwest  
Fort Worth, Texas 76102  
(817) 392-8500

or

Karlos Allen  
Dennis Waley  
PFM Financial Advisors LLC  
750 North St. Paul Street  
Suite 540  
Dallas, Texas 75201  
(713) 848-6420

or

Adrian Galvan  
Esther Young  
Tijerina Galvan Lawrence LLC  
101 Summit Avenue  
Suite 406  
Fort Worth, Texas 76102  
(817) 935-0888

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## OFFICIAL STATEMENT

### CITY OF FORT WORTH, TEXAS (Tarrant, Denton, Parker, Johnson and Wise Counties, Texas)

**\$29,085,000**  
**SPECIAL TAX REVENUE BONDS,**  
**SERIES 2023A**

**\$40,385,000**  
**SPECIAL TAX REVENUE BONDS,**  
**TAXABLE SERIES 2023B**

## INTRODUCTION

This Official Statement, including the cover page, the maturity schedules, and the Appendices hereto, provides certain information regarding the City of Fort Worth, Texas (the “City”) with the sale of the City’s \$29,085,000 Special Tax Revenue Bonds, Series 2023A (the “Series 2023A Bonds”) and its \$40,385,000 Special Tax Revenue Bonds, Taxable Series 2023B (the “Series 2023B Bonds” and, collectively with the Series 2023A Bonds, the “Bonds” or the “Series 2023 Bonds”). This Official Statement describes the Bonds, separate and distinct ordinances relating to each series of the Bonds, each adopted by the City Council of the City (the “City Council”) on September 26, 2023 and amended and restated on October 17, 2023, authorizing the issuance of the Bonds (as amended and restated, the “2023A Ordinance” and the “2023B Ordinance”, respectively, and collectively, the “Ordinance”), as well as certain other information about the City, the Venue Project (defined herein), and the sources of security for repayment of the Bonds. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in “SELECTED PROVISIONS OF THE ORDINANCE – Definitions” attached hereto as APPENDIX C.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified, in their entirety, by reference to each such document. Copies of such documents may be obtained from either of the City’s Co-Financial Advisors, PFM Financial Advisors LLC (“PFM”), Dallas, Texas and Tijerina Galvan Lawrence LLC (“TGL”), Fort Worth, Texas.

This Official Statement speaks only as of its date and the information contained herein is subject to change. A copy of this final Official Statement will be submitted to the Municipal Securities Rulemaking Board (the “MSRB”) and will be available through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for information regarding the EMMA system and for a description of the City’s undertaking to provide certain information on a continuing basis.

## DESCRIPTION OF THE CITY

The City is a political subdivision and municipal corporation of the State of Texas (the “State”), duly organized and existing under the laws of the State, including the City’s home rule charter (the “City Charter”). The City was incorporated in 1873, and first adopted its City Charter in 1924. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor elected at large and ten Councilmembers elected to single member districts. The term of office for the Mayor and the ten Councilmembers is two years. As a result of an amendment to the Fort Worth City Charter approved at an election held May 7, 2016, the configuration of the City Council increased from a nine-member council to an eleven-member council, with the Mayor to be elected at large and the ten City Council members to be elected from ten single member districts. City Council approved a new redistricting map on March 29, 2022 which was implemented with the May 6, 2023 municipal election and June 10, 2023 municipal runoff election.

The City Manager is the chief administrative officer for the City. Some of the services that the City provides are public safety (police and fire protection), streets, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2020 Census population for the City was 918,915, while the estimated 2023 population is 955,900. The City covers approximately 358 square miles. Additional information with respect to the City, including certain financial information, is provided herein and in APPENDIX A attached hereto. Selected portions of the City’s Audited Financial Statements for the Fiscal Year ended September 30, 2022 are attached hereto as APPENDIX B.

## PLAN OF FINANCING

### PURPOSE OF THE BONDS

The City is issuing the Series 2023A Bonds for the purposes of (i) paying costs paid or incurred as part of the capital replacement of mechanical, electrical, and plumbing systems across the Will Rogers Memorial Center (“WRMC”) complex as an Adjacent Support Facilities Project as part of the Venue Project, and (ii) paying certain costs of issuance of the Series 2023A Bonds. The City is issuing the Series 2023B Bonds for the purposes of (i) paying costs paid or incurred as part of replacement of the Sheep and Swine Barn at WRMC as an Adjacent Support Facilities Project as part of the Venue Project, and (ii) paying certain costs of issuance of the Series 2023B Bonds. See the definitions of “Venue Project” and “Adjacent Support Facilities Project” in Appendix C hereto.

## SECURITY

The principal of, premium, if any, and interest on the Bonds are secured by and payable from a first lien on and pledge of the Pledged Revenues, which consists of Airport Shared Revenues, Available City Hotel Tax Revenues, State PFZ Funds through expiration of the Zone, any investment earnings thereon, and any other revenues, other than ad valorem taxes, that the City designates as a Pledged Revenue under the Ordinance. The Bonds are additionally secured by a lien on and pledge of the 334 Revenues (though use of such 334 Revenues is limited with respect to the Series 2023A Bonds to 5% of the Debt Service thereon for the current year).

The Bonds, the outstanding City of Fort Worth, Texas Special Tax Revenue Bonds, Series 2017A, currently outstanding in the aggregate principal amount of \$79,500,000 (the “Series 2017A Bonds”), the City of Fort Worth, Texas Special Tax Revenue Bonds, Taxable Series 2017B, currently outstanding in the aggregate principal amount of \$129,710,000 (the “Series 2017B Bonds”, and together with the Series 2017A Bonds, the “Series 2017 Bonds”) and any Additional Bonds hereafter issued are secured by and payable from a first lien on and pledge of the Pledged Revenues. The Series 2017 Bonds are additionally secured by a first lien on and pledge of the 334 Revenues (although use of such 334 Revenues is limited with respect to the Series 2017A Bonds to 5% of the Debt Service thereon for the current year). The Bonds, the Series 2017 Bonds and any Additional Bonds hereafter issued are collectively referred to herein as the “Outstanding Venue Project Bonds”. See “THE BONDS - Security for the Bonds” and “SECURITY FOR THE SERIES 2023 BONDS” herein. The Bonds constitute Additional Bonds pursuant to the Series 2017 Bond Ordinances.

## THE VENUE PROJECT

The City’s Multipurpose Arena at the Will Rogers Memorial Center, known as the Dickies Arena, is the result of a collaboration between the City and the private sector to provide a state-of-the-art venue attracting tourists and visitors worldwide to attend signature events ranging from concerts, sports, and graduation ceremonies, to the Fort Worth Stock Show and Rodeo (the “Rodeo”), and includes certain related infrastructure as previously designated by City Council official action and confirmed at an Election (defined herein) conducted by the City on November 4, 2014 (collectively, the “Venue Project”). The City opened Dickies Arena in November 2019. For a general description of WRMC, see “THE VENUE PROJECT – Will Rogers Memorial Center Description” herein.

Dickies Arena was constructed at a total cost of approximately \$542,000,000. The City’s obligation to fund construction of Dickies Arena was capped at \$225,000,000, and the proceeds of the Series 2017 Bonds were used to fund such obligation of the City. The balance of the cost of Dickies Arena was paid with privately raised funds. Dickies Arena’s has hosted major events including the NCAA Men’s Basketball Regionals in 2022 and the NCAA Women’s Gymnastics Championships in 2020 and the City believes a variety of booking opportunities exist prospectively for the Venue Project, as the facility’s only major tenant is the Rodeo, allowing the flexibility to schedule performers and events without the burden of pre-existing contracts. The seating capacity accommodates approximately 14,000 individuals, and an adjacent parking garage includes approximately 2,200 spaces on six levels. For a further description of the characteristics of the Venue Project, see “THE VENUE PROJECT” herein.

## SOURCES AND USES OF PROCEEDS

The proceeds from the sale of the Series 2023 Bonds will be applied approximately as follows:

	The Series 2023A Bonds	The Series 2023B Bonds	Total
<u>Sources of Funds</u>			
Par Amount	\$29,085,000.00	\$40,385,000.00	\$69,470,000.00
Net Premium	91,075.85	0.00	91,075.85
Total Sources of Funds	<u>\$29,176,075.85</u>	<u>\$40,385,000.00</u>	<u>\$ 69,561,075.85</u>
<u>Uses of Funds</u>			
Deposit to Adjacent Support Facilities Project Accounts	\$28,900,000.00	\$40,000,000.00	\$68,900,000.00
Costs of Issuance	149,442.31	206,419.72	355,862.03
Underwriters’ Discount	126,633.54	178,580.28	305,213.82
Total Uses of Funds	<u>\$29,176,075.85</u>	<u>\$40,385,000.00</u>	<u>\$69,561,075.85</u>

## ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule reflects the annual Debt Service Requirements for the Bonds and the Series 2017 Bonds.

Fiscal Year Ended	Outstanding Debt Service (Series 2017 Bonds)			The Series 2023A Bonds			The Series 2023B Bonds			Total Debt Service Requirements
9/30	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2023	\$ 5,660,000	\$ 9,268,643	\$ 14,928,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,928,643
2024	5,845,000	9,078,367	14,923,367	475,000	1,092,647	1,567,647	610,000	1,958,331	2,568,331	19,059,345
2025	6,070,000	8,853,776	14,923,776	450,000	1,421,513	1,871,513	505,000	2,556,431	3,061,431	19,856,720
2026	6,310,000	8,614,397	14,924,397	470,000	1,398,513	1,868,513	535,000	2,527,629	3,062,629	19,855,538
2027	6,570,000	8,355,717	14,925,717	495,000	1,374,388	1,869,388	565,000	2,497,334	3,062,334	19,857,439
2028	6,845,000	8,080,046	14,925,046	520,000	1,349,013	1,869,013	595,000	2,465,061	3,060,061	19,854,120
2029	7,125,000	7,799,160	14,924,160	550,000	1,322,263	1,872,263	630,000	2,430,146	3,060,146	19,856,568
2030	7,425,000	7,501,101	14,926,101	575,000	1,294,138	1,869,138	670,000	2,392,221	3,062,221	19,857,460
2031	7,750,000	7,173,040	14,923,040	605,000	1,264,638	1,869,638	710,000	2,351,331	3,061,331	19,854,008
2032	8,085,000	6,833,802	14,918,802	635,000	1,233,638	1,868,638	755,000	2,307,433	3,062,433	19,849,873
2033	8,450,000	6,473,603	14,923,603	670,000	1,201,013	1,871,013	800,000	2,260,451	3,060,451	19,855,066
2034	8,840,000	6,085,493	14,925,493	705,000	1,166,638	1,871,638	850,000	2,209,974	3,059,974	19,857,104
2035	9,225,000	5,701,081	14,926,081	740,000	1,130,513	1,870,513	910,000	2,154,107	3,064,107	19,860,700
2036	9,625,000	5,293,598	14,918,598	780,000	1,092,513	1,872,513	970,000	2,092,838	3,062,838	19,853,949
2037	10,085,000	4,839,772	14,924,772	820,000	1,052,513	1,872,513	1,035,000	2,027,495	3,062,495	19,859,780
2038	10,350,000	4,364,164	14,714,164	860,000	1,010,513	1,870,513	1,105,000	1,957,752	3,062,752	19,647,428
2039	10,850,000	3,865,626	14,715,626	905,000	965,256	1,870,256	1,180,000	1,883,284	3,063,284	19,649,166
2040	11,375,000	3,342,793	14,717,793	950,000	917,750	1,867,750	1,260,000	1,803,764	3,063,764	19,649,308
2041	11,925,000	2,794,454	14,719,454	1,000,000	869,000	1,869,000	1,340,000	1,719,030	3,059,030	19,647,485
2042	12,500,000	2,219,317	14,719,317	1,055,000	817,625	1,872,625	1,435,000	1,628,593	3,063,593	19,655,535
2043	13,100,000	1,616,372	14,716,372	1,105,000	763,625	1,868,625	1,530,000	1,531,964	3,061,964	19,646,960
2044	7,230,000	1,154,643	8,384,643	1,165,000	706,875	1,871,875	1,635,000	1,427,999	3,062,999	13,319,517
2045	7,545,000	841,561	8,386,561	1,225,000	647,125	1,872,125	1,745,000	1,316,155	3,061,155	13,319,841
2046	7,870,000	514,917	8,384,917	1,285,000	584,375	1,869,375	1,865,000	1,196,700	3,061,700	13,315,992
2047	8,215,000	174,076	8,389,076	1,350,000	518,500	1,868,500	1,990,000	1,069,138	3,059,138	13,316,714
2048	-	-	-	1,420,000	449,250	1,869,250	2,125,000	932,973	3,057,973	4,927,223
2049	-	-	-	1,495,000	376,375	1,871,375	2,275,000	787,377	3,062,377	4,933,752
2050	-	-	-	1,570,000	299,750	1,869,750	2,430,000	631,688	3,061,688	4,931,438
2051	-	-	-	1,650,000	219,250	1,869,250	2,595,000	465,411	3,060,411	4,929,661
2052	-	-	-	1,735,000	134,625	1,869,625	2,775,000	287,718	3,062,718	4,932,343
2053	-	-	-	1,825,000	45,625	1,870,625	2,960,000	97,946	3,057,946	4,928,571
	<u>\$ 214,870,000</u>	<u>\$ 130,839,520</u>	<u>\$ 345,709,520</u>	<u>\$ 29,085,000</u>	<u>\$ 26,719,453</u>	<u>\$ 55,804,453</u>	<u>\$ 40,385,000</u>	<u>\$ 50,968,272</u>	<u>\$ 91,353,272</u>	<u>\$ 492,867,246</u>

## THE BONDS

### GENERAL DESCRIPTION OF THE BONDS

The Bonds are dated the Delivery Date and will mature on March 1 in each of the years and in the amounts shown on page ii (with respect to the Series 2023A Bonds) and page iii (with respect to the Series 2023B Bonds) hereof. Interest on the Bonds will accrue from the Delivery Date, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year, commencing March 1, 2024, until stated maturity or prior redemption.

The Bonds will be issued only as fully-registered bonds and will be issued in denominations of \$5,000 in principal amount or any integral multiple thereof within a stated maturity. In the event the Bonds are no longer held in the Book-Entry-Only System described herein, interest on the Bonds will be payable on or before each Debt Service Payment Date by the Paying Agent/Registrar (defined herein) to the registered owner (the “Registered Owner”, the “Owner”, or the “Bondholder”) at the last known address as it appears on the Bond registration books maintained by the Paying Agent/Registrar (the “Bond Register”) on the Record Date (defined herein) or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Registered Owner to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of any such other arrangements. In the event the Bonds are no longer held in the Book-Entry-Only System described herein, principal of the Bonds will be payable only upon presentation of such Bonds at the corporate trust office of the Paying Agent/Registrar at stated maturity or upon prior redemption. So long as the Bonds are registered in the name of Cede & Co. or other nominee for The Depository Trust Company (“DTC”), payments of principal of and interest on the Bonds will be made as described in “REGISTRATION, TRANSFER AND EXCHANGE - Book-Entry-Only System” herein.

If the date for any payment due on any Bond is a Saturday, Sunday, legal holiday, or day on which banking institutions in the City in which the designated corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date

for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date payment was due.

#### **AUTHORITY FOR ISSUANCE**

The Bonds are being issued pursuant to the Constitution and general laws of the State, including particularly Chapters 1371, Texas Government Code, as amended (“Chapter 1371”), Chapter 334, Texas Local Government Code, as amended (“Chapter 334”), the City’s Home Rule Charter, an election held within the City on November 4, 2014 (the “Election”) pursuant to Chapter 334’s provisions authorizing the imposition of certain taxes under such authority and the Ordinance. As permitted by Chapter 1371, the City Council, in the Ordinance, delegated to a pricing officer of the City the authority to establish the final terms of the sale of the Series 2023 Bonds. The final sale terms are evidenced in a Bond Purchase Agreement between the City and the initial purchasers thereof (the “Underwriters”) memorializing the terms of sale and purchase of the Series 2023A Bonds and the Series 2023B Bonds. The Bond Purchase Agreement was executed by an Authorized Issuer Representative on October 31, 2023. See “SPECIAL LEGISLATION AND VENUE PROJECT ELECTION.”

#### **RECORD DATE FOR INTEREST PAYMENT**

The date for determining the party to whom interest on a Bond is payable on any Debt Service Payment Date is the fifteenth day of the preceding month, as specified in the Ordinance (the “Record Date”).

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

#### **SECURITY FOR THE BONDS**

*Source of Payment; Limitations.* The Bonds are secured equally and ratably by a first lien on and pledge of the Pledged Revenues and are an obligation of the City only to the extent thereof. The “Pledged Revenues” consist of Airport Shared Revenues, Available City Hotel Tax Revenues, State PFZ Funds through expiration of the Zone, and any investment earnings of the foregoing. In addition, after the Delivery Date, the City may designate other revenues, except ad valorem taxes, as a Pledged Revenue, however the City has no obligation and has no current intention to do so.

The Bonds are additionally secured by a first lien on and pledge of the 334 Revenues (though use of such 334 Revenues is limited with respect to the Series 2023A Bonds to 5% of the Debt Service thereon for the current year). As further described herein, the 334 Revenues consist of the revenues derived from the imposition of a Ticket Tax, Parking Tax, and Stall Tax at the Venue Project. See “SPECIAL LEGISLATION AND VENUE PROJECT ELECTION – Venue Resolution” for further descriptions of each of the 334 Revenues.

In addition, funds on deposit in certain Accounts, representing proceeds of the respective Series of Bonds, are to be transferred to the Debt Service Fund in the event of insufficiency of Pledged Revenues and 334 Revenues to make scheduled Debt Service payments on the Outstanding Venue Project Bonds, to the extent such funds are available. See “SECURITY FOR THE SERIES 2023 BONDS – Ordinance Funds and Accounts Created - Flow of Funds – Other Transfers to Debt Service Fund” herein. The Bonds are being issued as Additional Bonds pursuant to the terms of the Series 2017 Bond Ordinances on a parity with the Series 2017 Bonds; provided, however, the Bonds are not secured by any reserve fund, specifically, the Debt Service Reserve Accounts established for the benefit of the holders of the Series 2017 Bonds. The Debt Service Reserve Accounts for the Series 2017 Bonds have been funded through the acquisition of separate debt service reserve fund surety bond policies provided by Assured Guaranty Municipal Corp., as permitted under the terms of the Series 2017 Bond Ordinances.

In the Ordinance, the City agrees to take such reasonable steps as may be necessary to assess, charge, and collect the Pledged Revenues and 334 Revenues, and covenants to not take any action that would impair or prohibit imposition, collection, and use of any such source. As of the date of this Official Statement, no liens on the Pledged Revenues and the 334 Revenues exist superior to or on a parity therewith, other than those created under the Ordinance and the Series 2017 Bond Ordinances. Although the City has reserved the right in the Ordinance and the Series 2017 Bond Ordinances to issue or incur obligations in the future that are secured by a lien on and pledge of Airport Shared Revenues that is superior to the lien on and pledge thereof securing the Series 2023 Bonds and the other Outstanding Venue Project Bonds (see the definition of “Airport Shared Revenues” in Appendix C hereto and “SECURITY FOR THE SERIES 2023 BONDS – Airport Shared Revenues” herein), the City has no present intention to issue or incur obligations, other than the Series 2023 Bonds and other Outstanding Venue Project Bonds, secured by a lien on and pledge of Airport Shared Revenues.

NEITHER THE STATE, THE CITY, NOR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE, EITHER INDIVIDUALLY OR COLLECTIVELY, SHALL PLEDGE REVENUES AS SECURITY FOR THE SERIES 2023 BONDS FROM FUNDS RAISED OR TO BE RAISED BY AD VALOREM TAXATION; AND NEITHER THE FAITH AND CREDIT, NOR THE TAXING POWER, OF THE STATE, THE CITY, OR ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY), OR THE INTEREST ON THE SERIES

2023 BONDS. NO INTEREST IN THE VENUE PROJECT OR ANY ADJACENT SUPPORT FACILITIES PROJECT (DEFINED HEREIN) HAS BEEN GRANTED AS SECURITY FOR THE PAYMENT OF THE SERIES 2023 BONDS.

See “SECURITY FOR THE SERIES 2023 BONDS” for a detailed description of the Pledged Revenues and 334 Revenues.

*Perfection of the Bonds.* Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Bonds and to the pledge of the Pledged Revenues and 334 Revenues to secure the Bonds, and such pledge is therefore valid, effective, and perfected. Should Texas law be amended while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues and 334 Revenues is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, as amended, in order to preserve to the Registered Owners a security interest in such pledge, the City agreed in the Ordinance to take such measures as it determines reasonable and necessary to enable a filing to perfect a security interest in such pledge to occur.

#### **FUNDS, ACCOUNTS, AND SUBACCOUNTS**

In the Ordinance, the City has created various Funds, Accounts, and subaccounts for the deposit, upon receipt, of proceeds of the Bonds, the Pledged Revenues, and the 334 Revenues, for transfer of amounts, when necessary or desired, for payment of Debt Service on the Bonds and use for other lawful purposes. These Funds, Accounts, and subaccounts and their transfers for permitted uses are described herein under “SECURITY FOR THE SERIES 2023 BONDS”.

#### **ADDITIONAL BONDS**

The City Council may by separate ordinance authorize one or more series of Additional Bonds secured by a first lien on and pledge of the Pledged Revenues on a parity with the lien on and pledge of the Pledged Revenues securing the Series 2017 Bonds and the Series 2023 Bonds, to be issued, authenticated and delivered upon original issuance for the purpose of financing or refinancing the construction, installation, and equipping of additions, renovations, betterments, extensions or improvements to the Venue Project. Additional Bonds of a series may be secured by additional sources, including the 334 Revenues, in the manner provided in the ordinance authorizing such series of Additional Bonds. Additional Bonds of a series issued for such purposes shall be issued in a principal amount not to exceed, together with other moneys available therefor, the City’s estimate of the reasonable costs of the project to be financed or refinanced with the proceeds of the sale of such series of Additional Bonds, including providing amounts for the costs incidental to or connected with any such Additional Bonds and the making of any deposits into the applicable account within the Debt Service Fund and any of the Funds, Accounts, and subaccounts required by the provisions of the ordinance authorizing such series of Additional Bonds. Additional Bonds of each series, may be delivered if a certificate executed by an authorized City representative to the effect that, during either the next preceding year, or any twelve consecutive calendar month period ending not more than one hundred eighty days prior to the date of the then proposed Additional Bonds, the sum of the Pledged Revenues and the 334 Revenues were, in his or her opinion, at least equal to 1.50 times the average annual principal and interest requirements (computed on a fiscal year basis) including amortization installments, of the Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds. The delivery of the certificate described above is not required as a condition to the issuance of refunding bonds that produce a gross debt service savings.

The City Council may authorize one or more series of refunding bonds to be issued, authenticated, and delivered to refund all Outstanding Bonds of one or more series or all or any portion of the Outstanding Bond or Bonds of a maturity within one or more series. Each series of refunding bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding, including providing amounts for the costs incidental to or connected with any such refunding bonds including, without limitation, the making of any deposits into any debt service reserve account within the Debt Service Fund and any of the Funds, Accounts, and subaccounts required by the provisions of the ordinance authorizing the issuance of such refunding bonds.

#### **REDEMPTION**

*Optional Redemption of Series 2023A Bonds at Par.* The Series 2023A Bonds having stated maturities on and after March 1, 2034 are subject to redemption, at the request and option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2033 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

*Optional Redemption of Series 2023B Bonds at Par.* The Series 2023B Bonds having stated maturities on and after March 1, 2034 are subject to redemption, at the request and option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2033 (the “Initial 2023B Par Call Date”) or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

*Optional Redemption of Series 2023B Bonds at Make-Whole Redemption Price.* The Series 2023B Bonds are subject to redemption prior to maturity by written direction of the City, in whole or in part, on any date prior to the Initial 2023B Par Call Date, in principal amounts equal to \$5,000 or any integral multiple thereof, at the Make-Whole Redemption Price (as defined below). The City will retain an independent certified public accountant or an independent municipal advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Paying Agent/Registrar may conclusively rely on such independent certified public accountant’s or independent municipal advisor’s calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the City nor the Paying Agent/Registrar will have any liability for such reliance. The

determination of the Make-Whole Redemption Price by such independent certified public accountant or independent municipal advisor will be conclusive and binding on the City, the Paying Agent/Registrar and the holders of the Series 2023B Bonds absent manifest error.

The “Make-Whole Redemption Price” means the greater of (1) 100% of the principal amount of the Series 2023B Bonds to be redeemed or (2) the sum of the present value of the remaining scheduled payments of principal of and interest to the maturity date of such Series 2023B Bonds to be redeemed, not including any portion of those payments of interest thereon accrued and unpaid as of the date on which the Series 2023B Bonds are to be redeemed, discounted to the date on which the Series 2023B Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the “Treasury Rate” (as defined below) plus (i) 10 basis points (0.10%) for the Series 2023B Bonds maturing on March 1, 2024 through 2026, (ii) 12.5 basis points (0.125%) for the Series 2023B Bonds maturing on March 1, 2027 and 2028, (iii) 15 basis points (0.15%) for the Series 2023B Bonds maturing on March 1, 2029 through 2033, (iv) 20 basis points (0.20%) for the Series 2023B Bonds maturing on March 1, 2034, and (v) 25 basis points (0.25%) for the Series 2023B Bonds maturing on March 1, 2043 and 2053, plus, in each case, accrued and unpaid interest on the Series 2023B Bonds to be redeemed on the date of redemption.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2023B Bond, the yield to maturity as of such redemption date of the United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2023B Bond to be redeemed.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, as further described below, to the effect that such Bonds have not been redeemed.

*Mandatory Sinking Fund Redemption of Series 2023A Bonds.* The Series 2023A Bonds maturing on March 1 in the years 2043, 2048 and 2053 (the “Series 2023A Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

Series 2023A Term Bonds Due March 1, 2043		Series 2023A Term Bonds Due March 1, 2048		Series 2023A Term Bonds Due March 1, 2053	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
March 1, 2040	\$950,000	March 1, 2044	\$1,165,000	March 1, 2049	\$1,495,000
March 1, 2041	1,000,000	March 1, 2045	1,225,000	March 1, 2050	1,570,000
March 1, 2042	1,055,000	March 1, 2046	1,285,000	March 1, 2051	1,650,000
March 1, 2043*	1,105,000	March 1, 2047	1,350,000	March 1, 2052	1,735,000
		March 1, 2048*	1,420,000	March 1, 2053*	1,825,000

\* Stated Maturity.

The principal amount of the Series 2023A Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced by the principal amount of any such Series 2023A Term Bonds which, prior to the date the of notice of such mandatory redemption is sent, (i) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (iii) shall have been redeemed pursuant to the optional redemption provisions described above and not theretofore credited against a mandatory redemption requirement.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]**

*Mandatory Sinking Fund Redemption of Series 2023B Bonds.* The Series 2023B Bonds maturing on March 1 in the years 2043 and 2053 (the “Series 2023B Term Bonds”) are subject to mandatory sinking fund redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

Series 2023B Term Bonds Due March 1, 2043		Series 2023B Term Bonds Due March 1, 2053	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
March 1, 2035	\$910,000	March 1, 2044	\$1,635,000
March 1, 2036	970,000	March 1, 2045	1,745,000
March 1, 2037	1,035,000	March 1, 2046	1,865,000
March 1, 2038	1,105,000	March 1, 2047	1,990,000
March 1, 2039	1,180,000	March 1, 2048	2,125,000
March 1, 2040	1,260,000	March 1, 2049	2,275,000
March 1, 2041	1,340,000	March 1, 2050	2,430,000
March 1, 2042	1,435,000	March 1, 2051	2,595,000
March 1, 2043*	1,530,000	March 1, 2052	2,775,000
		March 1, 2053*	2,960,000

\* Stated Maturity.

The principal amount of the Series 2023B Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced by the principal amount of any such Series 2023B Term Bonds which, prior to the date the of notice of such mandatory redemption is sent, (i) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (iii) shall have been redeemed pursuant to the optional redemption provisions described above and not theretofore credited against a mandatory redemption requirement.

*Selection of Series 2023A Bonds for Redemption.* If less than all of the Series 2023A Bonds are to be redeemed, the City may select the maturities of the Series 2023A Bonds to be redeemed. If less than all the Series 2023A Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC, while the Series 2023A Bonds are in Book-Entry-Only form) shall determine by lot the Series 2023A Bonds, or portions thereof, within such maturity to be redeemed. If a Series 2023A Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Series 2023A Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the Redemption Date.

*Selection of Series 2023B Bonds for Redemption.* If less than all of the Series 2023B Bonds to be redeemed, the City may select the particular maturities of the Series 2023B Bonds to be redeemed. If less than all Series 2023B Bonds of a maturity are to be redeemed, the particular Series 2023B Bonds to be redeemed shall be selected by the Paying Agent/Registrar on a Pro-Rata basis. If at the time of such redemption the Depository, if applicable, does not permit the Pro-Rata basis of selection, the Series 2023B Bonds within any such maturity shall be selected, in accordance with the applicable procedures of the Depository then in effect.

“*Depository*” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book entry interests in the Series 2023B Bonds, and to effect transfers of book entry interests in the Series 2023B Bonds, and includes and means initially The Depository Trust Company, New York, New York. “*Pro Rata*” means the calculation of multiplying the principal amount of Series 2023B Bonds of a maturity to be redeemed on a Redemption Date by a fraction, the numerator of which is equal to the principal amount of such maturity owned by a Registered Owner, and the denominator of which is equal to the principal amount of such maturity then Outstanding immediately prior to such Redemption Date, and then rounding the product down to the next lower integral of \$5,000, provided, that the portions being redeemed are required to be in multiples of \$5,000 and all Series 2023B Bonds of a maturity to remain Outstanding following any such redemption are required to be in multiples of \$5,000.

*Notice of Redemption.* Except when the Book-Entry-Only System is used for the Bonds (see “Redemption through The Depository Trust Company” below), if any of the Bonds are called for redemption, the Paying Agent/Registrar will give written notice by first-class mail (postage prepaid) not less than 30 days prior to the date fixed for redemption, in the name of the City, of the redemption of such Bonds to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the registration books.

*Redemption through The Depository Trust Company.* The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any Participant (hereinafter defined) to notify the Beneficial Owner (hereinafter defined), will not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, redemption of such Bonds held for the account of Direct Participants (hereinafter defined) in accordance with its rules or other agreements with Direct Participants and then Direct Participants and Indirect Participants (hereinafter defined) may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be

governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to Participants or the persons for whom Direct Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Participants or Beneficial Owners of the Bonds being called for redemption. See “REGISTRATION, TRANSFER AND EXCHANGE - Book-Entry-Only System” herein.

#### **DEFEASANCE**

The Ordinance provides that any Bond will be deemed paid and will no longer be considered to be outstanding within the meaning of the Ordinance when payment of principal of and interest on such Bond to its stated maturity or date of prior redemption has been made or provided for by depositing with or making available to the Paying Agent/Registrar any combination of (i) money in an amount sufficient to make such payment and/or (ii) Defeasance Securities (defined below) certified, in the case of a net defeasance, by an independent certified public accountant to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment.

The Ordinance provides that “Defeasance Securities” means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent. There is no assurance that the ratings for United States Treasury securities acquired to defease any Bonds, or those for any other Defeasance Securities, will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds will no longer be regarded to be outstanding or unpaid for purposes of applying any limitation or indebtedness. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the City has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the City (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

#### **AMENDMENTS TO THE ORDINANCE**

*Amendments Without Consent of Registered Owners.* The City, without the consent of the Registered Owners, may amend the Ordinance for any of the following purposes: (i) to add to the covenants and agreements of the City therein contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Series 2023 Bonds or to surrender, restrict, or limit any right or power reserved to or conferred upon the City, (ii) to make such provisions for the purpose of curing any ambiguity, or curing, correcting, or supplementing any defective provision contained in the Ordinance, or in regard to clarifying matters or questions arising under the Ordinance, as are necessary or desirable and not contrary to or inconsistent with the Ordinance and which shall not adversely affect the interests of the owners of the Bonds then outstanding, (iii) to modify any provisions of the Ordinance in any other respect, provided that such modification shall be effective only after the Bonds Outstanding at the date of the adoption of such modification shall cease to be Outstanding, (iv) with respect to the Series 2023A Bonds only, to make such amendments to the Ordinance as may be required, in the opinion of the City’s bond counsel, to ensure compliance with sections 103 and 141 through 150 of the Internal Revenue Code (the “Code”), (v) to make such changes, modifications, or amendments as may be necessary or desirable in order to allow the Registered Owners of the Bonds to thereafter avail themselves of the Book-Entry-Only System for payments, transfers, and other matters relating to the Bonds, which changes, modifications, or amendments are not contrary to or inconsistent with the other provisions of the Ordinance and which shall not adversely affect the interests of the owners of the Bonds, (vi) to make such changes, modifications, or amendments as are permitted under the continuing disclosure provisions of the Ordinance, and (vii) to make such changes, modifications, or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating of the Bonds.

*Amendments Requiring Consent of Registered Owners.* The City, with the consent of the Registered Owners owning not less than a majority in aggregate principal amount of the respective series of the Series 2023 Bonds then Outstanding affected by such amendment, has the right to amend any terms and provisions in the 2023A Ordinance or the 2023B Ordinance, as applicable, that cannot be amended without Registered Owner consent as described in the preceding subsection; provided, however, such authority shall not permit or be construed as permitting without the consent of each Registered Owner so affected, a change that would (i) alter the maturity of any of the Outstanding Series 2023 Bonds, (ii) reduce the rate of interest borne by any of the Outstanding Series 2023 Bonds, (iii) reduce the amount of principal payable on the Outstanding Series 2023 Bonds, (iv) modify the Ordinance section memorializing these provisions, (v) modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Series 2023 Bonds or impose any conditions with respect to such payment, (vi) affect the rights of the Registered Owners of less than all of the Series 2023 Bonds then Outstanding, or (vii) alter the minimum percentage of the principal amount of Series 2023 Bonds necessary for consent to any amendment.



## **NOTICE TO REGISTERED OWNERS**

If at any time an amendment to the Ordinance is proposed which requires the approval of the Registered Owners, the Paying Agent/Registrar shall notify all Registered Owners of the proposed amendment in the manner required in the Ordinance (including any requisite publication conditions thereto), which notice will briefly describe the nature of the proposed amendment and will state that copies thereof are on file at the Designated Trust Office of the Paying Agent/Registrar for inspection by all Registered Owners.

## **PAYING AGENT/REGISTRAR RESIGNATION AND REMOVAL; SUCCESSOR PAYING AGENT/REGISTRAR**

The City covenants with the owners of the Bonds that at all times while the Bonds are Outstanding a competent and legally qualified entity shall act as and perform the services of Paying Agent/Registrar for the Bonds under the Ordinance. The initial Paying Agent/Registrar is BOKF, NA at its offices located in Dallas, Texas (the "Designated Trust Office"). The Paying Agent/Registrar may be the City, to the extent permitted by law, or a bank, trust company, financial institution, or other agency, as selected by the City. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than one hundred and twenty (120) days' written notice to the Paying Agent/Registrar, to be effective not later than sixty (60) days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that it will promptly appoint a competent and legally qualified entity to act as Paying Agent/Registrar under the Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City will promptly cause a written notice thereof to be sent by the new Paying Agent/Registrar to each owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of the Ordinance, and a certified copy of the Ordinance shall be delivered to each Paying Agent/Registrar.

## **OWNERSHIP**

The City and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and for the further purpose of making and receiving payment of the interest thereon, and for all other purposes, whether or not such Bond is overdue. The City will not be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with the Ordinance will be valid and effective and will discharge the liability of the City for such Bond to the extent of the sums paid.

## **PAYMENT RECORD**

The City has never defaulted on any of its revenue obligations.

## **REGISTRATION, TRANSFER AND EXCHANGE**

### **BOOK-ENTRY-ONLY SYSTEM**

*This section describes how ownership of the Bonds is to be transferred and how the principal of premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City, the Co-Financial Advisors, and the Underwriters consider the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.*

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

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

*General.* DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17 A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities

transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"), DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to collectively as the "Participants". DTC has an S&P Global Ratings' rating of "AA+". The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

Redemption notices will be sent to DTC. If less than all of the Bonds within a stated maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed, unless other arrangements are made between DTC and the Paying Agent/Registrar.

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2023 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's Book-Entry-Only-System has been obtained from DTC, but the City takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the Registered Owner of the Bonds, the City will have no obligation or responsibility to the Participants, or to the persons for which they act as nominees, with respect to payment to or providing of notice to such Participants, or the persons for which they act as nominees.

*Use of Certain Terms in Other Sections of this Official Statement.* In reading this Official Statement it should be understood that while the Series 2023 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Ordinance will be given only to DTC.

#### **FUTURE REGISTRATION**

In the event the Book-Entry-Only System should be discontinued, the Bonds will be printed and delivered to the Registered Owners thereof, and thereafter, the Bonds may be transferred, exchanged and assigned on the Bond Register, only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer, exchange, or assignment of the Bonds will be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such transfer, exchange, and assignment. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond or Bonds being transferred or exchanged at the Designated Trust Office of the Paying Agent/Registrar, or sent by United States mail, first-class postage prepaid, to the new Registered Owner or their assignee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the contracting party or assignee of the Owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in denominations of \$5,000 for any one maturity or any integral multiple thereof and for a like aggregate principal amount of the Bond or Bonds surrendered for exchange or transfer.

#### **LIMITATION ON TRANSFER OF BONDS**

Neither the City nor the Paying/ Agent Registrar are required (1) to make any transfer or exchange during the period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days; provided however, that such limitation of transfer is not applicable to an exchange by the Registered Owner of the uncalled balance of a Bond.

#### **REPLACEMENT BONDS**

The City has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds to the Paying/Agent Registrar, or receipt of satisfactory evidence of such destruction, loss, or theft, and receipt by the City and Paying/Agent Registrar of security or indemnity as may be required by either of them to hold them harmless. The City may require payment of taxes, governmental charges, and other expenses in connection with any such replacement.

### **THE VENUE PROJECT**

#### **GENERAL CHARACTERISTICS**

The Venue Project is located at the intersection of Harley Avenue and Gendy Street in the City and includes adjacent support facilities and any related infrastructure as designated by the City Council by its adoption of the Venue Resolution and confirmation at the Election. See “SPECIAL LEGISLATION AND VENUE PROJECT ELECTION”. In the Ordinances, the City declared the facilities to be financed with the proceeds of the Series 2023 Bonds as being Adjacent Support Facilities Projects.

The construction of the City’s Multipurpose Arena at WRMC, known as the Dickies Arena, was completed in November 2019 and has been in continuous operation since. WRMC is located adjacent to Dickies Arena.

The original facilities at WRMC (Coliseum, Tower/Connector, and Auditorium) were funded as a Works Project Administration (WPA) project and opened in 1936. Over time, additional venues have been constructed on the WRMC site to meet the needs of the Fort Worth Stock Show and Rodeo and other equestrian and non-equestrian clients.

To maintain WRMC’s competitive position in the markets served by the complex, capital investments are required to maintain and improve its facilities. The capital investments to be funded by proceeds from the Series 2023 Bonds include the following:

1. Re-Building of the WRMC Sheep and Swine Barn (approximately \$40,000,000): The current facility was constructed in 1942 and has received limited investment since that time. The proposed project demolishes the facility (with the exception of its historic front façade) and constructs a more modern, multi-purpose sheep and swine facility on the same site. Construction on this project is expected to begin in February 2024 and conclude by December of 2024. Completion of this project is expected to increase the volume and visitor impact of events held at this facility.

2. WRMC General Capital Projects (approximately \$42,500,000): This funding will allow for capital replacement of mechanical, electrical, and plumbing systems across the WRMC complex, as well as investments in furniture, fixtures, and equipment that will better enable the WRMC complex to serve its customers. Projects are expected to begin in February 2024, with a forecasted completion of all projects by December of 2028.

The Venue Project has been, and is expected to continue to be, financially self-sufficient, with no general fund money used to fund operations or maintenance expenditures.

#### **WILL ROGERS MEMORIAL CENTER DESCRIPTION**

The Will Rogers Memorial Center (WRMC), which constitutes adjacent support facilities of the Venue Project, is a 120-acre, 17-building complex that hosts a broad spectrum of equestrian, livestock, consumer shows, live entertainment, and community events. The complex includes the following facilities:

- Will Rogers Coliseum, a historic arena with 5,652 permanent seats
- Will Rogers Auditorium, an Art Deco theater with 2,856 seats
- 100,000 sq. ft. Texas Room exhibit hall
- Two additional performance arenas plus many indoor and covered arenas, all interconnected with an underground tunnel system
- Capacity for 2,500 horse stalls, more than 2,200 indoor cattle ties and additional livestock buildings and pens
- Capacity for more than 200 Recreational Vehicles (RVs)

On an annual basis, the complex hosts approximately 200 events, ranging from dance recitals to the nationally recognized Fort Worth Stock Show and Rodeo (FWSSR), which is the community's signature event. Other signature events include the National Cutting Horse Association's (NCHA) World Championship Futurity, NCHA Super Stakes and Super Stakes Classic, NCHA Summer Cutting Spectacular, American Paint Horse Association's (APHA) World Championship Show, APHA/WCHA Halter Million, National Reined Cow Horse Association's (NRCHA) Celebration of Champions, NRCHA Snaffle Bit Futurity, and The Patriot.

WRMC is currently owned and operated by the City of Fort Worth. The City is currently in discussions with Event Facilities Fort Worth (EFFW), a supporting organization for the FWSSR, about assuming responsibility for WRMC operations.

WRMC operating deficits and pay-as-you-go capital expenses are subsidized from the City 7% Hotel Occupancy Tax Revenues, after providing for payment of debt service on Outstanding Venue Project Bonds. See "SECURITY FOR THE SERIES 2023 BONDS – Hotel Occupancy Tax – Current City Allocation/Application of General Hotel Occupancy Tax Revenue" herein.

Dickies Arena is owned by the City of Fort Worth and is operated on a self-supporting, unsubsidized basis by the 501(c)(3) Multipurpose Arena Fort Worth, dba Trail Drive Management, under a long-term lease. The WRMC itself is operated by City staff.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]**

*Will Rogers Memorial Center*



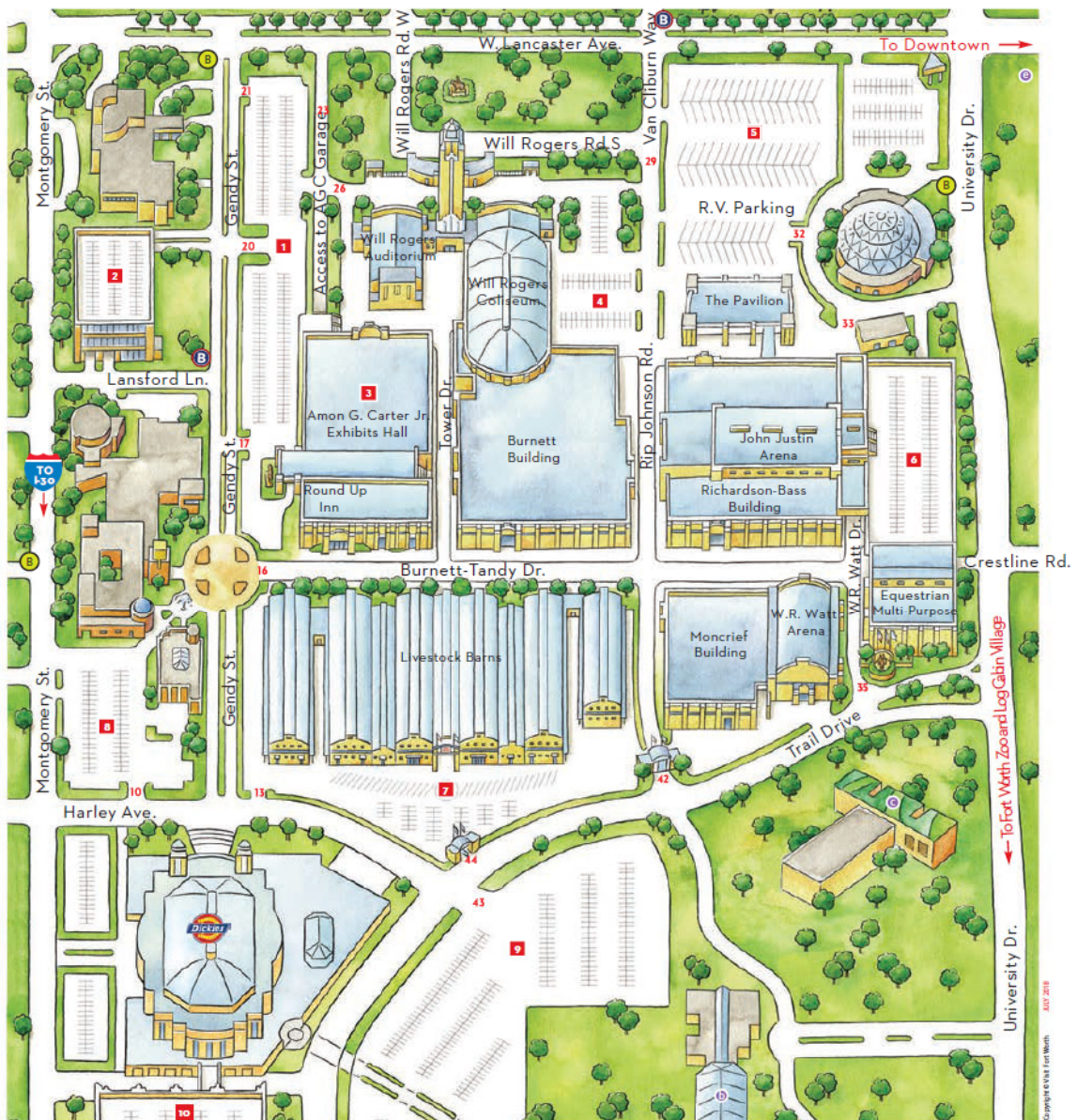
**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]**





# WILL ROGERS MEMORIAL CENTER

## PARKING



### WILL ROGERS MEMORIAL CENTER PARKING

- |                           |                     |
|---------------------------|---------------------|
| 1 West/Orange Lot         | 6 Equestrian Garage |
| 2 Western Heritage Garage | 7 South Red Lot     |
| 3 Amon G. Carter Garage   | 8 North Harley Lot  |
| 4 East Coliseum/Red Lot   | 9 Yellow Lots       |
| 5 North Red Lot           | 10 Chevrolet Garage |

### TRANSPORTATION

- T** The "T" Bus Stops  
817.215.8600 • The-T.com
- B** Fort Worth Bike Sharing  
817.348.0043 • FortWorth.bCycle.com

Keep up with all the upcoming events at Will Rogers:

[facebook.com/WillRogersMC](https://www.facebook.com/WillRogersMC)

[twitter.com/WillRogersMC](https://twitter.com/WillRogersMC)

3401 W. Lancaster Avenue  
Fort Worth, Texas 76107  
817.392.SHOW (7469)  
[WillRogersMemorialCenter.com](http://WillRogersMemorialCenter.com)

Copyright © Visit Fort Worth 2018

## **SPECIAL LEGISLATION AND VENUE PROJECT ELECTION**

### **QUALIFIED PROJECT LEGISLATION**

In 2013, Senate Bill 748 was enrolled by the 83rd Texas Legislature, amending the Texas Tax Code by the addition of Section 351.1015 thereto (“Section 351.1015”), to allow certain qualifying municipalities (including the City) to capture hotel-associated tax revenue to be used to enhance and upgrade convention center facilities, multipurpose arenas, venues, and related infrastructure. This legislation allows the City to improve cultural and entertainment venues within its City limits. Specifically, Section 351.1015 permits the City to create a project financing zone within three miles of a “qualified project” (as further described below) and use certain State hotel occupancy tax revenues, State sales and use tax revenues, and mixed beverage tax revenues (however, see “SECURITY FOR THE SERIES 2023 BONDS - State PFZ Funds” herein for a description of Pledged Revenues derived from these taxes) collected from or at hotels located in the project financing zone in furtherance of financing venue initiatives. A “qualified project” must be a convention center facility or a multipurpose arena or venue (including a livestock facility and is located within or adjacent to a recognized cultural district, and any related infrastructure) that is also (i) located on land owned by the City or by the owner of a venue; (ii) at least 40 percent financed by private contributions; and (iii) promotes tourism and the convention and hotel industry, such as the heretofore described Venue Project.

### **PROJECT FINANCING ZONE**

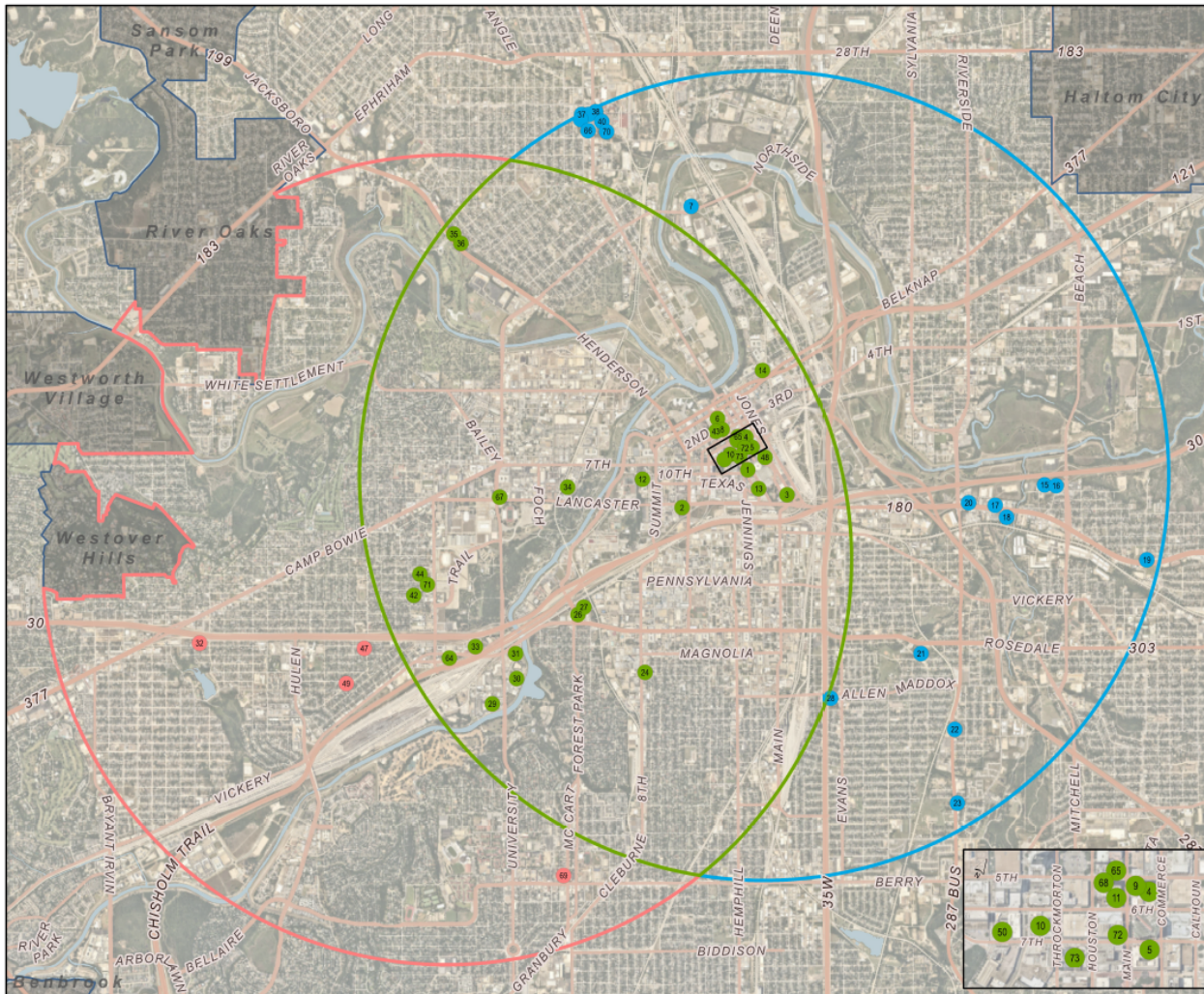
On October 22, 2013, the City Council adopted Ordinance No. 21011-10-2013, designating “Project Financing Zone Number 1, City of Fort Worth, Texas” (the “Zone”) and delineated two separate locations within the City as “qualified projects” under Section 351.1015, including the Fort Worth Convention Center (“FWCC”) and the Venue Project. In 2019, following consultation with the Texas Comptroller (the “Comptroller”), the Fort Worth City Council adopted Ordinance No. 23705-06-2019 to clarify the Zone’s boundaries and centerpoints after staff became aware that (i) the labelling of the two projects was transposed in the original ordinance and (ii) the Zone boundaries depicted in Ordinance 21011-10-2013 were slightly askew due to the original mapping having been based on street addresses rather than coordinates. Ordinance Nos. 21011-10-2013 and 23705-06-2019 are collectively referred to as the “Zone Ordinance.”

As set forth in the Zone Ordinance, the City Manager notified the Comptroller of the Zone’s designation and requested the Comptroller deposit incremental hotel-associated revenue, including State hotel occupancy taxes and State hotel sales and use taxes, collected by the Comptroller (collectively, the “State PFZ Funds”) into a suspense account (the “Suspense Account”) maintained by the Comptroller and held in trust for the City pursuant to the terms and conditions of Section 351.1015. The Suspense Account is outside the State treasury, and the Comptroller may make a payment from the Suspense Account without the necessity of an appropriation from the State Legislature. Funds deposited to the credit of the Suspense Account may be used by the City to acquire, lease, construct, improve, enlarge and equip a venue project (“Qualified Project Activities”) or for the payment of bonds, including the Series 2017 Bonds and the Series 2023 Bonds, or other obligations issued or incurred in connection with the Venue Project. The Zone’s base year (the “Base Year”) is 2013 (the year of creation), and the Zone expires on the thirtieth (30th) anniversary of the Zone Ordinance (or at an earlier date approved by the City Council, so long as there are no outstanding Qualified Project Activities existing). As a result, debt service on the Series 2017 Bonds and the Series 2023 Bonds will no longer be payable from State PFZ Funds after October 22, 2043, unless State law is amended to permit the State PFZ Funds to remain available to the City.

In January 2014, the Comptroller began depositing the incremental revenues received above the Base Year to the Suspense Account. See Table 5 under “SECURITY FOR THE SERIES 2023 BONDS” for State PFZ Funds collected during Fiscal Years 2018 through 2022. On December 21, 2015, the City notified the Comptroller of the commencement of a qualified project, whereafter the Comptroller began making payments to the City from the Suspense Account. In accordance with Section 351.1015(h) of the Texas Tax Code, the Comptroller has been estimating increment each calendar year and providing monthly payments based on that estimate with a year-end true-up to account for any differences between actual and estimated amounts. See the map on the following page for a depiction of the Zone and hotels located therein.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]**





MapID	Name	Address	Sub_zone
1	Fairfield Inn & Suites Downtown	1010 Houston, FW, TX 76102	Both sub zones
2	Holiday Inn Express	1111 W Lancaster, FW, TX 76102	Both sub zones
3	Sheraton FW Hotel & Spa	1701 Commerce St, FW, TX 76102	Both sub zones
4	Embassy Suites Hotel	600 Commerce St, FW, TX 76102	Both sub zones
5	Fort Worth Hilton	815 Main St, FW, TX 76102	Both sub zones
6	Renaissance Worthington Hotel	200 Main St, FW, TX 76102	Both sub zones
7	Great Western Inn	913 E Northside Dr, FW, TX 76102	East sub-zone
8	Elita's Place	200 W 3rd, FW, TX 76102	Both sub zones
9	Blackstone Courtyard	601 Main St, FW, TX 76102	Both sub zones
10	Fort Worth Club	306 W 7th, FW, TX 76102	Both sub zones
11	The Ashton Hotel	610 Main St, FW, TX 76102	Both sub zones
12	Trinity Terrace	1600 Texas St, FW, TX 76102	Both sub zones
13	Omni Fort Worth	1300 Houston, FW, TX 76102	Both sub zones
14	Towne Place Suites	805 E Belknap, FW, TX 76102	Both sub zones
15	Ambassador Hotel & Suites	2425 Scott Ave, FW, TX 76103	East sub-zone
16	Hotel Trinity Inn & Suites	2000 Beach St, FW, TX 76103	East sub-zone
17	Valley View Motel	2009 E Lancaster, FW, TX 76103	East sub-zone
18	Luxury Inn	2108 E Lancaster, FW, TX 76103	East sub-zone
19	Cowtown Inn	3201 E Lancaster, FW, TX 76103	East sub-zone
20	Great Western Inn	1815 E Lancaster, FW, TX 76103	East sub-zone
21	Royal Inn	1326 E Rosedale, FW, TX 76104	East sub-zone
22	Motel Oasis	2109 S Riverside Dr, FW, TX 76104	East sub-zone
23	Dreamland Hotel	2625 S Riverside Dr, FW, TX 76104	East sub-zone
24	TX Whitehouse B&B	1417 8th Ave, FW, TX 76104	Both sub zones
26	Hilton Garden Inn	912 Northton St, FW, TX 76104	Both sub zones
27	Homewood Suites Fort Worth Medical Center	2200 Charlie Lane, FW, TX 76104	Both sub zones
28	Residence Inn - River Plaza	1701 S University Dr, FW, TX 76107	East sub-zone
29	Courtyard Marriott #1NB	3150 Riverfront, FW, TX 76107	Both sub zones
30	Homestead Fw-Medical Center	1601 River Run, FW, TX 76107	Both sub zones
31	Fairfield Inn	1505 S University Dr, FW, TX 76107	Both sub zones
32	Lockhart Galleries	3220 Locke, FW, TX 76107	West sub zone
33	Springhill Suites #2K9	3250 Lovell Ave, FW, TX 76107	Both sub zones
34	Residence Inn FW	2500 Museum Way, FW, TX 76107	Both sub zones
35	Valley Motel	1850 Jacksboro Hwy, FW, TX 76114	Both sub zones
36	Greenview Inn	1816 Jacksboro Hwy, FW, TX 76114	Both sub zones
37	Hotel Texas	2415 Ellis Avenue, FW, TX 76164	East sub-zone
38	Stockyards Hotel	109 E Exchange Ave, FW, TX 76164	East sub-zone
39	Miss Molly's Hotel	109 1/2 W Exchange Ave, FW, TX 76164	East sub-zone
40	Hyatt Place Fort Worth	132 East Exchange Ave, FW, TX 76164	East sub-zone
41	Stonehouse B&B	2401 Ellis Ave, FW, TX 76164	East sub-zone
42	Alice's House	3728 Collinwood Ave, FW, TX 76107	Both sub zones
43	Aloft Fort Worth - Downtown	334 W 3rd St, FW, TX 76102	Both sub zones
44	Brenda's Place #2	3641 Bryce Ave, FW, TX 76107	Both sub zones
47	From Texas to Beyond	4105 Locke Ave, FW, TX 76107	West sub zone
48	Hampton Inn & Suites Fort Worth Downtown	1001 Commerce St, FW, TX 76102	Both sub zones
49	Home Endeavor	4217 Geddes Ave, FW, TX 76107	West sub zone
50	Stay Alfred Inc.	410 W 7th St, FW, TX 76102	Both sub zones
64	TownePlace Suites Fort Worth University Area Medical Center	3450 W Vickery Blvd, FW, TX 76107	Both sub zones
65	The Sinclair	512 Main Street, Fort Worth, TX 76102	Both sub zones
66	Springhill Suites Stockyards	2315 N. Main Street, Fort Worth, TX 76164	East sub-zone
67	Home2 Suites by Hilton	1145 University Drive, FW 76107	Both sub zones
68	AC Hotel	101 W. 5th, FW 76102	Both sub zones
69	Hyatt Place @TCU	3029 Sandage Ave, FW 76109	West sub zone
70	Hotel Drover, Autograph Collection	200 Mule Alley, FW 76164	East sub-zone
71	Hotel Dryce	3621 Byers Ave, Fort Worth, TX 76107	Both sub zones
72	Kimpton Harper Hotel	714 Main St, Fort Worth, TX 76102	Both sub zones
73	The Sandman Hotel	810 Houston St, Fort Worth, TX 76102	Both sub zones

## Hotels Within PFZ Boundary

- Both sub zones
- East sub-zone
- West sub zone



UNAUTHORIZED REPRODUCTION IS A VIOLATION OF APPLICABLE LAWS. THIS DATA IS TO BE USED FOR GRAPHICAL REPRESENTATION ONLY. THE ACCURACY IS NOT TO BE TAKEN/USED AS DATA PRODUCED FOR ENGINEERING PURPOSES OR BY A REGISTERED PROFESSIONAL LAND SURVEYOR. THE CITY OF FORT WORTH ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF SAID DATA.



## **VENUE RESOLUTION AND 334 REVENUES**

Pursuant to Chapter 334, the City adopted Resolution No. 4327-07-2014 on July 15, 2014 (the “Venue Resolution”) providing for the planning, acquisition, establishment, development, construction, and renovation of an arena, adjacent support facilities, any related infrastructure, and the financing thereto. The City then submitted the Venue Resolution to the Comptroller, as required by Chapter 334, and received written confirmation by letter dated July 24, 2014, that approval and implementation of the Venue Resolution would have no significant negative fiscal impact on State revenues. The Venue Resolution designated the following financing methods for the Venue Project:

- (a) the imposition of a tax on each ticket sold as admission to an event held at the Venue Project, at a rate not to exceed 10% of the price of the ticket sold as admission, as and to the extent permitted by Subchapter F of Chapter 334 (the “Ticket Tax”);
- (b) the imposition of a tax on each motor vehicle parking in a parking facility that services or will serve the Venue Project, not to exceed five dollars (\$5.00) of the total amount charged for parking at the time of the Venue Project’s first public event, as and to the extent permitted by Subchapter G of Chapter 334 (the “Parking Tax”); and
- (c) the imposition of a tax on each stall or pen used or occupied by livestock during an event held on one or more consecutive days in which the Venue Project is used, not to exceed \$20.00 in the aggregate per stall or pen rental for any event, as and to the extent permitted by Subchapter K of Chapter 334 (the “Stall Tax”). Notwithstanding the foregoing, no tax shall be levied or imposed for the use and occupancy of stalls or pens by livestock at the Tarrant County Junior Livestock Show.

The Ticket Tax, Parking Tax, and the Stall Tax are collectively referred to herein as the “Venue Taxes” and the revenues derived from the imposition and collection of the Venue Taxes are “334 Revenues”. The Venue Taxes took effect on October 24, 2019 which was the date the Venue Project was issued a certificate of occupancy and will remain in effect until all the obligations secured by the Venue Taxes (which includes the Series 2017 Bonds and the Bonds) are no longer outstanding. The City adopted ordinances imposing each Venue Tax on June 6, 2017 and the City began receiving 334 Revenues on November 11, 2019.

Under the terms of the Ordinances, after 334 Revenues and Pledged Revenues have been transferred to fund debt service obligations (see “SECURITY FOR THE SERIES 2023 BONDS – Ordinance Funds and Accounts Created – *Flow of Funds*”) and no Event of Default has occurred and is continuing under the Series 2017 Bonds Ordinances and the Ordinances, excess amounts may be used by the City for any lawful purpose and, in the case of 334 Revenues, for any lawful purpose consistent with the Election.

## **ELECTION**

On August 12, 2014, the City Council adopted Ordinance No. 21374-08-2014 (the “Election Ordinance”) authorizing the Election, where City residents voted on the adoption and implementation of the Venue Resolution. Each respective Venue Taxes and any related infrastructure proposition passed by a majority of City residents voting in the Election. The canvassing resolution adopted by the City Council on November 18, 2014 declared the Election results valid and authorized the City to impose the Venue Taxes to generate 334 Revenues upon the issuance of a certificate of occupancy of the discrete portions of the Venue Project.

## **FUNDING PLAN RESOLUTION**

On August 4, 2015, the City Council adopted Resolution No. 4498-08-2015 (the “Funding Plan Resolution”), setting forth a funding plan for the City’s financing of the Venue Project and reaffirming the Venue Project’s continuing public purpose and future public use. Under the Funding Plan Resolution, the City Manager received authorization to prepare and execute a Memorandum of Understanding with the Fort Worth Convention and Visitors Bureau (the “CVB”) to document the impact of certain City Council actions on prospective funding provided to the CVB and to submit to the City Council requests of certain fund transfers from the City’s Culture and Tourism Fund to the Venue Project Fund, thereby reducing the allocation of “Tax Collections” available to the CVB (to allow the City to maximize contributions to the Venue Project Fund). See “SECURITY FOR THE SERIES 2023 BONDS - Current City Allocation/Application of General Hotel Occupancy Tax Revenue - City of Fort Worth Convention and Visitors Bureau - General” for further information regarding the CVB.

## **SECURITY FOR THE SERIES 2023 BONDS**

### **PLEDGED REVENUES AND 334 REVENUES**

To secure the Bonds, the City granted a first lien on and pledge of the Pledged Revenues, which consist of the Airport Shared Revenues, Available City Hotel Tax Revenues, State PFZ Funds through expiration of the Zone, any investment earnings thereon, and any other revenues, other than ad valorem taxes, that the City designates after the issuance of the Series 2023 Bonds as a Pledged Revenue. The City has not designated and does not currently anticipate designating, any additional revenues as a Pledged Revenues. No additional revenues have been designated by the City as a Pledged Revenue since the issuance of the Series 2017 Bonds. Each of the foregoing, and certain related agreements, are further described below.

The Bonds are additionally secured by a lien on and pledge of the 334 Revenues (though use of such 334 Revenues is limited with respect to the Series 2023A Bonds to 5% of the Debt Service thereon for the current year). As previously described herein, the 334 Revenues

consist of the revenues derived from the Ticket Tax, Parking Tax, and Stall Tax imposed at events held at the Venue Project. See “SPECIAL LEGISLATION AND VENUE PROJECT ELECTION - Venue Resolution”; see also “INVESTOR CONSIDERATIONS - Venue Taxes”.

The Series 2023 Bonds are being issued as Additional Bonds pursuant to the terms of the Series 2017 Bond Ordinances on a parity with the Series 2017 Bonds; provided, however, the Series 2023 Bonds are not secured by or payable from amounts on deposit in the Debt Service Reserve Accounts securing the Series 2017 Bonds.

## **HOTEL OCCUPANCY TAX**

*Generally.* Pursuant to the provisions of Chapter 351, Texas Tax Code, as amended (“Chapter 351”), the City is authorized to impose a hotel occupancy tax on persons, based upon the price paid, for the use or possession, or right of use or possession, of rooms ordinarily used for sleeping at any hotel (as further described below) in the City. State law requires that revenue from hotel occupancy tax be used only to promote tourism and the convention and hotel industry (both operational and capital expenditures), but also explicitly authorizes use and pledge of hotel occupancy tax revenue for a “qualified project” (as described above). State law generally provides that, the hotel occupancy tax may be imposed only for rooms for which a person, who under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession or for the right to the use or possession of a room that is in a hotel, costs \$2 or more each day, and is ordinarily used for sleeping.

Under Chapter 351, “hotel” means any building or buildings in which the public may, for consideration, obtain sleeping accommodations. The term includes hotels, motels, tourist homes, tourist houses, tourist courts, lodging houses, inns, rooming houses, bed and breakfasts, or other buildings where rooms are furnished for a consideration including homes and housing units marketed by online services, such as Airbnb, but does not include dormitories, hospitals, sanitariums, or nursing homes. The consideration paid for the room, for purposes of Chapter 351, includes the cost of the room only if the room is one ordinarily used for sleeping, and does not include the cost of any food served or personal services rendered to the occupant of such room not related to the cleaning and readying of such room for occupancy. To be subject to the hotel occupancy tax, the occupant’s use, possession, or right to the use or possession of the sleeping room must be for a period of less than 30 consecutive days. Certain housing facilities owned or leased and operated by an institution of higher education are excluded. Hotels and other eligible vendors of sleeping accommodations are required to collect the hotel occupancy tax at the time the room charges are received from patrons. The hotel occupancy tax collections for the City are to be turned over to the City with reporting forms in the next succeeding month. Penalties and interest are imposed by the City for delinquent payments, and Chapter 351 provides procedures for enforcement of collection of the hotel occupancy tax.

The amount of hotel occupancy tax collected by a municipality is directly related to City visitors utilizing hotels for overnight accommodations (such as business professionals) and the success of the tourism industry, which industry is an important contributor to the City’s local economy. When combined with the City of Dallas, Texas (“Dallas”), the City forms part of the number one tourist destination in the State. According to the CVB, the City received an estimated 10.9 million visitors in 2022 contributing approximately \$3.6 billion in economic impact to the City, and the industry employs over 33,500 individuals in the hospitality and tourism sectors. As of September 2023, the City has approximately 16,758 hotel rooms within its boundaries, approximately 5,451 hotel rooms out of the approximately 16,758 hotel rooms citywide are in the Zone; 3,996 hotel rooms out of the approximately 5,451 Zone hotel rooms are in the immediate downtown area. Based on information currently available to the City, the hotel room occupancy rate as of September 2023 is approximately 67.3%, with an average daily room rate of approximately \$130, and the downtown hotel room occupancy rate is approximately 66%, with an average daily room rate of approximately \$195.

*Hotel Occupancy Tax Imposed Within the City.* The City’s hotel occupancy tax rate is 9% (the “City Hotel Occupancy Taxes”), of which 7% is a general hotel occupancy tax imposed by the City (the “General Hotel Occupancy Taxes”), and the remaining 2% of the tax collected is limited in use to constructing an expansion to an existing convention center facility, including the WRMC, or pledging such funds to the payment of revenue or revenue refunding bonds issued in accordance with State law for the construction of such expansion (the “Expansion Hotel Occupancy Taxes”). Other provisions of the Texas Tax Code authorize the State to collect hotel occupancy taxes at a rate of 6% (the “State Hotel Occupancy Taxes”); therefore, the City Hotel Occupancy Taxes and the State Hotel Occupancy Taxes combine to impose a total hotel occupancy rate in the City of 15%. Incremental changes in State Hotel Occupancy Taxes collected within the Zone in excess of the base year amount are included in the definition of State PFZ Funds and are returned to the City pursuant to Chapter 351. See “SPECIAL LEGISLATION AND VENUE PROJECT ELECTION - Project Financing Zone”. Since 2022, the City Hotel Occupancy Taxes collected within the Zone account for slightly more than 57% (with non-Zone collections accounting for slightly less than 43%) of the total City Hotel Occupancy Taxes collected. The City, led by the efforts of the Convention and Visitors Bureau, created a Tourism Public Improvement District in 2017, that is voluntary to hotels with over 100 rooms. It assesses a 2% fee to the final bill and the funds are used to incentivize events.

*Additional Hotel Developments.* The City continues to see its share of development downtown, including the approved expansion of the Omni Hotel. The newly expanded Omni Hotel, located in south Downtown, will add at least 400 rooms (creating a strategically important 1,000 rooms under one property), and will engage Lancaster Avenue by incorporating an active restaurant use. The project adds to the building momentum along the southern portion of downtown along Lancaster Avenue and near the Fort Worth Convention Center. Construction is expected to be completed by Fall 2026. The Alliance Texas development in far north Fort Worth continued its growth through 2022 and now employs more than 66,000 people in over 562 businesses. A significant portion of those businesses are Fortune 500

(U.S. public), Global 500 (intl. public) or Forbes List of Top Private Companies (U.S. private). Overall, Alliance Texas has had an estimated \$111 billion economic impact since 1980, following a record setting year in 2022 of \$10.88 billion.

In response to the 2014 Market & Feasibility Study (the “Study”) commissioned by the City to examine tourism trends and needs, the City studied the impact of developing a 1,000-plus room hotel on the east side of the FWCC and in the Zone, in an effort to add rooms to the overall downtown hotel scene. However, the City suspended this project pending a determination of proper incentives to allocate to this development (of which such revenue received from development could correlate to street and facility improvements). Hotels that have opened in the past 2-3 years are primarily in the 150-300 room count size and in the Upper Upscale category. These recently opened hotels include: two Autograph hotels (The Sinclair and The Drover), The Kimpton, and The Sandman Hotel. Opening in the next 6-12 months include the Le Meridien, and two luxury hotels, The Bowie House (an Auberge hotel), and the Crescent hotel. The additional room supply in the higher end categories is contributing to the increased average room rate, and the additional development in the Stockyards and Culture districts are adding high end hotels in other areas besides downtown.

Additionally, the City is in various planning stages of several hotels, accommodating travelers of all budgets, which City officials expect will attract a range of tourists to the City prospectively. Below is a list of hotels that are currently under construction or are anticipated to be shortly. Along with these hotels, there are an additional 1,700 hotel rooms that are currently in the final planning stages of development; however, no assurances can be provided that all of such additional hotels or hotel rooms will eventually be constructed:

<u>Hotel Name</u>	<u># of Rooms</u>	<u>Anticipated Opening Date</u>
The Crescent Hotel, Fort Worth	200	2023
Bowie House, Auberge Resorts Collection	106	2023
Home2 Suites by Hilton Fort Worth Arlington W	109	2023
Avid Fort Worth Downtown	104	2023
Fairfield Inn & Suites Fort Worth Alliance Airpo	87	2023
Le Méridien Fort Worth Downtown	188	2024
Hampton Inn & Suites Lake Worth	85	2024
Atwell Suites Fort Worth North - Northlake	96	2024
Comfort Suites Fort Worth	85	2025
Tru by Hilton Fort Worth Lake Worth	65	2025
Home2 Suites by Hilton Fort Worth Lake Worth	85	2025
Omni Fort Worth Hotel - expansion	400	2026
<b>Average:</b>	134	
<b>Total:</b>	1,610	

#### ***Current City Allocation/Application of General Hotel Occupancy Tax Revenue***

*City of Fort Worth Convention and Visitors Bureau - General.* The CVB is a Texas nonprofit corporation organized under Chapter 22, of the Texas Business Organizations Code, that performs the City’s destination and marketing services, including generating convention and meeting sales, providing marketing and promotional material highlighting the City, and performing traditional visitor services to tourists. The CVB is similarly responsible for assisting the City in marketing and securing large conferences for various organizations, which also directly contribute to the amount of hotel occupancy taxes collected by the City. Effective October 1, 2022, the CVB entered into a “Professional Services Agreement between the City of Fort Worth and the Fort Worth Convention and Visitors Bureau” with a five-year term (the “Services Agreement”).

As set forth in the Services Agreement, the City provides funding for the CVB’s general marketing and promotional obligations through an allocation of 40% of the City’s “Tax Collections” of the General Hotel Occupancy Taxes (as defined above) with “Tax Collections” defined to exclude funds pledged, dedicated, or used for funding a ‘qualified project,’ which includes the projects to be funded from a portion of the proceeds of the Bonds, meaning the debt service on the Bonds and the Series 2017 Bonds is set aside before any obligation to the CVB is calculated and paid (see “SECURITY FOR THE SERIES 2023 BONDS - Hotel Occupancy Tax - Current Allocation/Application of General Hotel Occupancy Tax Revenue - 2024 Budgeted Amounts” below). With regard to the Available City Hotel Tax Revenues, the City has no contractual obligations on parity with or having priority over the Series 2017 Bonds and the Bonds, nor does the City have any contractual obligations that were in effect prior to July 12, 2017 (the issuance date of the Series 2017 Bonds) payable from the “City 2% Hotel Occupancy Tax Revenues” or the “City 7% Hotel Occupancy Tax Revenues” (as such terms are defined in the Ordinance). See the definitions of such terms in Appendix C hereto.

In August 2017, the Fort Worth City Council approved the creation of a tourism public improvement district (a “Tourism PID”) under Chapter 372, Texas Local Government Code, as amended. The Tourism PID involves a 2% assessment of the cost of a room on voluntarily participating hotels, which allows for increased marketing initiatives to further advance tourism. No appreciable impact to the City’s hotel occupancy tax collections has been noted since the creation of the Tourism PID. See “INVESTOR CONSIDERATIONS - Hotel-Industry Related Risks” herein.

The combined 2024 operating budget for the CVB and the Tourism PID is approximately \$23M. These funds are used for the sole purpose of promoting the City of Fort Worth as a premier destination for business, leisure and group meeting travelers. The City has experienced a significant recovery after the 2020 downturn, with 2023 hotel room revenues exceeding 2019 by 30%, or over \$110M.

With the addition of multiple boutique upscale hotels both downtown and in the Stockyards, the City has been able to attract additional higher paying clientele which has contributed to the increase in the City's hotel average room rate, up over 19% from 2019. With two new five-star hotels opening in the arts district before the end of 2023, that trend is expected to continue. The upcoming expansion of the Omni hotel, adding 400 additional rooms, will provide much-needed capacity for accommodating large groups, addressing a vital requirement in the convention center vicinity. The CVB and Tourism PID are committed to extending incentives to groups as necessary, with the objective of encouraging them to utilize the convention center and the nearby hotels, thereby fortifying the City's standing as a preferred destination for meetings and events.

**2024 Budgeted Amounts:** Under the City's Fiscal Year 2024 Budget, the City's revenues derived from its imposition and collection of the General Hotel Occupancy Taxes include payments to the CVB under the Services Agreement and paying for operations and maintenance of the FWCC, the WRMC, and other tourism related activities. See "SPECIAL LEGISLATION AND VENUE PROJECT ELECTION – Funding Plan Resolution" herein. Given the availability of funds from other sources of Pledged Revenues and the 334 Revenues, no General Hotel Occupancy Taxes are budgeted for the payment of debt service on the Bonds or the other Outstanding Venue Project Bonds in Fiscal Year 2024. The Expansion Hotel Occupancy Taxes are utilized to pay eligible capital costs and debt service on obligations (such as the Bonds and the other Outstanding Venue Project Bonds) issued to finance upgrades, updates, and construction projects to City owned-facilities that serve as culture and tourism draws, such as FWCC and WRMC.

**Revenues from City Hotel Occupancy Taxes –**

**General Hotel Occupancy Taxes (7%) and Expansion Hotel Occupancy Taxes (2%)**

**Table 2**

<u>Tax Type</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General HOT 7%	\$22,888,214	\$24,076,739	\$15,011,518	\$18,484,842	\$27,830,630
Expansion HOT 2%	6,545,973	6,852,777	4,272,848	5,265,416	7,960,000
<b>TOTAL</b>	<b>\$29,434,188</b>	<b>\$30,929,516</b>	<b>\$19,284,366</b>	<b>\$23,750,258</b>	<b>\$35,790,630</b>

Source: City of Fort Worth, Texas. Amounts shown are presented on an accrual basis for each fiscal year of the City reflected above.

**City Hotel Occupancies and Average Daily Rates/History<sup>(1)</sup>**

**Table 3**

<u>Calendar Year</u>	<u>Room Supply<sup>(2)</sup></u>	<u>Increase/Decrease (%)</u>	<u>Average Daily Room Rate (\$)</u>	<u>Increase/Decrease (%)</u>	<u>Hotel Occupancy (%)</u>	<u>Increase/Decrease (%)</u>
2018	5,207,050	4.4	106.02	2.9	70.80	-1.0
2019	5,374,690	3.2	106.37	0.3	68.86	-2.7
2020	5,486,066	2.1	85.57	-19.6	47.18	-31.5
2021	5,902,801	7.6	100.14	17.0	61.39	30.1
2022	6,059,588	2.7	120.76	20.6	65.82	7.2

Source: STR, Inc. for the Fort Worth Convention and Visitors Bureau.

<sup>(1)</sup> Information generated by STR, Inc. reflects total room revenues as reported by STR's participating hotels. STR data does not take into account or reflect the fact that room revenues generated from permanent residents are not subject to local hotel occupancy tax (Texas Tax Code Sections 351.002 and 156.101) or that certain government room rentals are exempt from the local hotel occupancy tax (Texas Tax Code Sections 351.006 and 156.103). Application of the exception and exemption results in the City's actual hotel occupancy tax collections being approximately 10-15% less than would be generated if the entire amount of STR's reported room revenues were subject to the 9% local hotel occupancy tax. For more recent hotel occupancy data, see "SECURITY FOR THE SERIES 2023 BONDS – Hotel Occupancy Tax – Generally."

<sup>(2)</sup> Total number of rooms available throughout the calendar year; calculated by determining the total available rooms per night and multiplied by the number of days in a year.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

**Hotel Occupancy Tax – Top Ten Hotels****Table 4**

		<u>Fiscal Year Ended September 30</u>									
		<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>	
		<u>Rooms</u>	Total Tax <u>Paid</u>	<u>Rooms</u>	Total Tax <u>Paid</u>	<u>Rooms</u>	Total Tax <u>Paid</u>	<u>Rooms</u>	Total Tax <u>Paid</u>	<u>Rooms</u>	Total Tax <u>Paid</u>
1.	Omni Fort Worth <sup>(2)</sup>	614	\$3,149,880	614	\$3,141,291	614	\$1,864,130	614	\$1,792,836	614	\$2,936,547
2.	Hotel Drover <sup>(4)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	200	631,647	200	2,161,584
3.	Renaissance Worthington Hotel <sup>(2)</sup>	504	2,282,842	504	2,303,830	504	1,332,207	504	1,109,077	504	1,915,436
4.	Hilton Fort Worth <sup>(2)</sup>	294	1,052,999	294	1,216,623	294	686,934	294	487,500	294	1,031,599
5.	Hampton Inn – Downtown <sup>(2)(3)</sup>	245	579,024	245	902,864	245	562,778	245	488,664	245	859,826
6.	AC Hotel <sup>(4)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	252	495,459	252	824,290
7.	DFW Airport Marriott South	302	1,088,345	302	986,366	302	592,966	302	480,816	302	798,707
8.	SpringHill Suites FW Stockyards <sup>(4)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	170	504,396	170	782,390
9.	The Sinclair Autograph Collection <sup>(4)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	164	475,679	164	761,748
10.	Sheraton FW Hotel and Spa <sup>(2)</sup>	429	1,182,070	429	1,145,409	429	657,770	429	449,333	429	732,964

Source: Fort Worth Convention and Visitors Bureau.

<sup>(1)</sup> Total Tax Paid is the 9% City Hotel Occupancy Taxes paid to the City.

<sup>(2)</sup> Located within the Zone.

<sup>(3)</sup> New Hotel in the Top Ten for Fiscal Year 2018.

<sup>(4)</sup> New Hotel in the Top Ten for Fiscal Year 2021.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

Economic Development Grants Calculated on the Basis of Certain Hotel Occupancy Taxes. Chapter 380, Texas Local Government Code, as amended (“Chapter 380”) authorizes the City to make loans and grants of public funds to encourage economic development within the City. Pursuant to Chapter 380, the City established economic development programs and approved economic development program agreements with various companies, including a hotel occupancy tax component, as shown in the figures below. Pursuant to the terms of those agreements, the City funds from lawfully available revenues periodic economic development grant payments to said hotels. The actual grant amounts are calculated on the basis of percentages of City Hotel Occupancy Taxes received by the City and attributable to certain real property developed by those companies during the terms of the respective agreements. The grant amount in the agreements also includes a component related to City Hotel Occupancy Taxes paid to the City. Under the terms of the Chapter 380 agreements, the City is obligated to fund and pay grant payments based on actual performance.

<u>Hotel</u>	<u>Term</u>	<u>Final Payment Date</u>
Presidio Hotel Fort Worth, LP	20 years	2029
Renaissance Worthington	20 years	2024
Omni Fort Worth Partnership, LP	18 years	2027
HOA Hotels, LLC*	18 years	TBD

\*The HOA Hotels, LLC agreement is currently in negotiations. Under the terms authorized by City Council, temporary or permanent certificates of occupancy must be obtained no later than December 31, 2019, making the final payment due in 2039 based on taxes received in 2038. See “SECURITY FOR THE SERIES 2023 BONDS - Hotel Occupancy Tax - Additional Hotel Developments” herein.

Although certain City Chapter 380 agreements provide for grants in amounts that are calculated based on the amount of City Hotel Occupancy Tax revenues generated at the hotel that is the subject of the applicable agreement, actual grant payments are made from any legally available City revenues and do not result in a lien or claim against the City’s Hotel Occupancy Tax revenues. Therefore, the existence of these agreements does not impact the pledge of City Hotel Occupancy Taxes (whether in amount or in priority) made by the City to secure the repayment of the Series 2017 Bonds and Series 2023 Bonds through its inclusion of City Hotel Occupancy Tax revenues as a Pledged Revenue.

The City considers entering into Chapter 380 agreements with various enterprises, including hotels, on a case-by-case basis, and informally assesses as conditions to such consideration the quality of such hotels (in terms of room numbers and service) and their location relative to the Zone. Other than those agreements listed above, the City has not entered into any additional hotel-related Chapter 380 agreements, but has engaged in discussions for a prospective agreement with the Omni Fort Worth related to a possible expansion and extension of its existing Chapter 380 agreement.

*Available City Hotel Tax Revenues.* The City has pledged 100% of its City Hotel Occupancy Taxes’ collections as security for the Series 2023 Bonds and the other Outstanding Venue Project Bonds. The revenues resultant from these collections are referred to in the Ordinance and the Series 2017 Bond Ordinances as the “Available City Hotel Tax Revenues” and are included in the definition of Pledged Revenues. See “Table 2 - Revenues from City Hotel Occupancy Taxes” herein for historic Available City Hotel Tax Revenue collections. Further, the City does not have any contractual obligations that were in effect prior to July 12, 2017 (the issuance date of the Series 2017 Bonds) payable from the “City 2% Hotel Occupancy Tax Revenues” or the “City 7% Hotel Occupancy Tax Revenues” (as each such term is defined in the Ordinance). See the definitions of such terms in Appendix C hereto.

After Available City Hotel Tax Revenues have been transferred to fund debt service obligations (see “SECURITY FOR THE SERIES 2023 BONDS – Ordinance Funds and Accounts Created – *Flow of Funds*”) and no Event of Default has occurred and is continuing under the Series 2017 Bonds Ordinances and the Ordinances, excess Available City Hotel Tax Revenues may be used by the City for any lawful purpose.

*Texas Airbnb Agreement.* Effective May 1, 2017, Airbnb, a popular home rental website, started collecting and remitting State Hotel Occupancy Taxes as part of a new agreement with the State, stemming from the lobbying efforts of the American Hotel and Lodging Association. There are approximately 26,000 Airbnb hosts across the State with a typical host earning as much as \$4,800 a year by renting out home accommodations through Airbnb. Airbnb officials entered into the agreement to allow the State to benefit from Airbnb guests while also assisting Airbnb hosts to comply with local tax laws. Airbnb hosts located within the Zone are responsible for remitting State Hotel Occupancy Taxes to the Comptroller, which will then be returned to the City pursuant to Chapter 351 (and are included as a component of State PFZ Funds).

Short-Term Rentals (“STRs”) are allowed in all mixed-use and most form-based, commercial, and industrial districts. STRs are not allowed in residential districts.

Effective February 2023, the Short-Term Rental Registration ordinance requires that all STRs register with the City and remit hotel occupancy taxes, which are self-reported by the property owner. The City’s Central Revenue Department maintains oversight for the registration and revenue management of STRs. Violations are investigated on a complaint basis by the City’s Code Compliance Department.

Approximately 50 properties have registered as STRs since February, yielding about \$37,000 in hotel occupancy tax revenue.

## STATE PFZ FUNDS

Pursuant to Section 351.1015, revenues generated from various hotel-associated revenues, including State Hotel Occupancy Taxes and State sales and use taxes collected at hotels within the Zone in excess of a baseline established on the basis of State collections of such revenues within the Zone in 2013, constitute State PFZ Funds. As described above, State PFZ Funds constitute a portion of Pledged Revenues. Hotel occupancy taxes are described in greater detail above, including the State Hotel Occupancy Taxes, and the revenues of such State collections at hotels located within the Zone comprise a portion of the State PFZ Funds. The stated maturity each series of the Series 2017 Bonds extends, and the stated maturity of the Series 2023 Bonds is expected to extend, beyond the Zone's expiration, and therefore, the State PFZ Funds are unavailable to secure the Series 2017 Bonds or the Series 2023 Bonds past the Zone's expiration (being October 22, 2043), absent express statutory authority extending the Zone's term and subsequent City action enacting any such statutory authorization.

While the Suspense Account related to the State PFZ Funds includes collections of certain State mixed beverage taxes (which are remitted to the City and available thereto for authorized purposes), these funds are not pledged as security for the Series 2023 Bonds or the other Outstanding Venue Project Bonds due to the uncertainty regarding the permissibility of and the related requirements to legally effect such pledge. After State PFZ Funds have been transferred to fund debt service obligations (see "SECURITY FOR THE SERIES 2023 BONDS – Ordinance Funds and Accounts Created – Flow of Funds") and no Event of Default has occurred and is continuing under the Series 2017 Bonds Ordinances and the Ordinance, excess State PFZ Funds may be used by the City for any lawful purpose.

*State Sales and Use Tax.* State PFZ Funds also include revenues resultant from the State's imposition and collection of a sales and use tax of 6.25% upon all qualifying transactions that take place at hotels located within the Zone (the "Hotel Sales Tax"), pursuant to Chapter 151, Texas Tax Code, as amended (the "Limited Sales, Excise and Use Tax Act"). Such Hotel Sales Tax includes any interest earnings thereon, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

*Certain Legal Provisions Relating to Hotel Sales Tax.* The Hotel Sales Tax is only applicable to the sale of a taxable item that is identified as taxable under the Limited Sales, Excise and Use Tax Act. The Hotel Sales Tax is therefore subject to broadening and reduction in the base against which it is levied by action of the Texas Legislature without the consent of the City and continues to the expiration of the Zone.

*Historic Receipts of State PFZ Funds.* The City began receiving State PFZ Funds, including the remittance of both Hotel Sales Tax and State Hotel Occupancy Taxes, from the Comptroller in 2014. The following table reflects the amounts of the incremental hotel-associated revenues (consisting of Hotel Sales Tax and State Hotel Occupancy Taxes) deposited into the City's account above the base year of 2013 for Fiscal Years 2018-2022, which constitute State PFZ Funds.

State PFZ Funds <sup>(1)(2)(3)</sup>		Table 5
Fiscal Year	Yearly Transfer/Deposits	
2018	\$1,906,583	
2019	5,742,023	
2020	2,580,125	
2021	– <sup>(4)</sup>	
2022	9,659,098	

Source: Texas Comptroller of Public Accounts

<sup>(1)</sup> State PFZ Funds are pledged as security to the Bonds and are included in the definition of Pledged Revenues. See "SECURITY FOR THE SERIES 2023 BONDS – Pledged Revenues – State PFZ Funds" herein. Amounts shown are presented on an accrual basis.

<sup>(2)</sup> As of January 2019, State Hotel Occupancy Taxes associated with the City's Omni Convention Center Hotel began being included as a component of State PFZ Funds.

<sup>(3)</sup> 2013 was the base year for establishing the Zone's increment. Hotel Sales Taxes were \$2,401,256 and State Hotel Occupancy Taxes were \$5,667,723 within the Zone in the 2013 base year.

<sup>(4)</sup> Prior to the onset of the COVID-19 pandemic in Fiscal Year 2020, the City received scheduled State PFZ payments from the Comptroller. Due to decreased incremental hotel associated revenue resulting from the pandemic, the Comptroller determined that the City had received overpayment by the end of Fiscal Year 2020. The City entered into a repayment plan and returned the amount due to the Comptroller during calendar year 2021, resulting in net receipts of \$0 for FYE 2021. Please refer to "Table 8 – Total Pledged Revenues and 334 Revenues" for an illustration of the resulting Fiscal Year 2021 debt service coverage.

## AIRPORT SHARED REVENUES

The Dallas/Fort Worth International Airport (the "Airport") incurs expenditures for the benefit of the Cities of Coppell, Euless, Grapevine, and Irving, Texas (collectively, the "Revenue Sharing Cities"), including costs associated with infrastructure maintenance and public safety. The Dallas/Fort Worth International Airport Board (the "Airport Board") has entered into various agreements with the Revenue Sharing Cities for the purposes of sharing certain tax revenues with each of the respective Revenue Sharing Cities. In 2009, the City Council amended its financial management policy statements providing that the revenues from Airport Shared Revenues (defined below) be dedicated to facility improvements at the FWCC and WRMC.

In 1998, the City entered into a perpetual interlocal agreement with the City of Euless, Texas (“Euless”) and the Airport Board to provide for the sharing of incremental tax revenues generated by future economic development projects within the geographical boundaries of which Euless and the Airport overlap. The increased revenues represent an amount equal to certain ad valorem taxes, sales and use taxes, utility franchise fees, municipal court revenues, mixed beverage taxes, and all remaining general revenue tax levies, not dedicated to a specific purpose, attributable to Euless property within the Airport’s boundaries, beginning in “base year” 1996 (collectively, the “Increased Revenues”). Euless agreed to retain one-third of the Increased Revenues. Euless remits the remaining two-thirds of the Increased Revenues to the City and to Dallas, to be divided according to the City and Dallas’ proportional ownership in the Airport. The Euless interlocal agreement contains an additional provision which requires any revenue from new taxes collected by Euless under Chapters 334 and 335, Texas Local Government Code, as amended (“Increased Venue Revenues”), within the Airport’s boundaries to be split evenly among the three cities (accounting for the construction of and revenue stream generated from the Airport’s consolidated rental car facility). In 2010, Euless entered into an additional interlocal agreement with the same cities for the purpose of memorializing the intent to share Euless municipal hotel occupancy taxes with the City and Dallas prospectively. The City of Irving, Texas (“Irving”) entered into a similar perpetual interlocal agreement (similar to the Euless agreement) in 1998, which included a base year for Increased Revenues collections in 1998. In addition to the Increased Revenues listed above, the Irving interlocal agreement included a covenant to share currently existing Increased Venue Revenues. Irving’s interlocal agreement was amended to clarify that revenue amounts subject to rebate under certain agreements entered into under Chapter 380 are included within the definition of Increased Revenues unless all parties execute an exemption pertaining thereto.

In 2012, the City of Coppell, Texas (“Coppell”), the Airport Board, Dallas, and the City entered into a perpetual interlocal agreement to share in Increased Revenues, Increased Venue Revenues, taxes collected pursuant to Chapter 351, and any revenues received pursuant to a Chapter 380 agreement (unless agreed to otherwise), to be split one-third between Coppell and two-thirds to be proportionally divided between the City and Dallas according to Airport ownership interest.

The City of Grapevine, Texas has not entered into a formal revenue sharing agreement with Dallas and the City; however, Section 22.089, Texas Transportation Code, as amended, subjects Grapevine to revenue sharing as described above with a base year of 2000 and with two-thirds divided between the City and Dallas according to each city’s proportional ownership in the Airport.

The revenues received by the City from the Revenue Sharing Cities are defined and referred to in the Ordinance and the Series 2017 Bond Ordinances as “Airport Shared Revenues” and constitute a portion of the Pledged Revenues.

The pledge of Airport Shared Revenues (see the definition of such term in Appendix C hereto) pursuant to the Ordinance and the Series 2017 Bond Ordinances to secure the repayment of the Outstanding Venue Project Bonds is subject to the prior lien thereon and pledge thereof securing the City’s repayment of (i) its Combination Tax and Revenue Certificates of Obligation, Series 2010 and Taxable Series 2013B (collectively, the “Certificates of Obligation”) and (ii) any other obligations (other than the Outstanding Venue Project Bonds) issued or incurred by the City after the date of the Series 2017 Bond Ordinances that are secured by a lien on and pledge of the Airport Shared Revenues. The Series 2010 Certificates of Obligation were no longer outstanding as of July 16, 2020 and the Taxable Series 2013B Certificates of Obligation were no longer outstanding as of March 1, 2023. As of the date of this Official Statement, the Certificates of Obligation have been paid in full and are no longer outstanding, and the City has not issued or incurred any other obligations secured by a lien on and pledge of the Airport Shared Revenues, other than the Outstanding Venue Project Bonds. Accordingly, as of the date of this Official Statement no liens on the Airport Shared Revenues exist other than those created under the Ordinance and the Series 2017 Bond Ordinances and the City has no present intention of issuing obligations other than the Series 2023 Bonds and other Outstanding Venue Project Bonds secured in whole or in part by a pledge of Airport Shared Revenues.

Though there is no limitation on the City’s ability to provide an additional lien on and pledge of the Airport Shared Revenues that is superior to the lien on and pledge thereof securing the Series 2023 Bonds and the other Outstanding Venue Project Bonds, the Texas Attorney General currently maintains an administrative requirement that revenues of an issuer, such as the City, securing the repayment of an issuance of indebtedness shall, at the time of issuance, equal at least one times the year of maximum debt service of the proposed issuance of debt and all other outstanding indebtedness secured by such revenues (and taking into account other revenues available for such purpose). After Airport Shared Revenues have been transferred to fund debt service obligations (see “SECURITY FOR THE SERIES 2023 BONDS – Ordinance Funds and Accounts Created – Flow of Funds”) and no Event of Default has occurred and is continuing under the Series 2017 Bonds Ordinances and the Ordinance, excess Airport Shared Revenues may be used by the City for any lawful purpose.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]**



**City Gross Revenues from Airport Revenue Sharing Agreements<sup>(1)</sup>****Table 6**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Euless	\$5,229,117	\$5,233,512	\$5,439,304	\$3,416,207	\$5,051,043
Irving	742,502	830,917	831,156	976,558	1,306,750
Coppell	37,836	90,140	85,446	325,047	346,018
Grapevine	<u>159,650</u>	<u>343,203</u>	<u>439,700</u>	<u>189,390</u>	<u>83,229</u>
Total	\$6,169,105	\$6,497,772	\$6,795,606	\$4,907,201	\$6,787,040

Source: City of Fort Worth, Texas. Amounts shown are presented on an accrual basis for each fiscal year of the City reflected above.

<sup>(1)</sup> The revenues shown above represent the gross amount of the revenues received by the City under revenue sharing agreements with revenue sharing cities for certain activity at the Airport, before payment of debt service on the City's Certificates of Obligation (described above) that were outstanding during such fiscal years and whose repayment was secured by a first lien on such general revenues. As described above, the Certificates of Obligation are no longer outstanding.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]**

# Debt Service Schedule of Obligations Secured by Priority Lien of Airport Shared Revenues

Table 7

As of the date of this Official Statement, there are no outstanding obligations of the City secured by Airport Shared Revenues on a priority of lien basis to the Outstanding Venue Project Bonds.

## Total Pledged Revenues and 334 Revenues

Table 8

Fiscal Year Ended	Expansion	General	Net Airport Shared	State PFZ			Maximum Annual Debt	Maximum Annual
09/30	HOT	HOT (7%)	Revenues <sup>(1)</sup>	Funds	334 Revenues <sup>(2)</sup>	Total	Service <sup>(3)</sup>	Debt Service Coverage Ratio <sup>(3)</sup>
2018	\$6,545,973	\$22,888,214	\$2,812,868	\$1,906,583	\$ -	\$34,153,638	\$14,928,644	2.29
2019	6,852,777	24,076,739	3,132,041	5,742,023	-	39,803,580	14,928,644	2.67
2020	4,272,848	15,011,518	3,423,142	2,580,125	3,828,736	29,116,369	14,928,644	1.95
2021	5,265,416	18,484,842	4,226,311	- <sup>(4)</sup>	2,836,705	30,813,274	14,928,644	2.06
2022	7,960,000	27,830,630	6,268,085	9,659,098 <sup>(4)</sup>	7,378,274	59,096,087	14,928,644	3.96
2023*	9,174,467	32,110,636	8,929,004	11,133,930	9,676,159	71,024,196	14,928,644	4.76
2024*	9,595,292	33,583,522	9,874,152	12,120,239	10,312,262	75,485,467	19,860,700	3.80

Source: City of Fort Worth, Texas. The amounts shown in the table above are presented on an accrual basis.

\*Budgeted full-year collections. No assurances can be provided that the actual amounts of Pledged Revenues or 334 Revenues, as applicable, received during fiscal years 2023 and 2024 will equal or exceed the budgeted amounts shown above for such fiscal years.

<sup>(1)</sup> The Net Airport Shared Revenues represent the gross revenues received under the revenue sharing agreements, less debt service payments on the Certificates of Obligation (defined and described above). The final payments for the Series 2010 and Series 2013B Certificates of Obligation were in FYE 2020 and 2023, respectively. See "SECURITY FOR THE SERIES 2023 BONDS – Airport Shared Revenues."

<sup>(2)</sup> The 334 Revenues, as a pledged revenue, were not available for collection until the Venue Project was issued a certificate of occupancy, which occurred in October 2019.

<sup>(3)</sup> For fiscal years 2018 through 2023, calculation is based on the maximum annual debt service on the Series 2017 Bonds. For fiscal year 2024, calculation is based on the maximum annual debt service on the Series 2017 Bonds and the Series 2023 Bonds in fiscal years 2024-2053.

<sup>(4)</sup> Prior to the onset of the COVID-19 pandemic in FYE 2020, the City received scheduled PFZ payments from the Comptroller. Due to decreased incremental hotel associated revenue resulting from the pandemic, the Comptroller determined that the City had received overpayment by the end of FYE 2020. The City entered into a repayment plan and returned the amount due to the Comptroller during calendar year 2021, resulting in net receipts of \$0 for FYE 2021.

While Pledged Revenues and 334 Revenues for fiscal year 2023 are still preliminary and unaudited, the City currently anticipates that total Pledged Revenues and 334 Revenues and the debt service coverage ratio (as calculated in the table above) for fiscal year 2023 will exceed total Pledged Revenues and 334 Revenues and the debt service coverage ratio shown in the table above for fiscal year 2022.

## ORDINANCE FUNDS AND ACCOUNTS CREATED

*General.* The City created (or confirmed the prior creation) and covenanted in the Ordinance to maintain on the City's records the following funds, accounts, and subaccounts:

- *Venue Project Fund*, and within such Fund:
  - Series 2023A Bond Proceeds Account
  - Series 2023B Bond Proceeds Account
  - 334 Revenues Account
- *Public Financing Zone Special Revenue Fund*, and within such Fund, the State PFZ Funds Account
- *Culture and Tourism Fund*, and within such Fund, the City Hotel Tax Revenues Account
- *Dallas/Fort Worth Airport Revenue Sharing Fund*, and within such Fund, the Airport Shared Revenues Account
- *Venue Capital Project Fund*, and within such Fund:
  - Series 2023A Costs of Issuance Account
  - Series 2023A Adjacent Support Facilities Project Account
  - Series 2023B Costs of Issuance Account
  - Series 2023B Adjacent Support Facilities Project Account
- *Debt Service Fund*, and within such Fund:
  - Tax-Exempt Bonds Debt Service Account
  - Tax-Exempt Bonds Debt Service Reserve Account
  - Taxable Bonds Debt Service Account
  - Taxable Bonds Debt Service Reserve Account

### *Venue Project Fund*

Bond Proceeds Accounts. Upon initial delivery of the Bonds, proceeds therefrom shall be deposited to the Series 2023A Bond Proceeds Account and the Series 2023B Bond Proceeds Account, as applicable. Thereafter, funds deposited to such Accounts shall:

- (i) with respect to the Series 2023A Bond Proceeds Account, be transferred (1) to the credit of the Series 2023A Bonds Costs of Issuance Account within the Venue Capital Project Fund, the amount required to pay the costs of issuance of the Series 2023A Bonds in accordance with the closing instructions executed by a designated City official; and (2) the remaining balance to the Series 2023A Adjacent Support Facilities Project Account of the Venue Project Capital Fund to be used by the City to fund the projects to be financed with the proceeds of the Series 2023A Bonds; and
- (ii) with respect to the Series 2023B Bond Proceeds Account, be transferred (1) to the credit of the Series 2023B Bonds Costs of Issuance Account within the Venue Capital Project Fund, the amount required to pay the costs of issuance of the Series 2023B Bonds in accordance with the closing instructions executed by a designated City official; and (2) the remaining balance to the Series 2023B Adjacent Support Facilities Project Account of the Venue Project Capital Fund to be used by the City to fund the projects to be financed with the proceeds of the Series 2023B Bonds.

334 Revenues Account. The Ordinance requires that the City, upon its receipt, deposit the 334 Revenues to the credit of the 334 Revenues Account, which amounts are to be used to pay Debt Service on the Outstanding Venue Project Bonds in the manner described in "SECURITY FOR THE SERIES 2023 BONDS - Debt Service Fund - Flow of Funds" below. In the event that 334 Revenues on deposit from time to time in the 334 Revenues Account are not sufficient to fully satisfy the monthly transfer requirements described in clauses (A) and (B) of "Flow of Funds - First", respectively, then the requisite transfers to the Taxable Bonds Debt Service Account and the Tax-Exempt Bonds Debt Service Account shall be made first to the Taxable Bonds Debt Service Account and then, to the extent of the availability of 334 Revenues at such requisite time of transfer, to the Tax-Exempt Bonds Debt Service Account. After 334 Revenues in the 334 Revenues Account have been transferred in accordance with the flow of funds described below and no Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the 334 Revenues Account may be used by the City for any lawful purpose consistent with the Election.

*Public Financing Zone Special Revenue Fund.* The Ordinance requires that the City, upon its receipt, deposit the State PFZ Funds to the credit of the State PFZ Funds Account of the Public Financing Zone Special Revenue Fund, which amounts are to be used to pay Debt Service on the Bonds in the manner described in "Flow of Funds" below. After Pledged Revenues consisting of State PFZ Funds

in the State PFZ Funds Account have been transferred in accordance with the flow of funds described below and no Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the State PFZ Funds Account may be used by the City for any lawful purpose.

*Culture and Tourism Fund.* The Ordinance requires that the City, upon its receipt, deposit the Available City Hotel Tax Revenues to the credit of the City Hotel Tax Revenues Account of the Culture and Tourism Fund, which amounts are to be used to pay Debt Service on the Bonds in the manner described in “Flow of Funds” below. After Pledged Revenues consisting of Available City Hotel Tax Revenues in the City Hotel Tax Revenues Account have been transferred in accordance with the flow of funds described below and no Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the City Hotel Tax Revenues Account may be used by the City for any lawful purpose.

*Dallas/Fort Worth Airport Revenue Sharing Fund.* The Ordinance requires that the City, upon its receipt, deposit the Airport Shared Revenues to the credit of the Airport Shared Revenues Account of the Dallas/Fort Worth Airport Revenue Sharing Fund, which amounts are to be used to pay Debt Service on the Bonds in the manner described in “Flow of Funds” below. After Pledged Revenues consisting of Airport Shared Revenues in the Airport Shared Revenues Account have been transferred in accordance with the flow of funds described below and no Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the Airport Shared Revenues Account may be used by the City for any lawful purpose.

#### *Venue Capital Project Fund*

Issuance Costs Accounts. Money on deposit in the Series 2023A Costs of Issuance Account and the Series 2023B Costs of Issuance Account shall be used to pay issuance costs on the Series 2023A Bonds and the Series 2023B Bonds, respectively.

Series 2023A Adjacent Support Facilities Project Account. Moneys on deposit in the Series 2023A Adjacent Support Facilities Project Account will be used to pay the costs of financing the Series 2023A Adjacent Support Facilities Project.

Series 2023B Adjacent Support Facilities Project Account. Moneys on deposit in the Series 2023B Adjacent Support Facilities Project Account will be used to pay the costs of financing the Series 2023B Adjacent Support Facilities Project.

Closure of Adjacent Support Facilities Project Accounts. Upon payment in full of the costs incurred for the Series 2023A Adjacent Support Facilities Project and the Series 2023B Adjacent Support Facilities Project, as the case may be, (1) to the extent amounts remain unspent in the Series 2023A Adjacent Support Facilities Project Account, the City shall transfer the amount remaining in the Series 2023A Adjacent Support Facilities Project Account of the Venue Capital Project Fund to the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, and the Series 2023A Adjacent Support Facilities Project Account of the Venue Capital Project Fund shall thereafter be closed, and (2) to the extent amounts remain unspent in the Series 2023B Adjacent Support Facilities Project Account, the City shall transfer the amount remaining in the Series 2023B Adjacent Support Facilities Project Account of the Venue Capital Project Fund to the Taxable Bonds Debt Service Account of the Debt Service Fund, and the Series 2023B Adjacent Support Facilities Project Account of the Venue Capital Project Fund shall thereafter be closed.

#### *Debt Service Fund*

Transfers to Pay Debt Service – Series 2023A Bonds. The City shall cause to be paid out of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund on or before each Debt Service Payment Date for any of the Series 2023A Bonds, the amount required to pay Debt Service coming due and payable on such date for the Series 2023A Bonds. On or before any Redemption Date for Series 2023A Bonds to be redeemed, the City shall also cause to be paid out of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, from available amounts deposited therein from time to time and allocable to such Series 2023A Bonds to be redeemed on such date, the Redemption Price of and interest on the Series 2023A Bonds then to be redeemed.

Transfers to Pay Debt Service – Series 2023B Bonds. The City shall cause to be paid out of the Taxable Bonds Debt Service Account of the Debt Service Fund on or before each Debt Service Payment Date for any of the Series 2023B Bonds, the amount required to pay Debt Service coming due and payable on such date for the Series 2023B Bonds. On or before any Redemption Date for Series 2023B Bonds to be redeemed, the City shall also cause to be paid out of the Taxable Bonds Debt Service Account of the Debt Service Fund, from available amounts deposited therein from time to time and allocable to such Series 2023B Bonds to be redeemed on such date, the Redemption Price of and interest on the Series 2023B Bonds then to be redeemed.

Sinking Fund Installments – Series 2023A Bonds. Amounts in the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund with respect to any Sinking Fund Installment for the Series 2023A Bonds (together with amounts in the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund with respect to interest on the Series 2023A Bonds for which such Sinking Fund Installment was established) shall be applied to the redemption of Series 2023A Bonds and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of such Sinking Fund Installment as hereinafter provided. As soon as practicable after the sixtieth (60th) day immediately preceding the due date of any such Sinking Fund Installment, the Paying Agent/Registrar shall proceed to call for redemption, by giving notice as provided in the 2023A Ordinance, on such due

date Series 2023A Bonds and maturity for which such Sinking Fund Installment was established (except in the case of Series 2023A Bonds maturing on a Sinking Fund Installment Date) in such amount as shall be necessary to complete the retirement of such Sinking Fund Installment; provided that for this purpose the principal amount of the Series 2023A Bonds and maturity delivered by the City to the Paying Agent/Registrar for cancellation not less than sixty (60) days prior to such due date, if any, shall be credited against the amount of such Sinking Fund Installment. Such notice shall be given only to the extent that moneys therefor shall have been deposited in the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund and without any instructions from the City. The foregoing notwithstanding, if more than one series of Tax-Exempt Bonds are subject to mandatory sinking fund redemption on any date and there are not funds sufficient to effect the scheduled payment in full of Sinking Fund Installments due on such date, funds in the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund shall be applied pro rata to effect the mandatory sinking fund redemption of such Tax-Exempt Bonds.

Sinking Fund Installments – Series 2023B Bonds. Amounts in the Taxable Bonds Debt Service Account of the Debt Service Fund with respect to any Sinking Fund Installment for the Series 2023B Bonds (together with amounts in the Taxable Bonds Debt Service Account of the Debt Service Fund with respect to interest on the Series 2023B Bonds for which such Sinking Fund Installment was established) shall be applied to the redemption of Series 2023B Bonds and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of such Sinking Fund Installment as hereinafter provided. As soon as practicable after the sixtieth (60th) day immediately preceding the due date of any such Sinking Fund Installment, the Paying Agent/Registrar shall proceed to call for redemption, by giving notice as provided in the 2023B Ordinance, on such due date Series 2023B Bonds and maturity for which such Sinking Fund Installment was established (except in the case of Series 2023B Bonds maturing on a Sinking Fund Installment Date) in such amount as shall be necessary to complete the retirement of such Sinking Fund Installment; provided that for this purpose the principal amount of the Series 2023B Bonds and maturity delivered by the Issuer to the Paying Agent/Registrar for cancellation not less than sixty (60) days prior to such due date, if any, shall be credited against the amount of such Sinking Fund Installment. Such notice shall be given only to the extent that moneys therefor shall have been deposited in the Taxable Bonds Debt Service Account of the Debt Service Fund and without any instructions from the Issuer. The foregoing notwithstanding, if more than one series of Taxable Bonds are subject to mandatory sinking fund redemption on any date and there are not funds sufficient to effect the scheduled payment in full of Sinking Fund Installments due on such date, funds in the Taxable Bonds Debt Service Account of the Debt Service Fund shall be applied pro rata to effect the mandatory sinking fund redemption of such Taxable Bonds.

Reduction of Sinking Fund Installments Resulting from Earlier Redemptions. Upon a redemption, other than an anticipated sinking fund redemption provision of the Series 2023A Bonds or the Series 2023B Bonds, as the case may be, and maturity for which Sinking Fund Installments have been established, the principal amount of such Series 2023A Bonds or Series 2023B Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment or Installments for the Series 2023A Bonds or the Series 2023B Bonds, as the case may be.

No Deposit to Debt Service Reserve Accounts. The Tax-Exempt Bonds Debt Service Reserve Account shall not be funded in connection with the issuance of the Series 2023A Bonds. The Taxable Bonds Debt Service Reserve Account shall not be funded in connection with the issuance of the Series 2023B Bonds.

Reference is made to the Ordinance, excerpts of which are attached hereto as APPENDIX C, entitled “SELECTED PROVISIONS OF THE ORDINANCE”, for a description of the use of funds on deposit in the Debt Service Accounts of the Debt Service Fund for allocations between Bonds, sinking fund installment payments, and redemptions and for a greater description of the manner of calculating the value of investments held, replenishment of deficiencies, release of excess funds, transfers in and out, and other matters concerning the administration of the Accounts within the Debt Service Fund.

#### **FLOW OF FUNDS**

On each date as described in clauses *First* and *Second* below, the City shall cause 334 Revenues and Pledged Revenues to be deposited in the manner and order of priority listed below:

*First, to the Debt Service Fund* on the dates and in the following amounts and order:

(A) from 334 Revenues, (1) such amounts, deposited in approximately equal monthly installments, commencing on the fifteenth (15th) day of the month immediately following the Closing Date, and on the fifteenth (15th) day of each month thereafter for deposit to the credit of the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Taxable Bonds Debt Service Account available for such purpose, to pay the interest scheduled to come due on the Series 2017B Bonds and the Series 2023B Bonds on the next succeeding Interest Payment Date and (2) such amounts (as limited by the Series 2017A Bond Ordinance and the 2023A Ordinance), deposited in approximately equal monthly installments, commencing on the fifteenth (15th) day of the month immediately following the Closing Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account available for such

purpose, to pay the interest scheduled to come due on the Series 2017A Bonds and the Series 2023A Bonds on the next succeeding Interest Payment Date; plus

(B) from 334 Revenues, (1) such amounts, deposited in approximately equal monthly installments, commencing on the Initial Series 2017B Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Taxable Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2017B Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2017B Bonds, (2) such amounts, deposited in approximately equal monthly installments, commencing on the Initial Series 2023B Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Taxable Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2023B Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2023B Bonds, (3) such amounts (as limited by the Series 2017A Bond Ordinance), deposited in approximately equal monthly installments, commencing on the Initial Series 2017A Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2017A Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2017A Bonds, and (4) such amounts (as limited by the 2023A Ordinance), deposited in approximately equal monthly installments, commencing on the Initial Series 2023A Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2023A Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2023A Bonds; and

(C) from Pledged Revenues, such amounts, deposited in approximately equal monthly installments, commencing on the fifteenth (15th) day of the month immediately following the Closing Date, and on the fifteenth (15th) day of each month thereafter, on a pro rata basis, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund and the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account and the Taxable Bonds Debt Service Account, respectively, available for such purpose, to pay the interest scheduled to come due on the Outstanding Venue Project Bonds on the next succeeding Interest Payment Date; plus

(D) from Pledged Revenues, such amounts, deposited in approximately equal monthly installments, commencing, with respect to the Series 2017A Bonds, on the Initial Series 2017A Principal Funding Date, with respect to the Series 2017B Bonds, on the Initial Series 2017B Principal Funding Date, with respect to the Series 2023A Bonds, on the Initial Series 2023A Principal Funding Date and with respect to the Series 2023B Bonds, on the Initial Series 2023B Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, on a pro rata basis, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund and the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account and the Taxable Bonds Debt Service Account, respectively, available for such purpose, to pay the principal of the Outstanding Venue Project Bonds scheduled to come due on the next succeeding Principal Payment Date; and

*Second*, on any Debt Service Payment Date, (1) if the Tax-Exempt Bonds Debt Service Reserve Account contains less than the Reserve Requirement for the Series 2017A Bonds, to the Tax-Exempt Bonds Debt Service Reserve Account, from Pledged Revenues (and in no event from 334 Revenues), an amount equal to the amount required to replenish the Reserve Requirement for the Series 2017A Bonds in accordance with the provisions of the Series 2017A Bond Ordinance and (2) if the Taxable Bonds Debt Service Reserve Account contains less than the Reserve Requirement for the Series 2017B Bonds, to the Taxable Bonds Debt Service Reserve Account, first, from 334 Revenues and second, from Pledged Revenues, an amount equal to the amount required to replenish the Reserve Requirement for the Series 2017B Bonds in accordance with the provisions of the Series 2017B Bond Ordinance.

Moneys shall be deposited to the credit of the Rebate Fund to the extent required by the Ordinance in respect to the Series 2023A Bonds.

Any deficiency in funding the approximately equal monthly installments described in clauses (A) through (D) of First above shall be satisfied in the transfers made by the City for the next succeeding monthly installments, to the extent 334 Revenues and Pledged Revenues are available to make such transfers. Furthermore, if on the Business Day immediately preceding a Debt Service Payment Date the amounts on deposit in the Tax-Exempt Bonds Debt Service Account or the Taxable Bonds Debt Service Account of the Debt Service Fund are not sufficient to pay the Debt Service due on the next succeeding Debt Service Payment Date, the City shall transfer, on the day before such Debt Service Payment Date, 334 Revenues (as limited by the Series 2017A Bond Ordinance and the 2023A Ordinance) and Pledged Revenues to each such Account of the Debt Service Fund in the amount necessary to satisfy such deficiency

(and if such deficiency cannot be fully satisfied, such transfers to each such Account in the Debt Service Fund shall be made on a pro rata basis), to the extent 334 Revenues and Pledged Revenues are available to make such transfers. Such transfers to be made by the City pursuant to the immediately preceding sentence shall be made prior to any transfers that are required to be made by the City to the Debt Service Fund on the same day (i) from a Debt Service Reserve Account and (ii) from proceeds of Outstanding Venue Project Bonds, including without limitation, from moneys on deposit in the Series 2023A Adjacent Support Facilities Project Account (as required by the 2023A Ordinance) and moneys on deposit in the Series 2023B Adjacent Support Facilities Project Account (as required by the 2023B Ordinance).

Other Transfers to Debt Service Fund. Notwithstanding anything in the 2023A Ordinance to the contrary, if on the Business Day immediately preceding a Debt Service Payment Date there are not sufficient moneys in the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund on such date, after making the transfers required by the provisions of the 2023A Ordinance described in “Flow of Funds” above to pay Debt Service on the Series 2023A Bonds to become due and owing on such Debt Service Payment Date, the City shall transfer moneys from the Series 2023A Adjacent Support Facilities Project Account, to the extent such moneys are available, for deposit to the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund in an amount sufficient to cure such insufficiency in the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund for the payment of Debt Service on the Series 2023A Bonds.

Notwithstanding anything in the 2023B Ordinance to the contrary, if on the Business Day immediately preceding a Debt Service Payment Date there are not sufficient moneys in the Taxable Bonds Debt Service Account of the Debt Service Fund on such date, after making the transfers required by the provisions of the 2023B Ordinance described in “Flow of Funds” above to pay Debt Service on the Series 2023B Bonds to become due and owing on such Debt Service Payment Date, the City shall transfer moneys from the Series 2023B Adjacent Support Facilities Project Account, to the extent such moneys are available, for deposit to the Taxable Bonds Debt Service Account of the Debt Service Fund in an amount sufficient to cure such insufficiency in the Taxable Bonds Debt Service Account of the Debt Service Fund for the payment of Debt Service on the Series 2023B Bonds.

Reserve Requirement for Series 2017 Bonds. As described above, neither the Tax-Exempt Bonds Debt Service Reserve Account nor the Taxable Bonds Debt Service Reserve Account will be funded in connection with the issuance of the Series 2023A Bonds or the Series 2023B Bonds, respectively. The Series 2017 Bond Ordinances established a reserve requirement for each series of the Series 2017 Bonds which, as of the date of this Official Statement, is fully funded by a separate debt service reserve fund surety policy that was provided by Assured Guaranty Municipal Corp. (collectively, the “2017 Surety Policies”) upon the initial issuance of the Series 2017 Bonds. The Series 2023 Bonds are not secured by or payable from the 2017 Surety Policies or any Debt Service Reserve Account.

## **DEFAULTS AND REMEDIES**

Each of the 2023A Ordinance and 2023B Ordinance establishes specific events of default with respect to each respective series of the Series 2023 Bonds. Each of the following occurrences or events for the purpose of the respective Ordinance is an “Event of Default” thereunder:

1. the failure to make payment of the principal or interest of any Series 2023 Bond when the same becomes due and payable; or
2. except as provided in the Ordinance with respect to the City’s continuing disclosure undertaking, default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Series 2023 Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the City.

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

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Series 2023 Bonds or the Ordinance and the City’s obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so it rests with the discretion of the court. But it may not be arbitrarily refused. There is no acceleration of maturity of the Series 2023 Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Series 2023 Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

The Texas Supreme Court (the “Court”) ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“*Tooke*”) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear that the Texas Legislature has effectively waived the City’s immunity from suit for money damages, holders of the Series 2023 Bonds may not be able to bring such a suit against the City for breach of the Series 2023 Bonds or the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the Registered Owners cannot themselves foreclose on the property of the City to enforce the pledge of taxes or revenues to pay the principal of and interest on the Series 2023 Bonds. In *Tooke*, the Court noted the enactment in 2005 of Sections 271.151 through 271.160, Texas Local Government Code, as amended (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

On April 1, 2016, the Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson I*”) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) (“*Wasson II*”, and together with *Wasson I*, “*Wasson*”), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. State jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the State these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

As noted above, the Ordinance provides that holders of the Series 2023 Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by State courts. In general, State courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. State courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Chapter 1371 permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Series 2023 Bonds, the City has not waived sovereign immunity in the manner provided by Chapter 1371.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues (such as the Pledged Revenues and 334 Revenues), such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, including holders of the Series 2023 Bonds, of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court), and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Co-Bond Counsel will note that the opinions relative to the enforceability of the Series 2023 Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of the Series 2023 Bonds then Outstanding. The remedies as reserved or conferred in the Ordinance are not intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given thereunder or under the Series 2023 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of the Ordinance, the right to accelerate the obligation evidenced by the Series 2023 Bonds shall not be available as a remedy under the Ordinance. The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy. By accepting the delivery of a Series 2023 Bond authorized under the Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in the Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council. None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of the Series 2023 Bonds or the Ordinance, or because of any Event of Default or alleged Event of Default under the Ordinance.



Initially, the only Registered Owner of the Series 2023 Bonds will be Cede & Co., the nominee of DTC. See “REGISTRATION, TRANSFER AND EXCHANGE - Book-Entry-Only System” above for a description of the duties of DTC with regard to ownership of the Series 2023 Bonds.

## **INFORMATION CONCERNING THE CITY’S GENERAL OPERATIONS**

As described in this Official Statement, the security for the repayment of the Series 2023 Bonds is limited to the Pledged Revenues and the 334 Revenues (with respect to 334 Revenues, as limited by the Series 2017A Bond Ordinance with respect to the Series 2017A Bonds and the 2023A Ordinance with respect to the Series 2023A Bonds), which revenues are derived by the City from various sources that are also herein described. See “INVESTOR CONSIDERATIONS - Non-Recourse Obligations” below. Each of these revenue sources is limited in permitted use under applicable State law (such as payment for Debt Service on the Series 2017 Bonds and the Series 2023 Bonds), but none of which include payment for the costs of the City’s general governmental functions. Notwithstanding this fact, the City’s solvency is paramount to its continued ability to perform its governmental functions, including the activities that will result in its collection of 334 Revenues and revenues that are included in the definition of Pledged Revenues. Accordingly, information regarding the City’s general operations and functions and its financial position is included as APPENDIX A to this Official Statement. Investors are directed to APPENDIX A for information regarding these aspects of the City’s operations.

## **INVESTOR CONSIDERATIONS**

Each prospective investor in the Series 2023 Bonds should read this Official Statement in its entirety, including the Appendices hereto. The following is a discussion of certain investment considerations that should be considered by any prospective purchaser of the Series 2023 Bonds prior to an investment in the Series 2023 Bonds. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with the other parts of this Official Statement, including the Appendices hereto. Particular attention should be given to the considerations described below which, among others, could affect the payment of Debt Service on the Series 2023 Bonds, and which could also affect the marketability of the Series 2023 Bonds to an extent that cannot be determined.

### **HOTEL-INDUSTRY RELATED RISKS**

A number of factors, many of which may be beyond the control of the City, could have an adverse impact on hotel occupancy levels in the Fort Worth market generally, and the City has a limited ability to respond to changes in economic or other conditions with respect to the hotel market, thereby limiting its capacity to impact the generation of Available City Hotel Tax Revenues toward payment of debt service on the Bonds and other Outstanding Venue Project Bonds. Such factors include adverse changes in the national economy and levels of corporate travel and tourism, competition from other hotels, energy costs, governmental rules and policies, potential environmental and other liabilities, and interest rate levels. The demand for corporate travel and tourism is also affected by gasoline and other fuel prices, airline fares, and the national economy.

The hotel market is subject to all operating risks common to the hotel and motel industry. These risks include: changes in general economic conditions; the level of demand for rooms and related services; cyclical over-building in the hotel industry; competition from other hotels, motels, and recreational properties located outside the City and otherwise not contributing to the hotel occupancy tax collections within the City; the recurring need for renovations and refurbishment of hotel facilities; restrictive changes in zoning and similar land use laws and regulations or in health, safety, and environmental laws, rules and regulations; the inability to secure property and liability insurance to fully protect against all losses or to obtain such insurance at reasonable rates; and changes in travel patterns.

The destination and marketing industry in the City, surrounding areas, and State is highly competitive. Cities within the State, including the City, compete for the market share of the tourism industry, as the State’s other large markets are continually making advances to attract visitors and large conventions. As the destination and marketing industry is evolving, some competitors have substantially greater marketing and financial resources to promote their respective destination when compared to the City. There is no assurance that the City’s upward trend in hotel occupancy tax collections, as well as new hotel construction will continue.

As described herein under “SECURITY FOR THE SERIES 2023 BONDS – Hotel Occupancy Tax – Current City Allocation/Application of General Hotel Occupancy Tax Revenue” herein, the City created a Tourism PID in August 2017 with a 10-year term. The purpose of the Tourism PID created by the City is the imposition of an additional assessment on the per night cost of a hotel room charged by voluntarily participating hotels within the Tourism PID in an amount equal to 2% of such cost. Accordingly, the combined amount of Hotel Occupancy Taxes and the Tourism PID assessment on such hotel rooms within the Tourism PID of the City is equal to 17% of the cost of such room. The revenues resultant from the imposition and collection of this additional assessment are required to be used for marketing and promoting the City as a business and tourist destination, but there is no assurance that these additional efforts will offset a loss of occupancy that might result from the increased cost. The Cities of Arlington and Dallas, each near the City, have established Tourism PIDs and imposed a 2% assessment on the cost of a room at hotels within each such zone, but the City of Grapevine (another nearby city and a significant City competitor for local convention and tourism business) has not and does not have the ability to do so prospectively under existing Texas law. The total levy of all hotel occupancy taxes (State and local)

by Dallas is 13% of the cost of a room night and 15% in Arlington, prior to the addition of the 2% tourism PID assessment in each such city.

Changes in City economic conditions will directly affect demand for the hotel market and thus availability of hotel occupancy taxes. Such operations may be affected by casualty losses at hotels in the City or trends in hotel or tourism industries, which are further affected by political and economic events beyond the control of the City, such as business conditions affecting the City's largest employers.

#### **VENUE TAXES**

While the City has collected Venue Taxes since the opening of Dickies Arena in November 2019, the City's continued collection of Venue Taxes is subject to a variety of factors, none of which are within the City's control. Collections can be adversely affected by (i) changes in State law and administrative practices governing the remittance and allocation of Venue Tax receipts and (ii) changes in economic activity and conditions within the City and general geographic area. The amount of 334 Revenues received by the City is dependent upon attendance and participation in events held at the Venue Project. Many factors may affect the City's collection of these revenues, which such expenditures are not necessarily considered essential, including fuel prices, general costs of living, employment levels of employers within and outside the City, individual's discretionary spending on items that would produce 334 Revenues, and the overall impact of the economy to individuals that would otherwise be contributing to the Venue Tax base. The City is unable to predict what impact economic conditions such as the foregoing may have on its continued collection of 334 Revenues.

#### **EVENTS OF FORCE MAJEURE**

Operation of the Venue Project and collection of associated Venue Taxes is at risk from events of force majeure, such as earthquakes, tornados, hurricanes or other natural disasters, epidemics, blockades, rebellions, war, riots, acts of sabotage, terrorism or civil commotion, and spills of hazardous materials, among other events. Operation of the Venue Project may also be stopped or delayed from non-casualty events such as changes in law, delays in renewing required permits, revocation of such permits and approvals and litigation, among other things.

#### **HOTEL-GENERATED SALES AND USE TAX**

A source of security for the Bonds and other Outstanding Venue Project Bonds is certain receipts of the State portion of the Hotel Sales Tax received by the City from hotels located within the Zone. The generation of revenues from the Hotel Sales Tax is closely related to the amount of economic activity in the City. Hotel Sales Tax receipts, unlike other local government taxes, immediately reflect changes in the economic conditions of a municipality. The City could be subjected to economic events that slow sales tax growth or result in an annual decline in collections. The City cannot predict such events, but they could arise from many of the risk factors discussed above, including increased environmental regulations, downturns in financial and credit markets, cyclical housing and commercial development activity, and changes in federal and State tax policies, including the implementation of value added taxation measures, among other factors.

Changes in the tax base against which a Hotel Sales Tax is assessed, as well as changes in the rate of such taxes, make projection of future tax revenue collections very difficult, particularly in the limited area of the Zone. No independent projections have been made with respect to the Hotel Sales Tax revenues available to pay Debt Service on the Bonds or other Outstanding Venue Project Bonds.

The Hotel Sales Tax is collected by the Comptroller. The Comptroller has the primary responsibility for enforcing sales and use tax laws and collecting delinquent taxes. The collection efforts of the Comptroller are subject to applicable federal bankruptcy code provisions with respect to the protection of debtors.

#### **TEXAS COMPTROLLER REMITTANCE OF STATE PFZ FUNDS; ZONE EXPIRATION**

The City is dependent upon the Comptroller to collect each of the State PFZ Funds and remit such funds to the City pursuant to Chapter 351. The City can make no representation as to the Comptroller's capacities or abilities to continue to collect these funds and timely forward the requisite amounts to the City.

Under Chapter 351, the Texas Legislature effectuated the Zone for a thirty-year period ending on October 22, 2043. There is no guarantee of statutory extension of the Zone beyond its original expiration date, and the remittance of State PFZ Funds will correspondingly cease at the Zone's extinction. Any Outstanding Venue Project Bonds outstanding after the Zone's termination will not be secured by State PFZ Funds.

#### **AIRPORT SHARED REVENUES**

The projected revenues received from the Airport Shared Revenues' agreements, which consist primarily of revenues generated at a rental car facility on airport property, anticipate stagnant returns annually with no growth. The City cites opening of the Dallas Area Rapid Transit train line to the Airport, a 2018 Fort Worth Transportation Authority route, and the growth in the ride-sharing market as

factors contributing to lack of increased revenues. No independent projections have been made with respect to the Airport Shared Revenues available to pay Debt Service on the Bonds.

The City has reserved the right in the Ordinance and the Series 2017 Bond Ordinances to issue or incur obligations in the future that are secured by a lien on and pledge of Airport Shared Revenues that is superior to the lien and pledge thereof securing the Series 2023 Bonds and the other Outstanding Venue Project Bonds (see the definition of “Airport Shared Revenues” in Appendix C hereto). As of the date of this Official Statement, other than the Series 2017 Bonds and the Series 2023 Bonds, the Airport Shared Revenues are not pledged to the payment of any outstanding obligations issued by the City, and the City has no present intention of issuing obligations, other than the Series 2023 Bonds and other Outstanding Venue Project Bonds, secured in whole or in part by a pledge of Airport Shared Revenues. See “SECURITY FOR THE SERIES 2023 BONDS – Airport Shared Revenues” herein.

#### **REGULATORY AND LEGISLATIVE ENVIRONMENT**

Under various federal, State and local environmental laws, ordinances, and regulations, a current or previous owner or operator of real property may become liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Other federal, State and local laws exist, such as the Americans with Disabilities Act, which may require modifications to buildings or restrict certain renovations by requiring access to such buildings by disabled persons. The costs of compliance with such laws may be substantial and may materially affect the Venue Project and the hotel market.

The State Legislature, operating under the biennial system, convenes its regular sessions at noon on the second Tuesday in January of odd-numbered years. The maximum duration of a regular session is 140 days. The State Legislature concluded its 88th regular legislative session on May 29, 2023, and the State Legislature concluded its first and second called special legislative sessions on June 27, 2023 and July 13, 2023, respectively. The Governor has called a third special legislative session of the State Legislature that commenced on October 9, 2023. Under the Texas Constitution, the Governor has the authority to call additional special sessions of the State Legislature at any time, each for a duration of no more than thirty days, to address only those subjects designated by the Governor. While in session, the State Legislature may consider bills which could have a direct impact on the City, the collection of 334 Revenues, Available City Hotel Tax Revenues and other Pledged Revenues, and otherwise the payment of debt service on the Bonds and other Outstanding Venue Project Bonds. The City makes no representations or predictions with respect to whether the Governor will exercise his authority under the Texas Constitution to call additional special sessions of the State Legislature or concerning the substance or effect of any legislation that may be proposed and ultimately passed while the State Legislature is in session.

#### **NON-RECOURSE OBLIGATIONS**

The Series 2023 Bonds are special obligations of the City payable solely from the Pledged Revenues and the 334 Revenues. See “SECURITY FOR THE SERIES 2023 BONDS”. NEITHER THE STATE, THE CITY, NOR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE, EITHER INDIVIDUALLY OR COLLECTIVELY, SHALL PLEDGE REVENUES AS SECURITY FOR THE SERIES 2023 BONDS FROM FUNDS RAISED OR TO BE RAISED BY AD VALOREM TAXATION; AND NEITHER THE FAITH AND CREDIT, NOR THE TAXING POWER, OF THE STATE, THE CITY, OR ANY POLITICAL CORPORATION, SUBDIVISION, OR AGENCY OF THE STATE, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM (IF ANY), OR THE INTEREST ON THE SERIES 2023 BONDS. NO INTEREST IN THE VENUE PROJECT OR THE ADJACENT SUPPORT FACILITIES PROJECT HAS BEEN GRANTED AS SECURITY FOR THE PAYMENT OF THE SERIES 2023 BONDS.

#### **IMPACT OF COVID-19**

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor declared a state of disaster for all counties in the State because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities. On April 10, 2023, the President of the United States signed into law a bill ending the national emergency declaration resulting from COVID-19. On June 15, 2023, the Governor ended the state of disaster declaration by not renewing the declaration.

During the pendency of the pandemic, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the U.S., the State and the City. Following the widespread release and distribution of various COVID-19 vaccines beginning in December 2020 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) began lifting business and social limitations associated with COVID-19. Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that economic activity will continue or increase at the same rate, especially if there are future outbreaks of COVID-19 or variants of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity and City revenues and expenses (including 334 Revenues and Pledged Revenues). The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19, or variants of COVID-19, or a similar virus on the City's operations or financial condition.

Some of the financial and operating data contained herein are as of dates and for periods that partially include the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City.

#### **INFORMATION TECHNOLOGY AND CYBERSECURITY**

The City depends upon information and computing technology to conduct general business operations. Technology systems may be subject to disruptions or security breaches that could materially disrupt the City's operations, cause reputational damage and/or give rise to losses or legal liability. The City monitors these threats; however, no assurance can be given that the City will fully prevent potential business continuity or cybersecurity risks from arising from events wholly or partially beyond the City's control, including electrical telecommunications outages, natural disasters, or cyber-attacks, or larger scale political events, including terrorist attacks. Any such occurrence could materially and adversely affect the City's operations and reputation.

The City's Information Technology Solutions department coordinates on-going efforts to continuously review and improve efforts to protect the City's assets, data and systems. The City continues to invest in cybersecurity enhancements using a security in depth approach. These enhancements address cybersecurity across a range of paradigms, including policy, training, assessment, testing, patching, and technology. Included among these efforts is the implementation of new technologies, in conjunction with appropriate policy and procedure, regarding email scanning and remediation, perpetual critical event monitoring and assimilation, and continued expansion of multi-factor authentication solutions.

#### **INVESTMENTS**

The City invests its investable funds in investments authorized by State law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "PFIA"), in accordance with investment policies adopted by the City Council of the City. Both State law and the City's investment policies are subject to change.

#### **LEGAL INVESTMENTS**

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credit of the United States, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) interest bearing banking deposits that are guaranteed by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors, (8) depository certificates of deposit meeting the requirements of the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "PFIA"), that are issued by an institution that has its main office or a branch office in Texas and are guaranteed or insured by the FDIC or the NCUSIF, or are secured as to principal by bonds described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State, (10) bankers' acceptances with a stated maturity of 270 days or less from the date of its issuance, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 365 days or less from the date of its issuance that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that comply with Securities and Exchange Commission Rule 2a-7, (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in clauses (1) through (12) and in clause (15) of this paragraph, or in securities lending programs described below, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities, (14) public funds investment pools that have an

advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or AAA-m, or its equivalent, that complies with section 2256.016 of the PFIA, (15) a brokered certificate of deposit security invested through a Texas broker approved by the City Council in which the broker or depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity in an amount insured by the United States or an instrumentality of the United States and (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f) and (g) of Section 2256.011 of the PFIA. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the PFIA.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

A political subdivision of the State, such as the City, may enter into securities lending programs if: (i) the securities loaned under the program are 100% collateralized including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less. The City has entered into a securities lending agreement.

#### **INVESTMENT POLICY**

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

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

#### **ADDITIONAL PROVISIONS**

Under State law, the City Council is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and recording any changes made to either its investment policy or investment strategy; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of a business organization offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8)

restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to certain disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) directly or through its authorized investment committee, at least annually review, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City. As used herein, "business organization" means a public funds investment pool or an investment management firm under contract with the City to invest or manage the City's investment portfolio that has accepted authority granted by the City under control to exercise investment discretion in regard to the City's funds.

Under State law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City Council must do so by order, ordinance or resolution.

In April 2021, the City entered into an agreement with Public Trust Advisors, LLC (PTA) for a three-year term with two additional one-year renewal options. The original term is from May 1, 2021 through April 30, 2024. Under this agreement the City receives non-discretionary investment consulting and advisory services from PTA. Under PFIA, PTA is required to acknowledge receipt and understanding of the City's investment policy and is contractually obligated to monitor our investment portfolios to ensure not only compliance with the state law, but also the City's policies.

In 2009, the PFIA was amended to permit municipalities receiving revenues from the development of minerals (oil, gas, and other minerals) on lands owned by the municipality to invest those revenues in a separate and distinct portfolio under provisions of the Texas Trust Code. Exercising the care of a prudent person, the revenues so received may be invested in any investment deemed prudent by the municipality. The City does receive revenues from the extraction of minerals on lands owned by the City, and as of July 31, 2023, the City currently estimates the market value of that portfolio to be \$81,663,557.27. The City has adopted an investment policy specific to the segregated mineral rights funds taking advantage of the authority granted by statute. The adopted policy authorizes investments in addition to those described in the first paragraph under "Legal Investments" above including (1) intermediate bond mutual growth and income funds with a maximum weighted average maturity of five (5) years and a minimal Morningstar rating of four stars and a maximum management fee of 1% and (2) domestic or international equity mutual growth and income funds with a minimum Morningstar rating of four stars and a maximum management fee of 1%. The maximum maturity of these mineral rights funds is 20 years. The City's current policy provides that only income (which is defined as current return generated by investments and realized net gains from sale of trust assets) from the trust may be utilized as an available financing source leaving the corpus available to grow on an annual basis to provide an income stream for future generations. Changing this policy would require amending the trust instrument, which involves a public-input process that is estimated would occur over a six to nine month period.

#### **CITY'S INVESTMENT POLICY AND STRATEGY**

The City invests its funds according to State law and the City's own Investment Policy and Strategy. Under this policy, the City will maintain and manage two portfolios in which funds are pooled for investment purposes: a Short-Term Portfolio and a Long-Term Portfolio. The Short-Term Portfolio shall be used to manage that portion of the City's assets that, based on analysis of historic cash flow patterns, is projected to be needed within the five year planning and forecast horizon to meet the City's cash flow needs. The Long-Term Portfolio shall be used to manage that portion of the City's assets that, based on analysis of historic cash flow patterns and current projections, is not needed to meet the City's cash flow needs within the next short-term portfolio planning horizon and is therefore available and suitable for longer term investment.

The investment strategy for each portfolio incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in that portfolio. Both portfolios shall be invested in high credit quality investments. For the Short-Term Portfolio, the City shall pursue a strategy which fully utilizes its cash assets to obtain a competitive yield while also allowing the City to meet projected cash flow needs, to minimize the cost of liquidity, and to maintain the objectives set forth in the investment policy. The investment strategy for the Long-Term Portfolio will be focused on appreciation while also meeting the objectives set forth in the investment policy.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]**

The City manages and invests its assets with the following four major objectives, listed in order of priority: safety of principal, liquidity, diversification, and reasonable market yield. The policy includes guidelines for diversification by market sector:

	<u>Maximum % of City Portfolio</u>
U.S. Obligations	80%
U.S. Agencies/Instrumentalities	80%
Any one issuer	35%
Depository Certificates of Deposit	30%
Any one bank	10%
Commercial Paper	20%
Any one issuer	5%
Local Government Investment Pools	80%
Money Market Mutual Funds	80%
Brokered Certificate of Deposit Securities	10%
Municipal Obligations	35%
Any one issuer	5%
Repurchase Agreements	50%
Flex in one specific bond fund (100%)	
Bankers Acceptances	15%

Maturities may not exceed five years in the City's Short-Term Portfolio. At all times the City maintains approximately 10% of the Short-Term Portfolio in liquid investments to meet daily liquidity needs. The Short-Term Portfolio has a maximum weighted average maturity of 2.5 years. The policy designates guidelines for general maturity diversification:

<u>Maturity</u>	<u>Liquid Cash</u>	<u>To 1 year</u>	<u>To 2 years</u>	<u>To 3 years</u>	<u>To 4 years</u>	<u>To 5 Years</u>
% Portfolio	10	30	15	15	15	15

In the Long-Term Portfolio, the maximum weighted average maturity of investments held in the Long-Term Portfolio shall not exceed 7.5 years, and no investment security held in the Long-Term Portfolio shall exceed a maximum stated maturity of ten years.

#### CURRENT INVESTMENTS

As of July 31, 2023, the City's investable funds were invested in the following categories:

**Table 9**

<u>Description</u>	<u>Percent of Total</u>		
	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Federal Agency Coupon Securities	4.89%	\$ 125,494,227	\$ 120,611,760
Treasuries Coupon Securities	18.60%	478,822,467	458,828,813
Municipal Obligations	6.95%	179,813,661	171,424,312
JP Morgan High Yield Savings Account	0.08%	2,073,786	2,073,786
JP Morgan Money Market Account	22.23%	548,398,978	548,398,978
Texas Class (LGIP)	26.75%	660,037,064	660,037,064
LOGIC (LGIP)	17.20%	424,293,904	424,293,904
Wells Fargo Bank	3.31%	81,663,557	81,663,557
	<u>100.00%</u>	<u>\$2,500,597,644</u>	<u>\$2,467,332,174</u>

The City has entered into a securities lending agreement with Citibank, N.A., pursuant to which the City loans to Citibank, N.A., securities of the nature permitted by the PFIA. Collateral is provided by Citibank, N.A. in a manner consistent with the requirements of the PFIA. As of the date of this Official Statement, for the period October 1, 2022 through July 31, 2023, the City has received \$1,033,033.23 as a result of the agreement to lend securities to Citibank, N.A. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

## LITIGATION

It is the opinion of the City Attorney and City staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

On the Delivery Date, the City will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds of either series or in any other manner questioning the issuance, sale or delivery of the Bonds.

## TAX MATTERS

### CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

General. The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Series 2023 Bonds and is based on the Internal Revenue Code of 1986 (the “Code”), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service (“IRS”) and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Series 2023 Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to branch profits tax or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Series 2023 Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the “U.S. dollar”. This summary is further limited to investors who will hold the Bonds as “capital assets” (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term “U.S. Holder” means a beneficial owner of a Series 2023 Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term “Non-U.S. Holder” means a beneficial owner of a Series 2023 Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF SERIES 2023 BONDS IN LIGHT OF THE HOLDER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF SERIES 2023 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES 2023 BONDS BEFORE DETERMINING WHETHER TO PURCHASE SERIES 2023 BONDS. THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE SERIES 2023 BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.



## **INFORMATION REPORTING AND BACKUP WITHHOLDING**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the withholding or backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

## **SERIES 2023A BONDS**

### **Opinion**

On the date of initial delivery of the Series 2023A Bonds, McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman LLC, Co-Bond Counsel to the City, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) for federal income tax purposes, interest on the Series 2023A Bonds will be excludable from the "gross income" of the holders thereof and (2) the Series 2023A Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Co-Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Series 2023A Bonds. See the "Forms of Opinions of Bond Counsel" attached hereto as APPENDIX D.

In rendering their opinion, Co-Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate related to the Series 2023A Bonds, and (b) covenants of the City contained in the Series 2023A Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Series 2023A Bonds and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Series 2023A Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2023A Bonds in order for interest on the Series 2023A Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series 2023A Bonds to be included in gross income retroactively to the date of issuance of the Series 2023A Bonds. The opinion of Co-Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Co-Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Series 2023A Bonds.

The opinion of Co-Bond Counsel to the City regarding the Series 2023A Bonds represents their legal judgment based upon their review of Existing Law and the reliance on the aforementioned information, representations and covenants. Co-Bond Counsel's opinion related to the Series 2023A Bonds is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Series 2023A Bonds.

A ruling was not sought from the IRS by the City with respect to the Series 2023A Bonds or property financed with the proceeds of the Series 2023A Bonds. No assurances can be given as to whether the IRS will commence an audit of the Series 2023A Bonds, or as to whether the IRS would agree with the opinion of Co-Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the City as the taxpayer and the holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Series 2023A Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any U.S. Holder who has purchased a Series 2023A Bond as an Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such

Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Bond in the hands of such U.S. Holder (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

All U.S. Holders of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Series 2023A Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

Interest on the Series 2023A Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2023A Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Series 2023A Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### **Future and Proposed Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2023A Bonds under Federal or state law and could affect the market price or marketability of the Series 2023A Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Series 2023A Bonds should consult their own tax advisors regarding the foregoing matters.

## **SERIES 2023B BONDS**

### **Certain U.S. Federal Income Tax Consequences to U.S. Holders**

*Periodic Interest Payments and Original Issue Discount.* The Series 2023B Bonds are not obligations described in section 103(a) of the Code. Accordingly, the stated interest paid on the Series 2023B Bonds or original issue discount, if any, accruing on the Series 2023B Bonds will be includable in “gross income” within the meaning of section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

*Disposition of Series 2023B Bonds.* An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Series 2023B Bonds. Generally, a U.S. Holder's tax basis in the Series 2023B Bonds will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Series 2023B Bonds has been held for more than one year.

*Defeasance of the Series 2023B Bonds.* Defeasance of any Series 2023B Bond may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

### **State, Local and Other Tax Consequences**

Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Series 2023B Bonds under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Series 2023B Bonds. PROSPECTIVE PURCHASERS OF THE SERIES 2023B BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

### **Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders**

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Series 2023B Bond, will not be subject to U.S. federal income or withholding tax in respect of such Series 2023B Bond, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Series 2023B Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

## **LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201, as amended), the Series 2023 Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 Texas Business and Commerce Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Series 2023 Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value.

For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Series 2023 Bonds may have to be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See “RATINGS” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Series 2023 Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Series 2023 Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

## LEGAL MATTERS

The City will furnish a complete transcript of proceedings relating to the authorization and issuance of the Series 2023 Bonds to the Underwriters, including the unqualified legal opinions of the Attorney General of the State of Texas approving the Series 2023 Bonds and to the effect that the Series 2023 Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Co-Bond Counsel to like effect and to the effect that the interest on the Series 2023A Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under “TAX MATTERS – Series 2023A Bonds” herein, including the alternative minimum tax on certain corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Series 2023 Bonds, or which would affect the provision made for their payment or security or in any manner questioning the validity of the Series 2023 Bonds will also be furnished. Though it represents the Co-Financial Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Series 2023 Bonds, Co-Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Series 2023 Bonds. Co-Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firms have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that in their capacity as Co-Bond Counsel, such firms have reviewed the information appearing in this Official Statement under the captions “THE BONDS”, “REGISTRATION, TRANSFER, AND EXCHANGE” (except matters discussed under the subcaption “Book-Entry-Only System”, as to which no opinion is expressed), “SECURITY FOR THE SERIES 2023 BONDS” (excluding the subcaption “Current City Allocation/Application of General Hotel Occupancy Tax Revenue” and any tables, demographic information and financial information included under such caption), “TAX MATTERS”, “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS”, “CONTINUING DISCLOSURE OF INFORMATION” (except matters discussed under the subcaption “Compliance with Prior Undertakings”, as to which no opinion is expressed), “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE”, and “SELECTED PROVISIONS OF THE ORDINANCE” attached hereto as APPENDIX C to determine whether such information fairly summarizes the material and documents referred to therein and is correct as to matters of law. Co-Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Co-Bond Counsel’s limited participation as an assumption of responsibility for, or an expression of opinions of any kind with regard to the accuracy or completeness, of any of the information contained herein. The forms of the legal opinions of Co-Bond Counsel expected to be delivered on the date of issuance of the Bonds are attached hereto as APPENDIX D. Certain legal matters will be passed upon for the City by the City Attorney. The legal fees to be paid Co-Bond Counsel for services rendered in connection with the issuance of the Series 2023 Bonds are contingent on the sale and delivery of the Series 2023 Bonds. The legal opinions of Co-Bond Counsel will accompany the Series 2023 Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the City by West & Associates, L.L.P., Fort Worth, Texas, Disclosure Counsel to the City, whose compensation is contingent on the sale and delivery of the Series 2023 Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell LLP, Austin, Texas, whose compensation is contingent on the sale and delivery of the Series 2023 Bonds.

The legal opinions to be delivered concurrently with the delivery of the Series 2023 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## RATINGS

Moody’s Investors Service, Inc. (“Moody’s”) assigned the Series 2023 Bonds a rating of “A1” and Fitch Ratings, Inc. (“Fitch”) assigned the Series 2023 Bonds a rating of “AA”, each without regard to credit enhancement. Moody’s and Fitch are individually referred to as a “Rating Agency” and together, the “Rating Agencies”). An explanation of the significance of such ratings may be obtained from each Rating Agency. The rating of the Series 2023 Bonds by a Rating Agency reflects only the views of said company at the time the rating is given, and the City makes no representations as to the appropriateness of the ratings. There is no assurance that the ratings will continue for any given period of time, or that the ratings will not be revised downward or withdrawn entirely by any of the Rating Agencies, if, in the judgment of said companies, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2023 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the Registered Owners and Beneficial Owners of the Bonds. The City will be required to observe such agreement for so long as it remains obligated to advance funds to pay the Series 2023 Bonds. Under such agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system.

### ANNUAL REPORTS

The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via EMMA at [www.emma.msrb.org](http://www.emma.msrb.org). The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 9 and in APPENDIX B. The City will update and provide the information in Tables 1 through 9 within six months after the end of each fiscal year ending in and after 2023. The City will also provide the annual collection data related to 334 Revenues for each fiscal year ending in and after 2023. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2023. The City will provide notice if the audited financial statements are not complete, and in such case, shall provide unaudited financial statements within such 12-month period and shall provide audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB’s Internet Web site identified below or filed with the SEC, as permitted by SEC Rule 15c2-12 (the “Rule”). The City’s current fiscal year end is September 30. Accordingly, the City must provide updated information by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) as described above. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

### NOTICE OF CERTAIN EVENTS

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Series 2023 Bonds to the MSRB in a timely manner (but not in excess of ten (10) business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2023 Bonds, or other material events affecting the tax status of the Series 2023 Bonds; (7) modifications to rights of holders of the Series 2023 Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Series 2023 Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, and of which reflect financial difficulties. The term “Business Day” means a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the designated payment office of the Paying Agent/Registrar is located (currently, the designated payment office of the Paying Agent/Registrar is in Dallas, Texas).

As used in clause 12 above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and official or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

As used in clauses 15 and 16 above, the term “Financial Obligation” means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation shall not include Municipal Securities as to which a final official statement has

been provided to the MSRB consistent with the Rule; and the term “Municipal Securities” means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time.

In addition, the City will provide timely notice of any failure by the City to provide financial information and operating data, in accordance with its agreement described above under “Annual Reports.”

#### **AVAILABILITY OF INFORMATION**

The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at [www.emma.msrb.org](http://www.emma.msrb.org).

#### **LIMITATIONS AND AMENDMENTS**

The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2023 Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Series 2023 Bonds may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Series 2023 Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Series 2023 Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Series 2023 Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2023 Bonds in the primary offering of the Series 2023 Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

#### **COMPLIANCE WITH PRIOR UNDERTAKINGS**

The City closed on its Tax Notes, Series 2021A and Tax Notes, Taxable Series 2021B on January 21, 2021 and filed a Financial Obligation event notice with MSRB’s EMMA system on February 9, 2021. On September 29, 2022, the City put into effect its 2022 General Purpose Commercial Paper Notes, Series ECP and filed a Financial Obligation event notice with MSRB’s EMMA system on February 24, 2023. The aforementioned event notices were filed after the applicable deadline prescribed by certain outstanding continuing disclosure agreements entered into by the City in accordance with the Rule. Except as otherwise described above, during the last five years the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. The City is an obligated person under the Rule with respect to certain outstanding Tarrant Regional Water District (the “District”) revenue bonds and in accordance with its continuing disclosure agreement (entered into in May 1999) related thereto, the City annually provides agreed upon financial information and operating data to EMMA in connection with such outstanding District revenue bonds that benefit the City. The City voluntarily commits to link its water and sewer system annual financial information and operating data filings to the six-digit CUSIP prefix related to such outstanding District revenue bonds.

#### **USE OF AUDITED FINANCIAL STATEMENTS**

FORVIS, LLP, the City’s independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the Fiscal Year 2022 financial statements addressed in that report. FORVIS, LLP also has not performed any procedures relating to this Official Statement. See Appendix B.

#### **CO-FINANCIAL ADVISORS**

PFM Financial Advisors LLC (“PFM”) and Tijerina Galvan Lawrence LLC (“TGL”) are employed as Co-Financial Advisors to the City in connection with the issuance of the Bonds. The Co-Financial Advisors’ fees for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds. PFM and TGL in their capacity as Co-Financial Advisors have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal

documents with respect to the federal income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

## **UNDERWRITING**

The Underwriters will be performing underwriting services in connection with the Bonds and have agreed, subject to certain conditions, to (i) purchase the Series 2023A Bonds from the City at the prices indicated on page ii hereof, less an underwriting discount of \$126,633.54, and no accrued interest and (ii) purchase the Series 2023B Bonds from the City at the prices indicated on page iii hereof, less an underwriting discount of \$178,580.28, and no accrued interest. The Underwriters' obligation is subject to certain conditions precedent, and is obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than the public offering prices, and such public prices may be changed from time to time by the Underwriters.

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

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

## **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

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

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The City has agreed to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the City shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

## **FORWARD-LOOKING STATEMENTS DISCLAIMER; INFORMATION FROM ONLINE SOURCES**

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

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, regulatory circumstances, and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials.

Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions of future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

#### **MISCELLANEOUS INFORMATION**

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

#### **AUTHORIZATION OF THE OFFICIAL STATEMENT**

This Official Statement has been approved as to form and content and the use thereof in the offering of the Bonds was authorized, ratified, and approved by the City Council, and the Underwriters will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approvals, duly executed by the proper officials of the City. This Official Statement has been approved by the City Council for distribution in accordance with the provisions of the Rule.

The Ordinance authorized the City Manager and Chief Financial Officer of the City to approve, for and on behalf of the City, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the use of this Official Statement by the Underwriters of the Bonds in connection with the public offering and the sale of the Bonds.

/s/ David Cooke  
City Manager, City of Fort Worth, Texas



## **APPENDIX A**

### **GENERAL INFORMATION REGARDING THE CITY**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## GENERAL INFORMATION REGARDING THE CITY

*Other than the information directly related to the City, the following information has been derived from various sources including the Texas Almanac, the Texas Municipal Advisory Council's Texas Municipal Reports, and U.S. Census data. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.*

**Location and History** . . . Fort Worth ("Fort Worth" or the "City"), seat of Tarrant County, Texas, is located in Tarrant, Denton, Parker, Johnson and Wise Counties in North Central Texas at 97° 55' west longitude and 32° 36' north latitude. Situated on the Trinity River, Fort Worth is approximately 75 miles south of the Oklahoma state line and 270 miles northwest of the Gulf of Mexico. The City is a cultural gateway into the American West and covers nearly 358 square miles.

Fort Worth was established as a frontier army post in 1849 by Major Ripley Arnold and named after General William Jenkins Worth, who distinguished himself in the Mexican-American War with Mexico. The outpost became a stopping place on the famous Old Chisholm Trail and a shipping point for the great herds of Longhorn cattle being driven to northern markets. Progressive City leadership brought the first of nine railroads to Fort Worth in 1876 and with the subsequent West Texas oil boom, contributed to Tarrant County's current population of more than 2.1 million people. Fort Worth's economy has always been associated with cattle, oil, finance and manufacturing. Since World War II, Fort Worth has also become an aerospace, education, high-tech, transportation and industry service center.

**Government** . . . Fort Worth operates under the Council-Manager form of Municipal Government. A Mayor chosen at-large by popular vote and a ten-member, single-district council are elected to two-year terms. In turn, the Mayor and City Council appoint the City Manager who is the Chief Administrative and Executive Officer of the City. As a result of an amendment to the Fort Worth City Charter approved at an election held May 7, 2016, the configuration of the City Council increased to an eleven-member council, with the Mayor to be elected at large and the ten City Council members to be elected from ten single member districts. City Council approved a new redistricting map on March 29, 2022 which was implemented with the May 6, 2023 municipal election and June 10, 2023 municipal runoff election. The City Council is also responsible for the appointment of the City Attorney, Municipal Judges, the City Secretary and the City Auditor.

**Area and Population** . . . According to the most recent U.S. Census Bureau data, Fort Worth is the 13th largest city in the United States. Since 2010 Fort Worth's population has grown 25%, from 741,206 in 2010 to 935,508 in 2022. The Dallas-Fort Worth-Arlington Metropolitan Statistical Area is split into two separate divisions: the Fort Worth-Arlington Metropolitan Division (the "Fort Worth-Arlington MD") and the Dallas-Plano-Irving Metropolitan Division. The Fort Worth-Arlington Division includes Johnson, Parker, Tarrant, and Wise Counties.

**Transportation** . . . The Dallas Fort Worth International Airport (the "Airport" or "DFW") ranked 2nd in the world based on passenger volume in 2022. The Airport is the principal air carrier facility serving the Dallas/Fort Worth metropolitan area. First opened on January 13, 1974, the Airport is located halfway between the cities of Dallas and Fort Worth, Texas. As of Fiscal Year 2022 DFW provided non-stop service to 193 domestic and 67 international destinations worldwide. The Airport also produces over \$37 billion in economic impact each year. Like airports around the world, DFW experienced a tremendous reduction to the number of passengers it served in 2020 due to COVID-19. In addition, the City owns three general aviation airports, each with all-weather capability. Meacham International Airport is centrally located 5 miles from downtown Fort Worth and is equipped with parallel runways, the longest of which is a 7,500 ft. runway. Fort Worth Spinks Airport, a general aviation airport located along I-35 in the south portion of the City is equipped with a 6,000 ft. runway. Alliance Airport is located on I-35 to the north, serves the needs of industrial, business and general aviation users, and is equipped with an 11,000 ft. runway.

Three interstate highways (Interstate 20, Interstate 30 and Interstate 35), combined with five federal and four state highways, provide all-weather routes within the Fort Worth area and the rest of the nation. Interstate 820, which encircles the City, allows quick access to all parts of the Fort Worth area. The Texas Highway Commission has completed a master highway construction plan for Tarrant County to provide for transportation needs through the foreseeable future.

Fort Worth is served by six major railroad systems, one of which, BNSF (Burlington Northern/Santa Fe Railroad), has its corporate headquarters in Fort Worth. Rail passenger service is provided through Fort Worth, including AMTRAK service on the Texas Eagle to Chicago, St. Louis, Little Rock, Dallas, San Antonio and Los Angeles and on the Heartland Flyer to Oklahoma City. Fort Worth position as a major southwest distribution center is supported by the presence of 75 regular route motor carriers with over 750 schedules. Local transit service is provided by Trinity Metro, operated by the Fort Worth Transportation Authority. Greyhound Lines, Inc. furnishes Fort Worth with transcontinental bus passenger service.

**Education** . . . The Fort Worth Independent School District serves a major portion of Fort Worth. The 140 schools in the District operate on the 5-3-4 plan in which the elementary schools (81) teach grades 1-5; middle schools and sixth-grade centers (24), grades 6-8; and senior high schools (21), grades 9-12. The District also has 16 special campuses. The Fort Worth Independent School District employs 5,199 classroom teachers (full-time equivalents) to instruct nearly 75,000 students. Special education programs are provided for the blind, handicapped, mentally disabled, brain-injured, emotionally disturbed and those who require speech and hearing therapy in seven special schools. Vocational training is provided at the secondary level for the educable mentally

disabled. Bilingual programs are also offered at the primary and secondary level. While Fort Worth is served primarily by Fort Worth Independent School District, it is also serviced by 16 other districts.

Tarrant County has 21 college and university campuses with an enrollment of more than 100,000 students in both undergraduate and graduate programs. Included in these colleges and universities are: Southwestern Baptist Theological Seminary; Tarleton State University-Fort Worth Campus; Tarrant County College-Trinity River, South, Northeast, Southeast, and Northwest Campuses; Texas Christian University (“TCU”); Texas Wesleyan University; Texas A&M University School of Law (“A&M”); the University of Texas at Arlington Fort Worth Center; and the University of North Texas Health Science Center.

**Health Services . . .** With award-winning medical care and community-wide wellness programs, Fort Worth offers the full spectrum of health options and medical care. Fort Worth’s Medical District houses the region’s single largest concentration of medical jobs. Throughout Tarrant County there are approximately 49 conveniently located hospitals with approximately 6,300 beds, including one children’s hospital licensed for 457 beds and four public hospitals. Each of the award-winning six major hospitals in Fort Worth functions as a lead institution for a network of health care facilities, providing the full range from acute care to neighborhood clinics and affiliated physicians. Fort Worth hospitals have received awards and recognition for their specialties. From the Level 1 Trauma Center and Comprehensive Level 1 Stroke Center at John Peter Smith Hospital; to the specialized care offered by Cook Children’s Medical Center, with top rankings for children’s cancer treatment, cardiology, neurology, and orthopedics. The highest-ranking hospital systems present in Fort Worth are Baylor Scott & White All Saints Medical Center Fort Worth, Texas, Texas Health Harris Methodist Hospital – Southwest campus, and Texas Health Harris Methodist Hospital – Central campus, ranked 3rd, 8th and 9th respectively for its Southwest and Central campuses respectively in the Dallas-Fort Worth region overall by U.S. News & World Report’s 2023-2024 Best Hospitals Rankings.

**Military . . .** Carswell Air Force Base closed as an active air force facility in September of 1993. In October of 1994, the base was reopened and transformed into Naval Air Station (NAS) Fort Worth, Joint Reserve Base, Carswell Field, a navy reserve base. Now that all of the units have been transferred here from NAS Dallas, Glenview NAS, Detroit, and Memphis, there are nearly 10,000 personnel utilizing the facilities. Approximately \$130 million of construction, remodeling and renovation was invested over the transition period. The PX Mart continues to operate the Base Exchange store and the grocery store for the benefit of active duty military and retired military in the Metroplex. The golf course is now under lease to the Carswell Redevelopment Authority and is operated as a public use facility. The Justice Department has established a Federal Medical Center in the area around the old base hospital. The facility houses approximately 1,300 female Federal inmates and employs approximately 390 personnel.

**The Economy . . .** Despite impacts of COVID-19, Fort Worth has fared well and continues to sustain a multi-year trend of broad-based growth across sectors. Much of this business growth has been fueled by Fort Worth’s reputation of being one of the fastest growing cities in the U.S. and one of the top places in the nation to live, work, and play. With a growing workforce, the expansion of top educational facilities, low cost of doing business, high quality of life, and prime location and climate, the City is an attractive choice for companies looking to expand in or move their operations to.

Major employers in Fort Worth include AMR/American Airlines, Lockheed Martin, Fort Worth Independent School District, JPS Health Network/John Peter Smith Hospital, City of Fort Worth, NAS Fort Worth Joint Reserve Base, Alcon Laboratories, Tarrant County College, Bell Helicopter-Textron, Inc., and Burlington Northern Santa Fe LLC.

Manufacturing and distribution remain an important part of the Fort Worth economy. The list of companies in distribution and manufacturing operations include Acme Brick, Alcon Labs, Allied Electronics, ATC Logistics & Electronics, Hagggar Clothing, Federal Express, J.C. Penney’s, Mother Parker’s Tea and Coffee, Coca-Cola Enterprises, Ben E. Keith Co., Miller Coors LLC, Williamson-Dickie, Pratt Industries USA, Inc., NGC Renewables, LLC, Carolina Beverage Group, LLC, GE Manufacturing Solutions, and Danone North America.

The City’s industry clusters remain diverse with trade, transportation, and utilities making up the largest percentage of the Fort Worth-Arlington Metropolitan Division (MD) industry composition at 38%. Since 2016, trade, transportation, and utilities companies have grown considerably adding over 25,800 jobs to the area. Healthcare, Manufacturing, Hospitality and Tourism, Transportation and Warehousing, and Oil and Gas make up the five established sectors that play a key role in the Fort Worth economy. As a group, these five established sectors account for more than a third of employment in Tarrant County with over 387,000 people employed.

There are over 31,488 registered business firms in the City of Fort Worth. About 99.5% of these businesses are small to mid-size firms that employ anywhere from one to 249 individuals. The remaining 0.5% of businesses are firms that employ greater than 250 employees (Database USA, via EMSI).

The Fort Worth-Arlington MD boasts a strong labor force of 1.35 million that continues to grow. The Fort Worth-Arlington MD has experienced positive annual employment growth since summer 2010, up until the Covid-19 pandemic in early 2020. In the wake of the crisis, the city’s unemployment rate of 7.9% was slightly higher than the 6.8% state unemployment rate, but below the 8.4% national unemployment rate through August 2020. In 2022, the City’s unemployment rate decreased to 3.8%, which was lower than the state unemployment rate of 3.6%, but slightly higher than the national unemployment rate of 3.3% (not-adjusted).

The following chart shows annual labor force data for the City of Fort Worth, the Dallas-Fort Worth-Arlington Metropolitan Statistical Area, and Tarrant County, for previous years and as of December 2022.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City of Fort Worth										
Labor Force	384,170	390,430	393,352	404,789	414,163	422,803	432,355	443,950	455,572	453,953
Unemployment	22,982	19,258	16,303	16,984	15,865	15,982	15,149	33,883	25,602	17,835
Unemployment Rate	6.00%	4.90%	4.10%	4.20%	3.80%	3.80%	3.50%	7.60%	5.60%	3.80%
Dallas-Fort Worth-Arlington MSA										
Labor Force	3,474,226	3,535,331	3,579,454	3,694,960	3,795,291	3,892,802	3,986,660	3,985,114	4,095,480	4,105,694
Unemployment	212,012	177,598	145,292	143,064	138,248	138,640	132,416	281,745	138,261	149,485
Unemployment Rate	6.10%	5.00%	4.10%	3.90%	3.60%	3.60%	3.30%	7.10%	5.10%	3.50%
Tarrant County										
Labor Force	981,537	991,015	990,682	1,009,291	1,033,317	1,054,408	1,073,827	1,082,822	1,041,556	1,099,642
Unemployment	59,367	49,829	41,169	40,130	37,978	37,857	36,296	79,553	58,300	41,131
Unemployment Rate	6.00%	5.00%	4.20%	4.00%	3.70%	3.60%	3.40%	7.30%	5.30%	3.60%

Source: Texas Workforce Commission, Labor Market Information. <https://texaslmi.com/LMIbyCategory/LAUS>

**Tourism . . .** Tourism is an important contributor to the local economy. More than 9.1 million people visit each year for business and leisure, generating a \$2.6 billion annual economic impact, according to the Fort Worth Convention & Visitors Bureau (Visit Fort Worth). This activity directly supports more than 24,000 jobs in the local hospitality industry. Tax revenue generated by visitor spending contributes to city projects, saving the average household approximately \$638 per year. The City has seen significant growth in the number of visitors from within the region and from other nations through DFW International Airport. In addition to conventions, visitors are drawn here by authentic experiences, western heritage, performing and visual arts, dynamic food scene and quality of life. The City's neighborhoods and districts drawing high interest include downtown and Sundance Square, the Cultural District, Near Southside, Panther Island, and the Stockyards National Historic District. The Stockyards features the Fort Worth Herd, the world's only twice-daily cattle drive owned and operated by the Fort Worth Convention and Visitors Bureau. As a result of the COVID-19 pandemic, the local tourism industry took a major hit as annual hotel occupancy rates fell from around 70 percent the last few years to 47 percent in 2020, but quickly recovered in 2021 and has since returned to pre-pandemic levels. The number of events held at both the Will Rogers Memorial Center and the Fort Worth Convention Center have also returned to pre-pandemic levels. In response to growing demand for conventions and leisure visits, Fort Worth is planning to add more than 1,400 hotel rooms to the downtown area by 2025.

Downtown Fort Worth, Inc. (DFWI) is a nonprofit organization dedicated to the promotion and redevelopment of downtown Fort Worth. Coordinated efforts by DFWI have resulted in new entertainment, housing, and retail facilities throughout downtown Fort Worth. The City joined this partnership in 1995 with the creation of the Downtown Tax Increment Financing District in order to provide public infrastructure to support the private investment within this development.

Downtown Fort Worth continues to see its share of development, including the approved expansion of the Omni Hotel. The newly expanded Omni Hotel, located in south Downtown, will add at least 400 rooms (creating a strategically important 1,000 rooms under one property), and will engage Lancaster Avenue by incorporating an active restaurant use. The project adds to the building momentum along the southern portion of downtown along Lancaster Avenue and near the Fort Worth Convention Center. Construction is expected to be completed by fall 2026. The Alliance Texas development in far north Fort Worth continued its growth through 2022 and now employs more than 66,000 people in over 562 businesses. A significant portion of those businesses are Fortune 500 (U.S. public), Global 500 (intl. public) or Forbes List of Top Private Companies (U.S. private). Overall, Alliance Texas has had an estimated \$111 billion economic impact since 1980, following a record setting year in 2022 of \$10.88 billion.

**City Development . . .** After reaching a total value of deals in Fort Worth of \$569 million in 2021, Fort Worth continues to grow in all aspects of development, spurred by population and employment growth as part of the Dallas-Fort Worth Metropolitan Area. Notably, large clusters of commercial development focused on manufacturing, distribution, and warehousing are being developed near state and interstate highways.

In 2022, the corporate offices of RSI North America and manufacturing operations of MP Materials were announced in the first quarter. RSI North America is a company that manufactures modular truck bed canopies. In addition to advanced manufacturing, functions within the proposed City of Fort Worth facility will include housing the North American headquarters operations, as well as product design and prototyping. Following a multi-state site selection process, an existing facility located at 1501 Joel East Road was identified for the 391,000 square foot manufacturing location. The company will be required to expend a minimum of \$2.5 million in total construction costs and will locate taxable business personal property having a minimum taxable appraised value of \$52.5 million. RSI North America will provide a minimum of 250 full-time jobs with an average annual salary of \$65,800.

MP Materials is a Las Vegas based company that manufactures rare earth materials. Founded in 2017, MP Materials will develop a greenfield metal, alloy and neodymium-iron-boron (NdFeB) magnet manufacturing facility, which will also serve as the business and engineering headquarters for its growing magnetics division, MP Magnetics. Following a multi-state site selection process, an existing facility located at 13840 Independence Parkway was identified for the 200,000 square foot manufacturing location. The company will be required to expend a minimum of \$40 million in total construction costs and will locate taxable business personal property, having a minimum taxable appraised value of \$60 million. MP Materials will provide up to 90 jobs over the first three years, with an average annual salary of \$80,390.

Medical innovation is also on the rise as the Medical Innovation District, south of Downtown, grows with the expansion of Cook Children's Medical Center. Further growth in this district is anticipated with the announcement of the TEX Rail expansion to the proposed Medical District station, which will spur further investment. Plans are currently underway and expect to be completed by 2026.

In early 2022, an allocation of \$403 million in federal funding was budgeted by the Army Corps of Engineers for the long-anticipated Central City Flood Control Project necessary for the creation of Panther Island. The City anticipates that Panther Island, a central component of the Trinity River Vision project, will result in an approximate doubling in acreage of downtown Fort Worth and the creation of a mixed-use urban island situated between Fort Worth's Central Business District and the Fort Worth Stockyards. Announcement of the funding represents a critical milestone for the project and is important to ongoing efforts to support new real estate development in the project area today and into the future.

The Central City Flood Control Project and Panther Island continue to develop. Three bridges under construction were completed in 2021 to greatly increase connectivity between Panther Island and the rest of the city. Most recently, an extension of TIF 9 (Trinity River Vision) was approved to facilitate long-term financing for the Central City Flood Control Project.

South of downtown, the Near Southside continues to attract a wide variety of development projects and new businesses of all types and sizes. Among the district's recent multifamily developments, Broadway Chapter on Hemphill stands out as the first to locate along the Hemphill corridor, benefitting from the new Hemphill connector to Downtown and other public and private investments nearby. Broadway Chapter also features the Near Southside's largest public art mural, painted on the parking garage façade and representative of the district's recent recognition by Texas Commission on the Arts as a state-designated cultural district. The Near Southside's other major identity, as home to the city's world class Medical Innovation District, continues to attract major investments. Calendar year 2022, saw the completion of the Justin Tower at THR Harris Methodist, major expansions at Cook Children's Medical Center, and the commencement of construction of TCU's Burnett School of Medicine, centrally located at Rosedale and Henderson in close proximity to the med school's educational partners.

Additionally, the Economic Development Department has been focused on community revitalization this past year. Projects like the Berry/Stalcup redevelopment and Evans and Rosedale have been shaping up. For Berry/Stalcup, the City continues to work with Legacy Construction Solutions and Innovan Neighborhoods on a revised site plan for the property. Staff anticipates bringing an updated site plan and financials for consideration to the Local Development Corporation in Q1 of 2023. In October of 2021, the City Council approved an allocation of up to \$4.2 million from the American Rescue Plan Act (ARPA) funds, a 15-year Chapter 380 Economic Development Program Agreement for up to \$9 million, and an additional \$7 million committed by TIF 4 (Near Southside) for the Evans and Rosedale Redevelopment and Affordable Housing Project. Hoque Global Properties is proposing a two-phased redevelopment that will result in a total of at least \$70 million worth of investment: approximately 292 multifamily units, 20 townhomes, and 28 live-work units, with at least 20% of the total number of units being affordable, a cultural square, parks, and other public spaces. In April 2022, the City entered into multiple definitive agreements with Hoque Global Development for the project. Currently, the developers are in the pre-development stage with Development Services and closed on the properties by December 14, 2022. The developer expects to break ground on Phase I by April of 2023.

The City's Fort Worth Local Development Corporation (FWLDC) launched the Fort Worth Main Street Pilot Program to build the capacity for place-based community organizations to revitalize historic, commercial corridors as economic and community vitality hubs. The program is targeted at historic business corridors in the City's Neighborhood Empowerment Zones, Urban Villages, and Revitalization Target Areas. In August 2022, the City announced the two awardees of the pilot program: Fort Worth Hispanic Chamber of Commerce for a Northside District and the Southeast Fort Worth, Inc. for a Polytechnic District. Each entity and associated community will receive \$50,000 worth of revitalization training and develop a transformation strategy and work plan with Main Street America's UrbanMain and receive \$270,000 worth of grants for both operational support and new program and project implementation. With success, the City hopes to roll out this framework across the City to other historic commercial districts and potentially become the first city in Texas and only one in five in the nation with a Main Street City-Coordinating Program.

In October 2021, the City Council approved an allocation of up to \$3 million from the American Rescue Plan Act (ARPA) funds to enter into a contract with CDFI Friendly America, LLC to bring financing from one or more community development financial institutions ("CDFIs") to the City. The contract includes engaging the consultant to provide consulting services in assessing the potential roles of CDFI financing in the community, organizing potential CDFI Friendly strategies, developing an actionable CDFI Friendly business plan, and providing the City with consultative capacity-building support for the implementation of that business

plan in collaboration with the Economic Development Department and the Department of Diversity and Inclusion. Since its kickoff on January 26, 2022, CDFI Friendly Fort Worth has closed on 149 loans for a total of \$10.32 million.

In addition to the growth in development and revitalization projects, the City launched a messaging campaign and economic development framework to prioritize equity, vitality, and quality of place along Fort Worth's neighborhood business corridors, as many of them serve as the heart of the community. This framework and messaging campaign continue to be built out to provide a website and materials to inform the community, businesses, developers, and partners of the City's investment priorities—to grow and attract more investment and opportunity to reach the full potential of each area. As a part of this effort, the City's Revitalization Target Areas were adopted to portray its priority areas for investment, partnership, and staff focus.

Entrepreneurship and innovation have become focal points for the department in recent years as well. On September 15, 2022, TechStars officially launched the first cohort of the Accelerator. The program's partners chose ten high-growth, early-stage startups to support and fund over the next three years. The companies were chosen from a pool of hundreds of applicants worldwide. For the next several months, owners, innovators, and representatives of these startups will call Fort Worth home, as team members from HSC, TechStars, and Goff Capital shepherd their ideas from concept to game-changing tech. The accelerator is focused on supporting companies building new technologies, treatments, and therapies in the physical health space in areas such as rehabilitation, physical therapy, performance, and exercise. The selected startups will participate in an intensive, 13-week program, and receive hands-on mentorship, curated entrepreneurial content and programming, up to \$120,000 in funding, and access to a vast network of mentors, investors, alumni, and influential corporate executives. These efforts culminated on December 8, 2022 during Demo Day, where leaders of the startups presented their work.

A commitment to improvement continues in education projects to serve the City's growing population. In 2021, a \$1.2 billion school bond package was approved to help fund several updates to area schools in the Fort Worth Independent School District (FWISD).

In addition to public schools, two new charter schools recently opened in Fort Worth. IDEA Southeast opened on Seminary Drive and IDEA Rise opened on Cherry Lane. These charter schools will focus on college preparation, while giving Fort Worth families alternative school options for educating their children.

Area institutions of higher education have likewise shown their commitment to growth by recently announcing plans for expansion, including TCU's expansion of its medical school and A&M's expansion of its nationally-ranked law school. These two historical expansions will help propel the quality of life and higher education in Fort Worth, and will likewise become attractive to outside companies and corporations looking for a highly educated workforce.

In 2022, the City of Fort Worth updated its economic development strategic plan, which identified key emerging economic sectors, including aerospace manufacturing and design, life sciences delivery and innovation, geotechnical engineering, international business, corporate and regional headquarters, professional services, financial services, and transportation innovation. Since the update, the City of Fort Worth has focused on adopting policy measures to better align with its strategies, including with regard to resource availability and incentives for promoting economic development and to better market the community nationally. In support of the desire to better communicate the competitiveness of Fort Worth as a destination for investment and corporate relocation, a three-year messaging campaign was launched in early 2022 and continues to help market Fort Worth today as the premier destination to work, live, and play.

**Miscellaneous . . .** Water, sewer and solid waste services are furnished by the City of Fort Worth and natural gas service is provided by Atmos Energy. Electricity, telephone and other service utilities are provided by various providers.

The Fort Worth Public Library system consists of 16 branch library locations, one job education center, and two satellite libraries that are located in public housing developments. Additionally, the City has inter-local agreements with six of the surrounding suburban communities to share library resources and services. These locations are staffed by more than 260 employees and serve more than 90,000 customers each year. Branches operate 40 hours each week including Saturdays. The newest addition to the system, the Golden Triangle branch, opened in the fall of 2020 and boasts meeting spaces including lab and classroom areas that can host up to 100 people. The Reby Cary Youth library opened in the fall of 2021, and the Far Southwest branch opened in July of 2023.

In December 2011, the City Council adopted the *20/20 Vision Master Plan* for the Library which charts future facility and service needs. Service priorities for Fiscal Year 2017 are early childhood learning and school readiness; improving use of technology to include online card registration; improve services to Spanish-speaking communities; improving customer service; and moving forward with construction of two new libraries funded in the 2014 bond program. The Library or Library System's 5 Year Vision is to be recognized as a premier organization and first choice for materials to support pleasure/recreation, learning and information, and to showcase the diversity and rich history of Fort Worth through materials, programs and exhibits. For her work in driving the new vision for the Fort Worth library system, Director Manya Shorr received the award for Librarian of the Year in 2021 from the Texas Library Association. The library system circulates more than 3.8 million library materials annually; provides computers at all facilities with informational databases and the Internet; answers questions; supports a website with downloadable audios, videos,

ebooks, and other online services; offers educational, cultural, and early literacy programming; and serves as a gathering place and destination for local neighborhoods.

More than 400 churches with 45 denominations and synagogues in Fort Worth contribute vitally to the lives of City residents. The City is also world-famous for its many museums. The Fort Worth Convention Center offers exhibit and meeting space of over 185,000 square feet, including a 14,000 seat arena. Will Rogers Memorial Center is located in the heart of Fort Worth's Cultural District and includes Historic Will Rogers Coliseum, Will Rogers Auditorium, Multi-Purpose Equestrian Center and Amon G. Carter Jr. Exhibit Halls.

The Nancy Lee and Perry R. Bass Performance Hall, now recognized as one of the best performance halls in the world, is a state-of-the-art \$70 million performing arts hall funded entirely from private donations.

Number of Building Permits by Type			
Year	Residential	Commercial	Total Permits
2018	11,687	2,609	14,296
2019	11,523	2,599	14,122
2020	13,920	1,877	15,797
2021	15,552	2,279	17,831
2022	15,998	2,751	18,749

Dollar Value of Building Permits			
Year	Residential	Commercial	Total Permits
2018	1.08 Billion	2.36 Billion	3.44 Billion
2019	1.04 Billion	3.03 Billion	4.07 Billion
2020	1.31 Billion	2.16 Billion	3.47 Billion
2021	1.44 Billion	2.30 Billion	3.74 Billion
2022	1.49 Billion	2.64 Billion	4.13 Billion

Source: Planning and Development Department, City of Fort Worth.

**City of Fort Worth Extraterritorial Jurisdiction and Annexation Policy . . .** Under the provisions of State law, incorporated cities in Texas have the power to exercise certain controls in unincorporated areas adjacent to their city limits. For a city the size of Fort Worth, these adjacent areas extend a distance of five (5) miles from its city limits. This adjacent, unincorporated area within five miles is known as the extraterritorial jurisdictional area ("ETJ"). Significant highlights are:

1. No new city may be incorporated within Fort Worth's ETJ without Fort Worth's consent.
2. No existing city may expand its limits within the ETJ without Fort Worth's consent.
3. No land may be subdivided within the ETJ without Fort Worth's approval.
4. No Municipal Utility District may be created within the ETJ without Fort Worth's consent.
5. Fort Worth's ETJ expands with the expansion of its city limits so that the area always covers the area five (5) miles beyond the city limits.
6. Cities may apportion their extraterritorial jurisdictional area to establish definite control limits and preserve their respective growth area. Fort Worth has established its ETJ boundary in accordance with Chapters 42 and 43 of the Texas Local Governmental Code. Fort Worth's ETJ covers approximately 350 square miles of potential expansion area.
7. Fort Worth has the power to annex, either City-initiate for enclaves or owner-initiated, any land in its ETJ that is contiguous to its city limits.

The City annexes areas in accordance with its adopted annexation policy, which is contained in the Comprehensive Plan.



## Household Income

	Fort Worth	Tarrant County	Texas	US
Less than \$34,999	25.90%	22.40%	27.20%	27.10%
\$35,000 - \$49,999	12.00%	12.10%	12.30%	12.00%
\$50,000 and over	62.10%	65.50%	60.50%	61.90%

**The Municipal Airport System . . .** Fort Worth has a long-standing commitment to aviation. From the landing of the first airplane in Fort Worth in 1915 to today, Fort Worth has understood and served the needs of the aviation industry. The City serves as home to Lockheed, American Airlines, Bell Helicopter-Textron, Naval Air Station Joint Reserve Base Fort Worth and hundreds of aviation-related businesses. DFW Airport (owned jointly by the two cities and operated by the DFW Airport Board) stands as a symbol of the excellence to aviation facilities to which the City is committed. The City is dedicated to maintaining all facets of aviation – general, commercial and military – to the same high standard.

An integral part of this dedication is exhibited by the City of Fort Worth's Airport System which consists of three municipal airfields. These airports and their individual characteristics are as follows:

### Fort Worth Meacham International Airport

Operated since 1925

- 7,500-foot runway, 4,000-foot parallel runway
- FAA flight control tower, with Instrument Landing System ("ILS")
- 24 hour aviation fuel service
- Major/minor maintenance
- Hangar rental space for large and small aircraft
- Located in North Fort Worth
- Award winning fixed based operators
- Centrally located 5 miles from downtown Fort Worth

### Spinks Airport

Opened in summer of 1988

- 6,000 ft. runway, 4,000 ft. runway
- FAA flight control tower, with ILS
- Fixed Based Operator
- Serving general and corporate aviation
- Aircraft maintenance and paint services
- Flight training
- Site for hangars available
- Located in Interstate 35 South Industrial Corridor

### Alliance Airport

Opened in winter of 1989

- 11,000 ft. runway, with Category II/III Instrument Landing System (CAT II/III ILS), 11,000 ft. runway
- FAA flight control tower, with ILS
- Fixed Based Operator
- 24-hour aviation fuel services
- Serving general and industrial/manufacturing cargo aviation
- Nine square miles of airport property available for development
- Near developing high tech industrial center
- Located in Interstate 35 North Corridor, with rail access

**Employee Relations . . .** Under the laws of the State, municipal employees cannot strike, be forced to join a union, pay dues for union membership, or collectively bargain for wages, hours or working conditions; however, they may form associations for the presentation of grievances. State law, however, provides for local referenda on collective bargaining for police and firefighters. Pursuant to prior elections, police officers have the right to meet and confer and firefighters have the right to collectively bargain with the City, each group through their own recognized associations under the State's law. Overall, employee relations are considered by the City to be good.

## **BUDGETARY PROCEDURES**

**Overview** . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. On or before August 15 of each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted. The budget is legally enacted by the City Council through the passage of appropriation and tax levying ordinances prior to September 30.

Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued corresponding amounts of appropriations are reserved by the use of encumbrances for later payment so that appropriations may not be overspent. City policy requires that purchase orders for supplies and contractual services exceeding an amount available at the section level not be released until funds are transferred from within the department or supplemental appropriations are approved and recorded.

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

**Financial Policies** . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis for governmental funds. The General Fund uses the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt.

"Proprietary Fund" revenues and expenses are recognized on the full accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the accounting period in which they are incurred.

**COPIES OF THE MOST RECENT OFFERING DOCUMENTS, AS WELL AS ANY RELATED DISCLOSURE FILINGS FOR EACH OF THE CITY'S CURRENTLY OUTSTANDING INDEBTEDNESS (GENERAL PURPOSE, WATER AND SEWER, AND DRAINAGE UTILITY), ARE ON FILE WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB") THROUGH ITS ELECTRONIC MUNICIPAL MARKET ACCESS ("EMMA") SYSTEM, AVAILABLE AT [WWW.EMMA.MSRB.ORG](http://WWW.EMMA.MSRB.ORG) AND MAY BE REVIEWED TO OBTAIN MORE INFORMATION FOR EACH RESPECTIVE PORTFOLIO.**

## **PENSION DISCUSSION**

**PENSION PLAN** . . . The City Plan provides retirement, disability, and death benefits to employees of the City. The term employee does not include elected officers, non-salaried appointed members of administrative boards and commissions, or part-time, temporary or contract employees. The City Plan was established under the legal authority of the City Charter in accordance with state law, and it is administered by the Board. The primary authority to define or amend employer and employee contribution rates or benefits is given to the Mayor and the City Council although the Board can call an election for members to consider increasing their contributions. Effective June 15, 2007, the City Plan became subject to Article 6243i, which changed the structure of the Board and how benefits could be changed by the City as Plan sponsor. Article 6243i also permitted the Board to create administrative rules that govern the City Plan. The administrative rules govern the administration and benefits of the City Plan. The Board may change the administrative operation of the City Plan without the City's approval, while any increases to the benefit structure must be approved by the City, following an actuarial assessment. A reduction in benefits must be proposed by the City, and the City must notify the Board 90 days in advance of such benefit reduction.

Membership in the City Plan is a condition of employment for all full-time, permanent employees. Members vest in the Plan after five years of credited service. Benefit provisions and other requirements are established by City ordinance or Article 6243i.

Plan members and the City are required to contribute at rates set by City ordinance. The contribution requirement of City Plan members and the City are established and may be amended by the City Council subject to approval of the Retirement Fund Board and/or members in certain instances.

As of September 30, 2022, approximately 79.78% and 10.75% of the Plan's assets and total Pension Liability is attributable to the City's General Fund and Water & Sewer Fund, respectively.

**PLAN BENEFITS** . . . Prior to changes described below, the plan formula included: a rule of 80 (retirement eligibility when age plus years of service equal 80); an exception to the rule of 80 for Police Officers allowing them to retire on the earlier of (i) when they reach 25 years of service or (ii) when they reach rule of 80; an annual multiplier of 3.0%; a compensation base of "High-3"; inclusion of overtime in compensation base for determining retirement benefits; annual cost-of-living adjustments of either 2% guaranteed or ad

hoc up to 4% depending on the health of the Fund; and survivor and disability benefits as outlined in the following sentences. Survivor Benefit: Upon the death of a retired member, the surviving spouse receives a monthly pension equal to 75% of the amount being paid to the retired member. If a vested or non-vested member dies in-the-line-of-duty, the surviving spouse receives a monthly pension equal to 75% of the retirement benefits that would have accrued had the member worked to the normal retirement date. If a vested member dies before retirement, not-in-the-line-of-duty, the surviving spouse receives a monthly pension equal to 75% of the member's accrued pension, subject to certain minimum benefits. If a non-vested member dies before retirement, not-in-the-line-of-duty, the designated beneficiary/estate receives a refund of the member's contribution, plus interest. Disability Benefit: An active employee who becomes totally disabled while in-the-line-of-duty is eligible to receive annual disability benefits based on a reduced multiplier and is credited with the years of service that would have accrued had the member worked to the normal retirement date. A vested member who becomes totally disabled while not- in-the-line-of-duty is eligible to receive disability benefits based on a reduced multiplier and the credited years of service the member has actually accumulated as of the date of disability retirement. A non-vested member who becomes totally disabled not-in-the-line-of-duty receives a refund of contributions, plus interest.

**PLAN CHANGES** . . . Article XVI, Section 66 of the Texas Constitution prohibits the City from reducing accrued benefits and makes the City jointly responsible with the Plan for ensuring accrued benefits are not reduced or impaired, resulting in the City being a functional guarantor of the Plan. To the extent additional funding is needed to meet the City's pension obligations, those funds would primarily come from property taxes within the General Fund and charges for service within the City's Enterprise Funds. The City's Fiscal Year 2023 property tax rate of \$0.7125 is well below the maximum rate of \$1.90 per \$100 allowed by the City's Charter.

Although accrued benefits are protected as identified above, non-accrued benefits are subject to change based upon the Plan documents, the Texas Constitution, and State law, and Mayor and City Council action. The City has taken steps to ensure the long-term sustainability of the Plan by modifying the benefit levels and structures for employees. In March 2011, changes were made for General Employees (excluding Police Officers and Firefighters). Notable changes included establishing a minimum regular retirement age of 55 for new General Employees hired after 2011; changing the compensation base from "High 3" to "High 5" for service credits earned or purchased after 2011; eliminating overtime from the pensionable earnings; lowering the annual multiplier from 3.0% to 2.5% for normal pension benefits, eliminating the cost of living adjustment for new General Employees; and several others. In October 2012, the City Council adopted similar plan changes for new and existing Police Officers and in September 2014, the adoption of plan changes was complete for Firefighters. The plan changes for Police Officers and Firefighters are generally consistent to the changes made for General Employees with a few exceptions.

In October 2017, the Mayor and City Council approved a revision to how "regular interest" is calculated for contributions that are refunded to members – changing the rate from interest compounded biweekly which should equal but not exceed five and one-quarter percent (5 ¼%) compounded on a calendar year basis to interest based on the 2-year Treasury Bill rate as of the last pay date of the calendar year, with interest compounded annually and not applied to any year in which the member is not an active employee on the last pay date of the calendar year.

In December 2017, the Mayor and City Council also approved a change to the terms under which a separated-and-retained member can buy back their prior years of service by repaying previously refunded contributions plus interest – reducing the period during which the employee must pay for their repurchased service credit from seven years to three years and changing the interest rate charged for repurchased service from "regular interest" (as described in the prior paragraph) to the assumed rate of return of the Fund as of the date on which the returned employee initially elects to repurchase their service.

On December 11, 2018, the City Council approved pension modifications and called a member election for February 2019 to consider employee contribution increases. The contribution increases and changes were approved by the member vote in accordance with the requirements of Article 6243i.

The 2018 pension modifications consist of: (1) eliminating the cost-of-living-adjustment, or COLA, for all employees for any service credits earned or purchased on or after July 20, 2019; (2) revising the process for calculating the ad hoc COLA, where applicable, so that automatic risk-sharing based contributions (described below) must be excluded in determining whether the Fund is healthy enough for an ad hoc COLA to be awarded; (3) eliminating the 2% and/or ad hoc COLA, as applicable, for any employee who has not retired or entered the Deferred Retirement Option Plan ("DROP") by January 1, 2021 and implementing in its place a Variable COLA, as described below, for those individuals for service credits earned or purchased through July 19, 2019; and (4) ending the practice of treating accrued and unused/uncompensated major medical leave balance and sick leave balance as service credit at retirement by providing that only major medical leave and sick leave earned through July 19, 2019 shall be treated as service credit at retirement and that any major medical or sick leave earned on or after July 20, 2019 shall not be treated as service credit at retirement.

The Variable COLA would apply only to service credits earned or purchased through July 19, 2019 for eligible individuals, which can generally be described as General Employees who started working for the City prior to 2011, Police Officers who started working for the City prior to 2013, and Firefighters who started working for the City prior to 2015. The Board may, subject to ratification by the City Council, award a Variable COLA to all eligible individuals in an amount equal to no more than 4% of each member's base pension attributable to service credits through July 19, 2019 but only if an actuary determines that (i) the combined City and member contributions (excluding any automatic risk-sharing-based contributions) for the two preceding years are equal to or greater than the

actuarially determined contribution (ADC) for each of those years, with the actuarial calculations based on a closed thirty-year amortization period and a rate of return that is the average of the reported rates of two national sources that are agreed to by the City and the Fund Board; and (ii) adding the Variable COLA for all eligible members and service as proposed by the Board would not cause the ADC to exceed the combined City and member contributions for the coming year.

**CONTRIBUTION INCREASES . . .** As noted above, contribution rate increases for the City and for all member groups were among the modifications adopted by the City Council in December 2018 and ratified by member vote in accordance with state law. As a result of those actions, for service on or after July 20, 2019, all members have experienced contribution increases, with sworn Police officers and sworn Firefighters increases being phased in over multiple years. The contribution increases consist of both a fixed and variable element as further described below.

**FIXED CONTRIBUTION INCREASE . . .** On-going fixed contribution increases for the City and for members in all three employee groups –Police Officers, Firefighters, and General (all others) – commenced with the pay period that started on July 20, 2019 (August 9 paycheck). Increases for Police Officers and Firefighters were phased in, with the Firefighters experiencing an additional increase in 2020, and Police Officers experienced increases in 2020 and 2021.

In addition, General Employees who have service credit that is subject to a 3.0% multiplier as described above are subject to an additional contribution, or surcharge, for a period of time equal to the length of service they have under that multiplier, meaning a General Employee who had seventy months of service subject to a 3.0% multiplier will pay the surcharge for seventy months beginning with the pay period that started on July 20, 2019 (August 9 paycheck).

Although the City’s on-going fixed contribution increases did not start until the August 9, 2019 paycheck, the City’s increase is retro-dated to the pay period that starts December 22, 2018 (January 11, 2019 paycheck), and the City made lump sum payment for contributions attributable to employee service for the period from December 22, 2018 through July 19, 2019.

The following chart depicts the fixed contribution increases and their effective dates:

Group	Prior Contribution Rate	Rate Starting July 20, 2019 <sup>(1)</sup>	Rate Starting with First Paycheck of 2020	Rate Starting with First Paycheck of 2021	Rate Starting with First Paycheck of 2022
City for Police Officers (1)	20.46%	24.96%	24.96%	24.96%	26.16%
City for All Others (1)	19.74%	24.24%	24.24%	24.24%	25.44%
Police Officers (2)	8.73%	10.53%	12.53%	13.13%	13.93%
Firefighters	8.25%	10.05%	12.05%	12.05%	12.85%
General with 3% Multiplier (3)	8.25%	10.05%	10.05%	10.05%	10.85%
General without 3% Multiplier (3)	8.25%	9.35%	9.35%	9.35%	10.15%

- (1) City made a lump sum payment so that City contribution increases began being paid in August 2019 but included contributions effective with the first paycheck issued in 2019.
- (2) Unlike any other group, Police Officers can retire with full benefits following 25 years of service; contribution rate is higher to reflect greater benefit level.
- (3) A General Employee will only contribute at this rate for a period of time equal to the number of months that are subject to a 3% multiplier, after which the 0.7% surcharge will cease.

#### *Variable Increase (Automatic Risk Sharing Mechanism)*

The fixed contribution increases outlined above took effect on the dates indicated and will remain in effect regardless of the financial health of the Fund. The February 2019 member election also approved the structure and amount of limited automatic contribution increases and decreases that are tied to the financial health of the Fund and described in the following paragraphs.

Under the automatic contribution increase/decrease mechanism that was approved by members, each year an actuarial evaluation will be made to determine the relative values for the two immediately preceding years of (i) the actuarially determined contribution (ADC) and (ii) the combined City and member contributions under then-existing contribution rates. In conducting its analysis, the actuary is required to assume a closed 30-year funding of the unfunded liabilities and to use a discount rate that is consistent with the average of rates reported by two independent sources that are agreed to by the City and the Fund Board.

If the ADC is greater than actual contributions for two or more consecutive years, then beginning in 2022 the City and all member groups will automatically be subject to additional contribution requirements.

The total, cumulative automatic additional contribution rate under this mechanism is capped at 4.0% of payroll. The actual rate under this mechanism will be (i) a total rate required to generate difference between the ADC and the then-current combined contributions,

(ii) allocated on a 60-40 basis as between the City and the members, and (iii) subject to year-over-year increase limits as described in the following sentence. A member's contribution rate under this mechanism may not represent an increase of more than 0.8% over the member's contribution rate during the immediately preceding year, meaning the City's contribution rate under this mechanism would represent an increase of no more than 1.2% over the immediately preceding year.

The following chart depicts how the variable increase could apply using 2022 and 2023 as examples:

Group	Contribution Rate in 2021 (Fixed Rate)	Maximum Contribution Rate in 2022	Maximum Contribution Rate in 2023
City for Police Officers (1)	24.96%	26.16%	27.36%
City for All Others (1)	24.24%	25.44%	26.64%
Police Officers (2)	13.13%	13.93%	14.73%
Firefighters	12.05%	12.85%	13.65%
General with 3% Multiplier (3)	10.05%	10.85%	11.65%
General without 3% Multiplier (3)	9.35%	10.15%	10.95%

Under the mechanism as approved, if two consecutive actuarial valuations indicate that some or all of the additional contribution is no longer required to meet the ADC, then City Council can unilaterally reduce the additional contribution by the actuarially determined unrequired percentage, with the amount of the reduction allocated on a 60-40 basis as between the City and members.

Based on results of the December 31, 2020 actuarial valuation, the risk-sharing contributions will commence in 2022 at a combined 2% of pay (the maximum level) and increase in 2023 to a combined 4% of pay through 2061. Additionally, it is anticipated that the Conditional Ad Hoc COLAs will be paid on an annual basis beginning in 2042. Finally, when the impact of the risk sharing contributions and Conditional Ad Hoc COLAs are incorporated into the projection of the UAAL, the UAAL is projected to be 37 years as of December 31, 2021, based on the actuarial value of assets.

**Most Recent Pension Actuarial and Investment Data** . . As of September 30, 2022, pension plan membership consisted of the following:

- Total Inactive Members – 6,394
- Active Members- 6,626

Of the total inactive members, 4,906 are inactive employees or beneficiaries currently receiving benefits, and 1,488 are inactive employees entitled to but not yet receiving benefits.

For the City's Governmental Accounting Standards Board (GASB) Statement 68 for the Fiscal Year ended September 30, 2021, results from the Plan's prior September 30, 2020 measurement date are used by the system actuary, and rolled forward to the plan year ending September 30, 2021 using generally accepted actuarial principles.

Within this analysis, the components of the net pension liability of the Retirement Fund as of September 30, 2022 were as follows:

Total Pension Liability	\$ 4,892,875
Fund Fiduciary Net Position	\$ 2,830,439
City's Net Pension Liability	\$ 2,062,436
Fund Fiduciary Net Position as a Percentage of the Total Pension Liability	57.85%

The single discount rate of 7.00% was used to measure the Total Pension Liability as of September 30, 2020. This single discount rate was based on an expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The Schedule of the City's Contributions to the Retirement Fund for the last three years are as follows (in 000s):

Year Ended September 30*	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2020	\$ 160,159	\$ 124,744	\$ 35,415	\$ 524,728	23.77%
2021	165,707	128,046	37,661	523,064	24.48%
2022	180,724	137,012	43,712	559,691	24.48%

\* Dates reflect measurement dates, which are reported in the City's Annual Comprehensive Financial Report in the subsequent fiscal year.

According to paragraph 33 of GASB No. 68, differences between expected and actual experience and changes in assumptions are recognized in pension expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.

**Experience Study and Changes to Plan Assumptions** . . . The assumptions and methods used for the pension actuarial study were approved by the Board based on a three-year experience study for the period ended December 31, 2018. As a result of this study, changes were made to the mortality tables, generational projection scales, line-of-duty death rates, investment returns, administration expense assumptions, inflation assumptions, payroll growth rates, salary tables, retirement rates, among others. These assumptions first applied for actuarial valuation as of December 31, 2018 and the Actuarially Determined Contribution for fiscal year end 2020.

Actuarial methods and assumptions used in the calculations are as follows:

- Actuarial Cost Method: Entry Age Normal
- Amortization method: Level percent of payroll, 30-year closed beginning in 2018
- Remaining amortization period: 27 years
- Asset valuation method: Five-year smoothed market.
- Investment rate of return: 7.00%
- Inflation Rate: 2.50%
- Projected salary increases: 3.25%-28.25%
- Cost of living adjustment: 2.00%, assumed for all members in the guaranteed COLA program, no COLA's are assumed for members with a variable COLA. Timing of conditional Ad Hoc COLAs is based on an open group projection.
- Payroll growth rate: 3.00% per year, adjusted for removal of overtime from the pension formula for Tier II members.

Source: City of Fort Worth GASB 68 Actuarial Valuation from GRS Retirement Consulting, Irving, Texas

Because assumptions within the most recent actuarial valuation are based on the three-year experience study covering the period from January 1, 2016 through December 31, 2018, so do not reflect the recent and still developing impact of COVID-19, which may significantly impact future demographic and economic experience. Data regarding active members, terminated members, retirees and beneficiaries was provided by the system as of September 30, 2022.

**Additional Information** . . . For further details regarding the most recent City-audited financial information for City's retirement plan, please refer to Note I of the City's 2022 Annual Comprehensive Financial Report, incorporated by reference herein, which can be found at <https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/?id=P11257487> . See Appendix B – Financial Statements.

More up-to-date financial information regarding the Plan and its investments can be found on the Retirement Fund's website at <http://www.fwretirement.org>. NOTE: Information on the Retirement Fund's website has not been independently verified by the City, and although the City believes such information to be reliable, it does not take any responsibility for the accuracy or completeness thereof.

The City Code provisions that govern details of the Plan can be found in Chapter 2.5 Retirement of the City's Code of Ordinances at [http://www.amlegal.com/codes/client/fort-worth\\_tx/](http://www.amlegal.com/codes/client/fort-worth_tx/).

**Other Post-Employment Benefits** . . . In addition to providing pension benefits, the City provides certain health care and life insurance benefits to its retirees and their dependents. The City offers the pre-65 retirees the same choice of two medical plans as the actives (Basic Plan and Consumer Choice Plan). The post-65 retirees are offered a fully-insured Medicare Advantage PPO plan. To be eligible for benefits, an employee must meet either the Municipal/Fire requirements (Age 65 and 5 years of service or Rule of 80) or the Police

requirements (25 years of service) for normal retirement. The City pays for all or a major portion of the total health insurance cost for retirees and between 30% to 50% for their dependents depending on the date of hire and the length of service the retiree had with the City. Those with more than 25+ years of service or hired prior to October 5, 1988 will receive the City's full premium subsidy for the retiree's portion but will need to contribute to cover dependents. Those with less the 25 years of service will receive less than the City's full premium. Employees hired on or after January 1, 2009 are no longer eligible for the City's subsidy and will pay the full premium rates. Thus, we have assumed that there is no medical liability for anyone hired on or after January 1, 2009. Also, this is a closed group whose liability should decrease to zero over time.

The City also provides a \$5,000 lump sum death benefit for beneficiaries of retired employees who retired on or after January 1, 1970 which is 100% subsidized by the City.

The City recognizes the cost of providing these benefits as payroll expenses/expenditures in each operating fund. The estimated pay-as-you-go cost of providing these benefits for approximately 3,031 retirees and surviving spouses during fiscal year 2022 was \$21.114 million. During the prior year for approximately 3,184 retirees and beneficiaries the cost was \$18.625 million.

GASB released the Statement of General Accounting Standards No. 75 ("GASB 75"), Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions, in June 2016. The first financial statements of the City required to conform to GASB 75 were for the Fiscal Year Ending September 30, 2018. GASB 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The purpose of this GASB 75 Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Information provided by state and local government employers about financial support for OPEB is provided by other entities will also be improved.

The following information summarizes the City's OPEB liability as calculated under GASB 75 as of September 30, 2022, the actuarial valuation measurement date:

- The OPEB Plan's membership consisted of 3,031 inactive employees or beneficiaries currently receiving benefits.
- During Fiscal Year 2022, the cost of health care benefits for retirees, dependents, and surviving spouses was \$21,114,000 and the death benefit payments totaled \$590,000.
- The actuary estimated the City's total OPEB liability to be \$70,644,000. This estimate is based upon a 2.21% discount rate. The City had funded 10.99% of its total OPEB liability.
- In 2009, the City created a trust fund for the purpose of prefunding/paying down unfunded OPEB liability. As of the close of fiscal year 2022, the OPEB trust had a net position of \$88,368,000.
- The Net OPEB Liability was \$864,008,000, of which \$750,044,000 was associated with governmental activities and \$113,964,000 for business-type activities.
- The City's OPEB expense was \$45,749,000.
- For more information on the City's OPEB benefits see Note J in the City's 2022 Annual Comprehensive Financial Report incorporated by reference herein, which can be found at <https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/?id=P11257487> and for a copy of the City's Final Actuarial OPEB Report (September 30, 2022 Reporting Date), please visit [www.fortworthtexasbonds.com](http://www.fortworthtexasbonds.com). See Appendix B – Financial Statements.

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## **APPENDIX B**

### FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

The information contained in this Appendix consists of the City of Fort Worth, Texas  
Audited Financial Statements for the Year Ended September 30, 2022

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



CITY OF FORT WORTH, TEXAS

**FY2022**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**For the Fiscal Year Ended September 30, 2022**



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2022

## CITY OF FORT WORTH, TEXAS



### ELECTED OFFICIALS

#### 2022 CITY COUNCIL

Mattie Parker, Mayor

Carlos E. Flores, District 2

Jared Williams, District 6

Michael D. Crain, District 3

Leonard Firestone, District 7

Alan Blaylock, District 4

Chris Nettles, District 8

Gyna Bivens, District 5

Elizabeth M. Beck, District 9

### CITY MANAGER

David Cooke

### CHIEF FINANCIAL OFFICER

Reginald Zeno

Prepared by the Department of Financial Management Services

#### Financial Reporting and Accounting

Anthony M. Rousseau, CPA, CTP

#### Financial Reporting

Ashley Clement

Brian Hemann

May Ma

Abraham Gandarilla, CPA

Christian McCoy

Chenese Strange, CGFO

#### Accounting

Stephen C. Nesbitt, CPA

Catherine Perry

Kristy Allen

Edward Amoah, CGFO

Ramona Nails

Shalonda Oliver

Accounting Staff

#### Treasury

John R. Samford, CPA, CTP

Jay Rutledge, CTP

Kiphani Allen

Monica Arranaga

Vonda Coleman

Sharon Gunter

Alex Laufer

Treasury Staff

#### Purchasing

Cynthia Garcia

John Padinj, CPPO, NIGP-CPP

Cristina Camarillo

Michelle Greene

Purchasing Staff

#### Administration

Charissa Williams

#### Financial Systems

Alexis Rivas

Financial Systems Staff

**FORT WORTH®**



# CITY OF FORT WORTH, TEXAS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2022 TABLE OF CONTENTS

	PAGE
<b>INTRODUCTORY SECTION:</b>	
Transmittal Letter.....	v
Certificate of Achievement.....	xvii
Organization of City Government.....	xviii
Elected Officials.....	xix
<b>FINANCIAL SECTION:</b>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	5
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position.....	19
Statement of Activities.....	20
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Net Position - Proprietary Funds.....	28
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	30
Statement of Cash Flows - Proprietary Funds.....	32
Statement of Fiduciary Net Position - Fiduciary Funds.....	34
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	35
Notes to the Basic Financial Statements.....	36
<b>Required Supplementary Information (Unaudited)</b>	
Budgetary Comparison Schedule - General Fund.....	127
Notes to the Required Supplementary Information.....	129
Employees' Retirement Fund - Schedule of City Contributions to the Retirement Fund - Last Ten Fiscal Years.....	131
Employees' Retirement Fund - Schedule of Changes in the City's Net Pension Liability and Related Ratios - Last Ten Fiscal Years.....	132
Other Postemployment Benefits - Schedule of City Contributions to the OPEB Fund - Last Ten Fiscal Years.....	134
Other Postemployment Benefits - Schedule of Changes in the City's Net OPEB Liability and Related Ratios - Last Ten Fiscal Years.....	135

# CITY OF FORT WORTH, TEXAS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2022 TABLE OF CONTENTS

Continued

	PAGE
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Budgetary Comparison Schedule - Debt Service Fund.....	138
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	142
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	144
Other Blended Component Units:	
Combining Balance Sheet.....	146
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	147
Combining Balance Sheet.....	148
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	149
Budgetary Comparison Schedule - Crime Control and Prevention District Fund.....	150
Budgetary Comparison Schedule - Environmental Management Fund.....	151
Budgetary Comparison Schedule - Culture and Tourism Fund.....	152
Budgetary Comparison Schedule - Other Special Revenue Fund.....	153
Budgetary Comparison Schedule - Public Improvement Districts Fund.....	154
Budgetary Comparison Schedule - Golf Fund.....	155
Nonmajor Enterprise Funds:	
Combining Statement of Net Position.....	158
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	160
Combining Statement of Cash Flows.....	162
Internal Service Funds:	
Combining Statement of Net Position.....	166
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	167
Combining Statement of Cash Flows.....	168
Pension (and Other Employee Benefit) Trust Funds:	
Combining Statement of Fiduciary Net Position.....	171
Combining Statement of Changes in Fiduciary Net Position.....	172

# CITY OF FORT WORTH, TEXAS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT YEAR ENDED SEPTEMBER 30, 2022 TABLE OF CONTENTS

Continued

PAGE

### STATISTICAL SECTION (UNAUDITED):

TABLE

#### Financial Trends:

Net Position by Component.....	1	174
Changes in Net Position.....	2	176
Fund Balances, Governmental Funds.....	3	180
Changes in Fund Balances of Governmental Funds.....	4	182

#### Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property.....	5	184
Property Tax Rates - All Direct and Overlapping Tax Rates.....	6	185
Property Taxes Levies and Collections.....	7	186
Property Tax Rate Trend.....	8	187
Appraised Value by Type.....	9	188
Property Tax Revenue.....	10	190
Property Tax Revenue (Per Capita).....	11	192
Principal Property Taxpayers.....	12	194

#### Debt Capacity:

Ratio of Outstanding Debt by Type.....	13	196
Percent of Total General Debt Outstanding to Assessed Value and Total General Debt Outstanding Per Capita.....	14	198
Legal Debt Margin Information.....	15	200
Tax Rate Allocation.....	16	202
Direct and Overlapping Governmental Activities Debt.....	17	203
Pledged-Revenue Coverage.....	18	204

#### Demographic & Economic Information:

Demographic and Economic Statistics.....	19	205
Principal Employers Fort Worth Metropolitan Area.....	20	206
Population Growth.....	21	208
Total Appraised Value.....	22	210
Appraised Value Per Capita.....	23	212
Appraised Value Per Capita (Inflation Adjusted).....	24	214
Median Family and Per Capita Income (Unadjusted for Inflation).....	25	216
Median Family and Per Capita Income (Adjusted for Inflation).....	26	217
Average Home Value.....	27	218
Median Home Value.....	28	220

#### Operating Information:

Full-Time Equivalent City Government Employees by Function/Program.....	29	222
Operating Indicators by Function/Program.....	30	224
Capital Asset Statistics by Function/Program.....	31	226





# INTRODUCTORY SECTION



March 3, 2023

To the Honorable Mayor, Members of the City Council, Residents and Stakeholders of the City of Fort Worth, Texas:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Fort Worth, Texas (the “City” or “Fort Worth”), for the fiscal year ended September 30, 2022. The Department of Financial Management Services prepared this report to present the financial position of the City. The ACFR describes the financial results of our operations and the cash flow of our proprietary fund types. Additionally, it conveys changes in plan net positions of our pension and other postemployment benefit trusts. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State of Texas and the City Charter.

The City Charter Chapter X, Section 11 requires that an annual audit of all accounts of the City be made by an independent certified public accountant and an annual financial report be published by the City. The annual financial report must be furnished to the Mayor and each member of the City Council, the City Manager and to each resident who requests a copy. This report is published to fulfill the aforementioned requirements for the most recent fiscal year. In addition, this report is used to communicate background information on the City and the environment which it operates, schedules that demonstrate compliance with finance-related legal and contractual provisions and statistical information that offers multi-year trend information. The report also contains relevant economic and demographic information.

Management assumes full responsibility for the completeness, fairness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

FORVIS, LLP issued an unmodified opinion on the City’s financial statements for the year ended September 30, 2022. The Independent Auditor’s Report is located on page 1 of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the Independent Auditor’s Report and provides a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with the basic financial statements.

---

**DEPARTMENT OF FINANCIAL MANAGEMENT SERVICES**

CITY OF FORT WORTH \* 200 TEXAS ST \* FORT WORTH, TEXAS 76102  
817-392-8500 \* FAX 817-392-8966

## **City of Fort Worth Profile**

Fort Worth, incorporated in 1873, is a political subdivision and municipal corporation of the State of Texas, located in Tarrant, Denton, Parker, Wise, and Johnson Counties. The City covers approximately 359 square miles and serves a population of nearly 940,000 according to the 2022 Census estimate.

Fort Worth operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members. The Mayor is elected at large and the eight Council members are elected from single-member districts. Both the Mayor and Council members serve two-year terms. The Mayor and City Council appoint the City Manager, City Attorney, City Secretary, City Auditor, and municipal judges. On May 7, 2016, a special election was held to vote on amendments to the City's Charter. Proposition 2 was approved by voters, which increases the number of council members from nine to eleven, one of which is the mayor, beginning with the first election following the 2020 census. This is planned to be held in May of 2023.

Services provided by the City under general governmental functions include public safety (municipal courts, and police/fire protection), streets and highways, culture and recreation, urban redevelopment and housing, health and welfare, and general government services.

Water and sewer services, stormwater utility services, airports, city owned parking garages and lots, and solid waste collection are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments of outstanding debt. In addition, the City provides water and wastewater treatment for several neighboring jurisdictions. Fleet services, capital project services, group health and life insurance, and risk financing are provided through internal service funds.

As required by generally accepted accounting principles in the United States of America (GAAP), the financial reporting entity includes all funds of the primary government (the City), as well as the City's component units. Component units are legally separate entities for which the primary government is financially accountable. Organizations that do not meet the financial accountability criteria for inclusion as a component unit could be included based upon management's determination that it would be misleading to exclude them. During Fiscal Year 2022, there was one discretely presented component unit and seven blended component units. One of the blended component units (Fort Worth Housing Finance Corporation) also has nine Limited Liability Corporations (LLCs), which are reported as blended component units, and one Limited Liability Partnership that is discretely presented. Additionally, the City's defined benefit pension plan and two other postemployment benefit plans are reported as fiduciary component units.

The fiscal year of the City begins on the first day of October and ends on the last day of September. On or before the fifteenth day of August of each year, the City Manager submits to the City Council a recommended budget for the ensuing fiscal year. The City Manager's recommended budget provides a complete financial plan of all City funds and activities for the upcoming fiscal year. The budget is prepared by fund, organization unit or department, program, purpose or activity, and object. As required by the City Charter, the auditors completed a separate review of the City's budget adoption process. The City Manager may transfer resources within a department. Transfers between departments, however, require approval from the City Council.

## Local Economy

Despite impacts of COVID-19, Fort Worth has fared well and continues to sustain a multi-year trend of broad-based growth across sectors. Much of this business growth has been fueled by Fort Worth's reputation of being one of the fastest growing cities in the U.S. and one of the top places in the nation to live, work, and play. With a growing workforce, the expansion of top educational facilities, low cost of doing business, high quality of life, and prime location and climate, the City is an attractive choice for companies looking to expand in or move their operations.

Major employers in Fort Worth include AMR/American Airlines, Lockheed Martin (photo below), Fort Worth Independent School District, JPS Health Network/John Peter Smith Hospital, City of Fort Worth, NAS Fort Worth Joint Reserve Base, Alcon Laboratories, Tarrant County College, Bell Helicopter-Textron, Inc., and Burlington Northern Santa Fe LLC.



Manufacturing and distribution remain an important part of the Fort Worth economy. The list of companies in distribution and manufacturing operations include Acme Brick, Alcon Labs, Allied Electronics, ATC Logistics & Electronics, Haggard Clothing, Federal Express, J.C. Penney's, Mother Parker's Tea and Coffee, Coca-Cola Enterprises, Ben E. Keith Co., Miller Coors LLC, Williamson-Dickie, Pratt Industries USA, Inc., NGC Renewables, LLC, Carolina Beverage Group, LLC, GE Manufacturing Solutions, and Danone North America.

The City's industry clusters remain diverse with trade, transportation, and utilities making up the largest percentage of the Fort Worth-Arlington Metropolitan Division (MD) industry composition at 38%. Since 2016, trade, transportation, and utilities companies have grown considerably adding over 25,800 jobs to the area. Healthcare, Manufacturing, Hospitality and Tourism, Transportation and Warehousing, and Oil and Gas make up the five established sectors that play a key role in the Fort Worth economy. As a group, these five established sectors account for more than a third of employment in Tarrant County with over 387,000 people employed.

## Local Economy (Continued)

The City's Economic Development Department recently updated their strategic plan. The 2022 updated plan identified key emerging economic sectors including aerospace manufacturing and design, life sciences delivery and innovation, geotechnical engineering, international business, corporate and regional headquarters, professional services, financial services, and transportation innovation.

There are over 31,488 registered business firms in the City of Fort Worth. About 99.5% of these businesses are small to mid-size firms that employ anywhere from one to 249 individuals. The remaining 0.5% of businesses are firms that employ greater than 250 employees (Database USA, via EMSI).

The Fort Worth-Arlington MD boasts a strong labor force of 1.35 million that continues to grow. The Fort Worth-Arlington MD has experienced positive annual employment growth since summer 2010, up until the Covid-19 pandemic in early 2020. In the wake of the crisis, the city's unemployment rate of 7.9% was slightly higher than the 6.8% state unemployment rate, but below the 8.4% national unemployment rate through August 2020. In 2022, the City's unemployment rate decreased dramatically to 3.4%, which is lower than the state unemployment rate of 3.6%, but slightly higher than the national employment rate of 3.3% (not-adjusted).

After reaching a total value of deals in Fort Worth of \$569 million in 2021, Fort Worth continues to grow in all aspects of development, spurred by population and employment growth as part of the Dallas-Fort Worth Metropolitan Area. Notably, large clusters of commercial development focused on manufacturing, distribution, and warehousing are being developed near state and interstate highways. In 2022, the corporate offices of RSI North America and manufacturing operations of MP Materials were announced in the first quarter. RSI North America is a company that manufactures modular truck bed canopies. In addition to advanced manufacturing, functions within the proposed City of Fort Worth facility will include housing the North American headquarters operations, as well as product design and prototyping. Following a multi-state site selection process, an existing facility located at 1501 Joel East Road was identified for the 391,000 square foot manufacturing location. The company will be required to expend a minimum of \$2.5 million in total construction costs and will locate taxable business personal property having a minimum taxable appraised value of \$52.5 million. RSI North America will provide a minimum of 250 full-time jobs with an average annual salary of \$65,800.



MP Materials (photo above) is a Las Vegas based company that manufactures rare earth materials. Founded in 2017, MP Materials will develop a greenfield metal, alloy and neodymium-iron-boron (NdFeB) magnet manufacturing facility, which will also serve as the business and engineering headquarters for its growing magnetics division, MP Magnetics. Following a multi-state site selection process, an existing facility located at 13840 Independence Parkway was identified for the 200,000 square foot manufacturing location. The company will be required to expend a minimum of \$40 million in total construction



## Local Economy (Continued)

costs and will locate taxable business personal property, having a minimum taxable appraised value of \$60 million. MP Materials will provide up to 90 jobs over the first three years, with an average annual salary of \$80,390.

Medical innovation is also on the rise as the Medical Innovation District, south of Downtown, grows with the expansion of Cook Children's Medical Center. Further growth in this district is anticipated with the announcement of the TEX Rail expansion to the proposed Medical District station, which will spur further investment. Plans are currently underway and expect to be completed by 2026.

Downtown Fort Worth continues to see its share of development, including the approved expansion of the Omni Hotel. The newly expanded Omni Hotel (photo below), located in south Downtown, will add at least 400 rooms (creating a strategically important 1,000 rooms under one property), and will engage Lancaster Avenue by incorporating an active restaurant use. The project adds to the building momentum along the southern portion of downtown along Lancaster Avenue and near the Fort Worth Convention Center. Construction is expected to be completed by fall 2026.



The Central City Flood Control Project and Panther Island continue to develop. Three bridges under construction were completed in 2021 to greatly increase connectivity between Panther Island and the rest of the city. Most recently, an extension of TIF 9 (Trinity River Vision) was approved to facilitate long-term financing for the Central City Flood Control project.

South of downtown, the Near Southside continues to attract a wide variety of development projects and new businesses of all types and sizes. Among the district's recent multifamily developments, Broadway Chapter on Hemphill stands out as the first to locate along the Hemphill corridor, benefitting from the new Hemphill connector to Downtown and other public and private investments nearby. Broadway Chapter also features the Near Southside's largest public art mural, painted on the parking garage façade and representative of the district's recent recognition by Texas Commission on the Arts as a state-designated cultural district. The Near Southside's other major identity, as home to the city's world class Medical Innovation District, continues to attract major investments. Calendar year 2022, saw the completion of the Justin Tower at THR Harris Methodist, major expansions at Cook Children's Medical Center, and the commencement of construction of TCU's Burnett School of Medicine, centrally located at Rosedale and Henderson in close proximity to the med school's educational partners.

Additionally, the Economic Development Department has been focused on community revitalization this past year. Projects like the Berry/Stalcup redevelopment and Evans and Rosedale have been shaping up. For Berry/Stalcup, the City continues to work with Legacy Construction Solutions and Innovan Neighborhoods on a revised site plan for the property. Staff anticipates bringing an updated site plan and financials for consideration to the Local Development Corporation in Q1 of 2023. In October of 2021, the City Council approved an allocation of up to \$4.2 million from the American Rescue Plan Act (ARPA) funds, a 15-year Chapter 380 Economic Development Program Agreement for up to \$9 million, and an additional \$7 million

## Local Economy (Continued)

committed by TIF 4 (Near Southside) for the Evans and Rosedale Redevelopment and Affordable Housing Project. Hoque Global Properties is proposing a two-phased redevelopment (photo below) that will result in a total of at least \$70 million worth of investment: approximately 292 multifamily units, 20 townhomes, and 28 live-work units, with at least 20% of the total number of units being affordable, a cultural square, parks, and other public spaces. In April 2022, the City entered into multiple definitive agreements with Hoque Global Development for the project. Currently, the developers are in the pre-development stage with Development Services and closed on the properties by December 14, 2022. The developer expects to break ground on Phase I by April of 2023.



The City's Fort Worth Local Development Corporation (FWLDC) launched the Fort Worth Main Street Pilot Program to build the capacity for place-based community organizations to revitalize historic, commercial corridors as economic and community vitality hubs. The program is targeted at historic business corridors in the City's Neighborhood Empowerment Zones, Urban Villages, and Revitalization Target Areas. In August 2022, the City announced the two awardees of the pilot program (photo below): Fort Worth Hispanic Chamber of Commerce for a Northside District and the Southeast Fort Worth, Inc. for a Polytechnic District. Each entity and associated community will receive \$50,000 worth of revitalization training and develop a transformation strategy and work plan with Main Street America's UrbanMain and receive \$270,000 worth of grants for both operational support and new program and project implementation. With success, the City hopes to roll out this framework across the City to other historic commercial districts and potentially become the first city in Texas and only one in five in the nation with a Main Street City-Coordinating Program.





## Local Economy (Continued)

In October 2021, the City Council approved an allocation of up to \$3 million from the American Rescue Plan Act (ARPA) funds to enter into a contract with CDFI Friendly America, LLC to bring financing from one or more community development financial institutions (“CDFIs”) to the City. The contract includes engaging the consultant to provide consulting services in assessing the potential roles of CDFI financing in the community, organizing potential CDFI Friendly strategies, developing an actionable CDFI Friendly business plan, and providing the City with consultative capacity-building support for the implementation of that business plan in collaboration with the Economic Development Department and the Department of Diversity and Inclusion. Since its kickoff on January 26, 2022, CDFI Friendly Fort Worth has closed on 149 loans for \$10.32 million.

In addition to the growth in development and revitalization projects, the City launched a messaging campaign and economic development framework to prioritize equity, vitality, and quality of place along Fort Worth’s neighborhood business corridors, as many of them serve as the heart of the community. This framework and messaging campaign continue to be built out to provide a website and materials to inform the community, businesses, developers, and partners of the City’s investment priorities—to grow and attract more investment and opportunity to reach the full potential of each area. As a part of this effort, the City’s Revitalization Target Areas were adopted to portray its priority areas for investment, partnership, and staff focus.

Entrepreneurship and innovation have become focal points for the department in recent years as well. On September 15, 2022, TechStars (photo below) officially launched the first cohort of the Accelerator. The program’s partners chose ten high-growth, early-stage startups to support and fund over the next three years. The companies were chosen from a pool of hundreds of applicants worldwide. For the next several months, owners, innovators, and representatives of these startups will call Fort Worth home, as team members from HSC, TechStars, and Goff Capital shepherd their ideas from concept to game-changing tech. The accelerator is focused on supporting companies building new technologies, treatments, and therapies in the physical health space in areas such as rehabilitation, physical therapy, performance, and exercise. The selected startups will participate in an intensive, 13-week program, and receive hands-on mentorship, curated entrepreneurial content and programming, up to \$120,000 in funding, and access to a vast network of mentors, investors, alumni, and influential corporate executives. These efforts culminated on December 8, 2022 during Demo Day, where leaders of the startups presented their work.



## Local Economy (Continued)

A commitment to improvement continues in education projects to serve the City's growing population. Just recently, a \$1.2 billion school bond package was approved to help fund several updates to area schools in the Fort Worth Independent School District (FWISD). Additionally, in late September 2022, the FWISD School Board finalized a contract for the district's new superintendent, Angelica Ramsey, emphasizing its commitment for visionary change and improvements.

In addition to public schools, two new charter schools recently opened in Fort Worth. IDEA Southeast opened on Seminary Drive and IDEA Rise opened on Cherry Lane. These charter schools will focus on college preparation, while giving Fort Worth families alternative school options for educating their children.

Area institutions of higher education have likewise shown their commitment to growth by recently announcing plans for expansion, including TCU's expansion of its medical school and A&M's expansion of its nationally-ranked law school (photo below). These two historical expansions will help propel the quality of life and higher education in Fort Worth, and will likewise become attractive to outside companies and corporations looking for a highly educated workforce.



Please visit the City's website at <https://www.fortworthtexas.gov/departments/ecodev/edplan> for a copy of the 2022 Updated Economic Development Strategic Plan.

While all eligible applications will be considered for the programs, the City is especially interested in supporting projects that produce a meaningful impact on the City and its economy and result in one of more of the following:

- Growth of business activity, employment, or investment in one of Fort Worth's target industries. These target industries include:
  - Established target industries, like transportation and warehousing, manufacturing, healthcare, oil and gas, or tourism
  - Emerging sectors, such as transportation innovation, life sciences, geotechnical engineering, or aerospace manufacturing and design
  - International businesses, corporate and regional headquarters, and other professional and financial services
- Significant investment, including the creation of high-wage jobs and a willingness to be part of strategic revitalization efforts in key areas of Fort Worth
- Retaining/expanding one of Fort Worth's existing major employers, or anchoring a business expansion project in a way that provides potential for more supply chain activity and additional growth

## **Local Economy (Continued)**

The City's Economic Development Department completes 5-year financial projections to determine the potential impact of the program and an annual review of all awards. In 2022, nine (9) tax abatement and thirty-four (34) economic development program (Chapter 380 Grant) agreements were reviewed for performance. These include five newly completed projects or project phases.

After payment of the grants and abatements, projects with active economic development agreements in 2021 provided \$22.3 million in new net tax revenue to the City in Tax Year 2021. This represents approximately 2.97% of the City's total property, sales, and hotel occupancy tax revenues. The private investment leveraged by the economic development program totaled \$5.5 billion, making the City's total incentive participation 0.67%, resulting in a private to public investment ratio of 148:1. The net new tax revenues to the City generated by these projects represented a 59.56% return on the annual cost of incentives used to secure them.

See Note A.15 Tax Abatements for additional information.

Moody's Investors Services (Moody's), S&P Global Rating Services (S&P), Fitch Rating Services (Fitch), and Kroll Bond Rating Agency (Kroll) have all assigned ratings to the City of Fort Worth's outstanding debt. The city's general obligation debt is rated 'Aa3' by Moody's, 'AA' by both S&P and Fitch, and 'AA+' by Kroll. The city's water and sewer system revenue bonds are rated 'Aa1' by Moody's, 'AA+' by S&P, and 'AA' by Fitch. The city's drainage utility system revenue bonds are rated 'AA+' by both S&P and Fitch. The city's special tax revenue bonds are rated 'A1' by Moody's and 'AA' by Fitch. The city's credit ratings are complimentary of strong financial performance, maintaining reserves and strong financial governance. The city's credit strengths are somewhat offset by the city's unfunded pension liability and fixed cost burden.

## **COVID-19 and Future Challenges**

In December 2019, the coronavirus now designated as COVID-19 was detected in China and by March 2020 was declared a worldwide pandemic by the World Health Organization (WHO).

On January 21, 2021, the City received approximately \$27.5 million under the Consolidated Appropriations Act, 2021 for the provision of financial assistance and housing stability services to eligible households. This program provides relief for rent, utility, and other housing expenses related to housing and negatively affected by COVID-19. In April 2022, \$10 million in additional funding was reallocated from Tarrant County to the City, resulting in a total of approximately \$37.5 million available for community assistance. As of September 30, 2022, approximately \$32.5 million has been expended through several social service Non-Governmental Organizations in the community.

On May 19, 2021, the City received approximately \$86.8 million under the American Rescue Plan Act of 2021 (ARPA), representing one half of the total amount of \$173.7 million in State and Local Fiscal Recovery Funds (SLFRF) allocated to the City of Fort Worth. On June 22, 2021, City Council approved an initial framework of priority needs identified within the City and community including continued pandemic response, tourism industry recovery, affordable and permanent supportive housing initiatives, cybersecurity and broadband projects, majority minority area infrastructure projects, minority business enterprise capacity building, City projects delayed because of the pandemic, and matching funds for use in joint projects with other entities. The remaining half of the ARPA SLFRF funding, in the approximate amount of \$86.9 million, was received from the US Treasury on June 6, 2022. A variety of individual projects have been approved by the City Manager's Office and City Council to address both community and City needs within the approved framework and ARPA guidelines. As of September 30, 2022, \$14 million in ARPA SLSRF funding has been expended.

Additionally, on May 24, 2021 the City received approximately \$11.6 million under ARPA, representing an advance equaling 40% of the total amount of \$29.1 million allocated for the provision of financial assistance and housing stability services to

## **COVID-19 and Future Challenges (Continued)**

eligible households in the same manner as the funding under the Consolidate Appropriations Act of 2021. As of September 30, 2022, \$17.2 million has been expended, and an additional \$11.9 million has been reimbursed for expenditures under the program. More information on the City's use of ARPA funding can be found at <https://www.fortworthtexas.gov/arpa>.

Finally, approximately \$10.4 million in additional funds related to COVID-19 pandemic relief were expended during fiscal year 2022, including Emergency Solution and Justice Assistance Grants, Airport Assistance Grants, Community Development and Community Services Block Grants, Comprehensive Energy Assistance Grants, Home Partnership and Housing Opportunities for Persons with AIDS Grants, and Library Grants.

The City maintains a positive outlook on long-range financial planning. Strong economic growth is expected to continue long term, but we recognize the pandemic rebound may result in fluctuating revenue streams in the near-term. Financial planning will focus on existing land use, capital infrastructure development and maintenance, and operating within the bounds of anticipated revenues.

## **Long-term Financial Planning and Major Initiatives**

The City's strategic goals enable the City Council to:

- Better understand Fort Worth's cultural heritage
- Have a consensus on what to accomplish over the next five years
- Translate the vision into an action plan
- Prioritize the use of limited city resources
- Support staff and community groups in focusing efforts on the vision and priorities

City Council will refine and adjust the strategic goals, as circumstances change. Overall, the City of Fort Worth concentrated on seven top-priority strategic challenges and opportunities for Fiscal Year 2022. These areas were identified to provide a clear and concise statement about where the Mayor and City Council want Fort Worth to focus over the next five years and to stimulate broader discussion of the important issues facing Fort Worth now and in the future. A number of ongoing administrative and community processes will make the goals reality.

The City Council's strategic challenges and opportunities:

- Maintain or lower the property tax rate in the General Fund
- Increase funding for capital investment and maintenance
- Meet infrastructure and service growth needs as related in the 2018 & 2022 Bond Programs
- No use of fund balance/reserves for operations
- Improve equity of city services
- Enhance public safety
- Prepare for slower growth of resources, both near-term and into the future

These strategic challenges and opportunities enable the City Council to have a consensus on mission, vision, and values for the future as follows:

*Mission:* Working together to build a strong community.

Building a strong community means building strong neighborhoods, developing a sound economy, providing a safe community, and fostering a healthy environment.

*Vision:* Fort Worth will be the most livable and best managed city in the country.

## **Long-term Financial Planning and Major Initiatives (Continued)**

The City's vision statement sets forth our aspiration to become even better than we are today as a community and as an organization.

*Values:* There are six values that guide our employees as they go about this work:

- Exceptional Customer Experience
- Accountability
- Ethical Behavior
- Diversity
- Mutual Respect
- Continuous Improvement

The City continues to focus major efforts on these strategic challenges and opportunities which drive decision-making and help the City Council further the City's mission and vision by translating that vision into an action plan. The City's limited resources are then prioritized to achieve that plan. The City's actions to implement the established strategic challenges and address community issues are numerous and varied.

## **Awards**

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 ACFR for the fiscal year ended September 30, 2021. This was the 12<sup>th</sup> consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR 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.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2021. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The City's General Portfolio Investment Policy received the Investment Policy Certification Award issued by the Government Treasurers' Organization of Texas (GTOT). This certification is awarded to governmental entities that develop a comprehensive investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing established by the GTOT. The certification is good for two years and expires on March 31, 2023.



## Acknowledgements

The preparation of this report could not have been accomplished without the full support and involvement of the City Manager's Office and all City departments who provided information and analyses contained within this document. A very special thanks is due to the Financial Management Services Department staff for their dedicated service to the City and to the residents of Fort Worth. In addition, we acknowledge the thorough, professional, and timely manner in which our independent auditors, FORVIS, LLP, conducted the audit. Finally, we express great appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standards and professionalism in the management of the City's finances.

Sincerely,



David Cooke  
City Manager



Reginald Zeno  
Chief Financial Officer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

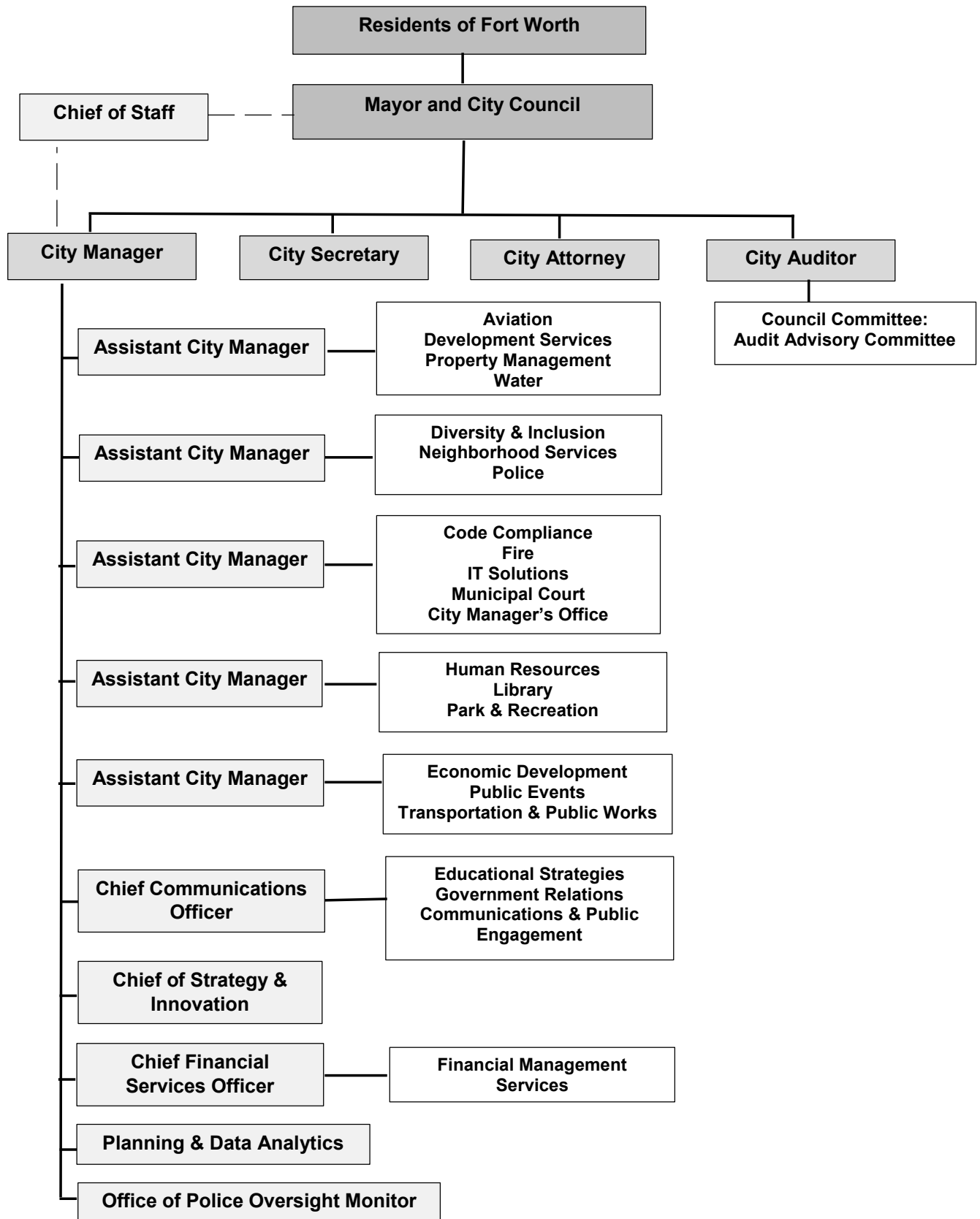
Presented to

**City of Fort Worth  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

Executive Director/CEO

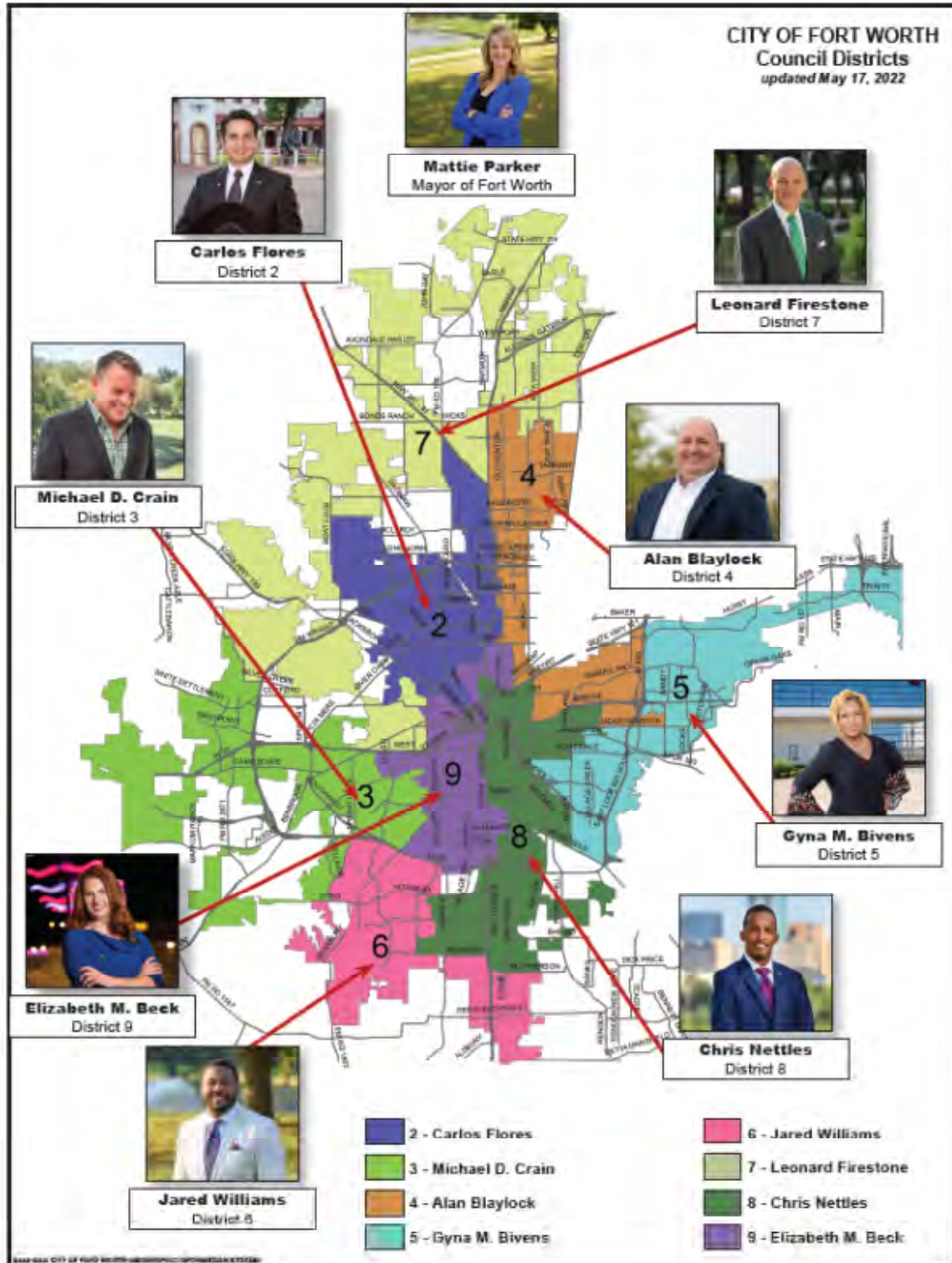




# CITY OF FORT WORTH, TEXAS

## ELECTED OFFICIALS

### MAYOR AND CITY COUNCIL MEMBERS





# FINANCIAL SECTION



14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254

P 972.702.8262 / F 972.702.0673

[forvis.com](http://forvis.com)

## **Independent Auditor's Report**

Honorable Mayor and Members of the City Council  
City of Fort Worth, Texas  
Fort Worth, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Fort Worth, Texas (City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Employees' Retirement Fund of the City of Fort Worth, Texas, a fiduciary component unit of the City and the Fort Worth Housing Finance Corporation, a blended component unit of the City, which represent approximately 76 percent of the total assets, 76 percent of fund balance/net position and -11 percent of the total revenues/additions of the aggregate remaining fund information of the City. We also did not audit the financial statements of Terrell Homes, Ltd., the discretely presented component unit of the City, which represent 100 percent of the total assets, 100 percent of net position and 100 percent of the total revenues of the discretely presented component unit of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions on the discretely presented component unit and the aggregate remaining fund information, insofar as they relate to the amounts included for Terrell Homes, Ltd., the Fort Worth Housing Finance Corporation and the Employees' Retirement Fund of the City of Fort Worth, Texas are based solely on the reports of the other auditors.

### ***Basis for Opinions***

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

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in *Note A.16* to the financial statements, in fiscal year 2022 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information including the combining and individual fund financial statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

**FORVIS, LLP**

**Dallas, Texas  
March 3, 2023**



**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(Unaudited)**

Management's discussion and analysis (MD&A) provides a narrative overview of the financial activities and changes in the financial position of the City of Fort Worth, Texas (City), for the fiscal year ended September 30, 2022 (FY2022). The MD&A is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the Introductory Section of this Annual Comprehensive Financial Report (ACFR) on pages v-xvi of this report.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of September 30, 2022, by \$4,160,314,000 (net position). For FY2022, the City reported an unrestricted net deficit of \$1,487,001,000 which was an increase in unrestricted net deficit of \$73,745,000 compared to the previous fiscal year. This increase was primarily driven by a \$75,579,000 increase in unrealized loss on investments whereas the previous year experienced a net gain on investments.
- The City's total net position increased by \$273,160,000 from FY2021. This increase can be attributed to a good year where Program and General revenues exceeded expenses. This can be seen in the change in Charges for Services, Property Tax, Sales Tax, Other local Taxes, Gas Lease Royalties, and Other Revenues. These increases were offset by a decrease in Operating Grants.
- As of September 30, 2022, the City's governmental funds reported combined ending fund balances of \$1,300,608,000, an increase of \$142,732,000 compared to the FY2021 ending balance. Approximately 58.2 percent of the fund balance of \$756,671,000 is available for spending at the government's discretion, as follows: \$394,815,000 of committed fund balance; \$202,548,000 of assigned fund balance; and \$159,308,000 of unassigned fund balance.
- The City's total long-term liabilities decreased by \$222,605,000 in comparison with FY2021. A key factor in this decrease was the decrease in Net Pension Liability of \$297,430,000 and a decrease in OPEB Liability in the amount of \$39,887,000. During the year, long-term liabilities were reduced by principal payments of \$189,251,000 in governmental activities and \$83,275,000 in business-type activities. This decrease was offset by the debt issuance of \$235,808,000 for governmental activity and \$145,740,000 for business-type activity.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The reporting focus of this document is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information, and combining and individual fund financial statements and schedules.



**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

***Government-wide Financial Statements***

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting; meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including capital and lease assets and long-term obligations. The difference between the two is reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the City's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific governmental services. This statement includes all current year revenues and expenses.

The Statement of Net Position and the Statement of Activities divide the primary government's (the City) activities into two types:

*Governmental activities* – Most of the City's basic services are reported here, including general government, public safety, highways and streets, culture and recreation, health and welfare, and urban development and housing. General property taxes, sales taxes, and franchise fees provide the majority of the financing for these activities.

*Business-Type activities* – Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include water distribution and wastewater collection, stormwater utility, municipal airports, municipal parking, and solid waste collection and disposal.

*Discretely Presented Component Unit* – These statements also report information on the activities of a discretely presented component unit. This entity is not considered a part of the primary government.

The government-wide financial statements can be found on page 19-21 of this report.

***Fund Financial Statements***

The City of Fort Worth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. These statements focus on the most significant funds and are used to report more detailed information about the City's most significant activities. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* – These funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide 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 spendable resources available at the end of the fiscal year for future spending. Such information may be useful in evaluating a government's near-term financing requirements.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

***Fund Financial Statements (continued)***

The focus of the governmental fund financial statements is narrower than that of the government-wide financial statements. Therefore, 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. The reconciliation explains the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds' financial statements.

The City maintains eighteen individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Grants Fund which are considered to be major funds. Data for the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 22-26 of this report.

*Proprietary Funds* – When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City of Fort Worth maintains two different types of proprietary funds: enterprise funds and internal service 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 operations, stormwater utility, municipal airports, municipal parking, and solid waste. These services are primarily provided to outside or non-governmental customers.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment services, capital project services, group health and life insurance, and risk financing. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds financial statements 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 and the Stormwater Utility Funds, which are considered to be the major proprietary funds of the City. The three nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Conversely, the four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 28-33 of this report.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

***Fund Financial Statements (continued)***

*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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports three Trust Funds which account for the assets of the City's pension plan and postemployment healthcare plan and firefighters' employment and postemployment healthcare benefit plan. In addition, there is one custodial fund for Rock Creek PID fiduciary activities. Separate audited financial statements are available for the City's pension plan and firefighters healthcare trust. The pension plan and firefighters healthcare trust's statements can be obtained by contacting the Plan at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107 and Fort Worth Firefighters Healthcare Trust at 3855 Tulsa Way, Fort Worth, TX 76107.

The fiduciary fund financial statements can be found on pages 34-35 of this report.

**Notes to the 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. The notes to the financial statements can be found directly following the fund financial statements and prior to the Required Supplementary Information in this report. The notes to the basic financial statements can be found on pages 36-125 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information for the City's General Fund budgetary comparison schedule along with notes to the required supplementary information to demonstrate compliance with its budget as the City adopts an annual appropriated budget for most governmental funds. Also included is the required supplementary information concerning the City's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements on pages 127-137.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds and pension (and other employee benefit) trust funds are presented immediately following the required supplementary information on pensions and OPEB. Individual budgetary comparison schedules for other governmental funds with annual appropriated budget are included as supplementary information in the combining and individual fund statements and schedules which can be found on pages 141-171 of this report.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

**Government-Wide Financial Analysis**

As of September 30, 2022, total assets of the City were \$10,340,868,000 and deferred outflows were \$526,886,000 while total liabilities were \$6,295,537,000 and deferred inflows were \$411,903,000, resulting in a net position of \$4,160,314,000.

The City's net investment in capital assets was \$5,362,363,000. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports net investment in capital assets, 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.

An additional portion of the City's net position, \$284,952,000 represents resources that are subject to external restrictions on how they may be used. The City has an unrestricted net deficit of \$1,487,001,000.

**Condensed Schedule of Net Position (Deficit)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
Current and Other Assets	\$ 1,536,432	\$ 1,720,048	\$ 1,229,758	\$ 1,377,366	\$ 2,766,190	\$ 3,097,414
Capital Assets*	3,198,439	3,350,123	3,717,623	3,893,331	6,916,062	7,243,454
Total Assets	4,734,871	5,070,171	4,947,381	5,270,697	9,682,252	10,340,868
Deferred Outflows of Resources	838,803	455,218	132,070	71,668	970,873	526,886
Other Liabilities	316,360	358,296	109,682	95,824	426,042	454,120
Long-term Liabilities Outstanding*	4,392,690	4,156,608	1,671,332	1,684,809	6,064,022	5,841,417
Total Liabilities	4,709,050	4,514,904	1,781,014	1,780,633	6,490,064	6,295,537
Deferred Inflows of Resources	238,738	351,747	37,169	60,156	275,907	411,903
Net Position:						
Net Investment in Capital Assets*	2,370,496	2,493,914	2,670,886	2,868,449	5,041,382	5,362,363
Restricted	117,727	121,777	141,301	163,175	259,028	284,952
Unrestricted (Deficit)	(1,862,337)	(1,956,953)	449,081	469,952	(1,413,256)	(1,487,001)
Total Net Position	\$ 625,886	\$ 658,738	\$ 3,261,268	\$ 3,501,576	\$ 3,887,154	\$ 4,160,314

\*Includes restatement of FY2021 amounts for Lease Assets per GASB Statement No 87. Refer to note A.16. for further information.

As of September 30, 2022, the City of Fort Worth has a positive net position balance for the government as a whole. The governmental activities' increase in net investment in capital assets was mostly due to contributed assets received during the year as reported in the reconciliation of the statement of revenues, expenditures, and change in fund balances of governmental funds to the statement of activities. The governmental activities' unrestricted deficit balance increased by \$94,616,000, due to the increase in capital assets and the net change in deferred inflows and deferred outflows.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

**Government-Wide Financial Analysis (continued)**

**Condensed Schedule of Changes in Net Position (Deficit)**

	<b>Governmental Activities</b>		<b>Business -Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 81,265	\$ 102,125	\$ 618,008	\$ 701,289	\$ 699,273	\$ 803,414
Operating Grants and Contributions	191,057	145,939	-	-	191,057	145,939
Capital Grants and Contributions*	201,959	186,426	141,318	156,752	343,277	343,178
General Revenues:						
General Property Taxes	593,721	619,190	-	-	593,721	619,190
Sales Taxes	278,062	324,889	-	-	278,062	324,889
Other Local Taxes	31,707	51,210	-	-	31,707	51,210
Franchise Fees	48,484	53,331	-	-	48,484	53,331
Gas Leases and Royalties	4,483	13,339	3,118	7,198	7,601	20,537
Investment Income	4,777	(33,558)	10,082	(10,513)	14,859	(44,071)
Other	12,060	33,785	6,792	4,415	18,852	38,200
<i>Total revenues</i>	<u>1,447,575</u>	<u>1,496,676</u>	<u>779,318</u>	<u>859,141</u>	<u>2,226,893</u>	<u>2,355,817</u>
<b>Expenses:</b>						
General Government	155,727	203,814	-	-	155,727	203,814
Public Safety	812,332	721,920	-	-	812,332	721,920
Highways and Streets	168,720	181,362	-	-	168,720	181,362
Culture and Recreation	143,584	185,163	-	-	143,584	185,163
Health and Welfare	100,856	25,086	-	-	100,856	25,086
Urban Redevelopment and Housing	91,550	155,320	-	-	91,550	155,320
Interest and Service Charges	30,753	31,875	-	-	30,753	31,875
Water and Sewer	-	-	411,742	442,863	411,742	442,863
Stormwater Utility	-	-	37,683	37,835	37,683	37,835
Municipal Airports	-	-	22,943	27,014	22,943	27,014
Municipal Parking	-	-	6,850	7,260	6,850	7,260
Solid Waste	-	-	61,098	65,370	61,098	65,370
<i>Total expenses</i>	<u>1,503,522</u>	<u>1,504,540</u>	<u>540,316</u>	<u>580,342</u>	<u>2,043,838</u>	<u>2,084,882</u>
Insurance Recoveries	2,634	2,225	180	-	2,814	2,225
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(53,313)	(5,639)	239,182	278,799	185,869	273,160
Transfers	37,352	38,491	(37,352)	(38,491)	-	-
Changes in Net Position (Deficit)	(15,961)	32,852	201,830	240,308	185,869	273,160
Correction of Error	5,919	-	-	-	5,919	-
Net Position, Beginning of Year, As Previously Reported	635,928	625,886	3,059,438	3,261,268	3,695,366	3,887,154
Net Position, End of Year	<u>\$ 625,886</u>	<u>\$ 658,738</u>	<u>\$ 3,261,268</u>	<u>\$ 3,501,576</u>	<u>\$ 3,887,154</u>	<u>\$ 4,160,314</u>

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

**Government-Wide Financial Analysis (continued)**

Overall, the governmental activities increase in net position was \$32,852,000 as a result of current fiscal year activity. This was primarily the result of strong sales tax revenue performance and a decrease in Net Pension Liability and Net Other Post Employment Liability.

Governmental activities expenses increased by \$1,018,000 when compared to FY2021. This increase factors in slightly deflated expenses in FY22 due to an adjustment for the decrease in Net Pension Liability which offsets rising costs of goods and services.

Business-type activities net position increased \$240,308,000 during the current fiscal year which is \$38,478,000 more than the previous year's increase. Key factors that contributed to the business-type activities net position increase were due to the decrease in Net Pension Liability and Net Other Post Employment Liability.

**Financial Analysis of the Governmental Funds**

*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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or City Manager that has been delegated authority to assign resources for use for particular purposes by the City's Council.

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$1,300,608,000. This was an increase of \$142,732,000 compared to the prior year. This increase in fund balance is primarily due to an increase in property tax assessed values, increases in sales tax, other local taxes, intergovernmental and other revenue sources offset by decreases in investment income (unrealized loss) as well as an increase in expenditures in General Government and Urban Redevelopment and Housing.

Approximately 18.7 percent or \$243,130,000 constitutes the General Fund's fund balance which is an increase from FY2021 by \$2,757,000 primarily due to an increase in the collection of sales tax. As of September 30, 2022, the General Fund's nonspendable fund balance includes \$3,059,000 for inventories and \$2,565,000 for prepaids, deposits, and other. The General Fund's restricted fund balance includes \$9,898,000 for park improvements. The committed fund balance includes amounts of \$15,916,000 for repayment of State loans, \$3,788,000 for park improvements, \$1,668,000 in contractual commitments carried over from FY2021, and \$15,345,000 for general needs such as public art or facilities. The assigned fund balance includes \$20,000,000 for the support of local museum's and \$11,583,000 for general government purposes. As of September 30, 2022, the General Fund had an unassigned fund balance of \$159,308,000.

As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of \$159,308,000, represents 21.2 percent of total General Fund expenditures. The total fund balance of \$243,130,000 represents 32.4 percent of total General Fund expenditures. Fund balance in the General Fund increased by \$2,757,000, over the previous fiscal year.

The Debt Service Fund has a fund balance of \$49,117,000 or 3.8 percent of total governmental fund balance of which all is committed fund balance. Debt Service Fund's fund balance increased by \$2,404,000 when compared to FY2021. This increase in fund balance was due to the issuance of debt as planned.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

**Financial Analysis of the Governmental Funds (continued)**

The Capital Projects Fund has a fund balance of \$763,515,000 or 58.7 percent of total governmental fund balance of which \$472,000 is nonspendable fund balance, \$371,361,000 is restricted fund balance, \$295,249,000 is committed fund balance, and \$96,433,000 is assigned fund balance. The Capital Projects Fund's fund balance increased by \$109,044,000 when compared to FY2021. This increase in fund balance was due to new bond proceeds offset by additional capital outlay.

The Grants Fund has a fund balance of \$6,095,000 or 0.47 percent of total governmental fund balance of which \$32,000 is nonspendable fund balance, \$3,765,000 is restricted fund balance and \$2,298,000 is committed fund balance. The Grants Fund's fund balance increased by \$4,504,000 when compared to FY2021. This increase in fund balance was primarily due to intergovernmental revenues.

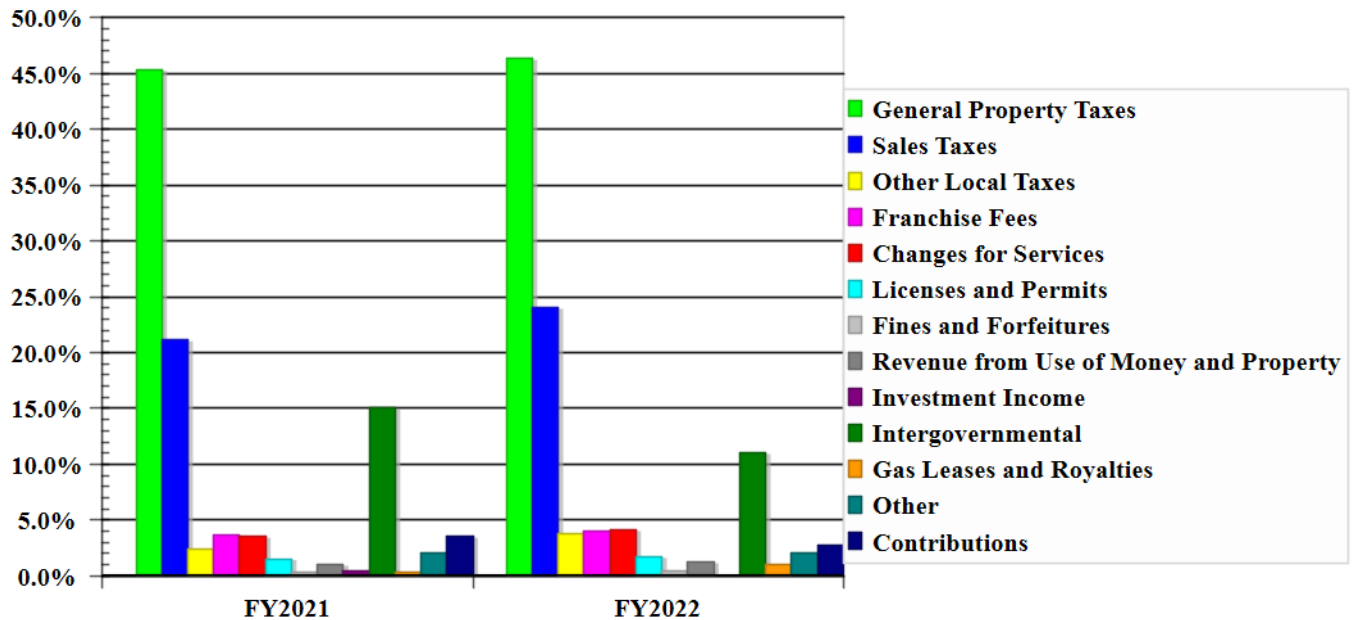
The Nonmajor Governmental Funds' fund balance of \$238,751,000 is 18.4 percent of total governmental fund balance and includes nonspendable fund balance of \$2,366,000, restricted fund balance of \$150,419,000, committed fund balance of \$11,434,000, and assigned fund balance of \$74,532,000. Nonmajor Governmental Fund's fund balance increased by \$24,023,000 when compared to FY2021. This increase is primarily due to overall increases in total revenues offset by decreases in expenditures.

As shown in the following charts (on the next page) for governmental funds for FY2021 and FY2022, general property taxes and sales taxes were the primary sources of revenue for both years, while public safety and capital outlay were the largest expenditures by function. The General Fund is the primary operating fund of the City.

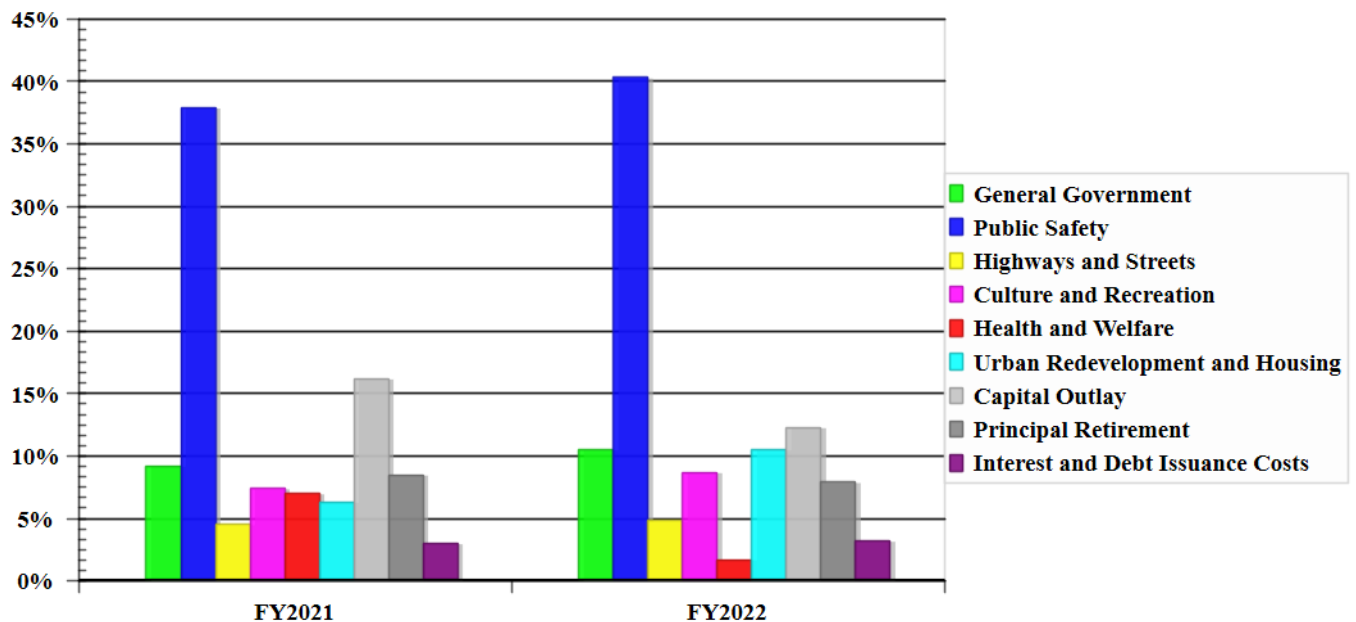
**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
(000's omitted in tables)  
(continued)

**Revenues and Expenditures – Governmental Funds**

**Revenues by Source – Governmental Funds**



**Expenditures by Function - Governmental Funds**





**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

**Financial Analysis of the Proprietary Funds**

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

Total net position in the Water and Sewer Fund increased by \$222,271,000, when compared to FY2021, Stormwater Utility Fund increased by \$4,650,000, and Nonmajor business-type activities increased by \$13,387,000 when compared to FY2021. This increase in net position in Proprietary Funds is primarily due to operating and nonoperating revenues offset by nonoperating expenses which returned to normal activity levels as well as seasonal impacts to water usage.

**General Fund Budgetary Highlights**

Differences between the original expenditure budget and the final amended budget resulted in a \$38,027,000 increase in appropriations and is briefly summarized as follows:

Significant activities which necessitated these increases included:

- \$1,366,427 to reflect a roll over and reappropriation of previously unspent authorized amount into FY2022
  - \$797,547 to support Public Safety needs related to supply chain delays for ammunition and safety equipment and towing services as a result of winter storm related calls
  - \$391,000 for continued contractual commitments for the police expert panel review which did not reach completion in FY2021
  - \$73,480 for two generators delayed due to supply chain and delivery issues
  - \$54,400 for the installation of a chlorine generator at the Water Gardens which experienced a delay in the bid and contract execution
  - \$20,000 for software to capture financial reporting requirements for leases which was not completed by the previous year end
- \$13,250,000 to fund Fire overtime expense, recognizing additional sales tax revenue
- \$2,000,000 to fund operating costs associated with the purchase, construction, and renovation of the future City Hall
- \$1,346,189 for the procurement and implementation of Budget Software
- \$11,000,000 for arterial needs to improve mobility within the City which will include capacity and geometric improvements as well as new traffic signals
- \$5,000,000 to fund land acquisition at the Nature Center to improve land use
- \$1,200,000 as a grant match for local funding of a Defense Economic Assistance Grant in support the Naval Air Station Joint Reserve Base Fort Worth to consolidate its Fleet and Family Support Center and Navy College Program Offices
- \$2,000,000 for land acquisition in support of the new library in far northwest Fort Worth
- \$220,452 and \$673,374 to reflect the acceptance and allocation of funds from the Tarrant County 9-1-1 District associated with the Public Safety Answering Points Assistance Program and Radio Assistance Program, respectively

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

**Capital and Lease Assets and Debt Administration**

*Capital and Lease Assets* – The City's investment in capital and lease assets for its governmental and business-type activities as of September 30, 2022, amounted to \$7,243,454,000 (net of accumulated depreciation/amortization). This investment in capital assets includes land/right of way, construction in progress, intangibles, buildings, vehicles, machinery and equipment, infrastructure, intangibles, and right-to-use lease assets. The total increase in the City's capital and lease assets for the current fiscal year was \$327,392,000 (4.7 percent). Major capital assets events during the current fiscal year included the following:

- The acquisition of assets and development of governmental projects throughout the City added \$175,446,000 to capital assets, while governmental capital contributions were \$149,012,000.
- The acquisition of assets and development of water and sewer projects throughout the City added \$177,600,000 to capital assets, while water and sewer capital contributions were \$85,318,000.
- The acquisition of assets and development of drainage projects throughout the City added \$10,939,000 to capital assets.
- These additions were offset by depreciation/amortization of \$277,955,000 and retirements during the year.

**Capital and Lease Assets, net of Accumulated Depreciation/Amortization**

	Governmental Activities		Business-Type Activities		Total	
	2021*	2022	2021*	2022	2021*	2022
Land/Right of Way	\$ 312,538	\$ 329,133	\$ 218,947	\$ 220,477	\$ 531,485	\$ 549,610
Construction in Progress	177,313	176,423	498,128	528,790	675,441	705,213
Intangibles	25,813	28,139	1,525	1,525	27,338	29,664
Buildings	829,269	810,558	94,592	91,118	923,861	901,676
Vehicles, Machinery and Equipment	123,589	116,942	105,470	96,048	229,059	212,990
Infrastructure	1,704,757	1,866,645	2,797,145	2,953,760	4,501,902	4,820,405
Amortizable Intangibles	22,502	18,066	323	361	22,825	18,427
Right-to-Use Leased Buildings	2,658	4,217	1,493	1,252	4,151	5,469
Total	<u>\$ 3,198,439</u>	<u>\$ 3,350,123</u>	<u>\$ 3,717,623</u>	<u>\$ 3,893,331</u>	<u>\$ 6,916,062</u>	<u>\$ 7,243,454</u>

\*FY2021 balances have been restated for GASB87 Lease implementation. Refer to Note A.16 for additional information. Additional information on the City's capital and lease assets can be found in Note F.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

Capital and Lease Assets and Debt Administration (continued)

*Long-term Liabilities* – At the end of the current fiscal year, the City had total long-term liabilities of \$5,841,417,000. Of this amount, \$786,009,000 comprises debt backed by the full faith and credit of the government, and \$1,780,516,000 represents self-supported debt issues.

**Long-Term Liabilities Outstanding**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021*</b>	<b>2022</b>	<b>2021*</b>	<b>2022</b>	<b>2021*</b>	<b>2022</b>
General Obligation Bonds	\$ 665,220	\$ 688,200	\$ 29,584	\$ 27,389	\$ 694,804	\$ 715,589
Revenue Bonds	-	-	1,114,000	1,181,130	1,114,000	1,181,130
Certificates of Obligation	100,540	70,420	-	-	100,540	70,420
Special Tax Revenue Debt	220,350	214,870	-	-	220,350	214,870
Tax Notes	61,730	121,945	-	-	61,730	121,945
Lone Star Local Government Corp Obligation	31,617	31,617	-	-	31,617	31,617
State Obligation - City	17,417	15,916	-	-	17,417	15,916
State Obligation - CCPD	8,150	7,452	-	-	8,150	7,452
Project Finance Zone 1	1,357	-	-	-	1,357	-
TRWD Obligation	188,643	192,927	-	-	188,643	192,927
ESPC Phase VII	9,233	7,467	-	-	9,233	7,467
Leases	3,767	5,087	1,493	1,243	5,260	6,330
Trinity River Authority Oblig.	-	-	775	-	775	-
ESPC Phase V	-	-	2,557	862	2,557	862
Net Unamortized Bond Premium/Discount	69,417	56,740	68,336	60,006	137,753	116,746
Compensated Absences	143,111	153,473	12,899	13,427	156,010	166,900
Risk Management Estimated Claims Payable	34,681	48,862	-	-	34,681	48,862
Arbitrage	3	-	-	-	3	-
Landfill Closure and Postclosure Liability	-	-	12,368	13,609	12,368	13,609
Pollution Remediation Liability	3,013	2,331	-	-	3,013	2,331
Net OPEB Liability	787,823	750,044	116,072	113,964	903,895	864,008
Net Pension Liability	2,046,617	1,789,257	313,249	273,179	2,359,866	2,062,436
Total	<u>\$ 4,392,689</u>	<u>\$ 4,156,608</u>	<u>\$ 1,671,333</u>	<u>\$ 1,684,809</u>	<u>\$ 6,064,022</u>	<u>\$ 5,841,417</u>

\*FY2021 balances have been restated for GASB87 Lease implementation. Refer to Note A.16. for additional information.

The City's total long-term liabilities decreased by \$222,605,000 when compared to FY2021, mainly due to a decrease in Net Pension Liability. Key changes for the year include: the City's Net OPEB Liability decreased, Net Pension Liability decreased, and new issues of Tax Notes and General Obligations. Also, the Water and Sewer Fund issued Revenue Bonds and Stormwater Utility Fund issued Revenue Bonds to current refund existing stormwater revenue debt. For governmental activities, the City made principal payments for bonded debt on its General Obligation Bonds and Certificates of Obligation. For business-type activities, the City made principal payments for revenue bond debt for Water and Sewer Revenue Bonds and Stormwater Revenue Bonds.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

*Long-term Liabilities (continued)*

In FY2022, Moody's Investors Services (Moody's), S&P Global Rating Services (S&P), Fitch Rating Services (Fitch), and Kroll Bond Rating Agency (Kroll) have all assigned ratings to the City of Fort Worth's outstanding debt. The City's general obligation bonds are rated "Aa3" by Moody's, "AA+" by Kroll, and "AA" by both S&P and Fitch. The City's water and sewer system revenue bonds are rated "Aa1" by Moody's, "AA+" by S&P, and "AA" by Fitch. The City's drainage utility system revenue bonds are rated "AA+" by both S&P and Fitch. The City's special tax revenue bonds are rated "A1" by Moody's, and "AA" by Fitch.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to 1.90 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on the general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 0.89 percent (Statistical Section on Table 14).

Additional information on the City's long-term liabilities can be found in Note G.

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

The overall economic outlook for the City remains positive. Sales taxes have climbed steadily since the recession ended in late 2010. Declining unemployment rates and continued population growth suggest these trends should continue well into 2023. Existing households are likely to continue spending at current rates, while new residents will add to the City's sales tax base. Population growth and steady strides in the residential real estate market support improved property tax revenues in the future, while the increasing volume of building permits continues to increase the overall tax base. Demand for existing homes supports the rising growth in values, which has allowed the City to reduce the property tax rate. Property tax revenues are characteristically slower to materialize than sales taxes, as homes built in 2022 are added to the tax roll in 2023 and do not begin paying taxes until fiscal year 2024. However, this revenue growth is more certain than other sources, as the lagging nature of the revenue buffers property tax revenue from short-term economic trends.

The FY2023 adopted budget lowered the City's property tax rate by \$0.0200 to \$0.7125 per \$100 net taxable valuation. The total appraised value of the City's property tax roll increased \$16 billion or 14.0 percent from the July 2022 certified roll to the July 2021 certified roll. Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased \$7.5 billion or 9.4 percent in the same period across all properties within the City. Adjusted Net Taxable Value is the basis for the City's property tax revenue calculation.

City staff analyzed many of the factors affecting property tax revenue, including anticipated population growth, historical change in values for residential and commercial properties, current and projected permitting data, the impact of foreclosures, as well as exemptions and protests. Staff also evaluated the allocation of the levy amount, and resulting availability of revenue for maintenance and operations (M&O), as compared to the amount available to repay the City's debt. In previous years, the City Council abided by its commitment to building capacity for capital projects by increasing the portion of the City's property tax levy to capital projects. The City's ability to continue to fund our pay-as-you-go capital program over the next five years is supported by the City's commitment to invest additional dollars in infrastructure maintenance.

**CITY OF FORT WORTH, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**(continued)**

**Economic Factors and Next Year's Budgets and Rates (continued)**

For FY2023, the City estimated a 98.50% collection rate of its property tax levy based on the certified rolls provided by the central appraisal districts of Tarrant, Denton, Wise and Parker Counties in July 2022. Based on the M&O levy rate of \$0.5650 per \$100 of assessed valuation, the General Fund portion of the property tax rate was expected to yield approximately \$526 million in revenue for FY2023. The debt service levy rate of \$0.1475 per \$100 of assessed valuation was expected to yield approximately \$137 million, which will allow the repayment of current and proposed general obligation debt for FY2023.

Revenue from the City's one percent of the sales tax, excluding the one-half percent special use tax for the Crime Control and Prevention District Fund, is projected to equal \$212 million, an increase of \$29 million or 16.0 percent from the FY2022 budget. This revenue is dependent on the level of wholesale and retail sales as well as the economic strength of the local economy. Over the past ten years, the City's sales tax collection grew from \$126 million in 2014 to the anticipated amount of \$212 million in 2023. This represents a 68.25% growth over the last ten years.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, 200 Texas Street, 3rd Floor, Department of Financial Management Services, Fort Worth, Texas 76102.

# BASIC FINANCIAL STATEMENTS

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Assets</b>				
Cash, Cash Equivalents, & Investments	\$ 1,511,450	\$ 222,606	\$ 1,734,056	\$ 22
Receivables, Net of Allowance for Uncollectible:				
Taxes	2,679	-	2,679	-
Grants and Other Governments	74,418	-	74,418	-
Loans	19,010	-	19,010	-
Interest	6,263	129	6,392	-
Accounts and Other	32,475	86,118	118,593	31
Leases	18,909	7,475	26,384	-
Internal Balances	(1,470)	1,470	-	-
Inventories (at Cost)	6,003	4,405	10,408	-
Prepays, Deposits, and Other	3,162	275	3,437	561
Long-Term Loans Receivable	9,422	1,143	10,565	-
Restricted Assets:				
Cash, Cash Equivalents, & Investments	2,545	957,936	960,481	285
Cash, Cash Equivalents, & Investments Held by Trustees	34,936	82,924	117,860	-
Grants Receivable	-	12,599	12,599	-
Interest Receivable	-	286	286	-
Prepaid Bond Insurance	246	-	246	-
Capital and Lease Assets, Net of Accumulated Depreciation/Amortization:				
Non-Depreciable	533,695	750,792	1,284,487	-
Depreciable	2,816,428	3,142,539	5,958,967	6,449
Total Assets	5,070,171	5,270,697	10,340,868	7,348
<b>Deferred Outflows of Resources</b>	455,218	71,668	526,886	-
<b>Total Assets and Deferred Outflows of Resources</b>	5,525,389	5,342,365	10,867,754	7,348
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES</b>				
<b>Liabilities</b>				
Accounts Payable	35,044	19,257	54,301	77
Escrow Accounts Payable	20,880	-	20,880	-
Accrued Payroll	10,775	1,506	12,281	-
Other	172	-	172	-
Unearned Revenue	233,233	-	233,233	22
Payables from Restricted Assets:				
Construction Payable	28,579	36,661	65,240	-
Escrow Accounts Payable	-	6,825	6,825	-
Customer Deposits	-	24,700	24,700	20
Accrued Interest Payable	29,613	5,529	35,142	92
Unearned Revenue	-	1,346	1,346	-
Long-Term Liabilities:				
Due Within One Year	165,490	74,216	239,706	29
Due in More Than One Year	3,991,118	1,610,593	5,601,711	3,055
Total Liabilities	4,514,904	1,780,633	6,295,537	3,295
<b>Deferred Inflows of Resources</b>	351,747	60,156	411,903	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,493,914	2,868,449	5,362,363	3,757
Restricted for:				
Debt Service	19,504	60,671	80,175	-
Capital Projects	102,273	102,504	204,777	-
Partnership Equity	-	-	-	296
Unrestricted (Deficit)	(1,956,953)	469,952	(1,487,001)	-
Total Net Position	\$ 658,738	\$ 3,501,576	\$ 4,160,314	\$ 4,053

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

Function/Program Activities	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 203,814	\$ 26,064	\$ 6,246	\$ 18,086
Public Safety	721,920	14,059	11,926	223
Highways and Streets	181,362	426	64	139,059
Culture and Recreation	185,163	30,889	21,876	28,130
Health and Welfare	25,086	-	30,183	-
Urban Redevelopment and Housing	155,320	30,687	75,644	928
Interest and Service Charges	31,875	-	-	-
Total Governmental Activities	<u>1,504,540</u>	<u>102,125</u>	<u>145,939</u>	<u>186,426</u>
Business-Type Activities:				
Water and Sewer	442,863	558,595	-	136,376
Stormwater Utility	37,835	48,489	-	-
Municipal Airports	27,014	15,189	-	20,376
Municipal Parking	7,260	6,282	-	-
Solid Waste	65,370	72,734	-	-
Total Business-Type Activities	<u>580,342</u>	<u>701,289</u>	<u>-</u>	<u>156,752</u>
<b>Total Primary Government</b>	<u>\$ 2,084,882</u>	<u>\$ 803,414</u>	<u>\$ 145,939</u>	<u>\$ 343,178</u>
<b>Discretely Presented Component Unit:</b>				
Terrell Homes, Ltd.	\$ 894	\$ 596	\$ -	\$ -
<b>Total Discretely Presented Component Unit</b>	<u>\$ 894</u>	<u>\$ 596</u>	<u>\$ -</u>	<u>\$ -</u>

Changes in Net Position (Deficit):

General Revenues:

Taxes:

General Property Taxes

Other Local Taxes:

Sales Taxes

Hotel/Motel Taxes

Other Taxes

Franchise Fees

Gas Leases and Royalties

Investment Income

Other

Insurance Recoveries

Transfers

Total General Revenues and Transfers

Changes in Net Position (Deficit)

Net Position, Beginning of Year

Net Position, End of Year



<b>Net (Expenses) Revenues and Changes in Net Position (Deficit)</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Discretely Presented Component Unit</b>
\$ (153,418)		\$ (153,418)	
(695,712)		(695,712)	
(41,813)		(41,813)	
(104,268)		(104,268)	
5,097		5,097	
(48,061)		(48,061)	
(31,875)		(31,875)	
<u>(1,070,050)</u>		<u>(1,070,050)</u>	
	\$ 252,108	252,108	
	10,654	10,654	
	8,551	8,551	
	(978)	(978)	
	7,364	7,364	
	<u>277,699</u>	<u>277,699</u>	
<u>(1,070,050)</u>	<u>277,699</u>	<u>(792,351)</u>	
			\$ (298)
			<u>(298)</u>
619,190	-	619,190	-
324,889	-	324,889	-
43,252	-	43,252	-
7,958	-	7,958	-
53,331	-	53,331	-
13,339	7,198	20,537	-
(33,558)	(10,513)	(44,071)	-
33,785	4,415	38,200	27
2,225	-	2,225	-
38,491	(38,491)	-	-
<u>1,102,902</u>	<u>(37,391)</u>	<u>1,065,511</u>	<u>27</u>
32,852	240,308	273,160	(271)
625,886	3,261,268	3,887,154	4,324
<u>\$ 658,738</u>	<u>\$ 3,501,576</u>	<u>\$ 4,160,314</u>	<u>\$ 4,053</u>

**CITY OF FORT WORTH, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Grants</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Cash, Cash Equivalents, & Investments	\$ 182,011	\$ 48,768	\$ 807,375	\$ 179,859	\$ 215,934	\$ 1,433,947
Cash, Cash Equivalents, & Investments Held by Trustees	28,392	-	170	-	3,010	31,572
Receivables, Net of Allowance for Uncollectible:						
Taxes	2,161	518	-	-	-	2,679
Grants and Other Governments	40,582	-	3,575	9,932	20,329	74,418
Leases	16,581	-	-	-	2,328	18,909
Loans	-	-	-	19,010	-	19,010
Interest	50	310	87	-	5,787	6,234
Accounts and Other	17,194	-	2,136	-	13,022	32,352
Inventories (at Cost)	3,059	-	-	-	2,326	5,385
Prepays, Deposits, and Other	2,565	-	472	32	40	3,109
Long-Term Loans Receivable	-	-	-	9,058	364	9,422
Total Assets	<u>\$ 292,595</u>	<u>\$ 49,596</u>	<u>\$ 813,815</u>	<u>\$ 217,891</u>	<u>\$ 263,140</u>	<u>\$ 1,637,037</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 17,506	\$ 284	\$ -	\$ 4,312	\$ 8,925	\$ 31,027
Construction Payable	-	-	28,572	7	-	28,579
Escrow Accounts Payable	3,710	-	17,012	49	109	20,880
Accrued Payroll	9,309	-	-	172	946	10,427
Other	79	-	-	-	93	172
Unearned Revenue	999	-	2,154	205,973	1,627	210,753
Total Liabilities	<u>31,603</u>	<u>284</u>	<u>47,738</u>	<u>210,513</u>	<u>11,700</u>	<u>301,838</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue	1,526	195	2,562	1,283	10,423	15,989
Lease Related	16,336	-	-	-	2,266	18,602
Total Deferred Inflows of Resources	<u>17,862</u>	<u>195</u>	<u>2,562</u>	<u>1,283</u>	<u>12,689</u>	<u>34,591</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>49,465</u>	<u>479</u>	<u>50,300</u>	<u>211,796</u>	<u>24,389</u>	<u>336,429</u>
<b>Fund Balances:</b>						
Nonspendable	5,624	-	472	32	2,366	8,494
Restricted	9,898	-	371,361	3,765	150,419	535,443
Committed	36,717	49,117	295,249	2,298	11,434	394,815
Assigned	31,583	-	96,433	-	74,532	202,548
Unassigned	159,308	-	-	-	-	159,308
Total Fund Balances	<u>243,130</u>	<u>49,117</u>	<u>763,515</u>	<u>6,095</u>	<u>238,751</u>	<u>1,300,608</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 292,595</u>	<u>\$ 49,596</u>	<u>\$ 813,815</u>	<u>\$ 217,891</u>	<u>\$ 263,140</u>	<u>\$ 1,637,037</u>

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

Total fund balances--governmental funds \$ 1,300,608

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and Lease assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets (including internal service fund assets of \$2,361) consist of:

Land/right of way	\$ 329,133	
Construction in progress	176,423	
Intangibles	28,139	
Buildings	1,140,090	
Vehicles, machinery and equipment	283,094	
Infrastructure	4,288,615	
Amortizable intangibles	57,913	
Lease Assets	5,152	
Accumulated depreciation/amortization	(2,958,436)	
Total capital and lease assets	<u>3,350,123</u>	3,350,123

Some revenues in the governmental funds are not recognized because they are not collected within the prescribed period after year-end and are deferred in the funds statements. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 15,989

Internal service funds are used by management to charge the costs of certain activities, such as; equipment services, capital project services, group health and life insurance, and risk financing to individual funds. A portion of the net position of the internal service funds is included in governmental activities in the Statement of Net Position (amount is net of capital assets of \$2,361 and compensated absences of \$(2,793)). 29,536

Deferred outflows of resources are not reported in the governmental funds related to:

Pension (See Note I for detailed breakdown)	401,136	
Other postemployment benefits (See Note J for detailed breakdown)	52,058	
Deferred charges on debt refundings	2,024	
Total deferred outflows of resources	<u>455,218</u>	455,218

Some long-term assets and liabilities are either not available for current period expenditures or not due and payable in the current period and therefore are not reported in the funds. Those assets and liabilities (including allocated internal service fund compensated absences of \$(2,793)) consist of:

Prepaid bond insurance	246	
Long-term compensated absences	(153,472)	
Pollution remediation liability	(2,331)	
Lease liability	(5,087)	
Other postemployment benefits obligation	(750,044)	
Net pension liability	(1,789,257)	
Accrued interest payable	(29,613)	
Long-term debt, including premium/discount	(1,407,554)	
Total long-term assets and liabilities	<u>(4,137,112)</u>	(4,137,112)

Unearned revenues are resources received in advance and should be reported as liabilities until the period of the exchange. This liability consists of a long-term land lease entered into by a blended component unit of the City. (22,479)

Deferred inflows of resources are not reported in the governmental funds related to:

Pension (See Note I for detailed breakdown)	(290,676)	
Other postemployment benefits (See Note J for detailed breakdown)	(42,469)	
Total deferred inflows of resources	<u>(333,145)</u>	(333,145)

Net position of governmental activities \$ 658,738

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	General	Debt Service	Capital Projects	Grants	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>						
General Property Taxes	\$ 479,886	\$ 120,853	\$ -	\$ -	\$ 21,332	\$ 622,071
Sales Taxes	218,317	-	-	-	104,375	322,692
Other Local Taxes	7,968	-	-	-	43,234	51,202
Franchise Fees	53,273	-	-	-	-	53,273
Charges for Services	30,979	-	5,053	-	19,246	55,278
Licenses and Permits	23,253	-	-	-	15	23,268
Fines and Forfeitures	5,837	-	-	-	-	5,837
Revenue from Use of Money and Property	2,960	96	2,539	288	9,633	15,516
Investment Income (Loss)	(39,735)	5,687	2,103	1,851	(1,229)	(31,323)
Intergovernmental	1,231	-	2,614	109,281	34,175	147,301
Gas Leases and Royalties	3,295	-	9,288	-	757	13,340
Other	4,542	-	164	6	23,461	28,173
Contributions	10	-	34,254	466	1,225	35,955
Total Revenues	<u>791,816</u>	<u>126,636</u>	<u>56,015</u>	<u>111,892</u>	<u>256,224</u>	<u>1,342,583</u>
<b>EXPENDITURES:</b>						
Current:						
General Government	109,539	-	21,012	5,171	14,477	150,199
Public Safety	480,401	-	8,063	13,731	72,346	574,541
Highways and Streets	32,071	-	36,389	58	-	68,518
Culture and Recreation	69,139	-	5,614	165	49,130	124,048
Health and Welfare	-	-	-	24,143	-	24,143
Urban Redevelopment and Housing	56,647	-	372	62,333	30,560	149,912
Capital Outlay	-	-	174,365	1,018	63	175,446
Debt Service:						
Principal Retirement	2,021	103,105	-	-	7,897	113,023
Interest and Debt Issuance Costs	235	43,806	185	-	1,076	45,302
Total Expenditures	<u>750,053</u>	<u>146,911</u>	<u>246,000</u>	<u>106,619</u>	<u>175,549</u>	<u>1,425,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,763</u>	<u>(20,275)</u>	<u>(189,985)</u>	<u>5,273</u>	<u>80,675</u>	<u>(82,549)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of Long-Term Debt	-	-	81,380	-	-	81,380
Issuance of Tax Notes	-	-	72,185	-	-	72,185
Issuance of Refunding Bonds	-	70,730	-	-	-	70,730
Lease Proceeds	2,106	-	-	-	389	2,495
Proceeds from Construction Loans	-	-	-	-	11,513	11,513
Premium on Issuance	-	4,166	1,785	-	-	5,951
Payments to Refunding Bond Escrow Agent	-	(73,595)	-	-	-	(73,595)
Proceeds from Disposal of Property	-	-	141	7	8,487	8,635
Insurance Recoveries	-	-	2,225	-	-	2,225
Transfers In	47,080	24,354	142,532	3,121	7,636	224,723
Transfers Out	(88,192)	(2,976)	(1,219)	(3,897)	(84,677)	(180,961)
Total Other Financing Sources (Uses)	<u>(39,006)</u>	<u>22,679</u>	<u>299,029</u>	<u>(769)</u>	<u>(56,652)</u>	<u>225,281</u>
Net Change in Fund Balances	<u>2,757</u>	<u>2,404</u>	<u>109,044</u>	<u>4,504</u>	<u>24,023</u>	<u>142,732</u>
Fund Balance, Beginning of Year	<u>240,373</u>	<u>46,713</u>	<u>654,471</u>	<u>1,591</u>	<u>214,728</u>	<u>1,157,876</u>
Fund Balances, End of Year	<u>\$ 243,130</u>	<u>\$ 49,117</u>	<u>\$ 763,515</u>	<u>\$ 6,095</u>	<u>\$ 238,751</u>	<u>\$ 1,300,608</u>

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, 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, 2022**  
**(in 000's)**

Net change in fund balances--total governmental funds \$ 142,732

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and contributed assets exceeded depreciation in the current period.

Contributed assets	\$ 149,012	
Capital outlay expenditures	175,446	
Depreciation and amortization expense (excluding internal service fund depreciation of \$253)	<u>(166,021)</u>	
Net adjustment	<u>158,437</u>	158,437

In the Statement of Activities, the gain on sale of capital assets is reported. In the governmental funds, the proceeds from the disposal of assets were reported as another financing source. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (8,302)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in "unavailable" revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period; accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. (3,445)

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Debt issued:		
General Obligation bonds	(152,110)	
Tax notes	(72,185)	
Other obligations	<u>(11,512)</u>	
Total proceeds	(235,807)	
Premium on debt issued	(5,951)	
Repayments:		
To bondholders	113,023	
To escrow for refunding	<u>73,595</u>	
Total repayments	186,618	
Amortization of premiums and discounts	18,628	
Amortization of prepaid bond insurance	<u>(11)</u>	
Net adjustment	<u>(36,523)</u>	(36,523)

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

Increase in accrued interest on long-term liabilities	(1,646)	
Decrease in net pension liability	257,360	
Decrease in other postemployment benefits obligation	37,779	
Increase in compensated absences liability (excluding internal service fund increase of \$19)	(10,344)	
Decrease in pollution remediation liability	<u>682</u>	
Net adjustment	<u>283,831</u>	283,831

(continued)

**CITY OF FORT WORTH, 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, 2022**  
**(in 000's)**

Governmental funds report pension and OPEB contributions as expenditures when made. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB, the investment experience, and changes in actuarial assumptions.

Deferred outflows of resources	\$	(302,801)	
Deferred inflows of resources		<u>(171,637)</u>	
Net adjustment		<u>(474,438)</u>	\$ (474,438)

Internal service funds are used by management to charge the costs of certain activities, such as: equipment services, capital project services, group health and life insurance, and risk financing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

(30,523)

Revenue on the Statement of Activities includes current recognition of unearned revenues related to a long-term land lease entered into by a component unit of the City. This amount is combined with an adjustment to increase sales tax revenue on the Statement of Activities for a liability on the Statement of Net Position for the State Tax Agreement.

4,638

Governmental funds report the amount of refinance debt as a current resource and do not calculate a gain or loss on the defeasance of the extinguished debt. This adjustment represents the amount of amortization for the current year of the deferred outflow of refunding loss.

(3,555)

Change in net position of governmental activities

\$ 32,852



**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Business-Type Activities-- Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
<b>Current Assets:</b>					
Cash, Cash Equivalents, & Investments	\$ 179,714	\$ 11,946	\$ 30,946	\$ 222,606	\$ 77,503
Interest Receivable	106	5	18	129	29
Accounts and Other Receivables, Net of Allowance for Uncollectible	72,066	4,759	9,293	86,118	123
Lease Receivable	-	-	7,475	7,475	-
Inventories (at Cost)	4,405	-	-	4,405	618
Prepays, Deposits, and Other	275	-	-	275	53
<b>Restricted Assets:</b>					
Cash & Cash Equivalents	68,990	2,389	3,682	75,061	-
Total Current Assets	<u>325,556</u>	<u>19,099</u>	<u>51,414</u>	<u>396,069</u>	<u>78,326</u>
<b>Noncurrent Assets:</b>					
Long-Term Loans Receivable	-	-	1,143	1,143	-
<b>Restricted Assets:</b>					
Cash & Cash Equivalents	746,632	105,071	31,172	882,875	2,545
Cash, Cash Equivalents, & Investments Held by Trustees	27,928	-	54,996	82,924	3,364
Grants and Other Receivables	6,247	-	6,352	12,599	-
Interest Receivable	189	25	72	286	-
Total Restricted Assets	<u>780,996</u>	<u>105,096</u>	<u>92,592</u>	<u>978,684</u>	<u>5,909</u>
<b>Capital and Lease Assets (at Cost):</b>					
Land/Right of Way	36,285	18,791	165,401	220,477	1,123
Buildings	67,965	8,409	102,243	178,617	4,656
Infrastructure	3,875,904	195,228	375,916	4,447,048	1,142
Vehicles, Machinery and Equipment	368,768	13,483	9,897	392,148	3,623
Construction in Progress	487,434	15,141	26,215	528,790	-
Intangibles - Depreciable	-	-	677	677	201
Lease Assets	1,493	-	-	1,493	-
Intangibles - Non-Depreciable	-	-	1,525	1,525	-
Accumulated Depreciation/Amortization	(1,523,443)	(83,497)	(270,504)	(1,877,444)	(8,384)
Net Capital and Lease Assets	<u>3,314,406</u>	<u>167,555</u>	<u>411,370</u>	<u>3,893,331</u>	<u>2,361</u>
Total Noncurrent Assets	<u>4,095,402</u>	<u>272,651</u>	<u>505,105</u>	<u>4,873,158</u>	<u>8,270</u>
Total Assets	<u>4,420,958</u>	<u>291,750</u>	<u>556,519</u>	<u>5,269,227</u>	<u>86,596</u>
<b>Deferred Outflows of Resources</b>	<u>55,891</u>	<u>7,083</u>	<u>8,694</u>	<u>71,668</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>4,476,849</u>	<u>298,833</u>	<u>565,213</u>	<u>5,340,895</u>	<u>86,596</u>

(continued)



**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 12,755	\$ 604	\$ 5,898	\$ 19,257	\$ 4,017
Accrued Payroll	1,165	160	181	1,506	348
Current Portion of Long-Term Liabilities	65,721	5,696	2,799	74,216	20,633
<b>Payables from Restricted Assets:</b>					
Construction Payable	32,862	1,842	1,957	36,661	-
Escrow Accounts Payable	6,825	-	-	6,825	-
Customer Deposits	23,721	-	979	24,700	-
Accrued Interest Payable	4,882	547	100	5,529	-
Unearned Revenue	700	-	646	1,346	-
Total Current Liabilities	<u>148,631</u>	<u>8,849</u>	<u>12,560</u>	<u>170,040</u>	<u>24,998</u>
<b>Long-Term Liabilities:</b>					
Long-Term Liabilities Due in More Than One Year	1,370,938	167,598	72,057	1,610,593	31,023
Total Long-Term Liabilities	<u>1,370,938</u>	<u>167,598</u>	<u>72,057</u>	<u>1,610,593</u>	<u>31,023</u>
Total Liabilities	<u>1,519,569</u>	<u>176,447</u>	<u>84,617</u>	<u>1,780,633</u>	<u>56,021</u>
<b>Deferred Inflows of Resources</b>	<u>42,372</u>	<u>4,317</u>	<u>13,467</u>	<u>60,156</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,561,941</u>	<u>180,764</u>	<u>98,084</u>	<u>1,840,789</u>	<u>56,021</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,421,466	65,556	381,427	2,868,449	2,361
Restricted for:					
Debt Service	52,558	6,081	2,032	60,671	-
Capital Projects	102,504	-	-	102,504	-
Unrestricted	<u>338,380</u>	<u>46,432</u>	<u>83,670</u>	<u>468,482</u>	<u>28,214</u>
Total Net Position	<u>\$ 2,914,908</u>	<u>\$ 118,069</u>	<u>\$ 467,129</u>	<u>\$ 3,500,106</u>	<u>\$ 30,575</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				1,470	
Net Position of Business-Type Activities				<u>\$ 3,501,576</u>	

See accompanying notes to the basic financial statements.

(concluded)

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Business-Type Activities-- Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 558,595	\$ 48,489	\$ 94,205	\$ 701,289	\$ 133,223
Other	1,248	-	6,148	7,396	6,377
Total Operating Revenues	<u>559,843</u>	<u>48,489</u>	<u>100,353</u>	<u>708,685</u>	<u>139,600</u>
<b>OPERATING EXPENSES</b>					
Personnel Services	113,350	13,009	12,328	138,687	23,852
Supplies and Materials	37,762	1,494	1,538	40,794	12,020
Contractual Services	179,520	9,830	68,332	257,682	126,203
Landfill Closure and Postclosure Cost	-	-	1,240	1,240	-
Depreciation and Amortization	85,741	10,607	15,333	111,681	253
Total Operating Expenses	<u>416,373</u>	<u>34,940</u>	<u>98,771</u>	<u>550,084</u>	<u>162,328</u>
Operating Income (Loss)	<u>143,470</u>	<u>13,549</u>	<u>1,582</u>	<u>158,601</u>	<u>(22,728)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment (Loss)	(1,779)	(1,229)	(7,505)	(10,513)	(2,545)
Gain (Loss) on Sale of Property and Equipment	(3,060)	12	54	(2,994)	21
Interest and Service Charges	(23,430)	(2,907)	(927)	(27,264)	-
Lease Interest Income	-	-	152	152	-
Gas Leases and Royalties	1,113	-	6,085	7,198	-
Other	-	-	(3,133)	(3,133)	-
Total Nonoperating Revenues (Expenses)	<u>(27,156)</u>	<u>(4,124)</u>	<u>(5,274)</u>	<u>(36,554)</u>	<u>(2,524)</u>
Income Before Transfers and Contributions	<u>116,314</u>	<u>9,425</u>	<u>(3,692)</u>	<u>122,047</u>	<u>(25,252)</u>
Transfers In	3,096	-	3,444	6,540	-
Transfers Out	(33,515)	(4,775)	(6,741)	(45,031)	(5,271)
Capital Contributions	91,092	-	20,376	111,468	-
Capital Contributions - Impact Fees	45,284	-	-	45,284	-
Changes in Net Position	222,271	4,650	13,387	240,308	(30,523)
Total Net Position, Beginning of Year	<u>2,692,637</u>	<u>113,419</u>	<u>453,742</u>	<u>3,259,798</u>	<u>61,098</u>
Total Net Position, End of Year	<u>\$ 2,914,908</u>	<u>\$ 118,069</u>	<u>\$ 467,129</u>	<u>\$ 3,500,106</u>	<u>\$ 30,575</u>

See accompanying notes to the basic financial statements.



**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Business-Type Activities-- Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers	\$ 550,769	\$ 48,267	\$ 95,317	\$ 694,353	\$ -
Receipts from Other Funds	-	-	-	-	133,196
Receipts from Other Operating Sources	1,248	-	6,148	7,396	6,377
Other Receipts	-	-	3,133	3,133	-
Payments to Employees	(84,158)	(10,648)	(12,523)	(107,329)	(12,348)
Payments to Vendors	(216,793)	(11,201)	(73,009)	(301,003)	(27,593)
Payments for Benefits	-	-	-	-	(109,663)
Net Cash Provided by (Used for) Operating Activities	<u>251,066</u>	<u>26,418</u>	<u>19,066</u>	<u>296,550</u>	<u>(10,031)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers In from Other Funds	3,096	-	3,444	6,540	-
Advances from Other Funds	-	-	(514)	(514)	-
Transfers Out to Other Funds	(33,515)	(4,775)	(6,741)	(45,031)	(5,271)
Net Cash Used for Noncapital Financing Activities	<u>(30,419)</u>	<u>(4,775)</u>	<u>(3,811)</u>	<u>(39,005)</u>	<u>(5,271)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Bond Principal Received	145,740	-	-	145,740	-
Bond Premium Received	5,347	-	-	5,347	-
Proceeds from Sale of Property and Equipment	(3,060)	12	54	(2,994)	21
Interest Income from Leases	-	-	152	152	-
Contributions	2,618	298	14,592	17,508	-
Contributions - Impact Fees	45,284	-	-	45,284	-
Acquisition and Construction of Capital Assets	(186,722)	(12,071)	(27,258)	(226,051)	(160)
Principal Paid on Long-Term Debt	(66,185)	(5,000)	(2,195)	(73,380)	-
Principal Paid to Escrow Agent	(9,895)	-	-	(9,895)	-
Principal Paid on Leases	(250)	-	-	(250)	-
Interest Paid on Long-Term Obligations	(27,468)	(4,499)	(1,227)	(33,194)	-
Bond Issuance Cost Paid	(1,124)	(1)	-	(1,125)	-
Net Cash Used for Capital and Related Financing Activities	<u>(95,715)</u>	<u>(21,261)</u>	<u>(15,882)</u>	<u>(132,858)</u>	<u>(139)</u>
<b>Cash Flows from Investing Activities:</b>					
Receipts from Gas Leases and Royalties	1,113	-	6,085	7,198	-
Purchases of Investments	(997)	-	(9,002)	(9,999)	-
Sales of Investments	849	-	10,325	11,174	-
Investment Income Received	(868)	(1,127)	2,838	843	(2,398)
Net Cash Provided by (Used for) Investing Activities	<u>97</u>	<u>(1,127)</u>	<u>10,246</u>	<u>9,216</u>	<u>(2,398)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>125,029</u>	<u>(745)</u>	<u>9,619</u>	<u>133,903</u>	<u>(17,839)</u>
Cash and Cash Equivalents, Beginning of Year	<u>894,267</u>	<u>120,151</u>	<u>75,870</u>	<u>1,090,288</u>	<u>101,251</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,019,296</u>	<u>\$ 119,406</u>	<u>\$ 85,489</u>	<u>\$ 1,224,191</u>	<u>\$ 83,412</u>

(continued)

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss)	\$ 143,470	\$ 13,549	\$ 1,582	\$ 158,601	\$ (22,728)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	85,741	10,607	15,333	111,681	253
<b>Changes in Assets, Liabilities, and Deferrals:</b>					
Accounts and Other Receivables	(13,324)	(222)	3,987	(9,559)	(26)
Lease Receivable	-	-	351	351	-
Inventories	(190)	-	-	(190)	(272)
Prepays, Deposits, and Other Assets	221	-	-	221	(1)
Long Term Loans Receivable	-	-	73	73	-
Deferred Outflows of Resources (Pension)	33,976	3,973	4,987	42,936	-
Deferred Outflows of Resources (OPEB)	7,966	119	1,212	9,297	-
Accounts Payable	679	123	(3,140)	(2,338)	(1,109)
Escrow Accounts Payable	3,465	-	-	3,465	-
Accrued Payroll and Compensation	(738)	(125)	(201)	(1,064)	11,504
Customer Deposits	1,812	-	1	1,813	-
Unearned Revenue	-	-	314	314	-
Accrued Benefits	-	-	-	-	2,348
Landfill Closure and Postclosure Liability	-	-	1,241	1,241	-
Net Pension Liability	(31,922)	(3,754)	(4,395)	(40,071)	-
Net OPEB Liability	2,082	(199)	(3,991)	(2,108)	-
Deferred Inflows of Resources (Pension)	20,376	2,374	2,595	25,345	-
Deferred Inflows of Resources (OPEB)	(2,548)	(27)	(402)	(2,977)	-
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)	-
Total Adjustments	107,596	12,869	17,484	137,949	12,697
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 251,066</b>	<b>\$ 26,418</b>	<b>\$ 19,066</b>	<b>\$ 296,550</b>	<b>\$ (10,031)</b>
<b>The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:</b>					
Current - Cash, Cash Equivalents, & Investments	\$ 179,714	\$ 11,946	\$ 30,946	\$ 222,606	\$ 77,503
Current Restricted - Cash & Cash Equivalents	68,990	2,389	3,682	75,061	-
Noncurrent Restricted - Cash & Cash Equivalents	746,632	105,071	31,172	882,875	2,545
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	27,928	-	54,996	82,924	3,364
Less: Gas Well Investments Held by Trustees	(3,968)	-	(35,307)	(39,275)	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,019,296</b>	<b>\$ 119,406</b>	<b>\$ 85,489</b>	<b>\$ 1,224,191</b>	<b>\$ 83,412</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Capitalized Interest	\$ (5,230)	\$ -	\$ 24	\$ (5,206)	\$ -
Capital Asset Contributions from Developers	83,780	50	-	83,830	-
Net Recovery of Prior Years Expenses	-	-	(3,133)	(3,133)	-
Amortization of Bond Premium/Discount	11,521	1,659	502	13,682	-
Amortization of Bond Defeasement Loss	(539)	(96)	(187)	(822)	-
Change in Fair Value on Pooled Investments	(9,585)	(1,775)	(2,248)	(13,608)	(3,293)
Change in Fair Value on Non-Pooled Investments	(1,036)	-	(10,091)	(11,127)	-

(concluded)

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Pension (and Other Employee Benefit) Trust Funds</b>	<b>Rock Creek Custodial Fund</b>
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 14,389	\$ 1,742
Cash & Investments Held by Trustees:		
Asset and Mortgage Backed Obligations	58,661	-
Corporate Obligations	151,986	-
Government Agency Obligations	100,855	-
International Obligations	7,188	-
Securities Lending Collateral	305,351	-
U.S. Treasuries	102,891	-
Short-Term Mutual Fund Investments	580,082	-
Corporate Stock	258,522	-
Alternative Investments	551,669	-
Commingled Funds	772,471	-
Total Cash & Investments Held by Trustees	2,889,676	-
Prepays	28	-
Accrued Income	4,578	-
Other Receivables	12,286	-
Due from Broker Securities Sold	157,345	-
Total Current Assets	3,078,302	1,742
Capital Assets:		
Land	404	-
Buildings	3,622	-
Machinery and Equipment	4,107	-
Accumulated Depreciation	(1,314)	-
Net Capital Assets	6,819	-
Total Assets	3,085,121	1,742
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued Liabilities	3,916	-
Obligations Under Securities Lending	305,351	-
Due to Broker Securities Purchased	180,924	-
Escrow Accounts Payable	-	1,742
Total Current Liabilities	490,191	1,742
<b>NET POSITION</b>		
Restricted for:		
Pensions	2,504,061	-
Postemployment Benefits Other Than Pensions	90,869	-
Total Net Position	\$ 2,594,930	\$ -

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Pension (and Other Employee Benefit) Trust Funds</b>	<b>Rock Creek Custodial Fund</b>
<b>ADDITIONS</b>		
Interest, Dividend, and Securities Lending Income	\$ 32,276	\$ 14
Less: Investment Management Fees and Interest Expense	(6,061)	-
Net Gain (Loss) in Fair Value of Investments	(310,675)	-
Other Income	15,175	-
Employer Contributions	170,924	-
Employee/Retiree Contributions	71,289	-
Contributions from Property Owners	-	1,750
Total Additions	<u>(27,072)</u>	<u>1,764</u>
<b>DEDUCTIONS</b>		
Benefit Payments	300,004	-
Refunds	5,994	-
Administrative Expenses	9,076	-
Payments on Behalf of Property Owners	-	1,764
Total Deductions	<u>315,074</u>	<u>1,764</u>
Change in Net Position	(342,146)	-
Net Position, Beginning of Year	<u>2,937,076</u>	<u>-</u>
Net Position, End of Year	<u>\$ 2,594,930</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

Note A: Summary of Significant Accounting Policies

Note B: Cash, Cash Equivalents, & Investments

Note C: Receivables and Interfund Balances

Note D: Fund Equity

Note E: Restricted Assets

Note F: Capital and Lease Assets

Note G: Long-Term Obligations

Note H: Landfill Closure and Postclosure Care Costs

Note I: Employees' Retirement Fund of the City of Fort Worth, Texas

Note J: Employee Benefits

Note K: Commitments and Contingencies

Note L: Segment Financial Information

Note M: Subsequent Events

Note N: New Accounting Standards



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Fort Worth, Texas (the City) as reflected in the accompanying financial statements for the year ended September 30, 2022, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City's significant accounting policies applied in the preparation of the accompanying financial statements follows.

**A.1 FINANCIAL REPORTING ENTITY**

In evaluating the City's financial reporting entity, management has considered all potential component units as required by GAAP. Organizations are included if the City is financially accountable for them, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete. Inclusion is determined based on the City's ability to exercise significant influence. Significant influence or accountability is based primarily on its operational or financial relationship with the City (as distinct from a legal relationship).

The City is financially accountable if it appoints a voting majority of an organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City also is financially accountable if an organization is fiscally dependent on the City and potentially provides specific financial benefits to, or imposes specific financial burdens on the City.

**Blended Component Units**

Blended component units, although legally separate entities, are reported as part of the primary government because they meet the criteria above and are so intertwined with the City that they are, in substance, the same as the City. In Fiscal Year 2021 the Fort Worth Housing and Finance Corporation prepared and published separate financial statements. The seven blended component units below are reported as part of the primary government:

***Crime Control and Prevention District*** - The Crime Control and Prevention District (CCPD) was created in March 1995 by a vote of local residents, and renewed most recently in 2020 for a ten-year period. The CCPD is supported by a ½ cent sales tax which serves a role in providing the necessary resources to effectively implement crime control strategies. Although it is legally separate from the City, the members of the Board of the CCPD and members of the City Council are substantially the same. The City has financial accountability, and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the CCPD has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. No separate financial statements are available.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

**Fort Worth Housing Finance Corporation** - The Fort Worth Housing Finance Corporation (FWHFC) was created by the City in 1979 pursuant to the Texas Housing Finance Corporations Act. The FWHFC was formed for the purpose of financing the cost of residential development for persons of low and moderate income, including multifamily and single-family housing. Although it is legally separate from the City, the members of the Board of the FWHFC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. Therefore, the FWHFC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. FWHFC is the sole member of the following Texas Limited Liability Corporations ("LLCs"): Decatur Angle GP, LLC; Enclave Westport GP, LLC; Race Streets Lofts GP, LLC; Reserve at Quebec GP, LLC; Mercantile Apartments GP, LLC; The Broadmoor at Western Hills GP, LLC; Enclave Park GP, LLC; Riverside Senior Development GP, LLC; and Terrell Homes GP, LLC. These LLCs are limited partners with 0.005% to 0.01% respective interest of the following Texas limited partnerships and one limited liability company: Decatur Angle Ltd; Enclave Westport, LP; Race Streets Lofts, Ltd; Reserve at Quebec, LLC; Mercantile Apartments Ltd; The Broadmoor at Western Hills, Ltd; Enclave Park, LP; Riverside Senior Investments, LP and Terrell Homes, Ltd.

Terrell Homes, Ltd. is included in the FWHFC financial statements as a discretely presented component unit, which is discussed under the discretely presented component unit section. Separate FWHFC financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

**Fort Worth Local Development Corporation** - The Fort Worth Local Development Corporation (FWLDC) is a 501(c)(3) organization and a Texas nonprofit corporation formed in 1987 by the City Council. The original purpose of the FWLDC was to administer a low-interest rate program for business development in and around the Stockyards area in accordance with the Economic Development Administration Block Grant Program. However, the articles of incorporation are broad enough to allow involvement in almost any kind of city-wide economic development activities. Although it is legally separate entity from the City, the members of the Board of the FWLDC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the FWLDC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. Reported in FWLDC is its component unit: Lancaster Corridor Redevelopment, LLC as noted in the following paragraph below. No separate financial statements are available.

**Lancaster Corridor Redevelopment, LLC** - Lancaster Corridor Redevelopment, LLC (the Company), a Texas limited liability company, was created as a subsidiary of FWLDC pursuant to the Texas Limited Liability Company Act for the purpose of aiding, assisting, and acting on behalf of the City in the construction of the mixed-use redevelopment along the Lancaster Corridor. The financial information of the Company is blended into that of the FWLDC in the separate financial statements noted above; however, the Company has been blended into the City's basic financial statements as a Nonmajor Capital Project Fund (reported with the Other Blended Component Units). No separate financial statements are available.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

***Fort Worth Sports Authority, Inc.*** - The Fort Worth Sports Authority, Inc. (Sports Authority) was created pursuant to the provisions of Section 4B, Article 5190.6, Vernon's Texas Civil Statutes, which authorizes the Sports Authority to jointly assist and act on behalf of the City and to engage in activities in furtherance of the purposes for its creation. The Sports Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in the construction of projects on behalf of the City. The Sports Authority financed the purchase of the Texas Motor Speedway (Speedway) and the infrastructure in and around that property; however, it does not operate the Speedway. Although it is legally separate from the City, the members of the Board of the Sports Authority and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. Due to the Sports Authority benefiting and providing services almost exclusively to the City, the Sports Authority has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). No separate financial statements are available.

***Lone Star Local Government Corporation*** - The Lone Star Local Government Corporation (LSLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code, and Chapter 394 of the Texas Local Government Code. The LSLGC is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing of projects on behalf of the City. Although it is legally separate from the City, the members of the Board of the LSLGC and members of the City Council are substantively the same. The City has financial accountability and a financial benefit/burden relationship exists, which allows the City to impose its will. Therefore, the LSLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). No separate financial statements are available.

***Fort Worth Central City Local Government Corporation*** - The Fort Worth Central City Local Government Corporation (FWCCLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code. The FWCCLGC is organized for the purpose of aiding, assisting and acting on behalf of the City in the exercise of its powers to accomplish any government purpose of the City and in promotion of the common good and general welfare of the City and is used to construct parking garages. Although it is legally separate from the City, the members of the Board of the FWCCLGC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. The FWCCLGC has been blended in the City's basic financial statements as a Nonmajor Capital Project Fund (reported with the Other Blended Component Units). No separate financial statements are available.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

**Discretely Presented Component Unit**

The following legally separate entity is reported as a discretely presented component unit of the City in a separate column in the government-wide financial statements. Terrell Homes Ltd., has been reported as a discretely presented component unit because of the degree of control its general partner has over the LP as set out in its Amended and Restated Limited Partnership Agreement. Terrell Homes GP, LLC, of which FWHFC is the sole member, is the General Partner of Terrell Homes, Ltd. noted below:

***Terrell Homes, Ltd.*** - Terrell Homes, Ltd. ("Partnership") is a Texas limited partnership formed on December 9, 2011, to construct, develop and operate 54 single-family houses, known as the Terrell Homes I Apartments located on scattered sites. The houses are rented to low-income tenants and operated in a manner necessary to qualify for federal low-income housing tax credits as provided in Internal Revenue Code Section 42. For the calendar year ended December 31, 2021, the Partnership's financial information is presented in a separate column in the government-wide financial statements.

The Fort Worth Housing Finance Corporation (blended component unit of the City) considered the organizations and activities of each of the LPs to determine if any of them meet the condition for inclusion as component units. The decision to include a potential component unit was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* which was amended by GAAP.

Terrell Homes Ltd. has been reported as a discretely presented component unit because of the degree of control its general partner has over the LP as set out in its Amended and Restated Limited Partnership Agreement ("LPA"). Separate audited financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

**Pension and Retiree Healthcare Trust Funds**

***Retirement Pension Trust Fund of the City of Fort Worth*** - The Employees' Retirement Fund of the City of Fort Worth, Texas (the Retirement Fund") is comprised of two separate defined benefit pension plans: the City of Fort Worth employees benefit plan (the "City Plan" or the "Plan") and the Retirement Fund employees plan (the "Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945. The Retirement Fund is reported as a fiduciary component unit. The Staff Plan was established through Administrative Rules in 2007, and both single employer plans are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) effective June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan of the Employees' Retirement Fund, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees (Board). The Retirement Fund Board is solely responsible for managing the assets for the City of Fort Worth employees plan and defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. Therefore, assets of each plan are legally separate and cannot pay benefits of the other. Due to the insignificant nature of the Staff Plan's assets compared to the Retirement Fund's assets, all further references to the Plan and information provided in the Notes and Required Supplementary Information about the City Plan are strictly limited to information about the City employees (comprised of General Employees, Police Officers, and Firefighters). As discussed in Note I, this fiduciary fund of the City issues separate audited financial statements which are publicly available and can be obtained by contacting the Employees' Retirement Fund at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Fund and additions to/deductions from the Retirement Fund's fiduciary net position have been determined on the same basis as they are reported by the Retirement Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Retiree Healthcare Trust Fund of the City of Fort Worth*** - The single-employer defined benefit retiree health care trust, an other postemployment benefit (OPEB) plan reported as a fiduciary component unit was established under the legal authority of the City Charter and is administered by the City. Retiree Healthcare Trust Fund of the City of Fort Worth is reported in the City's basic financial statements as a Fiduciary fund. For the purpose of measuring the total other OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense in the City's defined benefit health plan (Plan) have been determined on the same basis as they are reported by the plan. For this purpose, plan benefits are recognized when due and payable in accordance with the benefit terms. No separate financial statements are available.

***Fort Worth Firefighters Healthcare Trust*** - The Fort Worth Firefighters Healthcare Trust (the "Trust"), an OPEB was established effective January 01, 2019 by the International Association of Firefighters Local No. 440 to provide health benefits for its eligible members and their dependents. The Trust provides health and welfare benefits to qualified participants. Qualified participants include active and retired firefighters of the City of Fort Worth (the Employer) and their dependents. Although it is legally separate from the City, the City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. The Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Trust is a fiduciary component unit of the City and reported in the City's basic financial statements as a Fiduciary fund. Separate audited financial statements can be obtained by contacting Fort Worth Firefighters Healthcare Trust at 3855 Tulsa Way, Fort Worth, TX 76107.

***Rock Creek Custodial Fund*** - Rock Creek Ranch Public Improvement District (PID) No. 17 issued special assessment revenue bonds for major capital improvements. These bonds will be paid from the special assessments levied by the PID on property owners within the PID's geographical boundaries. The City collects the special assessment payments and makes the debt service payments for the PID. The debt service transactions of a special assessment for which the government is not obligated in any manner are reported in a custodial fund rather than a debt service fund, to reflect the fact that the government's duties are limited to acting as a custodian of funds for the assessed property owners and the bondholders. No separate financial statements are available.

**Related Organizations**

The following related organizations are the more significant of those that do not meet the criteria for component units and are not included in the City's financial statements: Area Metropolitan Ambulance Authority, Fort Worth Zoological Association, Fort Worth Botanical Society, Inc., Friends of the Fort Worth Public Library, certain Fort Worth library trusts, the Business Assistance Center Foundation, Inc., Fort Worth South, Inc., and the Trinity River Vision Project.

City officials are also responsible for appointing members to the boards of the following organizations, but the City's accountability for these organizations does not extend beyond making appointments.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

***Event Facilities Fort Worth*** - Events Facilities Fort Worth (EFFW) is an independent organization, which has a scope of public service to hold agricultural fairs and encourage agricultural pursuits within the geographic boundaries of the City.

***Dallas/Fort Worth International Airport*** - Dallas/Fort Worth International Airport (D/FW Airport) was created by contract and agreement between the City of Fort Worth and the City of Dallas for the purpose of developing and operating an airport as a jointly governed organization between the two Cities. The D/FW Airport is governed by a 12-member board comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member chosen from the neighboring cities of Irving, Grapevine, Euless, and Coppell. The Board must submit an expenditure budget for each fiscal year to the City Manager of each city by July 15. The governing body of each city must approve the budget by September 1. The City is a member of the Revenue Sharing Agreement, as originally adopted on May 1, 2001. Total revenue for the year ended September 30, 2022, was \$6,787,041 from this agreement. Financial statements of the Airport are not included in the City's financial statements because the Airport is not under the sole control of the Fort Worth City Council and the City has no ongoing financial interest or responsibility for the airport. Separate audited financial statements, which are publicly available, can be obtained by contacting the Airport at 2400 Aviation Drive, P.O. Box 619428, DFW Airport, Texas 75261-9428.

***Fort Worth Housing Solutions*** - Fort Worth Housing Solutions ("Housing Solutions"), the assumed name of the Housing Authority of the City of Fort Worth is an independent agency organized by the City in 1938 pursuant to the Texas Housing Authorities Act. It is a public body, corporate and political, which has a scope of public service within the City's geographic boundaries. By Texas State Law, the responsibility for the administration and operations of Housing Solutions is vested solely with its Board of Commissioners, who have representatives appointed by the City. Housing Solutions is dependent on Federal funds from the U.S. Department of Housing and Urban Development ("HUD") and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits it incurs and has no fiscal management control. Separate financial statements for the Housing Solutions can be obtained by contacting the Department of Administrative Services, Housing Solutions, 1407 Texas St, Fort Worth, Texas 76102.

***Trinity Metro (formerly Fort Worth Transportation Authority)*** - Trinity Metro is an independent organization that provides public transportation services for Tarrant County and the North Central Texas region. Under Texas State Statutes, the responsibility for the administration and operations of the Trinity Metro is vested solely with the Trinity Metro's Board of Directors, which is comprised of eleven members appointed by the Fort Worth City Council and Tarrant County Commissioners Court. Trinity Metro is dependent on State and Federal funds and user fees. As a result, the City is not responsible for any deficits incurred and has no fiscal management control. The audited financial statements for Trinity Metro can be obtained by contacting: The Chief Financial Officer, 801 Grove Street, Fort Worth, Texas 76102.

**A.2 BASIS OF PRESENTATION**

**Government-Wide Statements**

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the nonfiduciary activities of the City. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for support. 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 and other charges between the government's water and sewer and solid waste functions 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.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

The Statement of Activities demonstrates the extent to which the direct expenses of a functional category are offset by program revenues. Direct expenses are those that are identifiable with a specific program. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. They also include operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are excluded from program revenues and reported as general revenues.

The government-wide financial statements also present the calendar year (December 31, 2021) financial information of the City's Discretely Presented Component Unit: Terrell Homes, Ltd.

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds to aid financial management activities and to demonstrate legal compliance. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds. Governmental funds and proprietary fund financial statements present each major fund as a separate column on the fund financial statements, while all nonmajor funds are aggregated and presented in a single column.

Internal service funds of the City (which provide services primarily to other funds of the government) are presented in summary form as part of the proprietary fund financial statements. Financial statements of internal service funds are allocated between the governmental and business-type activities columns when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (General Government, Public Safety, Highways and Streets, etc.).

The City's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (pension, retiree healthcare plan and firefighters healthcare plan participants, and debt holders) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The following is a brief description of the major funds used by the City:

- (1) Main operating fund (General Fund)
- (2) Any fund that comprises at least 10% of assets and deferred outflows, liabilities and deferred inflows, revenues or expenses/expenditures of the total governmental or enterprise funds type and at least 5% of that same corresponding item meeting the 10% requirement for all governmental and enterprise funds are considered major funds.
- (3) Additional funds considered important by the City but not meeting the criteria of a major fund (i.e., Stormwater Utility Fund).

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources while modified accrual is used for the basis of accounting. The City reports the following major governmental funds:

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

**General Fund** is the main operating fund of the City. The fund is used to account for all the financial resources that are not accounted for in other funds. 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, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The General Fund also includes the Park and Recreation Department (PARC) Endowment Gas Lease Fund and the General Endowment Gas Lease Fund, as both funds have no assigned or specific expenditures for the majority of their revenues. These funds were established in FY2008 for the purpose of aggregating specific gas well revenues that belong to the General Fund (PARC land and any other City of Fort Worth owned land) so that gas well-related revenue would remain intact and only investment generated revenue would be spent for specific purposes.

**Debt Service Fund** accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The City accounts for the accumulation of these expenditures from taxes levied by the City. The fund balance of the Debt Service Fund is restricted or committed exclusively for debt service operations.

**Capital Projects Fund** accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays. This fund accounts for the City's purchase or construction of major capital facilities and equipment using various types of financing resources.

**Grants Fund** is used to account for grant resources received from various local, state and federal agencies and organizations. The use of these resources is restricted to a particular function of the City by each grantor.

In addition to the major funds mentioned above, the City reports nonmajor capital projects and special revenue governmental funds.

**Special Revenue Funds** account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds require separate accounting because of legal or regulatory provisions or administrative action.

**Proprietary Funds**

Proprietary funds, which include enterprise and internal service funds, are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position.

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 enterprise funds and internal service funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

**Enterprise Funds**

The City reports the following major enterprise funds:

***Water and Sewer Fund*** accounts for the provision of regional water, wastewater and reclaimed water services to residential, commercial, industrial, irrigation, and wholesale customers. Activities of the fund include administration, engineering, water and wastewater treatment, billing and collection services, operations and maintenance of the system, and funding for capital improvements to ensure system reliability, comply with regulatory requirements, meet corporate priorities, and serve anticipated growth. Debt is issued for large capital projects. All costs are financed through charges and rates based on the amount of service used, which is billed to customers and collected on a monthly basis. Rates are reviewed regularly and adjusted as necessary to ensure the integrity of the system.

***Stormwater Utility Fund*** accounts for the operation of the stormwater utility and provides funding for storm drainage capital improvements and enhanced maintenance of the storm drainage system to protect people and property from harmful stormwater runoffs. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for the stormwater debt.

In addition to the enterprise funds mentioned above, the City reports the following nonmajor enterprise funds.

***Other Enterprise Funds*** is a summary of all the nonmajor enterprise, proprietary funds. These funds include Municipal Airports Fund, Municipal Parking Fund, and the Solid Waste Fund.

**Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has four internal service funds, which include: Equipment Services, Capital Project Services, Group Health and Life Insurance, and Risk Financing.

**Fiduciary Funds**

Included in this fund type are trust funds which account for assets held by the City in a trustee capacity or custodian for individuals, private organizations, other governments, and/or other funds. The City reports the following fiduciary funds:

***Retirement Pension Trust Fund*** for accounting measurement purposes, the Retirement Pension Trust Fund is accounted for essentially in the same manner as proprietary funds. The Retirement Pension Trust Fund accounts for the assets of the City's retirement plan.

***The Rock Creek Custodial Fund*** accounts for the assets held by the City for repayment of special assessment debt that the City is not obligated to pay from its own assets.

***Retiree Healthcare Trust Fund*** for accounting measurement purposes, the Retiree Healthcare Trust Fund is accounted for in essentially the same manner as proprietary funds. The Retiree Healthcare Trust Fund accounts for the assets of the City's postemployment healthcare benefit.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

*Fort Worth Firefighters Healthcare Trust* for accounting measurement purposes, the Fort Worth Firefighters Healthcare Trust Fund is accounted for in essentially the same manner as proprietary funds. The Fort Worth Firefighters Healthcare Trust Fund accounts for the assets of the City's firefighters' employment and postemployment healthcare benefit.

The fiduciary funds are not included in the government-wide financial statements.

**Reconciliation of Government-Wide and Fund Financial Statements**

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds Balance Sheet and total net position for governmental activities as shown on the government-wide Statement of Net Position is presented in an accompanying schedule to the governmental funds Balance Sheet. The assets, deferred outflows of resources, liabilities and deferred inflows of resources, and elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and change in net position for governmental activities as shown on the government-wide Statement of Activities is presented in an accompanying schedule to the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expenditure/expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

**A.3 MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

The government-wide Statement of Net Position and Statement of Activities, all proprietary funds, and the fiduciary funds are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included in the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of the timing of the related cash flows. Nonexchange transactions, in which the City either gives or receives value without directly receiving or giving equal value in exchange include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. Contributions from members are recorded when the employer makes payroll deductions from Plan members. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable by the terms of the Plan.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.3 MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues from taxes are considered available if received within 60 days after the fiscal year-end. Revenue from categorical and other grants are recognized when applicable eligibility requirements, including time requirements, are met and are considered available if received within 60 days after the fiscal year-end. Program revenues such as fines, licenses and permits, gas leases and royalties and other charges for services are considered to be measurable and available when the cash is received. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities which are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GAAP.

**A.4 PROPERTY TAXES**

The City's property taxes are levied each October 1 on the assessed the value as of the previous January 1 for all real and personal property. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due October 1, and full payment can be made prior to the following February to avoid penalty and interest charges. Taxpayers also have the option of paying one-half of their taxes by November 30 and the second-half by June 30 to avoid penalty and interest charges.

Property taxes levied for 2021 have been recorded as receivables, net of allowance for refunds, and uncollectible amount. The net receivables collected during 2021 and those considered "available" at FY2021 (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2021. The remaining receivables have been reflected as deferred inflows of resources. In the government-wide financial statements, tax revenue is recognized in the year in which the taxes are levied.

The State Constitution limits the tax rate to \$2.50 per \$100 of assessed valuation, including debt service. However, the City Charter further limits the tax rate to \$1.90 per \$100 or \$19.00 per \$1,000 of assessed valuation including debt service. The property tax rate levied in fiscal year 2022 was \$0.7325 per \$100 of valuation.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.5 CASH, CASH EQUIVALENTS, & INVESTMENTS**

**A.5.A CASH, CASH EQUIVALENTS, & INVESTMENTS**

The City pools cash from all funds (excluding the Pension and Other Employee Benefits Trust Funds) to increase income through investment activities. Investments are carried at fair value. Interest earnings are allocated based on cash and investment amounts in individual funds in a manner consistent with budgetary and legal requirements.

Unrestricted investments purchased with pooled cash are classified as cash, cash equivalents, & investments in the accompanying Balance Sheet and Statement of Net Position. The relationship of an individual fund to the pooled cash and investment account is essentially that of a demand deposit account. Individual funds can withdraw cash from the account as needed, and therefore, all equity that the fund has in the pooled cash and investment account is highly liquid. For the purposes of the accompanying Statement of Cash Flows, the City has chosen to reconcile "cash, cash equivalents, & investments with maturities of three months or less at the time of purchase."

When both restricted and unrestricted resources are available for use for the same purpose, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

Fair Value - GAAP establishes a hierarchy of Levels 1, 2, and 3, which are based on valuation techniques. All three levels are designed for the development of a more consistent and measurable valuation. These levels are defined as:

- Level 1: Quoted prices from an active market for identical assets or liabilities;
- Level 2: Quoted prices from an inactive market for similar or identical assets or liabilities; and
- Level 3: Unobservable in the market and are the least reliable.

Equity and mutual fund investments that are classified as Level 1 are valued using prices quoted in active markets for those securities. Level 1 debt securities are U.S. Treasuries with more than 750 transactions over the previous 30 days.

Debt and derivative securities, and commercial paper classified as Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. These debt and derivative securities have non-proprietary information that was readily available to market participants, from independent sources, which are known to be actively involved in the market. Cash and cash equivalents are short-term investments valued based on cost and accrued interest which approximates fair value. Equity securities classified as Level 2 are derived from associated traded security values, or convertible securities valued similarly to debt securities through a bid evaluation process.

Debt and derivative securities, and commercial paper classified in Level 3 are valued similar to Level 2 securities but have limited bids, limited trade information, limited trade activity, pricing from multiple sources but differences in prices above an acceptable level or pricing provided by a single source. Equity securities classified as Level 3 have limited trade information. These securities are priced off last trade price or estimated off recent trades and corporate actions.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.5 CASH, CASH EQUIVALENTS, & INVESTMENTS**

**A.5.B INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (THE CITY PLAN)**

**Valuation of Investments** - Investments are stated at fair value. Investments that do not have quoted market prices are priced from information received from the external manager. This information includes audited financial statements, quarterly valuation statements, adjustments for cash receipts, cash disbursements and securities distributions through September 30, 2022. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date (date usually two days prior to the record date).

The City Plan invests in limited partnerships which are valued at estimated fair value based on the City Plan's proportionate share of the partnerships' fair value as recorded by the partnerships. The limited partnerships allocate gains, losses, and expenses to the partners based on the ownership percentage as described in the partnership agreements.

There are certain market risks, credit risks, foreign exchange currency risks, or events that may subject the City Plan's investment portfolio to economic changes occurring in certain industries, sectors, or geographies. Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, and investment expense. Investment expense includes custodian and management fees, securities lending expense and all other significant investment-related costs.

**Due to/from Broker** - The balance due to broker securities purchased and due from broker securities sold in FY2022 represents trades pending settlement and amounts due on foreign currency contracts.

**Foreign Currency Transactions** - The City Plan is a party to financial instruments with off-balance-sheet risk, primarily forward contracts. Forward transactions are contracts or agreements for delayed delivery of commodities, securities, or money market instruments in which the seller agrees to make a delivery at a specified future date of a specified commodity or instrument, at a specified price or yield. Entering into these investments involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts but also the risk associated with market fluctuations.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the City Plan's functional currency - U.S. dollars) are recorded by the Plan based on changes in market values and are combined with similar transactions in the accompanying Statement of Changes in Plan Fiduciary Net Position and are included in interest and dividend income. The City Plan structures its foreign exchange contracts and enters into certain transactions to substantially mitigate the Plan's exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding at September 30, 2022, were converted to the City Plan's functional currency at the foreign exchange rates quoted at September 30, 2022. These foreign exchange gains and losses are included in a change to net gain (loss) in fair value of investments in the accompanying Statement of Changes in Fiduciary Net Position.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.5 CASH, CASH EQUIVALENTS, & INVESTMENTS**  
**A.5.C INVESTMENTS OF THE RETIREE HEALTHCARE TRUST FUND**

*Valuation of Investments* - Investments are stated at fair value as of September 30, 2022, for both reporting and actuarial purposes. The Retiree Healthcare Trust Fund is charged with receiving employee and employer contributions, paying medical and dental claims, and prudently investing money in the fund not immediately needed to pay claims.

**A.6 INVENTORIES**

In governmental funds, inventories are valued at cost using the weighted average consumption method of valuation; however, land held-for-sale is valued at cost using specific identification consumption method. Additionally, expendable supplies are accounted for using the purchase method. Inventories in the proprietary funds are stated at the lower of cost (determined by using weighted average cost or first-in, first-out consumption methods) or fair value. In the Equipment Services Fund (an internal service fund), inventories consist of expendable supplies and automotive fuel held for consumption and are accounted for by the first-in, first-out consumption method.

**A.7 CAPITAL AND LEASE ASSETS**

Capital and lease assets, which include land, buildings, infrastructure, vehicles, machinery and equipment, intangibles, lease assets and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at original cost. Lease assets are recorded at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Donated capital assets, and donated works of art and similar items are recorded at fair value at date of donation. Capital assets received in a service concession arrangement, if any, are reported at fair value. Repairs and maintenance are recorded as expenses. Under GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest cost is recognized as an expense in the period incurred. Therefore, interest cost is no longer capitalized as part of the historical cost for proprietary capital assets.

The capitalization threshold below is determined by the asset class (except for water and sewer capital assets which are considered to be one system and will be capitalized at their cost):

- a) Land must be capitalized regardless of the value or cost;
- b) Buildings must be capitalized regardless of the cost;
- c) Infrastructure and intangible assets must be capitalized when the useful life is at least three years and the cost is \$100,000 or more;
- d) Betterments and Improvements must be capitalized when useful life is at least two years, and the cost of building and infrastructure improvements is \$100,000 or more;
- e) Betterments, improvements, machinery and equipment must be capitalized when the useful life is at least two years, and the cost is \$25,000 or more; and
- f) Vehicles must be capitalized when the useful life is 4 years or greater, the cost is \$5,000 or greater, and it meets both criteria:
  - Self-propelled
  - Primary use is on public streets and the unit is street legal

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.7 CAPITAL AND LEASE ASSETS**

Depreciation and amortization for capital and lease assets are recorded on each class of depreciable property and intangibles using the straight-line method over the estimated useful lives of the assets. A leased asset will be amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The amortization of a leased asset will be reported as an inflow or outflow of resources which may be combined with depreciation expense related to other capital assets for financial reporting purposes. Estimated useful lives are as follows:

Water and Sewer Meters and Equipment	5-30 years
Water and Sewer Infrastructure	25-60 years
Buildings (Includes Portable Structures)	20-50 years
Machinery and Equipment	2-20 years
Runways and Taxiways	20-30 years
Infrastructure	20-60 years
Vehicles	4-15 years

The City capitalizes customized computer software, works of art, and avigation easements as intangible assets. In accordance with the City's capitalization policy, other intangible assets are amortized over the useful life of the related assets. Also, works of art do not have a useful life in accordance with GAAP. The City's capitalized works of art are reported in the government-wide financial statements under governmental activities. These assets are recorded at their acquisition value at the date of donation or purchase.

**A.8 INTERFUND TRANSACTIONS**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion) or "advances to/from other funds" (the long-term portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**A.9 COMPENSATED ABSENCES**

City employees earn personal leave, which may either be taken or accumulated until paid upon termination or retirement. Unused sick leave, accrued holidays, and compensated time may be accumulated to a specific maximum amount and is paid upon termination, retirement or death for Civil Service employees. All other employees are paid up to an established limit for personal leave upon retirement or death. Accumulated vacation and sick leave are accrued when incurred in the government-wide Statement of Net Position, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund statements, only if they have matured as a result of employee resignation or retirements in accordance with GAAP. For accrued amounts that are paid through proprietary funds, an expense and liability for the total future liability are recorded.

The amount of current year compensated absences related to both governmental and proprietary funds is budgeted annually as an expenditure or expense, as appropriate. Compensated absences related to the governmental funds are liquidated in the respective funds of the employees.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.10 RISK FINANCING**

**A.10.A RISK FINANCING**

The Risk Financing internal service fund accounts for the administration of risk management activities and programs in accordance with GAAP. These activities and programs are as follows: third-party liability claims and coordination with the Department of Law on litigation, property and casualty insurance, workers' compensation, group health and life insurance plan, unemployment compensation insurance, and retired employees' group death benefits for certain retirees.

All funds of the City participate in the program and make payments to the Risk Financing internal service fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Since the City is primarily self-insured, settlement amounts have not exceeded coverage in any of the prior three fiscal years. An accrual for unpaid claims and claims incurred but not reported is reflected in the internal service funds and government-wide financial statements as estimated claims payable. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on City experience since the inception of the insurance programs. In accordance with GAAP, the estimated claims payables are based on the estimated ultimate cost of settling the claims. The total estimated claims payable includes estimates of allocated loss adjustment expenses. A discount rate of 3% has been applied to some estimated claims payable, such as automobile, general, employment practices and law enforcement liabilities. The undiscounted total estimated claims payable is \$53,160,000.

The total discounted estimated claims payable for the Group Health and Life Insurance Fund and the Risk Financing Fund at September 30, 2022, is \$48,862,000, of which \$26,606,000 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the Internal Service Funds statements.

The changes in the City's total estimated claims and judgments liability are as follows (in thousands):

	<u>FY 2021</u>	<u>FY 2022</u>
Unpaid Claims, October 1st	\$ 32,438	\$ 34,681
Provisions for current year's events and changes in provision for prior years' events	78,545	117,845
Claims payments	(76,302)	(103,664)
Unpaid Claims, September 30th	<u>\$ 34,681</u>	<u>\$ 48,862</u>

**A.10.B LIABILITY INSURANCE**

The City largely self-funds the risk for most liability claims, lawsuits, and related expenses. However, there are separate commercial liability insurance policies for each of the following: contract instructors liability; aircraft and airport liability; liquor liability; pollution legal liability; animal herd; international center; and crime insurance. There were no significant changes in coverage limits for liability insurance.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.10 RISK FINANCING**

**A.10.C PROPERTY AND CASUALTY INSURANCE**

An "all risk" property policy is provided by multiple commercial insurance companies for losses in excess of \$250,000 per occurrence for all covered perils. The City self-insures most property losses less than \$250,000. Boiler and machinery insurance, and crime insurance are also maintained on a commercial insurance basis. The City also has a \$10,000,000 aggregate deductible for wind and hail.

**A.10.D WORKERS' COMPENSATION**

The City largely self-funds the risk for workers' compensation claims. Catastrophic loss protection for workers' compensation is provided by a commercial insurer on a policy with a self-insured retention limit of \$3,000,000 per occurrence for Police Officers and Firefighters and \$2,000,000 for any single occurrence for all other employees. Coverage limits for workers' compensation are the statutory limits required by the Texas Workers' Compensation Act.

**A.10.E GROUP HEALTH AND LIFE INSURANCE**

The City maintains a group health insurance plan for active, retired employees, and their eligible dependents. The City's self-insured Preferred Provider Organization plan is offered to the active employees and the non-Medicare retirees. There are two plan options: (1) a high deductible health plan (the Consumer Choice Plan) with Health Savings Account contributions to the fund provided by both the City and participating employees and retirees; and (2) the Health Center Plan with deductibles and copays. The health centers provide free primary care services for those on the Health Center Plan and reduced cost for those on the Consumer Choice Plan. There are three (3) main Health Centers and five (5) Satellite Offices through our partnership with Southwest Health Resources.

There is a fully insured plan offered to the Medicare eligible retirees, a Medicare Advantage Preferred Provider Organization which includes a Prescription Drug Plan.

The specific stop-loss insurance is \$1,000,000 which assumes the risk for claims on any individual in excess of \$1,000,000 paid during a calendar year.

The City provides employee basic group life insurance and accidental death and dismemberment insurance of one-time base annual salary.

**A.10.F UNEMPLOYMENT COMPENSATION**

The City is a reimbursing agency for Unemployment Compensation. The Texas Workforce Commission (TWC) sends quarterly reports to a third party administrator who then forwards to the City concerning claims paid on behalf of the City to eligible former employees. A third party administrator reviews the claims but responds to TWC based on information the City provides.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.11 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position presents a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to debt refunding, pension, and OPEB items.

The City reports \$2,024,000 as a deferred outflow of resources for unamortized loss on debt refunding in the governmental activities and \$4,061,000 in the business-type activities in the Statement of Net Position. The unamortized loss on debt refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City recorded deferred outflows of resources of \$462,597,000 for pension-related items which consists of \$401,136,000 of governmental activities and \$61,461,000 of business-type activities. The City also recorded \$58,204,000 of other postemployment benefit-related items which consists of \$52,058,000 of governmental activities and \$6,146,000 in the business-type activities as of September 30, 2022, in accordance with GAAP.

In addition to liabilities, the Statement of Net Position presents a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources in the governmental funds result from the City's unavailable revenue which are receivables for revenue that are not considered available to liquidate liabilities in the current period. Deferred inflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to a service concession arrangement (SCA), pension, and other postemployment benefits.

In 2003, the City entered into an agreement with Allied Waste Systems (D/B/A Trinity Waste Services) to operate the City's Southeast Landfill. As part of this agreement, Allied Waste Systems is compensated by third party users of the landfill. The City owns the land for the landfill and retains ownership (residual interest) in the land at the end of the 20-year agreement. In 2003, Allied Waste Systems made an initial payment of \$9,600,000 to the City. This upfront payment is being amortized over the 20-year contract term. As of September 30, 2022, the City recognized deferred inflows of resources in the amount of \$534,000 in the Solid Waste Fund; \$240,000 of the deferred inflows in the Solid Waste Fund is due to the amortization of the landfill payment, and \$294,000 is related to prepaid landfill lease revenue for FY2023.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.11 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The City recorded deferred inflows of resources of \$335,461,000 for pension-related items and \$49,154,000 for other postemployment benefit-related as of September 30, 2022, in accordance with GAAP.

	Governmental Funds					Total
	General	Debt Service	Capital Projects	Grants	Nonmajor Governmental Funds	
<b>Deferred Inflows of Resources:</b>						
Property Tax	\$ 754	\$ 195	\$ -	\$ -	\$ -	\$ 949
Accounts Receivable	-	-	-	-	5,723	5,723
Grants and Other Governments	-	-	2,562	1,283	-	3,845
Lease Related	16,336	-	-	-	2,266	18,602
Other	772	-	-	-	4,700	5,472
Total	<u>\$ 17,862</u>	<u>\$ 195</u>	<u>\$ 2,562</u>	<u>\$ 1,283</u>	<u>\$ 12,689</u>	<u>\$ 34,591</u>

	Governmental Activities	Business-Type Activities			Total
		Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	
<b>Deferred Outflows of Resources:</b>					
Unamortized Loss on Debt Refunding	\$ 2,024	1,235	\$ 1,237	\$ 1,589	\$ 6,085
Pension Related	401,136	48,738	5,828	6,895	462,597
OPEB Related	52,058	5,918	18	210	58,204
Total	<u>\$ 455,218</u>	<u>\$ 55,891</u>	<u>\$ 7,083</u>	<u>\$ 8,694</u>	<u>\$ 526,886</u>
<b>Deferred Inflows of Resources:</b>					
Service Concession Arrangement	\$ -	\$ -	\$ -	\$ 534	\$ 534
Lease Related	18,602	-	-	8,152	26,754
Pension Related	290,676	36,014	4,208	4,563	335,461
OPEB Related	42,469	6,358	109	218	49,154
Total	<u>\$ 351,747</u>	<u>\$ 42,372</u>	<u>\$ 4,317</u>	<u>\$ 13,467</u>	<u>\$ 411,903</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is presented in the Statement of Net Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt related to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund balance is presented on the Balance Sheet for Governmental Funds. The components of fund balance include the following line items: a) nonspendable fund balance; b) restricted fund balance; c) committed fund balance; d) assigned fund balance; and e) unassigned fund balance. For further explanation of each fund balance component, please see the following:

a) **Nonspendable fund balance** (inherently nonspendable) include the:

- Portion of net resources that cannot be spent because of their form.
- Portion of net resources that cannot be spent because they must be maintained intact.

b) **Restricted fund balance** (externally enforceable limitations on use) include amounts subject to:

- Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- Limitations imposed by law through constitutional provision or enabling legislation.

c) **Committed fund balance** (self-imposed limitations set in place prior to the end of the period) include amounts subject to:

- Limitations imposed at the highest level of decision making that requires formal action (passage of City Ordinance) at the same level to remove. For the City, the City Council is the highest level of decision making.

d) **Assigned fund balance** (limitation resulting from intended use) consists of amounts where the:

- Intended use is established by the body designated for that purpose (City Council).
- Through Mayor and City Council ordinance, the City Manager has been delegated the authority to assign fund balances that are constrained by specific purposes that are neither restricted nor committed.

e) **Unassigned fund balance** (residual net resources) is the:

- Total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance.
- Negative unassigned fund balance is the excess of nonspendable, restricted, and committed fund balance over total fund balance.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the City will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, the City will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

The City's Financial Management Policy Statements establish and document the City's policies concerning maintaining the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position. The policy provides for the following:

**General Fund, General Debt Service and Special Revenue Funds**

**General Fund**

The City will maintain an unassigned fund balance in the General Fund equivalent to two months (16.67%) of the next fiscal year budgeted operating expenditures.

**Debt Service Fund**

The City will maintain a level of restricted, committed, and assigned fund balance in each governmental Debt Service Fund equivalent to three months (25%) of the highest projected debt service (principal and interest) over the succeeding debt service schedule due within one year. Amounts used in this calculation shall not include any amounts allocated for other purposes by the City Council.

**Special Revenue Funds**

The City will maintain a combined restricted and assigned fund balance in the Special Revenue Funds equivalent to two months (16.67%) of the next fiscal year's budgeted operating expenditures.

**Enterprise Funds**

The City will maintain the following goal reserve levels in each Enterprise Fund, consistent with State law and the terms of ordinances pursuant to which obligations have been issued or incurred that are secured in whole or in part by revenues held in or credited to an Enterprise Fund:

- A goal of Working Capital in Enterprise Funds equivalent to three months (25%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group (e.g. transfer out from Water and Sewer Operating Fund to its Capital Projects Fund or Debt Service Fund). This calculation shall be performed against the operating fund only.
- A reserve of 100 days Cash on Hand with a goal of 150 days Cash on Hand. This calculation shall be performed against the operating fund only on an accrual basis.
- In addition, no Enterprise Fund shall have a negative unrestricted net position. This calculation shall be performed by using all of the funds for the respective reporting group.

**Internal Service Funds Insurance Funds (Risk Financing)**

The City will maintain the following minimum reserve levels in all Insurance Funds:

- A goal of Working Capital in Risk Financing between three months (25%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group. This calculation shall be performed against the operating fund only on an accrual basis.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

- In addition, no Insurance Fund shall have a negative unrestricted net position. This calculation shall be performed by using all of the funds for the respective reporting group of the specific insurance related internal service fund.

**Internal Service Funds Non-Insurance Funds (Non-Risk Financing)**

The City will maintain the following minimum reserve levels in all Non-Insurance Funds:

- A goal Working Capital in Non-Risk Financing equivalent to ten percent (10%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group. This calculation shall be performed against the operating fund only on an accrual basis.
- In addition, no Non-Insurance Fund shall have a negative unrestricted net position. This calculation shall be performed by using all of the funds for the respective reporting group of the specific non-insurance related internal service fund.

**When Reserves are not met:**

If, based on analysis and forecasting, the target level of reserves is not met at fiscal year-end or is not likely to be met at any point within a five-year time horizon, then during the annual budget process a plan to replenish the reserve levels will be developed by collaboration among affected departments and the Department of Financial Management Services and Planning & Data Analytics based on the requirements outlined in this policy.

**Excess of Reserves:**

In the event reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess reserves may be used in the following ways:

**General Fund, Special Revenue Funds, and Enterprise Funds, Internal Service Funds - Insurance and Non-Insurance Funds**

- Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget ordinance. Priority will be given to those items that relieve budget or financial operating pressure in future periods;
- Appropriated to lower the amounts of bonds or increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
- One-time expenditures/expenses that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
- Start-up expenditures/expenses for new programs provided that such action be approved by the City Council and is considered in the context of multi-year projections of revenue and expenditures/expenses as prepared by the Department of Financial Management Services.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

**Debt Service Fund** - Use to repay any outstanding debt or obligations.

The following table provides detail regarding the fund balance categories and classifications for the governmental funds which shows components of nonspendable fund balance, as well as the purposes for restricted, committed, and assigned fund balance. The unassigned fund balance (deficit) is also shown.

<b>Fund Balance Categories and Classifications</b>						
<b>Fund Balance</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects*</b>	<b>Grants</b>	<b>Nonmajor Governmental Funds**</b>	<b>Total Fund Balance</b>
Nonspendable						
Inventory	\$ 3,059	\$ -	\$ -	\$ -	\$ 2,326	\$ 5,385
Prepays, Deposits, and Other	2,565	-	472	32	40	3,109
Total Nonspendable	5,624	-	472	32	2,366	8,494
Restricted						
Park Improvements	9,898	-	-	-	-	9,898
Crime Control and Prevention	-	-	-	-	31,440	31,440
Environmental Management	-	-	-	-	3,689	3,689
Construction of Multi-Purpose Arena	-	-	2,469	-	-	2,469
2014 Bond Program	-	-	50,781	-	-	50,781
2018 Bond Program	-	-	92,963	-	-	92,963
Transportation Impact Fees	-	-	47,695	-	-	47,695
Community Facility Agreements	-	-	16,306	-	-	16,306
Fire Apparatus Replacement	-	-	8,938	-	-	8,938
Street Improvements	-	-	43,504	-	-	43,504
Future City Hall	-	-	91,065	-	-	91,065
Police Facility Renovation	-	-	7,478	-	-	7,478
Police Vehicles Replacement	-	-	10,162	-	-	10,162
Other	-	-	-	3,765	115,290	119,055
Total Restricted	9,898	-	371,361	3,765	150,419	535,443

(continued)

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

Fund Balance Categories and Classifications						
Fund Balance	General	Debt Service	Capital Projects*	Grants	Nonmajor Governmental Funds**	Total Fund Balance
Committed						
Public Events and Facilities	\$ 15,345	\$ -	\$ -	\$ -	\$ -	15,345
Debt Service	-	49,117	-	-	-	49,117
Park Improvements	3,788	-	-	-	-	3,788
Street Improvements	-	-	55,087	-	-	55,087
Community Facility Agreements	-	-	2,788	-	-	2,788
Community Park Projects	-	-	34,121	-	-	34,121
Fort Worth Public Art	-	-	5,392	-	-	5,392
Police Facility Renovation	-	-	2,446	-	-	2,446
Police Equipment	-	-	4,852	-	-	4,852
Police Vehicles Replacement	-	-	85	-	-	85
Fire Apparatus Replacement	-	-	6,361	-	-	6,361
Fire Station	-	-	3,431	-	-	3,431
WRMC	-	-	14,913	-	-	14,913
IT Software and Computers	-	-	5,749	-	-	5,749
General Vehicle Replacements	-	-	16,501	-	-	16,501
State Sales Tax Agreement	15,916	-	-	-	7,452	23,368
Future City Hall	-	-	2,969	-	-	2,969
Other	1,668	-	140,554	2,298	3,982	148,502
Total Committed	36,717	49,117	295,249	2,298	11,434	394,815
Assigned						
Culture and Tourism	-	-	-	-	26,119	26,119
Police Vehicle Replacement	-	-	19	-	-	19
Community Park Projects	-	-	45,831	-	1,710	47,541
WRMC	-	-	36	-	-	36
Street Improvements	-	-	33	-	-	33
Fire Station	-	-	209	-	-	209
Juneteenth Museum	15,000	-	-	-	-	15,000
Museum of Science & Theatre	5,000	-	-	-	-	5,000
Other	11,583	-	50,305	-	46,703	108,591
Total Assigned	31,583	-	96,433	-	74,532	202,548
Unassigned	159,308	-	-	-	-	159,308
Total Fund Balance	\$ 243,130	\$ 49,117	\$ 763,515	\$ 6,095	\$ 238,751	\$ 1,300,608

(concluded)

\*The Other category and classification for the Capital Projects Fund for restricted, committed, and assigned fund balance consists of various smaller construction projects at the end of the fiscal year.

\*\*The Other category and classification for the Nonmajor Governmental Funds for restricted, committed, and assigned fund balance consists of smaller projects and activities at the end of the fiscal year.

As of September 30, 2022, the City committed \$1,668,000 for budget rollovers to Financial Management Services, Diversity and Inclusion, Police, and Economic Development departments. In addition, the City has assigned approximately \$31,600,000, of which \$15,000,000 will go towards the development of the National Juneteenth Museum, \$9,500,000 will go towards capital project shortfalls, \$5,000,000 will go towards the Omni Theater digital dome at The Fort Worth Museum of Science and History, \$1,200,000 will go towards the Public Safety Payroll System Project and \$859,000 will go towards the Information Technology Public Safety Radio Replacement Project.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.13 LONG-TERM OBLIGATIONS**

Long-term debt and other obligations for general government purposes are recorded in the government-wide Statement of Net Position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds and the business-type activities on the government-wide Statement of Net Position.

For the government-wide financial statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred apart from prepaid bond insurance, which is classified as an asset and amortized on a straight-line basis over the term of the related debt. In addition, gains and losses on bond refunding's are reported as deferred outflows/inflows of resources and are amortized over the term of the lesser of the life of the new bonds or the life of the refunded bonds using the straight-line method. In governmental funds, all bond-related items are recognized in the current period.

**A.14 USE OF ESTIMATES**

The preparation of the basic financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of deferred outflows of resources and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, but the City believes that the differences will be insignificant.

**A.15 TAX ABATEMENTS**

As of September 30, 2022, the City provides tax abatements through three programs: Tax Abatement Agreements (Texas Tax Code 312), Economic Development Program Grant Agreements (Texas Local Government Code Chapter 380), and Neighborhood Empowerment Zones (Texas Tax Local Government Code Chapter 378). The table below and on the following pages explain each program:

	<b>Tax Abatement Agreements</b>	<b>Economic Development Program Grant Agreements</b>	<b>Neighborhood Empowerment Zones (NEZ)</b>
<b>1) Purpose of Program:</b>	<i>Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City to grant a Tax Abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in this Policy. In order for the City to participate in Tax Abatement, the City is required to establish guidelines and criteria governing Tax Abatement agreements.</i>	<i>This program is grant based and the purpose of these City grants is to reimburse private developers for the range of expenses that may otherwise contribute to a financing gap, yielding projects financially infeasible. A city may provide a Chapter 380 grant in the form of a municipal sales or property tax rebate. In addition, various amendments to state law have permitted temporary hotel/motel tax rebates to help finance convention center-related hotel facilities.</i>	<i>This program allows for owners of residential, multi-family, commercial, industrial, mixed-use, and community facilities development projects located in a NEZ area to apply for a tax abatement.</i>
<b>2) Tax being abated:</b>	<i>Real Property, &amp; Business Personal Property</i>	<i>Real Property, Business Personal Property, Sales Tax, &amp; Hotel Occupancy Tax</i>	<i>Property Tax</i>

*(continued)*

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
(000's omitted in tables)

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**TAX ABATEMENTS**

	<b>Tax Abatement Agreements</b>	<b>Economic Development Program Grant Agreements</b>	<b>Neighborhood Empowerment Zones (NEZ)</b>
<b>3) Authority under which abatement agreements are entered into:</b>	<i>Tax abatements are authorized under Chapter 312 of the Texas Tax Code.</i>	<i>Grants are authorized under Texas Local Government Code Chapter 380.</i>	<i>Tax abatements are authorized under Chapter 378 of the Texas Local Government Code.</i>
<b>4) Criteria to be eligible to receive abatement:</b>	<i>A Tax Abatement can only be granted to persons or entities eligible for Tax Abatement pursuant to Section 312.204(a) of the Texas Tax Code, which persons or entities as of the effective date of this policy are the owner of taxable real property located in a Tax Abatement reinvestment zone; or the owner of a leasehold interest in real property located in a Tax Abatement reinvestment zone.</i>	<i>A business or entity shall be eligible to participate in the Chapter 380 Economic Development Program on terms and conditions established by the City Council on a case-by-case basis if:  (a) the business or entity enters into a binding contract with the City under which  (i) the business or entity is required to make specific and verifiable employment and other commitments that serve the public purposes overseen by the City's Economic Development Department and that the City Council deems appropriate under the circumstances and (ii) the City is able to cease and/or recapture payment of Chapter 380 incentives or to terminate the contract in the event that the public purposes specified in the contract are not met; or  (b) the business or entity enters into a binding contract with the City under which  (i) the business or entity commits to conduct or sponsor, in whole or in part, an event to which the general public has access, including, but not limited to, sporting events; events that focus on the history of the City and the region; and events that promote instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, and graphic and craft arts, and (ii) as part of such event and as specified in the contract, the business or entity is required to promote and publicize the City and attractions within the City in a manner that is likely to attract visitors from locations outside the City.</i>	<i>Municipal property tax abatements, fee waivers and release of city liens are available to property owners who build or rehabilitate property within a NEZ.</i>

(continued)

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**TAX ABATEMENTS**

	Tax Abatement Agreements	Economic Development Program Grant Agreements	Neighborhood Empowerment Zones (NEZ)
5) How recipients' taxes are reduced:	1. The property tax abatement is refunded after the taxpayer pays the property tax. 2. The business personal tax abatement is refunded after the taxpayer pay the business personal tax.	1. The property tax due is net of the abated amount, or the property tax may be paid by the taxpayer and subsequently refunded by the city. 2. All other taxes to be abated are refunded after the taxpayer pays the associated tax.	The property tax due is net of the abated amount.
6) How the amount of abatement is determined:	The taxes may be abated up to 100 percent of the property tax paid depending on the type of agreements.	The taxes may be abated up to 100 percent of the property, sale, and hotel occupancy tax paid depending on the type of agreements.	The taxes may be abated up to 100 percent of the property tax paid depending on the type of agreements.
7) Provisions for recapturing abated taxes:	If the recipient of a Chapter 312 Tax Abatement breaches any of the terms or conditions of the Tax Abatement Agreement and fails to cure such breach in accordance with the Tax Abatement Agreement, the City shall have the right to terminate the Tax Abatement Agreement.	If the recipient of a Chapter 380 award breaches any of the terms or conditions of the Economic Development Program Agreement and fails to cure such breach in accordance with the Economic Development Program Grant Agreement, the City shall have the right to terminate the Agreement.	If the recipient of a Chapter 378 Tax Abatement breaches any of the terms or conditions of the Tax Abatement Agreement and fails to cure such breach in accordance with the Tax Abatement Agreement, the City shall have the right to terminate the Tax Abatement Agreement.
8) Types of commitments made by the City other than to reduce taxes:	No additional commitments were made by the City as part of these agreements.	No additional commitments were made by the City as part of these agreements.	No additional commitments were made by the City as part of these agreements.
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement:	Real Property            \$2,780 B/P* Property <u>1,452</u> Total <u>\$4,232</u>  *B/P = Business Personal	Real Property            \$ 11,273 B/P* Property            12,106 Sales                        5,989 Hotel Occupancy <u>2,753</u> Total <u>\$ 32,121</u>	Real Property <u>\$ 1,141</u>   <

**A.16 IMPLEMENTATION OF NEW GASB STANDARD**

During the year, the City implemented GASB Statement No. 87, *Leases*. Additional information on the implementation of this statement is noted below.

GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Information about lease receivables can be found within the tables in Note C and information about lease liabilities can be found within the tables in Note G. Information about depreciation and amortization of right-to-use lease assets can be found in Note F. Adoption of GASB 87 had no effect on beginning net position/fund balance at October 1, 2021, the date of implementation.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all operating, capital project, and special revenue funds. Each fund's portion of this pool is displayed separately on the Statement of Net Position as "Cash, Cash Equivalents, & Investments." The cash and investments of the Employees' Retirement Fund, investments of the Retiree Healthcare Trust Fund (OPEB Trust), and cash of the Fort Worth Firefighters Healthcare Trust are managed and accounted for separately from those of the City. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP, see Note A.5.A.

**Pooled Portfolio**

The investment policies of the City are governed by State statutes and the City Council's adopted Investment Policy and Strategy (Policy). Major controls stipulated in the Policy include: depository limitations; Federal Deposit Insurance Corporation (FDIC) insurance or collateralization; repurchase agreements restrictions regarding primary dealers; independent third party custody for all collateral; settlement by delivery versus payment; defined authorized investments; and diversification guidelines. Maximum maturity and maximum weighted average maturity (WAM) limits are also set by the Policy.

State statutes and the Policy authorize investment in obligations of the U.S. Government, its agencies and instrumentalities, municipal obligations rated AA or better, repurchase agreements, A1/P1 commercial paper, AAA-rated constant dollar public funds investment pools, Letters of Credit (LOC) issued by the Federal Home Loan Bank, and Security and Exchange Commission (SEC) registered money market mutual funds. The City's Policy requires that collateral is limited to federal government securities with a market value equal to 102 percent of deposits.

The City, as authorized by the City Council, engages in securities lending through a contract with Citibank whereby all of the U.S. Treasury securities and agency securities are available to be lent to an authorized dealer. All loans can be terminated on demand by either party. The State law indirectly addresses reinvestment of collateral through the reverse repurchase agreement requirements. The law requires that reinvestment of the funds received "must mature not later than the expiration date" of the loan (Section 2256.011d of the Public Funds Investment Act). The City receives defined collateral of at least 102 percent of fair value. At no time is ownership of the underlying securities transferred to the primary dealer. The City does not have the ability to pledge or sell collateral securities outside of borrower default. Therefore, in accordance with GAAP, collateral securities are not presented on the City financial statements. As of September 30, 2022, the carrying and fair value of securities on loan were \$391,930,957 and the fair value of collateral held against the loaned securities was \$399,734,344.

The Public Funds Investment Act, Chapter 2256, Texas Government Code (the PFIA) directs authorized investments of the City. State statutes and the Policy require all time and demand deposits to be fully FDIC insured or collateralized. As of September 30, 2022, the City's demand and time deposits totaled \$468,790,091. Of the \$468,790,091 bank balance, \$250,000 in each bank account was insured by FDIC deposit insurance with the remainder collateralized with pledged securities held by an independent custodian. As of September 30, 2022, all funds were insured or collateralized as required under state law.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

As of September 30, 2022, the City's investment portfolios (Portfolio) (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) were held by the City's custodians in the City's name under written agreements. The City's custodians are Citibank (securities lending) and JP Morgan Chase.

The City generally holds all pooled investments to maturity for investment and income, not speculation. For the year ended September 30, 2022, interest earned of \$1,762,275 on investments in the Capital Projects Fund was assigned to and reported as investment income in the Debt Service Fund for future debt service payments.

**Interest Rate Risk** — In order to limit interest and market rate risk, the Policy sets specific maximum maturity dates and WAM for each of the City's investment portfolios. The City's liquid investment portfolio has investments held for one year or less. For the City's short-term portfolio, the WAM is two and one half (2½) years with a maximum stated maturity of five (5) years. The City's long-term portfolio has a WAM of seven and one half (7½) years, and a maximum stated maturity of (10) years.

The Policy sets guidelines for maturity ranges which are dependent on interest rate conditions.

<b>Maturity</b>	<b>Cash to 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>3 - 4 years</b>	<b>4+ years</b>
<b>Targeted Portfolio %</b>	40.00%	15.00%	15.00%	15.00%	15.00%
<b>Actual %</b>	70.13%	11.57%	7.87%	6.48%	3.95%

As of September 30, 2022, the Portfolio included:

- no holdings with a stated maturity date beyond March 31, 2028;
- holdings maturing beyond one year represented 29.87%; and
- the WAM was 286 days or 0.79 years.

The Portfolio invests in agency debentures which are based on the credit of the agency. The Portfolio does not invest in any agency mortgage-backed securities. Certain debentures have embedded call options which are exercised dependent upon the type of call creating a unique "structure" for that security. Calls are normally scheduled on a one-time, quarterly, or continuous call basis. As of September 30, 2022, the Portfolio contained no callable debentures.

**Credit Risk** — The primary stated objective of the Policy is the safety of principal and avoidance of principal loss. State statutes and the Policy restrict time and demand deposits to banks doing business in Texas and require FDIC insurance or collateralization. A 102 percent margin on collateral is required, and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Securities are priced at fair value on a daily basis as a contractual responsibility of the bank.

State statutes and the Policy limit repurchase agreements to those with defined termination dates executed with a Texas bank or a primary dealer. The Policy requires an industry standard, written master repurchase agreement, and a 102 percent margin on collateral, as well as, delivery versus payment settlement and independent safekeeping.

The Policy restricts investments in commercial paper to dual rated, A1/P1 commercial paper. The Policy also states maximum maturity for commercial paper is 365 days.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

The Policy restricts investment in pools to AAA-rated local government investment pools.

As of September 30, 2022, the Portfolio consisted of:

- U.S. Treasury Notes and Bills represented 64.87%;
- U.S. Obligations represented 30.47%; and
- Municipal Obligations represented 4.66%

See Note B.3. for a detailed listing of investments as of September 30, 2022.

Credit risk in the securities lending program is mitigated by diversification of the borrowers through Citibank's automated process and the 102 percent margin required for every transaction. As a muni-swap contract, Citibank uses only A or better state and local governmental collateral for securities lending. There has not been any default by a borrower or lending agent under the City's securities lending program since its inception. Collateral provided under the securities lending program is not reported as an asset of the City.

**Concentration of Credit Risk** — The City recognizes over-concentration of assets by market sector or maturity as market risk. The Policy establishes diversification as a major objective and sets diversification limits and strategy percentage directives which are monitored on at least a monthly basis. The City's balances and investment horizon are managed in accordance with cash flow needs, prevailing market conditions, and general economic factors.

**Custodial Credit Risk** — To control custody and safekeeping risk, State statutes and the Policy require FDIC insurance or collateral for all time and demand deposits, as well as collateral for repurchase agreements and security lending positions. All collateral is held by an independent party approved by the City. The custodian provides original safekeeping receipts and full monthly reporting. Depository agreements are executed under the terms of the Financial Institutions Resource and Recovery Enforcement Act.

As of September 30, 2022, the Portfolio contained no certificates of deposit and no repurchase agreements.

Custody of collateral under the securities lending program utilizes an independent third party custodian in a segregated account for all collateral. All collateral is held in the name of the City and marked-to-market daily. If the value falls below 102 percent, additional collateral is provided. The lender does not act as a borrower.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

**Gas Lease Portfolio**

Section 2256.0202 of the PFIA authorizes municipal funds from the management and development of mineral rights to be invested in accordance with Texas Trust Code (Subtitle B, Title 9, Property Code). Texas Trust Code allows any security that a "Prudent Investor" would be willing to utilize. City Council has adopted a separate Gas Lease Investment Policy (GLI Policy) statement for these funds. The GLI Policy defines authorized investments and sets the objectives of security, liquidity, and diversification. In addition to the authorized investments allowed under the Investment Policy and Strategy, the GLI Policy authorizes: investments in municipal obligations rated A or better; prime banker's acceptances; domestic and international bond mutual funds with a Morningstar rating of at least two stars; domestic and international equity, and preferred stock mutual funds; domestic and international stocks; real assets; real estate; complementary strategies (currently hedge funds); and corporate and asset-backed securities rated A or better. The fair value and cost basis of this Gas Lease Portfolio were \$61,584,000 and \$69,849,000, respectively.

The GLI Policy sets maximum maturity limits for each authorized investment type. The maximum stated maturity for fixed income securities is 20 years. As of September 30, 2022, no holdings have a stated maturity date beyond March 1, 2027. The following schedule details fair values and maturities for fixed income securities and mutual funds:

<b>Fixed Income Securities</b>	<b>Less Than 1 Year</b>	<b>1 - 5 Years</b>	<b>6 - 10 Years</b>	<b>Total</b>
Government Obligations	\$ -	\$ 3,030	\$ -	\$ 3,030
Mortgage Backed Securities	-	955	-	955
Corporate Obligations	4,394	5,703	179	10,276
Domestic Mutual Funds	7,840	-	-	7,840
International Mutual Funds	2,902	-	-	2,902
Total Fixed Income Securities	<u>\$ 15,136</u>	<u>\$ 9,688</u>	<u>\$ 179</u>	<u>\$ 25,003</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.2 CASH, CASH EQUIVALENTS, & INVESTMENTS HELD BY TRUSTEES**

All cash equivalents held by Trustees are held in depositories and SEC-registered money market funds.

**B.3 CASH, CASH EQUIVALENTS, & INVESTMENTS**

Below are the City's investments measured at fair value as of September 30, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by Fair Value Level</b>				
<b>Investments Managed by the City</b>				
Federal Farm Credit Bank (FFCB)	\$ 32,487	\$ -	\$ 32,487	\$ -
Federal Home Loan Bank (FHLB)	114,681	-	114,681	-
Federal Home Loan Mortgage Corporation (FHLMC)	21,472	-	21,472	-
Federal National Mortgage Association (FNMA)	85,098	-	85,098	-
U.S. Treasury Notes	540,294	540,294	-	-
Municipal Obligations - Short Term	38,798	-	38,798	-
Total Investments Managed by the City	<u>832,830</u>	<u>540,294</u>	<u>292,536</u>	<u>-</u>
<b>Investments Held by Trustees for the City</b>				
Gas Lease Revenue - Fixed Income	14,261	-	14,261	-
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	10,742	10,742	-	-
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	30,636	30,636	-	-
Gas Lease Revenue - Real Assets Funds	3,089	3,089	-	-
Gas Lease Revenue - Complementary Strategies Funds	2,856	2,856	-	-
Total Investments Held by Trustees for the City	<u>61,584</u>	<u>47,323</u>	<u>14,261</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 894,414</u>	<u>\$ 587,617</u>	<u>\$ 306,797</u>	<u>\$ -</u>



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.3 CASH, CASH EQUIVALENTS, & INVESTMENTS**

The City held the following cash, cash equivalents, & investments as of September 30, 2022:

	<b>Fair Value</b>	<b>WAM by Days</b>	<b>Moody's Credit Rating</b>
<b>Pooled Cash, Cash Equivalents, &amp; Investments Managed by the City</b>			
Cash	\$ 1,827,528	N/A	N/A
Cash in Bank - Blended Component Units	34,181	N/A	N/A
Federal Farm Credit Bank (FFCB)	32,487	828	Aaa
Federal Home Loan Bank (FHLB)	114,681	191	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	21,472	943	Aaa
Federal National Mortgage Association (FNMA)	85,098	405	Aaa
U.S. Treasury Notes	540,294	841	Aaa
Municipal Obligations - Short Term	38,798	829	Aa1-Aaa
Total Cash, Cash Equivalents, & Investments Managed by the City	<u>2,694,539</u>		
<b>Cash, Cash Equivalents, &amp; Investments Held by Trustees for the City</b>			
Gas Lease Revenue - Cash	17,537	N/A	N/A
Gas Lease Revenue - Fixed Income	14,261	N/A	Note B.1.
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	10,742	N/A	Note B.1.
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	30,636	N/A	N/A
Gas Lease Revenue - Real Assets Funds	3,089	N/A	N/A
Gas Lease Revenue - Complementary Strategies Funds	2,856	N/A	N/A
Cash Held by Trustee - United Healthcare	2,566	N/A	N/A
Cash Held by Trustee - York	798	N/A	N/A
Cash Held by Trustee - TWDB 2010B	5,770	N/A	N/A
Cash Held by Trustee - TWDB 2017B SWIRF	1,452	N/A	N/A
Cash Held by Trustee - Rock Creek	2,136	N/A	N/A
Cash Held by Trustee - CWSRF2015	4,441	N/A	N/A
Cash Held by Trustee - CWSRF2017	9,817	N/A	N/A
Cash Held by Trustee - TWDB 2020	1,771	N/A	N/A
Cash Held by Trustee - Southeast Landfill	9,986	N/A	N/A
Total Cash, Cash Equivalents, & Investments Held by Trustees for the City	<u>117,858</u>		
<b>Total Cash, Cash Equivalents, &amp; Investments - Primary Government</b>	<u>\$ 2,812,397</u>		
<b>Cash &amp; Cash Equivalents Managed by the Employees' Retirement Fund</b>			
Cash in Bank	200	N/A	N/A
<b>Investments Managed by the Employees' Retirement Fund</b>			
Investments	<u>2,811,601</u>	See Note B.5.	
<b>Total Cash, Cash Equivalents, &amp; Investments - Employees' Retirement Fund</b>	<u>2,811,801</u>		
<b>Cash &amp; Cash Equivalents Managed by the Retiree Healthcare Trust Fund</b>			
Cash in Bank	10,217	N/A	N/A
<b>Investments Managed by the Retiree Healthcare Trust Fund</b>			
Investments	<u>78,075</u>	See Note B.4.	
<b>Total Cash, Cash Equivalents, &amp; Investments - Retiree Healthcare Trust Fund</b>	<u>88,292</u>		
<b>Cash &amp; Cash Equivalents Managed by the Fort Worth Firefighters Healthcare Trust Fund</b>			
Cash in Bank	<u>3,972</u>	N/A	N/A
<b>Total Cash &amp; Cash Equivalents - Fort Worth Firefighters Healthcare Trust Fund</b>	<u>3,972</u>	0	
<b>Cash &amp; Cash Equivalents Managed by the Discretely Presented Component Unit</b>			
Cash in Bank	<u>307</u>	N/A	N/A
<b>Total Cash &amp; Cash Equivalents - Discretely Presented Component Unit</b>	<u>307</u>		
<b>Total Cash, Cash Equivalents, &amp; Investments</b>	<u>\$ 5,716,769</u>		

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.3 CASH, CASH EQUIVALENTS, & INVESTMENTS**

The following is reconciliation between Note B.3. and the Basic Financial Statements:

<b>Cash, Cash Equivalents, &amp; Investments, per Note</b>	
Primary Government	\$ 2,812,397
Employees' Retirement Fund	2,811,801
Retiree Healthcare Trust Fund	88,292
Fort Worth Firefighters Healthcare Trust Fund	3,972
Discretely Presented Component Unit	307
Total, per Note	<u>\$ 5,716,769</u>
<b>Cash, Cash Equivalents, &amp; Investments, per Basic Financial Statements</b>	
Statement of Net Position - Primary Government	\$ 1,734,056
Statement of Net Position - Primary Government Restricted	1,078,341
Statement of Net Position - Discretely Presented Component Unit	307
Statement of Fiduciary Net Position - Cash and Cash Equivalents	14,389
Statement of Fiduciary Net Position - Cash and Investments Held by Trustees	2,889,676
Total, per Basic Financial Statements	<u>\$ 5,716,769</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.4 INVESTMENTS OF THE RETIREE HEALTHCARE TRUST FUND (THE OPEB TRUST)**

All OPEB Trust investments are held in the Public Agencies Retirement Services (PARS) Post-Retirement Health Care Plan Trust by its trustee, US Bank. The Trustee is contracted to manage the portfolio in accordance with the Trust documents as approved by the City Council. The Trust Investment Guideline mandates a diversified portfolio in real estate, fixed income securities, and equity securities.

**Custodial Credit Risk** — As of September 30, 2022, all investments are registered in the name of the City of Fort Worth PARS Post-Retirement Health Care Plan Trust in a master trust custodial agreement.

**Credit Risk of Debt Securities** — The OPEB Trust investments as of September 30, 2022, are shown below:

Investment Type	Rating	Fair Value*
Issues:		
US Government Issues	N/A	\$ 23,796
Corporate Issues	N/A	22,503
Foreign Issues	N/A	3,141
Municipal Issues	N/A	1,245
Total Issues		<u>50,685</u>
Fixed Income Mutual Funds:		
Vanguard Short-Term Investment Grade	N/A	5,321
Pimco High Yield Instl	N/A	414
Pimco Total Return II Instl	N/A	81
Total Fixed Income Mutual Funds	N/A	<u>5,816</u>
Equity Mutual Funds:		
Ishares S&P 500 ETF	N/A	6,266
Ishares S&P 500 Growth ETF	N/A	2,535
Ishares S&P 500 Value ETF	N/A	3,110
Ishares Msci Eafe ETF	N/A	2,154
Ishares Russell Midcap Value ETF	N/A	1,935
Ishares Russell 2000 Value Index ETF	N/A	1,534
Ishares Russell 2000 Growth ETF	N/A	1,611
Vanguard Emerg Mkt	N/A	1,185
Vanguard Reit ETF	N/A	1,244
Total Equity Mutual Funds	N/A	<u>21,574</u>
Total Investments		<u>\$ 78,075</u>

*\*All OPEB Trust assets were valued using Level 1 inputs.*

**Concentration of Credit Risk** — The OPEB Trust Investment Guideline addresses concentration limits on a manager basis. As of September 30, 2022, the OPEB Trust's investments were all registered in the Trust's name.

**Interest Rate Risk** — The OPEB Trust does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

The Employees' Retirement Fund of the City of Fort Worth, Texas (the "Retirement Fund") is comprised of two separate defined benefit plans: the City of Fort Worth employees benefit plan (the "City Plan" or the "Plan") and the Retirement Fund employees plan (the "Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945. The Staff Plan was established through Administrative Rules in 2007, and both plans are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) effective June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan of the Employees' Retirement Fund, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees (Board). The Retirement Fund Board is solely responsible for managing the assets for the City of Fort Worth employees plan, and defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. Therefore, assets of each plan are legally separate and cannot pay benefits of the other. Due to the insignificant nature of the Staff Plan's assets compared to the Retirement Fund's assets, all further references to the Plan and information provided in the Notes and Required Supplementary Information about the City Plan are strictly limited to information about the City employees (comprised of General Employees, Police Officers, and Firefighters). As discussed in Note I, this fiduciary fund of the City issues separate audited financial statements which are publicly available and can be obtained by contacting the Employees' Retirement Fund at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

**Fair Value** — The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described in Note A.5.A.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Investments that use inputs that are of different levels are categorized based on the lowest level of input used to determine the fair value of the investment.

The Plan's assets listed in the Investments Measured at Net Asset Value table in Note B.5. are invested with managers in structures that the Plan receives values for shares held in the investment structure with the manager. The liquidity of these structures is listed below on the following pages:

**Equity Investments** — This consists of two Commingled Global Equity Funds that are passive institutional investment funds that invest in global equities diversified across all sectors focused on large to mid-cap equities. One of the global equity funds is based on a cap-weighted MSCI ACWI index and the second fund is based on an MSCI ACWI weighted toward fundamental aspects of companies within the index. There is also one active Commingled Emerging Market Equity Fund that is an institutional investment fund that invests in emerging market equities diversified across all sectors focused on large to mid-cap equities.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Absolute Return Funds** — This category consists of several different styles of funds as well as different liquidity structures. When redeeming from these funds, there is typically a notice period ranging from one to three months' notice and funds can hold back a small portion of the assets until an annual audit is conducted. In some cases managers designate particular investments as longer hold periods than the funds liquidity schedule, in these cases they side pocket the investment, and these assets are not available immediately upon redemption. Directional funds include investments in one fund that invests in a directional nature based on their views of markets, at times this fund may invest without a directional bias. The directional fund is able to be redeemed on a quarterly basis. Equity Long/Short funds include investments in four funds with two of these funds currently in redemption consisting of less than 1% of assets in this category. Equity Long/Short funds maintain some level of market exposure by investing in US or global equities both long and short with the level of exposure varying over time. One fund of this type, consisting of 47% of assets in this category allows a full redemption on a quarterly basis. The other significant fund of this type, consisting of 53% of assets in this category, allows quarterly liquidity receiving 1/4 of assets each subsequent quarter. Event driven funds include investments in seven funds with two of those funds currently in redemption consisting of less than 1% of assets in this category. These funds seek to gain an advantage from pricing inefficiencies that may arise based on corporate actions or events which may change the nature of the underlying investment. The nature of event driven investments often restricts the liquidity of those investments. In this category 16% of the assets may only be redeemed in three-year intervals, while 14% may only be redeemed on an annual basis. The remaining 70% of assets may be redeemed quarterly receiving 1/4 of assets each subsequent quarter. Multi-Strategy funds invest in multiple strategies in order to diversify risks and reduce volatility. The five funds in this category have been redeemed with the remaining assets either audit holdback or side pocketed assets waiting for liquidation. Relative Value funds include investments in two funds in this category. Relative Value funds seek returns by identifying mispricing of related securities or financial instruments. Both of the Relative Value funds allow quarterly liquidity receiving 1/4 of assets each subsequent quarter.

**Alternative Assets** — This category consists of limited partnership structures that invest in companies or real estate which allow for limited or no liquidity for the investor. Private Equity partnerships consist of funds that invest in buyouts, growth equity, venture capital, special situations, mezzanine and distressed debt. There are 85 partnerships in this category and these partnerships are typically structured with life from 7-12 years and are considered illiquid. As investments are sold out of the partnerships, assets are returned to the investors. These funds' fair value is determined using net asset values one quarter in arrears and adjusted for cash flows of the most recent quarter. There are three investments in Real Estate - Core partnerships which invest in highly leased lower leverage properties that provide consistent income to the investors. These funds allow quarterly liquidity to the investors. A redemption has been submitted from one of these managers, however a gate has been implemented by the manager restricting the flow of redemption proceeds as the manager pursues liquidation of some of the fund assets to meet the investors that have requested redemptions. Real Estate – Non-Core partnerships invest in properties that require some kind of development or improvements to improve the position of the property. There are 23 partnerships in this category and these partnerships are typically structured with a life from 7-12 years and are considered illiquid. As properties are sold out of the partnership, assets are returned to the investors. These funds fair value are determined using net asset values one quarter in arrears and adjusted for cash flows of the most recent quarter.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

Below are the Plan's investments and derivative instruments measured at fair value as of September 30, 2022:

	Fair Value	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
<b>Short Term Securities</b>	\$ 389,350	\$ 8,313	\$ 381,037	\$ -
<b>Debt Securities</b>				
Collateralized Debt Obligations	38,503	-	26,840	11,663
Commercial Mortgage-Backed Securities	20,339	-	15,949	4,390
Corporates	128,631	-	128,040	591
Debt Other	32,605	32,601	4	-
Exchange Traded Funds (ETF)	37,492	37,492	-	-
Municipals	6,008	-	6,008	-
Non U.S. Government	4,059	-	4,059	-
U.S. Government Agencies	80,484	-	75,496	4,988
U.S. Treasuries	94,014	94,014	-	-
<b>Total Debt Securities</b>	<b>442,135</b>	<b>164,107</b>	<b>256,396</b>	<b>21,632</b>
<b>Equity Securities</b>				
Communication Services	7,805	7,243	562	-
Consumer Discretionary	22,361	22,229	-	132
Consumer Staples	7,858	7,858	-	-
Energy	39,606	39,606	-	-
Equity Other	16,378	16,378	-	-
Exchange Traded Funds (ETF)	433,772	433,772	-	-
Financials	20,499	20,499	-	-
Health Care	27,663	27,663	-	-
Industrials	25,648	25,348	-	300
Information Technology	26,922	26,922	-	-
Materials	7,055	7,055	-	-
Real Estate	4,327	4,327	-	-
Utilities	3,663	3,663	-	-
<b>Total Equity Securities</b>	<b>643,557</b>	<b>642,563</b>	<b>562</b>	<b>432</b>
<b>Investments Measured at Net Asset Value*</b>				
<b>Equity Investments</b>				
Commingled Global Equity Fund	\$ 363,986			
Commingled Emerging Market Equity Fund	49,534			
<b>Total Equity Investments</b>	<b>413,520</b>			
<b>Absolute Return</b>	<b>190,380</b>			
<b>Alternative Investments</b>				
Private Equity	340,905			
Private Credit	22,088			
Real Estate - Core	189,923			
Real Estate	188,345			
<b>Total Alternative Investments</b>	<b>741,261</b>			
<b>Total Investments Measured at Net Asset Value</b>	<b>\$ 1,345,161</b>			
<b>Total Investments by Fair Value Level</b>	<b>\$ 2,820,203</b>	<b>\$ 814,983</b>	<b>\$ 637,995</b>	<b>\$ 22,064</b>
<b>Less: Investments in Non-City Funded Staff Plan</b>	<b>(8,602)</b>			
<b>Total Investments by Fair Value Level in City Plan</b>	<b>\$ 2,811,601</b>			
<b>Investment Derivative Instruments</b>				
Forward Contracts	878	-	878	-
Swap Agreements	(183)	(183)	-	-
Rights and Warrants	19	19	-	-
Futures	(134)	(134)	-	-
<b>Total Investment Derivative Instruments</b>	<b>\$ 580</b>	<b>\$ (298)</b>	<b>\$ 878</b>	<b>\$ -</b>

\*Investments measured at Net Asset Value have total Unfunded Commitments of \$351,483,069, the Plan's investments at NAV offer redemption frequencies ranging from daily to three (3) years on redeemable investments; with a total of \$551,337,624 of alternative investments that are ineligible for redemption and a redemption notice period of one (1) day to 90 days on eligible assets.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

Substantially all of the Plan's investments are held by its custodian. The Retirement Fund Board of Trustees (Board) authorizes various external managers to manage investments within certain policies as set forth by the Board. These policies mandate a diversified portfolio, which includes investments, either directly or in commingled accounts, in real estate, fixed income securities, and equity securities.

GAAP addresses common deposit and investment risks including custodial credit risk, credit risk of debt securities, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below and on the following pages:

**Custodial Credit Risk** — Custodial credit risk is the risk that in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of September 30, 2022, all investments are registered in the name of the Employees' Retirement Fund of the City of Fort Worth or in the name of the Plan's custodian, established through a master trust custodial agreement, with the exception of investments in alternative investments and commingled funds.

**Credit Risk of Debt Securities** — Credit risk of debt securities is the risk that an issuer or another counterparty to an investment will not fulfill its obligations. The Plan's investment policy (the policy) requires that fixed income securities have a weighted average of no less than investment grade, as rated by Moody's or Standard & Poor's (S&P). However, the policy does provide for high yield fixed income managers to invest in securities with S&P ratings between BB+ and CCC. The policy limits 25% of a manager's portfolio to be rated CCC or lower. Unrated securities should be limited to no more than 20% of a manager's portfolio. GASB 40 does not require disclosure of U.S. government obligations explicitly guaranteed.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Credit Risk of Debt Securities**—The Plan's investments as of September 30, 2022, are shown below:

<b>Investment Type</b>	<b>S&amp;P Rating</b>	<b>Fair Value</b>
Asset & Mortgage Backed Obligations	AAA	\$ 33,350
Asset & Mortgage Backed Obligations	AA	3,521
Asset & Mortgage Backed Obligations	A	7,404
Asset & Mortgage Backed Obligations	BBB	2,478
Asset & Mortgage Backed Obligations	BB	316
Asset & Mortgage Backed Obligations	B	578
Asset & Mortgage Backed Obligations	CCC	360
Asset & Mortgage Backed Obligations	NR	10,835
Total Asset & Mortgage Backed Obligations		58,842
Corporate Obligations	AAA	943
Corporate Obligations	AA	2,129
Corporate Obligations	A	35,096
Corporate Obligations	BBB	51,420
Corporate Obligations	BB	20,596
Corporate Obligations	B	13,600
Corporate Obligations	CCC	2,949
Corporate Obligations	CC	-
Corporate Obligations	D	240
Corporate Obligations	NR	1,662
Total Corporate Obligations		128,635
Government Agency Obligations	AAA	80,025
Government Agency Obligations	AA	4,402
Government Agency Obligations	A	2,064
Government Agency Obligations	NR	-
Total Government Agency Obligations		86,491
International Obligations	AAA	858
International Obligations	AA	694
International Obligations	A	370
International Obligations	BBB	403
International Obligations	BB	1,734
Total International Obligations		4,059
Securities Lending Collateral	AAA	4,171
Securities Lending Collateral	AA	82,276
Securities Lending Collateral	A	218,842
Securities Lending Collateral	BBB	-
Securities Lending Collateral	NR	927
Total Securities Lending Collateral		306,216
Total Fixed Income Subject to Credit Risk		584,243
U.S. Treasuries (Not Subject to Credit Risk)		94,014
Short-Term Marketable Securities		83,134
Corporate Stock		259,320
Alternative Investments		553,373
Commingled Funds		774,856
Exchange Traded Funds (ETF)		471,263
Less: Investments in Non-City Funded Staff Plan		(8,602)
Total Investments in City Plan		\$ 2,811,601



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Concentration of Credit Risk** — Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. As of September 30, 2022, the Plan did not have any investments, where the underlying assets were registered in the Plan's name that totaled more than 5% of assets of the Plan.

**Interest Rate Risk** — Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The maturities of investments subject to interest rate risk are as follows:

Investment Type	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total Fair Value
Asset & Mortgage Backed Obligations	\$ -	\$ 5,158	\$ 6,271	\$ 47,413	\$ 58,842
Corporate Obligations	1,407	62,893	46,027	18,308	128,635
Government Agency Obligations	-	4,512	457	81,522	86,491
International Obligations	-	1,734	1,631	694	4,059
Securities Lending Collateral	306,216	-	-	-	306,216
U.S. Treasuries	991	12,487	41,232	39,304	94,014
Short-term Marketable Securities	83,134	-	-	-	83,134
Total Interest Rate Risk Debt Securities	<u>\$ 391,748</u>	<u>\$ 86,784</u>	<u>\$ 95,618</u>	<u>\$ 187,241</u>	<u>\$ 761,391</u>

**Foreign Currency Risk** — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan has no formal investment policy with regard to foreign currency risk as it is considered an intrinsic risk associated with the investment strategy. The Plan's exposure to foreign currency risk at September 30, 2022, is presented below:

Currency	Debt	Equity	Alternatives	Total
Argentine Peso	\$ 4	\$ -	\$ -	\$ 4
Australian Dollar	(1,551)	2,534	-	983
Brazilian Real	484	1,394	-	1,878
British Pound Sterling	(818)	16,809	137	16,128
Canadian Dollar	1	6,084	-	6,085
Danish Krone	(99)	5,404	-	5,305
Euro Currency Unit	(875)	30,319	66,366	95,810
HK Offshore Chinese Yuan Renminbi	(4)	-	-	(4)
Hong Kong Dollar	1,523	13,699	-	15,222
Indonesian Rupiah	-	1,961	-	1,961
Japanese Yen	32	15,083	-	15,115
Mexican New Peso	16	-	-	16
New Israeli Shekel	-	-	-	-
New Taiwan Dollar	32	-	-	32
New Zealand Dollar	748	-	-	748
Norwegian Krone	527	2,190	-	2,717
Peruvian Nuevo Sol	(14)	-	-	(14)
Polish Zloty	2	-	-	2
South African Rand	(93)	-	-	(93)
South Korean Won	-	2,322	-	2,322
Swedish Krona	-	4,027	-	4,027
Swiss Franc	1	16,119	-	16,120
Thai Baht	-	1,948	-	1,948
Total Securities Subject to Foreign Currency Risk	<u>\$ (84)</u>	<u>\$ 119,893</u>	<u>\$ 66,503</u>	<u>\$ 186,312</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**  
**FOREIGN CURRENCY EXCHANGE TRANSACTIONS**

To manage the foreign currency exchange risks associated with foreign investments, the Plan enters into forward currency contracts. The Plan had net foreign currency contracts with a fair value of approximately \$877,775 as of September 30, 2022, which contractually obligates the Plan to deliver currencies at a specified date. The Plan could be exposed to the risk of loss if the counterparty is unable to meet the terms of a contract or if the value of currency changes unfavorably. As of September 30, 2022, the fair value of these contracts is included in due to/from broker.

**DERIVATIVE FINANCIAL INSTRUMENTS**

The Plan's investment managers are permitted to invest in derivatives subject to guidelines established by the Board. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument which represents direct ownership of an asset or an obligation of an issuer. The Plan's derivative positions are marked to market daily, and managers may only trade with counterparties with a credit rating of A-/A3 as defined by S&P and Moody's, respectively. Substitution and risk control are the only strategies permitted; speculation is strictly prohibited. Derivatives are carried as a receivable when the fair value is positive and as payable when the fair value is negative. Fair value is determined based on quoted market prices, if available, or based on differences in cash flows between the fixed and variable rates in each contract as of the measurement date. Gains and losses from derivatives are included in net investment income.

The Plan was in possession of the following types of derivatives as of September 30, 2022:

**Futures Contracts** — A futures contract is a standardized contract between two parties to buy or sell a specified asset of standardized quantity and quality for a price agreed upon today with delivery and payment occurring at a specified future date, the delivery date. The contracts are negotiated at a futures exchange, which acts as an intermediary between the two parties to minimize the risk of default by either party.

**Forward Contracts** — A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions

**Swap Agreements** — A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future based on an underlying asset. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange are tied to a "notional" amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

**Options** — Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a present price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a buyer of financial options, the Plan receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the Plan pays a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Rights and Warrants** — A right is a special type of option that has a short market life, usually existing for no more than a few weeks. Essentially, rights originate when corporations raise money by issuing new shares of common stock. From an investor's perspective, a right enables a stockholder to buy shares of the new issue at a specified price, over a specified, fairly short time period. Rights not executed by their expiration date cease to exist and become worthless. A warrant is a long-term option that gives the holder the right to buy a certain number of shares of stock in a certain company for a certain period of time. Like most options, warrants are found in the corporate sector of the market. Occasionally, warrants can be used to purchase preferred stock or even bonds, but the common stock is the leading redemption vehicle. Warrants, like rights, cease to exist and become worthless if they are not executed by their expiration date.

The Investment Derivatives schedule listed below reports the fair value and changes in fair value and notional amounts of derivatives outstanding as of September 30, 2022, classified by type:

Derivative Type	Changes in Fair Value		Fair Value	
	Classification	Amount	Amount	Notional
Fiduciary Funds				
Investment Derivatives				
Futures Contracts	<i>Investment Income</i>	\$ (134)	\$ (134)	\$ 41,112
Forward Contracts	<i>Investment Income</i>	921	878	93,165
Swap Agreements	<i>Investment Income</i>	(1,104)	(183)	58,236
Options	<i>Investment Income</i>	1	-	-
Rights and Warrants	<i>Investment Income</i>	(36)	19	18
	Total	<u>\$ (352)</u>	<u>\$ 580</u>	<u>\$ 192,531</u>

**Credit Risk** — The Plan is exposed to credit risk on investment derivatives that are traded over the counter and reported in asset positions. Derivatives exposed to credit risk include currency forward contracts, rights and warrants, and swap agreements. To minimize credit risk exposure, the Plan's managers monitor the credit ratings of the counterparties. Should there be a counterparty failure, the Plan would be exposed to the loss of the fair value of derivatives that are in the asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. Netting arrangements provide the Plan with a right of offset in the event of bankruptcy or default by the counterparty. Collateral provided by the counterparty reduces the Plan's credit risk exposure.

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of the Plan's investment derivatives by type, as of September 30, 2022. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security or netting arrangement. The schedule displays the fair value of the investments by credit rating in increasing magnitude of risk. Investments are classified by S&P rating. If the investment does not have an S&P rating, the Moody's rating that corresponds to the S&P rating is used.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

As of September 30, 2022, the Plan's credit risk to these investments is disclosed in the following table:

Derivative Type	AA	A	BBB	Not Rated	Total Fair Value
Futures Contracts	\$ -	\$ -	\$ -	\$ (134)	\$ (134)
Forward Contracts	-	-	-	878	878
Swap Agreements	-	(170)	-	(13)	(183)
Options	-	-	-	-	-
Rights and Warrants	-	-	-	19	19
Total	<u>\$ -</u>	<u>\$ (170)</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 580</u>

**Interest Rate Risk** — The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2022, are disclosed in the following table:

Derivative Type	Total Notional Value	Total Fair Value
Interest Rate Swaps	\$ 49,036	\$ (143)
Swaptions	9,200	(40)
Total	<u>\$ 58,236</u>	<u>\$ (183)</u>

**Foreign Currency Risk** — For those forward contracts and swap agreements that are securities issued by foreign countries and foreign businesses, there is an exposure to foreign currency risk. Currency forward contracts represent foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

The net exposure column of the schedule below indicates the Plan's net foreign currency risk related to derivatives as of September 30, 2022:

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	\$ 3	\$ -	\$ 3
Brazilian Real	(11)	69	58
British Pound Sterling	121	377	498
Canadian Dollar	2	-	2
Chilean Peso	153	-	153
Chinese Yuan Onshore	48	-	48
Chinese Yuan Offshore	9	-	9
Colombian Peso	36	-	36
Danish Krone	7	-	7
Euro Currency Unit	112	(790)	(678)
Hong Kong Dollar	(4)	-	(4)
Indian Rupee	3	-	3
Israeli New Shekel	44	-	44
Japanese Yen	11	161	172
New Zealand Dollar	165	-	165
Norwegian Krone	21	-	21
Peruvian Solance	(26)	-	(26)
South African Rand	149	-	149
Swiss Franc	1	-	1
Thai Baht	34	-	34
Total	<u>\$ 878</u>	<u>\$ (183)</u>	<u>\$ 695</u>

The values shown are for the positions that the Plan holds directly. The Plan may also have an indirect exposure to derivatives via its commingled funds and its alternative investments. The Plan owns an interest in the commingled and

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

alternative investment funds which in turn holds the actual positions. Indirect exposures via these types of investments are not shown here.

**SECURITIES LENDING**

The Plan is authorized to contractually lend securities to borrowers in accordance with policy established by the Board. The Plan is currently contracted with Northern Trust to establish, manage and administer a securities lending program. Northern Trust facilitates lending the Plan's domestic and international equity and fixed income securities in return for collateral consisting of cash, U.S. government securities and irrevocable letters of credit issued by banks independent of the borrower. As of September 30, 2022, all securities lending collateral held is cash. At a loan's inception, the value of collateral obtained is equal to 102% for securities of United States issuers, and 105% in the case of securities of non-United States issuers, of the fair value of any securities to be loaned, plus any accrued interest.

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper, and asset-backed securities. The contract with Northern Trust specifies guidelines for allowable investments, maturities, and diversification. The Plan does not have the ability to pledge or sell collateral securities without borrower default. The amount of cash collateral held exceeds the value of the assets on loan at September 30, 2022.

The Plan earns income from fees paid by the borrowers and interest earned from investing the cash collateral. The contract requires the custodian bank to purchase any loaned securities with collateral provided. However, if the collateral is insufficient to cover the loss, the Plan is liable for the loss. The cash collateral received on each loan was invested in the collateral pool at Northern Trust. Because the loans are terminable at will, their duration generally did not match the duration of the investments made with cash collateral. In addition, the Plan had no credit risk exposure to borrowers. As of September 30, 2022, the value of the collateral held was \$306,215,799 and the value of securities on loan at September 30, 2022, was \$297,796,821. The Plan earned \$611,481, net, on its securities lending activity for the fiscal year ended September 30, 2022.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

Receivables as of September 30, 2022, for governmental activities of the City's major funds and nonmajor funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	General	Debt Service	Capital Projects	Grants	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes	\$ 23,902	\$ 6,218	\$ -	\$ -	\$ -	\$ -	\$ 30,120
Grants and Other Governments	40,582	-	3,575	9,932	20,329	-	74,418
Levied, Uncollected Assessments	-	-	2,082	-	-	-	2,082
Loans	-	-	-	19,010	-	-	19,010
Long-Term Loans	-	-	-	9,058	364	-	9,422
Interest	50	310	87	-	5,787	29	6,263
Accounts and Other	27,638	-	2,136	-	13,052	123	42,949
Leases	16,581	-	-	-	2,328	-	18,909
Total Gross Receivables	108,753	6,528	7,880	38,000	41,860	152	203,173
Less Allowance for Uncollectible Accounts:							
Taxes	(21,741)	(5,700)	-	-	-	-	(27,441)
Levied, Uncollected Assessments	-	-	(2,082)	-	-	-	(2,082)
Accounts and Other	(10,444)	-	-	-	(30)	-	(10,474)
Total Allowance	(32,185)	(5,700)	(2,082)	-	(30)	-	(39,997)
Total Receivables, Net	\$ 76,568	\$ 828	\$ 5,798	\$ 38,000	\$ 41,830	\$ 152	\$ 163,176

Receivables at September 30, 2022, for business-type activities of the City's major enterprise funds and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total Business-Type Activities
Interest	\$ 106	\$ 5	\$ 18	\$ 129
Leases	-	-	7,475	7,475
Accounts and Other	74,629	5,537	9,601	89,767
Grants and Other - Restricted	6,247	-	6,352	12,599
Interest - Restricted	189	25	72	286
Long-Term Loans	-	-	1,143	1,143
Total Gross Receivables	81,171	5,567	24,661	111,399
Less Allowance for Uncollectible Accounts:				
Accounts and Other	(2,563)	(778)	(308)	(3,649)
Total Allowance	(2,563)	(778)	(308)	(3,649)
Total Receivables, Net	\$ 78,608	\$ 4,789	\$ 24,353	\$ 107,750

Governmental funds report deferred inflows of resources, unavailable revenue, in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report a liability, unearned revenue, in connection with resources that have been received, but not yet earned.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

At the end of the fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

<b>Description</b>	<b>Unavailable</b>	<b>Unearned</b>
Property Taxes	\$ 949	\$ -
Grants and Other Governments	16,535	181,519
Long-Term Loans	-	28,068
Other	17,107	1,166
	<u>\$ 34,591</u>	<u>210,753</u>
Total Unavailable / Unearned Revenues		<u>\$ 245,344</u>

Enterprise funds record unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of unearned revenue reported in the enterprise funds were as shown:

<b>Description</b>	<b>Water and Sewer</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Business-Type Activities</b>
Deposits and Rents	\$ 700	\$ -	\$ 700
Grants and Other	-	646	646
Total Unearned Revenues	<u>\$ 700</u>	<u>\$ 646</u>	<u>\$ 1,346</u>

The City, as lessor, leases City-owned properties such as buildings, land, office space, and parking space. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under GASB 87 lease contracts during the year ended September 30, 2022 was \$4,441,746, which includes both lease revenue and interest.

The City recognized zero as it relates to variable payments within its lease arrangements as the lessor. The City did not have revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-lease back transactions.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

The following are schedules by year of minimum payment to be received under lease contracts that are included in the measurement of the lease receivable as of September 30, 2022:

<b>Governmental Activities Year Ending September 30,</b>	<b>Principal</b>	<b>Intrest</b>	<b>Total</b>
2023	\$ 2,868	\$ 353	\$ 3,221
2024	2,611	298	2,909
2025	2,102	250	2,352
2026	1,780	211	1,991
2027	1,776	176	1,952
2028-2032	4,431	501	4,932
2033-2037	2,222	228	2,450
2038-2043	1,112	28	1,140
2044-2049	7	1	8
Present Value of Minimum Lease Receivables	<u>\$ 18,909</u>	<u>\$ 2,046</u>	<u>\$ 20,955</u>

<b>Business-Type Activities Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 367	\$ 149	\$ 516
2024	303	141	444
2025	301	135	436
2026	296	128	424
2027	289	122	411
2028-2032	1,130	534	1,664
2033-2037	1,010	432	1,442
2038-2042	1,116	326	1,442
2043-2047	850	215	1,065
2048-2052	334	166	500
2053-2057	369	131	500
2058-2062	408	92	500
2063-2067	451	49	500
2068-2072	251	7	258
Present Value of Minimum Lease Receivables	<u>\$ 7,475</u>	<u>\$ 2,627</u>	<u>\$ 10,102</u>

The Municipal Airports Department does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

The following is a schedule by year of minimum payment to be received under regulated leases for building and land contracts that are included in the measurement of the lease receivable as of September 30, 2022:

Regulated Leases September 30,		Total
2023	\$	2,719
2024		2,654
2025		2,539
2026		2,382
2027		2,131
2028-2032		5,784
2033-2037		5,575
2038-2042		4,282
2043-2047		3,096
2048-2052		163
Total	\$	<u>31,325</u>

**C.2 TRANSFERS**

Transfers made during the year were as follows:

	Transfers In:							Total
	General	Debt Service	Capital Projects	Grants	NMG Funds <sup>a</sup>	Water and Sewer	NME Funds <sup>b</sup>	
<b>Transfers Out:</b>								
General	\$ -	\$ 180	\$ 79,795	\$ 1,955	\$ 5,794	\$ -	\$ 468	\$ 88,192
Debt Service	-	-	-	-	-	-	2,976	2,976
Capital Projects	188	129	-	-	760	142	-	1,219
Grants	2,768	-	1,123	-	6	-	-	3,897
NMG Funds <sup>a</sup>	1,737	24,045	56,442	924	1,076	453	-	84,677
Water and Sewer	33,395	-	120	-	-	-	-	33,515
Stormwater Utility	3,567	-	25	-	-	1,183	-	4,775
NME Funds <sup>b</sup>	5,346	-	47	30	-	1,318	-	6,741
IS Funds <sup>c</sup>	79	-	4,980	212	-	-	-	5,271
Total	<u>\$ 47,080</u>	<u>\$ 24,354</u>	<u>\$ 142,532</u>	<u>\$ 3,121</u>	<u>\$ 7,636</u>	<u>\$ 3,096</u>	<u>\$ 3,444</u>	<u>\$ 231,263</u>

*a) NMG Funds - Nonmajor Governmental Funds*

*b) NME Funds - Nonmajor Enterprise Funds*

*c) ISF Funds - Internal Service Funds*

Transfers are used to: 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due; 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts; and 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.2 TRANSFERS**

Significant transfers included the following:

The General Fund transferred \$79,795,000 to the Capital Projects Fund, of which \$76,630,000 was for the capital improvement plan, \$3,165,000 was for vehicle and equipment replacement.

The General Fund transferred \$5,794,000 to the Nonmajor Governmental Funds, of which \$2,527,000 was to the Culture and Tourism Fund for the purposes of operating the Fort Worth Convention Center, the Will Rogers Memorial Complex, and the Cowtown Coliseum, funding a contract with the Fort Worth Convention and Visitors Bureau. The Golf Fund received a subsidy in the amount of \$395,000 from the General Fund to assist with the operational costs. The Economic Incentives fund received \$2,000,000 to provide a grant as authorized by the Chapter 380, Texas Local Government Code. The Fort Worth Public Improvement Districts (PID) received \$865,000 and the Tax Increment Reinvestment Zones (TIRZ) Funds received \$7,000 in lieu of services and assessments.

The Nonmajor Governmental Funds transferred \$1,737,000 to the General Fund, of which \$901,000 was from the Culture and Tourism Fund energy savings debt service, \$305,000 was from Fort Worth LDC, \$227,000 was from Fort Worth Public Improvement Districts Funds, \$299,000 was from Taxes Increment Reinvestment Zones Funds, and \$5,000 was from other Nonmajor Governmental funds.

The Nonmajor Governmental Funds transferred \$24,045,000 to the Debt Service Fund, of which \$20,003,000 was from the Culture and Tourism Fund, \$1,329,000 was from TIRZ#14 Trinity Lakes, and \$2,713,000 was from the Crime Control and Prevention District Fund to pay for 2011 Tax Notes debt service.

The Nonmajor Governmental Funds transferred \$56,442,000 to the Capital Projects Fund, of which \$46,255,000 was made from the Crime Control and Prevention District Fund for construction commitments relating to facility renovation and maintenance, transportation maintenance, and community partnerships per the Capital Improvement Program. The Culture and Tourism Capital Projects Fund and Public Events Capital Fund received \$1,674,000 from Culture and Tourism Operating Funds for capital improvement. The Tax Increment Reinvestment Zones Funds transferred \$6,648,000 to the TIRZ General Capital Fund to pay for various projects. The Municipal Golf Fund transferred \$823,000 to fund current Golf capital projects. The Community Tree Planting Program Fund transferred \$15,000 for vehicle and equipment replacement. The Environmental Protection Fund transferred \$518,000 for hazard removal projects. The Justice Asset Forfeiture Fund transferred \$509,000 for technology and equipment updates.

The Water and Sewer Fund transferred \$33,395,000 to the General Fund, of which includes \$24,038,000 for Street Rental Fees, \$5,792,000 for Payment in Lieu of Taxes (PILOT), 481,000 to support Public Art, \$1,305,000 to cover salary and benefits of several positions being transferred to Development Services and Financial Management Services, \$27,000 for Energy Savings Program, and 1,752,000 for other operating expenses.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.2 TRANSFERS**

The Stormwater Utility Fund transferred \$3,567,000 to the General Fund, of which \$2,333,000 was for Street Rental Fees, \$1,209,000 was for PILOT, and \$25,000 was for the operating expenses. The Stormwater Utility Fund also transferred \$1,183,000 to the Water and Sewer Fund for billing services.

The Nonmajor Enterprise Funds transferred \$5,346,000 to the General Fund, of which the Solid Waste Fund transferred \$5,211,000 for Street Maintenance. The General Fund also received \$9,000 from the Municipal Parking Fund, \$59,000 for the Municipal Airport Fund for program services and \$67,000 for the Aviation Gas Lease.

It is the City's policy to record interfund reimbursements that are in excess of the underlying expenditures or expenses as transfers.

**NOTE D: FUND EQUITY**

**D.1 UNRESTRICTED DEFICIT**

Risk Financing, an internal service fund, has an unrestricted deficit of \$12,371,000 as of September 30, 2022. Commercial insurance premiums have increased in the fiscal years, and hail storm claims have been paid out in the current fiscal year. Lawsuit and settlement claims exceeded original estimates due to increased activity that was delayed in courts processing from the COVID pandemic. There was also an increase of \$12.5 million in expenses/liabilities recorded at year end based on actuarial studies and the City's legal letter. Self-Insurance Claim Payable increased by \$9.8 million and Workers Compensation Claims Payable increased by \$4.1 million. Claims will be monitored for changes. The current portion of liability, if paid in FY23 does not appear to push Risk Financing into an unrestricted deficit in FY23. A deductible reserve/fund will be established of \$5 million over the course of seven years between projected premium savings and additional allocation. The funding to establish the deductible reserve/fund would be allocated to departments. This option keeps the cost to departments at the lowest rate.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE E: RESTRICTED ASSETS**

Restricted assets in certain funds are held for specific purposes in accordance with bond ordinances or other legal restrictions as follows:

	<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
<b>Debt Service:</b>					
Cash and Cash Equivalents	\$ 55,846	\$ 6,603	\$ 2,129	\$ -	\$ 64,578
Cash and Cash Equivalents Held by Trustees	1,460	-	-	-	1,460
Interest Receivable	132	25	4	-	161
	<u>57,438</u>	<u>6,628</u>	<u>2,133</u>	<u>-</u>	<u>66,199</u>
<b>Capital Improvements:</b>					
Cash and Cash Equivalents	732,175	100,857	30,273	280	863,585
Cash and Cash Equivalents Held by Trustees	21,791	-	-	-	21,791
Grants and Other Receivables	6,245	-	939	-	7,184
Interest Receivable	49	-	5	-	54
	<u>760,260</u>	<u>100,857</u>	<u>31,217</u>	<u>280</u>	<u>892,614</u>
<b>Customer Deposits:</b>					
Cash and Cash Equivalents	23,721	-	979	-	24,700
	<u>23,721</u>	<u>-</u>	<u>979</u>	<u>-</u>	<u>24,700</u>
<b>Other Restrictions:</b>					
Cash and Cash Equivalents	3,880	-	1,473	2,265	7,618
Cash and Cash Equivalents Held by Trustees	4,677	-	54,996	3,364	63,037
Grants and Other Receivables	2	-	5,413	-	5,415
Interest Receivable	8	-	63	-	71
	<u>8,567</u>	<u>-</u>	<u>61,945</u>	<u>5,629</u>	<u>76,141</u>
Total	<u>\$ 849,986</u>	<u>\$ 107,485</u>	<u>\$ 96,274</u>	<u>\$ 5,909</u>	<u>\$ 1,059,654</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE F: CAPITAL AND LEASE ASSETS**

Capital and Lease asset activity for Governmental Activities for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021*	Increases	Decreases	CIP Placed In Service	Balance at September 30, 2022
<b>Governmental Activities</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land/Right of Way	\$ 312,538	\$ 16,724	\$ (129)	\$ -	\$ 329,133
Construction in Progress	177,313	155,222	(562)	(155,550)	176,423
Intangibles	25,813	-	(523)	2,849	28,139
Total Capital Assets, Not Being Depreciated	<u>515,664</u>	<u>171,946</u>	<u>(1,214)</u>	<u>(152,701)</u>	<u>533,695</u>
<b>Capital and Lease Assets, Being Depreciated/Amortized:</b>					
Buildings	1,127,896	10,656	-	1,538	1,140,090
Vehicles, Machinery and Equipment	283,385	4,381	(17,866)	13,194	283,094
Infrastructure	4,014,281	137,433	(1,068)	137,969	4,288,615
Intangibles	57,913	-	-	-	57,913
Right-to-Use Leased Buildings	2,658	2,494	-	-	5,152
Total Capital and Lease Assets, Being Depreciated/Amortized	<u>5,486,133</u>	<u>154,964</u>	<u>(18,934)</u>	<u>152,701</u>	<u>5,774,864</u>
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings	298,627	30,905	-	-	329,532
Vehicles, Machinery and Equipment	159,796	17,426	(11,070)	-	166,152
Infrastructure	2,309,524	112,551	(105)	-	2,421,970
Intangibles	35,411	4,436	-	-	39,847
Right-to-Use Leased Buildings	-	935	-	-	935
Total Accumulated Depreciation/Amortization	<u>2,803,358</u>	<u>166,253</u>	<u>(11,175)</u>	<u>-</u>	<u>2,958,436</u>
Total Capital and Lease Assets, Being Depreciated/Amortized, Net	<u>2,682,775</u>	<u>(11,289)</u>	<u>(7,759)</u>	<u>152,701</u>	<u>2,816,428</u>
<b>Governmental Activities Capital and Lease Assets, Net</b>	<u>\$ 3,198,439</u>	<u>\$ 160,657</u>	<u>\$ (8,973)</u>	<u>\$ -</u>	<u>\$ 3,350,123</u>

\*The October 1, 2021 balance has been restated due to the implementation of GASB87 in the current year, which includes the addition of lease assets.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE F: CAPITAL AND LEASE ASSETS**

Capital and Lease asset activity for Business-Type Activities for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021*	Increases	Decreases	CIP Placed In Service	Balance at September 30, 2022
<b>Business-Type Activities</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land/Right of Way	\$ 218,947	\$ 1,617	\$ (87)	\$ -	\$ 220,477
Construction in Progress	498,128	205,125	(4,971)	(169,492)	528,790
Intangibles	1,525	-	-	-	1,525
Total Capital Assets, Not Being Depreciated	<u>718,600</u>	<u>206,742</u>	<u>(5,058)</u>	<u>(169,492)</u>	<u>750,792</u>
<b>Capital and Lease Assets, Being Depreciated/Amortized:</b>					
Buildings	175,869	-	-	2,748	178,617
Vehicles, Machinery and Equipment	392,632	3,352	(3,836)	-	392,148
Infrastructure	4,202,960	86,518	(9,007)	166,577	4,447,048
Intangibles	510	-	-	167	677
Right-to-Use Leased Buildings	1,493	-	-	-	1,493
Total Capital and Lease Assets, Being Depreciated/Amortized	<u>4,773,464</u>	<u>89,870</u>	<u>(12,843)</u>	<u>169,492</u>	<u>5,019,983</u>
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings	81,277	6,222	-	-	87,499
Vehicles, Machinery and Equipment	287,162	12,678	(3,740)	-	296,100
Infrastructure	1,405,815	92,432	(4,959)	-	1,493,288
Intangibles	187	129	-	-	316
Right-to-Use Leased Buildings	-	241	-	-	241
Total Accumulated Depreciation and Amortization	<u>1,774,441</u>	<u>111,702</u>	<u>(8,699)</u>	<u>-</u>	<u>1,877,444</u>
Total Capital and Lease Assets, Being Depreciated/Amortized, Net	<u>2,999,023</u>	<u>(21,832)</u>	<u>(4,144)</u>	<u>169,492</u>	<u>3,142,539</u>
<b>Business-Type Activities Capital and Lease Assets, Net</b>	<u>\$ 3,717,623</u>	<u>\$ 184,910</u>	<u>\$ (9,202)</u>	<u>\$ -</u>	<u>\$ 3,893,331</u>

\*The October 1, 2021 balance has been restated due to the implementation of GASB87 in the current year, which includes the addition of lease assets.

Depreciation and amortization expense was charged as follows for the year ended September 30, 2022:

	Depreciation and Amortization Expense
<b>Governmental Activities</b>	
General Government	\$ 17,028
Public Safety	11,776
Highways and Streets	101,609
Culture and Recreation	34,775
Urban Redevelopment and Housing	1,086
Total Governmental Depreciation and Amortization	<u>166,274</u>
<b>Major Business-Type Activities</b>	
Water and Sewer	85,741
Stormwater Utility	10,607
<b>Nonmajor Business-Type Activities</b>	
Municipal Airports	12,516
Municipal Parking	1,871
Solid Waste	946
Total Business-Type Depreciation and Amortization	<u>111,681</u>
<b>Total Depreciation and Amortization Expense</b>	<u>\$ 277,955</u>

The governmental activities depreciation and amortization expense above includes \$253,000 of depreciation expense from the Internal Service Funds.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

The following is a summary of changes in long-term obligations for the year ended September 30, 2022:

	Balance at October 1, 2021**	Increases	Decreases	Balance at September 30, 2022	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 665,220	\$ 152,110	\$ 129,130	\$ 688,200	\$ 76,860
Certificates of Obligation	100,540	-	30,120	70,420	8,815
Special Tax Revenue Debt	220,350	-	5,480	214,870	5,660
Tax Notes*	61,730	72,185	11,970	121,945	22,315
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
State Obligation - City	17,417	-	1,501	15,916	1,500
State Obligation - CCPD	8,150	-	698	7,452	698
Project Finance Zone 1	1,357	-	1,357	-	-
TRWD Obligation	188,643	11,513	7,229	192,927	-
ESPC Phase VII	9,233	-	1,766	7,467	1,806
Net Unamortized Bond Premium/Discount	69,417	5,951	18,628	56,740	-
Leases	3,767	2,495	1,175	5,087	1,410
Compensated Absences	143,111	36,985	26,623	153,473	26,623
Arbitrage	3	-	3	-	-
Pollution Remediation Liability	3,013	130	812	2,331	-
Risk Management Estimated Claims Payable	34,681	117,845	103,664	48,862	19,803
Net OPEB Liability	787,823	-	37,779	750,044	-
Net Pension Liability	2,046,617	-	257,360	1,789,257	-
Total Governmental Activities	<u>4,392,689</u>	<u>399,214</u>	<u>635,295</u>	<u>4,156,608</u>	<u>165,490</u>
<b>Business-Type Activities:</b>					
Water and Sewer - Revenue Bonds	968,910	145,740	73,610	1,041,040	61,510
Water and Sewer - Trinity River Authority Oblig.	775	-	775	-	-
Water and Sewer - ESPC Phase V	2,557	-	1,695	862	862
Stormwater Utility - Revenue Bonds	145,090	-	5,000	140,090	5,245
Municipal Parking - General Obligation Bonds	27,890	-	1,760	26,130	1,850
Solid Waste - General Obligation Bonds	1,694	-	435	1,259	430
Net Unamortized Bond Premium/Discount	68,336	5,347	13,677	60,006	-
Leases	1,493	-	250	1,243	245
Compensated Absences	12,899	4,604	4,076	13,427	4,074
Landfill Closure and Postclosure Liability	12,368	1,241	-	13,609	-
Net OPEB Liability	116,072	-	2,108	113,964	-
Net Pension Liability	313,249	-	40,070	273,179	-
Total Business-Type Activities	<u>1,671,333</u>	<u>156,932</u>	<u>143,456</u>	<u>1,684,809</u>	<u>74,216</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 6,064,022</u>	<u>\$ 556,146</u>	<u>\$ 778,751</u>	<u>\$ 5,841,417</u>	<u>\$ 239,706</u>

\*Direct borrowings and direct placements.

\*\*The Beginning Balance includes a restatement for GASB 87, see Note A.16.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

Governmental Activities long-term debt obligations and other liabilities are summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General Obligation Bonds:					
Series 2013 Refunding	2.0-4.5	2013	2033	\$ 37,130	\$ 6,215
Series 2014 Refunding	2.2	2014	2023	35,480	3,940
Series 2015 Refunding	2.33	2015	2025	3,955	1,115
Series 2015A Refunding	3.25-5.0	2015	2035	127,725	65,690
Series 2016 Refunding	3.0-5.0	2016	2036	130,500	85,650
Series 2018	3.0-5.0	2018	2038	62,220	35,975
Series 2019	3.0-5.0	2019	2039	106,595	76,875
Series 2020 Refunding	2.0-5.0	2020	2040	151,390	108,925
Series 2021A Refunding	2.0-5.0	2021	2041	152,105	126,605
Series 2021B Refunding	2.0-5.0	2021	2041	26,175	25,100
Series 2002A Refunding	4.0-5.0	2022	2042	130,770	130,770
Series 2022B Refunding	4.0	2022	2031	21,340	21,340
Total General Obligation Bonds					688,200
Certificates of Obligation:					
Series 2012	3.0-5.0	2012	2032	85,790	41,045
Series 2013A	2.0-5.0	2013	2033	46,095	2,480
Series 2013B	2.0-4.99	2013	2033	11,140	510
Series 2013C	3.0-5.0	2013	2034	19,270	10,995
Series 2021	3.0-4.375	2021	2033	16,100	15,390
Total Certificates of Obligation					70,420
Special Tax Revenue Debt:					
Series 2017A	2.0-5.25	2017	2043	86,170	81,810
Series 2017B	1.719-4.238	2017	2047	140,710	133,060
Total Special Tax Revenue Debt					214,870
Tax Notes*:					
Series 2016	1.44	2017	2023	9,525	1,440
Series 2017	1.97	2017	2024	23,080	5,375
Series 2018	4.0-5.0	2018	2025	12,590	5,950
Series 2019	3.0-5.0	2019	2026	8,565	5,285
Series 2020	4.0-5.0	2020	2027	25,115	18,795
Series 2021C	5.0	2021	2028	14,620	12,915
Series 2022	1.73	2022	2029	72,185	72,185
Total Tax Notes					121,945
					(continued)

\*Direct borrowings and direct placements



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

Governmental Activities long-term debt obligations and other liabilities are summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Lone Star Local Government Corp Obligation	4.75	2006	2024	31,617	31,617
State Obligation - City					
State Obligation - City	0.0	2014	2031	9,307	4,537
State Obligation - City	0.0	2021	2033	12,414	11,379
Total State Obligation - City					<u>15,916</u>
State Obligation - CCPD					
State Obligation - CCPD	0.0	2014	2031	3,616	1,762
State Obligation - CCPD	0.0	2021	2033	6,207	5,690
Total State Obligation - CCPD					<u>7,452</u>
TRWD Obligation	0.0	2010	2031	226,000	192,927
ESPC Phase VII	2.236	2013	2026	18,443	7,467
Southwest Bank Loan (LDC SW Building)	2.93	2014	2021	2,689	-
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	-	56,740
Leases	2.01-3.12	2021	2028		5,087
Compensated Absences	N/A	N/A	N/A	-	153,473
Pollution Remediation Liability	N/A	N/A	N/A	-	2,331
Risk Management Estimated Claims Payable	N/A	N/A	N/A	-	48,862
Net OPEB Liability	N/A	N/A	N/A	-	750,044
Net Pension Liability	N/A	N/A	N/A	-	1,789,257
Total Governmental Activities Long-Term Debt Obligations and Other Liabilities					<u>\$ 4,156,608</u>
(concluded)					

The Debt Service Fund has been used to liquidate the General Obligation Bonds, Certificates of Obligation, Special Tax Revenue Debt, and Tax Notes. The General Fund and the Special Revenue Funds have been used to liquidate all other governmental activities' long-term debt.

The City's outstanding Tax notes from Direct Borrowings and Direct Placements related to Governmental Activities of \$121,945,000 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

Business-Type long-term debt obligations and other liabilities are summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Water and Sewer:					
Revenue Bonds:					
Series 2009 TWDB*	0.0	2009	2030	\$ 16,265	\$ 6,400
Series 2014 Refunding	2.0-5.0	2014	2034	171,415	94,565
Series 2015 Revenue (Clean Water SRF) TWDB*	0.0-2.04	2015	2035	39,000	26,120
Series 2015A Refunding	3.125-5.0	2015	2035	126,615	87,650
Series 2015B Refunding TWDB*	0.19-2.20	2016	2030	13,000	7,335
Series 2016 Refunding	2.0-5.0	2016	2046	75,890	53,140
Series 2017 Revenue (Clean Water SRF) TWDB*	0.0-1.7	2017	2047	16,045	13,670
Series 2017A Refunding	3.125-5.0	2017	2047	111,600	86,860
Series 2017B Revenue TWDB*	0.58-2.05	2018	2032	63,000	43,435
Series 2018	3.25-5.0	2018	2048	47,475	44,420
Series 2019	3.0-5.0	2019	2049	93,340	88,870
Series 2020 TWDB*	0.0-0.54	2020	2040	62,725	56,495
Series 2020A Refunding	2.0-5.0	2020	2050	167,800	148,355
Series 2021 Refunding	2.0-5.0	2021	2051	154,720	137,985
Series 2022	4.0-5.0	2022	2052	145,740	145,740
Total Revenue Bonds					<u>1,041,040</u>
Trinity River Authority Obligation:					
ESPC Phase V	2.34	2012	2023	15,365	<u>862</u>
Total Water and Sewer					<u>1,041,902</u>
Stormwater Utility:					
Revenue Bonds:					
Series 2016 Refunding	2.0-5.0	2016	2033	17,505	13,215
Series 2019 Refunding	3.0-5.0	2019	2035	31,015	26,910
Series 2020 Refunding	3.0-5.0	2021	2045	103,210	<u>99,965</u>
Total Stormwater Utility					<u>140,090</u>
Municipal Parking:					
General Obligation Bonds:					
Series 2016 Refunding	4.0-5.0	2016	2033	34,445	<u>26,130</u>
Total Municipal Parking					<u>26,130</u>
Solid Waste:					
General Obligation, Series 2015 Refunding	2.33	2015	2025	4,465	1,259
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	-	60,006
Leases	2.01-3.12	2021	2028	-	1,243
Compensated Absences	N/A	N/A	N/A	-	13,427
Landfill Closure and Postclosure Liability	N/A	N/A	N/A	-	13,609
Net OPEB Liability	N/A	N/A	N/A	-	113,964
Net Pension Liability	N/A	N/A	N/A	-	<u>273,179</u>
Total Business-Type Long-Term Debt Obligation and Other Liabilities					<u>\$ 1,684,809</u>
*Texas Water Development Board					

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.2 GOVERNMENTAL ACTIVITIES' DEBT**

Long-term liabilities consist of General Obligation Bonds and Certificates of Obligation, as well as other long-term liabilities. Principal and interest payments on debt obligations are either secured solely by ad valorem taxes, secured partially by ad valorem taxes and partially by specific revenue streams or solely by specific revenue streams.

General Obligation Bonds and Certificates of Obligation indentures require the City to levy the tax required to fund interest and principal at maturity or at least 2 percent of the outstanding principal, whichever is greater. As of September 30, 2022, the Debt Service Fund held \$44,159,000 and \$4,609,000 of cash and investments to service General Obligation Bonds/Certificates of Obligation and for Special Tax Revenue Debt, respectively, for governmental activities.

On April 14, 2022, the City issued \$72,185,000 of Tax Notes, Series 2022 for the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way. These notes will mature beginning March 1 of each year from 2023 to 2029 in installments ranging from \$9,785,000 to \$10,855,000. Interest is payable on March 1 and September 1 of each year commencing September 2022, with an interest rate of 1.73 percent.

On June 14, 2022, the City issued General Obligation Refunding Bonds, Series 2022 in the amount of \$130,770,000 to current refund \$49,390,000 of existing General Obligation Bonds, Series 2012 and to fund projects within the 2018 bond program to include: street and mobility infrastructure; parks and recreation; library; fire safety; animal care and control; and police facility. The bonds will mature beginning March 1 of each year from 2023 to 2042 in installments ranging from \$4,970,000 to \$26,000,000. Interest is payable on March 1 and September 1 of each year commencing March 2023, with interest rate ranging from 4.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt, which covered the \$52,545,000 principal and \$970,622 in interest. As a result, the refunded bonds are considered to be defeased, and the liability is not reflected in the Statement of Net Position. The current refunding resulted in a decrease of interest payments of \$3,318,926 over the life of the bonds. This refunding resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$2,873,829 and a book gain of \$2,101,454.

On June 14, 2022, the City issued General Obligation Refunding Bonds, Taxable Series 2022 in the amount of \$21,340,000 to current refund \$21,050,000 of existing Certificates of Obligation, Taxable Series 2013A. The bonds will mature beginning March 1 of each year from 2024 to 2031 in installments ranging from \$1,720,000 to \$8,600,000. Interest is payable on March 1 and September 1 of each year commencing March 2023, with interest rate of 4.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt, which covered the \$21,050,000 principal and \$405,674 in interest. As a result, the refunded bonds are considered to be defeased, and the liability is not reflected in the Statement of Net Position. The current refunding resulted in a reduction of interest payments of \$2,742,600 over the life of the bonds. This refunding resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$1,202,682 and a book loss of \$157,052.

In FY2011, Taxing Increment Reinvestment Zone No. 9 (TIRZ #9) entered into an agreement with the Tarrant Regional Water District (TRWD) for the work related to the Trinity River Vision project. This agreement stipulates that the City's total liability is capped at \$320,000,000, but this liability cannot exceed \$226,000,000 during any given year. During FY2022, TIRZ #9 made repayments of \$7,229,000, and borrowed an additional \$11,513,000 from TRWD. As of September 30, 2022, \$192,926,000 remains outstanding.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.2 GOVERNMENTAL ACTIVITIES' DEBT**

The City is responsible for environmental cleanup of hazardous substances, such as asbestos remediation on City-owned buildings funded by the Environmental Protection Capital Projects Fund. The City is required to report the estimated liability for pollution remediation activities in accordance with GAAP. As of September 30, 2022, the City's liability was \$2,331,000 for the Environmental Protection Capital Project Fund. The City's estimated outlays for the cleanup were generated using the expected cash flows technique. The amount of the estimated pollution remediation liability is based on the assumption that there will be no significant additional cost for providing these cleanup services. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations.

As of September 30, 2022, the following bonds were authorized but not issued:

<b>General Obligation Bonds</b>	<b>Date Authorized</b>	<b>Amount Authorized</b>	<b>Amount Unissued</b>
2018 Bond Program	5/5/2018	\$ 399,500	\$ 83,165
2022 Bond Program	5/7/2022	560,000	560,000
Total		<u>\$ 959,500</u>	<u>\$ 643,165</u>

**G.3 COMMERCIAL PAPER PROGRAM**

On December 5, 2017, the City authorized the ordinance and related agreements allowing the implementation of a replacement liquidity program offered through J.P. Morgan Securities LLC. In conjunction with the execution of the commercial paper (CP) program, a supplement ordinance authorized Water and Sewer System CP Notes with a maximum aggregate principal amount of \$150,000,000. The callable CP may be issued without the need for bank liquidity support and is structured in a manner that upon initial issuance, the callable CP will have an original call date between three and 120 business days. As is customary for commercial paper products, the maturity date will not be greater than 270 days from the date of issuance. The current intent is to utilize the CP program as appropriation authority only. No commercial paper was issued during the fiscal year ended September 30, 2022.

On August 23, 2022, the City authorized the ordinance implementing a 20-year extendable commercial paper (ECP) program with Loop Capital Markets LLC, in an aggregate outstanding principal amount not to exceed \$300,000,000, as a liquidity and appropriation facility for the implementation of City general obligation debt projects. The ECP may be issued without the need for bank liquidity support and is structured in a manner that upon initial issuance, the ECP will have a maturity date not to exceed 270 days, including any extensions. Under this structure, if the City were to issue commercial paper and its maturity date were approaching, the City would have several options at the stated maturity date: a) to replace the ECP with new ECP notes similarly structured or b) to issue long-term debt. The extendable feature would be used in the instance that the dealer cannot successfully remarket the ECP on a stated maturity date. If that happens, the ECP notes will begin to accrue interest at a penalty rate until the extended maturity date. At the extended maturity date, the City may attempt another remarketing of the ECP or issue long-term debt to refund the ECP notes. The current intent is to utilize the ECP program as appropriation authority only. No commercial paper was issued during the fiscal year ended September 30, 2022.

**G.4 ENTERPRISE FUND DEBT**

Water and Sewer Revenue Bonds and Stormwater Utility Revenue Bonds constitute special obligations of the City secured solely by a lien on and pledge of the net revenues of the Water and Sewer system and the Stormwater system. Certain Certificates of Obligation and General Obligation Bonds are recorded in the Municipal Parking Fund and Solid Waste Fund. These bonds have no specific claim against Municipal Parking or Solid Waste revenues. However, debt service requirements are provided by the Water and Sewer Fund, Stormwater Utility Fund, Municipal Parking Fund, and Solid Waste Fund. Accordingly, the debt is reflected in a fund obligation.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.4 ENTERPRISE FUND DEBT**

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. As of September 30, 2022, \$66,999,240 of cash and investments was available for principal and interest payments on all Enterprise Fund debt. The substituted surety bonds Water and Sewer Fund were refunded on July 15, 2020, no longer outstanding, and did not require any reserve to be held in the event there are insufficient amounts on deposit to make debt service payments.

On March 14, 2022, the City had a cash defeasance of Water and Sewer System Revenue Bonds, Series 2012 of \$9,895,000. The City utilized excess debt service fund balance to establish an escrow account for the outstanding tax supported debt. The cash defeasance resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$905,429 and a book gain of \$292,494.

On June 21, 2022, the City issued Water and Sewer System Revenue Improvement Bonds, Series 2022 in the amount of \$145,740,000 to fund new capital projects in alignment with the Water and Sewer System's Capital Improvement plan. These bonds will mature on February 15 of each year from 2023 to 2052 in installments ranging from \$1,405,000 to \$8,375,000. Interest is payable on February 15 and August 15 of each year commencing February 2023 with interest rates ranging from 4.00 to 5.00 percent.

Net revenues of some of the City's Enterprise Funds - defined as operating income (loss), plus investment income under nonoperating revenues (expenses) on the Other Supplemental Information Schedule of Revenues, Expenses, and Changes in Net Position for Enterprise Funds - have been pledged for repayment of long-term bonded debt incurred by these funds. The amount pledged is equal to the remaining outstanding debt service requirements for these bonds. The pledge continues for the life of the bonds.

As of September 30, 2022, net pledged revenue by fund was as follows:

<b>Fund</b>	<b>2022 Net Pledged Revenues</b>	<b>2022 Debt Service</b>	<b>Purpose of Debt</b>
Water and Sewer Fund	\$ 269,615	\$ 96,356	<i>Extending and improving water and sewer system</i>
Stormwater Utility Fund	27,881	9,497	<i>Improvements to storm drains, roadways, and erosion protection</i>
Municipal Parking Fund	2,107	2,976	<i>Construction of City-owned parking garages</i>
Solid Waste Fund	14,126	469	<i>Improvements to the eastside landfill</i>
Total	<u>\$ 313,729</u>	<u>\$ 109,298</u>	

All future improvements to the City's Water and Sewer system are funded through the sale of Water and Sewer Revenue Bonds, the City's Water and Sewer Operating Budget, or alternative forms of debt.

The City has pledged stormwater, municipal parking, and solid waste net revenues to repay long-term bonded debt. The City reports the net revenues in major and nonmajor enterprise funds.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.5 ANNUAL REQUIREMENTS TO AMORTIZE BONDED AND CONTRACTUAL DEBT OBLIGATIONS**

The annual requirements to amortize all Governmental Activities bonded and contractual debt outstanding as of September 30, 2022, is as follows:

Governmental Activities:									
Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Special Tax Revenue Debt		Tax Notes		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 76,860	\$ 27,245	\$ 8,815	\$ 2,409	\$ 5,660	\$ 9,269	\$ 22,315	\$ 3,108	
2024	62,415	22,695	6,265	2,079	5,845	9,078	21,500	2,594	
2025	56,000	19,876	6,300	1,818	6,070	8,854	19,400	1,960	
2026	51,665	17,284	6,335	1,584	6,310	8,614	17,850	1,364	
2027	48,890	14,859	6,390	1,355	6,570	8,356	16,925	836	
2028-2032	174,125	49,030	32,785	3,425	37,230	37,387	23,955	621	
2033-2037	139,735	21,561	3,530	131	46,225	28,394	-	-	
2038-2042	78,510	4,602	-	-	57,000	16,586	-	-	
2043-2047	-	-	-	-	43,960	4,302	-	-	
	<u>\$ 688,200</u>	<u>\$ 177,152</u>	<u>\$ 70,420</u>	<u>\$ 12,801</u>	<u>\$ 214,870</u>	<u>\$ 130,840</u>	<u>\$ 121,945</u>	<u>\$ 10,483</u>	

Governmental Activities: (continued)				
Year Ending September 30,	State Obligation - City		State Obligation - CCPD	
	Principal	Interest	Principal	Interest
2023	\$ 1,500	\$ -	\$ 698	\$ -
2024	1,500	-	698	-
2025	1,500	-	698	-
2026	1,500	-	698	-
2027	1,500	-	698	-
2028-2032	7,382	-	3,445	-
2033-2037	1,034	-	517	-
	<u>\$ 15,916</u>	<u>\$ -</u>	<u>\$ 7,452</u>	<u>\$ -</u>

Governmental Activities: (concluded)				
Year Ending September 30,	ESPC Phase VII		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,806	\$ -	\$ 91,159	\$ 36,866
2024	1,847	-	83,305	33,149
2025	1,880	-	81,573	29,464
2026	1,934	-	77,162	25,878
2027	-	-	83,973	28,406
2028-2032	-	-	293,686	105,227
2033-2037	-	-	193,109	52,154
2038-2042	-	-	135,510	21,188
2040-2044	-	-	43,960	4,302
	<u>\$ 7,467</u>	<u>\$ -</u>	<u>\$ 1,083,437</u>	<u>\$ 336,634</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.5 ANNUAL REQUIREMENTS TO AMORTIZE BONDED AND CONTRACTUAL DEBT OBLIGATIONS**

The Lone Star Local Government Corporation (a blended component unit) entered into an agreement with Cabela's Fort Worth facility to finance the public Museum facilities and certain other public work and improvement projects near the site. Annual payments are made from property tax increment revenues from Taxing Increment Reinvestment Zone #10. Lone Star Local Government Corporation is obligated for tax increment revenues collected through 2024, with the total principal payment price not to exceed \$31,617,000. The obligation is payable solely from the incremental taxes. Incremental taxes were projected to produce 100 percent of the debt service requirements over the life of the contract. The total remaining principal on the contract is \$31,617,000 and a total compounded interest as of September 30, 2022, is \$25,794,851 payable through 2024. The interest rate for this agreement is 4.75 percent.

The annual requirements to amortize all Major Fund Business-Type Activities bonded and contractual debt outstanding as of September 30, 2022, is as follows:

Major Business-Type Activities:								
Year Ending September 30,	Water and Sewer Revenue Bonds		Water and Sewer ESPC Phase V		Stormwater Utility Revenue Bonds		Total Major Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 61,510	\$ 36,991	\$ 862	\$ 8	\$ 5,245	\$ 4,256	\$ 67,617	\$ 41,255
2024	62,690	33,690	-	-	5,520	4,000	68,210	37,690
2025	59,450	31,239	-	-	5,825	3,727	65,275	34,966
2026	57,765	28,882	-	-	6,130	3,444	63,895	32,326
2027	58,060	26,536	-	-	6,420	3,159	64,480	29,695
2028-2032	231,825	103,779	-	-	36,555	11,365	268,380	115,144
2033-2037	167,130	66,751	-	-	31,935	6,075	199,065	72,826
2038-2042	128,070	45,879	-	-	25,680	1,006	153,750	46,885
2043-2047	137,330	24,620	-	-	16,780	572	154,110	25,192
2048-2052	77,210	5,447	-	-	-	-	77,210	5,447
	<u>\$ 1,041,040</u>	<u>\$ 403,814</u>	<u>\$ 862</u>	<u>\$ 8</u>	<u>\$ 140,090</u>	<u>\$ 37,604</u>	<u>\$ 1,181,992</u>	<u>\$ 441,426</u>

The annual requirements to amortize all Nonmajor Fund Business-Type Activities bonded and contractual debt outstanding as of September 30, 2022, is as follows:

Nonmajor Business-Type Activities:						
Year Ending September 30,	Municipal Parking General Obligation Bonds		Solid Waste General Obligation Bonds		Total Nonmajor Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,850	\$ 1,125	\$ 430	\$ 24	\$ 2,280	\$ 1,149
2024	1,950	1,030	420	14	2,370	1,044
2025	2,050	930	409	5	2,459	935
2026	2,150	826	-	-	2,150	826
2027	2,265	715	-	-	2,265	715
2028-2032	12,950	1,932	-	-	12,950	1,932
2033-2037	2,915	58	-	-	2,915	58
	<u>\$ 26,130</u>	<u>\$ 6,616</u>	<u>\$ 1,259</u>	<u>\$ 43</u>	<u>\$ 27,389</u>	<u>\$ 6,659</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.6 ARBITRAGE**

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. As of September 30, 2022, there were no liabilities for a rebate of arbitrage.

**G.7 LEASES**

Per GASB Statement No. 87, a lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City, as a lessee, has entered into lease agreements involving office buildings, equipment and facility space. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide Statement of Net Position.

The City recognized zero in variable payments within its lease arrangements as the lessee. Payments that are fixed in substance are included in the measurement of the lease liability presented in the table below. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2022, the City had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, as follows:

<b>Governmental Activities</b>			
<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,921	\$ 97	\$ 2,018
2024	1,061	70	1,131
2025	969	44	1,013
2026	699	23	722
2027	434	5	439
2028-2032	3	-	3
Present Value of Minimum Leased Payments	<u>\$ 5,087</u>	<u>\$ 239</u>	<u>\$ 5,326</u>

<b>Business-Type Activities</b>			
<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 245	\$ 24	\$ 269
2024	250	19	269
2025	255	14	269
2026	261	9	270
2027	224	4	228
2028 - 2032	8	-	8
Present Value of Minimum Leased Payments	<u>\$ 1,243</u>	<u>\$ 70</u>	<u>\$ 1,313</u>



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE G: LONG-TERM OBLIGATIONS**

**G.8 DEFEASANCE OF PRIOR DEBT**

In prior years, the City defeased certain outstanding General Obligation Bonds and Certificates of Obligation by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements.

As of September 30, 2022, the following outstanding bonds are considered defeased.

General Obligation Bonds and Certificates of Obligation	<u>\$ 27,685</u>
---	------------------

**G.9 DISCRETELY PRESENTED COMPONENT UNIT DEBT**

On June 2, 2014, Terrell Homes, Ltd. (fiscal year ends December 31) obtained mortgage financing of \$2,000,000 for permanent financing of properties. The mortgage bears an interest rate of 7.0 percent. This mortgage requires monthly payments of principal and interest of \$13,306 based on a thirty-year amortization period and matures on June 2, 2029, at which time the entire unpaid principal balance and accrued interest will become due and payable. During 2021, interest expense was \$132,568. As of December 31, 2021, the unpaid principal balance was \$1,791,741, and there was no accrued interest.

In 2013, Terrell Homes, Ltd. entered into a loan agreement with the City of Fort Worth for \$900,000 for the construction and development of the 54 single-family houses (See Note A.1.). The loan has a 20-year term. The loan bears a fixed interest rate of 1.0 percent. The loan will be repaid from available cash flow. During 2021, interest expense was \$9,000. As of December 31, 2021, the outstanding principal balance was \$900,000, and there was an accrued interest of \$92,426.

**G.10 SPECIAL ASSESSMENT DEBT**

Rock Creek Public Improvement District special assessment debt; as of September 30, 2022 the outstanding debt was \$16,380,000 and the City is in no way liable for repayment but is only acting as an custodian for the property owners in collecting the assessments and forwarding the collection to the bondholders.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal regulations require the City to place a final cover on its Southeast landfill site when it stops accepting waste and performing certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used at the end of each fiscal year. The City has contracted for the operations of the landfill, but the legal liability for closure and postclosure care costs remains with the City. The City is required by state and federal regulations to provide financial assurance for closure and postclosure care. Annually, the City files a standby letter of credit with the state noting its compliance with these requirements.

The City reported \$13,608,605 as landfill closure and postclosure care liability in the Solid Waste Fund as of September 30, 2022. This represents the cumulative amount reported to date based on the use of 54.6 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$11,301,805 as the remaining estimated capacity is filled. The City expects to close the landfill in 13 years from the end of the current fiscal year, the year 2035. The total closure and postclosure cost are an estimate and is subject to changes resulting from inflation, deflation, technology changes, or changes in applicable laws and regulations.

Furthermore, as of September 30, 2022, the City reported cash and cash equivalents of \$3,622,729 as restricted assets for closure and postclosure care and has \$9,985,876 in a trust instrument for these costs provided from its contractor (Allied Waste, Inc. (Allied)). The City expects that future closure and postclosure care costs and inflation costs will be entirely covered by the trust instrument, in accordance with the contractual agreement with Allied. Allied will operate and close the landfill once it has reached capacity, and Allied will maintain and monitor the landfill during the postclosure care period.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Plan Description**

The Employees' Retirement Fund of the City of Fort Worth, Texas (the "Retirement Fund"), a pension plan comprised of two separate single-employer defined benefit pension plans: the Retirement Fund is a plan that covers employees of the City of Fort Worth ("City Plan, a single-employer plan") and the employees of the Fort Worth Employees' Retirement Fund ("Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945. The Staff Plan was established through Administrative Rules in 2007, and both plans are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) effective June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan of the Employees' Retirement Fund, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees (Board). The Board is solely responsible for managing the assets for the City of Fort Worth employees plan, defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. Therefore, assets of each plan are legally separate and cannot pay benefits of the other. Due to the insignificant nature of the Staff Plan's assets and net pension liability compared to the Retirement Fund's assets, all further references to the Plan and information provided in the Notes and Required Supplementary Information about the City Plan are strictly limited to information about the City employees (comprised of General Employees, Police Officers, and Firefighters).

The City Plan provides retirement, disability, and death benefits to all employees of the City, except elected officers and non-salaried appointed members of administrative boards and commissions, part-time, temporary and contract employees, and employees paid in part by another governmental agency. The City Plan is established under the legal authority of the State of Texas, and it is administered by the Board. The authority to define or amend employer and employee contribution rates or benefits is given to the Mayor and the Fort Worth City Council (City Council).

The City Plan issues separate audited financial statements that are publicly available. These statements can be obtained by contacting the Plan at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

The City has received a favorable letter of determination from the Internal Revenue Service on December 8, 2014, that its Plan is qualified under Section 401(a) of the Internal Revenue Code.

Effective June 15, 2007, Article 6243i of the Texas Revised Civil Statutes (Article 6243i) changed the structure of the Board and how benefits could be changed by the plan sponsor. Article 6243i also permitted the Board to create administrative rules that govern the City Plan. The administrative rules govern the administration and benefits of the City Plan. The Board may change the administrative operation of the City Plan without the City's approval, while any increases to the benefit structure must be approved by the City, following an actuarial assessment. A reduction in benefits must be proposed by the City, and the City must notify the Board 90 days in advance of such benefit reduction.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Plan Description (continued)**

As of September 30, 2021, the measurement date, the Plan's membership consisted of the following members (numbers in the following table are not in thousands):

Employees covered by benefit terms:

Pension plan membership consisted of the following:	
	September 30, 2021
Inactive employees or beneficiaries currently receiving benefits	4,906
Inactive employees entitled to, but not yet receiving benefits	1,488
Total Inactive Members	6,394
Active members	6,626
Total	13,020

**Contributions**

The City contributed 24.24% of retirement-eligible wages to the Employees' Retirement Fund for General employees and Firefighters and 24.96% for Police Officers. General employees, Firefighters and Police Officers contribute 9.35%, 12.05% and 13.13%, respectively, of retirement-eligible wages. The contribution changes that took effect in July 2019 are phased in over two years for General employees and Firefighters and three years for Police Officers. For the year ended September 30, 2022 the City contributed \$137,012,000 to the plan.

Below is a composite of the increase to member contribution rates:

	<u>Previous Rate</u>	<u>January 2022</u>	<u>January 2023</u>
General*	9.35%	10.15%	10.15%
Police	13.13%	13.93%	13.93%
Fire	12.05%	12.85%	12.85%

\* General employees also contribute an additional 0.7% of pay for a period equal to their individual blue service (July 2019).

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Summary of Plan Provisions**

This exhibit summarizes the major provisions of the City Plan. It is not intended to be, nor should it be interpreted as, a complete statement of all provisions.

<b>Plan Year:</b> <b>Fiscal Year:</b> <b>Plan Status:</b>	<i>January 1 through December 31</i> <i>October 1 through September 30</i> <i>Ongoing</i>
<b>Categories of Employees:</b> <i>Tier I</i>  <i>Tier II</i>	<i>General Employees hired prior to July 1, 2011</i> <i>Police Officers hired prior to January 1, 2013</i> <i>Firefighters hired prior to January 10, 2015</i>  <i>General Employees hired on or after July 1, 2011</i> <i>Police Officers hired on or after January 1, 2013</i> <i>Firefighters hired on or after January 10, 2015</i>
<b>Categories of Benefits/Service:</b> <i>Blue</i>  <i>Orange</i>  <i>Gray</i>	<i>Earned prior to October 1, 2013 for Tier I General Employees and Police Officers</i> <i>Earned prior to January 10, 2015 for Tier I Firefighters</i>  <i>Earned on or after October 1, 2013 for Tier I General Employees and Police Officers</i> <i>Earned on or after January 10, 2015 for Tier I Firefighters</i>  <i>Earned on or after July 20, 2019 for Tier I and II General Employees, Police Officers, and Firefighters</i>
<b>Normal Retirement:</b> <i>Age and Service Requirements</i>  <i>Amount</i>  <i>Final Average Compensation</i>	<i>Age 65 and five years of Credited Service, or age plus years of Credited Service equal to 80 points ("Rule of 80"). Tier II General Employees have a minimum retirement age of 55.</i>  <i>Police Officers are also eligible at any age with 25 years of Credited Service.</i>  <i>3.00% of Final Average Compensation multiplied by years of Blue Credited Service plus</i> <i>2.50% of Final Average Compensation multiplied by years of Orange Credited Service</i> <i>2.50% of Final Average Compensation multiplied by years of Gray Credited Service</i>  <u><i>Blue:</i></u> <i>Average of member's highest three calendar years' earnings, including overtime</i> <u><i>Orange:</i></u> <i>Average of member's highest five calendar years' earnings, excluding overtime</i> <u><i>Gray:</i></u> <i>Average of member's highest five calendar years' earnings, excluding overtime except for "built-in" overtime for Firefighters on 56-hour schedules and any eligible leave conversion</i>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

<p><b>Early Retirement:</b></p> <p><i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Reduction</i></p>	<p><i>Age 50 (Age 55 for Tier II General Employees) and five years of Credited Service</i></p> <p><i>2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus</i>  <i>2.25% of Final Average Compensation multiplied by years of Orange Credited Service</i>  <i>2.25% of Final Average Compensation multiplied by years of Gray Credited Service</i></p> <p><i>5/12% for each month the commencement date precedes the member's projected Normal Retirement date</i></p>
<p><b>Disability (in the line of duty):</b></p> <p><i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p>	<p><i>None</i></p> <p><u><b>Tier I:</b></u> <i>2.75% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date</i></p> <p><u><b>Tier II:</b></u> <i>2.25% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date</i></p> <p><i>\$250 per month</i></p>
<p><b>Disability (not in the line of duty):</b></p> <p><i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p>	<p><i>Five years of credited service</i></p> <p><i>2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus</i>  <i>2.25% of Final Average Compensation multiplied by years of Orange Credited Service</i>  <i>2.25% of Final Average Compensation multiplied by years of Gray Credited Service</i></p> <p><i>None</i></p>
<p><b>Vesting:</b></p> <p><i>Age Requirement</i></p> <p><i>Service Requirement</i></p> <p><i>Amount</i></p> <p><i>Normal Retirement Age</i></p>	<p><i>None</i></p> <p><i>Five years of Credited Service</i></p> <p><i>Normal pension accrued, based on Credited Service at termination</i></p> <p><i>Age 65, or age plus years of Credited Service projected to Normal Retirement date equal to 80 points</i></p>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

<p><b>Termination Benefits:</b></p> <p><i>Age and Service Requirements</i></p> <p><i>Amount</i></p>	<p>None</p> <p>A member with fewer than five years of Credited Service who withdraws from the plan is eligible to receive a refund of contributions accumulated with 5.25% interest, compounded annually while an active member. A member who terminates with five or more years of Credited Service is entitled to a Vested Pension but may receive a refund of contributions with 5.25% interest, compounded annually while an active member, instead of the Vested Pension.</p>
<p>Spouse's Pre-Retirement Death Benefit (death in the line of duty):</p> <p><i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p> <p><i>Child Benefits</i></p>	<p>None</p> <p><u>Tier I:</u> 75% of the Normal Retirement benefit, based on a 3.00% multiplier and with years of Credited Service projected to the member's Normal Retirement Date.</p> <p><u>Tier II:</u> 75% of the Normal Retirement benefit, based on a 2.50% multiplier and with years of Credited Service projected to the member's Normal Retirement Date.</p> <p>\$250 per month</p> <p>Each dependent child under 18 receives \$100 per month; if there is no surviving spouse, the children share equally in the 75% survivor amount (not less than \$250 per child)</p>
<p>Spouse's Pre-Retirement Death Benefit (death not in the line of duty):</p> <p><i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p> <p><i>Child Benefits</i></p>	<p>Five years of Credited Service</p> <p><u>Tier I:</u> 75% of the accrued benefit at death, calculated as 2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of the Final Average Compensation multiplied by years of Orange and Gray Credited Service</p> <p><u>Tier II:</u> 75% of the accrued benefit at death, calculated as 2.25% of the Final Average Compensation Base multiplied by years of Credited Service</p> <p>\$150 per month</p> <p>Each dependent child under 18 receives \$100 per month; if there is no surviving spouse, the children share equally in the 75% survivor amount (not less than \$150 per child)</p>
<p><b>Post-Retirement Death Benefit:</b></p>	<p>If married, pension benefits are paid in the form of a 75% joint and survivor annuity unless this form is rejected by the participant and spouse. For Tier II, if the member elects a joint survivor benefit, the retirement benefit is actuarially reduced to reflect the joint and survivor coverage.</p>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

<b>Contributions:</b>																	
<i>Member contributions</i>	<table><tr><td></td><td><u>Prior January 2022</u></td><td><u>January 2022</u></td><td><u>January 2023</u></td></tr><tr><td><i>General*</i></td><td>9.35%</td><td>10.15%</td><td>10.15</td></tr><tr><td><i>Police</i></td><td>13.13</td><td>13.93</td><td>13.93</td></tr><tr><td><i>Fire</i></td><td>12.05</td><td>12.85</td><td>12.85</td></tr></table>		<u>Prior January 2022</u>	<u>January 2022</u>	<u>January 2023</u>	<i>General*</i>	9.35%	10.15%	10.15	<i>Police</i>	13.13	13.93	13.93	<i>Fire</i>	12.05	12.85	12.85
	<u>Prior January 2022</u>	<u>January 2022</u>	<u>January 2023</u>														
<i>General*</i>	9.35%	10.15%	10.15														
<i>Police</i>	13.13	13.93	13.93														
<i>Fire</i>	12.05	12.85	12.85														
<i>City contributions</i>	<p><i>* General employees also contribute an additional 0.7% of pay for a period equal to their individual blue service (July 2019).</i></p> <p><i>The City contributed 24.24% of retirement-eligible wages to the Employees' Retirement Fund for General employees and Firefighters and 24.96% for Police Officers. General employees, Firefighters and Police Officers contribute 9.35%, 12.05% and 13.13%, respectively, of retirement-eligible wages.</i></p>																
Overtime Contribution Account:	<p><i>Only available for General Employees hired after July 1, 2011, and prior to January 1, 2013. Member contributions made for overtime worked in that period are credited to the Overtime Contribution Account. Upon retirement, the member is entitled to a refund of this account with 5.25% interest, compounded annually. The City will match 100% of the balance of the account. Upon termination, the member is entitled to a refund of this account with 5.25% interest, compounded annually.</i></p>																
Cost-of-Living Adjustments (COLA):	<p><i>Ad-Hoc COLA Program</i></p> <p><i>In general, pensioners and vested members who elected the Ad-Hoc COLA Program, nonvested members as of January 1, 2008, and Tier I members who were hired after January 1, 2008, are participants in the Ad-Hoc COLA program. However, a one-time election was available to Ad-Hoc COLA program participants to switch to a 2% guaranteed COLA. The election window for General Employees, Police Officers and Firefighters not included in the 2010 bargaining agreement was in the fourth quarter of 2013. The election window for remaining Firefighters was in the fourth quarter of 2014.</i></p> <p><i>Participants in the program who retire prior to September 30 of the preceding year may receive a compound COLA on Blue service benefits. The amount of the COLA is determined based on the prior year's valuation results. The initial COLA percentage is determined by selecting the appropriate percentage from the following table based on the Fund's Funding Period:</i></p> <table><tr><td><u>Tier</u></td><td><u>Funding Period</u></td><td><u>COLA Percentage Increase</u></td></tr><tr><td>#1</td><td>28.1 or greater</td><td>0.0%</td></tr><tr><td>#2</td><td>24.1 to 28.0</td><td>2.0%</td></tr><tr><td>#3</td><td>18.1 to 24.0</td><td>3.0%</td></tr><tr><td>#4</td><td>18.0 or less</td><td>4.0%</td></tr></table> <p><i>Next, the initial COLA percentage is applied to the benefits of the participants of the program to determine the increase in the liability. Using the new liability the Funding Period is re-calculated. If the tier of the Funding Period does not change, then the initial COLA percentage will be the proposed percentage for the following January 1. However, if the tier does change, then the COLA percentage is changed to the percentage shown in the new tier. Then the liability and Funding periods are recalculated to check that the tier does not change. This process is repeated until the proposed COLA percentage does not change the Tier of the Funding Period.</i></p>	<u>Tier</u>	<u>Funding Period</u>	<u>COLA Percentage Increase</u>	#1	28.1 or greater	0.0%	#2	24.1 to 28.0	2.0%	#3	18.1 to 24.0	3.0%	#4	18.0 or less	4.0%	
<u>Tier</u>	<u>Funding Period</u>	<u>COLA Percentage Increase</u>															
#1	28.1 or greater	0.0%															
#2	24.1 to 28.0	2.0%															
#3	18.1 to 24.0	3.0%															
#4	18.0 or less	4.0%															



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

<i>2% Guarantee</i>	<i>Vested members hired before January 1, 2008, who elected the 2% Guaranteed COLA, and also those who elected to opt out of the Ad-Hoc COLA program, receive a simple COLA of 2% of their Base Pension Amount every January 1. All Orange service benefits of Tier I employees also receive a 2% simple COLA.</i>
<i>None</i>	<i>Tier II participants are not eligible for a COLA.</i>
Deferred Retirement Option Program (DROP):	
<i>Eligibility</i>	<i>Participants eligible for Normal Retirement may elect to enroll in DROP.</i>
<i>DROP Enrollment</i>	<i>A member may participate in DROP for up to 72 months. There is no minimum length of time a member must stay in the DROP. A member who elects a DROP must stay in the DROP for at least two years to be eligible for a retroactive cost-of-living increase at the time of actual retirement.</i>
<i>Amount</i>	<i>Enrollment in DROP freezes a member's Credited Service and Final Average Compensation for purposes of calculating the monthly annuity. The DROP provides a lump sum payment for the number of months enrolled based on the monthly annuity calculated at the member's DROP enrollment date.</i>
<i>Contributions</i>	<i>Member and employer contributions continue during the DROP period but are not credited to the member's DROP account.</i>
<b>Changes in Plan Provisions:</b>	<i>There have been no changes in plan provisions since the last valuation.</i>

**Summary of Plan Provisions (continued)**

If a member continues to work after the normal retirement date, the member is required to make contributions to the Plan until the date of actual retirement. Members continue to accrue credited service until they retire.

In September 2007, the Board voted to allow multiple payment options for members that entered the Deferred Retirement Option Program (DROP). Members must select from the following options upon retirement for their DROP balances:

- A total or partial distribution of their DROP balance made directly to the member or via a rollover to a qualified plan or IRA.
- Annuitize a partial amount or the full amount into a monthly annuity. Annuity payments are determined using the actuarial assumptions for the plan at the time of the annuity selection and the member's demographics. If an annuity is selected the DROP balance is no longer available to the member and the monthly annuity is added to the member's monthly pension benefit.
- Leave the total balance or the remaining balance, after selecting one of the above options, with the City Plan. The member earns the same gains and losses as the City Plan. When selecting this option, the member may elect to receive monthly payments from the Plan or receive up to two lump-sum payments per year. All distributions made to the member are deducted from their DROP balance until the full amount (inclusive of gains and losses from the Plan investment performance) has been distributed to the member.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Funding Policy**

The Plan's actuary conducts an annual valuation for each plan to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the plans, and to analyze changes in the Plan's condition. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability. Employer contributions are recognized as additions in the period in which employee services are performed. The City's actuarially determined contribution, contributions, and contribution rates are as follows:

<b>Year Ended September 30,</b>	<b>Actuarially Determined Contributions</b>	<b>Contributions in Relation to the Actuarially Determined Contributions</b>	<b>Contribution Deficiency</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2021	\$ 165,707	\$ 128,046	\$ 37,661	\$ 523,064	24.48%
2022	\$ 180,724	\$ 137,012	\$ 43,712	\$ 559,691	24.48%

**Net Pension Liability**

The City's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Actuarial Methods and Assumptions**

The following are the significant actuarial assumptions used for the December 31, 2020, actuarial valuation:

<b>Valuation date</b>	<i>December 31, 2020, rolled forward to September 30, 2021</i>
<b>Actuarial cost method</b>	<i>Entry Age Normal</i>
<b>Amortization method</b>	<i>Level Percentage of Payroll, Open</i>
<b>Remaining amortization period</b>	<i>27 years as of January 1, 2021</i>
<b>Asset valuation method</b>	<i>Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.</i>
<b>Actuarial assumptions:</b>	
Investment rate of return	<i>7.00% , including inflation, net of all expenses</i>
Inflation rate	<i>2.50%</i>
Projected salary increases	<i>3.25% - 28.25%</i>
Cost-of-living adjustments	<i>0.00% - 2.00%*</i>
Payroll growth rate	<i>3.00% per annum, used to amortize unfunded actuarial accrued liabilities</i>
Retirement rates	<i>The retirement rates were set by the Fund's actuary based on a study of experience for 2013-2015. The rates for all employees are age-related. General employees have some assumed probability of retirement prior to eligibility for an unreduced pension, whereas the public safety employees are assumed to wait until full benefits are payable.</i>
Mortality	<i>PubG-2010 Healthy Retiree Mortality Table for General Employees and PubS-2010 Healthy Retiree Mortality Table for Police Officers and Firefighters. Generational mortality improvements from the year 2010 using the ultimate mortality improvement rates in the MP tables.</i>

*\*A 2% cost-of-living adjustment (COLA) is assumed for all members in the guaranteed COLA Program, no COLAs are assumed for members participating in the ad-hoc COLA program.*

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Actuarial Methods and Assumptions (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Global Equity	45%	6.81%
Fixed income	19%	1.51%
Real return	2%	5.25%
Real estate	8%	4.88%
Absolute return	10%	2.61%
Private equity	15%	8.00%
Cash	1%	-0.50%
Total	100%	

*\*The expected real rate of return is net of inflation.*

**Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability as of September 30, 2020 and September 30, 2021. This single discount rate was based on an expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

The Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources related to pensions are allocated to the funds based on each fund's contributions to the pension plan during the annual measurement period. Contributions to the pension plan for employees whose salaries are paid from internal service funds are expected to be paid primarily from resources received from the general government; therefore, the related Net Pension Liability, Pension Expense, and related Deferred Outflows/Inflows of Resources for these funds are reported in the government-wide financial statements under governmental activities and not reported in the financial statements of the individual internal service funds.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

Pension Expense for the year ended September 30, 2022, was as follows:

Service cost	\$	69,157
Interest on total pension liability (TPL)		327,263
Employee contributions		(60,282)
Administrative expenses		6,092
Expected return on assets		(163,610)
Expensed portion of current year period differences between expected and actual experience in TPL		2,217
Expensed portion of current year period differences between projected and actual investment earnings		(72,083)
Current year recognition of deferred inflows and outflows established in prior years		233,605
Total pension expense	\$	<u>342,359</u>

As of September 30, 2022, the City reported the following Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension Liability related to pensions. The following amounts have been allocated to Governmental Activities and Business-Type Activities on the Statement of Net Position, see the table below:

	Governmental Activities	Business-Type Activities	Total
<b>Deferred Outflows of Resources</b>			
Pension contributions made after the measurement date	\$ 119,065	\$ 17,841	\$ 136,906
Differences between expected and actual experience	53,907	8,134	62,041
Changes in assumptions	228,164	35,486	263,650
Total Deferred Outflows of Resources	<u>\$ 401,136</u>	<u>\$ 61,461</u>	<u>\$ 462,597</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 8,135	\$ 1,264	\$ 9,399
Net difference between projected and actual earnings on pension plan investments	187,180	29,234	216,414
Changes in assumptions	95,361	14,287	109,648
Total Deferred Inflows of Resources	<u>\$ 290,676</u>	<u>\$ 44,785</u>	<u>\$ 335,461</u>
<b>Net Pension Liability</b>	\$ 1,789,257	\$ 273,179	\$ 2,062,436

\$136,906,000 reported as Deferred Outflows for pension contributions made after the measurement date will be recognized as a deduction of the net pension liability in the year ending September 30, 2023. Other deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending September 30:</b>		
2023	\$	10,949
2024		28,954
2025		18,933
2026		(69,933)
2027		1,327
Total	\$	<u>(9,770)</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at October 1, 2021	\$ 4,728,027	\$ 2,368,161	\$ 2,359,866
Changes for the year:			
Service cost	69,157	-	69,157
Interest	327,263	-	327,263
Differences between expected and actual experience	12,410	-	12,410
Contributions - employer	-	128,046	(128,046)
Contributions - employee	-	60,282	(60,282)
Net investment income	-	524,024	(524,024)
Benefit payments, including refunds of employee contributions	(243,982)	(243,982)	-
Administrative expenses	-	(6,092)	6,092
Net changes	<u>164,848</u>	<u>462,278</u>	<u>(297,430)</u>
Balances at September 30, 2022	<u>\$ 4,892,875</u>	<u>\$ 2,830,439</u>	<u>\$ 2,062,436</u>

The following presents the Net Pension Liability of the City Plan, calculated using the discount rate of 7.00%, as well as what the City Plan's Net Pension Liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current discount rate:

<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
\$ 2,662,327	\$ 2,062,436	\$ 1,564,823

*Note: The balances as of September 30, 2021, constitute measurements of the Net Pension Liability for the fiscal year ended September 30, 2022.*

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE J: EMPLOYEE BENEFITS**

**J.1 POSTEMPLOYMENT BENEFITS**

**Plan Descriptions**

In addition to the pension benefits described in Note I, the City provides postemployment health care benefits, established under the legal authority of the City Charter and administered by the City. The City provides two single-employer defined benefit other postemployment benefit plans: Retiree Healthcare Trust Fund of the City of Fort Worth and Fort Worth Firefighters Healthcare Trust.

As of September 1, 2019, the Fort Worth Firefighters Healthcare Trust split from the rest of the City's Retiree Healthcare Trust Fund. All current and future Firefighter retirees are covered under that separate plan. However, because of the limited claims experience under that plan, their claims cost was assumed to be the same as the rest of the City. All other assumptions (mortality, turnover, retirement rates, eligibility) were assumed to remain the same. The actuarial assets and liabilities were valued separately and then combined with the Retiree Healthcare Trust Fund. Therefore, amounts presented herein are the combined amounts for both Trusts.

The single employer plan coverage is offered to all employees who retire from the City in accordance with criteria listed in Note I. However, some retirees elect not to continue the health coverage during their retirement. The City also provides a \$5,000 lump sum death benefit single-employer plan for beneficiaries of retired employees who retired on or after January 1, 1970. Neither plan issues stand-alone financial statements. Due to the insignificant nature of the death benefit assets and net OPEB liability compared to the Retiree Healthcare Trust Fund's assets and net OPEB liability, information provided in Note J and required supplementary information about the OPEB Plan are for both plans combined (hereinafter referred to as the "OPEB Plan").

The following is a condensed schedule for the Retiree Healthcare Trust Fund as of and for the year ended September 30, 2022 as it does not issue separate audited GAAP basis financial statements:

<b>Retiree Healthcare Trust Fund</b>	
<b>Condensed Schedule of Fiduciary Net Position</b>	
Assets	
Current Assets	\$ 10,539
Investments	78,075
Total Assets	<u>88,614</u>
Liabilities	
Current Liabilities	<u>246</u>
Net Position	
Postemployment Healthcare Plan	<u>88,368</u>
Total Net Position	<u><u>\$ 88,368</u></u>
<b>Condensed Schedule of Changes in Fiduciary Net Position</b>	
Additions	\$ 8,124
Deductions	22,901
Change in Net Position	<u>(14,777)</u>
Net Position, Beginning of Year	<u>103,145</u>
Net Position, End of Year	<u><u>\$ 88,368</u></u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**NOTE J: EMPLOYEE BENEFITS**

**J.1 POSTEMPLOYMENT BENEFITS**

**J.1 POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Plan Descriptions (continued)**

A retiree who is either (i) receiving, or (ii) in the process to receive City of Fort Worth retirement benefits at the time of termination, is eligible for medical coverage through the City. At this time, retired employees hired prior to October 5, 1988, have afforded to them at least one group health care plan option for which the City pays 100% of the retiree premium equivalent rate for coverage, but may need to contribute to obtain benefits above the City specified plan or to cover any dependents. Retired employees with less than 25 years of credited service hired on or after October 5, 1988, and before January 1, 2009, will be required to contribute towards the cost of their group health care benefits at a cost established by the City of Fort Worth; those with 25 years or more of credited service will be afforded the same City premium subsidy as the retiree hired prior to October 5, 1988. Retired employees hired on or after January 1, 2009, are not eligible for a City of Fort Worth retiree premium subsidy but may enroll for coverage at retirement and pay the full premium for coverage for themselves and eligible dependents.

Retiree health care benefits cannot be accessed until the employee retires. However, for employees who terminated on or before September 30, 2014, and are vested in the City's retirement plan, health care benefits may continue, until the employee retires, by paying the full cost of coverage. For employees who terminated on or after October 1, 2014, and are vested in the City's retirement plan, health care benefits are only covered if the employee retires/begins receiving retirement benefits at the time of separation from the City (with exceptions noted above based on hire date). For all other employees who terminate without retirement, health care benefits continue until the end of the month in which they terminate. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985. The City performs actuarial studies each year. The actuarial information presented in Note J and the required supplementary information represent the September 30, 2021 valuation.

As of September 30, 2021 valuation date, the OPEB Plan's membership consisted of the following members (numbers in the following table are not in thousands):

Employees covered by benefit term:

OPEB plan membership consisted of the following:	September 30, 2021	
	Medical	Death Benefit
Inactive employees or beneficiaries currently receiving benefits	3,031	3,031
Active members	2,515	6,365
Total	5,546	9,396



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**NOTE J: EMPLOYEE BENEFITS**

**Funding Policies**

For the health care benefits and the death benefit, contractual requirements for the City are established and may be amended by the City Council. City contributions to the Retiree Healthcare Trust Fund are not legally or statutorily required. During FY2022, retirees' health insurance was provided with separate plan designs depending on whether the retiree was eligible for Medicare. The City paid for a major portion or all of the total health insurance cost for retirees depending on the retiree's date of employment or length of service and the retiree's coverage election. The City paid 30 to 50 percent of the cost for coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium was paid by the retirees for their dependents or by the surviving spouse. Expenditures for postemployment health care are recognized as claims or premiums when paid. During FY2022, the cost of health care benefits for retirees, dependents, and surviving spouses was \$21,114,000 and the death benefit payments totaled \$590,000.

**Actuarial Methods and Assumptions**

The following are the significant actuarial assumptions (both trusts) used for the September 30, 2021, actuarial valuation:

<b>Actuarial Valuation Date</b>	<i>September 30, 2021</i>
<b>Actuarial Cost Method</b>	<i>Entry Age Normal</i>
<b>Amortization Period</b>	<i>Level Percent of Payroll, Open</i>
<b>Remaining Amortization Period</b>	<i>26 years as of September 30, 2021</i>
<b>Asset Valuation Method</b>	<i>Market Value</i>
<b>Actuarial Assumptions:</b>	
Investment rate of return	<i>7.00%, including inflation, net of all expenses</i>
Healthcare cost trend rate	<i>4.50 - 8.00%</i>
Inflation rate	<i>2.75%</i>
Payroll growth rate	<i>3.00%</i>
Retirement rates	<i>The retirement rates were set by the Fund's actuary based on a study of experience for 2013-2015. The rates for all employees are age-related. General employees have some assumed probability of retirement prior to eligibility for an unreduced pension, whereas the public safety employees are assumed to wait until full benefits are payable.</i>
Mortality	<i>Mortality rates were based on PUB-2010 Public Retirement Plans Mortality Tables using the MP-2020 projection scale.</i>

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021, are summarized in the following table:

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**NOTE J: EMPLOYEE BENEFITS**

**Actuarial Methods and Assumptions**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Equity	30%	9.01%
Fixed income	65%	2.17%
Cash and Cash Equivalents	5%	2.73%
Total	100%	

*\*The expected real rate of return is net of inflation.*

**Discount Rate**

The single discount rate used to measure the total OPEB liability is 2.21%. The projection of cash flows used to determine the discount rate assumed City contributions equal to benefit payments as they are incurred. Based on these assumptions, the Retiree Healthcare Trust Fund's fiduciary net position was projected to be available to make projected future benefit payments for current plan members for 3.5 years. The long-term expected rate of return on Retiree Healthcare Trust Fund's investments was applied to the first 3.5 years of projected benefit payments and a 2.19% municipal bond rate was applied for all periods thereafter to determine the total OPEB liability. The 2.19% municipal bond rate is the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index". The rate is as of the last date available on or before the measurement date of September 30, 2021.

**Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB**

The Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources related to OPEB are allocated to the funds based on each fund's contributions to the Retiree Healthcare Fund during the annual measurement period. Contributions to the Retiree Healthcare Trust Fund from internal service funds are expected to be paid primarily from resources received from the general government; therefore, the related Net OPEB Liability, OPEB Expense, and related Deferred Outflows/Inflows of Resources for these funds are reported in the government-wide financial statements under governmental activities and not reported in the financial statements of the individual internal service funds.

OPEB Expense for the year ended September 30, 2022, was as follows:

Service cost	\$	19,118
Interest on total OPEB liability (TOL)		24,132
Administrative expenses		2,248
Return on investments		(6,716)
Expensed portion of current year period differences between expected and actual experience in TOL		(81,621)
Expensed portion of current year assumption changes		88,294
Expensed portion of current year period differences between projected and actual investment earnings		294
Total OPEB expense	\$	<u>45,749</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**NOTE J: EMPLOYEE BENEFITS**

**Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB**

As of September 30, 2022, the City reported the following Deferred Outflows of Resources, Deferred Inflows of Resources, and Net OPEB Liability related to OPEB. The following amounts have been allocated to Governmental Activities and Business-Type Activities on the Statement of Net Position; see the table below:

	Governmental Activities	Business-Type Activities	Total
<b>Deferred Outflows of Resources</b>			
OPEB contributions made after the measurement date	\$ 32,725	\$ 3,182	\$ 35,907
Differences between expected and actual experience	34	5	39
Changes in assumptions	19,299	2,959	22,258
Total Deferred Outflows of Resources	<u>\$ 52,058</u>	<u>\$ 6,146</u>	<u>\$ 58,204</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on OPEB plan investments	2,073	294	2,367
Differences between expected and actual experience	\$ 40,243	\$ 6,352	\$ 46,595
Changes in assumptions	153	39	192
Total Deferred Inflows of Resources	<u>\$ 42,469</u>	<u>\$ 6,685</u>	<u>\$ 49,154</u>
<b>Net OPEB Liability</b>	\$ 750,044	\$ 113,964	\$ 864,008

\$35,907,000 reported as Deferred Outflows for OPEB contributions made after the measurement date will be recognized as a deduction of the Net OPEB Liability in the year ending September 30, 2023. Other amounts reported as Deferred Outflows/(Inflows) of Resources will be recognized in OPEB expense as follows:

<b>Year ending September 30:</b>		
2023	\$	(8,429)
2024		(8,834)
2025		(9,434)
2026		(636)
2027		157
Thereafter		319
Total	<u>\$</u>	<u>(26,857)</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**NOTE J: EMPLOYEE BENEFITS**

**Changes in the Net OPEB Liability**

	<b>Total OPEB Liability (a)</b>	<b>OPEB Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Beginning balances at October 1, 2021	\$ 997,584	\$ 93,689	\$ 903,895
Changes for the year::			
Service cost	19,118	-	19,118
Interest	24,132	-	24,132
Differences between expected and actual experience	(61,337)	-	(61,337)
Change in assumptions	27,404	-	27,404
Contributions - employer	-	35,076	(35,076)
Contributions - employee	-	5,703	(5,703)
Net investment income	-	7,955	(7,955)
Other Income	-	2,718	(2,718)
Benefit payments	(36,257)	(36,257)	-
Administrative expense	-	(2,248)	2,248
Net Changes	(26,940)	12,947	(39,887)
Balances at September 30, 2022	<u>\$ 970,644</u>	<u>\$ 106,636</u>	<u>\$ 864,008</u>
Money-weighted rate of return			8.27%
Plan Fiduciary Net Position as a % of the Total OPEB Liability			10.99%

Sensitivity of the Net OPEB liability to changes in the Discount Rate and Healthcare Cost Trend Rates.

The following presents the Net OPEB Liability of the City, calculated using the discount rate of 2.21%, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.21%) or one-percentage-point higher (3.21%) than the current discount rate:

<b>1 % Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1 % Increase (3.21%)</b>
\$ 1,016,408	\$ 864,008	\$ 740,018

The following presents the Net OPEB Liability of the City, calculated using the healthcare cost trend rates of 8.0% decreasing to 4.5%, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower (7.0% decreasing to 3.5%) or one-percentage-point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

<b>1 % Decrease (7% to 3.5%)</b>	<b>Healthcare Cost Trend Rate (8% to 4.5%)</b>	<b>1% Increase (9% to 5.5%)</b>
\$ 708,348	\$ 864,008	\$ 1,066,165

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**  
**NOTE J: EMPLOYEE BENEFITS**

**Deferred Compensation Plan**

The City offers its employees a Deferred Compensation Plan (DCP) created in accordance with Internal Revenue Code Section 457(b), the City makes no contributions to the plan. The City's DCP, available to all regular full-time City employees, permits the deferral of income based upon guidelines published by the Internal Revenue Service. The City's DCP is administered by the Teachers Insurance and Annuity Association (TIAA). The City's DCP investments include mutual funds whose focus is on stocks, bonds, money-market-type investments, or a combination of these. Deferred compensation investments are held by outside trustees for the exclusive benefit of eligible employees and their beneficiaries and are not included in these financial statements. The deferred compensation funds are not available for employee distribution until termination, retirement, death, or unforeseeable emergency. Employees can take loans from their individual accounts of up to 50% of their account balances not to exceed \$50,000 at an interest rate of prime plus 1%. The City has no responsibility for investment losses of the DCP, but does have the fiduciary responsibilities usual to the sponsor of any retirement plan.

**NOTE K: COMMITMENTS AND CONTINGENCIES**

The City has executed a long-term supply agreement with Tarrant Regional Water District (District) for all of its raw water needs whereby the City makes monthly payments to fund its water purchases. The FY2022 payments to the District under the agreement were \$84,098,226. Future payments will be a direct result of future water usage.

The City is subject to extensive and rapidly changing Federal and State environmental regulations governing wastewater discharges, solid and hazardous waste management, and site remediation and restoration activities. The City's policy is to accrue environmental and related remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. As discussed in Note G.2. and Note G.4., as of September 30, 2022, the City has recorded pollution remediation liabilities in the amounts of \$2,330,577 in the Environmental Protection Capital Projects Fund as required by GAAP. No other liabilities have been specifically identified, and no such costs have been accrued other than those disclosed.

The City has received Federal and State financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management, such disallowances will not have a material impact on the financial statements.

The City has outstanding construction commitments of \$467,111,937 as of September 30, 2022.

Various other claims and lawsuits are pending against the City. After consultation with legal counsel, the City had potential losses from pending litigation that are reasonably possible totaling \$7,062,000 as of September 30, 2022.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE L: SEGMENT FINANCIAL INFORMATION**

Segment financial information for the City's Municipal Parking Fund and Solid Waste Fund are presented below:

	<b>Municipal Parking Fund</b>	<b>Solid Waste Fund</b>
<b>Condensed Statement of Net Position</b>		
<b>September 30, 2022</b>		
<b>Assets</b>		
Current Assets	\$ 5,950	\$ 26,999
Other Assets	1,526	21,619
Capital Assets	46,753	19,577
<b>Deferred Outflows of Resources</b>	<b>2,188</b>	<b>5,039</b>
Total Assets and Deferred Outflows of Resources	<u>56,417</u>	<u>73,234</u>
<b>Liabilities</b>		
Current Liabilities	2,255	7,169
Noncurrent Liabilities	28,621	36,431
<b>Deferred Inflows of Resources</b>	<b>4,199</b>	<b>3,853</b>
Total Liabilities and Deferred Inflows of Resources	<u>35,075</u>	<u>47,453</u>
<b>Net Position (Deficit)</b>		
Net Investment in Capital Assets	20,027	18,184
Restricted	844	1,188
Unrestricted (Deficit)	471	6,409
Total Net Position	<u>\$ 21,342</u>	<u>\$ 25,781</u>
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>		
<b>Year Ended September 30, 2022</b>		
Operating Revenues	\$ 6,284	\$ 78,731
Operating Expenses	4,496	64,391
Depreciation Expenses	1,871	946
Operating Income (Loss)	(83)	13,394
<b>Nonoperating Revenues (Expenses):</b>		
Investment Income (Loss)	(192)	(1,405)
Gain (Loss) on Sale of Property and Equipment	-	1
Interest and Service Charges	(893)	(34)
Lease Interest Income	63	-
Transfers Out	(19)	(6,580)
Transfers In	3,384	-
Change in Net Position	2,260	5,376
Beginning Net Position	19,082	20,405
Ending Net Position	<u>\$ 21,342</u>	<u>\$ 25,781</u>
<b>Condensed Statement of Cash Flows</b>		
<b>Net Cash Provided (Used) by:</b>		
<b>Year Ended September 30, 2022</b>		
Operating Activities	\$ 2,128	\$ 10,501
Noncapital Financing Activities	2,851	(6,580)
Capital and Related Financing Activities	(2,891)	(1,116)
Investing Activities	<u>(302)</u>	<u>(1,360)</u>
Net Increase (Decrease)	1,786	1,445
Beginning Cash and Cash Equivalents	2,581	38,754
Ending Cash and Cash Equivalents	<u>\$ 4,367</u>	<u>\$ 40,199</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE M: SUBSEQUENT EVENTS**

On October 25, 2022, the City authorized the Collective Bargaining Agreement("CBA") between the City and the Fort Worth Professional Firefighters Association, International Association of the Fire Fighters Local 440 (the Association). The Agreement allows the Association to establish, manage, and administer a separately administered and funded healthcare plan for the benefit of firefighter recruits, active fire fighters and pre-Medicare fire fighter retirees, plus their spouses and dependents. This new CBA will expire on September 30, 2026, with a one-year evergreen period. Adjustments to the Fire Department's FY2023 Budget are necessary to fully comply with the terms of this new CBA, so a subsequent budget request will be presented to the City Council later in the fiscal year to authorize additional appropriations to fully fund the terms of the agreement.

**NOTE N: NEW ACCOUNTING STANDARDS**

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting and eliminate the option for government issuers to recognize conduit debt obligations. This Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. This Statement is effective for the City's financial periods beginning Oct 1, 2022.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- Modifying the effective date of Statement No. 87, *Leases*, as well as associated implementation guide.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefits (OPEB) plan.
- Reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet specific criteria.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to pension and OPEB arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Non recurring fair value measurements.
- Terminology used to refer to derivative instruments.

This Statement is effective for the City's financial periods beginning October 1, 2022.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE N: NEW ACCOUNTING STANDARDS**

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of a service concession arrangement (SCA). This Statement also provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement No. 87, as amended (as clarified by this Statement). This Statement is effective for the City's financial periods beginning October 1, 2022.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides, effective immediately.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting for SBITAs; (b) improving the comparability of financial statement among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement is effective for the City's financial periods beginning October 1, 2022.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

- Classification and reporting of derivative instruments within the scope of Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*.
- Clarification of provisions in Statement No. 94, *Public-Private and Public Partnerships and Availability Payment Arrangements*.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE N: NEW ACCOUNTING STANDARDS**

- Clarification of provisions in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.
- Terminology updates related to certain provisions of Statement No. 63 *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement No. 53 to refer to resource flows statements.

This Statement is effective for the City's financial periods beginning at various dates depending on the significant matter.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirement for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for the City's financial periods beginning October 1, 2023.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. Governments commonly provide benefits to employees in the form of compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement is effective for the City's financial periods beginning October 1, 2024.



REQUIRED SUPPLEMENTARY  
INFORMATION  
(UNAUDITED)

**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**  
**(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Budgetary Basis</b>	<b>Variance with Final Budget - Positive</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>(Negative)</b>
<b>Revenues and Other Financing Sources:</b>				
Revenues:				
General Property Taxes	\$ 481,722	\$ 481,722	\$ 479,886	\$ (1,836)
Sales Taxes	182,886	196,136	218,292	22,156
Other Local Taxes	51,946	51,946	61,241	9,295
Charges for Services	42,720	41,201	43,935	2,734
Licenses and Permits	19,638	19,638	23,562	3,924
Fines and Forfeitures	5,222	6,741	5,832	(909)
Revenue from Use of Money and Property	3,460	3,460	2,855	(605)
Intergovernmental	472	1,366	1,536	170
Other	2,242	2,243	3,212	969
Total Revenues	790,308	804,453	840,351	35,898
Other Financing Sources:				
Proceeds from Disposal of Property	611	611	1,359	748
Transfers In	41,016	41,016	44,543	3,527
Total Revenues and Other Financing Sources	831,935	846,080	886,253	40,173
<b>Expenditures:</b>				
Departmental:				
City Attorney's Office	7,453	7,559	7,402	157
City Auditor's Office	2,131	2,171	2,035	136
City Manager's Office	9,942	10,500	10,373	127
City Secretary's Office	1,926	2,326	2,191	135
Code Compliance	25,691	25,765	24,664	1,101
Communication and Public Engagement	4,646	4,778	4,350	428
Development Services	19,635	19,635	19,054	581
Diversity and Inclusion	2,089	2,389	2,136	253
Economic Development	41,451	41,554	36,969	4,585
Financial Management Services	12,722	12,862	12,433	429
Fire	174,945	191,221	184,585	6,636
Human Resources	5,755	5,755	5,379	376
Information Technology Solutions	17,538	18,211	17,800	411
Library	22,901	22,901	21,733	1,168
Municipal Court	14,846	14,714	14,482	232
Neighborhood Services	11,149	11,226	10,942	284
Non-Departmental	13,510	4,137	1,145	2,992
Park and Recreation	55,723	61,297	60,996	301
Planning and Data Analytics	8,736	10,446	9,724	722
Police	282,525	287,396	287,394	2
Property Management	25,921	31,121	29,299	1,822
Transportation and Public Works	70,700	81,998	80,340	1,658
Total Expenditures	831,935	869,962	845,426	24,536
<b>Contribution to / (Use of) Fund Balance</b>	<b>\$ -</b>	<b>\$ (23,882)</b>	<b>\$ 40,827</b>	<b>\$ 64,709</b>

(Continued)

**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**  
**(Unaudited)**

	<u>Budgeted Amounts</u>		<u>Budgetary</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Final Budget -</u>
			<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>Explanation of Differences Between Budgetary Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance (Budgetary Basis)</b>			\$	40,827
Differences - Budgetary to GAAP:				
Current year non-budgeted transfers treated as revenues for financial reporting purposes but not as budgetary inflows.				5,927
Current year non-budgeted transfers treated as expenditures for financial reporting purposes but not as budgetary outflows.				(411)
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.				(48,522)
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes (due to perspective difference) but not as budgetary outflows.				5,181
Current year non-budgeted revenue treated as other financing sources for financial reporting (due to perspective differences) purposes but not as budgetary inflows.				(2,351)
Current year non-budgeted expenditures treated as other financing uses for financial reporting (due to perspective difference) purpose but not as budgetary outflows.				2,106
				<u>2,106</u>
<b>Net Change in Fund Balance (GAAP Basis)</b>			\$	<u>2,757</u>

(Concluded)

**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**ADOPTED BUDGET**

The City's framework for financial decision making is a comprehensive set of Financial Management Policy Statements. As required by the City's Charter, the City adopts an annual balanced budget for most funds (as more fully described below) which the legal level of control is at the departmental/fund level. Departments may not exceed their appropriations within any specific fund.

The City adopts annual budgets for most governmental funds, including the General Fund, the Debt Service Fund, the Crime Control and Prevention District Fund (CCPD), the Culture and Tourism Fund, the Environmental Management Fund, the Other Special Revenue Fund, the Public Improvement Districts Fund, the Golf Fund, the Botanic Gardens Fund, and the Fort Worth Tourism Public Improvement District Corporation, using the modified accrual basis of accounting except for certain revenues, expenditures, other financing sources, administrative costs, indirect costs, and transfers. Therefore, a reconciliation is presented on the Budgetary Comparisons Schedules to reconcile the Budgetary Basis Contribution to/Use of Fund Balance to the GAAP Basis Net Change in Fund Balance. Specific information on the budget for each of these funds is included as supplementary information in the Combining and Individual Fund Financial Statements and Schedules section.

Multi-year project length budgets are adopted for the City's governmental Capital Projects Fund and the Grants Fund in accordance with the City's *Five-Year Capital Improvement Program* and are not presented within this document. Other multi-year budgets have been established for the Special Projects Fund, the Taxing Increment Reinvestment Zones Funds, Fort Worth Housing Finance Corporation, Fort Worth Local Development Corporation, Fort Worth Sports Authority, Lone Star Local Development Corporation, Central City Local Government Corporation, and Lancaster Corridor LLC. Budgets for the Grants Fund are established pursuant to the terms of the related Federal, State, and local grant awards and are therefore considered a legally adopted budget once the specific appropriation is approved.

Prior to action taken by City Council, the CCPD Board of Directors (Board) must approve the original budget for the CCPD fund. Also, the Board, as well as the City Council, must approve any supplement or transfer of appropriation balances or portions thereof from one department to another for this fund.

The City also adopts an annual budget for most of the proprietary funds, including enterprise funds and internal service funds. Internal service funds are maintained to account for services provided primarily to departments within the City. Budgets for proprietary funds are prepared on the full accrual basis of accounting with the following exceptions:

- Changes in the fair value of investments are not treated as adjustments to revenue in the annual operating budget;
- Debt service and capital lease principal payments are treated as expenses in the annual operating budget;
- Depreciation expense is not recognized in the annual operating budget; and
- Capital purchases are recognized as expense in the annual operating budgets.

At the close of each fiscal year the appropriated balance for annually adopted budgets lapse.

**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**BUDGETARY CONTROL**

Budgetary controls begin with the City Charter requirements that the City adopt an annual balanced budget for appropriated funds by formal action. Each department is responsible for administering their respective programs and operations within the financial constraints described by the adopted budget.

The City's budget ordinance is deemed balanced when the sum of estimated revenues and appropriated fund balance/net position is equal to expenditure/expense appropriations and contributions to fund balance/net position. Operating revenues and other financing sources must fully cover operating expenditures/expenses, including debt service and other financing uses. Operating expenditures/expenses to balance the annual budget shall include that year's contribution to capital funds required to maintain existing assets. Furthermore, operating expenditures/expenses shall include the portion of funds required to maintain the viability of internal service funds or the purposes in which they were created. Finally, minimum reserve levels as outlined in the Financial Management Policy Statements must be maintained unless reserves are being used in accordance with the purposes permitted by the City's policy.

The overall budget appropriation may be increased via a supplemental appropriation ordinance that allocates funds that are certified as being in excess of those included in the budget and as being otherwise unencumbered. These amendments shall be considered and adopted by the City Council at formal business meetings, except for specific adjustments when limited authority has been delegated to the City Manager as prescribed within the adopted budget ordinance.

The City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, division, or section upon compliance with such conditions as the City Council has established. Upon request of the City Manager, the City Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department to another. No such transfers shall be made of revenues or earnings of any non-tax supported public entity to any other purpose.

For the General Fund, supplemental appropriations of \$38,027,000 were approved by the City Council. The reported budgetary data includes amendments made during the year. At the close of each fiscal year, any appropriated balance in the General Fund lapses to fund balance. Multi-year project length budget appropriations are automatically carried over into the next fiscal year.

**BUDGET PROCESS**

The City adheres to the following procedures for establishing the operating budget:

On or before August 15 of each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearing is conducted. The budget is legally enacted by the City Council through the passage of appropriations and the tax levying ordinances prior to September 30 and is published under a separate cover.

**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**EMPLOYEES' RETIREMENT FUND**  
**SCHEDULE OF CITY CONTRIBUTIONS TO THE RETIREMENT FUND**  
**– LAST TEN FISCAL YEARS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

<b>Year Ended September 30,</b>	<b>Actuarially Determined Contributions*</b>	<b>Contributions in Relation to the Actuarially Determined Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll**</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2013	(Historical information prior to implementation of GASB 67/68 is not required)				
2014	\$ 82,938	\$ 78,165	\$ 4,773	\$ 390,128	20.0%
2015	93,563	80,821	12,742	403,772	20.0%
2016	101,340	84,747	16,593	422,977	20.0%
2017	112,185	89,408	22,777	448,313	19.9%
2018	131,766	93,504	38,262	468,803	19.9%
2019	136,168	113,110	23,058	481,898	23.5%
2020	160,159	124,744	35,415	524,728	23.8%
2021	165,707	128,046	37,661	523,064	24.5%
2022	180,724	137,012	43,712	559,691	24.5%

*\*The Actuarially Determined Contribution is equal to the total calculated contribution rate in the prior actuarial valuation, minus the portion expected to be covered by employee contributions, multiplied by the covered payroll. City and Member rates are established by ordinance.*

*\*\*Covered payroll is the actual payroll on which contributions are based.*



**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**EMPLOYEES' RETIREMENT FUND**  
**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS**  
**- LAST TEN FISCAL YEARS**  
**SEPTEMBER 30, 2022**  
**(IN 000'S)**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Total Pension Liability</b>							
Service Cost	\$ 69,157	\$ 70,650	\$ 111,951	\$ 113,947	\$ 123,793	\$ 98,173	\$ 85,593
Interest	327,263	316,898	290,021	274,955	251,646	252,240	246,293
Change of Benefit Terms	-	-	(1,543,332)	-	-	-	(1,828)
Differences Between Expected and Actual Experience	12,410	(477)	(18,487)	62,114	186,854	4,178	(10,817)
Change of Assumptions	-	-	536,394	(165,301)	(327,288)	1,022,193	364,494
Benefit Payments, Including Refunds of Employee Contributions	(243,982)	(230,965)	(227,239)	(217,802)	(198,612)	(185,820)	(167,066)
Net Change in Total Pension Liability	164,848	156,106	(850,692)	67,913	36,393	1,190,964	516,669
Total Pension Liability - Beginning	4,728,027	4,571,921	5,422,613	5,354,700	5,318,307	4,127,343	3,610,674
Total Pension Liability - Ending (a)	<u>\$ 4,892,875</u>	<u>\$ 4,728,027</u>	<u>\$ 4,571,921</u>	<u>\$ 5,422,613</u>	<u>\$ 5,354,700</u>	<u>\$ 5,318,307</u>	<u>\$ 4,127,343</u>
<b>Plan Fiduciary Net Pension</b>							
Contributions - Employer	128,046	124,744	113,110	93,504	89,408	84,747	80,820
Contributions - Employee	60,282	56,251	40,635	37,618	35,963	33,977	32,542
Net Investment Income	524,024	110,571	67,729	145,408	250,913	166,306	(20,635)
Benefit Payments, Including Refunds of Employee Contributions	(243,982)	(230,965)	(227,239)	(217,802)	(198,612)	(185,820)	(167,066)
Administrative Expense	(6,092)	(5,303)	(5,707)	(4,915)	(4,867)	(4,522)	(3,823)
Other	-	-	-	-	-	(241)	(143)
Net Change in Plan Fiduciary Net Position	462,278	55,298	(11,472)	53,813	172,805	94,447	(78,305)
Plan Fiduciary Net Position - Beginning	2,368,161	2,312,863	2,324,335	2,270,522	2,097,717	2,003,270	2,081,575
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,830,439</u>	<u>\$ 2,368,161</u>	<u>\$ 2,312,863</u>	<u>\$ 2,324,335</u>	<u>\$ 2,270,522</u>	<u>\$ 2,097,717</u>	<u>\$ 2,003,270</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,062,436</u>	<u>\$ 2,359,866</u>	<u>\$ 2,259,058</u>	<u>\$ 3,098,278</u>	<u>\$ 3,084,178</u>	<u>\$ 3,220,590</u>	<u>\$ 2,124,073</u>
Plan Fiduciary Net Position as a % of the Total Pension Liability	57.85%	50.09%	50.59%	42.86%	42.40%	39.44%	48.54%
Covered Payroll	\$ 523,064	\$ 524,728	\$ 481,898	\$ 468,803	\$ 448,313	\$ 422,977	\$ 403,772
Net Pension Liability as a % of Covered Payroll	394.30%	449.73%	468.78%	660.89%	687.95%	761.41%	526.06%

**Notes to Schedule:**

Changes of assumptions each year include the change in the blended discount rate. The blended discount rates for 2014, 2015, 2016, 2017, and 2018 were 6.98%, 6.25%, 4.71%, 5.13%, and 5.35% respectively. As of FY2020, the blended discount rate was discontinued and a single discount was included in the assumptions at 7.00%.

**Benefits changes:**

FY2015 - The benefits for Firefighters hired before January 10, 2015 (Group II) were bifurcated effective January 10, 2015. Prospectively, the benefit multiplier changed from 3.00% to 2.50% for standard pension benefits and from 2.75% to 2.25% for early retirement, non-duty death and non-duty disability benefits. The compensation base was extended from the highest three years to the highest five years, and overtime earnings are now excluded (except built-in overtime, assumed to be 6.50% of base pay). Benefits earned on or after January 10, 2015, are subject to an annual 2.00% simple COLA, rather than an ad-hoc COLA.

**CITY OF FORT WORTH, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYEES' RETIREMENT FUND  
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
- LAST TEN FISCAL YEARS  
SEPTEMBER 30, 2022  
(IN 000'S)**

**Notes to Schedule: (continued)**

FY2016 - A comprehensive Actuarial Experience Review, covering the period January 1, 2013, through December 31, 2015, was completed in March 2016. As a result of that study, the following assumption changes were approved by the Retirement Board:

- The mortality assumption for active and inactive vested participants was changed from the RP-2000 Combined Healthy Mortality Table, set forward one year to the RP-2014 Employee Mortality Table.
- The post-retirement mortality assumption for healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table, set forward one year to the RP-2014 Healthy Annuitant Mortality Table, set forward three years.
- Coordinating with the mortality assumption for healthy lives, the mortality assumption for disabled retirees was changed from the RP-2000 Disabled Retiree Mortality Table, reduced by 20% for males and loaded by 50% for females to the RP-2014 Disabled Retiree Mortality Table.
- The generational projection scale was changed from Scale AA to the MP-2015 improvement scale.
- The assumption for deaths in the line of duty for Police Officers was reduced from 25% to 10% of all active deaths.
- The investment return assumption was lowered from 8.00% to 7.75%.
- Administrative expense assumption of \$3,000,000 was introduced and the inflation assumption was lowered from 3.00% to 2.75%.
- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.25% to 3.00%.
- While maintaining the existing service-based tables, the salary scale was adjusted to better match observed experience. The inflation component was lowered from 3.50% per year for all to 3.00% per year for General Employees and Firefighters and lowered to 2.75% per year for Police Officers.
- The retirement rates for General Employees who retire early with reduced benefits were adjusted to match observed experience.
- The unreduced retirement rates were restructured to be based on eligibility for Normal Retirement for all groups and the assumed retirement rates for non-DROP participants were updated.
- A retirement assumption for DROP participants was introduced to reflect that all DROP participants will enter at first eligibility and retire at the end of the assumed DROP period.
- The DROP utilization assumption was lowered by 5% for Police Officers and current disability rates were lowered by 50%.
- The gender-distinct five-year select-and-ultimate turnover tables were modified for General Employees with increased rates for non-vested and vested males only. The service-based withdrawal rates for Police Officers and Firefighters were lowered to reflect observed experience.
- The assumed marriage percentage assumption was lowered from 90% to 80% for males and to 60% for females.
- The spousal age difference was changed from assuming females are three years younger than males to the spouse being four years younger for male participants and the same age for female participants.
- The overtime and other payloads (Blue benefits only) were lowered for Police Officers by 1.00% and 1.25% for Firefighters.
- The load on final average salary for General Employees was eliminated. The load for Police Officers was lowered from 2.75% to 2.00% while the load for Firefighters was increased from 4.00% to 5.00%.
- The sick leave service conversion load for General Employees and Firefighters was increased by 0.50% and 1.0%, respectively.

FY2019 - The changed as follows:

- Increase to the City contribution rate by 4.50% of pay, effective January 2019,
- Increase to the member contribution rate by 1.1% of pay for all General Employees, effective July 2019,
- Increase to the member contribution rate by an additional 0.7% of pay for a period equal to the period of blue service for each individual General Employee, effective July, 2019,
- Extend maximum DROP period to six years, and new categories for Gray member benefits and services were introduced; please refer to Note I - Summary of Plan Provision for further details.

FY2020 - The changed as follows:

- The single discount rate went from 5.35% to 7.00%
- The investment return assumption was lowered from 7.75% to 7.00%.

**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**SCHEDULE OF CITY CONTRIBUTIONS TO THE OPEB FUND**  
**-LAST TEN FISCAL YEARS**  
**(in 000's)**

	<b>Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
(a)	<b>2016</b>					
(b)	<b>2017</b>	\$ -	\$ 26,641	\$ (26,641)	\$ 302,434	8.81 %
(b)	<b>2018</b>	-	25,297	(25,297)	294,960	8.58
(b)	<b>2019</b>	-	33,144	(33,144)	276,075	12.01
(b)	<b>2020</b>	-	32,856	(32,856)	275,316	11.93
	<b>2021</b>	58,967	35,076	23,891	267,753	13.10

- (a) Historical information prior to implementation of GASB 74/75 is not required  
(b) Actuarially Determined Contribution Not shown in actuarially valuation report

**CITY OF FORT WORTH, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**  
**-LAST TEN FISCAL YEARS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	2021	2020	2019	2018	2017	2016*
<b>Total OPEB Liability</b>						
Service Cost	\$ 19,118	\$ 26,584	\$ 26,165	\$ 29,287	\$ 33,369	
Interest	24,132	28,858	32,803	33,005	30,961	
Differences Between Expected and Actual						
Experience	(61,337)	(139,352)	10,083	(84,468)	(28,736)	
Change of Assumptions	27,404	64,232	151,407	(44,046)	(64,270)	
Benefit Payments, Including Refunds of						
Employee Contributions	(36,257)	(39,954)	(30,222)	(18,956)	(27,064)	
Net Change in Total OPEB Liability	(26,940)	(59,632)	190,236	(85,178)	(55,740)	
Total OPEB Liability - Beginning	997,584	1,057,216	866,980	952,158	1,007,898	
Total OPEB Liability - Ending (a)	<u>\$ 970,644</u>	<u>\$ 997,584</u>	<u>\$ 1,057,216</u>	<u>\$ 866,980</u>	<u>\$ 952,158</u>	
<b>OPEB Plan Fiduciary Net Position</b>						
Contributions - Employer	35,076	32,856	33,144	25,297	26,641	
Contributions - Employee	5,703	5,420	(3,814)			
Net Investment Income	7,955	5,909	5,588	1,908	3,488	
Benefit Payments, Including Refunds of						
Employee Contributions	(36,257)	(39,954)	(30,222)	(18,956)	(27,064)	
Administrative Expense	(2,248)	(2,217)	(1,711)	(1,352)	(1,351)	
Other	2,718	5,337				
Net Change in Plan Fiduciary Net Position	12,947	7,351	10,613	6,897	1,714	
OPEB Plan Fiduciary Net Position - Beginning	93,689	86,338	75,725	68,828	67,114	
OPEB Plan Fiduciary Net Position - Ending (b)	<u>\$ 106,636</u>	<u>\$ 93,689</u>	<u>\$ 86,338</u>	<u>\$ 75,725</u>	<u>\$ 68,828</u>	
Net OPEB Liability - Ending (a) - (b)	<u>\$ 864,008</u>	<u>\$ 903,895</u>	<u>\$ 970,878</u>	<u>\$ 791,255</u>	<u>\$ 883,330</u>	
Plan Fiduciary Net Position as a % of the Total						
OPEB Liability	10.99 %	9.39 %	8.17 %	8.73 %	7.23 %	
Covered Payroll	\$ 267,753	\$ 275,316	\$ 276,075	\$ 294,960	\$ 302,434	
Net OPEB Liability as a % of Covered Payroll	322.69 %	328.31 %	351.67 %	268.26 %	292.07 %	

\* Historical information prior to implementation of GASB 74/75 is not required.

**Notes to Schedule:**

Allocation of City funds to pay postemployment benefits other than pensions is determined on an annual basis by the City Council as part of the budget approval process on a pay-as-you-go basis.

Changes of assumptions each year include the change in the blended discount rate. The discount rates for measurement date September 30, 2017, 2018, 2019, 2020, and 2021 were 3.53%, 3.86%, 2.75%, 2.44% and 2.21% respectively. As of 01/01/2019, the firefighters' union local 440 splits from the rest of the City and formed their own plan. All current and futures retirees are covered under that separate plan. However, because of the limited claims experience under that plan, their claims cost was assumed to be the same as the rest of the City. All other assumptions (mortality, turnovers, retirement rates, eligibility) was assumed to remain the same. Their numbers were valued separately and then rolled up into the City's.



# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

## **Debt Service Fund**

The Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on long-term obligations paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures. It comprises three funds: General Debt Service Fund, Culture and Tourism Debt Service Fund, and Venue Debt Service Fund. In addition, long-term obligations that are paid with special assessments or fund revenues are included in this fund.

**CITY OF FORT WORTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Budgeted Amounts</b>		<b>Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Other Financing Sources:</b>				
Revenues:				
General Property Taxes	\$ 121,072	\$ 121,072	\$ 120,853	\$ (219)
Revenue from Use of Money and Property	3,075	3,075	7,968	4,893
Total Revenues	124,147	124,147	128,821	4,674
Other Financing Sources:				
Issuance of Bonds/Premium	-	208,770	74,896	(133,874)
Transfers In	24,045	24,225	24,225	-
Total Other Financing Sources	24,045	232,995	99,121	(133,874)
Total Revenues and Other Financing Sources	148,192	357,142	227,942	(129,200)
<b>Expenditures:</b>				
Departmental:				
Financial Management Services	148,105	357,355	223,482	133,873
<b>Contribution to / (Use of) Fund Balance</b>	<u>\$ 87</u>	<u>\$ (213)</u>	<u>\$ 4,460</u>	<u>\$ 4,673</u>
<b>Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance</b>			\$ 4,460	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as other financing sources for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			129	
Current year non-budgeted expenditures treated as other financing uses for financial reporting purposes (due to perspective difference) but not as budgetary outflows.			-	
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			(2,185)	
<b>Net Change in Fund Balance (GAAP Basis)</b>			<u>\$ 2,404</u>	





## **Nonmajor Governmental Funds Special Revenue Funds**

The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than expendable trusts, major capital projects, or proprietary funds) that are legally restricted to expenditures for specified purposes.

*Crime Control and Prevention District Fund* is used to finance the cost in providing the necessary resources to effectively implement crime reduction strategies pertaining to enhanced enforcement, neighborhood crime prevention, partner programs, recruitment and training, and department equipment, technology, and infrastructure within the City of Fort Worth, as approved by citizens.

*Environmental Management Fund* is used to accumulate revenue to pay for any environmental program or service as such services are required by state or federal mandates.

*Fort Worth Housing Finance Corporation Fund* is used to finance the cost of residential ownership and development of single-family dwellings for persons of low and moderate income.

*Fort Worth Local Development Corporation Fund* is used to administer a low-interest rate program for business development in and around the stockyards area as well as other City-wide economic development activities.

*Special Projects Fund* is used to account for many small projects, which are varied in purpose. Financing for this Fund is provided by contributions from various organizations and individuals and is restricted to such projects.

*Culture and Tourism Fund* is used to account for taxes received from hotel and motel occupancy to promote tourism.

*Other Blended Component Units Fund* is used to combine Fort Worth Sports Authority (used to purchase the Texas Motor Speedway and spur economic growth), and Lone Star Local Development Corporation (used for the construction of a museum, exhibition space, and certain public infrastructure in the vicinity of Cabela's retail facility).

*Other Special Revenue Fund* is used to report the financial activity of minor funds whose proceeds of specific revenue sources require separate accounting because of legal or regulatory provisions or administrative action.

*Public Improvement Districts (PIDs)* were created by resolution of the City Council pursuant to Chapter 372 of the Local Government Code. PIDs provide a development tool that allocates costs according to the benefits received. In time of declining city revenues, a PID can provide a means to fund supplemental services and improvements to meet community needs which could not otherwise be constructed or provided and be paid by those who most benefit from them.

*Taxing Increment Reinvestment Zones (TIRZs)* are special zones created by City Council under the Texas Tax Code Chapter 311 (Tax Increment Financing Act). A TIRZ is used to finance public improvements within a defined area. These improvements are intended to promote development or redevelopment in the defined area and surrounding areas. Taxes attributable to new improvements (tax increments) are set aside in a special revenue fund to finance public improvements within the boundaries of the zone.

*Golf Fund* is used to account for the operation of three City golf courses. The Fund's operations are financed by course fees, golf equipment rentals and merchandise and concession sales to the public and an annual subsidy from the General Fund.

**Nonmajor Governmental Funds**  
**Capital Project Funds**

*Other Blended Component Units Fund* is used to combine Lancaster Corridor LLC Fund (organized to support mixed-use redevelopment along the Lancaster Corridor) and Central City Local Government Corporation (organized for the purpose of aiding, assisting, and acting on behalf of the City in the implementation of project plans for the Magnolia Green Development, including construction of a parking garage to support development).

**CITY OF FORT WORTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	Special Revenue Funds					
	Crime Control and Prevention District	Environmental Management	Fort Worth Housing Finance Corporation	Fort Worth Local Development Corporation	Special Projects	Culture and Tourism
<b>ASSETS</b>						
Cash, Cash Equivalents, & Investments	\$ 23,023	\$ 3,421	\$ 13,374	\$ 10,175	\$ 14,030	\$ 45,509
Cash, Cash Equivalents, & Investments Held by Trustees	-	-	-	-	1,043	-
Receivables, Net of Allowance for Uncollectible:						
Grants and Other Governments	18,635	196	-	-	-	114
Interest	9	2	5,739	-	3	-
Accounts and Other	2,035	321	2,154	-	-	5,467
Inventories (at Cost)	-	-	2,136	145	-	-
Prepays, Deposits, and Other	-	-	1	-	31	-
Long-Term Loans Receivable	-	-	-	-	-	-
Lease Receivable	-	-	-	-	-	-
Total Assets	<u>\$ 43,702</u>	<u>\$ 3,940</u>	<u>\$ 23,404</u>	<u>\$ 10,320</u>	<u>\$ 15,107</u>	<u>\$ 51,090</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 2,223	\$ 221	\$ 31	\$ 40	\$ 1,134	\$ 1,714
Escrow Accounts Payable	-	-	-	-	2	-
Accrued Payroll	731	30	-	-	6	143
Other	-	-	-	-	-	9
Unearned Revenue	-	-	-	-	-	1,459
Total Liabilities	<u>2,954</u>	<u>251</u>	<u>31</u>	<u>40</u>	<u>1,142</u>	<u>3,325</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenue	441	-	5,723	-	-	1,239
Lease Related	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>441</u>	<u>-</u>	<u>5,723</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>3,395</u>	<u>251</u>	<u>5,754</u>	<u>40</u>	<u>1,142</u>	<u>4,564</u>
<b>Fund Balances (Deficit):</b>						
Nonspendable	-	-	2,137	145	31	-
Restricted	31,440	3,689	-	-	7,951	19,907
Committed	7,452	-	1,475	-	7	500
Assigned	1,415	-	14,038	10,135	5,976	26,119
Total Fund Balances	<u>40,307</u>	<u>3,689</u>	<u>17,650</u>	<u>10,280</u>	<u>13,965</u>	<u>46,526</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)</b>	<u>\$ 44,584</u>	<u>\$ 3,940</u>	<u>\$ 34,850</u>	<u>\$ 10,320</u>	<u>\$ 15,107</u>	<u>\$ 53,568</u>

Special Revenue Funds						Capital Project Funds		
Other Blended Component Units	Other Special Revenue	Public Improvement Districts	Taxing Increment Reinvestment Zones	Golf	Special Revenue Funds Subtotal	Other Blended Component Units	Total Nonmajor Governmental Funds	
\$ 4,355	\$ 11,209	\$ 8,750	\$ 78,867	\$ 1,878	\$ 214,591	\$ 1,343	\$ 215,934	
-	-	1,967	-	-	3,010	-	3,010	
-	-	10	1,374	-	20,329	-	20,329	
-	3	1	30	-	5,787	-	5,787	
143	2,290	612	-	-	13,022	-	13,022	
-	-	-	-	45	2,326	-	2,326	
-	-	-	-	8	40	-	40	
-	-	-	364	-	364	-	364	
-	2,328	-	-	-	2,328	-	2,328	
<u>\$ 4,498</u>	<u>\$ 15,830</u>	<u>\$ 11,340</u>	<u>\$ 80,635</u>	<u>\$ 1,931</u>	<u>\$ 261,797</u>	<u>\$ 1,343</u>	<u>\$ 263,140</u>	
\$ -	\$ 811	\$ 974	\$ 1,641	\$ 132	\$ 8,921	\$ 4	\$ 8,925	
107	-	-	-	-	109	-	109	
-	-	-	-	36	946	-	946	
-	84	-	-	-	93	-	93	
25	143	-	-	-	1,627	-	1,627	
<u>132</u>	<u>1,038</u>	<u>974</u>	<u>1,641</u>	<u>168</u>	<u>11,696</u>	<u>4</u>	<u>11,700</u>	
-	1,636	10	1,374	-	10,423	-	10,423	
-	2,266	-	-	-	2,266	-	2,266	
-	3,902	10	1,374	-	12,689	-	12,689	
<u>132</u>	<u>4,940</u>	<u>984</u>	<u>3,015</u>	<u>168</u>	<u>24,385</u>	<u>4</u>	<u>24,389</u>	
-	-	-	-	53	2,366	-	2,366	
-	4,316	9,438	73,678	-	150,419	-	150,419	
-	2,000	-	-	-	11,434	-	11,434	
4,366	4,574	918	3,942	1,710	73,193	1,339	74,532	
<u>4,366</u>	<u>10,890</u>	<u>10,356</u>	<u>77,620</u>	<u>1,763</u>	<u>237,412</u>	<u>1,339</u>	<u>238,751</u>	
<u>\$ 4,498</u>	<u>\$ 23,634</u>	<u>\$ 11,360</u>	<u>\$ 83,383</u>	<u>\$ 1,931</u>	<u>\$ 287,175</u>	<u>\$ 1,343</u>	<u>\$ 288,518</u>	

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	Special Revenue Funds					
	Crime Control and Prevention District	Environmental Management	Fort Worth Housing Finance Corporation	Fort Worth Local Development Corporation	Special Projects	Culture and Tourism
<b>REVENUES:</b>						
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	104,375	-	-	-	-	-
Other Local Taxes	-	-	-	-	-	43,234
Charges for Services	-	5,110	-	-	1,677	5,874
Licenses and Permits	-	-	-	-	-	15
Revenue from Use of Money and Property	-	-	-	-	-	7,673
Investment Income (Loss)	(773)	(208)	81	24	64	(1,268)
Intergovernmental	5,919	-	-	-	1,082	16,446
Gas Leases and Royalties	-	-	257	96	-	-
Other	603	2	2,315	1	253	2,801
Contributions	-	-	-	-	337	798
Total Revenues	<u>110,124</u>	<u>4,904</u>	<u>2,653</u>	<u>121</u>	<u>3,413</u>	<u>75,573</u>
<b>EXPENDITURES:</b>						
Current:						
General Government	-	-	-	-	280	-
Public Safety	68,721	3,451	-	-	174	-
Culture and Recreation	1,106	-	-	-	765	35,570
Urban Redevelopment and Housing	577	-	1,572	684	3	-
Capital Outlay	-	-	-	-	63	-
Debt Service:						
Principal Retirement	-	-	-	-	-	600
Interest and Debt Issuance Costs	-	-	-	-	-	-
Total Expenditures	<u>70,404</u>	<u>3,451</u>	<u>1,572</u>	<u>684</u>	<u>1,285</u>	<u>36,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>39,720</u>	<u>1,453</u>	<u>1,081</u>	<u>(563)</u>	<u>2,128</u>	<u>39,403</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Lease Proceeds	-	-	-	-	-	-
Proceeds from Construction Loans	-	-	-	-	-	-
Proceeds from Disposal of Property	287	-	-	-	-	-
Transfers In	208	6	-	-	-	2,527
Transfers Out	(49,573)	(1,168)	-	(305)	(653)	(22,578)
Total Other Financing Sources (Uses)	<u>(49,078)</u>	<u>(1,162)</u>	<u>-</u>	<u>(305)</u>	<u>(653)</u>	<u>(20,051)</u>
Net Change in Fund Balances (Deficit)	<u>(9,358)</u>	<u>291</u>	<u>1,081</u>	<u>(868)</u>	<u>1,475</u>	<u>19,352</u>
Fund Balances, Beginning of Year	<u>49,665</u>	<u>3,398</u>	<u>16,569</u>	<u>11,148</u>	<u>12,490</u>	<u>27,174</u>
Fund Balances, End of Year	<u>\$ 40,307</u>	<u>\$ 3,689</u>	<u>\$ 17,650</u>	<u>\$ 10,280</u>	<u>\$ 13,965</u>	<u>\$ 46,526</u>

Special Revenue Funds						Capital Project Funds	Total Nonmajor Governmental Funds
Other Blended Component Units	Other Special Revenue	Public Improvement Districts	Taxing Increment Reinvestment Zones	Golf	Special Revenue Funds Subtotal	Other Blended Component Units	
\$ -	\$ -	\$ -	\$ 21,332	\$ -	\$ 21,332	\$ -	\$ 21,332
-	-	-	-	-	104,375	-	104,375
-	-	-	-	-	43,234	-	43,234
-	432	-	-	6,153	19,246	-	19,246
-	-	-	-	-	15	-	15
-	1,960	-	-	-	9,633	-	9,633
-	70	48	734	(1)	(1,229)	-	(1,229)
100	-	-	10,628	-	34,175	-	34,175
401	-	-	-	-	754	3	757
42	3,169	14,260	-	15	23,461	-	23,461
-	-	-	-	-	1,135	90	1,225
543	5,631	14,308	32,694	6,167	256,131	93	256,224
-	4,872	8,838	-	487	14,477	-	14,477
-	-	-	-	-	72,346	-	72,346
6,361	-	-	-	5,328	49,130	-	49,130
-	660	5,184	21,804	-	30,484	76	30,560
-	-	-	-	-	63	-	63
-	-	-	7,229	68	7,897	-	7,897
1,075	-	-	-	1	1,076	-	1,076
7,436	5,532	14,022	29,033	5,884	175,473	76	175,549
(6,893)	99	286	3,661	283	80,658	17	80,675
-	-	-	-	389	389	-	389
-	-	-	11,513	-	11,513	-	11,513
8,200	-	-	-	-	8,487	-	8,487
1,075	2,000	866	559	395	7,636	-	7,636
-	-	(227)	(9,350)	(823)	(84,677)	-	(84,677)
9,275	2,000	639	2,722	(39)	(56,652)	-	(56,652)
2,382	2,099	925	6,383	244	24,006	17	24,023
1,984	8,791	9,431	71,237	1,519	213,406	1,322	214,728
\$ 4,366	\$ 10,890	\$ 10,356	\$ 77,620	\$ 1,763	\$ 237,412	\$ 1,339	\$ 238,751

**CITY OF FORT WORTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Special Revenue Funds</b>		
	<b>Fort Worth Sports Authority, Inc.</b>	<b>Lone Star Local Government Corporation</b>	<b>Total</b>
<b>ASSETS</b>			
Cash, Cash Equivalents, & Investments	\$ 4,355	\$ -	\$ 4,355
Receivables, Net of Allowance for Uncollectibles: Accounts and Other	143	-	143
Total Assets	<u>\$ 4,498</u>	<u>\$ -</u>	<u>\$ 4,498</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Escrow Accounts Payable	107	-	107
Unearned Revenue	25	-	25
Total Liabilities	<u>132</u>	<u>-</u>	<u>132</u>
<b>Total Liabilities</b>	<u>132</u>	<u>-</u>	<u>132</u>
<b>Fund Balances:</b>			
Assigned	4,366	-	4,366
Total Fund Balances	<u>4,366</u>	<u>-</u>	<u>4,366</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,498</u>	<u>\$ -</u>	<u>\$ 4,498</u>



**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Special Revenue Funds</b>		
	<b>Fort Worth Sports Authority, Inc.</b>	<b>Lone Star Local Government Corporation</b>	<b>Total</b>
<b>REVENUES:</b>			
Intergovernmental	\$ 100	\$ -	\$ 100
Gas Leases and Royalties	401	-	401
Other	42	-	42
Total Revenues	<u>543</u>	<u>-</u>	<u>543</u>
<b>EXPENDITURES:</b>			
Current:			
Culture and Recreation	6,361	-	6,361
Interest and Debt Issuance Costs	-	1,075	1,075
Total Expenditures	<u>6,361</u>	<u>1,075</u>	<u>7,436</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,818)</u>	<u>(1,075)</u>	<u>(6,893)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Disposal of Property	8,200	-	8,200
Transfers In	-	1,075	1,075
Total Other Financing Sources (Uses)	<u>8,200</u>	<u>1,075</u>	<u>9,275</u>
Net Change in Fund Balances (Deficit)	2,382	-	2,382
Fund Balances, Beginning of Year	1,984	-	1,984
Fund Balances, End of Year	<u>\$ 4,366</u>	<u>\$ -</u>	<u>\$ 4,366</u>

**CITY OF FORT WORTH, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Capital Project Funds</b>		
	<b>Lancaster Corridor Redevelopment, LLC</b>	<b>Fort Worth Central City Local Government Corporation</b>	<b>Total</b>
<b>ASSETS</b>			
Cash, Cash Equivalents, & Investments	\$ 1,300	\$ 43	\$ 1,343
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ 4	\$ 4
<b>Fund Balances:</b>			
Assigned	1,300	39	1,339
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,300</b>	<b>\$ 43</b>	<b>\$ 1,343</b>

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Capital Project Funds</b>		
	<b>Lancaster Corridor Redevelopment, LLC</b>	<b>Fort Worth Central City Local Government Corporation</b>	<b>Total</b>
<b>REVENUES:</b>			
Gas Leases and Royalties	\$ -	\$ 3	\$ 3
Contributions	-	90	90
Total Revenues	-	93	93
<b>EXPENDITURES:</b>			
Current:			
Urban Redevelopment and Housing	-	76	76
Total Expenses	-	76	76
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	17	17
Net Change in Fund Balances	-	17	17
Fund Balance (Deficit), Beginning of Year	1,300	22	1,322
Fund Balance, End of Year	\$ 1,300	\$ 39	\$ 1,339

**CITY OF FORT WORTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**CRIME CONTROL AND PREVENTION DISTRICT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Budgeted Amounts</b>		<b>Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Other Financing Sources:</b>				
Revenues:				
Sales Taxes	\$ 87,995	\$ 87,995	\$ 104,375	\$ 16,380
Revenue from Use of Money and Property	106	106	273	167
Intergovernmental	6,437	6,437	5,919	(518)
Other	239	239	603	364
Total Revenues	<u>94,777</u>	<u>94,777</u>	<u>111,170</u>	<u>16,393</u>
Other Financing Sources:				
Proceeds from Disposal of Property	159	159	287	128
Transfers In	-	-	2,601	2,601
Total Revenues and Other Financing Sources	<u>94,936</u>	<u>94,936</u>	<u>114,058</u>	<u>19,122</u>
<b>Expenditures:</b>				
Departmental:				
Neighborhood Services	873	873	577	296
Park and Recreation	1,129	1,129	1,105	24
Police	92,934	125,322	120,688	4,634
Total Expenditures	<u>94,936</u>	<u>127,324</u>	<u>122,370</u>	<u>4,954</u>
<b>Contribution to / (Use of) Fund Balance</b>	<u>\$ -</u>	<u>\$ (32,388)</u>	<u>\$ (8,312)</u>	<u>\$ 24,076</u>
<b>Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance (Budgetary Basis)</b>			\$ (8,312)	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			<u>(1,046)</u>	
<b>Net Change in Fund Balance (GAAP Basis)</b>			<u>\$ (9,358)</u>	

**CITY OF FORT WORTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**ENVIRONMENTAL MANAGEMENT FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Budgeted Amounts</b>		<b>Budgetary</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Basis</b>	<b>Final Budget -</b>
			<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Revenues:				
Charges for Services	\$ 4,835	\$ 4,835	\$ 5,110	\$ 275
Revenue from Use of Money and Property	56	56	39	(17)
Other	-	-	6	6
Total Revenues	<u>4,891</u>	<u>4,891</u>	<u>5,156</u>	<u>265</u>
<b>Expenditures:</b>				
Departmental:				
Code Compliance	<u>4,718</u>	<u>4,718</u>	<u>(4,618)</u>	<u>99</u>
<b>Contribution to / (Use of) Fund Balance</b>	<u>\$ 173</u>	<u>\$ 173</u>	<u>\$ 537</u>	<u>\$ 364</u>
<b>Explanation of Differences Between Budgetary Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance (Budgetary Basis)</b>			\$ 537	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			<u>(246)</u>	
<b>Net Change in Fund Balance (GAAP Basis)</b>			<u>\$ 291</u>	

**CITY OF FORT WORTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**CULTURE AND TOURISM FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Budgeted Amounts</b>		<b>Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Other Financing Sources:</b>				
Revenues:				
Other Local Taxes	\$ 30,693	\$ 30,693	\$ 43,234	\$ 12,541
Charges for Services	4,833	4,833	5,874	1,041
Licenses and Permits	6	6	15	9
Revenue from Use of Money and Property	9,161	9,161	8,521	(640)
Intergovernmental	9,908	9,908	16,446	6,538
Other	1,859	1,859	2,797	938
Total Revenues	56,460	56,460	76,887	20,427
Other Financing Sources:				
Proceeds from Disposal of Property	-	-	4	4
Transfers In	3,692	3,782	2,527	(1,255)
Total Revenues and Other Financing Sources	60,152	60,242	79,418	19,176
<b>Expenditures:</b>				
Departmental:				
Public Events and Facilities	59,507	60,377	58,611	1,766
<b>Contribution to / (Use of) Fund Balance</b>	<b>\$ 645</b>	<b>\$ (135)</b>	<b>\$ 20,807</b>	<b>\$ 20,942</b>
<b>Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance (Budgetary Basis)</b>			\$ 20,807	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			(1,455)	
<b>Net Change in Fund Balance (GAAP Basis)</b>			<b>\$ 19,352</b>	

**CITY OF FORT WORTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**OTHER SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Budgeted Amounts</b>		<b>Budgetary Basis</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues:</b>				
Revenues:				
Charges for Services	\$ 437	\$ 437	\$ 432	\$ (5)
Revenue from Use of Money and Property	1,701	1,701	1,968	267
Other	2,486	2,486	3,169	683
Total Revenues	4,624	4,624	5,569	945
Transfers In	2,000	2,000	2,000	-
Total Revenues and Other Financing Sources	6,624	6,624	7,569	945
<b>Expenditures:</b>				
Departmental:				
Economic Development	2,000	2,000	660	1,340
Property Management	5,110	5,110	4,226	884
<b>Contribution to / (Use of) Fund Balance</b>	<b>\$ (486)</b>	<b>\$ (486)</b>	<b>\$ 2,683</b>	<b>\$ 3,169</b>
<b>Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance (Budgetary Basis)</b>			\$ 2,683	
Differences - Budgetary to GAAP:				
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			(646)	
Current year non-budgeted revenues treated as other financing sources for financial reporting (due to perspective difference) purposes but not as budgetary inflows.			62	
<b>Net Change in Fund Balance (GAAP Basis)</b>			<b>\$ 2,099</b>	

**CITY OF FORT WORTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**PUBLIC IMPROVEMENT DISTRICTS FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Budgeted Amounts</b>		<b>Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues and Other Financing Resources:</b>				
Revenues:				
Revenue from Use of Money and Property	\$ -	\$ -	\$ 50	\$ 50
Other	14,286	14,286	14,260	(26)
Total Revenues	14,286	14,286	14,310	24
Other Financing Sources:				
Transfers In	866	866	866	-
Total Revenues and Other Financing Sources	15,152	15,152	15,176	24
<b>Expenditures:</b>				
Departmental:				
Financial Management Services	2,642	3,119	1,376	1,743
Economic Development	13,348	13,737	12,875	862
Total Expenditures	15,990	16,856	14,251	2,605
<b>Contribution to / (Use of) Fund Balance</b>	<u>\$ (838)</u>	<u>\$ (1,704)</u>	<u>\$ 925</u>	<u>\$ 2,629</u>
<b>Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance (Budgetary Basis)</b>			\$ 925	
Differences - Budgetary to GAAP:				
<b>Net Change in Fund Balance (GAAP Basis)</b>			<u>\$ 925</u>	



**CITY OF FORT WORTH, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOLF FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Budgeted Amounts</b>		<b>Budgetary Basis</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues and Other Financing Sources:</b>				
Revenues:				
Charges for Services	\$ 5,248	\$ 5,788	\$ 6,071	\$ 283
Other	4	4	15	11
Total Revenues	<u>5,252</u>	<u>5,792</u>	<u>6,086</u>	<u>294</u>
Other Financing Sources:				
Transfers In	<u>395</u>	<u>395</u>	<u>395</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>5,647</u>	<u>6,187</u>	<u>6,481</u>	<u>294</u>
<b>Expenditures:</b>				
Departmental:				
Park and Recreation	<u>5,647</u>	<u>6,517</u>	<u>6,237</u>	<u>280</u>
<b>Contribution to / (Use of) Fund Balance</b>	<u>\$ -</u>	<u>\$ (330)</u>	<u>\$ 244</u>	<u>\$ 574</u>
<b>Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance</b>				
<b>Contribution to / (Use of) Fund Balance (Budgetary Basis)</b>			\$ 244	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as other financing sources for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			(389)	
Current year non-budgeted expenditures treated as other financing uses for financial reporting purposes (due to perspective difference) but not as a budgetary outflows.			<u>389</u>	
<b>Net Change in Fund Balance (GAAP Basis)</b>			<u>\$ 244</u>	



## **Nonmajor Enterprise Funds**

Nonmajor Enterprise Funds are used to account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supported by user charges. The operations of Proprietary Funds are accounted for in such manner as to show a profit or loss similar to comparable private enterprises.

### **Municipal Airports Fund**

The Municipal Airports Fund is used to account for the Meacham, Spinks (South Fort Worth), and Alliance (North Fort Worth) Airport operations. Revenues are derived principally from the hangar and terminal building rental, landing fees, and fuel surcharges.

### **Municipal Parking Fund**

The Municipal Parking Fund is used to account for the operation of the Will Rogers Memorial Center parking system, Taylor Street garage, Convention Center garage, Houston Street garage, Western Heritage garage, 15th Street garage, and several surface lots located in the downtown area, as well as parking meters and parking compliance personnel. The Fund's operations are financed by parking activities and office space rentals.

### **Solid Waste Fund**

The Solid Waste Fund is used to account for solid waste services provided to the residents of the City. The Fund's operations are financed by trash collection utility fees and cart rentals.

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Municipal Airports</b>	<b>Municipal Parking</b>	<b>Solid Waste</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Assets</b>				
Current Assets:				
Cash, Cash Equivalents, & Investments	\$ 10,733	\$ 2,744	\$ 17,469	\$ 30,946
Interest Receivable	8	1	9	18
Accounts and Other Receivables, Net of Allowance for Uncollectible	883	3	8,407	9,293
Lease Receivable	4,371	3,104	-	7,475
Restricted Assets:				
Cash & Cash Equivalents	2,470	98	1,114	3,682
Total Current Assets	<u>18,465</u>	<u>5,950</u>	<u>26,999</u>	<u>51,414</u>
Noncurrent Assets:				
Long-Term Loans Receivable	<u>1,143</u>	<u>-</u>	<u>-</u>	<u>1,143</u>
Restricted Assets:				
Cash & Cash Equivalents	18,017	1,525	11,630	31,172
Cash, Cash Equivalents, & Investments Held by Trustees	45,010	-	9,986	54,996
Grants Receivable	6,352	-	-	6,352
Interest Receivable	<u>68</u>	<u>1</u>	<u>3</u>	<u>72</u>
Total Restricted Assets	<u>69,447</u>	<u>1,526</u>	<u>21,619</u>	<u>92,592</u>
Capital Assets (at Cost):				
Land/Right of Way	155,610	4,096	5,695	165,401
Buildings	40,151	56,572	5,520	102,243
Infrastructure	348,711	8,134	19,071	375,916
Vehicles, Machinery and Equipment	3,430	1,455	5,012	9,897
Construction in Progress	26,187	-	28	26,215
Intangibles - Depreciable	-	-	677	677
Intangibles - Non-Depreciable	1,525	-	-	1,525
Accumulated Depreciation	<u>(230,574)</u>	<u>(23,504)</u>	<u>(16,426)</u>	<u>(270,504)</u>
Net Capital Assets	<u>345,040</u>	<u>46,753</u>	<u>19,577</u>	<u>411,370</u>
Total Noncurrent Assets	<u>415,630</u>	<u>48,279</u>	<u>41,196</u>	<u>505,105</u>
Total Assets	<u>434,095</u>	<u>54,229</u>	<u>68,195</u>	<u>556,519</u>
Deferred Outflows of Resources				
	<u>1,467</u>	<u>2,188</u>	<u>5,039</u>	<u>8,694</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 435,562</u>	<u>\$ 56,417</u>	<u>\$ 73,234</u>	<u>\$ 565,213</u>

(continued)

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Solid Waste</u>	<u>Total</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>Liabilities</b>				
Current Liabilities:				
Accounts Payable	\$ 532	\$ 237	\$ 5,129	\$ 5,898
Accrued Payroll	37	19	125	181
Current Portion of Long-Term Liabilities	97	1,901	801	2,799
Payables from Restricted Assets:				
Construction Payable	1,824	-	133	1,957
Customer Deposits	-	-	979	979
Accrued Interest Payable	-	98	2	100
Unearned Revenue	646	-	-	646
Total Current Liabilities	<u>3,136</u>	<u>2,255</u>	<u>7,169</u>	<u>12,560</u>
Long-Term Liabilities:				
Long-Term Liabilities Due in More Than One Year	<u>7,005</u>	<u>28,621</u>	<u>36,431</u>	<u>72,057</u>
Total Long-Term Liabilities	<u>7,005</u>	<u>28,621</u>	<u>36,431</u>	<u>72,057</u>
Total Liabilities	<u>10,141</u>	<u>30,876</u>	<u>43,600</u>	<u>84,617</u>
Deferred Inflows of Resources	<u>5,415</u>	<u>4,199</u>	<u>3,853</u>	<u>13,467</u>
Total Liabilities and Deferred Inflows of Resources	<u>15,556</u>	<u>35,075</u>	<u>47,453</u>	<u>98,084</u>
<b>NET POSITION (DEFICIT)</b>				
Net Investment in Capital Assets	343,216	20,027	18,184	381,427
Restricted for:				
Debt Service	-	844	1,188	2,032
Unrestricted (Deficit)	<u>76,790</u>	<u>471</u>	<u>6,409</u>	<u>83,670</u>
Total Net Position	<u>\$ 420,006</u>	<u>\$ 21,342</u>	<u>\$ 25,781</u>	<u>\$ 467,129</u>

(concluded)

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Municipal Airports</b>	<b>Municipal Parking</b>	<b>Solid Waste</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 15,189	\$ 6,282	\$ 72,734	\$ 94,205
Other	149	2	5,997	6,148
Total Operating Revenues	<u>15,338</u>	<u>6,284</u>	<u>78,731</u>	<u>100,353</u>
<b>OPERATING EXPENSES</b>				
Personnel Services	3,582	1,471	7,275	12,328
Supplies and Materials	649	136	753	1,538
Contractual Services	10,320	2,889	55,123	68,332
Landfill Closure and Postclosure Cost	-	-	1,240	1,240
Depreciation	12,516	1,871	946	15,333
Total Operating Expenses	<u>27,067</u>	<u>6,367</u>	<u>65,337</u>	<u>98,771</u>
Operating Income (Loss)	<u>(11,729)</u>	<u>(83)</u>	<u>13,394</u>	<u>1,582</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment (Loss)	(5,908)	(192)	(1,405)	(7,505)
Gain on Sale of Property and Equipment	53	-	1	54
Interest and Service Charges	-	(893)	(34)	(927)
Lease Interest Income	89	63	-	152
Gas Leases and Royalties	6,085	-	-	6,085
Other	(3,133)	-	-	(3,133)
Total Nonoperating Revenues (Expenses)	<u>(2,814)</u>	<u>(1,022)</u>	<u>(1,438)</u>	<u>(5,274)</u>
Income (Loss) Before Transfers and Contributions	<u>(14,543)</u>	<u>(1,105)</u>	<u>11,956</u>	<u>(3,692)</u>
Transfers In	60	3,384	-	3,444
Transfers Out	(142)	(19)	(6,580)	(6,741)
Capital Contributions	20,376	-	-	20,376
Changes in Net Position	5,751	2,260	5,376	13,387
Total Net Position, Beginning of Year	414,255	19,082	20,405	453,742
Total Net Position, End of Year	<u>\$ 420,006</u>	<u>\$ 21,342</u>	<u>\$ 25,781</u>	<u>\$ 467,129</u>



**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Municipal Airports</b>	<b>Municipal Parking</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers	\$ 16,742	\$ 6,324	\$ 72,251	\$ 95,317
Receipts from Other Operating Sources	149	2	5,997	6,148
Other Receipts	3,133	-	-	3,133
Payments to Employees	(2,600)	(1,226)	(8,697)	(12,523)
Payments to Vendors	(10,987)	(2,972)	(59,050)	(73,009)
Net Cash Provided by Operating Activities	<u>6,437</u>	<u>2,128</u>	<u>10,501</u>	<u>19,066</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers In from Other Funds	60	3,384	-	3,444
Advances from Other Funds	-	(514)	-	(514)
Transfers Out to Other Funds	(142)	(19)	(6,580)	(6,741)
Net Cash Used for Noncapital Financing Activities	<u>(82)</u>	<u>2,851</u>	<u>(6,580)</u>	<u>(3,811)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Proceeds from Sale of Property and Equipment	53	-	1	54
Interest Income Lesases	89	63	-	152
Contributions	14,592	-	-	14,592
Acquisition and Construction of Capital Assets	(26,609)	(3)	(646)	(27,258)
Principal Paid on Long-Term Debt	-	(1,760)	(435)	(2,195)
Interest Paid on Long-Term Obligations	-	(1,191)	(36)	(1,227)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(11,875)</u>	<u>(2,891)</u>	<u>(1,116)</u>	<u>(15,882)</u>
<b>Cash Flows from Investing Activities:</b>				
Receipts from Gas Leases and Royalties	6,085	-	-	6,085
Purchases of Investments	(9,002)	-	-	(9,002)
Sales of Investments	10,325	-	-	10,325
Investment Income Received	4,500	(302)	(1,360)	2,838
Net Cash Provided by (Used for) Investing Activities	<u>11,908</u>	<u>(302)</u>	<u>(1,360)</u>	<u>10,246</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>6,388</u>	<u>1,786</u>	<u>1,445</u>	<u>9,619</u>
Cash and Cash Equivalents, Beginning of Year	<u>34,535</u>	<u>2,581</u>	<u>38,754</u>	<u>75,870</u>
Cash and Cash Equivalents, End of Year	<u>\$ 40,923</u>	<u>\$ 4,367</u>	<u>\$ 40,199</u>	<u>\$ 85,489</u>

(continued)



**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Municipal Airports</b>	<b>Municipal Parking</b>	<b>Solid Waste</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
Operating Income (Loss)	\$ (11,729)	\$ (83)	\$ 13,394	\$ 1,582
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	12,516	1,871	946	15,333
Changes in Assets and Liabilities:				
Accounts and Other Receivables	4,286	(2)	(297)	3,987
Lease Receivable	290	61	-	351
Long Term Loans Receivable	73	-	-	73
Deferred Outflows of Resources (Pension)	899	400	3,688	4,987
Deferred Outflows of Resources (OPEB)	192	-	1,020	1,212
Accounts Payable	(18)	53	(3,175)	(3,140)
Accrued Payroll and Compensation	(10)	(25)	(166)	(201)
Customer Deposits	-	-	1	1
Unearned Revenue	37	(17)	294	314
Landfill Closure and Postclosure Liability	-	-	1,241	1,241
Net Pension Liability	(910)	(465)	(3,020)	(4,395)
Net OPEB Liability	250	-	(4,241)	(3,991)
Deferred Inflows of Resources (Pension)	568	335	1,692	2,595
Deferred Inflows of Resources (OPEB)	(7)	-	(395)	(402)
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)
Total Adjustments	18,166	2,211	(2,893)	17,484
Net Cash Provided by Operating Activities	\$ 6,437	\$ 2,128	\$ 10,501	\$ 19,066
<b>The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:</b>				
Current - Cash, Cash Equivalents, & Investments	\$ 10,733	\$ 2,744	\$ 17,469	\$ 30,946
Current Restricted - Cash & Cash Equivalents	2,470	98	1,114	3,682
Noncurrent Restricted - Cash & Cash Equivalents	18,017	1,525	11,630	31,172
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	45,010	-	9,986	54,996
Less: Gas Well Investments Held by Trustees	(35,307)	-	-	(35,307)
Total Cash and Cash Equivalents	\$ 40,923	\$ 4,367	\$ 40,199	\$ 85,489
<b>Noncash Investing, Capital, and Financing Activities:</b>				
Capitalized Interest	\$ -	\$ (24)	\$ -	\$ (24)
Net Recovery of Prior Years Expenses	(3,133)	-	-	(3,133)
Amortization of Bond Premium	-	502	-	502
Amortization of Bond Defeasement Loss	-	(187)	-	(187)
Change in Fair Value on Pooled Investments	(280)	(231)	(1,737)	(2,248)
Change in Fair Value on Non-Pooled Investments	(10,091)	-	-	(10,091)

(concluded)



## **Internal Service Funds**

Internal Service Funds have been established to account for the financing of goods and services provided by one department to other City departments.

### **Equipment Services Fund**

The Equipment Services Fund is used to account for the maintenance, repair and rental operations of most City vehicles.

### **Capital Project Services Fund**

The Capital Project Services Fund is used to account for general engineering services and legal support provided to various City departments.

### **Group Health and Life Insurance**

The Group Health and Life Insurance Fund accounts for medical benefits for City employees, and their eligible spouses and/or dependents.

### **Risk Financing**

The fund administration of the City's commercial insurance program, self-insured programs, claims litigation management, and subrogation. This is to protect City resources and to minimize the financial impact when losses do occur. Workers' Compensation is self-funded by the City. Claims are handled by a third-party administrator or contractor. The City is a reimbursing agency for unemployment compensation. The Texas Workforce Commission (TWC) sends quarterly reports to the City concerning claims paid on behalf of the City to eligible former employees.

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Equipment Services</b>	<b>Capital Project Services</b>	<b>Group Health and Life Insurance</b>	<b>Risk Financing</b>	<b>Total</b>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash, Cash Equivalents, & Investments	\$ 5,750	\$ 5,545	\$ 38,648	\$ 27,560	\$ 77,503
Interest Receivable	1	2	15	11	29
Accounts and Other Receivables, Net of Allowance for Uncollectible	-	-	-	123	123
Inventories (at Cost)	618	-	-	-	618
Prepays, Deposits, and Other	-	53	-	-	53
Total Current Assets	<u>6,369</u>	<u>5,600</u>	<u>38,663</u>	<u>27,694</u>	<u>78,326</u>
<b>Noncurrent Assets:</b>					
Restricted Assets:					
Cash & Cash Equivalents	280	-	-	2,265	2,545
Cash, Cash Equivalents, & Investments Held by Trustees	-	-	2,566	798	3,364
Total Restricted Assets	<u>280</u>	<u>-</u>	<u>2,566</u>	<u>3,063</u>	<u>5,909</u>
Capital Assets (at Cost):					
Land/Right of Way	1,119	4	-	-	1,123
Buildings	4,656	-	-	-	4,656
Infrastructure	1,051	91	-	-	1,142
Vehicles, Machinery and Equipment	2,585	1,038	-	-	3,623
Intangibles - Depreciable	201	-	-	-	201
Accumulated Depreciation	(7,255)	(1,129)	-	-	(8,384)
Net Capital Assets	<u>2,357</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>2,361</u>
Total Noncurrent Assets	<u>2,637</u>	<u>4</u>	<u>2,566</u>	<u>3,063</u>	<u>8,270</u>
Total Assets	<u>9,006</u>	<u>5,604</u>	<u>41,229</u>	<u>30,757</u>	<u>86,596</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	1,811	182	870	1,154	4,017
Accrued Payroll	121	184	14	29	348
Current Portion of Long-Term Liabilities	<u>301</u>	<u>429</u>	<u>7,184</u>	<u>12,719</u>	<u>20,633</u>
Total Current Liabilities	<u>2,233</u>	<u>795</u>	<u>8,068</u>	<u>13,902</u>	<u>24,998</u>
<b>Long-Term Liabilities:</b>					
Long-Term Liabilities Due in More Than One Year	<u>704</u>	<u>1,029</u>	<u>64</u>	<u>29,226</u>	<u>31,023</u>
Total Long-Term Liabilities	<u>704</u>	<u>1,029</u>	<u>64</u>	<u>29,226</u>	<u>31,023</u>
Total Liabilities	<u>2,937</u>	<u>1,824</u>	<u>8,132</u>	<u>43,128</u>	<u>56,021</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,357	4	-	-	2,361
Unrestricted	3,712	3,776	33,097	(12,371)	28,214
Total Net Position	<u>\$ 6,069</u>	<u>\$ 3,780</u>	<u>\$ 33,097</u>	<u>\$ (12,371)</u>	<u>\$ 30,575</u>

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Equipment Services</b>	<b>Capital Project Services</b>	<b>Group Health and Life Insurance</b>	<b>Risk Financing</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 33,944	\$ 15,053	\$ 63,379	\$ 20,847	\$ 133,223
Other	42	-	5,143	1,192	6,377
Total Operating Revenues	<u>33,986</u>	<u>15,053</u>	<u>68,522</u>	<u>22,039</u>	<u>139,600</u>
<b>OPERATING EXPENSES</b>					
Personnel Services	8,688	12,349	972	1,843	23,852
Supplies and Materials	11,512	476	13	19	12,020
Contractual Services	12,943	2,234	72,871	38,155	126,203
Depreciation	253	-	-	-	253
Total Operating Expenses	<u>33,396</u>	<u>15,059</u>	<u>73,856</u>	<u>40,017</u>	<u>162,328</u>
Operating Income (Loss)	<u>590</u>	<u>(6)</u>	<u>(5,334)</u>	<u>(17,978)</u>	<u>(22,728)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment (Loss)	(314)	(89)	(839)	(1,303)	(2,545)
Gain (Loss) on Sale of Property and Equipment	11	10	-	-	21
Total Nonoperating Revenues (Expenses)	<u>(303)</u>	<u>(79)</u>	<u>(839)</u>	<u>(1,303)</u>	<u>(2,524)</u>
Income (Loss) Before Transfers	<u>287</u>	<u>(85)</u>	<u>(6,173)</u>	<u>(19,281)</u>	<u>(25,252)</u>
Transfers Out	<u>(77)</u>	<u>(1,971)</u>	<u>(212)</u>	<u>(3,011)</u>	<u>(5,271)</u>
Changes in Net Position	210	(2,056)	(6,385)	(22,292)	(30,523)
Total Net Position, Beginning of Year	5,859	5,836	39,482	9,921	61,098
Total Net Position, End of Year	<u>\$ 6,069</u>	<u>\$ 3,780</u>	<u>\$ 33,097</u>	<u>\$ (12,371)</u>	<u>\$ 30,575</u>

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Equipment Services</b>	<b>Capital Project Services</b>	<b>Group Health and Life Insurance</b>	<b>Risk Financing</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>					
Receipts from Other Funds	\$ 33,944	\$ 15,052	\$ 63,379	\$ 20,821	\$ 133,196
Receipts from Other Operating Sources	42	-	5,143	1,192	6,377
Payments to Employees	(8,804)	(12,576)	(991)	10,023	(12,348)
Payments to Vendors	(24,880)	(2,681)	(13)	(19)	(27,593)
Payments for Benefits	-	-	(72,417)	(37,246)	(109,663)
Net Cash Provided by (Used for) Operating Activities	<u>302</u>	<u>(205)</u>	<u>(4,899)</u>	<u>(5,229)</u>	<u>(10,031)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers Out to Other Funds	(77)	(1,971)	(212)	(3,011)	(5,271)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(77)</u>	<u>(1,971)</u>	<u>(212)</u>	<u>(3,011)</u>	<u>(5,271)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from Sale of Property and Equipment	11	10	-	-	21
Acquisition and Construction of Capital Assets	(160)	-	-	-	(160)
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>(149)</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>(139)</u>
<b>Cash Flows from Investing Activities:</b>					
Investment Income Received	(308)	(72)	(771)	(1,247)	(2,398)
Net Cash Provided by (Used for) Investing Activities	<u>(308)</u>	<u>(72)</u>	<u>(771)</u>	<u>(1,247)</u>	<u>(2,398)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(232)</u>	<u>(2,238)</u>	<u>(5,882)</u>	<u>(9,487)</u>	<u>(17,839)</u>
Cash and Cash Equivalents, Beginning of Year	6,262	7,783	47,096	40,110	101,251
Cash and Cash Equivalents, End of Year	<u>\$ 6,030</u>	<u>\$ 5,545</u>	<u>\$ 41,214</u>	<u>\$ 30,623</u>	<u>\$ 83,412</u>

(continued)

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Equipment Services</b>	<b>Capital Project Services</b>	<b>Group Health and Life Insurance</b>	<b>Risk Financing</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss)	\$ 590	\$ (6)	\$ (5,334)	\$ (17,978)	\$ (22,728)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Depreciation	253	-	-	-	253
Changes in Assets and Liabilities:					
Accounts and Other Receivables	-	-	-	(26)	(26)
Inventories	(272)	-	-	-	(272)
Prepays, Deposits, and Other Assets	-	(1)	-	-	(1)
Accounts Payable	(153)	29	(802)	(183)	(1,109)
Accrued Payroll and Compensation	(116)	(227)	(19)	11,866	11,504
Accrued Benefits	-	-	1,256	1,092	2,348
Total Adjustments	<u>(288)</u>	<u>(199)</u>	<u>435</u>	<u>12,749</u>	<u>12,697</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 302</u>	<u>\$ (205)</u>	<u>\$ (4,899)</u>	<u>\$ (5,229)</u>	<u>\$ (10,031)</u>
<b>The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:</b>					
Current - Cash, Cash Equivalents, & Investments	\$ 5,750	\$ 5,545	\$ 38,648	\$ 27,560	\$ 77,503
Noncurrent Restricted - Cash & Cash Equivalents	280	-	-	2,265	2,545
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	-	-	2,566	798	3,364
Total Cash and Cash Equivalents	<u>\$ 6,030</u>	<u>\$ 5,545</u>	<u>\$ 41,214</u>	<u>\$ 30,623</u>	<u>\$ 83,412</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Change in Fair Value on Pooled Investments	\$ (352)	\$ (154)	\$ (1,217)	\$ (1,570)	\$ (3,293)

(concluded)

## **Pension (and Other Employee Benefit) Trust Funds**

Fiduciary funds are used to account for resources held by the City as a trustee or agent. Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City reports the following fiduciary funds:

### **Retirement Pension Trust Fund**

For accounting measurement purposes, the Retirement Pension Trust Fund is accounted for in essentially the same manner as proprietary funds. The Retirement Pension Trust Fund accounts for the assets of the City's employees and employees of the Employees' Retirement Fund and issues separately audited financial statements. Those statements can be obtained by contacting the Employee's Retirement Plan of the City of Fort Worth, 3801 Hulen St., Suite 101, Fort Worth, Texas, 76107.

### **Retiree Healthcare Trust Fund**

For accounting measurement purposes, the Retiree Healthcare Trust Fund is accounted for in essentially the same manner as proprietary funds. The Retiree Healthcare Trust Fund accounts for the assets of the City's postemployment healthcare benefit.

### **Fort Worth Firefighters Healthcare Trust Fund**

For accounting measurement purposes, the Fort Worth Firefighters Healthcare Trust Fund is accounted for in essentially the same manner as proprietary funds. The Fort Worth Firefighters Healthcare Trust Fund accounts for the assets of the City's firefighters' employment and postemployment healthcare benefit.



**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Retirement Pension Trust Fund</b>	<b>Retiree Healthcare Trust Fund</b>	<b>Fort Worth Firefighters Healthcare Trust Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Current Assets:				
Cash & Cash Equivalents	\$ 200	\$ 10,217	\$ 3,972	\$ 14,389
Cash & Investments Held by Trustees:				
Assets and Mortgage Backed Obligations	58,661	-	-	58,661
Corporate Obligations	128,239	23,747	-	151,986
Government Agency Obligations	86,225	14,630	-	100,855
International Obligations	4,047	3,141	-	7,188
Securities Lending Collateral	305,351	-	-	305,351
U.S. Treasuries	93,725	9,166	-	102,891
Short-Term Mutual Fund Investments	552,691	27,391	-	580,082
Corporate Stock	258,522	-	-	258,522
Alternative Investments	551,669	-	-	551,669
Commingled Funds	772,471	-	-	772,471
Total Cash & Investments Held by Trustees	2,811,601	78,075	-	2,889,676
Prepays	28	-	-	28
Accrued Income	4,257	321	-	4,578
Other Receivables	11,634	1	651	12,286
Due From Broker Securities Sold	157,345	-	-	157,345
Total Current Assets	2,985,065	88,614	4,623	3,078,302
Capital Assets (at Cost):				
Land	404	-	-	404
Buildings	3,622	-	-	3,622
Machinery and Equipment	4,107	-	-	4,107
Accumulated Depreciation	(1,314)	-	-	(1,314)
Net Capital Assets	6,819	-	-	6,819
Total Assets	2,991,884	88,614	4,623	3,085,121
<b>LIABILITIES</b>				
Current Liabilities:				
Accrued Liabilities	1,548	246	2,122	3,916
Obligations Under Securities Lending	305,351	-	-	305,351
Due to Broker Securities Purchased	180,924	-	-	180,924
Total Current Liabilities	487,823	246	2,122	490,191
<b>NET POSITION</b>				
Restricted for:				
Pensions	2,504,061	-	-	2,504,061
Postemployment Benefits Other Than Pensions	-	88,368	2,501	90,869
Total Net Position	\$ 2,504,061	\$ 88,368	\$ 2,501	\$ 2,594,930

**CITY OF FORT WORTH, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Retirement Pension Trust Fund</b>	<b>Retiree Healthcare Trust Fund</b>	<b>Fort Worth Firefighters Healthcare Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Interest, Dividend, and Securities Lending Income	\$ 30,675	\$ 1,601	\$ -	\$ 32,276
Less: Investment Management Fees and Interest Expense	(5,816)	(245)	-	(6,061)
Net Gain (Loss) in Fair Value of Investments	(294,951)	(15,724)	-	(310,675)
Other Income	13,328	1,359	488	15,175
Employer Contributions	137,012	21,133	12,779	170,924
Employee/Retiree Contributions	65,594	-	5,695	71,289
Total Additions	<u>(54,158)</u>	<u>8,124</u>	<u>18,962</u>	<u>(27,072)</u>
<b>DEDUCTIONS</b>				
Benefit Payments	259,372	21,704	18,928	300,004
Refunds	5,994	-	-	5,994
Administrative Expenses	6,855	1,197	1,024	9,076
Total Deductions	<u>272,221</u>	<u>22,901</u>	<u>19,952</u>	<u>315,074</u>
Change in Net Position	(326,379)	(14,777)	(990)	(342,146)
Net Position, Beginning of Year	2,830,440	103,145	3,491	2,937,076
Net Position, End of Year	<u>\$ 2,504,061</u>	<u>\$ 88,368</u>	<u>\$ 2,501</u>	<u>\$ 2,594,930</u>

# STATISTICAL SECTION (UNAUDITED)

## STATISTICAL SECTION

(Unaudited)

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

		<b>Tables</b>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>1-4</b>
<b>Revenue Capacity</b>	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	<b>5-12</b>
<b>Debt Capacity</b>	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>13-18</b>
<b>Demographic &amp; Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>19-28</b>
<b>Operating Information</b>	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 the City provides and the activities it performs.	<b>29-31</b>

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF FORT WORTH, TEXAS**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(Accrual Basis of Accounting)**  
**(in 000's)**

	<b>2013</b>	<b>2014</b>	<b>2015<sup>(a)</sup></b>	<b>2016</b>	<b>2017</b>
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 1,053,547	\$ 1,092,890	\$ 1,228,012	\$ 1,302,450	\$ 1,392,113
Restricted for Debt Service	1,660	2,616	6,585	10,977	29,259
Restricted for Capital Projects	23,512	33,367	45,773	42,877	57,721
Unrestricted (Deficit) <sup>(a)</sup>	<u>(128,038)</u>	<u>(214,634)</u>	<u>(1,552,115)</u>	<u>(1,677,201)</u>	<u>(1,995,603)</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ 950,681</u>	<u>\$ 914,239</u>	<u>\$ (271,745)</u>	<u>\$ (320,897)</u>	<u>\$ (516,510)</u>
<b>Business-Type Activities:</b>					
Net Investment in Capital Assets	\$ 1,850,152	\$ 1,864,396	\$ 1,990,723	\$ 2,052,536	\$ 2,242,924
Restricted for Debt Service	34,513	27,641	3,852	10,576	13,146
Restricted for Capital Projects	35,852	33,276	26,070	15,221	26,028
Unrestricted (Deficit)	<u>216,989</u>	<u>290,454</u>	<u>117,473</u>	<u>181,027</u>	<u>127,082</u>
Total Business-Type Activities Net Position	<u>\$ 2,137,506</u>	<u>\$ 2,215,767</u>	<u>\$ 2,138,118</u>	<u>\$ 2,259,360</u>	<u>\$ 2,409,180</u>
<b>Primary Government:</b>					
Net Investment in Capital Assets	\$ 2,903,699	\$ 2,957,286	\$ 3,218,735	\$ 3,354,986	\$ 3,635,037
Restricted for Debt Service	36,173	30,257	10,437	21,553	42,405
Restricted for Capital Projects	59,364	66,643	71,843	58,098	83,749
Unrestricted (Deficit)	<u>88,951</u>	<u>75,820</u>	<u>(1,434,642)</u>	<u>(1,496,174)</u>	<u>(1,868,521)</u>
Total Primary Government Net Position	<u>\$ 3,088,187</u>	<u>\$ 3,130,006</u>	<u>\$ 1,866,373</u>	<u>\$ 1,938,463</u>	<u>\$ 1,892,670</u>

Source: Annual Comprehensive Financial Report for the respective years.

(a) For FY2015, decrease due to GASB 68 Implementation. For FY2018, decrease due to GASB 75 implementation.

(b) For FY2021, beginning net position was restated by \$5,919 due to correction of error. Refer to Note A.16 for further information.

**TABLE 1**

<b>2018<sup>(a)</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021<sup>(b)</sup></b>	<b>2022</b>
\$ 1,451,492	\$ 1,641,806	\$ 2,286,781	\$ 2,370,496	\$ 2,493,914
25,609	36,341	30,324	18,749	19,504
63,125	75,663	89,029	98,978	102,273
<u>(2,600,878)</u>	<u>(2,830,558)</u>	<u>(1,770,206)</u>	<u>(1,862,337)</u>	<u>(1,956,953)</u>
<u>\$ (1,060,652)</u>	<u>\$ (1,076,748)</u>	<u>\$ 635,928</u>	<u>\$ 625,886</u>	<u>\$ 658,738</u>
\$ 2,278,993	\$ 2,498,815	\$ 2,597,318	\$ 2,670,886	\$ 2,868,449
46,026	58,513	56,825	67,590	60,671
28,739	53,732	93,842	73,711	102,504
<u>172,722</u>	<u>85,747</u>	<u>311,453</u>	<u>449,081</u>	<u>469,952</u>
<u>\$ 2,526,480</u>	<u>\$ 2,696,807</u>	<u>\$ 3,059,438</u>	<u>\$ 3,261,268</u>	<u>\$ 3,501,576</u>
\$ 3,730,485	\$ 4,140,621	\$ 4,884,099	\$ 5,041,382	\$ 5,362,363
71,635	94,854	87,149	86,339	80,175
91,864	129,395	182,871	172,689	204,777
<u>(2,428,156)</u>	<u>(2,744,811)</u>	<u>(1,458,753)</u>	<u>(1,413,256)</u>	<u>(1,487,001)</u>
<u>\$ 1,465,828</u>	<u>\$ 1,620,059</u>	<u>\$ 3,695,366</u>	<u>\$ 3,887,154</u>	<u>\$ 4,160,314</u>

**CITY OF FORT WORTH, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(Accrual Basis of Accounting)**  
**(in 000's)**

	2013	2014	2015 <sup>(a)</sup>	2016	2017
<b>Expenses</b>					
Governmental Activities:					
General Government	\$ 114,575	\$ 173,634	\$ 202,450	\$ 160,124	\$ 152,609
Public Safety	431,362	424,289	529,188	551,562	698,059
Highways and Streets	-	-	131,535	154,346	157,108
Culture and Recreation	62,626	62,167	129,115	128,444	174,426
Health and Welfare	-	-	3,548	6,863	11,076
Urban Redevelopment and Housing	-	-	36,544	68,782	76,190
Transportation and Public Works	129,820	147,429	-	-	-
Public Library	21,736	20,842	-	-	-
Public Events and Facilities	35,545	32,876	-	-	-
Planning and Development	14,145	12,382	-	-	-
Housing and Economic Development	20,388	18,402	-	-	-
Interest and Service Charges	34,366	31,522	26,448	30,493	31,636
Total Governmental Activities	864,563	923,543	1,058,828	1,100,614	1,301,104
Business-Type Activities:					
Water and Sewer	302,447	317,526	340,113	358,053	376,755
Stormwater Utility	22,531	23,745	28,198	24,365	30,238
Municipal Airports	18,768	23,089	14,194	20,519	14,628
Municipal Parking	6,621	6,649	7,602	7,387	6,699
Solid Waste	48,903	48,420	52,586	53,089	59,292
Municipal Golf <sup>(a)</sup>	5,614	5,396	-	-	-
Total Business-Type Activities	404,884	424,825	442,693	463,413	487,612
Total Primary Government Expenses	\$ 1,269,447	\$ 1,348,368	\$ 1,501,521	\$ 1,564,027	\$ 1,788,716
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General Government	\$ 5,933	\$ 6,575	\$ 19,229	\$ 22,900	\$ 25,075
Public Safety	25,339	23,023	9,984	13,110	12,463
Highways and Streets	-	-	13,884	12,549	12,952
Culture and Recreation	2,990	4,021	20,266	19,491	17,137
Urban Redevelopment and Housing	-	-	13,344	20,824	18,356
Transportation and Public Works	14,984	14,683	-	-	-
Public Library	629	608	-	-	-
Public Events and Facilities	10,814	11,421	-	-	-
Planning and Development	11,497	11,308	-	-	-
Housing and Economic Development	4,845	1,998	-	-	-
Operating Grants and Contributions	45,173	43,700	37,810	61,189	54,497
Capital Grants and Contributions	52,682	69,149	62,794	76,667	123,816
Total Governmental Activities	174,886	186,486	177,311	226,730	264,296
Business-Type Activities:					
Charges for Services:					
Water and Sewer	352,005	361,853	389,188	415,125	424,078
Stormwater Utility	34,973	35,409	36,185	36,887	37,016
Municipal Airports	4,662	5,074	5,437	6,078	6,480
Municipal Parking	7,105	7,082	7,310	7,815	7,863
Solid Waste	50,344	50,338	52,373	54,003	54,705
Municipal Golf <sup>(a)</sup>	3,859	3,621	-	-	-
Capital Grants and Contributions	35,910	42,682	88,617	87,851	121,769
Total Business-Type Activities	488,858	506,059	579,110	607,759	651,911
Total Primary Government Program Revenues	\$ 663,744	\$ 692,545	\$ 756,421	\$ 834,489	\$ 916,207

**CITY OF FORT WORTH, TEXAS**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(Accrual Basis of Accounting)**  
**(in 000's)**

	2018 <sup>(a)</sup>	2019	2020 <sup>(b)</sup>	2021 <sup>(c)</sup>	2022
\$	149,942	\$ 166,338	\$ 14,398	\$ 155,727	\$ 203,814
	687,036	671,224	(167,533)	812,332	721,920
	158,652	167,258	125,762	168,720	181,362
	284,181	171,710	73,767	143,584	185,163
	11,104	11,017	29,132	100,856	25,086
	92,183	82,821	67,747	91,550	155,320
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	30,844	32,715	33,443	30,753	31,875
	<u>1,413,942</u>	<u>1,303,083</u>	<u>176,716</u>	<u>1,503,522</u>	<u>1,504,540</u>
	375,603	365,414	245,882	411,742	442,863
	29,690	31,960	20,012	37,683	37,835
	18,694	19,424	16,812	22,943	27,014
	6,744	7,030	4,406	6,850	7,260
	57,654	62,407	50,923	61,098	65,370
	-	-	-	-	-
	<u>488,385</u>	<u>486,235</u>	<u>338,035</u>	<u>540,316</u>	<u>580,342</u>
\$	<u>1,902,327</u>	<u>1,789,318</u>	<u>514,751</u>	<u>2,043,838</u>	<u>2,084,882</u>
\$	14,850	\$ 24,044	\$ 22,895	\$ 24,609	\$ 26,064
	11,488	12,689	16,328	10,081	14,059
	12,244	8,921	2,290	313	426
	28,657	26,871	21,252	22,526	30,889
	24,814	20,731	19,728	23,736	30,687
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	65,082	76,267	662,064	191,057	145,939
	97,698	170,497	172,337	201,959	186,426
	<u>254,833</u>	<u>340,020</u>	<u>916,894</u>	<u>474,281</u>	<u>434,490</u>
	466,462	452,989	477,948	486,106	558,595
	38,621	40,037	43,313	47,082	48,489
	7,359	8,032	9,141	12,165	15,189
	8,577	8,501	4,918	4,945	6,282
	57,746	59,771	63,904	67,710	72,734
	-	-	-	-	-
	<u>101,120</u>	<u>88,757</u>	<u>111,419</u>	<u>141,318</u>	<u>156,752</u>
	<u>679,885</u>	<u>658,087</u>	<u>710,643</u>	<u>759,326</u>	<u>858,041</u>
\$	<u>934,718</u>	<u>998,107</u>	<u>1,627,537</u>	<u>1,233,607</u>	<u>1,292,531</u>

(concluded)



**TABLE 2**

	2013	2014	2015 <sup>(a)</sup>	2016	2017
<b>Net (Expense) and Revenue</b>					
Governmental Activities	\$ (689,677)	\$ (737,057)	\$ (881,517)	\$ (873,884)	\$ (1,036,808)
Business-Type Activities	83,974	81,234	136,417	144,346	164,299
Total Primary Government Net Expense	<u>\$ (605,703)</u>	<u>\$ (655,823)</u>	<u>\$ (745,100)</u>	<u>\$ (729,538)</u>	<u>\$ (872,509)</u>
<b>General Revenues and Changes in Net Position (Deficit)</b>					
Governmental Activities:					
Taxes:					
General Property Taxes	\$ 361,568	\$ 389,118	\$ 413,687	\$ 426,247	\$ 452,357
Other Local Taxes	203,417	217,799	226,028	235,146	250,669
Franchise Fees	49,489	51,205	53,129	49,031	50,078
Gas Leases and Royalties	10,834	16,500	15,717	18,485	9,063
Investment Income	3,149	8,622	6,025	3,703	7,239
Gain on Debt Defeasance	-	-	-	-	-
Other	16,069	20,582	37,594	33,410	38,160
Insurance Recoveries	-	-	-	7,477	-
Transfers	29,282	21,913	55,535	51,233	33,629
Special Items	-	-	31,490	-	-
Gain (Loss) on Disposal of Capital Assets	1,316	-	-	-	-
Total Governmental Activities	<u>675,124</u>	<u>725,739</u>	<u>839,205</u>	<u>824,732</u>	<u>841,195</u>
Business-Type Activities:					
Gas Leases and Royalties	12,377	12,989	8,372	15,869	6,504
Investment Income	1,661	6,077	3,475	2,809	5,240
Other	22,228	5,861	6,087	9,451	7,406
Insurance Recoveries	-	-	-	-	-
Transfers	(29,282)	(21,913)	(55,535)	(51,233)	(33,629)
Total Business-Type Activities	<u>6,984</u>	<u>3,014</u>	<u>(37,601)</u>	<u>(23,104)</u>	<u>(14,479)</u>
Total Primary Government	<u>\$ 682,108</u>	<u>\$ 728,753</u>	<u>\$ 801,604</u>	<u>\$ 801,628</u>	<u>\$ 826,716</u>
<b>Changes in Net Position (Deficit)</b>					
Governmental Activities	\$ (14,553)	\$ (11,318)	\$ (42,312)	\$ (49,152)	\$ (195,613)
Business-Type Activities	90,958	84,248	98,816	121,242	149,820
Total Primary Government	<u>\$ 76,405</u>	<u>\$ 72,930</u>	<u>\$ 56,504</u>	<u>\$ 72,090</u>	<u>\$ (45,793)</u>
Correction of Error (Note A.16)	-	-	-	-	-
<b>Implementation of New Accounting Standard and Change in Accounting</b>	<u>\$ (13,962)</u>	<u>\$ (31,111)</u>	<u>\$ (1,320,137)</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Annual Comprehensive Financial Report for the respective years.

Expenditure and Revenue Functions for Governmental Activities were realigned in Fiscal Year 2015.

(a) The Municipal Golf Fund was transferred to Governmental Activities in Fiscal Year 2015.

(b) Expenses – Significant decrease of expenses in Fiscal Year 2020 when compared to previous years and negative expense balances were due to a decrease of \$839,220 in the City's Net Pension Liability allocated proportionately to Governmental Funds (\$726,265), Water and Sewer Fund (\$88,794), Stormwater Utility Fund (\$10,541), Municipal Airport (\$2,499), Municipal Parking (\$1,330), and Solid Waste Fund (\$9,791). See Note I for additional information.

(c) Beginning Net Position - FY2021 beginning net position was restated to \$641,847 due to Rock Creek Restatement \$16,137 and Capital Asset Restatement (\$10,218). Refer to note A.16 for additional information.

(continued)

TABLE 2

2018 <sup>(a)</sup>	2019	2020 <sup>(b)</sup>	2021 <sup>(c)</sup>	2022
\$ (1,159,109)	\$ (963,063)	\$ 740,178	\$ (1,029,241)	\$ (1,070,050)
191,500	171,852	372,608	219,010	277,699
<u>\$ (967,609)</u>	<u>\$ (791,211)</u>	<u>\$ 1,112,786</u>	<u>\$ (810,231)</u>	<u>\$ (792,351)</u>
\$ 486,418	\$ 517,382	\$ 562,687	\$ 593,721	\$ 619,190
266,479	280,510	273,258	309,769	376,099
51,934	50,494	48,365	48,484	53,331
9,267	6,646	3,236	4,483	13,339
8,902	38,090	34,644	4,778	(33,558)
-	-	79	-	-
13,358	15,394	13,495	12,060	33,785
-	1,303	6	2,634	2,225
37,681	37,148	36,728	37,352	38,491
-	-	-	-	-
-	-	-	-	-
<u>874,039</u>	<u>946,967</u>	<u>972,498</u>	<u>1,013,281</u>	<u>1,102,902</u>
4,754	4,356	2,362	3,118	7,198
7,270	27,885	19,969	10,081	(10,513)
6,349	3,382	4,420	6,792	4,415
-	-	-	180	-
<u>(37,681)</u>	<u>(37,148)</u>	<u>(36,728)</u>	<u>(37,352)</u>	<u>(38,491)</u>
<u>(19,308)</u>	<u>(1,525)</u>	<u>(9,977)</u>	<u>(17,181)</u>	<u>(37,391)</u>
<u>\$ 854,731</u>	<u>\$ 945,442</u>	<u>\$ 962,521</u>	<u>\$ 996,100</u>	<u>\$ 1,065,511</u>
\$ (285,070)	\$ (16,096)	\$ 1,712,676	\$ (15,960)	\$ 32,852
172,192	170,327	362,631	201,829	240,308
<u>\$ (112,878)</u>	<u>\$ 154,231</u>	<u>\$ 2,075,307</u>	<u>\$ 185,869</u>	<u>\$ 273,160</u>
-	-	-	5,919	-
<u>\$ (313,964)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(concluded)

**CITY OF FORT WORTH, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(Modified Accrual Basis of Accounting)**  
**(in 000's)**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Fund					
Nonspendable	\$ 11,723	\$ 5,180	\$ 5,427	\$ 27,823	\$ 2,953
Restricted	9,047	3,045	12,153	12,738	9,886
Committed	74,177	11,768	22,508	22,924	29,009
Assigned	8,005	8,755	193	-	-
Unassigned	58,383	57,294	84,280	68,436	93,601
Total General Fund	<u>161,335</u>	<u>86,042</u>	<u>124,561</u>	<u>131,921</u>	<u>135,449</u>
All Other Governmental Funds					
Nonspendable, reported in:					
Capital Projects	802	752	601	531	412
Grants <sup>(a)</sup>	-	-	-	-	-
Nonmajor Governmental Funds	1,671	2,930	3,891	5,294	2,674
Restricted, reported in:					
Debt Service	9,701	8,263	17,497	22,680	38,018
Capital Projects	323,970	211,029	160,074	235,075	313,630
Grants <sup>(a)</sup>	-	-	-	-	-
Nonmajor Governmental Funds	59,590	90,328	95,981	74,775	70,935
Committed, reported in:					
Debt Service	7,694	11,436	7,993	8,583	10,333
Capital Projects	130,655	126,850	149,945	129,279	218,254
Grants <sup>(a)</sup>	-	-	-	-	-
Nonmajor Governmental Funds	34,609	30,240	4,372	6,458	4,128
Assigned, reported in:					
Debt Service	24	107	199	107	3,945
Capital Projects	36,781	35,414	44,104	62,372	74,194
Nonmajor Governmental Funds	41,060	43,919	33,932	30,224	41,843
Unassigned (Deficit), reported in:					
Grants <sup>(a)</sup>	-	-	-	-	-
Nonmajor Governmental Funds	(3,795)	(1,620)	(785)	(1,794)	(1,140)
Total All Other Governmental Funds	<u>642,762</u>	<u>559,648</u>	<u>517,804</u>	<u>573,584</u>	<u>777,226</u>
Total All Governmental Funds	<u>\$ 804,097</u>	<u>\$ 645,690</u>	<u>\$ 642,365</u>	<u>\$ 705,505</u>	<u>\$ 912,675</u>

Source: Annual Comprehensive Financial Report for the respective years.

(a) The Grants Fund was reported as a Nonmajor Governmental Fund prior to Fiscal Year 2020

**TABLE 3**

<b>2018</b>	<b>2019</b>	<b>2020<sup>(a)</sup></b>	<b>2021</b>	<b>2022</b>
\$ 5,029	\$ 4,717	\$ 7,970	\$ 5,374	\$ 5,624
10,495	10,644	9,041	10,578	9,898
27,360	29,833	29,952	37,955	36,717
2,545	-	4,500	22,600	31,583
107,272	128,603	152,698	163,866	159,308
152,701	173,797	204,161	240,373	243,130
382	1,040	483	681	472
-	-	32	32	32
5,189	4,631	2,644	2,509	2,366
29,250	20,273	7,896	1,777	-
272,368	246,955	322,827	297,948	371,361
-	-	-	1,109	3,765
92,287	115,197	102,650	138,262	150,419
8,602	8,602	1,614	44,936	49,117
122,521	140,784	166,437	269,563	295,249
-	-	-	450	2,298
2,690	2,569	3,278	9,028	11,434
13,115	33,494	47,029	-	-
71,434	112,393	87,312	86,279	96,433
53,556	52,742	55,296	64,929	74,532
-	-	(169)	-	-
(756)	-	-	-	-
670,638	738,680	797,329	917,503	1,057,478
\$ 823,339	\$ 912,477	\$ 1,001,490	\$ 1,157,876	\$ 1,300,608

**CITY OF FORT WORTH, TEXAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(Modified Accrual Basis of Accounting)**  
**(in 000's)**

	2013	2014	2015	2016	2017
<b>REVENUES:</b>					
General Property Taxes	\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458	\$ 452,843
Other Local Taxes	203,417	217,153	225,382	234,500	250,023
Franchise Fees	49,489	51,205	53,129	49,031	50,078
Charges for Services	16,693	18,284	22,306	37,588	39,864
Licenses and Permits	12,179	12,771	12,750	15,325	16,881
Fines and Forfeitures	28,246	26,968	25,325	18,056	17,062
Revenue from Use of Money and Property	19,915	15,614	16,326	15,715	12,432
Investment Income	3,129	8,200	5,131	3,601	6,952
Intergovernmental	59,111	79,239	61,403	72,493	63,364
Gas Leases and Royalties	10,834	16,500	15,717	18,485	9,063
Other	16,069	22,315	30,407	33,138	31,879
Contributions	17,208	9,840	12,177	13,928	11,515
Total Revenues	<u>793,963</u>	<u>867,579</u>	<u>894,472</u>	<u>936,318</u>	<u>961,956</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	106,907	163,945	177,549	124,281	103,325
Public Safety	381,513	389,058	393,715	443,730	465,575
Highways and Streets	-	-	40,750	56,759	47,146
Culture and Recreation	53,883	54,711	100,930	102,239	132,014
Health and Welfare	-	-	3,109	6,716	10,843
Urban Redevelopment and Housing	-	-	31,125	51,470	60,093
Transportation and Public Works	47,598	71,106	-	-	-
Public Library	18,991	18,763	-	-	-
Public Events and Facilities	30,528	28,324	-	-	-
Planning and Development	12,875	11,656	-	-	-
Housing and Economic Development	19,259	17,536	-	-	-
Capital Outlay	170,502	206,450	178,970	184,317	175,367
Debt Service:					
Principal Retirement	75,611	88,923	70,939	70,484	79,491
Interest and Debt Issuance Costs	37,517	35,044	31,121	32,265	36,566
Total Expenditures	<u>955,184</u>	<u>1,085,516</u>	<u>1,028,208</u>	<u>1,072,261</u>	<u>1,110,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(161,221)</u>	<u>(217,937)</u>	<u>(133,736)</u>	<u>(135,943)</u>	<u>(148,464)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of Long-Term Debt	68,570	19,270	40,000	103,000	226,880
Issuance of Special Assessment Debt	-	-	-	-	12,685
Issuance of Tax Notes	-	-	-	-	32,605
Issuance of Capital Leases	-	344	-	-	575
Construction Loans	18,443	46,865	37,356	40,373	26,637
Premium on Issuance	5,150	364	18,668	21,131	11,192
Proceeds from Disposal of Property	9,090	1,340	2,394	533	15,619
Issuance of Refunding Bonds	25,795	-	127,162	27,500	-
Payment to Bond Escrow Agent	(27,286)	-	(154,840)	(47,650)	-
Insurance Recoveries	-	-	-	7,477	-
Transfers In	109,939	143,754	162,071	162,483	389,685
Transfers Out	(52,730)	(181,450)	(102,400)	(115,764)	(360,244)
Total Other Financing Sources (Uses)	<u>156,971</u>	<u>30,487</u>	<u>130,411</u>	<u>199,083</u>	<u>355,634</u>
Net Change in Fund Balances	<u>\$ (4,250)</u>	<u>\$ (187,450)</u>	<u>\$ (3,325)</u>	<u>\$ 63,140</u>	<u>\$ 207,170</u>
Debt Service as a Percentage of Noncapital Expenditures					
	14.41 %	14.16 %	12.00 %	11.47 %	12.41 %

Source: Comprehensive Annual Financial Report for the respective years.

Expenditure and Revenue Functions for Governmental Activities were realigned in Fiscal Year 2015.

TABLE 4

	2018	2019	2020	2021	2022
\$	485,959	\$ 518,525	\$ 562,695	\$ 595,246	\$ 622,071
	265,833	279,864	272,528	309,611	373,894
	51,934	50,494	48,365	48,484	53,273
	38,940	50,760	46,106	46,344	55,278
	17,045	16,966	18,095	19,336	23,268
	16,058	11,781	4,426	4,553	5,837
	15,495	13,051	11,294	13,086	15,516
	9,186	34,245	31,967	5,210	(31,323)
	90,861	81,484	121,744	196,865	147,301
	9,267	6,646	3,237	4,483	13,340
	35,549	39,452	23,497	25,632	28,173
	12,871	17,425	34,642	45,417	35,955
	<u>1,048,998</u>	<u>1,120,693</u>	<u>1,178,596</u>	<u>1,314,267</u>	<u>1,342,583</u>
	89,891	128,270	133,690	132,036	150,199
	496,233	492,841	517,018	545,069	574,541
	49,860	62,956	70,622	65,208	68,518
	246,322	135,859	125,999	105,636	124,048
	10,091	10,773	34,670	100,849	24,143
	81,595	81,427	101,692	90,542	149,912
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	190,441	160,895	137,352	232,212	175,446
	100,723	90,370	116,467	121,688	113,023
	43,129	41,028	45,579	42,438	45,302
	<u>1,308,285</u>	<u>1,204,419</u>	<u>1,283,089</u>	<u>1,435,678</u>	<u>1,425,132</u>
	<u>(259,287)</u>	<u>(83,726)</u>	<u>(104,493)</u>	<u>(121,411)</u>	<u>(82,549)</u>
	62,220	106,595	109,065	92,705	81,380
	5,155	-	-	-	-
	12,590	8,565	25,115	114,620	72,185
	-	-	-	-	2,495
	19,106	7,185	9,436	-	11,513
	4,416	9,995	22,705	19,361	5,951
	26,012	2,482	146	12,335	8,635
	-	-	42,325	101,675	70,730
	-	-	(48,810)	(108,160)	(73,595)
	-	1,303	6	2,634	2,225
	144,348	171,072	178,036	157,544	224,723
	<u>(103,896)</u>	<u>(134,333)</u>	<u>(144,518)</u>	<u>(117,137)</u>	<u>(180,961)</u>
	<u>169,951</u>	<u>172,864</u>	<u>193,506</u>	<u>275,577</u>	<u>225,281</u>
\$	<u>(89,336)</u>	<u>\$ 89,138</u>	<u>\$ 89,013</u>	<u>\$ 154,166</u>	<u>\$ 142,732</u>
	12.87 %	12.59 %	14.14 %	13.64 %	12.67 %

**CITY OF FORT WORTH, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE**  
**OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(in 000's)**

**TABLE 5**

<b>Fiscal Year</b>	<b>Net Assessed Valuation<sup>(a)</sup></b>			<b>Total Direct Tax Rate<sup>(d)</sup></b>
	<b>Real<sup>(b)</sup></b>	<b>Personal<sup>(c)</sup></b>	<b>Total Taxable</b>	
2013	\$ 35,892,406	\$ 7,805,257	\$ 43,697,663	0.8550
2014	34,792,449	7,628,240	42,420,689	0.8550
2015	37,644,135	8,286,957	45,931,092	0.8550
2016	40,839,940	8,819,802	49,659,742	0.8550
2017	41,193,832	8,511,146	49,704,978	0.8350
2018	48,854,255	12,095,772	60,950,027	0.8050
2019	54,591,566	12,993,405	67,584,971	0.7850
2020	62,563,206	14,430,958	76,994,164	0.7475
2021	62,119,300	17,758,887	79,878,187	0.7475
2022	70,618,706	16,755,223	87,373,929	0.7325

Source: Tarrant County Appraisal District, Denton County Appraisal District, Parker County Appraisal District and Wise County Appraisal District.

(a) The Assessed Value is 100%. Valuation shown for 2012 to 2021 are from Tarrant, Denton, Parker and Wise County.

(b) Real properties include: residential, commercial and industrial.

(c) Includes personal properties such as; billboards, oil, gas, minerals, utilities, aircraft/mobile home

(d) Tax rate per \$100 of valuation.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction do not include any taxable property.

**CITY OF FORT WORTH, TEXAS**  
**PROPERTY TAX RATES - ALL DIRECT AND**  
**OVERLAPPING TAX RATES**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(Per \$100 of Assessed Value)**

**TABLE 6**

Fiscal Year Ended Sept. 30	City Direct Rates <sup>(a)</sup>			Overlapping Rates <sup>(a)</sup>			
	Operating General Rates	General Obligation Debt Service	Total	Fort Worth ISD	Tarrant County	Tarrant County Hospital District	Tarrant County College District
2013	\$ 0.6859	\$ 0.1691	\$ 0.8550	\$ 1.3220	\$ 0.2640	\$ 0.2279	\$ 0.1490
2014	0.6759	0.1791	0.8550	1.3220	0.2640	0.2279	0.1495
2015	0.6759	0.1791	0.8550	1.3220	0.2640	0.2279	0.1495
2016	0.6759	0.1791	0.8550	1.3520	0.2640	0.2279	0.1495
2017	0.6615	0.1735	0.8350	1.3520	0.2540	0.2279	0.1447
2018	0.6415	0.1635	0.8050	1.3520	0.2440	0.2244	0.1401
2019	0.6300	0.1550	0.7850	1.3520	0.2340	0.2244	0.1361
2020	0.5950	0.1525	0.7475	1.2820	0.2340	0.2244	0.1302
2021	0.5950	0.1525	0.7475	1.3784	0.2340	0.2244	0.1302
2022	0.5850	0.1475	0.7325	1.3432	0.2290	0.2244	0.1302

(a) Source - Tarrant County Appraisal District.



**CITY OF FORT WORTH, TEXAS**  
**PROPERTY TAXES LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(in 000's)**

**TABLE 7**

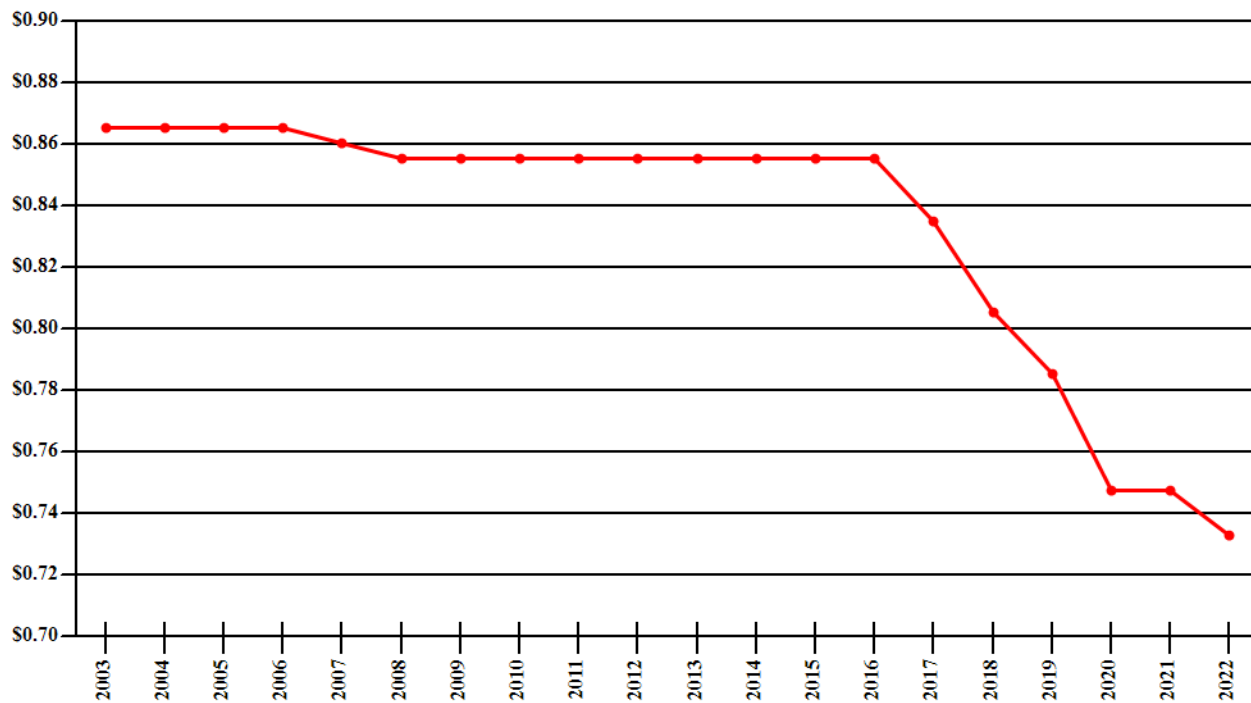
Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2013	\$ 366,361	\$ 359,890	98.23%	\$ 2,755	\$ 362,645	98.99%
2014	377,584	370,904	98.23%	2,810	373,714	98.98%
2015	402,370	393,691	97.84%	3,969	397,660	98.83%
2016	424,203	416,304	98.14%	3,315	419,619	98.92%
2017	453,954	444,015	97.81%	3,666	447,681	98.62%
2018	488,093	477,778	97.89%	3,811	481,589	98.67%
2019	527,508	515,308	97.69%	2,199	517,507	98.10%
2020	570,801	556,459	97.49%	(204)	556,255	97.45%
2021	606,080	590,141	97.37%	(704)	589,437	97.25%
2022	633,952	617,586	97.42%	-	617,586	97.42%

Source: Tarrant County Tax Office

**CITY OF FORT WORTH, TEXAS**  
**PROPERTY TAX RATE TREND**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

**TABLE 8**

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$ 0.8650	\$ 0.8650	\$ 0.8650	\$ 0.8650	\$ 0.8600	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8350	\$ 0.8050	\$ 0.7850	\$ 0.7475	\$ 0.7475	\$ 0.7325



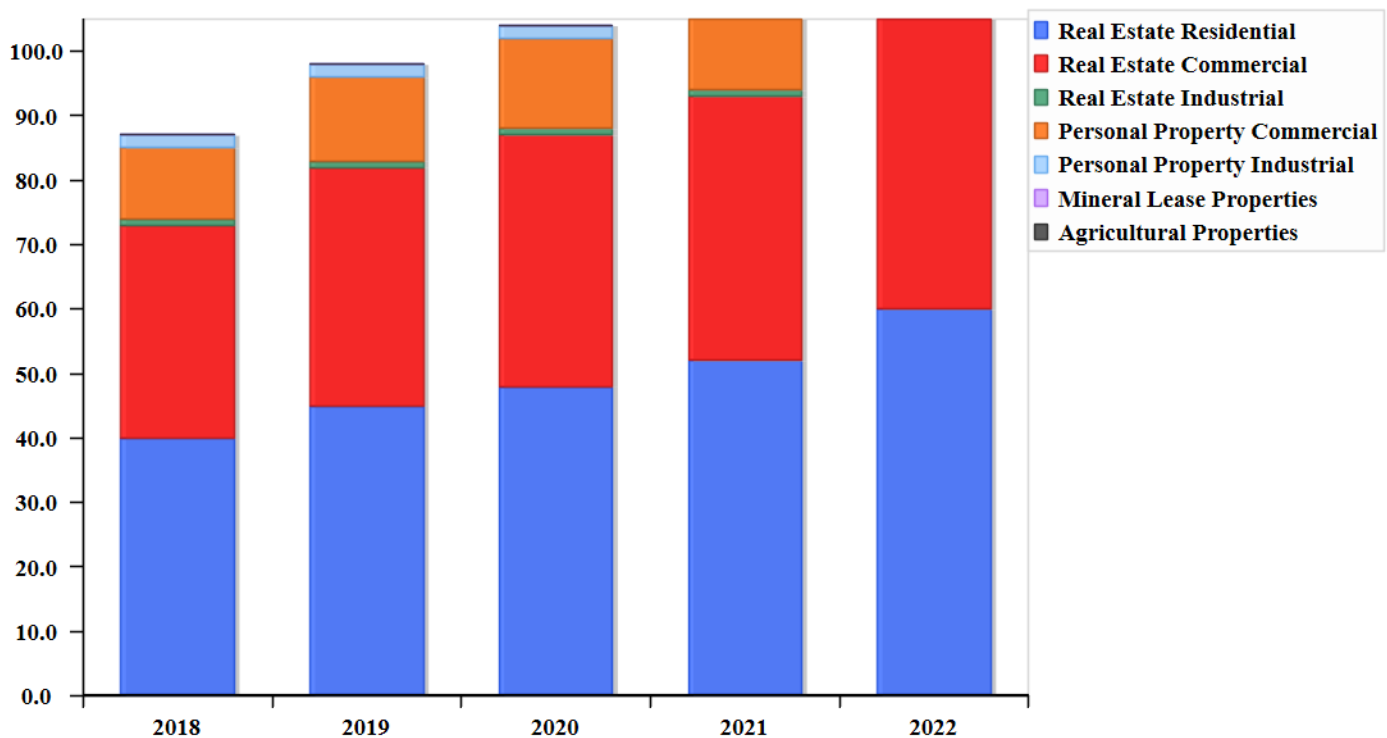
Source: Data Analytics Division, FMS, City of Fort Worth  
 Tax rate per \$100 of Assessed Value

\*Y-Axis adjusted for reader clarity.

**CITY OF FORT WORTH, TEXAS**  
**APPRAISED VALUE BY TYPE (Unaudited)**  
**(Inflation Adjusted)**

**TABLE 9**

Appraisal Year	2018	2019	2020	2021	2022
<b>TAD Value By Type</b>					
Real Estate Residential	\$ 40,416,373,511	\$ 45,419,396,758	\$ 47,901,575,417	\$ 52,282,526,896	\$ 60,057,606,553
Real Estate Commercial	33,159,724,072	37,401,217,704	39,261,858,918	40,898,023,066	46,069,619,052
Real Estate Industrial	774,566,170	880,356,252	892,401,448	893,461,513	941,667,239
Personal Property Commercial	11,374,286,496	13,280,195,431	13,913,031,378	14,277,890,706	15,770,736,421
Personal Property Industrial	2,412,169,819	2,305,884,521	2,415,565,805	2,271,863,115	2,254,943,981
Mineral Lease Properties	311,440,940	325,587,510	213,152,263	208,906,283	486,824,582
Agricultural Properties	6,223,003	13,312,851	3,343,212	15,266,915	4,027,290
<b>Total TAD Value</b>	<b>\$ 88,454,784,011</b>	<b>\$ 99,625,951,027</b>	<b>\$104,600,928,441</b>	<b>\$110,847,938,494</b>	<b>\$125,585,425,118</b>
Total CFW Value	\$ 91,126,027,911	\$103,261,553,977	\$109,064,258,429	\$116,859,799,095	\$133,380,967,414
% of CFW Value	97.1 %	96.5 %	95.9 %	94.9 %	94.2 %



Source: Tarrant Appraisal District Certified Tax Report.

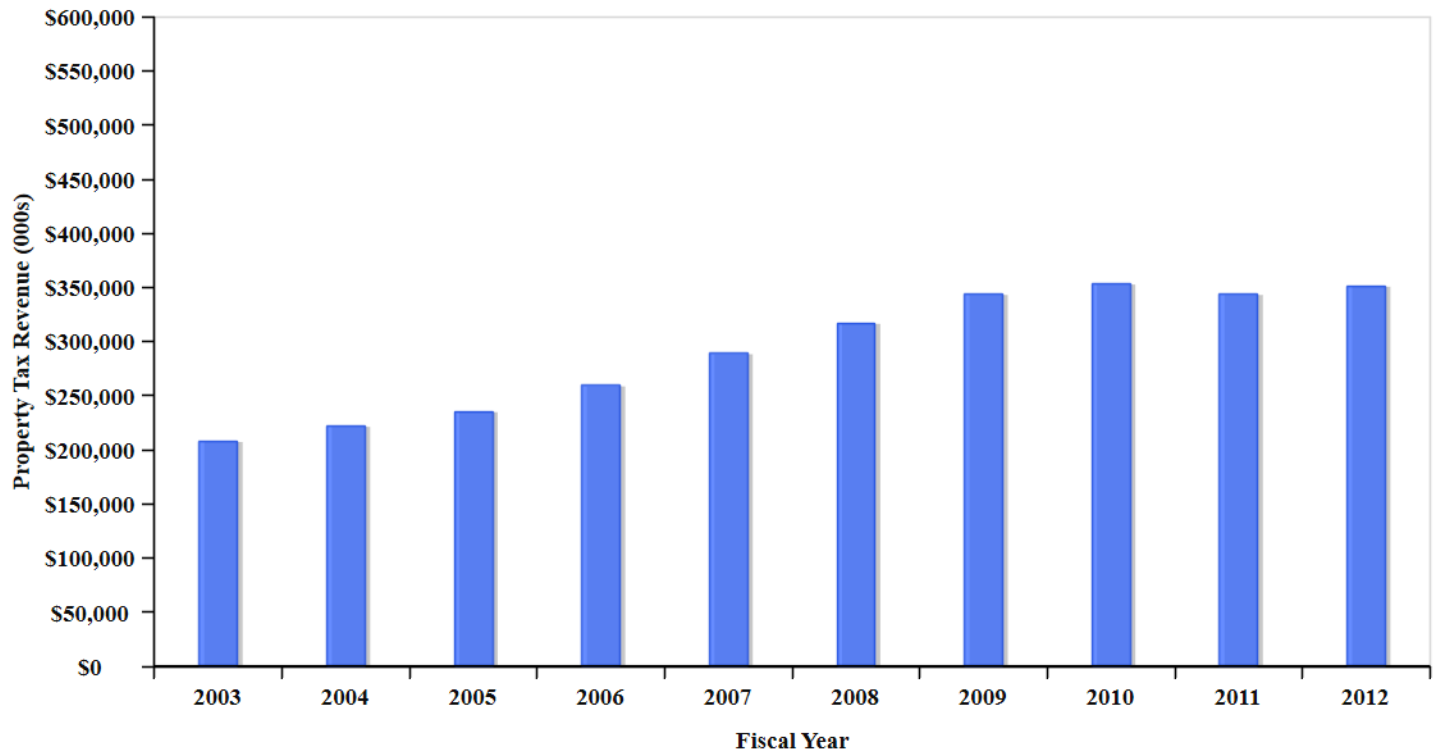
Values reported are for Tarrant County only.

(a) Apartment complexes (multi-family) are included in the commercial category.



**CITY OF FORT WORTH, TEXAS**  
**PROPERTY TAX REVENUE**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

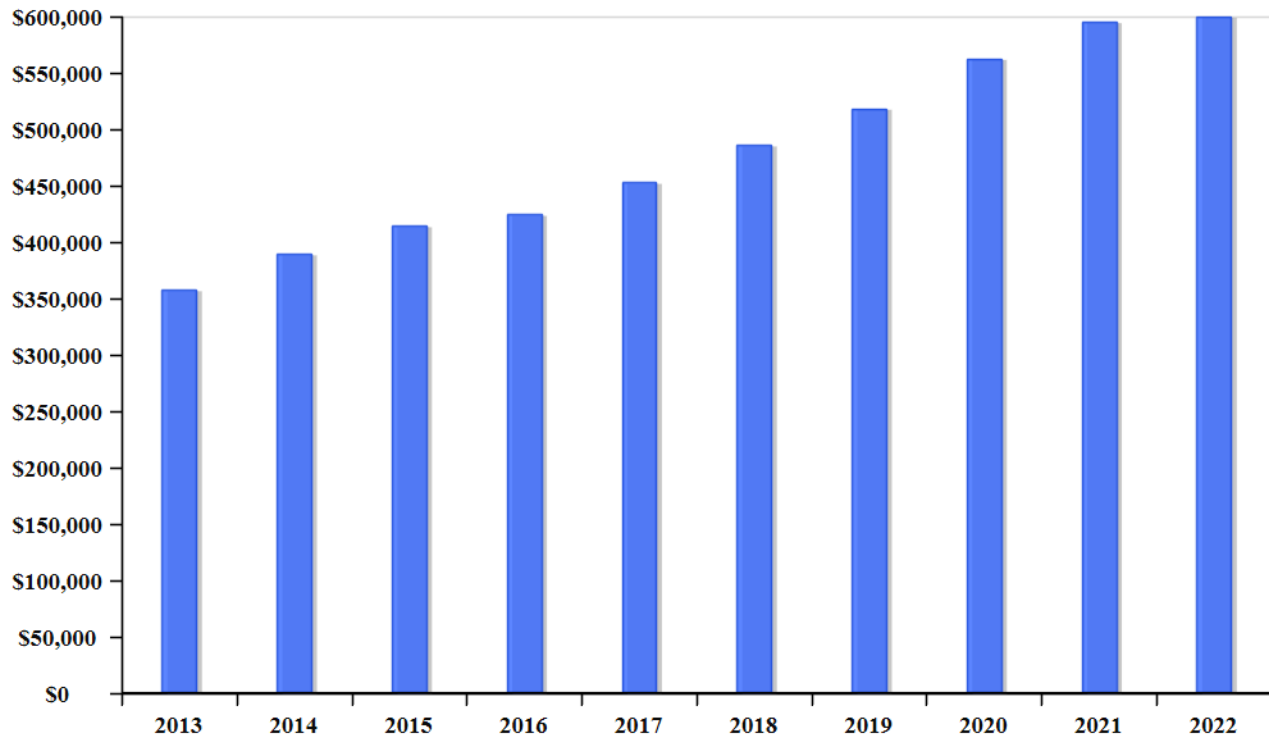
<b>Fiscal Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Value (000s)	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483	\$ 289,177	\$ 317,290	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540
Percent Change	9.83 %	6.73 %	6.09 %	10.12 %	11.44 %	9.72 %	8.41 %	2.80 %	(2.73)%	2.21 %



Source: Financial Reporting Division, FMS, City of Fort Worth

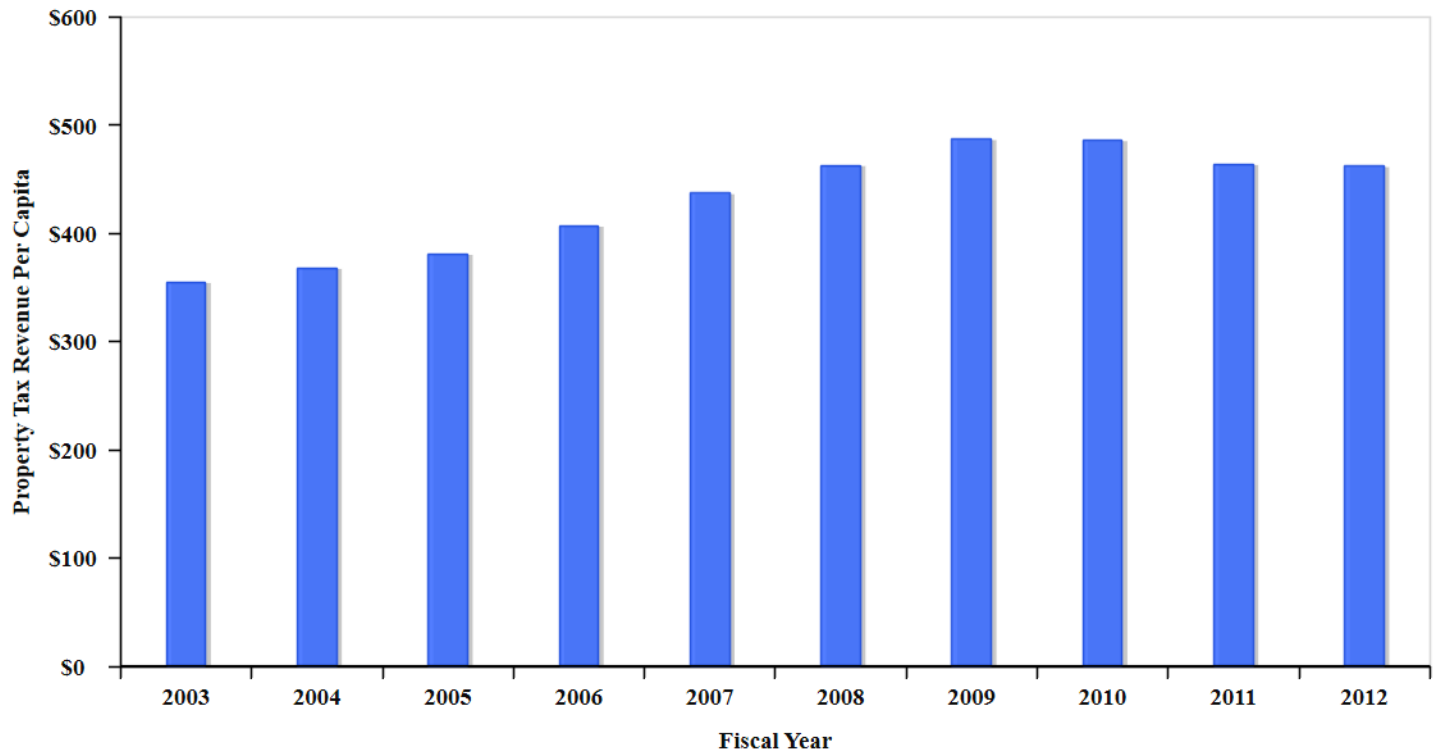
**TABLE 10**

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458	\$ 452,843	\$ 485,959	\$ 518,525	\$ 562,695	\$ 595,246	\$ 622,071
1.74 %	8.90 %	6.40 %	2.42 %	6.69 %	7.31 %	6.70 %	8.52 %	5.78 %	4.51 %



**CITY OF FORT WORTH, TEXAS**  
**PROPERTY TAX REVENUE (Per Capita)**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

<b>Fiscal Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Value (000s) <sup>(a)</sup>	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483	\$ 289,177	\$ 317,290	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540
Population <sup>(b)</sup>	585,542	602,759	619,117	637,346	662,346	685,762	706,526	727,257	741,206	760,758
Value Per Capita	\$ 355	\$ 368	\$ 381	\$ 407	\$ 437	\$ 463	\$ 487	\$ 486	\$ 464	\$ 462
Percent Change	3.62 %	3.66 %	3.53 %	6.82 %	7.37 %	5.95 %	5.18 %	(0.21)%	(4.53)%	(0.43)%

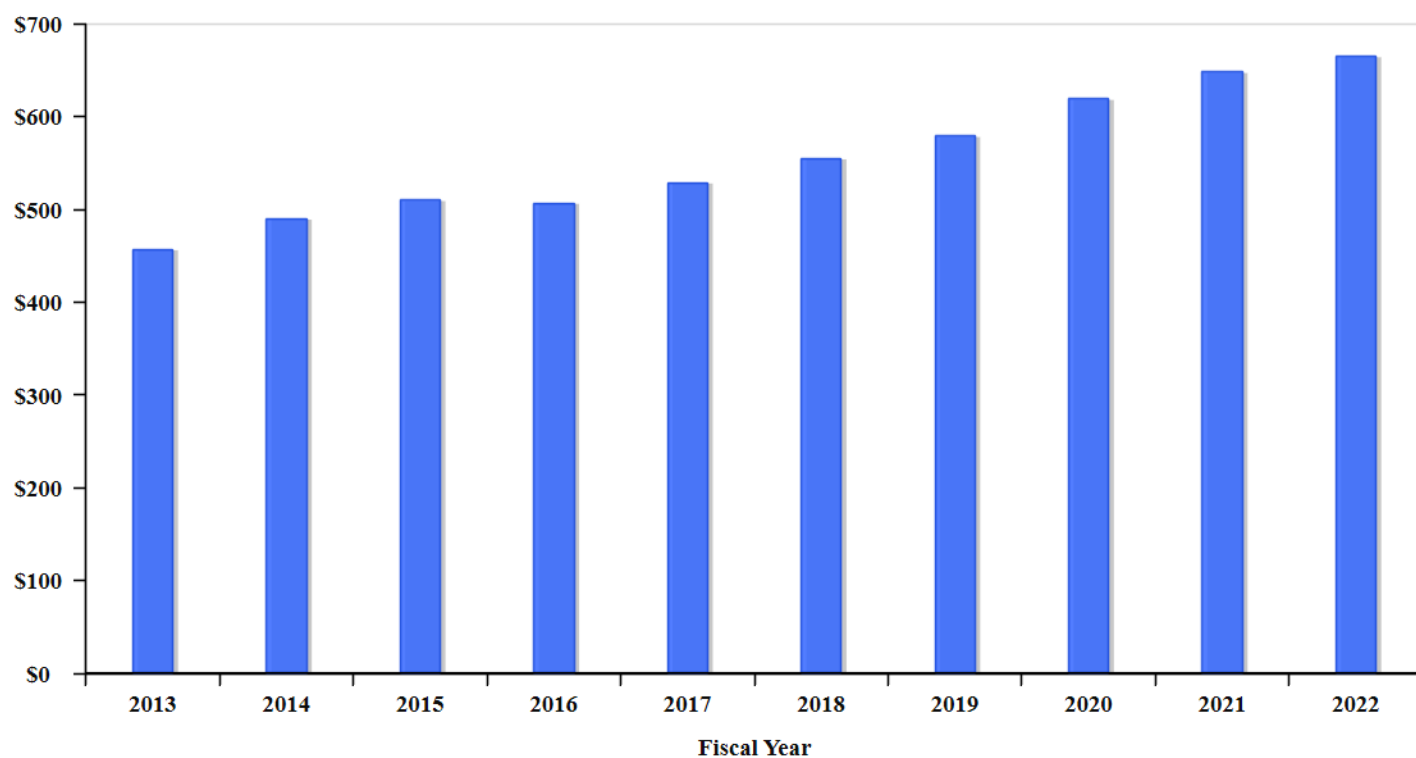


(a) Source: Financial Reporting Division, FMS, City of Fort Worth

(b) Source: See Table 19 - Demographic and Economic Statistics

TABLE 11

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458	\$ 452,843	\$ 485,959	\$ 518,525	\$ 562,695	\$ 595,246	\$ 622,071
782,027	794,189	812,553	836,969	855,897	876,060	895,008	909,585	918,915	935,508
\$ 457	\$ 490	\$ 510	\$ 507	\$ 529	\$ 555	\$ 579	\$ 619	\$ 648	\$ 665
(1.08)%	7.22 %	4.08 %	(0.59)%	4.34 %	4.91 %	4.32 %	6.91 %	4.68 %	2.62 %





**CITY OF FORT WORTH, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO (Unaudited)**  
**(in 000's)**

**TABLE 12**

		2022 <sup>(a)</sup>			2013 <sup>(b)</sup>		
Name of Taxpayer	Nature of Property	2021	Rank	Percentage	2012	Rank	Percentage
		Taxable Assessed Valuation		of Total Taxable Assessed Valuation	Taxable Assessed Valuation		of Total Taxable Assessed Valuation
Winner LLC	Commercial Real Estate	\$ 1,958,426	1	2.24 %	\$ -		- %
Oncor Electric Delivery Co LLC	Electric Utility	616,421	2	0.71 %	-		- %
Bell Helicopter Textron Inc	Aircraft Manufacturing	434,429	3	0.50 %	210,091	3	0.48 %
Alcon Laboratories	Pharmaceuticals	424,901	4	0.49 %	175,993	6	0.40 %
American Airlines	Airlines	419,928	5	0.48 %	172,481	7	0.39 %
DDR/DTC City Investments LP	Real Estate	249,769	6	0.29 %	217,491	2	0.50 %
AT&T Mobility LLC	Telephone Utility	221,169	7	0.25 %	-		- %
At Industrial Owner1 LLC	Real Estate	209,038	8	0.24 %	-		- %
Clearfork MF1 LP/Clearfork MFII LP	Development	175,460	9	0.20 %			
Behringer Harvard Burnett PLZ	Real Estate	166,762	10	0.19 %	137,904	10	0.32 %
Walmart Real Estate Trust	Real Estate				151,345	8	0.35 %
TXU Electric/Oncor Electric Delivery Co, LLC	Electric Utility				365,328	1	0.84 %
XTO Energy Inc	Natural Gas Producer				199,124	4	0.46 %
Chesapeake Operating (WI)	Natural Gas Producer				196,646	5	0.45 %
Mercantile Partners	Development				141,525	9	0.32 %
		<u>\$ 4,876,303</u>		<u>5.59 %</u>	<u>\$ 1,967,928</u>		<u>4.51 %</u>

(a) Source: Tarrant Appraisal District Supplemental Certification Report

(b) Source: Annual Comprehensive Financial Report for the respective year



**CITY OF FORT WORTH, TEXAS**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(in 000's)**

	2013	2014	2015	2016	2017
<b>Governmental:</b>					
General Obligation Bonds	\$ 463,488	\$ 440,617	\$ 452,412	\$ 499,217	\$ 452,570
Certificates of Obligation	302,985	299,441	242,290	221,565	201,945
Special Tax Revenue Debt	-	-	-	-	226,880
Special Assessment Debt	-	-	-	-	12,685
Tax Notes	-	-	-	-	26,130
Installment Obligation	3,080	2,370	1,620	825	-
Equipment Notes Payable	46,860	39,145	-	-	-
HUD Installment Obligation	5,282	4,504	3,699	2,865	2,000
Service Center Obligation	18,980	-	-	-	-
Fort Worth Sports Authority	8,386	6,868	2,495	-	-
Lone Star Local Govt Corp Obligation	31,617	31,617	31,617	31,617	31,617
Central City Local Govt Corp Obligation	347	-	-	-	-
State Obligations	-	10,931	10,285	9,638	8,992
Project Finance Zone 1	-	-	-	-	-
TRWD Obligation	-	91,998	124,349	153,853	171,391
State Energy Conservation Loan Phase I & II	1,249	553	-	-	-
State Energy Conservation Loan Phase III	2,590	2,064	1,528	971	397
ESPC Phase VII	18,443	18,064	17,426	16,472	15,474
Capital Leases	3,816	1,482	1,122	836	1,167
Southwest Bank Loan (LDC SW Building)	-	2,545	2,200	1,844	1,477
Lancaster Corridor Construction Loan	-	-	1,774	10,276	16,500
Unamortized Prem/Disc	-	-	57,073	68,272	69,218
<b>Business-type:</b>					
General Obligation Bonds	-	-	-	38,428	37,365
Revenue Bonds	858,985	950,107	882,395	870,315	910,685
Certificates of Obligation	55,238	53,092	48,428	4,225	2,515
Trinity River Authority	6,100	5,500	4,885	4,250	3,600
ESPC Phase V	14,691	13,355	11,938	10,463	8,955
Unamortized Prem/Disc	-	-	61,263	68,508	69,036
<b>Total Primary Government</b>	<b>\$ 1,842,137</b>	<b>\$ 1,974,253</b>	<b>\$ 1,958,799</b>	<b>\$ 2,014,440</b>	<b>\$ 2,270,599</b>
Personal Income <sup>(a)</sup>	\$ 18,934,769	\$ 19,128,358	\$ 19,600,795	\$ 20,604,646	\$ 22,772,813
Debt as a Percentage of Personal Income	10 %	10 %	10 %	10 %	10 %
Population <sup>(b)</sup>	768	781	793	833	875
Debt Per Capita	\$ 2,399	\$ 2,528	\$ 2,470	\$ 2,418	\$ 2,595

(a) Personal Income calculated using the population and the per capita personal income (source: U. S. Bureau of Census 2010 and estimates)

(b) Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and Source: Annual Comprehensive Financial Report for the respective years and other sources listed above.

TABLE 13

2018	2019	2020	2021	2022
\$ 475,520	\$ 520,545	\$ 576,670	\$ 665,220	\$ 688,200
167,785	152,745	99,425	100,540	70,420
226,550	226,115	225,675	220,350	214,870
17,840	17,840	17,840	-	-
35,010	38,300	56,890	61,730	121,945
-	-	-	-	-
-	-	-	-	-
1,368	702	-	-	-
-	-	-	-	-
-	-	-	-	-
31,617	31,617	31,617	31,617	31,617
-	-	-	-	-
8,346	7,700	7,054	25,567	23,368
-	-	-	1,357	-
186,654	188,857	191,712	188,643	192,927
-	-	-	-	-
-	-	-	-	-
14,302	12,650	10,961	9,233	7,467
837	476	1,473	1,109	5,087
1,099	710	309	-	-
-	-	-	-	-
55,951	55,342	64,359	69,417	56,740
35,580	33,740	31,700	29,585	27,389
953,415	979,470	1,045,815	1,114,000	1,181,130
1,400	230	-	-	-
2,930	2,240	1,520	775	-
7,411	5,830	4,212	2,557	862
52,814	52,784	61,941	68,336	60,006
<u>\$ 2,276,429</u>	<u>\$ 2,327,893</u>	<u>\$ 2,429,173</u>	<u>\$ 2,590,036</u>	<u>\$ 2,682,028</u>
\$ 25,219,139	\$ 31,024,719	\$ 33,209,598	\$ 33,972,475	\$ 35,859,893
9 %	8 %	7 %	8 %	7 %
895	917	931	952	936
\$ 2,543	\$ 2,539	\$ 2,609	\$ 2,721	\$ 2,865

**CITY OF FORT WORTH, TEXAS**  
**PERCENT OF TOTAL GENERAL DEBT OUTSTANDING**  
**TO ASSESSED VALUE AND TOTAL GENERAL DEBT**  
**OUTSTANDING PER CAPITA**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(in 000's)**

**TABLE 14**

Fiscal Year	General Bonded Debt Outstanding			Total Net Bonded Debt	Net Assessed Value <sup>(b)</sup>	Percent Outstanding General Debt to Assessed Value	Estimated Population <sup>(c)</sup>	Outstanding General Debt Per Capita
	General Obligation Bonds <sup>(a)</sup>	Certification of Obligation <sup>(a)</sup>	Less Restricted for Debt Service <sup>(d)</sup>					
2013	\$ 463,488	\$ 302,985	\$ -	\$ 766,473	\$ 43,697,663	1.75 %	768	\$ 0.998
2014	440,617	299,441	-	740,058	42,420,689	1.74 %	781	0.948
2015	497,821	303,035	830	800,026	45,931,092	1.74 %	793	0.936
2016	601,791	235,932	1,245	836,478	49,659,742	1.68 %	833	0.915
2017	544,861	213,082	1,245	756,698	49,704,978	1.52 %	875	0.793
2018	555,525	173,590	37,061	692,054	60,950,027	1.14 %	895	0.773
2019	598,605	156,174	55,685	699,094	67,584,971	1.03 %	917	0.762
2020	659,889	101,387	51,523	709,753	76,994,164	0.92 %	931	0.762
2021	748,871	104,300	51,523	801,648	79,878,187	1.00 %	952	0.842
2022	760,339	72,793	51,523	781,609	87,373,929	0.89 %	936	0.835

(a) Includes Business-Type Activities debt and all bond related unamortized premiums and discounts.

(b) Assessed value is 100%

(c) Source: Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates.

(d) Amount available for Governmental & Business-type payments.



**CITY OF FORT WORTH, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
SEPTEMBER 30, 2022 (Unaudited)  
(in Millions)**

	<b>2013*</b>	<b>2014*</b>	<b>2015*</b>	<b>2016</b>	<b>2017</b>
Total Assessed Valuation	<u>\$ 43,698</u>	<u>\$ 42,421</u>	<u>\$ 45,931</u>	<u>\$ 49,660</u>	<u>\$ 49,705</u>
Overall Debt Limitation - 10% of Assessed Valuation	4,370	4,242	4,593	4,966	4,971
Net Debt Subject to Limitation	<u>727</u>	<u>695</u>	<u>695</u>	<u>721</u>	<u>721</u>
Legal Debt Margin Within 10% Limitation	<u>3,643</u>	<u>3,547</u>	<u>3,898</u>	<u>4,245</u>	<u>4,250</u>
Legal Debt Margin as a Percentage of the Debt Limit	83 %	84 %	85 %	85 %	85 %

Notes:

\*Government Code Sec. 1331.051 of the State of Texas Constitution and Statutes limits cities with a population of seven hundred fifty thousand or more to incur a total bonded indebtedness by the issuance of tax-supported bonds in an amount not exceeding ten (10%) percent of the total appraised value of property listed on the most recent appraisal roll for the City. Prior to FY2011, per Article 835p of the State of Texas Civil Statutes, the limit was based upon a population of six hundred thousand according to the last federal census. According to the 2000 Federal Census, the City of Fort Worth had a population of over 516 thousand; therefore the 10% limitation does not apply to 2010 and before. According to the 2010 Federal Census, the City of Fort Worth had a population of over 758 thousand; therefore, the 10% limitation does apply after 2010.

Assessed Value is the appraised value of property net of exemptions, deferrals, incomplete and protested properties.

Net Debt Subject to Limitation includes governmental activities tax-supported general obligation bonds, certificates of obligations, and tax notes. Also, the Net Debt includes business-type activities, tax-supported general obligation bonds, and certificates of obligations.

**CITY OF FORT WORTH, TEXAS  
CITY TAX RATE DISTRIBUTION  
LAST TEN FISCAL YEARS (Unaudited)  
(Per \$100 of Assessed Value)**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Fund	<u>\$ 0.686</u>	<u>\$ 0.676</u>	<u>\$ 0.676</u>	<u>\$ 0.676</u>	<u>\$ 0.662</u>
Debt Service Fund	<u>0.169</u>	<u>0.179</u>	<u>0.179</u>	<u>0.179</u>	<u>0.173</u>
Total City Tax Rate	<u>\$ 0.855</u>	<u>\$ 0.855</u>	<u>\$ 0.855</u>	<u>\$ 0.855</u>	<u>\$ 0.835</u>

Source: Tarrant Appraisal District

**TABLE 15**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<u>\$ 60,950</u>	<u>\$ 67,585</u>	<u>\$ 76,994</u>	<u>\$ 79,878</u>	<u>\$ 87,374</u>
6,095	6,759	7,699	7,988	8,737
<u>715</u>	<u>746</u>	<u>765</u>	<u>858</u>	<u>858</u>
<u>\$ 5,380</u>	<u>\$ 6,013</u>	<u>\$ 6,934</u>	<u>\$ 7,130</u>	<u>\$ 7,879</u>
88 %	89 %	90 %	89 %	90 %

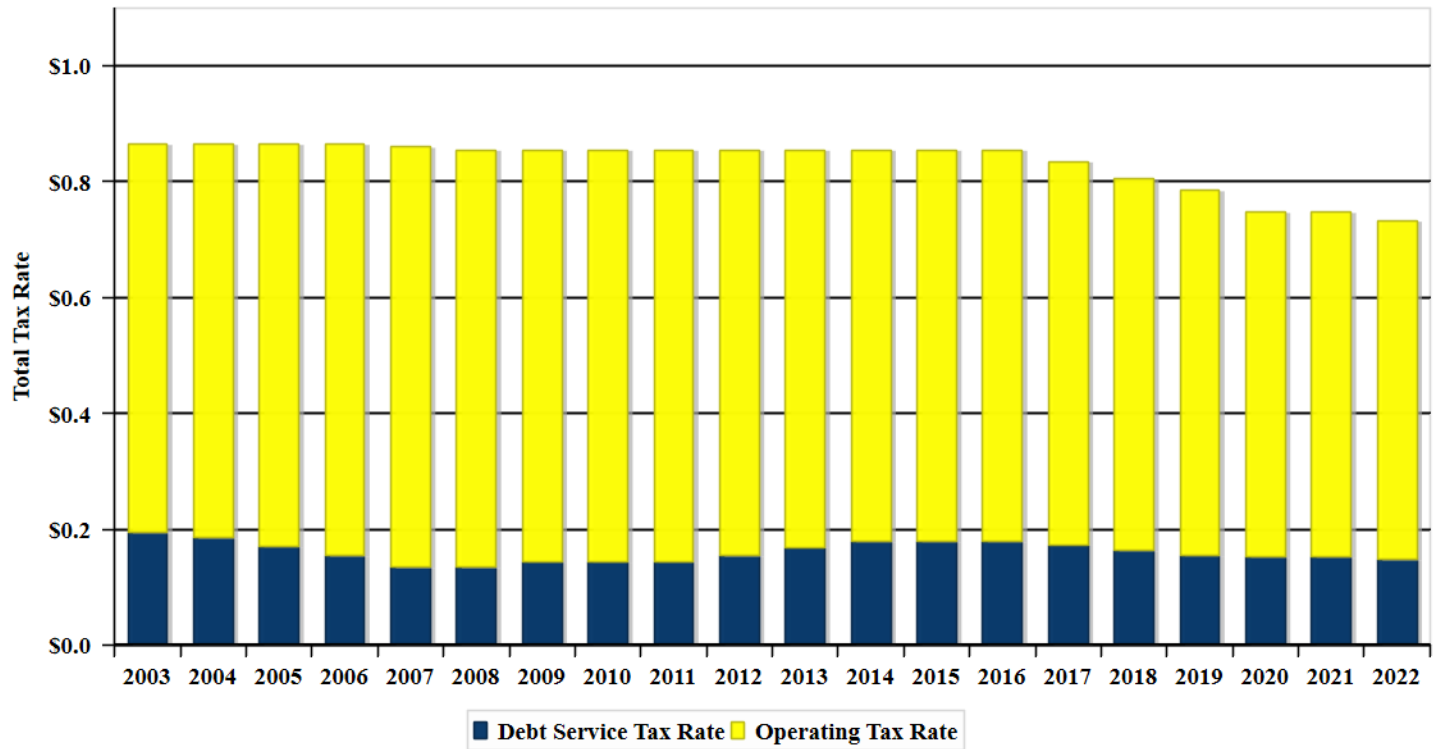
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<u>\$ 0.642</u>	<u>\$ 0.630</u>	<u>\$ 0.595</u>	<u>\$ 0.595</u>	<u>\$ 0.585</u>
<u>0.163</u>	<u>0.155</u>	<u>0.153</u>	<u>0.153</u>	<u>0.148</u>
<u>\$ 0.805</u>	<u>\$ 0.785</u>	<u>\$ 0.748</u>	<u>\$ 0.748</u>	<u>\$ 0.733</u>



**CITY OF FORT WORTH, TEXAS**  
**TAX RATE ALLOCATION**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

**TABLE 16**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Service Tax Rate	\$ 0.1943	\$ 0.1851	\$ 0.1704	\$ 0.1543	\$ 0.1341	\$ 0.1341	\$ 0.1441	\$ 0.1441	\$ 0.1441	\$ 0.1541
Operating Tax Rate	\$ 0.6707	\$ 0.6799	\$ 0.6946	\$ 0.7107	\$ 0.7259	\$ 0.7209	\$ 0.7109	\$ 0.7109	\$ 0.7109	\$ 0.7009
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Service Tax Rate	\$ 0.1691	\$ 0.1791	\$ 0.1791	\$ 0.1791	\$ 0.1735	\$ 0.1635	\$ 0.1550	\$ 0.1525	\$ 0.1525	\$ 0.1475
Operating Tax Rate	\$ 0.6859	\$ 0.6759	\$ 0.6759	\$ 0.6759	\$ 0.6615	\$ 0.6415	\$ 0.6300	\$ 0.5950	\$ 0.5950	\$ 0.5850



Source: Planning and Data Analytics, FMS, City of Fort Worth

**CITY OF FORT WORTH, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL**  
**ACTIVITIES DEBT(Unaudited)**  
**YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

**TABLE 17**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable<sup>(a)</sup></b>	<b>Estimated Share of Overlapping Debt</b>
Aledo ISD	\$ 270,192	6.66%	\$ 12,528
Arlington Independent School District	1,185,950	0.01%	108
Azle Independent School District	135,695	0.75%	2,239
Birdville Independent School District	408,955	4.81%	24,158
Burleson Independent School District	295,784	13.24%	36,646
Castleberry Independent School District	31,785	50.10%	17,326
Crowley Independent School District	523,095	77.13%	398,653
Denton County	559,930	3.75%	14,633
Eagle Mountain-Saginaw Independent School District	1,086,203	72.30%	669,438
Everman Independent School District	110,355	66.81%	76,219
Fort Worth Independent School District	1,318,830	87.37%	1,112,719
Grapevine-Colleyville Independent School District	311,711	-%	-
Hurst-Euless-Bedford Independent School District	321,965	30.21%	101,811
Keller Independent School District	836,595	50.52%	446,944
Kennedale Independent School District	19,240	0.19%	82
Lake Worth Independent School District	82,003	49.62%	42,687
Mansfield Independent School District	824,065	0.01%	85
Northwest Independent School District	1,353,929	49.43%	593,753
Parker County	139,259	1.84%	1,981
Parker County JCD	1,570	1.84%	31
Tarrant County	404,360	38.54%	83,825
Tarrant County College District	610,315	38.54%	100,427
Tarrant County Hospital District	12,825	38.54%	5,686
White Settlement Independent School District	253,796	50.25%	71,722
Wise County	9,080	0.02%	1
Subtotal, overlapping debt			<u>3,813,702</u>
General Obligations Bonds	688,200		688,200
Certificates of Obligation	70,420		70,420
Special Tax Revenue Debt	214,870		214,870
Tax Notes	121,945		121,945
Lone Star Local Government Corp Obligation	31,617		31,617
State Obligation - City	15,916		15,916
State Obligation - CCPD	7,452		7,452
TRWD Obligation	192,927		192,927
ESPC Phase VII	7,467		7,467
Capital Leases	5,087		5,087
Net Unamortized Bond Premium/Discount	56,740		56,740
City of Fort Worth Net Direct Debt	1,412,641	100.00 %	<u>1,412,641</u>
Total direct and overlapping debt			<u>\$ 5,226,343</u>

All debt figures of the overlapping subdivisions reflect the gross bonded debt of each entity, with the exception of the City of Fort Worth. Net direct debt includes all long-term debt instruments of the governmental activities, which currently includes general obligation bonds, certificates of obligation, tax notes, loans, capital leases, and Net Unamortized Bond Premium/Discount.

(a) The estimated percentage is based on a formula using assessed values of the property.

Source: Municipal Advisory Council of Texas, and Note G.1. Changes in Long-Term Debt Obligations and Other Liabilities.

**CITY OF FORT WORTH, TEXAS**  
**PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS (Unaudited)**  
**(in 000's)**

**TABLE 18**

Fiscal Year	Revenues			Debt Service Requirements <sup>(a)</sup>			Bond Coverage <sup>(d)</sup>
	Total Revenues <sup>(b)</sup>	Less: Operating Expense <sup>(c)</sup>	Net Revenue	Principal	Interest	Annual Requirement	
Water and Sewer <sup>(e)</sup>							
2013	\$ 353,223	\$ 211,493	\$ 141,730	\$ 59,725	\$ 31,162	\$ 90,887	1.56
2014	364,660	226,719	137,941	61,800	29,551	91,351	1.51
2015	391,225	253,114	138,111	65,055	30,201	95,256	1.45
2016	419,469	252,368	167,101	61,635	28,852	90,487	1.85
2017	427,521	239,642	187,879	63,175	29,396	92,571	2.03
2018	475,816	257,354	218,462	63,285	31,429	94,714	2.31
2019	467,508	253,860	213,648	59,840	31,510	91,350	2.34
2020	489,124	259,237	229,887	59,955	31,354	91,309	2.52
2021	494,174	275,191	218,983	61,150	32,474	93,624	2.34
2022	568,687	299,072	269,615	63,715	32,641	96,356	2.80
Municipal Parking <sup>(f)</sup>							
2013	7,117	2,891	4,226	1,005	2,620	3,625	1.17
2014	7,127	2,703	4,424	1,495	2,561	4,056	1.09
2015	7,345	3,140	4,205	1,565	2,490	4,055	1.04
2016	7,856	3,176	4,680	1,640	1,328	2,968	1.58
2017	7,906	3,184	4,722	2,305	1,735	4,040	1.17
2018	8,789	3,418	5,371	2,430	1,624	4,054	1.32
2019	8,600	3,794	4,806	2,550	1,500	4,050	1.19
2020	4,966	3,368	1,598	1,820	1,388	3,208	0.50
2021	4,949	3,458	1,491	1,675	1,302	2,977	0.50
2022	6,339	4,232	2,107	1,760	1,216	2,976	0.71
Solid Waste <sup>(g)</sup>							
2013	56,325	47,669	8,656	1,185	235	1,420	6.10
2014	55,819	47,128	8,691	435	207	642	13.54
2015	58,622	51,689	6,933	435	152	587	11.81
2016	59,447	52,283	7,164	480	98	578	12.39
2017	60,651	54,650	6,001	468	87	555	10.81
2018	62,151	54,718	7,433	470	76	546	13.61
2019	62,947	57,871	5,076	460	66	526	9.65
2020	67,248	62,569	4,679	450	55	505	9.27
2021	71,591	62,248	9,343	440	45	485	19.26
2022	78,583	64,457	14,126	435	34	469	30.12
Stormwater <sup>(h)</sup>							
2013	35,208	17,446	17,762	3,715	5,663	9,378	1.89
2014	36,439	17,141	19,298	3,825	5,522	9,347	2.06
2015	36,799	20,706	16,093	3,960	5,380	9,340	1.72
2016	37,283	14,377	22,906	4,130	4,847	8,977	2.55
2017	37,301	15,797	21,504	4,300	4,824	9,124	2.36
2018	39,615	14,695	24,920	4,460	4,678	9,138	2.73
2019	41,416	16,237	25,179	4,640	4,326	8,966	2.81
2020	44,257	17,483	26,774	4,705	4,090	8,795	3.04
2021	47,915	19,181	28,734	5,550	5,044	10,594	2.71
2022	49,416	21,535	27,881	5,000	4,497	9,497	2.94

(a) Principal and Interest does not include general obligation bonds reported in enterprise funds.

(b) Through FY2017 total revenues is exclusive of other expenses and contributions, gas lease revenue, and includes interest income. Beginning in FY2018 total revenues is cash based and includes interest income.

(c) Through FY2017 Water and Sewer and Stormwater operating expense are cash based. All other funds operating expense are exclusive of depreciation charges. Beginning in FY2018 operating expense for all funds is cash based.

(d) Bond Coverage is computed by dividing Net Revenue by Annual Requirements.

(e) Secured by revenues of the City's Water and Sewer System.

(f) Secured by revenues of the City's Will Rogers Memorial Center Parking Facilities.

(g) Secured by revenues of the City's Solid Waste Services Program.

(h) Secured by revenue collected to maintain the stormwater system.

**CITY OF FORT WORTH, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS (Unaudited)**

**TABLE 19**

<u>Fiscal Year</u>	<u>Population<sup>(a)</sup></u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment<sup>(b)</sup></u>	<u>Unemployment Rate<sup>(c)</sup></u>
2013	782,027	\$ 18,337,751,123	\$ 23,449 <sup>(e)</sup>	31.9 <sup>(e)</sup>	22,566	6.1%
2014	794,189	19,448,894,421	24,489 <sup>(f)</sup>	31.5 <sup>(f)</sup>	18,699	5.0%
2015	812,553	20,091,185,478	24,726 <sup>(g)</sup>	31.8 <sup>(h)</sup>	15,594	4.0%
2016	836,969	20,694,895,494	24,726 <sup>(g)</sup>	31.9 <sup>(h)</sup>	16,600	4.1%
2017	855,897	22,296,972,747	26,051 <sup>(h)</sup>	32.0 <sup>(h)</sup>	12,823	3.1%
2018	876,060	24,682,114,440	28,174 <sup>(h)</sup>	32.9 <sup>(h)</sup>	15,011	3.5%
2019	895,008	30,279,015,648	33,831 <sup>(h)</sup>	38.2 <sup>(h)</sup>	14,108	3.2%
2020	909,585	32,446,716,120	35,672 <sup>(h)</sup>	38.5 <sup>(h)</sup>	36,271	8.1%
2021	918,915	32,779,535,880	35,672 <sup>(h)</sup>	38.5 <sup>(h)</sup>	22,071	4.9%
2022	935,508	35,859,892,656	38,332	38.8 <sup>(h)</sup>	17,213	3.7%

(a) Source: Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates. Beginning 2017, estimate revised to July 1 estimate for historical years.

(b) Source: BLS Local Area Unemployment Statistics.

(c) Source: U.S. Census Bureau 2000

(d) Source: U.S. Census Bureau 2010

(e) Source: U.S. Census Bureau 2012

(f) Source: U.S. Census Bureau 2013 Estimate

(g) Source: U.S. Census Bureau 2014 Estimate

(h) Source: U.S. Census Bureau, American Community Survey

**CITY OF FORT WORTH, TEXAS  
PRINCIPAL EMPLOYERS  
FORT WORTH METROPOLITAN AREA  
CURRENT YEAR AND NINE YEARS AGO (Unaudited)  
(in 000's)**

**TABLE 20**

Name of Employers	2022			2013		
	Employees	Rank	Percentage of Total Employment <sup>(a)</sup>	Employees <sup>(b)</sup>	Rank	Percentage of Total Employment <sup>(c)</sup>
AMR Corp. /American Airlines	41.0 <sup>(d)</sup>	1	8.78 %	22.2	1	6.43 %
Lockheed Martin Tactical Aircraft Systems	23.0 <sup>(d)</sup>	2	4.93 %	15.0	2	4.35 %
Fort Worth Independent School District	11.0 <sup>(d)</sup>	3	2.36 %	11.0	4	3.19 %
City of Fort Worth	8.0 <sup>(d)</sup>	4	1.71 %	7.0	5	2.03 %
JPS Health Network/John Peter Smith Hospital	7.0 <sup>(d)</sup>	5	1.50 %	4.9	6	1.42 %
NAS Fort Worth Joint Reserve Base	5.0 <sup>(d)</sup>	6	1.07 %	11.4	3	3.30 %
Alcon Laboratories Inc.	5.0 <sup>(d)</sup>	7	1.07 %	-	-	- %
Tarrant County College	5.0 <sup>(d)</sup>	8	1.07 %	-	-	- %
Bell Helicopter-Textron, Inc.	4.0 <sup>(d)</sup>	9	0.86 %	3.8	10	1.10 %
Burlington Northern Santa Fe, LLC	2.0 <sup>(d)</sup>	10	0.43 %	-	-	- %
Cook Children's Healthcare System				4.8	7	1.39 %
Harris Methodist Hospital				4.0	9	1.16 %
Tarrant County Government				4.2	8	1.22 %
	<u>111.0</u>		<u>23.78 %</u>	<u>88.3</u>		<u>25.59 %</u>

(a) Estimated total employment of 466,958 for 2022 per U.S. Bureau of Labor Statistics

(b) Source: City of Fort Worth, Texas ACFR For the Fiscal Year Ended September 30, 2013

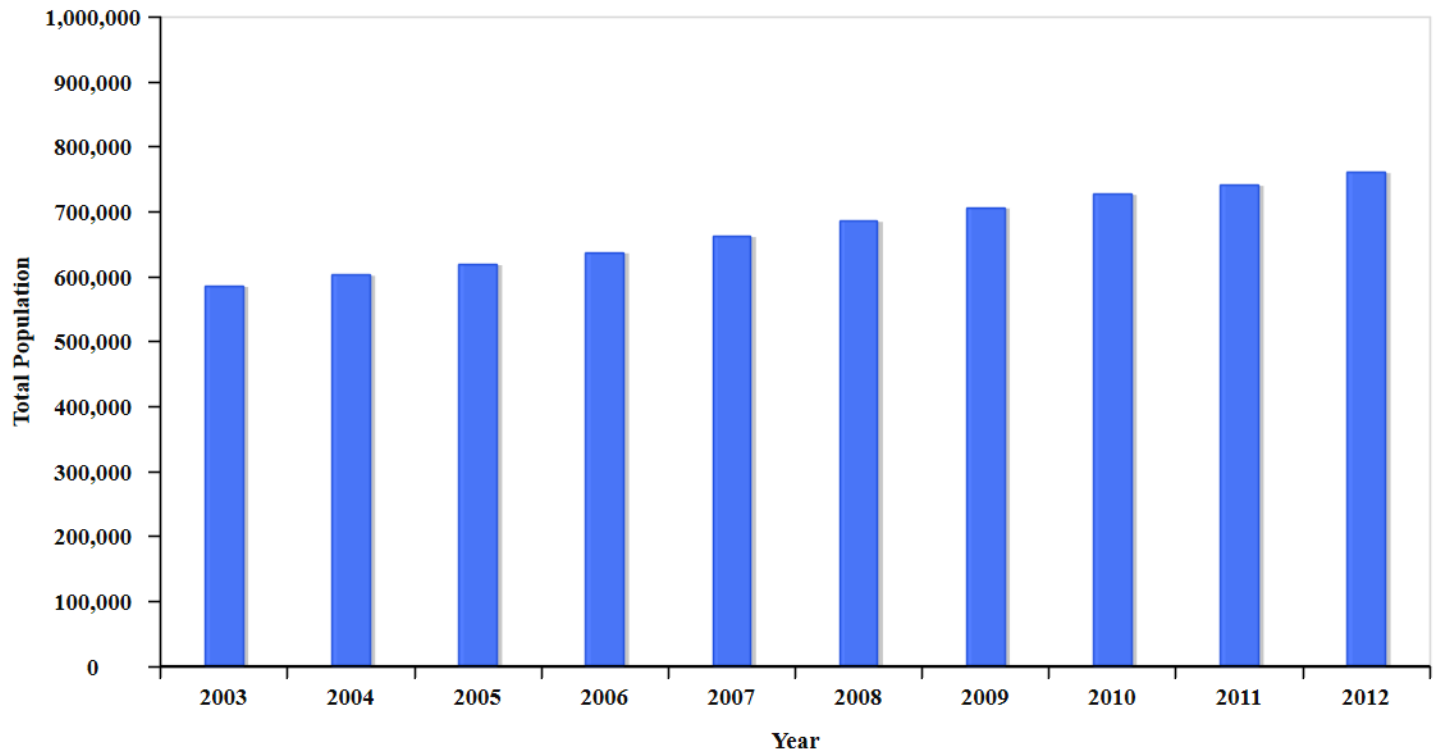
(c) Estimated total employment of 344,972 for 2013 per U.S. Bureau of Labor Statistics

(d) Source: Fort Worth Chamber of Commerce/Fort Worth Economic Development



**CITY OF FORT WORTH, TEXAS  
POPULATION GROWTH  
LAST TWENTY FISCAL YEARS (Unaudited)**

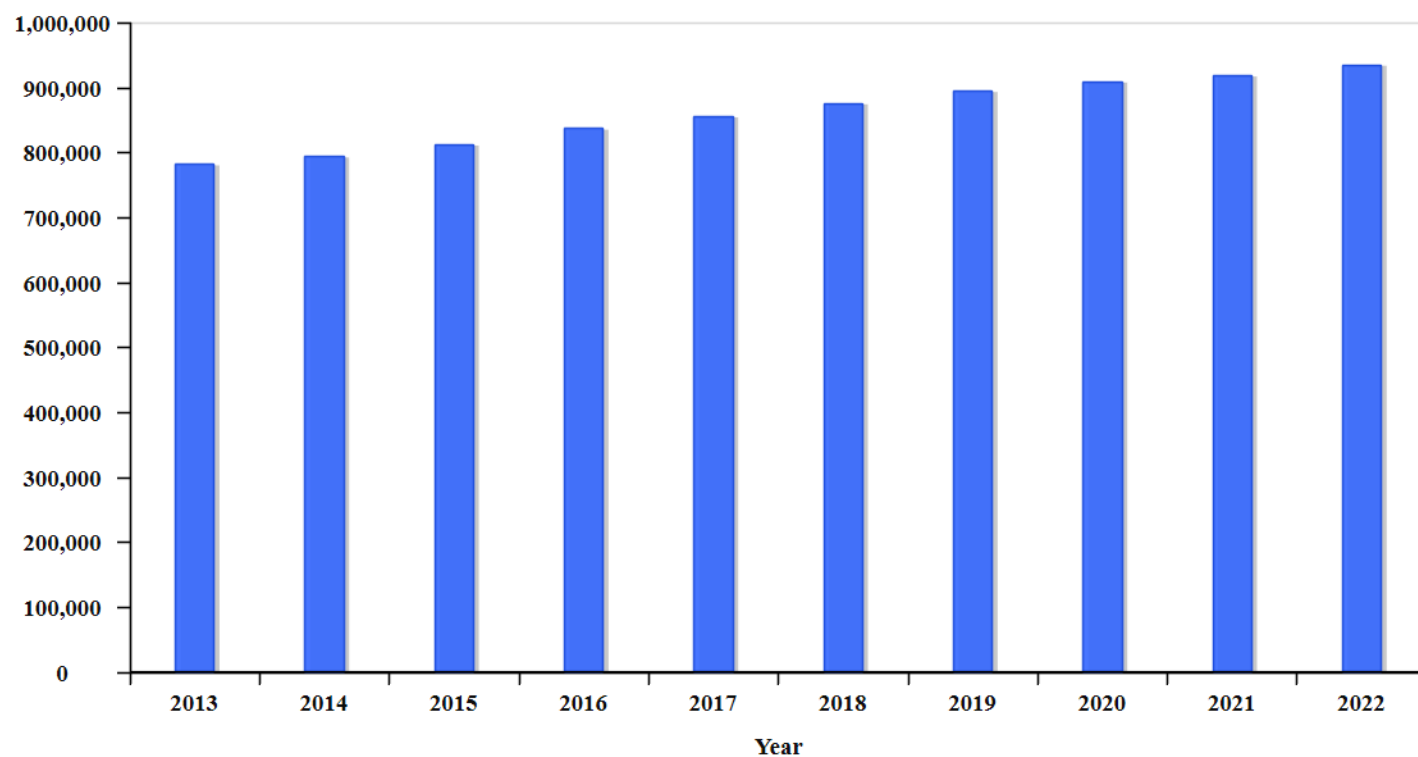
<b>Fiscal Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Population	585,542	602,759	619,117	637,346	662,346	685,762	706,526	727,257	741,206	760,758
Percent Change		2.94 %	2.71 %	2.94 %	3.92 %	3.54 %	3.03 %	2.93 %	1.92 %	2.64 %



Source: Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates.

TABLE 21

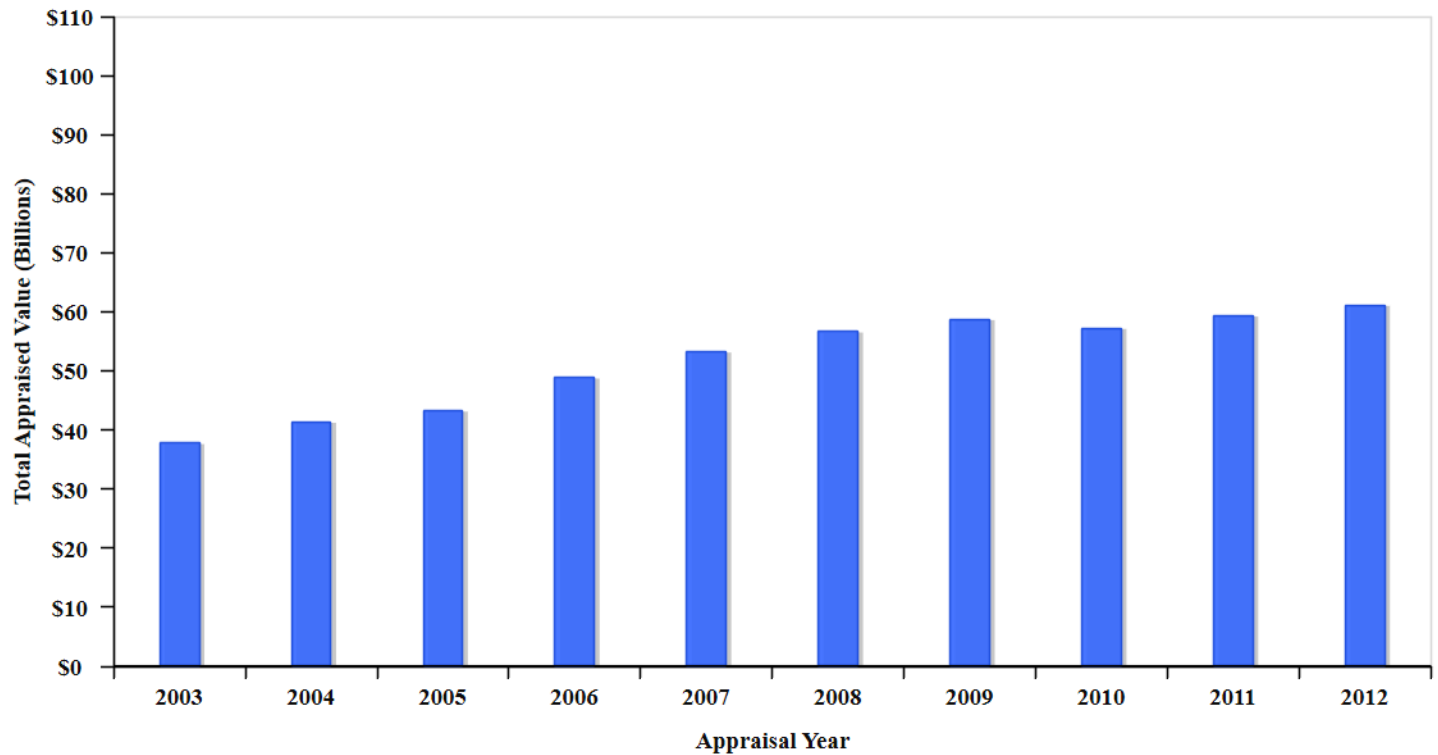
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
782,027	794,189	812,553	836,969	855,897	876,060	895,008	909,585	918,915	935,508
2.80 %	1.56 %	2.31 %	3.00 %	2.26 %	2.36 %	2.16 %	1.63 %	1.03 %	1.81 %





**CITY OF FORT WORTH, TEXAS**  
**TOTAL APPRAISED VALUE**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Value (Billions)	\$ 37.8	\$ 41.4	\$ 43.3	\$ 48.9	\$ 53.3	\$ 56.7	\$ 58.8	\$ 57.3	\$ 59.4	\$ 61.2
Percent Change		9.52 %	4.59 %	12.93 %	9.00 %	6.38 %	3.70 %	(2.55)%	3.66 %	3.03 %

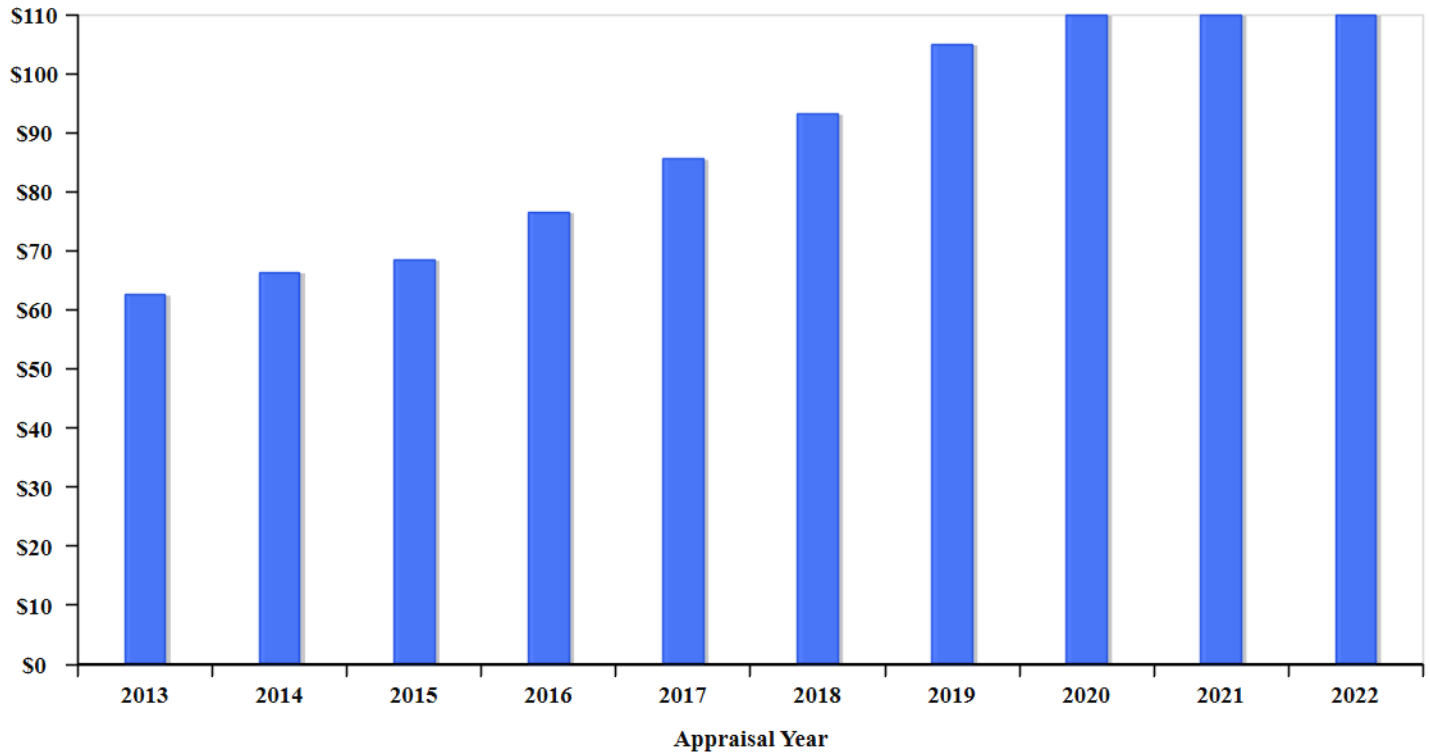


Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction do not include any taxable property.

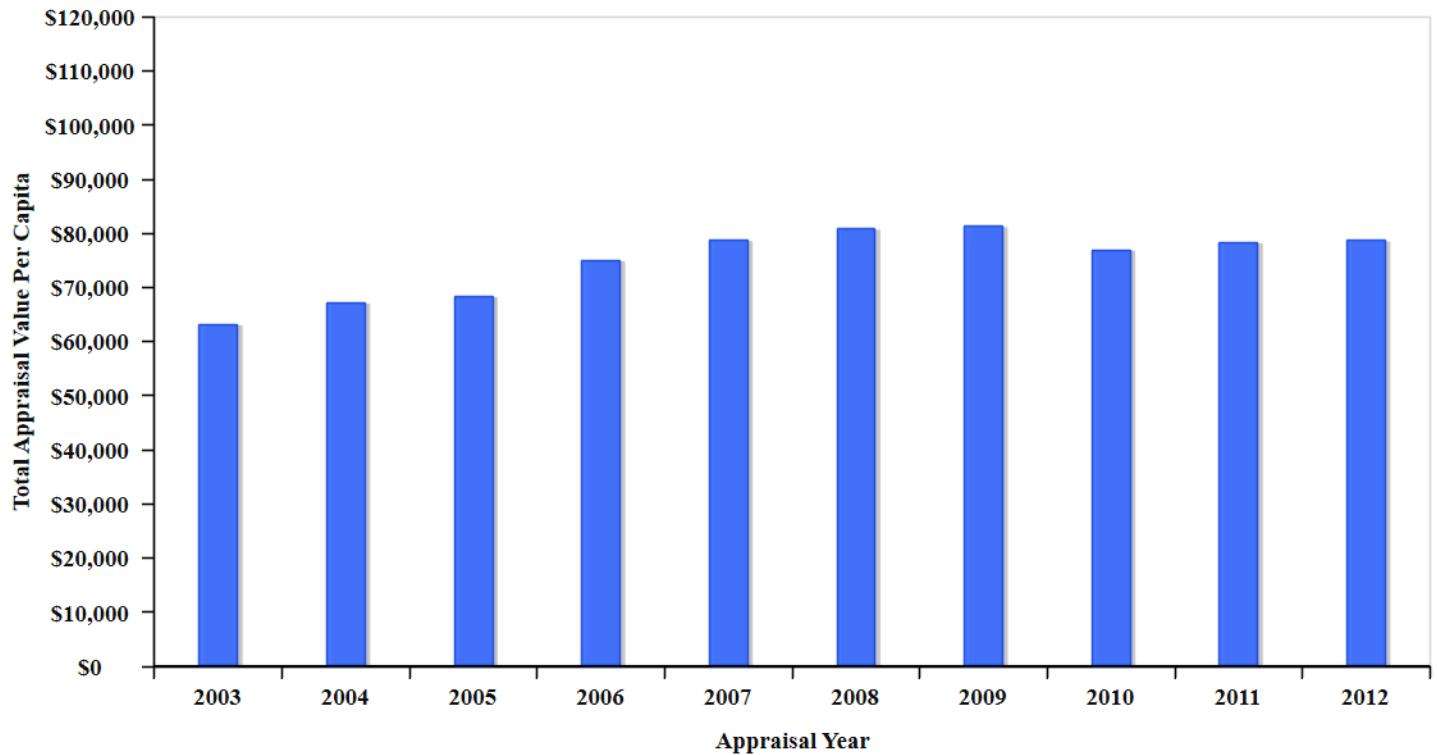
**TABLE 22**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
\$ 62.6	\$ 66.4	\$ 68.5	\$ 76.6	\$ 85.6	\$ 93.2	\$ 105.0	\$ 110.6	\$ 123.2	\$ 144.3
2.29 %	6.07 %	3.16 %	11.82 %	11.75 %	8.88 %	12.66 %	5.33 %	11.39 %	17.13 %



**CITY OF FORT WORTH, TEXAS  
APPRAISED VALUE PER CAPITA  
LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Value (Billions)	\$ 37.0	\$ 40.5	\$ 42.3	\$ 47.8	\$ 52.2	\$ 55.4	\$ 57.5	\$ 56.0	\$ 58.0	\$ 59.8
Population	585,542	602,759	619,117	637,346	662,346	685,762	706,526	727,257	741,206	760,758
Value Per Capita	\$ 63,198	\$ 67,184	\$ 68,363	\$ 75,022	\$ 78,738	\$ 80,834	\$ 81,316	\$ 76,977	\$ 78,317	\$ 78,648
Percent Change		6.31 %	1.75 %	9.74 %	4.95 %	2.66 %	0.60 %	(5.34)%	1.74 %	0.42 %



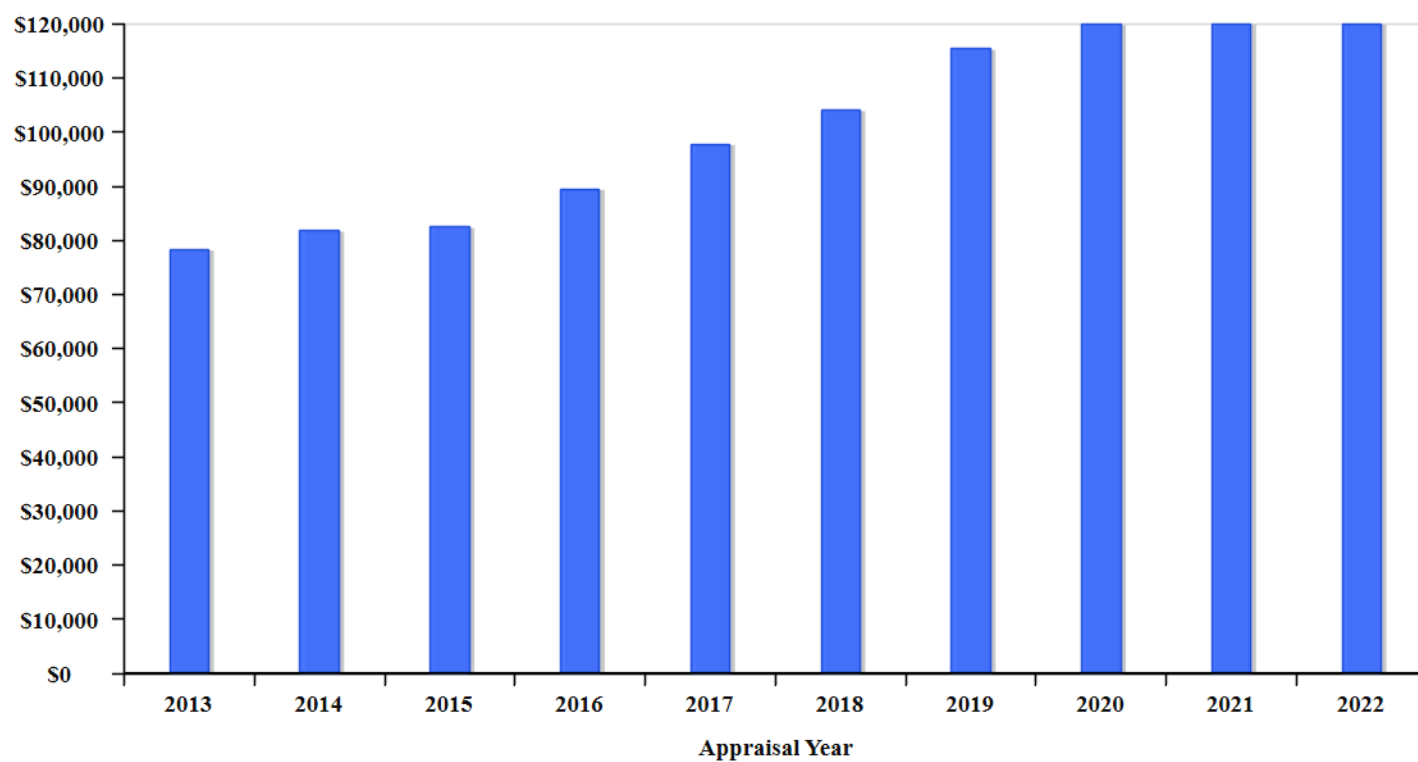
Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction do not include any taxable property.

Population prior to 2016 source is NCTCOG. Population beginning 2016 source is U.S. Bureau of Census 2010 and estimates.

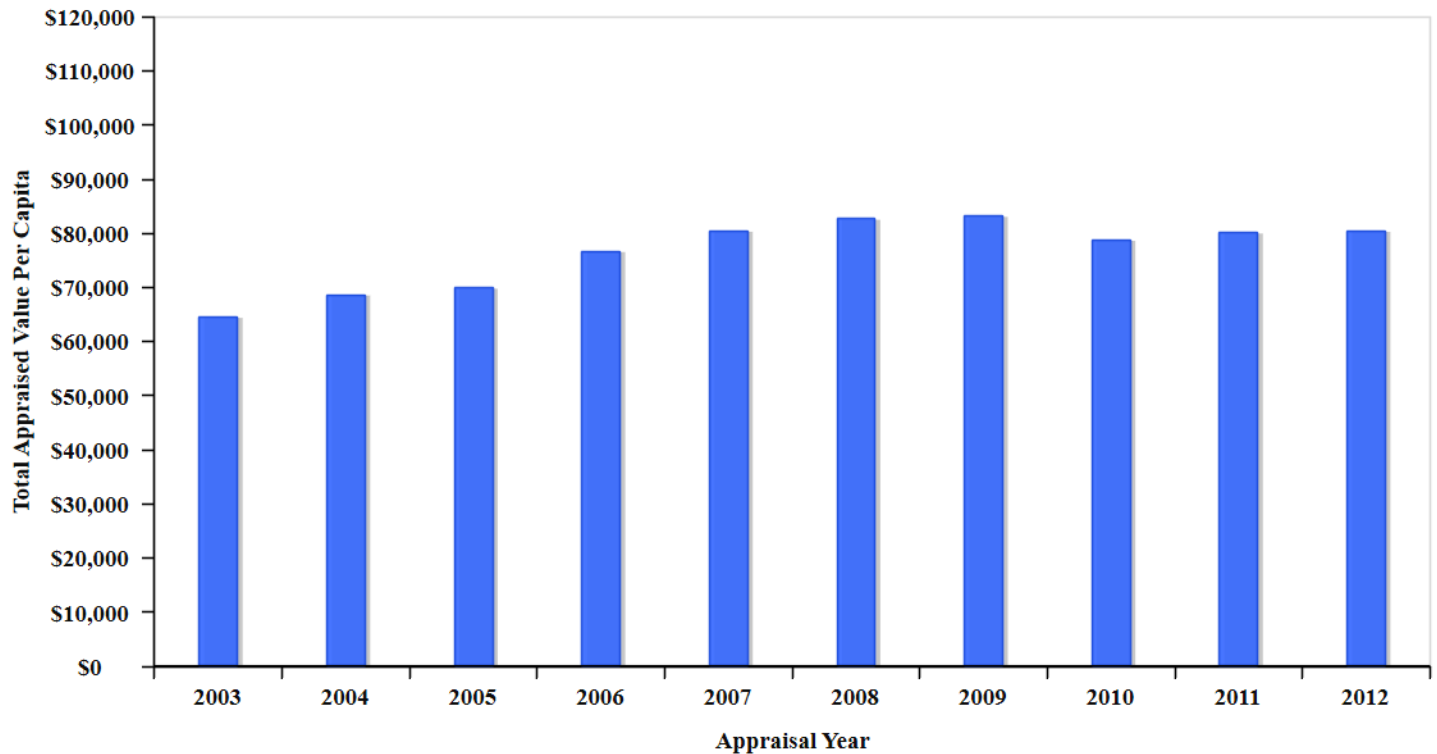
TABLE 23

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 61.2	\$ 64.9	\$ 67.0	\$ 74.9	\$ 83.7	\$ 91.1	\$ 103.3	\$ 109.1	\$ 116.9	\$ 133.4
782,027	794,189	812,553	836,969	855,897	876,060	895,008	909,585	918,915	935,508
\$ 78,284	\$ 81,763	\$ 82,466	\$ 89,498	\$ 97,806	\$ 104,018	\$ 115,376	\$ 119,905	\$ 127,171	\$ 142,576
(0.46)%	4.44 %	0.86 %	8.53 %	9.28 %	6.35 %	10.92 %	3.93 %	6.06 %	12.11 %



**CITY OF FORT WORTH, TEXAS**  
**APPRAISED VALUE PER CAPITA (Inflation Adjusted)**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Value	\$ 37,005	\$ 40,496	\$ 42,325	\$ 47,815	\$ 52,152	\$ 55,433	\$ 57,452	\$ 55,982	\$ 58,049	\$ 59,832
Adj Value (Billions)	\$ 37.8	\$ 41.4	\$ 43.3	\$ 48.9	\$ 53.3	\$ 56.7	\$ 58.8	\$ 57.3	\$ 59.4	\$ 61.2
Population	585,542	602,759	619,117	637,346	662,346	685,762	706,526	727,257	741,206	760,758
Value Per Capita	\$ 64,556	\$ 68,684	\$ 69,938	\$ 76,724	\$ 80,472	\$ 82,682	\$ 83,224	\$ 78,789	\$ 80,140	\$ 80,446
Percent Change		6.39 %	1.83 %	9.70 %	4.89 %	2.75 %	0.66 %	(5.33)%	1.71 %	0.38 %



Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

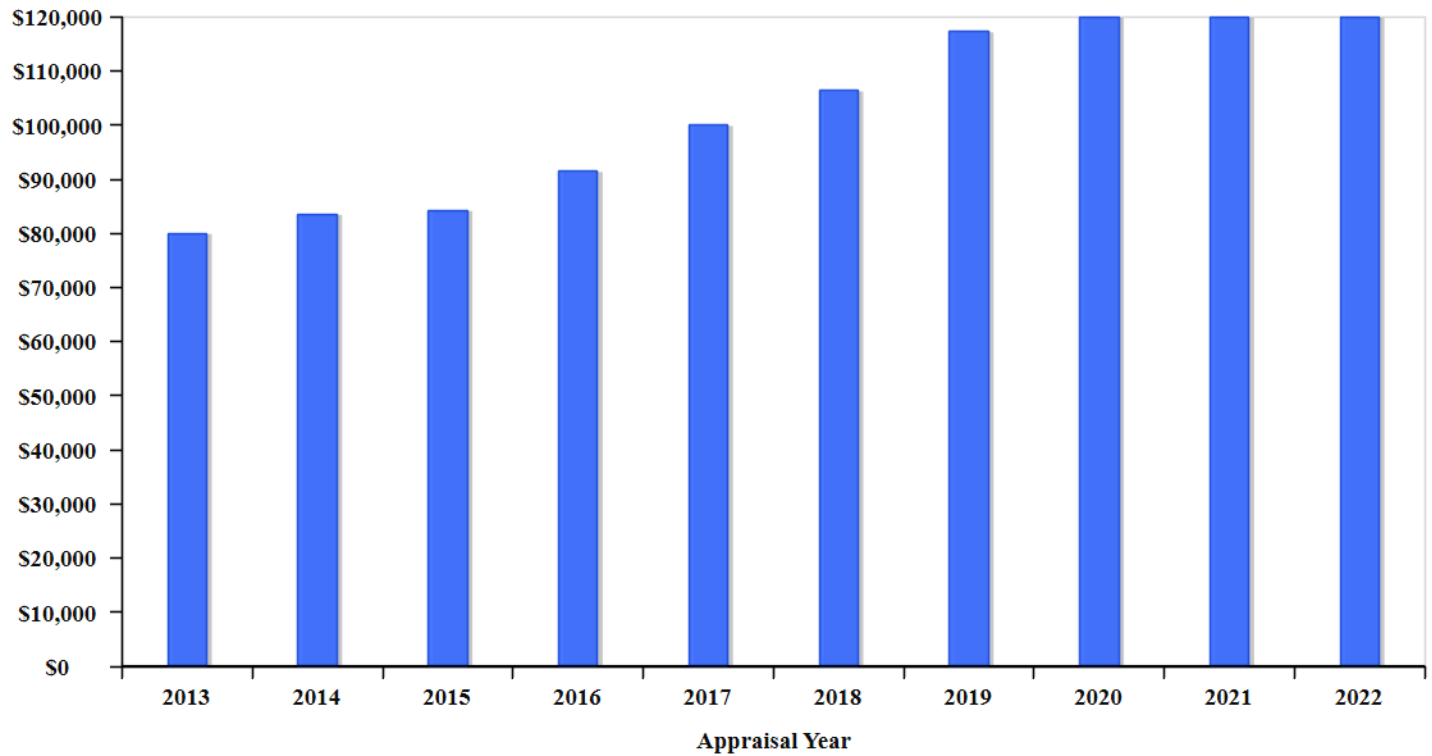
Population prior to 2016 source is NCTCOG. Population beginning 2016 source is U.S. Bureau of Census 2010 and estimates.

Appraisal values adjusted for inflation based on CPI data available at <http://www.usinflationcalculator.com>

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction does not include any taxable property.

**TABLE 24**

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 61,220	\$ 64,935	\$ 67,008	\$ 74,907	\$ 83,712	\$ 91,126	\$ 103,262	\$ 109,064	\$ 116,859	133,381
\$ 62.6	\$ 66.4	\$ 68.5	\$ 76.6	\$ 85.6	\$ 93.2	\$ 105.0	\$ 110.6	\$ 123.2	\$ 144.3
782,027	794,189	812,553	836,969	855,897	876,060	895,008	909,585	918,915	935,508
\$ 80,048	\$ 83,607	\$ 84,302	\$ 91,521	\$ 100,012	\$ 106,385	\$ 117,317	\$ 121,594	\$ 134,071	\$ 154,248
(0.49)%	4.45 %	0.83 %	8.56 %	9.28 %	6.37 %	10.28 %	3.65 %	10.26 %	15.05 %



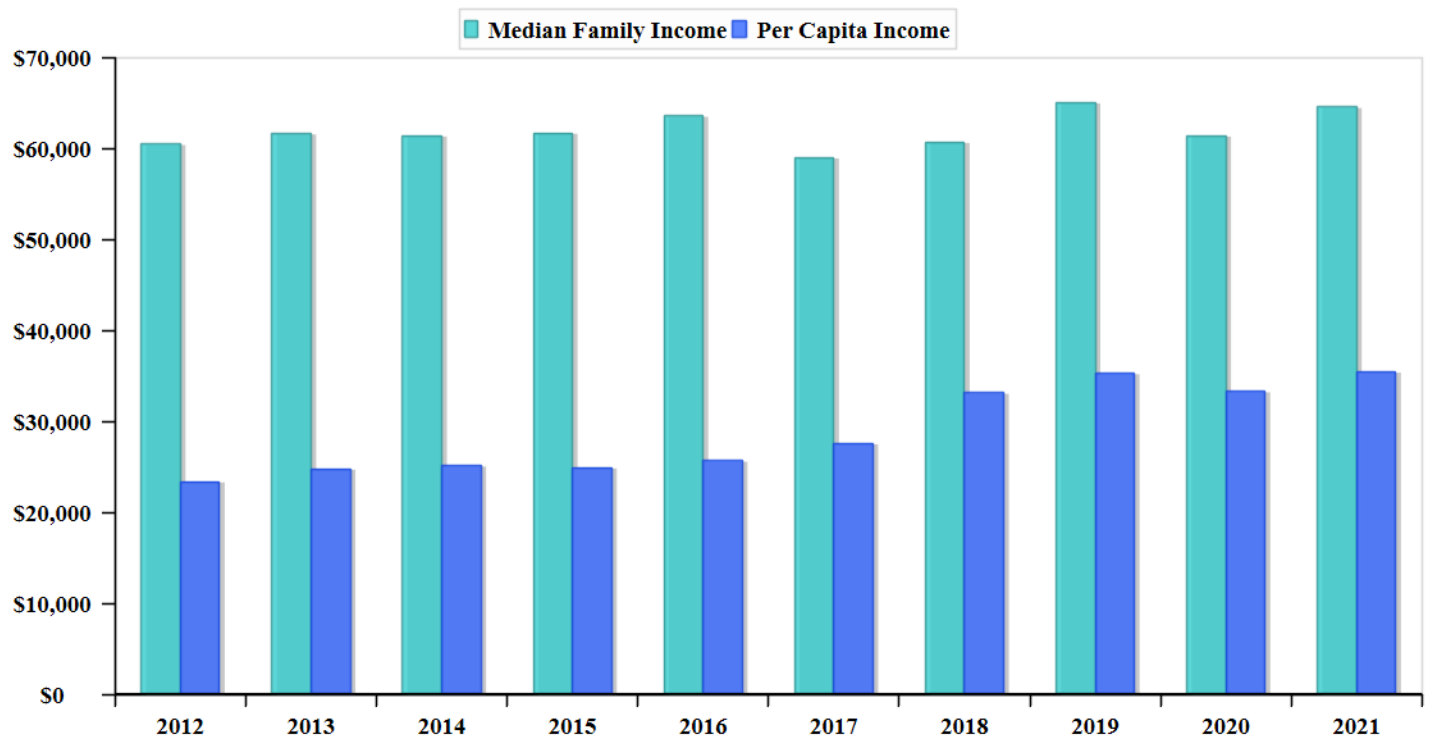
**CITY OF FORT WORTH, TEXAS**  
**MEDIAN FAMILY AND PER CAPITA INCOME (Unaudited)**  
**(Unadjusted for Inflation)**

**TABLE 25**

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Median Family Income	\$ 60,489	\$ 61,651	\$ 61,433	\$ 61,728	\$ 63,585	\$ 59,025	\$ 60,723	\$ 65,061	\$ 61,413	\$ 64,553
Percent Change		1.92 %	(0.35)%	0.48 %	3.01 %	(7.17)%	2.88 %	7.14 %	(5.61)%	5.11 %

Fort Worth Per Capita Income (Unadjusted for Inflation)										
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Per Capita Income	\$ 23,449	\$ 24,836	\$ 25,186	\$ 24,975	\$ 25,706	\$ 27,622	\$ 33,168	\$ 35,319	\$ 33,338	\$ 35,493
Percent Change		5.91 %	1.41 %	(0.84)%	2.93 %	7.45 %	20.08 %	6.49 %	(5.61)%	6.46 %



Source: U.S. Census Bureau, American Community Survey

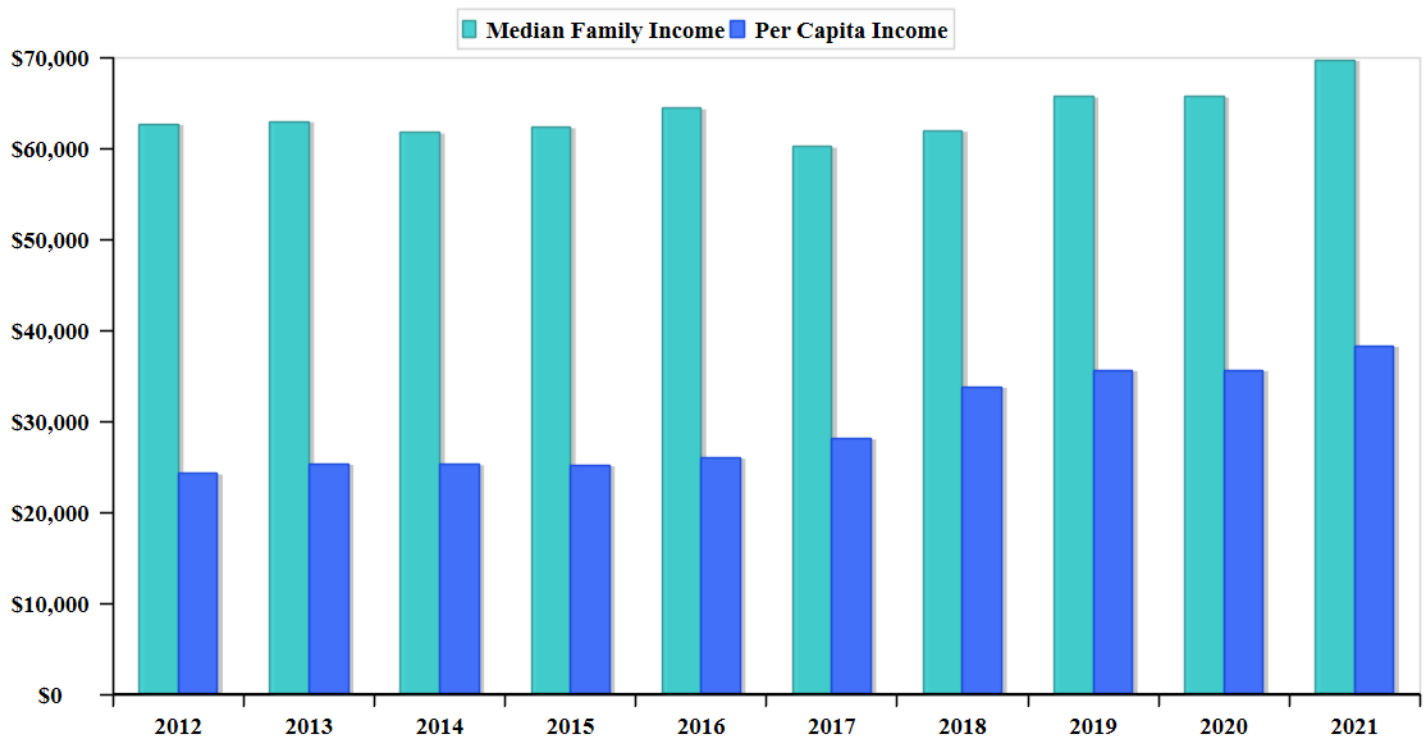
**CITY OF FORT WORTH, TEXAS**  
**MEDIAN FAMILY AND PER CAPITA INCOME (Unaudited)**  
**(Adjusted for Inflation)**

**TABLE 26**

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Median Family Income	\$ 62,712	\$ 62,994	\$ 61,747	\$ 62,345	\$ 64,412	\$ 60,205	\$ 61,937	\$ 65,712	\$ 65,712	\$ 69,717
Percent Change		0.45 %	(1.98)%	0.97 %	3.32 %	(6.53)%	2.88 %	6.09 %	- %	6.09 %

Fort Worth Per Capita Income (Adjusted for Inflation)										
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Per Capita Income	\$ 24,310	\$ 25,376	\$ 25,315	\$ 25,225	\$ 26,040	\$ 28,174	\$ 33,831	\$ 35,672	\$ 35,672	\$ 38,332
Percent Change		4.39 %	(0.24)%	(0.36)%	3.23 %	8.20 %	20.08 %	5.44 %	- %	7.46 %

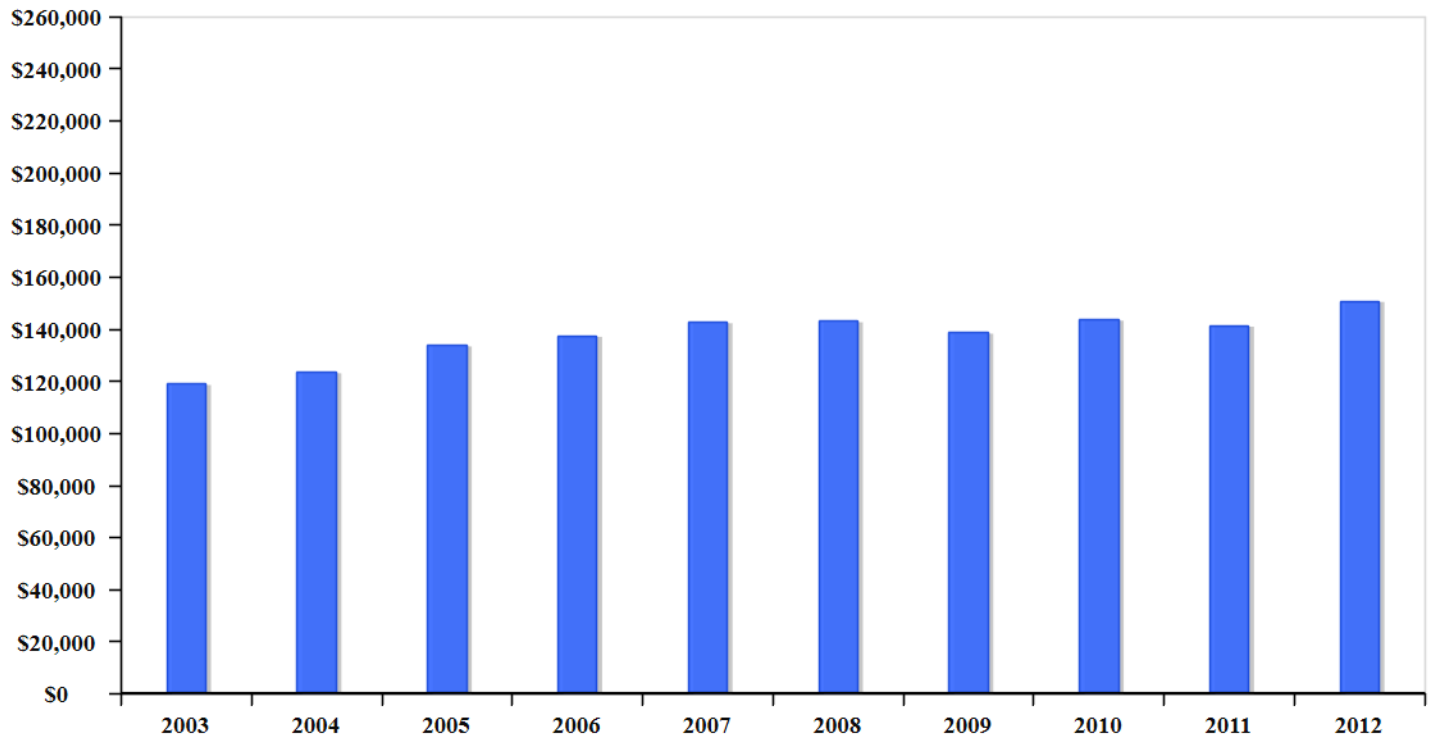


Source: U.S. Census Bureau, American Community Survey



**CITY OF FORT WORTH, TEXAS**  
**AVERAGE HOME VALUE**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

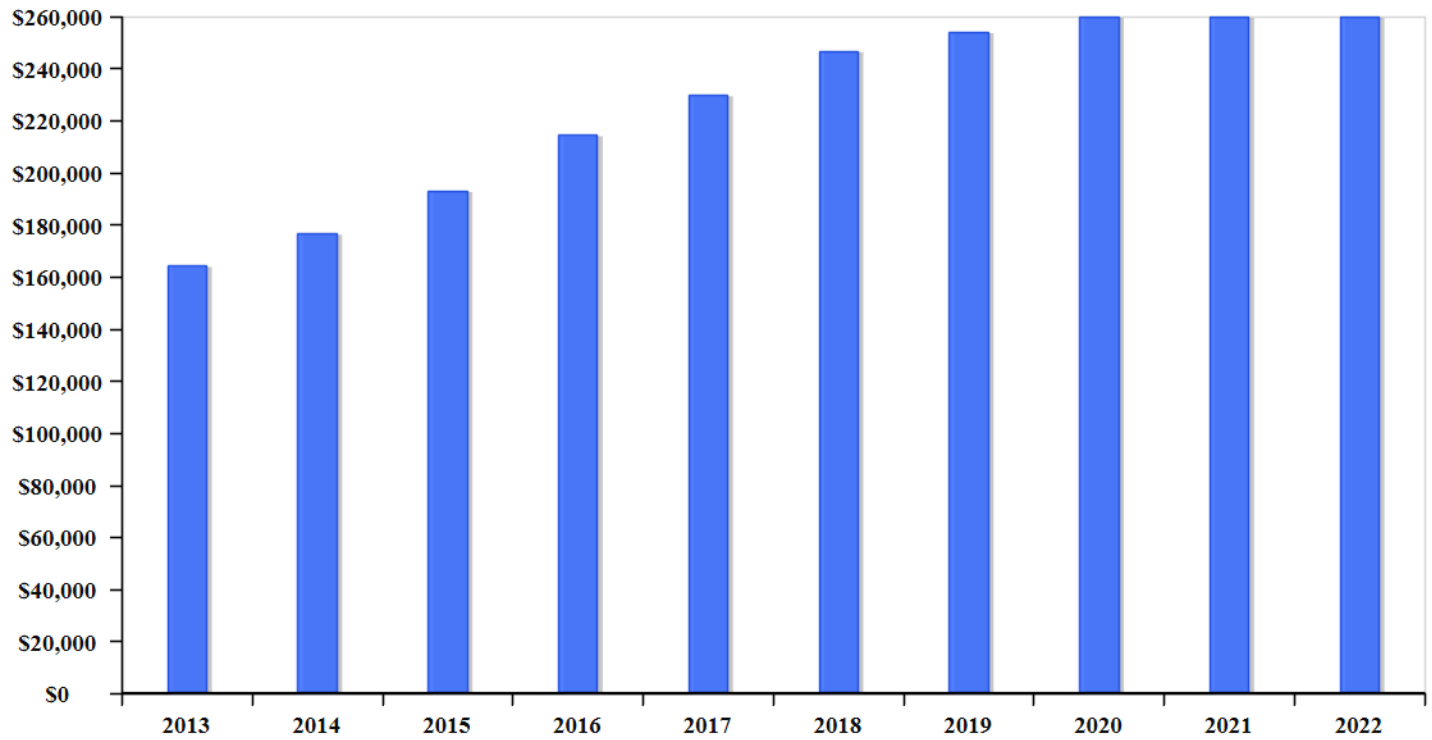
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Average Home Value	\$ 119,000	\$ 123,500	\$ 133,800	\$ 137,500	\$ 142,700	\$ 143,100	\$ 138,700	\$ 143,700	\$ 141,400	\$ 150,900
% Change		3.78 %	8.34 %	2.77 %	3.78 %	0.28 %	(3.07)%	3.60 %	(1.60)%	6.72 %



Source: Texas A&M University, Real Estate Center. For years prior to 2016, figures are MLS described geography. Beginning in 2016, figures are geographical for better accuracy. For FY17, the source is the same; data used is based on a monthly average and not the annual.

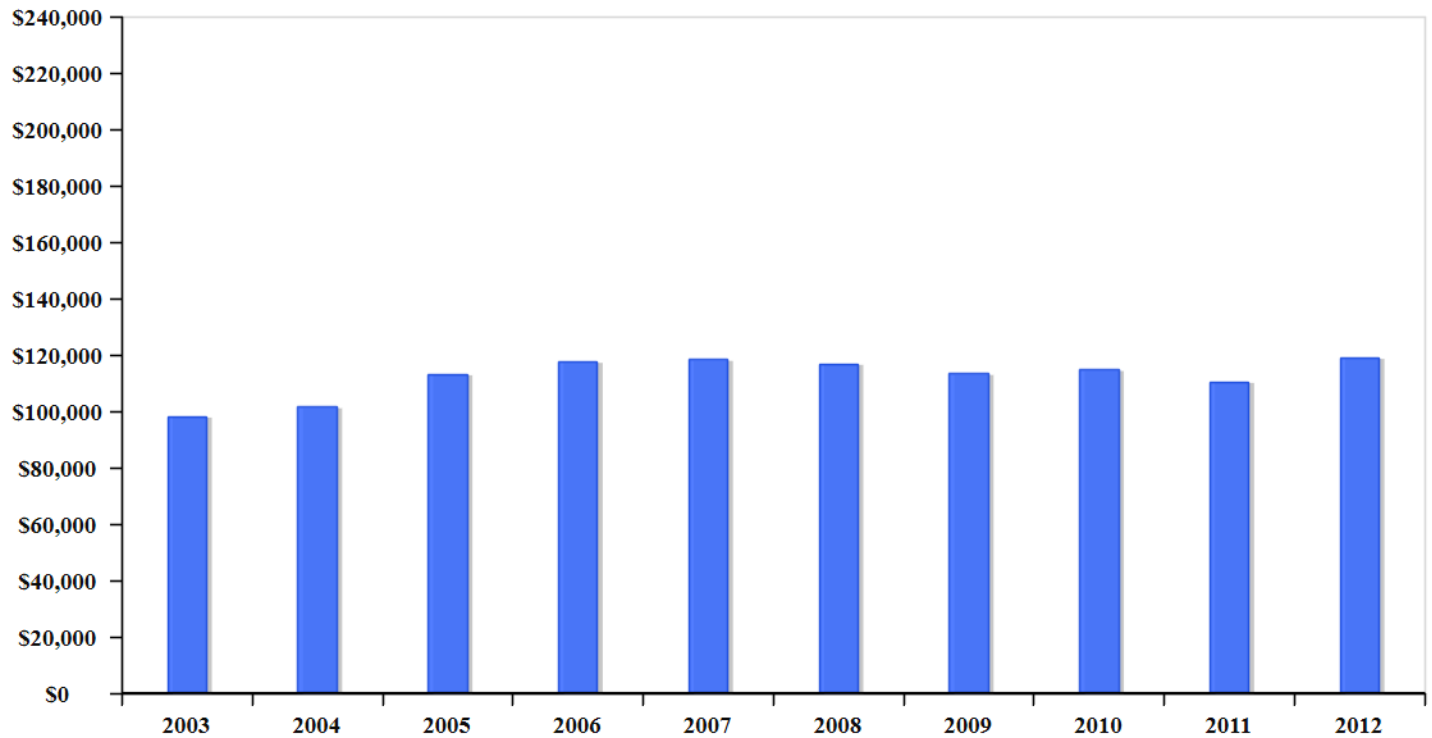
**TABLE 27**

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 164,300	\$ 176,700	\$ 193,100	\$ 214,506	\$ 229,864	\$ 246,797	\$ 254,107	\$ 264,701	\$ 313,171	\$ 369,960
8.88 %	7.55 %	9.28 %	11.09 %	7.16 %	7.37 %	2.96 %	4.17 %	18.31 %	18.13 %



**CITY OF FORT WORTH, TEXAS**  
**MEDIAN HOME VALUE**  
**LAST TWENTY FISCAL YEARS (Unaudited)**

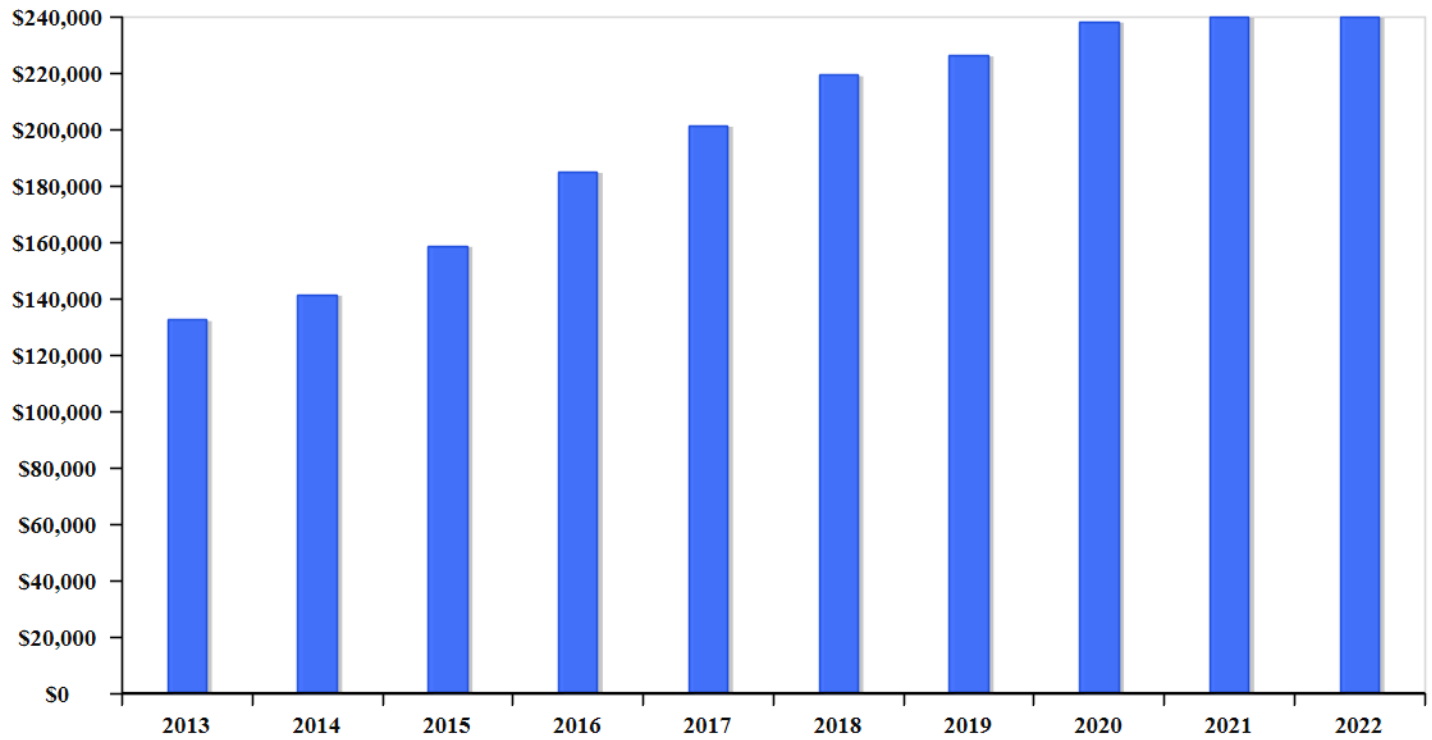
<b>Year</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Median Home Value	\$ 98,300	\$ 101,600	\$ 113,300	\$ 117,700	\$ 118,400	\$ 117,000	\$ 113,400	\$ 114,800	\$ 110,600	\$ 119,100
% Change		3.36 %	11.52 %	3.88 %	0.59 %	(1.18)%	(3.08)%	1.23 %	(3.66)%	7.69 %



Source: Texas A&M University, Real Estate Center. For years prior to 2016, figures are MLS described geography. Beginning in 2016, figures are geographical for better accuracy. For FY17, the source is the same; data used is based on a monthly median and not the annual.

**TABLE 28**

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
\$ 132,500	\$ 141,500	\$ 158,800	\$ 185,000	\$ 201,396	\$ 219,276	\$ 226,329	\$ 238,300	\$ 279,829	\$ 338,374
11.25 %	6.79 %	12.23 %	16.50 %	8.86 %	8.88 %	3.22 %	5.29 %	17.43 %	20.92 %



**CITY OF FORT WORTH, TEXAS**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS (Unaudited)**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Government					
City Manager	58	53	64	63	55
Performance and Budget <sup>(b)</sup>	-	-	-	-	25
IT Solutions <sup>(g)</sup>	-	-	-	-	-
Housing and Community Development <sup>(c)</sup>	71	68	76	-	-
Planning and Development	155	146	143	132	140
Community and Public Engagement <sup>(a)</sup>	-	-	-	-	-
Diversity & Inclusion <sup>(h)</sup>	-	-	-	-	-
Internal Audit	15	15	15	15	15
City Secretary	12	11	11	11	11
Legal	53	53	51	50	51
Financial Management Services	88	101	104	100	91
Human Resources	52	51	50	59	59
Economic Development <sup>(c)</sup>	-	-	-	22	22
Neighborhood Services <sup>(c)</sup>	-	-	-	155	150
Transportation and Public Works	617	589	591	441	442
Property Management <sup>(e)</sup>	-	-	-	88	93
Code Compliance	289	286	310	353	370
Public Events	132	133	133	133	133
Municipal Court	198	191	184	184	182
Park and Recreation <sup>(d)</sup>	396	392	397	362	391
Library	220	220	216	213	213
Subtotal	2,356	2,309	2,345	2,381	2,443
Enterprise Fund					
Water/Wastewater	934	940	937	937	949
Aviation	24	24	24	24	24
Subtotal	958	964	961	961	973
Internal Service Fund					
IT Solutions <sup>(g)</sup>	127	133	139	138	136
Equipment Services <sup>(e)</sup>	106	106	106	106	114
Subtotal	233	239	245	244	250
Public Safety					
Police <sup>(f)</sup>	-	-	-	-	-
Police-Uniform	1,594	1,549	1,549	1,599	1,635
Police-Civilian	448	445	453	455	458
Fire <sup>(f)</sup>	-	-	-	-	-
Fire-Uniform	908	884	884	911	925
Fire-Civilian	47	47	47	60	61
Subtotal	2,997	2,925	2,933	3,025	3,079
Total	6,544	6,437	6,484	6,611	6,745

(a) Mayor and Council Office is included in City Manager's Office since 2011. In FY18, Community Relations separated from the City Manager's Office and the name changed to Community and Public Engagement

(b) Performance and Budget moved to City Manager's Office in FY11, and in FY13 moved back to Financial Management Services. In FY17, the Budget Division was transferred to the newly created Performance and Budget Office.

(c) Economic and Community Development was combined with Housing in 2009, and dissolved in FY16 into Economic Development and Neighborhood Services.

(d) Parks and Community Services is referred to as Park and Recreation beginning FY16.

(e) Property Management was established in FY16 and was overstated due to the inclusion of Equipment Services. 2016 data has been corrected.

(f) The Police and Fire Uniform and Civilian FTEs are not reported separately beginning FY18.

(g) As of September 30, 2018, IT Solutions was incorporated into General Government

(h) Diversity & Inclusion was established in FY20.

Source: Approved Budgets 2011-2022

TABLE 29

2018	2019	2020	2021	2022
35	36	23	24	27
25	25	26	27	28
-	160	160	158	157
-	-	-	-	-
153	162	162	174	184
41	42	42	42	42
-	-	14	21	21
16	16	18	18	18
14	14	15	15	15
51	51	51	50	54
89	89	87	91	91
58	60	60	59	60
20	23	23	17	17
170	172	179	176	174
490	485	493	471	472
97	102	215	208	214
326	355	398	398	390
137	142	142	135	135
168	161	151	140	133
473	493	481	414	427
237	236	244	234	228
2,600	2,824	2,984	2,872	2,887
967	993	996	999	999
26	26	27	26	27
993	1,019	1,023	1,025	1,026
158	-	-	-	-
117	115	-	-	-
275	115	-	-	-
2,222	2,229	2,163	2,219	2,241
-	-	-	-	-
-	-	-	-	-
1,004	1,016	1,000	1,013	1,025
-	-	-	-	-
-	-	-	-	-
3,226	3,245	3,163	3,232	3,266
7,094	7,203	7,170	7,129	7,179

**CITY OF FORT WORTH, TEXAS**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS (Unaudited)**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public Safety</b>					
Fire					
Calls for Service - Fire	10,158	10,439	10,333	2,340	2,398
Calls for Service - EMS	71,511	76,438	79,059	66,712	72,176
Calls for Service - Other <sup>(c)</sup>	29,529	32,514	35,557	36,995	37,160
Police					
Calls for Service	266,169	296,561	292,047	289,058	286,373
<b>Municipal Courts</b>					
Citations Entered	246,378	232,596	205,553	175,559	155,027
Warrants Issued	167,764	115,840	195,718	150,281	112,060
Jail Cases Prepared	141,888	126,739	127,925	104,637	88,610
<b>Transportation and Public Works</b>					
Streets - Lane Miles Maintained Annually	7,382	7,420	7,437	7,518	7,617
Lane Miles - Resurfaced	143	110	139	165	149
<b>Library</b>					
Books and audio/visual materials (millions) <sup>(a)</sup>	1.1	1.2	1.2	1.2	1.1
Average Monthly Circulation	355,877	339,860	309,730	322,724	369,120
<b>Building Permits</b>					
Permits issued (in thousands)	10.1	10.8	11.3	12.3	13.4
Estimated Value (in thousands)	1,214,680	2,143,490	2,118,305	2,753,962	3,935,427
<b>Aviation</b>					
Airport Operations (Takeoffs and Landings)	252,989	257,944	300,013	310,811	331,714
Total Fuel Flowage, gallons	8,260,693	7,457,850	8,371,920	7,845,963	8,822,258
Total Fuel Flowage, revenue	926,437	893,647	1,088,113	1,016,484	1,231,311
<b>Water &amp; Sewer</b>					
Number of Water Accounts (in thousands)	228	234	238	241	247
Peak Day Water Consumption (million gallons)	324	297	329	312	263
Average Daily Water Consumption (million gallons)	186	179	179	173	177
Water System Storage Capacity (million gallons)	90	89	90	95	95
Actual Annual Water Pumpage (million gallons)	67,929	65,485	65,119	63,162	64,751
Infrastructure Leakage Index <sup>(b)</sup>	3.67	5.21	5.42	7.07	4.33
Number of Sewer Accounts (in thousands)	219	225	229	231	237
Average daily sewage treatment (million gallons)	95	95	114	124	104
<b>Municipal Parking</b>					
Parking tickets issued	60,354	44,932	42,667	36,753	31,251

(a) Number does not include approximately 1 million governmental documents for the years 2008-2010.

(b) Number based on the calendar year per state requirements - Information N/A (Not Available).

(c) Beginning FY19, in addition to Fire and EMS, "Other" was added which includes HazMat, Lift-Assist & Lockouts.

Source: Respective City of Fort Worth departments.

**TABLE 30**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
2,960	2,130	2,440	2,982	4,200
72,277	73,423	72,023	78,277	80,775
42,305	44,639	43,087	51,348	51,187
269,714	278,467	258,330	249,079	261,815
154,277	146,415	78,814	68,438	90,024
147,782	150,701	60,405	36,122	31,767
74,134	33,953	21,080	12,227	15,804
7,775	7,907	8,115	8,121	8,129
108	30	32	64	58
1.2	1.2	1.2	1.3	1.0
330,488	336,898	227,971	247,003	298,153
14.0	14.0	15.0	17.8	20.0
3,510,592	3,451,308	4,943,751	4,322,149	5,189,202
345,944	358,672	654,228	321,086	349,643
9,545,622	9,906,966	8,031,446	10,460,662	12,290,827
1,434,661	1,586,871	1,472,103	1,850,954	2,214,464
254	260	270	277	282
356	315	335	380	391
194	176	187	193	220
96	96	97	97	97
71,069	64,131	68,394	70,612	80,266
5.71	3.64	3.57	N/A	N/A
243	249	258	265	275
117	132	111	124	105
30,742	43,213	22,557	35,070	40,662



**CITY OF FORT WORTH, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS (Unaudited)**

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Library</b>					
Library Facilities Owned	14	14	14	14	14
Library Facilities Leased	2	2	2	2	2
<b>Neighborhood Services <sup>(a)</sup></b>					
Community and C.A.P. Centers	-	-	-	9	9
<b>Park and Recreation</b>					
Parks and Public Spaces	260	263	271	274	278
Parks Acres	11,663	11,722	11,781	11,878	11,988
Miles of Trails (Jogging, Hiking & Biking) (paved trails)	71	71	77	120	78
Swimming Pools	7	2	2	2	2
Athletic Fields (Soccer, Football, Baseball & Rugby)	188	186	186	192	188
Tennis Centers	1	1	1	1	1
Number of Tennis Courts	16	16	16	16	16
Neighborhood Tennis Courts	87	87	88	86	88
Multi-use Courts	107	107	113	113	130
Golf Courses	4	4	4	4	4
Community and C.A.P. Centers	22	23	23	14	22
<b>Public Safety</b>					
Police Stations Owned	12	14	17	17	17
Police Stations Leased	11	10	11	11	11
Fire Stations	42	42	42	42	42
<b>Public Works</b>					
Streets - Lane Miles	7,382	7,420	7,437	7,518	7,617
Traffic Signals	667 <sup>(c)</sup>	649 <sup>(d)</sup>	667 <sup>(e)</sup>	697 <sup>(f)</sup>	680 <sup>(g)</sup>
Street Lights	64,721	65,489	65,894	66,182	67,032
<b>Stormwater</b>					
Miles of Channels - Improved	212	212	214	214	214
Miles of Storm Pipes	1,163	943	955	970	973
<b>Water</b>					
Water Mains (Miles)	3,553	3,596	3,386	3,420	3,503
Fire Hydrants	18,879	19,136	18,709	19,182	22,320
<b>Wastewater</b>					
Miles of Sanitary Sewers	3,610	3,643	3,289	3,313	3,459

(a) Neighborhood Services became a separate department of Park and Recreation in FY2016.

(b) The City also maintains 97 Traffic Signals owned by TXDOT not included in the number noted above.

(c) The City also maintains 100 Traffic Signals owned by TXDOT not included in the number noted above.

(d) The City also maintains 118 Traffic Signals owned by TXDOT not included in the number noted above.

(e) The City also maintains 114 Traffic Signals owned by TXDOT not included in the number noted above.

(f) The City also maintains 193 Traffic Signals owned by TXDOT not included in the number noted above. In FY2016, traffic signal counts were standardized to use intersections within a site as measurement. Prior to FY2016 counts were based on site.

(g) The city also maintains 204 signalized intersections owned by TXDOT not included in the number noted above. A total number of Traffic Signals maintained by the City is 884. In FY2016, traffic signal counts were standardized to use intersections within a site as measurement, prior to FY2016 counts were based on site. An example includes I-20 @ James/Crowley is measured as four intersections, and I-30 @ Summit measured as two intersections.

(h) The City also maintains 190 Traffic Signals owned by TXDOT not included in the number noted above.

(i) The City also maintains 196 Traffic Signals owned by TXDOT not included in the number noted above.

Source: Respective City of Fort Worth departments.

TABLE 31

2018	2019	2020	2021	2022
14	14	15	16	16
2	3	1	1	2
9	9	9	9	9
283	289	291	291	297
12,065	12,323	12,337	12,518	13,156
79	79	210	210	210
3	3	3	3	3
227	227	254	254	257
1	1	1	1	1
16	16	14	14	14
64	62	62	62	62
47	47	105	112	115
4	4	3	3	4
22	14	14	14	14
15	15	15	15	15
9	9	9	9	9
43	43	43	43	44
7,775	7,907	8,115	8,121	8,129
693 <sup>(h)</sup>	701 <sup>(i)</sup>	710	964	938
67,237	69,527	69,527	59,956	63,806
214	214	230	230	230
998	994	997	1,012	1,031
3,503	3,629	3,687	3,800	3,914
22,778	23,420	23,946	24,599	25,320
3,508	3,565	3,624	3,712	3,788



[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## **APPENDIX C**

### **SELECTED PROVISIONS OF THE ORDINANCE**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## SELECTED PROVISIONS OF THE ORDINANCE

The City has adopted separate and distinct ordinances related to each series of the Series 2023 Bonds (collectively, the “Ordinance”). Selected provisions of the Ordinance are shown below. The excerpts presented herein do not purport to be complete statements of the Ordinance, and reference is made to the Ordinance for further information in all respects.

**DEFINITIONS.** The following terms shall have the meanings set forth below:

**“334 Revenues”** means, collectively: (i) an admissions tax on each ticket sold as admission to an event held at the Venue Project, at a rate of ten percent (10%) of the price of the ticket; (ii) a livestock facility use tax on each stall or pen used or occupied during a livestock event held on one or more consecutive days in which the Venue Project is used, at a rate of \$1.00 per stall/pen per day but not to exceed twenty dollars (\$20.00) in the aggregate per stall or pen rental for any event; and (iii) a parking tax at a rate of 50% of the amount paid for each motor vehicle parking in a parking facility that serves or will serve the Venue Project, but not to exceed five dollars (\$5.00) per day, all of which taxes shall be collected for events held beginning on the date as of which the multipurpose arena in the Venue Project is issued a certificate of occupancy and continuing so long as obligations, including revenue or refunding obligations, for the planning, acquisition, establishment, development, construction, or renovation of the Venue Project are outstanding and unpaid.

**“334 Revenues Account”** means the Account of such name in the Venue Project Fund described in VENUE PROJECT FUND below.

**“Account”** or **“Accounts”** means any one or more of the accounts from time to time created in any of the Funds as described by the Ordinance.

**“Additional Bonds”** means any bonds or other obligations issued by the Issuer as permitted by, and in accordance with the provisions of, the Ordinance for the purposes set forth in ADDITIONAL BONDS below.

**“Adjacent Support Facilities Project”** means the development, design, construction and equipping of facilities in the Will Rogers Memorial Center, including, without limitation, the construction, modification, renovation and improvement of Cattle Barns and other event buildings and facilities; related infrastructure improvements and utilities, heating, ventilation and air-conditioning systems including chillers, boilers and control systems; security systems; landscaping; communications systems; lighting improvements; the purchase of furnishings, fixtures, equipment and systems related thereto; public art enhancements; and audio-visual improvements, including, without limitation, sound and lighting systems, video board systems and related infrastructure to the Will Rogers Memorial Center. Each of the Series 2023A Adjacent Support Facilities Project and the Series 2023B Adjacent Support Facilities Project is an Adjacent Support Facilities Project.

**“Airport Shared Revenues”** means the revenues derived from agreements and other revenue-sharing arrangements governed by Subchapter D of Chapter 22, Texas Transportation Code, with respect to certain revenues generated at D/FW International Airport, and made available by the City to finance as described in the Series 2017 Bond Ordinances and the Ordinance, the Venue Project after payment of any obligations (other than Outstanding Venue Project Bonds) issued or incurred by the City after the date of the Series 2017 Bond Ordinances secured by a lien on and pledge of the Airport Shared Revenues.

**“Authorized Denominations”** means \$5,000 in principal amount and any integral multiple thereof.

**“Authorized Issuer Representative”** means the City Manager and the Chief Financial Officer of the City, individually, but not collectively.

**“Available City Hotel Tax Revenues”** means an amount equal to 100% of the City Hotel Tax Revenues collected by the City at the end of each calendar month.

**“Bankruptcy Code”** means Title 11 of the United States Code.

**“Beneficial Owner”** means, with respect to the Series 2023 Bonds, a person owning a Beneficial Ownership Interest therein, as evidenced to the satisfaction of the City and the Paying Agent/Registrar.

**“Beneficial Ownership Interest”** means the beneficial right to receive payments and notices with respect to the Series 2023 Bonds which are held by the Depository under a book-entry system.

**“Bond Counsel”** or **“Co-Bond Counsel”** means McCall, Parkhurst & Horton L.L.P., Kelly Hart & Hallman LLP, or another firm or firms of attorneys selected by the Issuer whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

**“Bondholder”** or **“Holder”** or **“Registered Owner”** means the Person in whose name any of the Series 2023 Bonds are registered on the books kept and maintained by the Paying Agent/Registrar as bond registrar.

**“Bond Purchase Agreement”** means the agreement between the Issuer and the Underwriters, pursuant to which the Series 2023 Bonds are to be sold and delivered and under which certain terms and provisions applicable to the Series 2023 Bonds are formally memorialized.

**“Business Day”** means a day of the year that is not a Saturday, Sunday, a legal holiday or a day on which commercial banks are not required or authorized to close in the City, the City of New York, New York, or the city in which the operations office of the Paying Agent/Registrar is located.

**“Chapter 9”** means Chapter 9, Texas Business and Commerce Code, as amended.

**“Chapter 334”** or **“Act”** means Chapter 334, Texas Local Government Code, as amended.

**“Chapter 1206”** means Chapter 1206, Texas Government Code, as amended.

**“Chapter 1371”** means Chapter 1371, Texas Government Code, as amended.

**“Chapter 2256”** means Chapter 2256, Texas Government Code, as amended.

**“City”** or **“Issuer”** means the City of Fort Worth, Texas, a political subdivision and home-rule municipality of the State of Texas.

**“City Council”** means the governing body of the City.

**“City Hotel Tax Revenues”** means the revenues to be made available from the City 2% Hotel Occupancy Tax Revenues and the City 7% Hotel Occupancy Tax Revenues.

**“City 2% Hotel Occupancy Tax Revenues”** means those revenues derived throughout the City from the application of a hotel-associated local tax at a rate of not more than two percent of the cost of a room and made available by the City to finance, as described in the Series 2017 Bond Ordinances and the Ordinance, the Venue Project, in accordance with Section 351.1065, Texas Tax Code, after payment of any contractual obligations of the City in effect prior to July 12, 2017, which are payable from the City 2% Hotel Occupancy Tax Revenues, save and except general funding obligations of the City under the “Professional Services Agreement between the City of Fort Worth and the Fort Worth Convention and Visitors Bureau effective on October 1, 2013”.

**“City 7% Hotel Occupancy Tax Revenues”** means those revenues derived throughout the City from the application of a hotel-associated local tax at a rate of seven percent of the cost of a room and made available by the City to finance as described in the Series 2017 Bond Ordinances and the Ordinance, the Venue Project, in accordance with Sections 351.1015(c) and 351.102, Texas Tax Code, after payment of any contractual obligations of the City in effect prior to July 12, 2017, which are payable from the City 7% Hotel Occupancy Tax Revenues.

**“Closing Date”** means the date on which the Series 2023 Bonds are initially issued and delivered to the Underwriters.

**“Code”** means the Internal Revenue Code of 1986, as amended.

**“Comptroller”** or **“Comptroller of Public Accounts”** means the Comptroller of Public Accounts of the State of Texas.

**“Credit Facility”** means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that on the date said policy of insurance or surety bond was issued, a Rating Agency having an outstanding rating on the Outstanding Venue Project Bonds of any Series rated such Outstanding Venue Project Bonds fully insured by a standard policy issued by the issuer in its two highest generic rating categories; and (ii) a letter or line of credit issued by any financial institution, provided that on the date said letter or line of credit was issued, a Rating Agency having an outstanding rating on the Outstanding Venue Project Bonds of any Series rated such Bonds in its two highest generic rating categories if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of such Outstanding Venue Project Bonds and the interest thereon.

**“Debt Service”** means, for any Debt Service Payment Date, the amount required to pay the principal of (whether pursuant to a stated maturity or redemption requirements applicable thereto) and/or interest on Outstanding Venue Project Bonds coming due on such Debt Service Payment Date.



**“Debt Service Fund”** means the Fund of such name created pursuant to and further described in the Series 2017 Bond Ordinances and in DEBT SERVICE FUND below.

**“Debt Service Payment Date”** or **“Debt Service Payment Dates”** means an Interest Payment Date or a Principal Payment Date, or an Interest Payment Date and a Principal Payment Date, as the case may be.

**“Debt Service Reserve Account”** means the Account or Accounts held within the Debt Service Fund in which cash and any Reserve Fund Credit Facilities are held to provide additional security for the benefit of Holders of the Outstanding Venue Project Bonds. This term includes the Tax-Exempt Bonds Debt Service Reserve Account and the Taxable Bonds Debt Service Reserve Account. The Series 2023 Bonds are not secured by or payable from any Debt Service Reserve Account.

**“Defeasance Securities”** means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America and (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

**“Depository”** means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of book entry interests in the Series 2023 Bonds, and to effect transfers of book entry interests in the Series 2023 Bonds, and includes and means initially DTC.

**“Designated Trust Office”** means the office designated by the Paying Agent/Registrar as the office where payments on and transfers of Series 2023 Bonds are effected. As of the date the Ordinance was approved by the City Council, the Dallas, Texas office of the Paying Agent/Registrar is the Designated Trust Office.

**“DTC”** means The Depository Trust Company, New York, New York.

**“Election”** means the election conducted by the Issuer on November 4, 2014, which authorized and approved (i) the Venue Project as a venue project under Chapter 334 and (ii) the imposition and collection of the taxes which comprise the 334 Revenues.

**“Financial Advisor”** or **“Co-Financial Advisor”** means PFM Financial Advisors, LLC, Tijerina Galvan Lawrence, LLC, or another financial advisory firm or firms selected by the Issuer.

**“Fund”** or **“Funds”** means any of the Funds established by or described in the Ordinance.

**“Initial Series 2017A Principal Funding Date”** means March 15, 2020.

**“Initial Series 2017B Principal Funding Date”** means July 15, 2017.

**“Initial Series 2023A Principal Funding Date”** means the date certified to on or before the Closing Date by an Authorized Issuer Representative as the Initial Series 2023A Principal Funding Date.

**“Initial Series 2023B Principal Funding Date”** means the date certified to on or before the Closing Date by an Authorized Issuer Representative as the Initial Series 2023B Principal Funding Date.

**“Interest Payment Date”** or **“Interest Payment Dates”** means, with respect to the Series 2017 Bonds, March 1 and September 1 of each Year, commencing March 1, 2018, with respect to the Series 2023 Bonds, March 1 and September 1 of each Year, commencing March 1, 2024, and with respect to any Additional Bonds, the date on which interest is due and payable thereon.

**“Issuance Costs”** means the items of expense relating to the authorization, sale and issuance of the Series 2023 Bonds and the development and execution of the Ordinance and related documents, which items of expense may include, without limitation: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Paying Agent/Registrar; fees and expenses of any consultants retained by the Issuer in connection with the issuance of the Series 2023 Bonds including but not limited to the fees and expenses of the Issuer’s Co-Financial Advisors, Co-Bond Counsel, and any special legal counsel; legal fees and expenses and fees and expenses of other professionals and consultants related to drafting and negotiating all documents relating to the issuance of the Series 2023 Bonds; costs of credit ratings; and any other administrative or other costs of issuing the Series 2023 Bonds, investing the Series 2023 Bond proceeds or negotiating and delivering the documents relating to the issuance of the Series 2023 Bonds.

**“Legal Requirements”** means all laws, statutes, acts (including, without limitation, Chapter 552, Texas Government Code, the Texas Public Information Act, as applicable), ordinances, rules, regulations, permits, licenses, authorizations, directives,

orders and requirements of all governments, quasi-governmental or regulatory authorities, that now or hereafter may be applicable to, as applicable, (i) the Venue Project and the construction, maintenance and operation thereof, including those relating to employees, zoning, building, health, safety and environmental matters, and accessibility of public facilities, and/or (ii) the Issuer.

**“Moody’s”** means Moody’s Investors Service, Inc., and its successors and assigns.

**“MSRB”** means the Municipal Securities Rulemaking Board, and its successors and assigns.

**“Ordinance”** means the ordinances authorizing the issuance of the Series 2023 Bonds.

**“Outstanding”** means, as of the date of determination, all Series 2023 Bonds issued and delivered under the Ordinance except: (i) Series 2023 Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation; (ii) Series 2023 Bonds which matured and been paid in full or have been defeased in accordance with the provisions of the Ordinance; (iii) Series 2023 Bonds in exchange for or in lieu of which other Series 2023 Bonds have been registered and delivered pursuant to the Ordinance; and (iv) Series 2023 Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in the Ordinance.

**“Outstanding Venue Project Bonds”** means the Series 2017 Bonds, the Series 2023 Bonds and any Refunding Bonds and Additional Bonds that may be issued in the future and secured in the manner described in ADDITIONAL BONDS below.

**“Participant”** means any direct or indirect participant in the DTC book-entry-only system.

**“Paying Agent/Registrar”** means, with respect to the Series 2023 Bonds, BOKF, NA, and the successor or successors appointed pursuant to and meeting the requirements of the Ordinance.

**“Person”** means any individual, public or private corporation, partnership, limited liability company, county, district, authority, municipality, political subdivision or other entity of the State of Texas or the United States of America, and any partnership, association, firm, trust, estate or any other entity or organization whatsoever.

**“Pledged Revenues”** means the Airport Shared Revenues, the Available City Hotel Tax Revenues, the State PFZ Funds, any investment earnings thereon, and any other revenues, other than ad valorem taxes, that the City after the Closing Date designates as a Pledged Revenue under the Ordinance.

**“Principal Payment Date”** or **“Principal Payment Dates”** means, with respect to the Series 2017B Bonds, March 1 of each Year, commencing March 1, 2018, with respect to the Series 2017A Bonds, March 1 of each Year, commencing March 1, 2021, with respect to the Series 2023 Bonds, March 1 of each Year, commencing March 1, 2024, and with respect to any Additional Bonds, the date on which principal is due and payable thereon by way of maturity or Sinking Fund Installment, but not a date principal is paid due to an optional redemption.

**“Pro Rata”** means, with respect to a Series of Taxable Bonds, the calculation of multiplying the principal amount of Taxable Bonds of a maturity to be redeemed on a Redemption Date by a fraction, the numerator of which is equal to the principal amount of such maturity owned by a Registered Owner, and the denominator of which is equal to the principal amount of such maturity then Outstanding immediately prior to such Redemption Date, and then rounding the product down to the next lower integral of \$5,000, provided, that the portions being redeemed are required to be in multiples of \$5,000 and all Taxable Bonds of a maturity to remain Outstanding following any such redemption are required to be in multiples of \$5,000.

**“Rating Agency”** means one or more nationally recognized credit rating agency then maintaining a rating on the Outstanding Venue Project Bonds at the request of the Issuer.

**“Rebate Fund”** means the Fund of such name created and further described in the Ordinance relating to the Series 2023A Bonds.

**“Record Date”** means the close of business on the fifteenth (15th) day of the month immediately preceding any Debt Service Payment Date.

**“Redemption Date”** means the date upon which any Series 2023 Bonds are to be redeemed prior to their respective fixed maturities pursuant to any optional or mandatory redemption provision of the Ordinance.

**“Redemption Price”** means, with respect to any Series 2023 Bond, the amount, including any applicable premium, payable upon the optional or mandatory redemption thereof, as provided in the Ordinance.

**“Refunding Bonds”** means any bonds or other obligations issued by the Issuer as permitted by, and in accordance with the provisions of, the Ordinance for the purpose of refunding any Outstanding Venue Project Bonds.

**“Register”** or **“Registration Books”** means the bond registration books maintained by the Paying Agent/Registrar.

**“Registered Owner”** means with respect to any Series 2023 Bond the initial purchaser or the registered assignee or assignees thereof or any portion thereof.

**“Reserve Fund Credit Facility”** means a Credit Facility which (i) may not be terminated by the provider of such Credit Facility prior to the final maturity date of the Series of Outstanding Venue Project Bonds in connection with which such Credit Facility was issued, and (ii) may be drawn upon demand by the Issuer or the Paying Agent/Registrar to provide funds to pay Debt Service on such Outstanding Venue Project Bonds in the event moneys on deposit in the Debt Service Fund are insufficient to make such payment.

**“Rule”** means Rule 15c2-12, promulgated by the SEC.

**“S&P”** means S&P Global Ratings, and its successors and assigns.

**“SEC”** means the United States Securities and Exchange Commission, and its successors and assigns,

**“Series”** means any series of Outstanding Venue Project Bonds issued under the Ordinance, the Series 2017 Bond Ordinances, or an ordinance authorizing the issuance of Additional Bonds.

**“Series 2017 Bond Ordinances”** means, collectively, the Series 2017A Bond Ordinance and the Series 2017B Bond Ordinance.

**“Series 2017 Bonds”** means, collectively, the Series 2017A Bonds and the Series 2017B Bonds.

**“Series 2017A Bond Ordinance”** means the ordinance authorizing the issuance of the Series 2017A Bonds.

**“Series 2017A Bonds”** means the City of Fort Worth, Texas Special Tax Revenue Bonds, Series 2017A, initially issued and delivered in the aggregate principal amount of \$86,170,000.

**“Series 2017B Bond Ordinance”** means the ordinance authorizing the issuance of the Series 2017B Bonds.

**“Series 2017B Bonds”** means the City of Fort Worth, Texas Special Tax Revenue Bonds, Taxable Series 2017B, initially issued and delivered in the aggregate principal amount of \$140,710,000.

**“Series 2023 Bonds”** means, collectively, the Series 2023A Bonds and the Series 2023B Bonds.

**“Series 2023A Adjacent Support Facilities Project”** means, as part of the Venue Project, capital replacement of mechanical, electrical, and plumbing systems across the WRMC complex, as well as investments in furniture, fixtures, and equipment.

**“Series 2023A Adjacent Support Facilities Project Account”** means the Account of such name within the Venue Capital Project Fund created pursuant to VENUE CAPITAL PROJECT FUND below

**“Series 2023A Bond Proceeds Account”** means the Account of such name in the Venue Project Fund described in VENUE PROJECT FUND below.

**“Series 2023A Bonds”** means the City of Fort Worth, Texas Special Tax Revenue Bonds, Series 2023A, initially issued and delivered in accordance with the terms of the Ordinance related thereto and the Bond Purchase Agreement pursuant to which the Series 2023A Bonds are sold.

**“Series 2023A Costs of Issuance Account”** means the Account of such name in the Venue Capital Project Fund described in VENUE CAPITAL PROJECT FUND below.

**“Series 2023B Adjacent Support Facilities Project”** means, as part of the Venue Project, rebuilding the Sheep and Swine Barn at WRMC, as well as investments in furniture, fixtures, and equipment.

**“Series 2023B Adjacent Support Facilities Project Account”** means the Account by that name within the Venue Capital Project Fund created pursuant to VENUE CAPITAL PROJECT FUND below.

**“Series 2023B Bond Proceeds Account”** means the Account of such name in the Venue Project Fund described in the Ordinance.

**“Series 2023B Bonds”** means the City of Fort Worth, Texas Special Tax Revenue Bonds, Taxable Series 2023B, initially issued and delivered in accordance with the terms of the Ordinance related thereto and the Bond Purchase Agreement pursuant to which the Series 2023B Bonds are sold.

**“Series 2023B Costs of Issuance Account”** means the Account of such name in the Venue Capital Project Fund described in the Ordinance.

**“Sinking Fund Installment”** means, as of any particular date of calculation and with respect to the Series 2023 Bonds, the amount of money to be applied as the Redemption Price of Series 2023 Bonds subject to mandatory sinking fund redemption prior to maturity pursuant to the Ordinance, as such Sinking Fund Installment shall have been previously reduced by the principal amount of such Series 2023 Bonds which, prior to the date the notice of such mandatory sinking fund redemption is sent, (i) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer, or (iii) shall have been redeemed pursuant to any optional redemption described in the Ordinance and not theretofore credited against a mandatory redemption requirement.

**“Sinking Fund Installment Date”** means any date on which a Sinking Fund Installment shall be due and payable pursuant to the Ordinance.

**“State”** means the State of Texas.

**“State PFZ Funds”** means the incremental hotel-associated state hotel occupancy tax and state sales and use tax revenue from the Zone and made available by the City to finance, as described in the Series 2017 Bond Ordinances and the Ordinance, the Venue Project, in accordance with Section 351.1015, Texas Tax Code.

**“Subaccount”** or “Subaccounts” means any one or more of the subaccounts from time to time created in any of the Accounts described by the Ordinance.

**“Tax-Exempt Bonds”** means the Series 2017A Bonds, the Series 2023A Bonds and any Additional Bonds issued as obligations, the interest on which is excluded from gross income under the Code and the Treasury Regulations.

**“Tax-Exempt Bonds Debt Service Account”** means the Account of such name in the Debt Service Fund described in DEBT SERVICE FUND below.

**“Tax-Exempt Bonds Debt Service Reserve Account”** means the Account of such name in the Debt Service Fund described in DEBT SERVICE FUND below.

**“Taxable Bonds”** means the Series 2017B Bonds, the Series 2023B Bonds and any Additional Bonds issued as obligations, the interest on which is included in gross income under the Code and the Treasury Regulations.

**“Taxable Bonds Debt Service Account”** means the Account of such name in the Debt Service Fund described in DEBT SERVICE FUND below.

**“Taxable Bonds Debt Service Reserve Account”** means the Account of such name in the Debt Service Fund described in DEBT SERVICE FUND below.

**“Treasury Regulations”** means all applicable temporary, proposed and final regulations and procedures promulgated under the Code or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code.

**“Underwriters”** means the investment banking firms who agree to purchase the Series 2023 Bonds from the Issuer in accordance with the terms of the Bond Purchase Agreement. Jefferies LLC is the representative of the Underwriters.

**“Venue Capital Project Fund”** means the Fund of such name described in VENUE CAPITAL PROJECT FUND below.

**“Venue Project”** means the multipurpose arena and adjacent support facilities, and any related infrastructure as designated by the City Council by adoption of Resolution 4327-07-2014 and confirmed at the Election.

**“Venue Project Fund”** means the Fund of such name created by the City pursuant to the Act.

**“WRMC”** means the Will Rogers Memorial Center complex located in the general vicinity of Harley Avenue and Gendy Street in the City.

**“Year”** or **“Fiscal Year”** means the fiscal year of the City, being the twelve (12) full calendar months which commence on October 1 of a calendar year and ends on September 30 of the succeeding calendar year.

**“Zone”** means Project Financing Zone Number 1, City of Fort Worth, Texas, established by the City Council on October 23, 2013.

PLEDGE AND SOURCE OF PAYMENT. (a) **Pledge of Pledged Revenues.** That the Series 2023 Bonds are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues; and the Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund and the Accounts therein maintained to the extent provided by the Ordinance.

(b) **Pledge of 334 Revenues in Support of the Series 2023 Bonds.** In addition to the Pledged Revenues, as additional security for the Series 2023 Bonds, the Series 2023 Bonds are and shall be secured by and payable from a first lien on and pledge of the 334 Revenues; provided, that in no event shall the 334 Revenues transferred to the credit of the Tax-Exempt Bonds Debt Service Account result in the amount of 334 Revenues so deposited and available to pay the principal of or interest on the Series 2023A Bonds exceeding five percent of (i) the principal (including Sinking Fund Installments) coming due on all Outstanding Series 2023A Bonds on a Principal Payment Date, and (ii) the interest coming due on all Outstanding Series 2023A Bonds for the current Fiscal Year.

(c) **No Additional Security.** The Series 2023 Bonds are and will be secured only by the Pledged Revenues, and the 334 Revenues to the extent described in the Ordinance. Moneys in the Tax-Exempt Bonds Debt Service Reserve Account are available only to pay Debt Service on the Series 2017A Bonds and any Additional Bonds hereafter issued as Tax-Exempt Bonds, to the extent provided in the Series 2017A Bond Ordinance and any ordinance hereafter adopted authorizing the issuance of Additional Bonds as Tax-Exempt Bonds. Moneys in the Taxable Bonds Debt Service Reserve Account are available only to pay Debt Service on the Series 2017B Bonds and any Additional Bonds hereafter issued as Taxable Bonds, to the extent provided in the Series 2017B Bond Ordinance and any ordinance hereafter adopted authorizing the issuance of Additional Bonds as Taxable Bonds. Moneys in the Series 2023A Bond Proceeds Account are available to pay Debt Service on the Series 2023A Bonds, to the extent provided in the Ordinance. Moneys in the Series 2023B Bond Proceeds Account are available to pay Debt Service on the Series 2023B Bonds, to the extent provided in the Ordinance. The Series 2023 Bonds are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the Venue Project. The City reserves the right at any time, but is under no obligation, to provide additional security in support of the Series 2023 Bonds.

(d) **Perfection of Lien.** Chapter 1208 applies to the issuance of the Series 2023 Bonds and the pledge of the Pledged Revenues and the 334 Revenues granted by the City under subsections (a) and (b) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Series 2023 Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues and the 334 Revenues granted by the City is to be subject to the filing requirements of Chapter 9, then in order to preserve to the Registered Owners of the Series 2023 Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the security interest in said pledge to occur.

VENUE PROJECT FUND. That in accordance with the provisions of the Act, the City has established and maintains on the records of the City the Venue Project Fund. The City has established and shall maintain on the records of the City the 334 Revenues Account within the Venue Project Fund. The City hereby establishes and shall maintain on the records of the City the Series 2023A Bond Proceeds Account and the Series 2023B Bond Proceeds Account within the Venue Project Fund. 334 Revenues in the 334 Revenues Account are to be disbursed in accordance with and in the manner provided by the Ordinance and the Series 2017 Bond Ordinances. Moneys in the Series 2023A Bond Proceeds Account and the Series 2023B Bond Proceeds Account are to be disbursed in accordance with and in the manner provided by the Ordinance.

The initial funding of the Series 2023A Bond Proceeds Account and the Series 2023B Bond Proceeds Account shall occur, and the disbursement of funds therefrom shall be made, in accordance with the provisions set forth in VENUE PROJECT CAPITAL FUND below. Upon the disposition of all funds deposited to the credit of the Series 2023A Bond Proceeds Account and the Series 2023B Bond Proceeds Account, such accounts shall thereafter be closed.

The City shall, upon its receipt, deposit 334 Revenues to the credit of the 334 Revenues Account. In the event that 334 Revenues on deposit in the 334 Revenues Account are not sufficient to fully satisfy the monthly transfer requirements specified in clauses (A) and (B) under FLOW OF FUNDS below, respectively, then the requisite transfers to the Taxable Bonds Debt Service Account and the Tax-Exempt Bonds Debt Service Account shall be made first to the Taxable Bonds Debt Service Account and then, to the extent of the availability of 334 Revenues at such requisite time of transfer, to the Tax-Exempt Bonds Debt Service Account. After 334 Revenues in the 334 Revenues Account have been transferred in accordance FLOW OF FUNDS below and no

Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the 334 Revenues Account may be used by the City for any lawful purpose consistent with the Election.

**PUBLIC FINANCING ZONE SPECIAL REVENUE FUND.** That the City has established and shall maintain on the records of the City the “Public Financing Zone Special Revenue Fund”, and has established within such Fund the “State PFZ Funds Account”, to which Account the City shall deposit, upon its receipt, the State PFZ Funds. The City shall cause to be transferred State PFZ Funds on deposit in the State PFZ Funds Account to the Debt Service Fund, in accordance with the funding requirements set forth in FLOW OF FUNDS below. After State PFZ Funds in the State PFZ Funds Account have been transferred in accordance with FLOW OF FUNDS below and no Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the State PFZ Funds Account may be used by the City for any lawful purpose.

**CULTURE AND TOURISM FUND.** That the City has established and shall maintain on the records of the City the “Culture and Tourism Fund”, and has established within such Fund the “City Hotel Tax Revenues Account”, to which Account the City shall deposit, upon its receipt, the Available City Hotel Tax Revenues. The City shall cause to be transferred Available City Hotel Revenues on deposit in the City Hotel Tax Revenues Account to the Debt Service Fund, in accordance with the funding requirements set forth in FLOW OF FUNDS below. After Pledged Revenues consisting of Available City Hotel Tax Revenues in the City Hotel Tax Revenues Account have been transferred in accordance with FLOW OF FUNDS below and no Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the City Hotel Tax Revenues Account may be used by the City for any lawful purpose.

**DALLAS/FORT WORTH AIRPORT REVENUE SHARING FUND.** That the City has established and shall maintain on the records of the City the “Dallas/Fort Worth Airport Revenue Sharing Fund”, and has established within such Revenue Sharing Fund the Airport Shared Revenues Account, to which Account the City shall deposit, upon its receipt, the Airport Shared Revenues. The City shall cause to be transferred Airport Shared Revenues in the Dallas/Fort Worth Airport Revenue Sharing Fund to the Debt Service Fund, in accordance with the funding requirements set forth in FLOW OF FUNDS below. After Pledged Revenues consisting of Airport Shared Revenues in the Airport Shared Revenues Account have been transferred in accordance with FLOW OF FUNDS below and no Event of Default has occurred and is continuing under the Ordinance and the Series 2017 Bond Ordinances, excess amounts in the Airport Shared Revenues Account may be used by the City for any lawful purpose.

**VENUE CAPITAL PROJECT FUND.** (a) Venue Capital Project Fund, Series 2023 Costs of Issuance Account, and Series 2023 Adjacent Support Facilities Project Accounts. That the City has established and shall maintain on the records of the City the Venue Capital Project Fund. Within the Venue Capital Project Fund, the City shall establish and maintain the Series 2023A Costs of Issuance Account, the Series 2023B Costs of Issuance Account, the Series 2023A Adjacent Support Facilities Project Account, and the Series 2023B Adjacent Support Facilities Project Account. After the deposit of moneys to the credit of the Series 2023A Costs of Issuance Account and the Series 2023B Costs of Issuance Account within the Venue Capital Project Fund, the City shall transfer the remaining balance in the Series 2023A Bond Proceeds Account and the Series 2023B Bond Proceeds Account to the Series 2023A Adjacent Support Facilities Project Account and the Series 2023B Adjacent Support Facilities Project Account, respectively, in accordance with the closing instructions executed by an Authorized Issuer Representative as provided in the Ordinance.

(b) Payment of Issuance Costs. Moneys in the Series 2023A Costs of Issuance Account and the Series 2023B Costs of Issuance Account shall be used to pay Issuance Costs of the Series 2023 Bonds, respectively. Upon the payment of the Issuance Costs of the Series 2023 Bonds, any moneys remaining in the Series 2023A Costs of Issuance Account and the Series 2023B Costs of Issuance Account shall be transferred to the Series 2023A Adjacent Support Facilities Project Account and the Series 2023B Adjacent Support Facilities Project Account, respectively, and the Series 2023A Costs of Issuance Account and the Series 2023B Costs of Issuance Account shall thereafter be closed.

(c) Transfer of Excess Funds from Series 2023 Adjacent Support Facilities Project Accounts. Upon payment in full of the costs incurred for the Series 2023A Adjacent Support Facilities Project and the Series 2023B Adjacent Support Facilities Project, to the extent amounts remain unspent in the Series 2023A Adjacent Support Facilities Project Account or the Series 2023B Adjacent Support Facilities Project Account, the City shall transfer the amount remaining in the Series 2023A Adjacent Support Facilities Project Account and the Series 2023B Adjacent Support Facilities Project Account of the Venue Capital Project Fund to the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund for the payment of Debt Service on the Series 2023A Bonds and the Taxable Bonds Debt Service Account of the Debt Service Fund for the payment of Debt Service on the Series 2023B Bonds, respectively, and the Series 2023A Adjacent Support Facilities Project Account and the Series 2023B Adjacent Support Facilities Project Account of the Venue Capital Project Fund shall thereafter be closed.

**DEBT SERVICE FUND.** (a) Debt Service Fund and Accounts. That the City has established and will maintain on the records of the City the Debt Service Fund. Within the Debt Service Fund, the following Accounts have been established:

- (i) the Tax-Exempt Bonds Debt Service Account;
- (ii) the Tax-Exempt Bonds Debt Service Reserve Account;

- (iii) the Taxable Bonds Debt Service Account; and
- (iv) the Taxable Bonds Debt Service Reserve Account.

(b) Transfers to Pay Debt Service. The City shall cause to be paid out of the Tax-Exempt Bonds Debt Service Account and the Taxable Bonds Debt Service Account of the Debt Service Fund on or before each Debt Service Payment Date for any of the Series 2023A Bonds and the Series 2023B Bonds, respectively, the amount required to pay Debt Service coming due and payable on such date for the Series 2023A Bonds and Series 2023B Bonds. On or before any Redemption Date for Series 2023A Bonds and Series 2023B Bonds to be redeemed, the City shall also cause to be paid out of the Tax-Exempt Debt Service Account and/or the Taxable Bonds Debt Service Account of the Debt Service Fund, respectively, from available amounts deposited therein from time to time and allocable to such Series 2023A Bonds and Series 2023B Bonds to be redeemed on such date, the Redemption Price of and interest on the Series 2023A Bonds and Series 2023B Bonds then to be redeemed.

(c) Sinking Fund Installments. Amounts in the Tax-Exempt Bonds Debt Service Account and/or Taxable Bonds Debt Service Account of the Debt Service Fund with respect to any Sinking Fund Installment for the Series 2023A Bonds and the Series 2023B Bonds, respectively (together with amounts in the Tax-Exempt Bonds Debt Service Account and/or Taxable Bonds Debt Service Account of the Debt Service Fund with respect to interest on the Series 2023A Bonds and the Series 2023B Bonds for which such Sinking Fund Installment was established) shall be applied respectively to the redemption of the Series 2023A Bonds and the Series 2023B Bonds and maturity for which such Sinking Fund Installment was established in an amount not exceeding that necessary to complete the retirement of such Sinking Fund Installment as hereinafter provided. As soon as practicable after the sixtieth (60th) day immediately preceding the due date of any such Sinking Fund Installment, the Paying Agent/Registrar shall proceed to call for redemption, by giving notice as provided in the Ordinance, on such due date of the Series 2023A Bonds and the Series 2023B Bonds and maturity for which such Sinking Fund Installment was established (except in the case of the Series 2023A Bonds or the Series 2023B Bonds maturing on a Sinking Fund Installment Date) in such amount as shall be necessary to complete the retirement of such Sinking Fund Installment; provided that for this purpose the principal amount of the Series 2023A Bonds and the Series 2023B Bonds and maturity delivered by the Issuer to the Paying Agent/Registrar for cancellation not less than sixty (60) days prior to such due date, if any, shall be credited against the amount of such Sinking Fund Installment. Such notice shall be given only to the extent that moneys therefor shall have been deposited in the Tax-Exempt and/or Taxable Bonds Debt Service Account of the Debt Service Fund and without any instructions from the Issuer. The foregoing notwithstanding, if more than one series of Tax-Exempt and/or Taxable Bonds are subject to mandatory sinking fund redemption on any date and there are not funds sufficient to effect the scheduled payment in full of Sinking Fund Installments due on such date, funds in the Tax-Exempt and/or Taxable Bonds Debt Service Account of the Debt Service Fund shall be applied pro rata to effect the mandatory sinking fund redemption of such Tax-Exempt and/or Taxable Bonds.

(d) Reduction of Sinking Fund Installments Resulting from Earlier Redemptions. Upon a redemption pursuant to any redemption provision of the Ordinance, other than an anticipated sinking fund redemption provision of the Series 2023 Bonds and maturity for which Sinking Fund Installments have been established, the principal amount of such Series 2023 Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment or Installments for the Series 2023 Bonds.

(e) No Deposit to Tax-Exempt or Taxable Bonds Debt Service Reserve Account. Neither the Tax-Exempt Bonds Debt Service Reserve Account nor the Taxable Bonds Debt Service Reserve Account shall be funded in connection with the issuance of the Series 2023 Bonds.

FLOW OF FUNDS. That on each date as described in clauses *First* and *Second* below, the City shall cause 334 Revenues and Pledged Revenues to be deposited in the manner and order of priority listed below:

*First*, to the Debt Service Fund on the dates and in the following amounts and order:

(A) from 334 Revenues, (1) such amounts, deposited in approximately equal monthly installments, commencing on the fifteenth (15<sup>th</sup>) day of the month immediately following the Closing Date, and on the fifteenth (15<sup>th</sup>) day of each month thereafter, for deposit to the credit of the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Taxable Bonds Debt Service Account available for such purpose, to pay the interest scheduled to come due on the Series 2017B Bonds and the Series 2023B Bonds on the next succeeding Interest Payment Date and (2) such amounts (as limited by the Ordinance and the Series 2017A Bond Ordinance), deposited in approximately equal monthly installments, commencing on the fifteenth (15<sup>th</sup>) day of the month immediately following the Closing Date, and on the fifteenth (15<sup>th</sup>) day of each month thereafter, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account available for such purpose, to pay the interest scheduled to come due on the Series 2017A Bonds and the Series 2023A Bonds on the next succeeding Interest Payment Date; plus

(B) from 334 Revenues, (1) such amounts, deposited in approximately equal monthly installments, commencing on the Initial Series 2017B Principal Funding Date, and on the fifteenth (15<sup>th</sup>) day of each month

thereafter, for deposit to the credit of the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Taxable Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2017B Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2017B Bonds, (2) such amounts, deposited in approximately equal monthly installments, commencing on the Initial Series 2023B Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Taxable Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2023B Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2023B Bonds, (3) such amounts (as limited by the Ordinance and the Series 2017A Bond Ordinance), deposited in approximately equal monthly installments, commencing on the Initial Series 2017A Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2017A Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2017A Bonds, and (4) such amounts (as limited by the Series 2023A Ordinance), deposited in approximately equal monthly installments, commencing on the Initial Series 2023A Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account available for such purpose, to pay the principal of the Series 2023A Bonds scheduled to come due on the next succeeding Principal Payment Date for the Series 2023A Bonds; and

(C) from Pledged Revenues, such amounts, deposited in approximately equal monthly installments, commencing on the fifteenth (15th) day of the month immediately following the Closing Date, and on the fifteenth (15th) day of each month thereafter, on a pro rata basis, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund and the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account and the Taxable Bonds Debt Service Account, respectively, available for such purpose, to pay the interest scheduled to come due on the Outstanding Venue Project Bonds on the next succeeding Interest Payment Date; plus

(D) from Pledged Revenues, such amounts, deposited in approximately equal monthly installments, commencing, with respect to the Series 2017A Bonds, on the Initial Series 2017A Principal Funding Date, with respect to the Series 2017B Bonds, on the Initial Series 2017B Principal Funding Date, with respect to the Series 2023A Bonds, on the Initial Series 2023A Principal Funding Date and with respect to the Series 2023B Bonds, on the Initial Series 2023B Principal Funding Date, and on the fifteenth (15th) day of each month thereafter, on a pro rata basis, for deposit to the credit of the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund and the Taxable Bonds Debt Service Account of the Debt Service Fund, together with other amounts, if any, in the Tax-Exempt Bonds Debt Service Account and the Taxable Bonds Debt Service Account, respectively, available for such purpose, to pay the principal of the Outstanding Venue Project Bonds scheduled to come due on the next succeeding Principal Payment Date; and

*Second*, on any Debt Service Payment Date, (1) if the Tax-Exempt Bonds Debt Service Reserve Account contains less than the Reserve Requirement for the Series 2017A Bonds, to the Tax-Exempt Bonds Debt Service Reserve Account, from Pledged Revenues (and in no event from 334 Revenues), an amount equal to the amount required to replenish the Reserve Requirement for the Series 2017A Bonds in accordance with the provisions of the Series 2017A Bond Ordinance and (2) if the Taxable Bonds Debt Service Reserve Account contains less than the Reserve Requirement for the Series 2017B Bonds, to the Taxable Bonds Debt Service Reserve Account, first, from 334 Revenues and second, from Pledged Revenues, an amount equal to the amount required to replenish the Reserve Requirement for the Series 2017B Bonds in accordance with the provisions of the Series 2017B Bond Ordinance.

Moneys shall be deposited to the credit of the Rebate Fund to the extent required by the Ordinance in respect to the Series 2023A Bonds.

Any deficiency in funding the approximately equal monthly installments described in clauses (A) through (D) of *First* above shall be satisfied in the transfers made by the City for the next succeeding monthly installments, to the extent 334 Revenues and Pledged Revenues are available to make such transfers. Furthermore, if on the Business Day immediately preceding a Debt Service Payment Date the amounts on deposit in the Tax-Exempt Bonds Debt Service Account or the Taxable Bonds Debt Service Account of the Debt Service Fund are not sufficient to pay the Debt Service due on the next succeeding Debt Service Payment Date, the City shall transfer, on the day before such Debt Service Payment Date, 334 Revenues (as limited by PLEDGE AND SOURCE OF PAYMENT above and the Series 2017A Bond Ordinance) and Pledged Revenues to each such Account of the Debt Service Fund in the amount necessary to satisfy such deficiency (and if such deficiency cannot be fully satisfied, such transfers to each such Account in the Debt Service Fund shall be made on a pro rata basis), to the extent 334 Revenues and Pledged Revenues are available to make such transfers. Such transfers to be made by the City pursuant to the immediately preceding sentence shall



be made prior to any transfers that are required to be made by the City to the Debt Service Fund on the same day (i) from a Debt Service Reserve Account and (ii) from proceeds of Outstanding Venue Project Bonds, including without limitation, from moneys on deposit in the Series 2023A Adjacent Support Facilities Project Account and moneys on deposit in the Series 2023B Adjacent Support Facilities Project Account (as required by the Ordinance).

OTHER TRANSFERS TO DEBT SERVICE FUND. Notwithstanding anything in the Ordinance to the contrary, if on the Business Day immediately preceding a Debt Service Payment Date there are not sufficient moneys in the Tax-Exempt Bonds Debt Service Account and/or the Taxable Bonds Debt Service Account of the Debt Service Fund on such date, after making the transfers required by FLOW OF FUNDS above, , to pay Debt Service on the respective Series 2023A Bonds and/or the Series 2023B to become due and owing on such Debt Service Payment Date, the Issuer shall transfer moneys from the Series 2023A Adjacent Support Facilities Project Account, to the extent such moneys are available, for deposit to the Tax-Exempt Bonds Debt Service Account of the Debt Service Fund, and/or from the Series 2023B Adjacent Support Facilities Project Account, to the extent such moneys are available, for deposit to the Taxable Bonds Debt Service Account of the Debt Service Fund in an amount sufficient to cure such insufficiency in the Tax-Exempt Bonds Debt Service Account and/or Taxable Bonds Debt Service Account of the Debt Service Fund for the payment of Debt Service on the Series 2023A Bonds and/or Series 2023B Bonds, respectively.

INVESTMENTS. That the City may invest moneys on deposit in the various Funds and Accounts in time deposits, or investments as authorized by law, including, without limitation, in investments permitted by Chapter 2256, and the City's investment policy. Investments shall be sold promptly when necessary to prevent any default in connection with the Series 2023 Bonds. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Fund or Account from which moneys used to acquire such investment shall have come.

PAYMENT OF BONDS. That on or before the first scheduled Interest Payment Date, and on or before each Interest Payment Date and Principal Payment Date thereafter while any Series 2023 Bond is Outstanding and unpaid, the City shall make available to the Paying Agent/Registrar, in the manner provided in the Ordinance, out of the Debt Service Fund monies sufficient to pay such interest on and such principal amount of the Series 2023 Bonds, as shall become due on such dates, respectively, at maturity or by redemption prior to maturity.

AMENDMENT OF ORDINANCE. (a) Approval of Bondholders Required. That the owners of a majority in principal amount of the Series 2023A Bonds and the Series 2023B Bonds shall have the right from time to time to approve any amendment to the respective Ordinance which may be deemed necessary or desirable by the City, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in the Ordinance or in the Series 2023A Bonds or the 2023B Bonds, respectively, so as to:

- (1) Make any change in the maturity of any of the Outstanding Series 2023A Bonds or the Outstanding 2023B Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Series 2023A Bonds or the Outstanding 2023B Bonds;
- (3) Reduce the amount of the principal payable on the Outstanding Series 2023A Bonds or the Outstanding 2023B Bonds;
- (4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Series 2023A Bonds or the Outstanding 2023B Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all of the Series 2023A Bonds or the Series 2023B Bonds then Outstanding;
- (6) Amend this clause (a); or
- (7) Change the minimum percentage of the principal amount of Series 2023A Bonds or the Series 2023B Bonds necessary for consent to any amendment;

unless such amendment or amendments to the Series 2023A Bonds or the Series 2023B Bonds shall be approved by the respective owners of all of the Series 2023A Bonds or Series 2023B Bonds then Outstanding.

(b) Notice of Amendment. That if at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all respective owners of the Series 2023A Bonds and/or the Series 2023B Bonds. Such publication is not required, however, if notice in writing is given to each respective owner of the Series 2023A Bonds and/or the Series 2023B Bonds.

(c) Effectiveness of Consent and Approval. That whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the respective owners of at least a majority in principal amount of the Series 2023A Bonds or the Series

2023B Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council may pass such amendment in substantially the same form.

(d) Amendment Effective. That upon the passage of any such amendment pursuant to the provisions of this Section, the Ordinance shall be deemed to be amended in accordance with such amendment, and the respective rights, duties and obligations under the Ordinance of the City and all the respective owners of then Outstanding Series 2023A Bonds or Outstanding Series 2023B Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendment.

(e) Revocation of Consent. That any consent given by the respective owners of a Series 2023A Bond or a Series 2023B Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication of the notice or other service of written notice provided for in this Section, and shall be conclusive and binding upon all future respective owners of the same Series 2023A Bond or Series 2023 Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice or other service of written notice by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent/Registrar and the City, but such revocation shall not be effective if the respective owners of at least a majority in principal amount of the Outstanding Series 2023A Bonds or the Outstanding Series 2023B Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Amendments Not Requiring Bondholder Consent. The foregoing provisions of this Section notwithstanding, the City by action of the City Council may amend the Ordinance without the consent of any owner of the Series 2023 Bonds, solely for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in the Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Series 2023 Bonds or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Ordinance, or in regard to clarifying matters or questions arising under the Ordinance, as are necessary or desirable and not contrary to or inconsistent with the Ordinance and which shall not adversely affect the interests of the owners of the Series 2023 Bonds then Outstanding;

(3) To modify any of the provisions of the Ordinance in any other respect whatsoever, provided that such modification shall be, and be expressed to be, effective only after the Series 2023 Bonds Outstanding at the date of the adoption of such modification shall cease to be Outstanding;

(4) To make such amendments to the Ordinance relating to the Series 2023A Bonds as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto with respect to any Series 2023A Bonds;

(5) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Series 2023 Bonds to thereafter avail themselves of a book-entry system for payments, transfers and other matters relating to the Series 2023 Bonds, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of the Ordinance and which shall not adversely affect the interests of the owners of the Series 2023 Bonds;

(6) To make such changes, modifications or amendments relating to the continuing disclosure obligations of the City as are permitted by the Ordinance; and

(7) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Series 2023 Bonds by a Rating Agency.

Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

(g) Eligibility to Approve Amendment. Ownership of the Series 2023 Bonds shall be established by the Registration Books maintained by the Paying Agent/Registrar, in its capacity as registrar and transfer agent for the Series 2023 Bonds.

ADDITIONAL BONDS. (a) The City Council may by separate ordinance authorize one or more Series of Additional Bonds secured by a first lien on and pledge of the Pledged Revenues on a parity with the lien on and pledge of the Pledged Revenues

securing the Outstanding Venue Project Bonds, to be issued, authenticated and delivered upon original issuance for the purpose of financing or refinancing the construction, installation, and equipping of additions, renovations, betterments, extensions or improvements to the Venue Project. Additional Bonds of a Series may be secured by additional sources, including the 334 Revenues, in the manner provided in the ordinance authorizing such Series of Additional Bonds. Additional Bonds of a Series issued for such purposes shall be issued in a principal amount not to exceed, together with other moneys available therefor, the Issuer's estimate of the reasonable costs of the project to be financed or refinanced with the proceeds of the sale of such Series of Additional Bonds, including providing amounts for the costs incidental to or connected with any such Additional Bonds and the making of any deposits into the applicable Account within the Debt Service Fund and any of the Funds and Accounts required by the provisions of the ordinance authorizing such Series of Additional Bonds. Additional Bonds of each Series may be delivered if:

(i) a certificate executed by an Authorized Issuer Representative and dated as of the date of issuance of such Series of Additional Bonds is delivered stating that there exists no Event of Default under the Ordinance or under the Series 2017 Bond Ordinances; and

(ii) the delivery of a certificate executed by an Authorized Issuer Representative to the effect that, during either the next preceding Year, or any twelve consecutive calendar month period ending not more than one hundred and eighty days prior to the date of the then proposed Additional Bonds, the sum of the Pledged Revenues and the 334 Revenues were, in his or her opinion, at least equal to 1.50 times the average annual principal and interest requirements (computed on a Fiscal Year basis) including Sinking Fund Installments, of the Outstanding Venue Project Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds; provided, however, if the issuance of Refunding Bonds achieves a gross cash flow savings, the delivery of the certificate described in this clause (ii) is not required as a condition to the issuance of such Refunding Bonds as Additional Bonds.

(b) The City Council may authorize one or more Series of Refunding Bonds to be issued, authenticated and delivered to refund all Outstanding Venue Project Bonds of one or more Series or all or any portion of the Outstanding Venue Project Bond of a maturity within one or more Series. Each Series of Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding, including providing amounts for the costs incidental to or connected with any such Refunding Bonds including, without limitation, the making of any deposits into any debt service reserve account within the Debt Service Fund and any of the Funds and Accounts required by the provisions of the ordinance authorizing the issuance of such Series of Refunding Bonds. Except to the extent otherwise provided in clause (ii) of subsection (a) above, the City may deliver a Series of Refunding Bonds upon delivery of the certificates described in clauses (i) and (ii) of subsection (a) of this Section.

(c) In making the calculations described in clause (ii) of subsection (a) of this Section, the amount of 334 Revenues for Tax-Exempt Bonds shall be limited to five percent of the principal (including Sinking Fund Installments) and interest coming due on all Outstanding Tax-Exempt Bonds and Tax-Exempt Bonds issued as Additional Bonds for the period covered by the certificate described in such clause (ii).

**FURTHER ENCUMBRANCES.** That in addition to the right to further encumber Airport Shared Revenues in the manner specified in the definition of such term in **DEFINITIONS** above, the City reserves the right to encumber the Pledged Revenues and the 334 Revenues in any manner, provided that said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of the Ordinance and any ordinance authorizing the issuance of Outstanding Venue Project Bonds.

**ORDINANCE TO CONSTITUTE A CONTRACT; EQUAL SECURITY.** (a) That in consideration of the acceptance of the Series 2023 Bonds, the issuance of which is authorized under the Ordinance, by those who shall hold the same from time to time, the Ordinance shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the respective series of the Series 2023 Bonds. Except as expressly provided in or permitted by the Ordinance including, without limitation, as provided in **PLEDGE AND SOURCE OF PAYMENT** above, the pledge made in the Ordinance by the City and the covenants and agreements set forth in the Ordinance to be performed by the City are authorized under and entered into in accordance with applicable law and shall be for the equal and proportionate benefit, security, and protection of all Holders of each respective series of the Series 2023 Bonds, without preference, priority, or distinction as to security or otherwise of any of the Series 2023 Bonds authorized by the Ordinance over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever. The City agrees to take such reasonable steps as may be necessary to assess, charge and collect the 334 Revenues and the Available City Hotel Tax Revenues, and to collect the Airport Shared Revenues and the State PFZ Funds, and covenants not to take action that would impair or prohibit imposition, collection, and use of any such source.

(b) Other than the liens created in the Series 2017 Bond Ordinances and the Ordinance, and the liens identified and reserved to the City in the definition of Airport Shared Revenues in **DEFINITIONS** above, no liens on the Pledged Revenues and the 334 Revenues exist other than those created under the Ordinance.

(c) The Series 2023 Bonds shall not constitute a debt or obligation of the Issuer, or of the State or any other political subdivision of the State, and neither the Issuer, the State, nor any other political subdivision of the State shall be liable thereon. In no event shall the Series 2023 Bonds be payable out of any funds or properties other than the Pledged Revenues, and 334 Revenues to the extent provided in the Ordinance, and the Series 2023 Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The owners of the Series 2023 Bonds shall never have the right to demand payment out of funds raised or to be raised by ad valorem taxation, or from any other source other than specified in the Ordinance. No security interest in the Venue Project has been granted as security for the Series 2023 Bonds.

DEFAULT AND REMEDIES. (a) Events of Default. That each of the following occurrences or events for the purpose of the Ordinance is hereby declared to be an Event of Default thereunder:

(i) the failure to make payment of the principal of or interest on any Series 2023 Bond when the same becomes due and payable; or

(ii) except as provided in the provisions of the Ordinance relating to the continuing disclosure obligations of the City, default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Series 2023 Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the City.

b) Remedies for Default.

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

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of the respective series of the Series 2023 Bonds then Outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Series 2023 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of the Ordinance, the right to accelerate the debt evidenced by the Series 2023 Bonds shall not be available as a remedy under the Ordinance.

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

(iii) By accepting the delivery of a Series 2023 Bond authorized under the Ordinance, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in the Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of the Series 2023 Bonds or the Ordinance, or because of any Event of Default or alleged Event of Default under the Ordinance.

## **APPENDIX D**

### **FORMS OF CO-BOND COUNSEL OPINIONS**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## **Proposed Form of Opinion of Co-Bond Counsel**

*An opinion in substantially the following form will be delivered by  
McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman LLP, co-Bond Counsel,  
upon the delivery of the Series 2023A Bonds, assuming no material changes in facts or law.*

**CITY OF FORT WORTH, TEXAS  
SPECIAL TAX REVENUE BONDS,  
SERIES 2023A  
\$29,085,000**

AS CO-BOND COUNSEL for the City of Fort Worth, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the record of proceedings relating to the issuance of the Bonds, which Bonds are issued in the aggregate principal amount of \$29,085,000. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the Constitution and statutes of the State of Texas, the Charter of said City, certified copies of the proceedings of the City Council of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. T-1).

IN OUR OPINION, under existing laws, such record of proceedings shows lawful authority for the issuance and sale of the Bonds in accordance with the provisions, terms and conditions of the Ordinance, which was duly adopted by the City. We are further of the opinion that, under existing laws, the Ordinance and the Bonds constitute valid and legally binding special obligations of the City, and, except as may be limited by laws applicable to the City relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, that the interest on and principal of the Bonds, together with the Outstanding Venue Project Bonds, are payable from, and secured by a first lien on and pledge of, the Pledged Revenues, in the manner and to the extent provided for in the Ordinance. The Bonds are secured ratably by such pledge of Pledged Revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. In addition, the interest on and principal of the Bonds, together with the Series 2017 Bonds and the Series 2023B Bonds, are payable from, and secured by a first lien on and pledge of, the 334 Revenues, in the manner and to the extent provided for in the Ordinance. The holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by ad valorem taxation.

THE CITY has reserved the right, subject to certain restrictions, to issue Additional Bonds in all things on a parity with the Bonds and payable from and equally secured by a first lien on and pledge of the Pledged Revenues. The City has reserved the right to additionally pledge the 334 Revenues to the payment of the principal of and interest on the Additional Bonds, in the manner and to the extent provided for in the ordinance authorizing the issuance of Additional Bonds.

IT IS FURTHER OUR OPINION that, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or if the City fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to



take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the availability and sufficiency of the Pledged Revenues and the 334 Revenues. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## **Proposed Form of Opinion of Co-Bond Counsel**

*An opinion in substantially the following form will be delivered by  
McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman LLP, co-Bond Counsel,  
upon the delivery of the Series 2023B Bonds, assuming no material changes in facts or law.*

**CITY OF FORT WORTH, TEXAS  
SPECIAL TAX REVENUE BONDS,  
TAXABLE SERIES 2023B  
\$40,385,000**

AS CO-BOND COUNSEL for the City of Fort Worth, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the record of proceedings relating to the issuance of the Bonds, which Bonds are issued in the aggregate principal amount of \$40,385,000. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the Constitution and statutes of the State of Texas, the Charter of said City, certified copies of the proceedings of the City Council of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. T-1).

IN OUR OPINION, under existing laws, such record of proceedings shows lawful authority for the issuance and sale of the Bonds in accordance with the provisions, terms and conditions of the Ordinance, which was duly adopted by the City. We are further of the opinion that, under existing laws, the Ordinance and the Bonds constitute valid and legally binding special obligations of the City, and, except as may be limited by laws applicable to the City relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, that the interest on and principal of the Bonds, together with the Outstanding Venue Project Bonds, are payable from, and secured by a first lien on and pledge of, the Pledged Revenues, in the manner and to the extent provided for in the Ordinance. The Bonds are secured ratably by such pledge of Pledged Revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. In addition, the interest on and principal of the Bonds, together with the Series 2017 Bonds and the Series 2023A Bonds, are payable from, and secured by a first lien on and pledge of, the 334 Revenues, in the manner and to the extent provided for in the Ordinance. The holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by ad valorem taxation.

THE CITY has reserved the right, subject to certain restrictions, to issue Additional Bonds in all things on a parity with the Bonds and payable from and equally secured by a first lien on and pledge of the Pledged Revenues. The City has reserved the right to additionally pledge the 334 Revenues to the payment of the principal of and interest on the Additional Bonds, in the manner and to the extent provided for in the ordinance authorizing the issuance of Additional Bonds.

THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986.

WE EXPRESS NO OPINION as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the availability and sufficiency of the Pledged Revenues and the 334 Revenues. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective.

Respectfully,