(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated June 9, 2021

Ratings:
Fitch: "AA"
KBRA: "AA+"
S&P: "AA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Co-Bond Counsel, in accordance with statutes, regulations, published rulings and court decisions existing on the date of delivery of said opinion, interest on the Bonds will be excludable from the gross income of the holders thereof for federal income tax purposes, subject to the matters described under "Tax Matters for the Bonds, Certificates and Notes" herein. See "Appendix C – Form of Co-Bond Counsel's Opinions".

$152,105,000
CITY OF FORT WORTH, TEXAS
(Tarrant, Denton, Parker, Johnson and Wise Counties, Texas)
GENERAL PURPOSE REFUNDING AND IMPROVEMENT BONDS, SERIES 2021

Dated Date: June 1, 2021
Interest Accrues from Delivery Date

Due: March 1, as shown below

PAYMENT TERMS . . . Interest on the $152,105,000 City of Fort Worth, Texas General Purpose Refunding and Improvement Bonds, Series 2021 (the "Bonds") will accrue from the Delivery Date (defined below), and will be payable on March 1, 2022, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1207, 1331 and 1371, Texas Government Code, as amended, and an election held on May 5, 2018. The Bonds are direct obligations of the City of Fort Worth, Texas (the "City"), payable from an annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds, passed by the City Council of the City ("City Council") on April 13, 2021 (the "Bond Ordinance"). In the Bond Ordinance, the City Council delegated to designated officers of the City pursuant to certain provisions of Chapter 1207 and 1371, Texas Government Code, as amended, authority to solicit bids for the sale of the Bonds, to establish certain terms related to the issuance and sale of the Bonds, and to execute the bid form submitted as the best bid for the purchase of the Bonds (see "The Obligations - Authority for Issuance" and "The Obligations – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) finance permanent improvements as described in Table 11 herein; (ii) refinance a portion of the City's outstanding debt described in Schedule I (the "Refunded Obligations"), and (iii) pay the costs of issuance associated with the issuance of the Bonds (see "Plan of Financing – Purpose – The Bonds").

MATURITY SCHEDULE

CUSIP Prefix (1): 349426

Maturity (3/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix (1)	Maturity (3/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix (1)
2022	$ 25,500,000	5.000%	0.050%	CJ3	2032	$ 6,480,000	3.000%	1.220% (2)	CU8
2023	9,965,000	5.000%	0.090%	CK0	2033	6,480,000	2.000%	1.500% (2)	CV6
2024	6,490,000	5.000%	0.200%	CL8	2034	6,480,000	2.000%	1.600% (2)	CW4
2025	6,490,000	5.000%	0.330%	CM6	2035	6,480,000	2.000%	1.700% (2)	CX2
2026	6,485,000	5.000%	0.450%	CN4	2036	6,480,000	2.000%	1.810% (2)	CY0
2027	6,480,000	5.000%	0.590%	CP9	2037	6,480,000	2.000%	1.850% (2)	CZ7
2028	6,480,000	4.000%	0.720%	CQ7	2038	6,475,000	2.000%	1.890% (2)	DA1
2029	6,480,000	4.000%	0.850%	CR5	2039	6,475,000	2.000%	1.920% (2)	DB9
2030	6,480,000	4.000%	1.000%	CS3	2040	6,475,000	2.000%	1.970% (2)	DC7
2031	6,480,000	4.000%	1.070% (2)	CT1	2041	6,470,000	2.000%	2.010%	DD5

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence 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. None of the City, the Co-Financial Advisors nor the Initial Purchaser of the Bonds (see "Other Information – Initial Purchaser of the Bonds") take any responsibility for the selection or correctness of the CUSIP numbers set forth herein.
(2) Yield shown is to first optional redemption date, March 1, 2030.

REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "The Obligations – Optional Redemption".

SEPARATE ISSUES . . . The Bonds are being offered by the City concurrently with the "City of Fort Worth, Texas General Purpose Refunding Bonds, Taxable Series 2021" (the "Taxable Bonds"), "City of Fort Worth, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021" (the "Certificates"), and "City of Fort Worth, Texas Tax Notes, Series 2021C" (the "Notes"); the Bonds, the Taxable Bonds, the Certificates and the Notes are hereinafter sometimes referred to collectively as the "Obligations." The Bonds, the Taxable Bonds, the Certificates and the Notes are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

LEGALITY . . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Bonds and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Kelly Hart & Hallman LLP, Fort Worth, Texas, Co-Bond Counsel (see "Appendix C - Form of Co-Bond Counsel's Opinions"). Certain matters will be passed upon for the City by West & Associates, L.L.P., Fort Worth, Texas, as Disclosure Counsel to the City.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on July 13, 2021 (the "Delivery Date").

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HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

OFFICIAL STATEMENT

Dated June 8, 2021

Ratings:
Fitch: "AA"
KBRA: "AA+"
S&P: "AA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

The Taxable Bonds are **not** obligations described in section 103(a) of the Internal Revenue Code of 1986. See "Tax Matters for the Taxable Bonds" herein and "Appendix C – Form of Co-Bond Counsel's Opinions".

FORT WORTH

$26,175,000
CITY OF FORT WORTH, TEXAS
(Tarrant, Denton, Parker, Johnson and Wise Counties, Texas)
GENERAL PURPOSE REFUNDING BONDS, TAXABLE SERIES 2021

Dated Date: June 1, 2021
Interest Accrues from Delivery Date

Due: March 1, as shown below

PAYMENT TERMS . . . Interest on the $26,175,000 City of Fort Worth, Texas General Purpose Refunding Bonds, Taxable Series 2021 (the "Taxable Bonds") will accrue from the Delivery Date (defined below), and will be payable on March 1, 2022, and on each September 1 and March 1 thereafter until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Taxable Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Taxable Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Taxable Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Taxable Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Taxable Bonds. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Taxable Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1207, Texas Government Code, as amended. The Taxable Bonds are direct obligations of the City of Fort Worth, Texas (the "City"), payable from an annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Taxable Bonds, passed by the City Council of the City ("City Council") on April 13, 2021 (the "Taxable Bond Ordinance"). In the Taxable Bond Ordinance, the City Council delegated to designated officers of the City pursuant to certain provisions of Chapter 1207, Texas Government Code, as amended, authority to solicit bids for the sale of the Taxable Bonds, to establish certain terms related to the issuance and sale of the Taxable Bonds, and to execute the bid form submitted as the best bid for the purchase of the Taxable Bonds (see "The Obligations - Authority for Issuance" and "The Obligations – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Taxable Bonds will be used to (i) refund a portion of the City's outstanding debt described in Schedule I (the "Refunded Obligations"), and (ii) pay the costs of issuance associated with the issuance of the Taxable Bonds (see "Plan of Financing – Purpose – The Taxable Bonds").

MATURITY SCHEDULE

CUSIP Prefix (1): 349426

Maturity (3/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix (1)	Maturity (3/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix (1)
2022	$ 1,075,000	1.000%	0.120%	DZ6	2032	$ 1,680,000	1.870%	1.870%	EK8
2023	1,085,000	1.000%	0.210%	EA0	2033	1,690,000	1.940%	1.940%	EL6
2024	1,610,000	0.390%	0.390%	EB8	2034	950,000	2.040%	2.040%	EM4
2025	1,610,000	0.650%	0.650%	EC6	2035	950,000	2.150%	2.150%	EN2
2026	1,620,000	0.910%	0.910%	ED4	2036	950,000	2.270%	2.270%	EP7
2027	1,625,000	1.150%	1.150%	EE2	2037	950,000	2.350%	2.350%	EQ5
2028	1,630,000	1.400%	1.400%	EF9	2038	950,000	2.420%	2.420%	ER3
2029	1,640,000	1.500%	1.500%	EG7	2039	950,000	2.460%	2.460%	ES1
2030	1,650,000	1.690%	1.690%	EH5	2040	950,000	2.500%	2.500%	ET9
2031	1,660,000	1.800%	1.800%	EJ1	2041	950,000	2.570%	2.570%	EU6

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence 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. None of the City, the Co-Financial Advisors nor the Initial Purchaser of the Taxable Bonds (see "Other Information – Initial Purchaser of the Taxable Bonds") take any responsibility for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION . . . The City reserves the right, at its option, to redeem Taxable Bonds having stated maturities on and after March 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "The Obligations – Optional Redemption".

SEPARATE ISSUES . . . The Taxable Bonds are being offered by the City concurrently with the "City of Fort Worth, Texas General Purpose Refunding and Improvement Bonds, Series 2021" (the "Bonds"), "City of Fort Worth, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021" (the "Certificates"), and "City of Fort Worth, Texas Tax Notes, Series 2021C" (the "Notes"); the Taxable Bonds, the Bonds, the Certificates and the Notes are hereinafter sometimes referred to collectively as the "Obligations." The Taxable Bonds, the Bonds, the Certificates and the Notes are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

LEGALITY . . . . The Taxable Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Taxable Bonds and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Kelly Hart & Hallman LLP, Fort Worth, Texas, Co-Bond Counsel (see Appendix C - "Form of Co-Bond Counsel's Opinions"). Certain matters will be passed upon for the City by West & Associates, L.L.P., Fort Worth, Texas, as Disclosure Counsel to the City.

DELIVERY . . . It is expected that the Taxable Bonds will be available for delivery through DTC on July 13, 2021 (the "Delivery Date").

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HTSContinuingDisclosureServices
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated June 8, 2021

Ratings:
Fitch: "AA"
KBRA: "AA+"
S&P: "AA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Co-Bond Counsel, in accordance with statutes, regulations, published rulings and court decisions existing on the date of delivery of said opinion, interest on the Certificates will be excludable from the gross income of the holders thereof for federal income tax purposes, subject to the matters described under "Tax Matters for the Bonds, Certificates and Notes" herein. See "Appendix C – Form of Co-Bond Counsel's Opinions".

FORT WORTH

$16,100,000
CITY OF FORT WORTH, TEXAS
(Tarrant, Denton, Parker, Johnson and Wise Counties, Texas)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

Dated Date: June 1, 2021
Interest Accrues from Delivery Date

Due: September 1, as shown below

PAYMENT TERMS . . . Interest on the $16,100,000 City of Fort Worth, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "Certificates") will accrue from the Delivery Date (defined below), and will be payable on March 1, 2022, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1371, Texas Government Code, as amended, ("Chapter 1371") and constitute direct obligations of the City of Fort Worth, Texas (the "City"), payable from a combination of (i) an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed $1,000) of surplus net revenues of the City's Waterworks and Sewer System, as provided in the ordinance authorizing the Certificates, passed by the City Council of the City ("City Council") on April 13, 2021 (the "Certificate Ordinance"). In the Certificate Ordinance, the City Council delegated to designated officers of the City pursuant to certain provisions of Chapter 1371, Texas Government Code, as amended, authority to solicit bids for the sale of the Certificates, to establish certain terms related to the issuance and sale of the Certificates, and to execute the bid form submitted as the best bid for the purchase of the Certificates (see "The Obligations - Authority for Issuance" and "The Obligations – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Certificates will be used to (i) pay contractual obligations incurred in connection with the financing of improvements to Trinity Boulevard within the City, and (ii) pay the costs of issuance associated with the issuance of the Certificates (see "Plan of Financing – Purpose – The Certificates").

MATURITY SCHEDULE **CUSIP Prefix [(1)]: 349426**

Maturity (9/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix [(1)]	Maturity (9/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix [(1)]
2022	$ 710,000	3.000%	0.100%	DE3	2028	$ 1,420,000	4.000%	0.830%	DL7
2023	800,000	2.000%	0.130%	DF0	2029	1,480,000	4.000%	0.960%	DM5
2024	1,240,000	3.000%	0.260%	DG8	2030	1,540,000	4.000%	1.090% [(2)]	DN3
2025	1,275,000	3.000%	0.400%	DH6	2031	1,600,000	3.000%	1.250% [(2)]	DP8
2026	1,315,000	4.000%	0.530%	DJ2	2032	1,650,000	3.000%	1.320% [(2)]	DQ6
2027	1,370,000	4.000%	0.670%	DK9	2033	1,700,000	3.000%	1.370% [(2)]	DR4

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(2) Yield shown is to first optional redemption date, March 1, 2030.

REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after September 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "The Obligations – Optional Redemption".

SEPARATE ISSUES . . . The Certificates are being offered by the City concurrently with the "City of Fort Worth, Texas General Purpose Refunding and Improvement Bonds, Series 2021" (the "Bonds"), "City of Fort Worth, Texas General Purpose Refunding Bonds, Taxable Series 2021" (the "Taxable Bonds"), and "City of Fort Worth, Texas Tax Notes, Series 2021C" (the "Notes"); the Certificates, the Bonds, the Taxable Bonds and the Notes are hereinafter sometimes referred to collectively as the "Obligations." The Certificates, the Bonds, the Taxable Bonds and the Notes are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

LEGALITY . . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser of the Certificates and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Kelly Hart & Hallman LLP, Fort Worth, Texas, Co-Bond Counsel (see "Appendix C - Form of Co-Bond Counsel's Opinions"). Certain matters will be passed upon for the City by West & Associates, L.L.P., Fort Worth, Texas, as Disclosure Counsel to the City.

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on July 13, 2021 (the "Delivery Date").

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HTS Continuing Disclosure Services
A Division of Hilltop Securities.
(See "CONTINUING DISCLOSURE OF INFORMATION" herein)

OFFICIAL STATEMENT

Dated June 8, 2021

Ratings:
Fitch: "AA"
KBRA: "AA+"
S&P: "AA"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Co-Bond Counsel, in accordance with statutes, regulations, published rulings and court decisions existing on the date of delivery of said opinion, interest on the Notes will be excludable from the gross income of the holders thereof for federal income tax purposes, subject to the matters described under "Tax Matters for the Bonds, Certificates and Notes" herein. See "Appendix C – Form of Co-Bond Counsel's Opinions".

$14,620,000
CITY OF FORT WORTH, TEXAS
(Tarrant, Denton, Parker, Johnson and Wise Counties, Texas)
TAX NOTES, SERIES 2021C

Dated Date: June 1, 2021
Interest Accrues from Delivery Date

Due: March 1, as shown below

PAYMENT TERMS . . . Interest on the $14,620,000 City of Fort Worth, Texas Tax Notes, Series 2021C (the "Notes") will accrue from the Delivery Date (defined below), and will be payable on March 1, 2022, and on each September 1 and March 1 thereafter until maturity. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Notes will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Notes may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Notes will be made to the owners thereof.** Principal of, premium, if any, and interest on the Notes will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Notes. See "The Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Notes are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1431, Texas Government Code, as amended, and are direct obligations of the City of Fort Worth, Texas (the "City"), payable from an annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the issuance of the Notes passed by the City Council of the City ("City Council") on April 13, 2021 (the "Note Ordinance"). In the Note Ordinance, the City Council delegated to designated officers of the City authority to solicit bids for the sale of the Notes, to establish certain terms related to the issuance of the Notes, and to execute the bid form submitted as the best bid for the purchase of the Notes (see "The Obligations – Authority for Issuance" and "The Obligations – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Notes will be used for (i) paying contractual obligations incurred or to be incurred for the construction of Public Works and the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way, and (ii) payment of costs of issuance associated with the issuance of the Notes. See "Plan of Financing – Purpose – The Notes".

MATURITY SCHEDULE

CUSIP Prefix (1): 349426

Maturity (3/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix (1)	Maturity (3/1)	Amount	Interest Rate	Initial Yield	CUSIP Suffix (1)
2022	$ 1,705,000	5.000%	0.080%	DS2	2026	$ 2,200,000	5.000%	0.450%	DW3
2023	1,895,000	5.000%	0.100%	DT0	2027	2,310,000	5.000%	0.570%	DX1
2024	1,990,000	5.000%	0.200%	DU7	2028	2,430,000	5.000%	0.750%	DY9
2025	2,090,000	5.000%	0.330%	DV5					

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REDEMPTION . . . The Notes are **not** subject to redemption prior to maturity.

SEPARATE ISSUES . . . The Notes are being offered by the City concurrently with the "City of Fort Worth, Texas General Purpose Refunding and Improvement Bonds, Series 2021" (the "Bonds"), "City of Fort Worth, Texas General Purpose Refunding Bonds, Taxable Series 2021" (the "Taxable Bonds"), and "City of Fort Worth, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021" (the "Certificates"); the Notes, the Bonds, the Taxable Bonds and the Certificates are hereinafter sometimes referred to collectively as the "Obligations." The Notes, the Bonds, the Taxable Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

LEGALITY . . . . The Notes are offered for delivery when, as and if issued and received by the Initial Purchaser of the Notes and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Kelly Hart & Hallman LLP, Fort Worth, Texas, Co-Bond Counsel (see Appendix C - "Form of Co-Bond Counsel's Opinions"). Certain matters will be passed upon for the City by West & Associates, L.L.P., Fort Worth, Texas, as Disclosure Counsel to the City.

DELIVERY . . . It is expected that the Notes will be available for delivery through DTC on July 13, 2021 (the "Delivery Date").

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This Official Statement, which includes the cover page, page 3, page 5, page 7, tables, Schedule I, and appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources considered to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Co-Financial Advisors. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described. See "Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

NEITHER THE CITY, ITS CO-FINANCIAL ADVISORS, NOR THE INITIAL PURCHASERS OF THE OBLIGATIONS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

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.

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

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

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The Bonds, Taxable Bonds, Certificates and the Notes are collectively referred to as the "Obligations". The offering of the Obligations of each series to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY.................................... The City of Fort Worth, Texas (the "City") is a political subdivision and municipal corporation of the State of Texas (the "State" or "Texas"), located in Tarrant, Denton, Parker, Johnson and Wise Counties, Texas. The City covers approximately 358 square miles (see "Introduction - Description of the City").

THE BONDS................................. The $152,105,000 General Purpose Refunding and Improvement Bonds, Series 2021 are to mature on March 1 in the years 2022 through 2041 (see "The Obligations - Description of the Obligations").

THE TAXABLE BONDS................. The $26,175,000 General Purpose Refunding Bonds, Taxable Series 2021 are to mature on March 1 in the years 2022 through 2041 (see "The Obligations - Description of the Obligations").

THE CERTIFICATES .... The $16,100,000 Combination Tax and Revenue Certificates of Obligation, Series 2021 are to mature on September 1 in the years 2022 through 2033 (see "The Obligations - Description of the Obligations").

THE NOTES................................. The $14,620,000 Tax Notes, Series 2021C are to mature on March 1 in the years 2022 through 2028 (see "The Obligations - Description of the Obligations").

PAYMENT OF INTEREST .... Interest on each series of the Obligations accrues from its Delivery Date (as defined on the cover pages for the Bonds, the Taxable Bonds, the Certificates and the Notes, respectively). Interest on the Bonds, the Taxable Bonds and the Certificates is payable March 1, 2022 and each September 1 and March 1 thereafter until maturity or prior redemption (see "The Obligations - Description of the Obligations," and "The Obligations - Redemption"). Interest on the Notes is payable on March 1, 2022 and on each September 1 and March 1 thereafter until maturity.

AUTHORITY FOR ISSUANCE OF THE OBLIGATIONS .... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapters 1207, 1331 and 1371, Texas Government Code, as amended, an election held on May 5, 2018, and an ordinance passed by the City Council of the City ("City Council") on April 13, 2021 (the "Bond Ordinance"). The Taxable Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207, Texas Government Code, as amended, an ordinance passed by the City Council of the City on April 13, 2021 (the "Taxable Bond Ordinance"). The Certificates are issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, Chapter 1371, Texas Government Code, as amended, and the ordinance (the "Certificate Ordinance") passed by the City Council of the City on April 13, 2021. The Notes are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1431, Texas Government Code, as amended, and an ordinance authorizing the issuance of the Notes passed by the City Council on April 13, 2021 (the "Note Ordinance", and together with the "Bond Ordinance, the Taxable Bond Ordinance and the Certificate Ordinance", the "Ordinances"). The Ordinances delegated to designated officers of the City the authority to solicit bids for the sale of the Obligations of each series, to establish certain terms related to the issuance and sale of the Obligations, and to execute the bid form submitted as the best bid for the purchase of the Obligations of each series (see "The Obligations - Authority for Issuance").

SECURITY FOR THE BONDS, TAXABLE BONDS AND NOTES .... The Bonds, the Taxable Bonds and the Notes of each series constitute direct obligations of the City, payable from an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City (see "The Obligations - Security and Source of Payment").

SECURITY FOR THE CERTIFICATES............................ The Certificates constitute direct obligations of the City, payable from an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge (not to exceed $1,000) of surplus net revenues of the City's Waterworks and Sewer System(see "The Obligations - Security and Source of Payment").

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem the Bonds and the Taxable Bonds having stated maturities on and after March 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Obligations – Optional Redemption-The Bonds and Taxable Bonds ").

The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after September 1, 2030, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Obligations – Optional Redemption-The Certificates").

The Notes are **not** subject to redemption prior to maturity.

TAX EXEMPTION............................ In the opinions of Co-Bond Counsel, the interest on the Bonds, the Certificates and the Notes will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters for the Bonds, Certificates and Notes" herein.

The Taxable Bonds are not obligations described in section 103(a) of the Internal Revenue Code of 1986. See "Tax Matters for the Taxable Bonds" herein.

USE OF PROCEEDS.......................... Proceeds from the sale of the Bonds will be used to (i) finance permanent improvements as described in Table 11 herein; (ii) refinance a portion of the City's outstanding debt described in Schedule I (the "Refunded Tax-Exempt Obligations") and (iii) pay the costs of issuance associated with the issuance of the Bonds.

Proceeds from the sale of the Taxable Bonds will be used to (i) refund a portion of the City's outstanding debt described in Schedule I (the "Refunded Taxable Obligations") and (ii) pay the costs of issuance associated with the issuance of the Taxable Bonds.

Proceeds from the sale of the Certificates will be used for (i) pay contractual obligations incurred in connection with the financing of improvements to Trinity Boulevard within the City, and (ii) payment of costs of issuance associated with the issuance of the Certificates.

Proceeds from the sale of the Notes will be used for (i) paying contractual obligations incurred or to be incurred for the construction of Public Works and the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way, and (ii) payment of costs of issuance associated with the issuance of the Notes.

RATINGS .... The presently outstanding tax-supported debt of the City is rated "AA" by Fitch Ratings ("Fitch"), "Aa3" by Moody's Investor's Services, Inc. ("Moody's"), "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") and "AA+" by Kroll Bond Rating Agency ("KBRA"). The Obligations being issued are rated "AA" by Fitch, "AA+" by KBRA, and "AA" by S&P (see "Other Information - Ratings").

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

PAYMENT RECORD .... The City has not defaulted in payment of its general obligation tax debt in over one hundred years.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population [1]	Net Taxable Assessed Valuation [2]	Taxable Assessed Valuation Per Capita	Net Tax Supported Debt Outstanding at End of Year [3]	G.O. Tax Debt Per Capita	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2017	815,430	$ 54,517,128,722	$ 66,857	$ 610,336,667	$ 748	1.12%	98.49%
2018	829,560	61,244,653,468	73,828	615,541,667	742	1.01%	98.10%
2019	848,860	67,762,925,135	79,828	656,538,333	773	0.97%	97.94%
2020	873,130	77,063,764,193	88,262	689,560,000	790	0.89%	97.49%
2021	873,130	81,250,674,456	93,057	775,271,667 [4]	888	0.95%	93.52% [5]

(1) The City's population estimates come from the North Central Texas Council of Governments (NCTCOG) annual estimated population report. NCTCOG publishes its current population estimates in April of each year. Due to the fact that the most recent year's estimated population is not currently available, the City has chosen to show the estimated population for 2021 equal to the NCTCOG's published 2020 estimated population figure for the City.
(2) Source: Tarrant, Denton, Parker and Wise Appraisal Districts Supplemental Certification Reports. All property within the City limits in Johnson County is owned by the City and currently exempt from ad valorem taxes.
(3) Excludes self-supporting debt (see "Table 10 – Computation of Self-Supporting Debt").
(4) Includes the Obligations, excludes the Refunded Obligations and the self-supporting debt (see "Table 10 – Computation of Self-Supporting Debt" and Schedule I).
(5) Collections for part year only, as of April 1, 2021.

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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS [1]

City Council	Term Expires	Occupation
Mattie Parker Mayor, Place 1	May 2023	CEO
Carlos E. Flores Councilmember, Place 2	May 2023	Engineer
Michael D. Crain Councilmember, Place 3	May 2023	Real Estate Broker
Cary Moon Councilmember, Place 4	May 2023	Financial Services; Developer
Gyna Bivens Councilmember, Place 5	May 2023	President and Executive Director of North Texas LEAD
Jared Williams [2] Councilmember, Place 6	May 2023	Non-Profit Leader; Science Educator
Leonard Firestone [2] Councilmember, Place 7	May 2023	Distiller; Proprietor
Chris Nettles [2] Councilmember, Place 8	May 2023	Pastor; Small Business Owner
Elizabeth M. Beck [2] Councilmember, Place 9	May 2023	Attorney

(1) 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 will change to an eleven member council, with the Mayor to be elected at large and the remainder of the City Council to be elected from ten single member districts. The election at which a vote reflecting an eleven member council will be conducted is the first election following the 2020 census and adoption of a new redistricting map by the City Council.
(2) Newly elected Councilmembers were sworn into office on June 15, 2021.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service in Present Position	Length of Service With City
David Cooke	City Manager	7 Years	7 Years
Jay Chapa	Deputy City Manager	6 Years	24 Years
Fernando Costa	Assistant City Manager	12 Years	21 Years
Valerie Washington	Assistant City Manager	6 Years	6 Years
Dana Burghdoff	Assistant City Manager	1 Year 9 Months	21 Years
Reginald Zeno	Chief Financial Officer/ Director of Financial Management Services	1 Year 9 Months	1 Year 9 Months
Sarah Fullenwider	City Attorney	10 Years	22 Years
Mary J. Kayser	City Secretary	9 Years	9 Years

CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS

Auditors .... Weaver and Tidwell, L.L.P.
Fort Worth, Texas

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

Kelly Hart & Hallman LLP
Fort Worth, Texas

Co-Financial Advisors .... Hilltop Securities Inc.
Fort Worth, Texas

Estrada Hinojosa & Company, Inc.
Dallas, Texas

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

For additional information regarding the City, please contact:

Reginald Zeno		Laura Alexander		U.S. Williams
Chief Financial Officer/		Adam LanCarte		Tania Askins
Director of Financial Management Services	or	Hilltop Securities Inc.	or	Estrada Hinojosa & Company, Inc.
City of Fort Worth		777 Main Street, Suite 1525		1717 Main St., Suite 4740
200 Texas Street		Fort Worth, Texas 76102		Lockbox 47
Third Floor, Southwest		(817) 332-9710		Dallas, Texas 75201
Fort Worth, Texas 76102				(214) 658-1670
(817) 392-8500				

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OFFICIAL STATEMENT

RELATING TO

$152,105,000
CITY OF FORT WORTH, TEXAS
GENERAL PURPOSE REFUNDING AND IMPROVEMENT BONDS, SERIES 2021

$16,100,000
CITY OF FORT WORTH, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2021

$26,175,000
CITY OF FORT WORTH, TEXAS
GENERAL PURPOSE REFUNDING BONDS, TAXABLE SERIES 2021

$14,620,000
CITY OF FORT WORTH, TEXAS
TAX NOTES, SERIES 2021C

INTRODUCTION

This Official Statement, which includes Schedule I and the Appendices hereto, provides certain information regarding the issuance of $152,105,000 City of Fort Worth, Texas, General Purpose Refunding and Improvement Bonds, Series 2021 (the "Bonds"), $26,175,000 City of Fort Worth, Texas, General Purpose Refunding Bonds, Taxable Series 2021 (the "Taxable Bonds"), "16,100,000 City of Fort Worth, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021 (the "Certificates") and $14,620,000 City of Fort Worth, Texas, Tax Notes, Series 2021C (the "Notes", and together with the Bonds, the Taxable Bonds and the Certificates, the "Obligations"). The Obligations are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance", the "Taxable Bond Ordinance", the "Certificate Ordinance" and the "Note Ordinance", respectively, each as defined below, and collectively the "Ordinances"), but are being offered and sold pursuant to a common Official Statement, and while the Obligations share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders and the covenants and agreements made with respect thereto. The Ordinances were adopted by the City Council of the City of Fort Worth, Texas (the "City") on April 13, 2021.

In each of the Ordinances, as permitted by the laws of the State of Texas (the "State"), the City Council delegated the authority to designated officers (the "Pricing Officers") of the City to establish the terms and details of each series and to effect the sale of the Obligations of each series through the execution of the Official Bid Form for each series evidencing the best bid for the Obligations.

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 links contained therein are not incorporated into, and are not part of, this offering document.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified, in their entirety, by reference to each such document. Copies of such documents may be obtained from the City's Co-Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Fort Worth, Texas.

Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the adopted Ordinances, except as otherwise indicated herein.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's home rule charter (the "City 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 eight Councilmembers elected to single member districts. The term of office for the Mayor and the eight Councilmembers is two years. As a result of an amendment to the City Charter approved at an election held May 7, 2016, the configuration of the City Council will change to an eleven member council, with the Mayor to be elected at large and the remainder of the City Council to be elected from ten single member districts. The election at which a vote reflecting an eleven member council will be conducted is the first election following the 2020 census and adoption of a new redistricting map by the City Council. 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 2010 Census population for the City was 741,206, while the estimated 2021 population is 873,130. The City covers approximately 358 square miles.

As a result of an amendment to the City Charter approved at an election held May 7, 2016, the configuration of the City Council will change to an eleven member council, with the Mayor to be elected at large and the remainder of the City Council to be elected from ten single member districts. The election at which a vote reflecting an eleven member council will be conducted is the first election following the 2020 census and adoption of a new redistricting map by the City Council.

PLAN OF FINANCING

PURPOSE

The Bonds . . . Proceeds from the sale of the Bonds will be used to (i) finance permanent improvements as described in Table 11 herein; (ii) refinance a portion of the City's outstanding debt described in Schedule I (the "Refunded Tax-Exempt Obligations") and (iii) pay the costs of issuance associated with the issuance of the Bonds.

The Taxable Bonds . . . Proceeds from the sale of the Taxable Bonds will be used to (i) refinance a portion of the City's outstanding debt described in Schedule I (the "Refunded Taxable Obligations") and (ii) pay the costs of issuance associated with the issuance of the Taxable Bonds.

The Certificates . . . Proceeds from the sale of the Certificates will be used to (i) pay contractual obligations incurred in connection with the financing of improvements to Trinity Boulevard within the City and (ii) pay the costs of issuance associated with the issuance of the Certificates.

The Notes . . . Proceeds from the sale of the Notes will be used for (i) paying contractual obligations incurred or to be incurred for the construction of Public Works and the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way, and (ii) payment of costs of issuance associated with the issuance of the Notes.

The Refunded Tax-Exempt Obligations and the Refunded Taxable Obligations are sometimes referred to herein collectively as the "Refunded Obligations".

SOURCES AND USES OF PROCEEDS . . . . The proceeds from the sale of the Obligations will be applied approximately as follows:

Sources of Funds	The Bonds	The Taxable Bonds	The Certificates	The Notes
Par Amount	$ 153,630,000	$ 26,285,000	$ 16,340,000	$ 14,805,000
Premium Bid	12,674,475	-	2,267,175	2,294,775
Net Original Issue Discount	-	(131,425)	-	-
City Contribution to Escrow Fund	559,314	7,416,857	-	-
Total Sources of Funds	$ 166,863,789	$ 33,570,432	$ 18,607,175	$ 17,099,775
Uses of Funds				
Deposit to the Project Fund	$ 83,170,000	$ -	$ 18,500,000	$ 17,000,000
Deposit to Escrow Fund	83,128,012	33,418,174	-	-
Costs of Issuance	565,777	152,259	107,175	99,775
Total Uses of Funds	$ 166,863,789	$ 33,570,432	$ 18,607,175	$ 17,099,775

REFUNDED OBLIGATIONS . . . The Refunded Obligations shall be called for redemption on the redemption dates shown on Schedule I (the "Redemption Dates"). The principal and interest due on the Refunded Obligations are to be paid from funds to be deposited pursuant to separate escrow agreements for the Refunded Tax-Exempt Obligations and the Refunded Taxable Obligations (collectively, the "Escrow Agreement") between the City and BOKF, NA, the paying agent for the Refunded Obligations (the "Escrow Agent"). The City will deposit with the Escrow Agent, from proceeds of the Bonds and Taxable Bonds, as applicable, and other lawfully available funds, an amount which, when added to the investment earnings thereon (with respect to the Refunded Taxable Obligations), will be sufficient, to accomplish the discharge and final payment of the principal of and interest on the Refunded Obligations on the Redemption Dates. Such amount will be held in trust by the Escrow Agent in one or more special escrow accounts (the "Escrow Accounts"), and used to purchase certain "Escrowed Securities" that mature at such times and in such amounts sufficient to pay principal of and interest on the Refunded Obligations on the Redemption Dates. Under the Escrow Agreement, the Escrow Accounts are irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Public Finance Partners LLC (the "Verification Agent"), will issue its report (the "Report") verifying at the time of delivery of the Taxable Bonds the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Account, will be sufficient to pay, when due, the principal of and interest on the Refunded Taxable Obligations. Such maturing principal of and interest on such Escrowed Securities will not be available to pay the Obligations (see "Other Information – Verification of Arithmetical and Mathematical Computations").

By the deposit of the amounts with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Obligations in accordance with law. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the funds held in the Escrow Accounts by the Escrow Agent and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes or other revenues received by the City, as the case may be, or for the purpose of applying any limitation on the issuance of debt, and the City will have no further responsibility with respect to amounts available in the Escrow Accounts for the payment of the Refunded Obligations from time to time, including any insufficiency therein caused by the failure of the Escrow Agent to receive payment when due on the Escrowed Securities.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations of each series are dated June 1, 2021, and the Bonds, the Taxable Bonds and the Notes mature on March 1 in each of the years and in the amounts shown on the cover page, page 3 and page 7 hereof, respectively. The Certificates mature on September 1 in each of the years and in the amounts shown on page 5 hereof. Interest on the Bonds, Taxable Bonds, Certificates and Notes will accrue from the Delivery Date, will be computed on the basis of a 360-day year of twelve 30-day months, will be payable on September 1 and March 1 of each year, commencing March 1, 2022, until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "The Obligations - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1207, 1331 and 1371, Texas Government Code, as amended, an election held on May 5, 2018, and the Bond Ordinance.

The Taxable Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended, and the Taxable Bond Ordinance

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Texas Government Code, Chapter 1371, as amended, and the Certificate Ordinance.

The Notes are issued pursuant to the Constitution and general laws of the State, particularly Chapter 1431, Texas Government Code, as amended, and the Note Ordinance.

SECURITY AND SOURCE OF PAYMENT

The Bonds, Taxable Bonds and Notes . . . The principal of and interest on the Bonds, the Taxable Bonds and the Notes of each series are payable from a direct and continuing ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City as provided in the Bond Ordinance, Taxable Bond Ordinance and Note Ordinance.

The Certificates . . . The principal of and interest on the Certificates is payable from a direct and continuing ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City as provided in the Certificate Ordinance. Additionally, the Certificates are payable from a limited pledge (not to exceed $1,000) of surplus revenues of the City's waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the City's waterworks and sewer system, all as provided in the Certificate Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Taxable Assessed Valuation for all City purposes. The City Charter limits the City's tax rate to a maximum rate of $1.90 per $100 Taxable Assessed Valuation for all City purposes. While State law does not require any particular allocation of the City’s tax between debt service and operations, administratively, the Attorney General of the State will permit allocation of approximately two-thirds of the maximum tax rate for all general obligation debt service, as calculated at the time of issuance based on a 90% collection rate.

OPTIONAL REDEMPTION

The Bonds and Taxable Bonds . . . The City reserves the right, at its option, to redeem the Bonds or the Taxable Bonds having stated maturities on and after March 1, 2031 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds or the Taxable Bonds are to be redeemed, the City may select the maturities of the Bonds or the Taxable Bonds to be redeemed. If less than all the Bonds or Taxable Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds or the Taxable Bonds are in Book-Entry-Only form) shall determine by lot the Bonds or Taxable Bonds, or portions thereof, within such maturity to be redeemed. If a Bond or a Taxable Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond or Taxable 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.

The Certificates . . . The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after September 1, 2030 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (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.

The Bonds, the Taxable Bonds and the Certificates are subject to redemption at the option of the City and are sometimes referred to herein as the "Callable Obligations".

The Notes . . . The Notes are **not** subject to optional redemption prior to maturity.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for a Callable Obligation , the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Callable Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CALLABLE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND, TAXABLE BOND, OR CERTIFICATE, AS APPLICABLE, OR ANY PORTION THEREOF, HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND, TAXABLE BOND, OR CERTIFICATE, AS APPLICABLE, OR PORTION THEREOF, SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Callable Obligations, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Callable Obligations to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Callable Obligations and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Callable Obligations have not been redeemed.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Callable Obligations, will send any notice of redemption relating to the Callable Obligations only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Callable Obligations called for redemption or any other action premised on any such notice. Redemptions of portions of the Callable Obligations by the City will reduce the outstanding principal amount of such Callable Obligations held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Callable Obligations held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Callable Obligations from the Beneficial Owners. Any such selection of Callable Obligations within a maturity to be redeemed will not be governed by the Bond Ordinance, Taxable Bond Ordinance and Certificate 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 DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Callable Obligations or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Callable Obligations for redemption (see "The Obligations – Book-Entry-Only System" herein).

DEFEASANCE . . . The Ordinances each provide that the City may discharge its obligations to the registered owners of any or all of the Obligations, as applicable, to pay principal and interest thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of and all interest to accrue on such Obligations to maturity or redemption (if applicable) or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investments earnings thereon, to provide for the payment and/or redemption (if applicable) of such Obligations; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption (if applicable) of the Obligations, as the case may be.

If any of the Callable Obligations are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Callable Obligations at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Bond Ordinance, Taxable Bond Ordinance and Certificate Ordinance, as the case may be.

Under current State law, after such deposit as described above, such Obligations shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Callable Obligations have been made as described above, all rights of the City to initiate proceedings to call the Callable Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, that the right to call the Callable Obligations for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Callable Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Callable Obligations 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.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and accredited by DTC while the Obligations 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 and the initial purchasers of the Obligations consider the source of such information to be reliable, but neither takes any responsibility for the accuracy or completeness thereof.*

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

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

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

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 confirmations 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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the certificate documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 register and request that copies of the notices be provided directly to them.

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

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

Principal and interest payments on the Obligations 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 of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar of each series, 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 securities depository with respect to the Obligations of any series at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

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

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Obligations 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 Obligations, 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 Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Co-Financial Advisors, or the Initial Purchasers of the Obligations of any series.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Obligations of any series will be issued to the holders and the Obligations of any series will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "Transfer, Exchange and Registration" below.

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

PAYMENT . . . Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity upon presentation or earlier redemption (in the case of the Callable Obligations), as applicable, to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the City where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the registered owners of the Obligations of any series and thereafter such Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations of a series will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate designated amount as the Obligations surrendered for exchange or transfer. So long as the Obligations are held in the book-entry-only system of DTC, the sole registered owner of the Obligations will be Cede & Co. (DTC's partnership nominee) or such other nominee of DTC. See "The Obligations - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Callable Obligations and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Callable Obligations so selected for redemption when such redemption is scheduled to occur within 30 calendar days

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the close of business on the 15th day of the preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of an Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

REMEDIES . . . Each of the Ordinances establishes specific events of default with respect to the Obligations of each series. If the City defaults in the payment of the principal of or interest on the Obligations when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Obligations, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinances provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the Ordinances 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 Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the Holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, 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.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued," in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Because it is not clear that the Texas Legislature has effectively waived the City's immunity from suit for money damages, any holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or the Ordinances. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (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 Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("*Wasson I*"), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to a governmental, function 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. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under 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 Ordinances provide that holders of the Obligations may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinances. 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 Texas courts. In general, Texas 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. Texas 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, Texas Government Code, as amended ("Chapter 1371"), permits the City to waive sovereign immunity in the proceedings authorizing its obligations, but in connection with the issuance of the Obligations, 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, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. 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 Obligations, of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Co-Bond Counsel will note that the opinion relative to the enforceability of the Obligations is 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.

Initially, the only registered owner of the Obligations will be Cede & Co., the nominee of DTC. See "Book-Entry-Only System" above for a description of the duties of DTC with regard to ownership of the Obligations.

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TAX INFORMATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Tarrant, Denton, Parker, Johnson and Wise County Appraisal Districts (collectively, the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code (as defined above) to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property.

State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value in the most recent tax year in which it was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within each respective Appraisal District is subject to review by an Appraisal Review Board within each Appraisal District, consisting of members appointed by the Board of Directors of each respective Appraisal District. Each Appraisal District is required to review the value of property within each respective Appraisal District at least every three years. The City may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the City by petition filed with the appropriate Appraisal Review Board.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the disabled veteran or at some cost to the disabled veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50 percent of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residence homestead, if the surviving spouse has not remarried since the first responder's death and said property was the first responder's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Under Article VIII and State law, the governing body of a county, municipality or junior college district may provide for a freeze on total amount of ad valorem levied on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, the total amount of taxes imposed on such homestead cannot be increased except for improvements (other than repairs or improvements required to comply with governmental requirements) and such freeze is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. Once established such freeze cannot be repealed or rescinded.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000; a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Furthermore, the surviving spouse of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Sections 1-d and 1-d-1.

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for one hundred seventy-five (175) days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Prope1ty may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit". Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within one hundred seventy-five (175) days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory. A taxpayer may receive only one of the Freeport Exemptions or the Goods-in-Transit exemption for items of personal property.

Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

Tax increment financing ("TIF") is an economic development tool authorized by Chapter 311 of the Texas Tax Code, as amended, by which local governments can publicly finance needed structural and infrastructure improvements in order to promote new development or redevelopment within a defined tax increment reinvestment zone ("TIF district") that meets certain conditions for establishment.

At the time an area is designated as a TIF district, the existing total taxable value of real property in the Zone is identified and designated as the "base value". As new investment is made within the TIF district, total taxable value of the area begins to rise. The ad valorem taxes generated on the difference between the taxable value and the base value is considered the "increment". Participating taxing entities may deposit all, a predetermined portion, or none of the incremental taxes in a designated TIF district fund for the purpose of financing the planning, design, construction, or acquisition of public improvements within the TIF district. All taxing entities that levy taxes within the Zone continue to receive tax revenues derived from the base value.

TIF districts have a set term. A TIF district ends on the earlier of (1) the termination date included in the ordinance that established the Zone; or (2) the date on which all project costs have been paid in full. Any revenues remaining in the TIF district fund after the dissolution of the TIF are returned pro rata to each participating taxing units.

Each TIF district is governed by a board of directors with five to fifteen members, appointed by those taxing jurisdictions that participate in the TIF district, as well as the county or municipality that created the Zone. The TIF's board of directors oversees improvements to the area and may choose to dedicate TIF district funds to reimburse developers for public improvements.

The City also may enter into tax abatement agreements to encourage economic development. Under such agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement may last for a period of no more than 10 years. For a detailed description of the City's tax abatement agreements, see " - Tax Abatements Policy" below.

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however, no bonds secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. For a detailed description of the City's Chapter 380 agreements, see " - Economic Development Grants" below.

PUBLIC HEARING AND VOTER APPROVAL . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"no-new-revenue tax rate" means the rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"voter-approval tax rate" means the rate that will produce the prior year's maintenance and operation tax levy (adjusted) from the current year's values (unadjusted) multiplied by 1.035, plus a rate that will produce the current year's debt service from the prior year's values (adjusted).

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures in the current year (its "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (its "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

The City Council must annually calculate and prominently post on its internet website, and submit to the City's tax assessor-collector its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller of Public Accounts (the "State Comptroller"). The City Council must adopt a tax rate before the later of September 30 or the sixtieth (60th) day after the date the certified appraisal roll is received by the City, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the seventy-first (71st) day before the next occurring November uniform election date. If the City fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the City for the preceding tax year.

A municipality may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until the appraisal district has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the municipality has held a public hearing on the proposed tax increase.

If a municipality's adopted tax rate for any tax year exceeds the voter-approval tax rate, that municipality must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, the City and its taxpayers may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value of at least $50 million and situated in a county with a population of one million or more as of the most recent federal decennial census may additionally protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, selected by a State district judge, consisting of highly qualified professionals in the field of property tax appraisal.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (See "-- Public Hearing and Voter-Approval Tax Rate"). The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur the penalty as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee that exceeds 20% of the amount of delinquent tax, penalty, and interest collected. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $40,000; the disabled are also granted an exemption of $40,000. The City has granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

See Table 1 for a listing of the amounts of the exemptions granted by the City.

The City has adopted the tax freeze for citizens who are disabled or 65 years of age or older.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and Tarrant County Tax Assessor collects taxes for the City. The City has contracted for delinquent property tax collections with an external law firm.

The City does permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does tax goods-in-transit.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

TAX ABATEMENT POLICY . . . Under the City's adopted policy, tax abatement may be granted for development projects that meet location eligibility criteria, and commit to provide full time employment to central business district, city and other Fort Worth residents as specified in the tax abatement agreement, and spend agreed-upon amounts with certified Fort Worth M/WBE companies. The City currently has 10 active and 4 awarded tax abatement agreements with abatements up to 100% and periods up to 10 years. Tax abatement agreements also provide for annual reporting requirements.

TAX INCREMENT FINANCING DISTRICTS . . . As of the date of this Official Statement, the City has 11 active TIF districts: Speedway, Downtown, Southside/Medical District, Riverfront, Lancaster Corridor, Trinity River Vision, Lone Star, East Berry Renaissance, Woodhaven, Trinity Lakes, and Stockyards/Northside. The City has no current expectation of creating additional TIF districts, but reserves the right to do so, subject to the provisions of Chapter 311 of the Texas Tax Code. More information on the existing TIF districts follows.

TIF Name (Number)	Acreage	Base Value	Fiscal Year 2021 (Tax Year 2020) Taxable Value	Fiscal Year 2021 (Tax Year 2020) Increment	2021 City Participation (% of Ad Valorem Tax Increment)	Term*
Speedway (2)	1,490 acres	$ 5,084,127	$ 126,248,102	$ 121,163,975	0%	1996-2035
Downtown (3)	407 acres	322,450,637	1,441,184,949	1,118,744,312	60%**	1996-2025
Southside/Medical District (4)	1,278 acres	229,759,626	1,199,635,572	969,875,946	90%	1998-2022
Riverfront (6)	63.6 acres	2,822,348	-	(2,822,348)	0%	2002-2036
Lancaster Corridor (8)	220 acres	178,938,722	726,269,396	547,330,674	50%	2003-2024
Trinity River Vision (9)	3,980 acres	130,744,298	862,136,965	731,392,667	80%	2003-2044
Lone Star (10)	981 acres	16,073,937	129,398,933	113,324,996	100%	2004-2025
East Berry Renaissance (12)	604 acres	29,176,323	133,467,084	104,290,761	100%	2006-2027
Woodhaven (13)	1,100 acres	181,846,751	426,873,323	245,026,572	100%	2007-2028
Trinity Lakes (14)	1,800 acres	35,035,971	206,755,946	171,739,975	85%	2012-2032
Stockyards/Northside (15)	925 acres	173,277,642	332,626,005	159,348,423	50%	2014-2034

* Term is subject to renewal.
** Total amount collected for all entities is capped at $5 million, divided proportionally to participant and tax rates.

PUBLIC IMPROVEMENT DISTRICTS . . . Chapter 372 of the Texas Local Government Code, as amended (the "PID Act") authorizes cities to fund supplemental services and improvements to meet community needs which would not otherwise be constructed or provided. By petition, the property owners request that City Council establish a Public Improvement District ("PID"). Under a PID, the City levies and collects special assessments on property that is within the City or the City's extraterritorial jurisdiction. A PID must be self-sufficient and not adversely impact the ordinary service delivery of the City, except where City Council elects to participate in the project's costs. Currently 12 PIDs are active:

PID #1, Downtown Fort Worth Improvement District – Established in 1986 and was the first improvement district in the State of Texas. PID #1 was re-established by petition of the property owners on June 23, 2009, for a term of 20 years and consists of 380 acres. PID #1 funds are utilized for maintenance and landscaping, promotions and marketing, security enhancement, transportation and parking, trash removal, and administration (management of the PID).

PID #6, Park Glen – Established by petition of the property owners in perpetuity, it was created on September 29, 1998. It is in a primarily residential neighborhood located in far northeast Fort Worth, just outside Loop 820, and consists of approximately 1,124 acres. This PID has two assessment rates: one for residential and another for commercial properties within the PID. The funds are utilized for landscaping, lighting and fencing, maintenance of grounds, trash pick-up, security, and administration.

PID #7, Heritage – Established by petition of the property owners in perpetuity on September 26, 2000, it encompasses 927 acres of primarily residential neighborhoods. The PID has two assessment rates: one for residential and another for commercial properties. PID #7 funds are utilized for landscaping, lighting and fencing, maintenance of grounds, security, and administration.

PID #11, Stockyards – Established on February 23, 2003, for a continuous term, this PID encompasses 192 acres of the Historic Stockyards area on the north side of Fort Worth. This PID was created to promote tourism in the area, increase marketing efforts, and support special events for this historic district. PID #11 funds are utilized for marketing, promotion of special events, trash removal, and administration.

PID #12, Chapel Hill – Established on March 23, 2004, for a continuous term, to encompass the Chapel Hill neighborhood. This PID was created to support anticipated economic development of the area, and to provide additional neighborhood amenities. PID #12 funds are used for landscape and maintenance, security, communication, planned capital improvements, and administration.

PID #14, Trinity Bluff – Established on June 16, 2009 for a 20-year term, encompassing 30.9 acres in the Trinity Bluff area at the north end of Downtown. PID #14 funds are utilized for maintenance and landscaping, security enhancements, marketing, and administration.

PID #15, Sun Valley – Established on August 21, 2012, for a 20-year term, and located in southeast Fort Worth, just east of Loop 820. PID #15 funds are utilized for security and administration.

PID #16, Walsh Ranch/Quail Valley – Established on September 27, 2016, and continuing in effect until all obligations of indebtedness for all previously authorized improvement projects and services in the PID have been fully satisfied and discharged. The PID projects are anticipated to include street and sidewalk improvements, street lighting, water supply lines and related facilities, sanitary sewer lines and related facilities, stormwater drainage and detention improvements, park and recreation facilities, and landscaping. The PID includes approximately 1,704 acres of land generally located; (1) north of the intersection of Interstate Highway 20 and Interstate Highway 30; (2) east of FM 1187; south of Old Weatherford Road; and (3) west of the Parker County-Tarrant County boundary line.

PID #17, Rock Creek Ranch – Established on December 13, 2016, for a 20-year term. The PID projects are anticipated to include approximately 4,917 single family residential homes, 2,520 multi-family residential units, 3,780,000 square feet of commercial space and 960,000 square feet planned as a public university. The PID projects also include certain water, sewer and roadway improvements. The PID is generally located along both sides of the Chisolm Trail Parkway south of McPherson Boulevard and north of FM 1187, in the City.

The City has issued its Special Assessment Revenue Bonds, Series 2017 (Fort Worth Public Improvement District No. 17 (Rock Creek Ranch) Major Improvement Project) in the aggregate principal amount of $12,685,000. The City issued its Special Assessment Revenue Bonds, Series 2018 (Fort Worth Public Improvement District No. 17 (Rock Creek Ranch) Roadway Improvement Project), in the aggregate principal amount of $5,155,000. Neither series of these bonds is payable from ad valorem taxes of the City, and neither series of these bonds is secured by the full faith and credit of the City.

PID #18, Tourism – Established August 29, 2017 for a 10-year term, encompassing noncontiguous areas authorized under the PID Act, consisting of only hotel properties with 100 or more rooms ordinarily used for sleeping, within Fort Worth. PID #18 funds are utilized for increasing the economic impact and enhancing competitiveness in conventions, meetings, leisure and sports tourism, and increasing tourism-related economic activity at all times, including economic downturns and as inventory grows. The proposed Tourism PID projects include incentives and sales efforts, convention and sports marketing and promotion, site visits and familiarization tours, community arts grants, convention services, event funding application, operations, research, and administration, all of which benefit the hotels within the Tourism PID.

PID #19, Historic Camp Bowie – Established August 19, 2018 for a 10-year term to encompass approximately 238.76 acres of land consisting of all commercial land use areas along the Camp Bowie Boulevard corridor from Montgomery Street (on the east) to Irene Street (on the west) and all commercial land use areas along W. 7th Street from University Drive to Montgomery Street. The PID projects include certain landscaping, promotional sign and banner programs, lighting, various other streetscape and capital improvements, including streets, sidewalk, roadways rights of way; special supplemental services for improvement and promotion of the Historic Camp Bowie PID and any other improvements and services allowed pursuant to the PID Act.

PID #20, East Lancaster Avenue – Established in 2019 for a 10-year term encompassing approximately 243 acres of land along the 1800 to 6000 block of East Lancaster Avenue. The PID projects include landscaping, security enhancements, lighting, and various other streetscape and capital improvements, including cameras, streets, sidewalks, roadways and rights-of-way; special supplemental services for improvement and promotion of the East Lancaster Avenue PID and any other improvements and services allowed pursuant to the PID Act.

ECONOMIC DEVELOPMENT GRANTS . . . Chapter 380 of the Texas Local Government Code, as amended ("Chapter 380"), authorizes the City Council to establish and provide for the administration of one or more programs, including programs for the making of loans and grants of public money and providing personnel and services of the City, to promote economic development. The City's policy is intended to establish a program and set forth guidelines and criteria for persons or entities interested in receiving economic development program grants or loans from the City pursuant to Chapter 380 ("380 Grant"). The terms and conditions of any Chapter 380 grant will be set forth in an economic development program agreement that must be negotiated and executed by both the City and the applicant or an affiliate of the applicant (an "Economic Development Program Agreement"). There are minimum eligibility requirements for the following project types: target industry projects, target industry projects in the central business district, research and development projects, existing business expansion projects, mega projects (Fortune 1,000, Fortune Global 500, or Inc. 5000 designated firms), technology companies, catalytic developments, transit oriented developments, redevelopment projects on central business district surface parking lots, and full service hotels. If a project does not meet the minimum eligibility criteria for the list of projects, the project must commit to a minimum investment of at least $25 million and creation of new full-time jobs with certain minimum annual average employee salary levels. The amount of a 380 Grant will be based on a percentage of annual tax revenues that the City receives in a particular year, including ad valorem taxes on real property, ad valorem taxes on business personal property, local sales taxes directly attributable to the project, or some combination thereof. The Chapter 380 grant amount in the agreements with Presidio Hotel Fort Worth, LP, and Omni Fort Worth Partnership, LP, also includes a component related to hotel occupancy taxes paid to the City. Under the terms of the Chapter 380 agreements, the companies are obligated to pay all ad valorem taxes to the City, and the City is obligated to fund and pay grant payments based on actual performance.

Company	Term	Final Payment Date*	Company	Term	Final Payment Date*
American Airlines, Inc.	14 years	2030	Robert G. Muckleroy	10 years	2021
Acme Brick Company	32 years	2038	PennyMac	10 years	2024
Bell Helicopter Textron, Inc.	19 years	2031	Pier 1 Services Company	20 years	2021
Cabela's Retail, Inc.	21 years	2026	Renaissance Square LLC	20 years	2034
Tanger Fort Worth, LLC	15 years	2033	Presidio Hotel Fort Worth, LP	20 years	2029
Clearfork Development Company, LLC	15 years	2033	Smith & Nephew, Inc.	5 years	2021
KV West 7th Apartments, LLC	15 years	2026	Sundance Square	15 years	2030
Columbia North Hills Hospital Subsidiary, L.P.	13 years	2025	KV Trinity Bluffs Apartments, LLC	14 years	2024
Winner LLC	20 years	2037	Trinity Bluff Development Phase 2 & 3 (LPC Trinity Parks LP)	20 years	2030
Galderma Laboratories, L.P.	10 years	2027	Victory Packaging LP	10 years	2025
Wabtec US Rail, Inc.	15 years	2028	Wal-Mart.com USA, LLC	10 years	2024
Station Venture Operations, LP	24 years	2040	FW Waterside Partners LLC	15 years	2033
Town Center Mall, LP	20 years	2026	FW River Plaza, L.P.	10 years	2026
Kimco Montgomery Plaza, LP	22 years	2029	Fort Worth Heritage Developmet, LLC	25 Years	2045
Target Corporation	21 years	2027	NT Window, Inc.	6 years	2026
Museum Place Holdings, LLC	15 years	2025	Wal-Mart Real Estate Business Trust	20 years	2040
Omni Fort Worth Partnership, L.P.	18 years	2027	Roanoke35/114 Partners, L.P.	15 years	2036
Our Nation's Best Sports	10 years	2025	714 Main Real Estate Holdings, LLC	10 years	2031
McClane Company, Inc.	5 years	2025			

* Annual payments are due by June 1.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL PURPOSE DEBT

2020/21 Market Valuation Established by Tarrant, Denton, Wise and Parker County Appraisal Districts (excluding totally exempt property)		$ 87,327,029,478
Less Exemptions/Reductions at 100% Market Value:		
Over 65 Exemptions	$ 1,559,400,332	
Transfer adjustment OV65 (From TAD but shown as Denton transfer on Budget)	883,037	
Homestead	6,361,736,095	
Homestead Cap	2,435,853	
Disabled/Over 65	37,591,455	
Disabled Person	107,828,545	
Disabled Veterans/First Responder	454,029,478	
Agricultural Use Reductions	209,040,391	
Inventory	3,473,689,390	
Nominal Value Accounts	8,078,750	
Solar Wind	263,937	
Prorated Absolute	337,034	
Community Housing Development	116,889,980	
Pollution Control	6,171,262	
Tax Abatement Reductions	255,242,558	
Historic Sites	50,016,058	
Freeze Taxable Value	8,920,961	
Misc. Personal Property	498,828,673	
Foreign Trade Zone	281,102,772	(13,432,486,561)
Plus Minimum Value of Protests		7,356,131,539
2020/21 Net Taxable Assessed Valuation		$ 81,250,674,456
Tax Supported Long-Term Debt Payable from Ad Valorem Taxes (as of 4/1/2021) (1)		
General Obligation Debt	$ 648,075,000 (2)	
The Bonds	152,105,000	
The Taxable Bonds	26,175,000	
The Certificates	16,100,000	
The Notes	14,620,000	
		$ 857,075,000
Less: Self Supporting Debt (as of 4/1/2021) (3)		
Car Rental Tax Obligations	$ 25,455,000 (4)	
Parking Obligations	27,890,000	
Culture and Tourism Obligations	5,410,000	
TIRZ Obligations	16,100,000 (5)	
Solid Waste Obligations	1,695,000	
Crime Control and Prevention District (CCPD) Obligations	5,253,333	(81,803,333)
Net Tax-Supported Long-Term Debt Payable from Ad Valorem Taxes		$ 775,271,667
General Obligation Interest and Sinking Fund (as of 4/1/2021)		$ 42,347,880
Ratio Net General Obligation Tax Debt to 2020/21 Taxable Assessed Valuation		0.95%

2021 Estimated Population - 873,130 (6)

Per Capita 2020/21 Taxable Assessed Valuation - $93,057

Per Capita General Obligation Debt Payable from Ad Valorem Taxes - $982

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $888

(1) This statement of indebtedness does not include currently outstanding Waterworks and Sewer System Revenue Bonds, as those bonds are payable solely from the net revenues of the Waterworks and Sewer System, as defined in the ordinances authorizing such bonds, or Drainage Utility System Revenue Bonds, as those bonds are payable solely from the gross revenues of the Drainage Utility System, as defined in the ordinances authorizing such bonds, or Special Tax Revenue Bonds as those bonds are payable solely from revenues other than ad valorem taxes, pledged to their payment, as described in the ordinances authorizing such bonds. The statement of indebtedness likewise does not include special assessment revenue bonds issued under the PID Act, which are payable from assessments on specially benefitted property within City-designated PIDs.
(2) Excludes the Refunded Obligations.
(3) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future, although the City has no current plans to change this policy. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on the respective obligation, the City will be required to levy an ad valorem tax to pay such debt service.
(4) Includes a portion of the Taxable Bonds.
(5) Includes the Certificates.
(6) The City's population estimates come from the North Central Texas Council of Governments (NCTCOG) annual estimated population report. NCTCOG publishes its current population estimates in April of each year. Due to the fact that the most recent year's estimated population is not currently available, the City has chosen to show the estimated population for 2021 equal to the NCTCOG's published 2020 estimated population figure for the City.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2021		2020		2019	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real Property						
Single-Family	$ 45,243,465,186	51.81%	$ 44,609,952,982	51.55%	$ 39,536,595,385	52.08%
Multi-Family	9,147,843,185	10.48%	8,416,159,226	9.73%	7,372,062,643	9.71%
Vacant	1,403,886,237	1.61%	1,242,543,464	1.44%	1,195,823,057	1.58%
Ranch Land	212,188,333	0.24%	126,171,445	0.15%	90,505,175	0.12%
House and Acreage	47,750,754	0.05%	23,122,252	0.03%	23,169,141	0.03%
Rural Land (No Ag) and Commercial	18,812,837	0.02%	19,584,327	0.02%	27,365,070	0.04%
Commercial/Industrial	18,969,517,484	21.72%	17,930,012,464	20.72%	15,659,790,489	20.63%
Utilities	1,270,226,029	1.45%	1,528,611,743	1.77%	1,624,287,188	2.14%
Inventory	255,636,232	0.29%	495,004,255	0.57%	465,094,353	0.61%
Personal Property						
Billboards	-	0.00%	171,361	0.00%	4,247,285	0.01%
Oil, Gas and Minerals	229,592,895	0.26%	368,211,960	0.43%	364,746,000	0.48%
Utilities	24,351,398	0.03%	333,367	0.00%	776,511	0.00%
Commercial/Industrial	9,824,988,729	11.25%	11,309,489,568	13.07%	9,053,380,563	11.92%
Aircraft/Mobile Homes	441,138,899	0.51%	463,649,168	0.54%	503,965,763	0.66%
Miscellaneous	237,631,280	0.27%	305,915	0.00%	349,117	0.00%
Total Appraised Market Value	$ 87,327,029,478	100.00%	$ 86,533,323,497	100.00%	$ 75,922,157,740	100.00%
Less: Total Exemptions/Reductions	(13,432,486,561)		(13,047,952,714)		(11,206,755,410)	
Total Taxable Assessed Value	$ 73,894,542,917		$ 73,485,370,783		$ 64,715,402,330	
Plus: Minumum Value of Protests	7,356,131,539		3,578,393,410		3,047,522,805	
Total Net Taxable Assessed Value	$ 81,250,674,456		$ 77,063,764,193		$ 67,762,925,135	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2018		2017	
Category	Amount	% of Total	Amount	% of Total
Real Property				
Single-Family	$ 34,780,842,937	50.64%	$ 31,530,443,969	52.82%
Multi-Family	6,493,856,637	9.45%	5,220,758,707	8.75%
Vacant	1,163,190,946	1.69%	904,059,933	1.51%
Ranch Land	99,003,251	0.14%	80,706,347	0.14%
House and Acreage	25,168,620	0.04%	20,562,628	0.03%
Rural Land (No Ag) and Commercial	15,518,792	0.02%	13,628,384	0.02%
Commercial/Industrial	13,477,767,387	19.62%	11,035,132,084	18.49%
Utilities	1,600,348,810	2.33%	931,261,998	1.56%
Inventory	370,118,389	0.54%	288,479,476	0.48%
Personal Property				
Billboards	1,106,416	0.00%	138,219	0.00%
Oil, Gas and Minerals	337,460,969	0.49%	337,635,527	0.57%
Utilities	772,400	0.00%	826,050	0.00%
Commercial/Industrial	9,716,462,370	14.15%	8,894,388,258	14.90%
Aircraft/Mobile Homes	605,198,048	0.88%	432,304,341	0.72%
Miscellaneous	591,491	0.00%	1,290,857	0.00%
Total Appraised Market Value	$ 68,687,407,463	100.00%	$ 59,691,616,778	100.00%
Less: Total Exemptions/Reductions	(10,458,528,215)		(9,990,084,340)	
Total Taxable Assessed Value	$ 58,228,879,248		$ 49,701,532,438	
Plus: Minumum Value of Protests	3,015,774,220		4,815,596,284	
Total Net Taxable Assessed Value	$ 61,244,653,468		$ 54,517,128,722	

NOTE: Valuations shown are from the Tarrant, Denton, Parker and Wise County Appraisal District's Supplemental Certification Reports, for the years shown, adopted by the City Council. Certified values are subject to change throughout the year as contested values are resolved and each Appraisal District updates records. All property within the corporate limits of the City that is in Johnson County is currently owned by the City, currently is exempt from ad valorem taxation, and is not included in the figures set forth above or elsewhere in this Official Statement.

TABLE 3 - VALUATION AND GENERAL PURPOSE DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population [(1)]	Net Taxable Assessed Valuation [(2)]	Taxable Assessed Valuation Per Capita	Net Tax Supported Debt Outstanding at End of Year [(3)]	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2017	815,430	$ 54,517,128,722	$ 66,857	$ 610,336,667	1.12%	$ 748
2018	829,560	61,244,653,468	73,828	615,541,667	1.01%	742
2019	848,860	67,762,925,135	79,828	656,538,333	0.97%	773
2020	873,130	77,063,764,193	88,262	689,560,000	0.89%	790
2021	873,130	81,250,674,456	93,057	775,271,667 [(4)]	0.95%	888

(1) The City's population estimates come from the NCTCOG annual estimated population report. NCTCOG publishes its current population estimates in April of each year. Due to the fact that the most recent year's estimated population is not currently available, the City has chosen to show the estimated population for 2021 equal to the NCTCOG's published 2020 estimated population figure for the City.
(2) Source: Tarrant, Denton, Parker and Wise Appraisal Districts Supplemental Certification Reports. All property within the City limits in Johnson County is owned by the City and currently exempt from ad valorem taxes.
(3) Excludes self-supporting debt (see "Table 10 – Computation of Self-Supporting Debt").
(4) Includes the Obligations and excludes the Refunded Obligations and the self-supporting debt.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2017	$ 0.8350	$ 0.6615	$ 0.1735	$ 453,954,000	97.81%	98.49%
2018	0.8050	0.6415	0.1635	488,093,000	97.89%	98.10%
2019	0.7850	0.6300	0.1550	527,507,801	97.69%	97.94%
2020	0.7475	0.5950	0.1525	570,801,107	97.49%	97.49%
2021	0.7475	0.5950	0.1525	609,290,931	93.39% [(1)]	93.52% [(1)]

(1) Collections for part year only, as of April 1, 2021.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2020/21 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Winner LLC	Data Center	$ 1,938,352,072	2.39%
American Airlines Inc./Envoy Air Inc.	Airline	964,327,109	1.19%
Oncor Electric Delivery Co LLC	Utility	608,612,788	0.75%
Bell Textron Inc./Bell Helicopter Inc.	Helicopter	387,989,592	0.48%
DDR/DTC City Investments LP ETAL	Real Estate	288,872,491	0.36%
Alcon Laboratories Inc.	Optics Mfg.	237,702,446	0.29%
Wal-Mart Stores Texas LLC/Sams Real Estate Busines	Retail & Distributing Facility	233,397,799	0.29%
AT Industrial Owner 1/3/4/5/7 HOLDCO LLC	Warehouse/Distribution	209,882,036	0.26%
Atmos Energy/Mid Tex Division	Utility	204,063,420	0.25%
AT&T Mobility LLC	Telecommunications	184,113,057	0.23%
		$ 5,257,312,810	6.47%

Source: Tax Year 2020 – Tarrant, Denton, Parker and Wise Appraisal District's Supplemental Certification Reports. All property within the City limits in Johnson County is owned by the City and currently exempt from ad valorem taxes.

DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City Charter (however, see "The Obligations – Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY [(1)]

2021 Principal and Interest Requirements	$ 118,725,685
$0.1492 Tax Rate at 98.00% Collection Produces	$ 118,801,486
Average Annual Principal and Interest Requirements, 2021 - 2041	$ 51,240,645
$0.0644 Tax Rate at 98.00% Collection Produces	$ 51,278,926

(1) Includes the Obligations. Excludes the Refunded Obligations, and self-supporting debt.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2020/21 Taxable Assessed Value	2020/21 Tax Rate	Total G.O. Tax Debt 4/1/2021	Estimated % Applicable	City's Overlapping G.O. Tax Debt 4/1/2021	Authorized But Unissued Debt As Of 4/1/2021
City of Fort Worth	$ 81,250,674,456 [(1)]	$ 0.747500	$ 775,271,667 [(2)]	100.00%	$ 775,271,667 [(2)]	$ 166,330,000 [(3)]
Aledo ISD	4,344,710,602	1.479700	278,389,289	4.50%	12,527,518	-
Arlington ISD	33,487,339,787	1.387100	1,085,149,956	0.02%	217,030	460,481,828
Azle ISD	3,298,030,836	1.247400	76,345,000	1.91%	1,458,190	-
Birdville ISD	12,315,574,268	1.380300	440,840,000	5.80%	25,568,720	-
Burleson ISD	5,722,276,298	1.538300	317,767,015	21.63%	68,733,005	-
Castleberry ISD	955,101,931	1.241300	39,585,000	46.39%	18,363,482	-
Crowley ISD	8,148,236,882	1.539800	527,167,988	76.58%	403,705,245	-
Eagle Mountain-Saginaw ISD	11,635,980,510	1.496400	720,683,711	70.28%	506,496,512	447,065,000
Everman ISD	1,812,207,637	1.370000	113,760,000	64.71%	73,614,096	-
Fort Worth ISD	44,965,190,243	1.378400	1,007,740,000	88.28%	889,632,872	274,360,000
Hurst-Euless-Bedford ISD	16,863,693,893	1.198000	370,205,000	29.93%	110,802,357	-
Keller ISD	21,003,488,580	1.394700	894,579,060	44.93%	401,934,372	-
Kennedale ISD	1,746,640,925	1.336400	23,305,025	0.36%	83,898	-
Lake Worth ISD	1,191,703,419	1.510200	61,590,460	53.52%	32,963,214	24,970,000
Mansfield ISD	16,660,207,320	1.446400	858,527,839	0.01%	85,853	-
Northwest ISD	22,673,966,737	1.466300	1,040,921,739	49.64%	516,713,551	-
White Settlement ISD	2,441,049,398	1.415900	150,903,364	49.63%	74,893,340	-
Tarrant County	219,908,316,431	0.234000	240,445,000	38.50%	92,571,325	30,600,000
Tarrant County Hosp. District	220,311,777,399	0.224400	14,495,000	39.18%	5,679,141	-
Tarrant County College Dist.	221,750,828,044	0.130200	264,175,000	38.50%	101,707,375	525,000,000
Parker County	15,596,246,122	0.284700	139,659,412	1.36%	1,899,368	-
Parker County JCD	15,548,661,479	0.165400	3,030,000	1.36%	41,208	-
Wise County	7,978,506,613	0.307500	7,355,000	0.01%	736	-
Denton County	115,693,123,870	0.225000	611,835,000	2.56%	15,662,976	9,690,625
Total Direct and Overlapping G. O. Tax Debt . . .					$ 4,130,627,049	
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation . . .					5.08%	
Per Capita Direct and Overlapping G. O. Tax Debt . . .					$ 5,210.70	

(1) Excludes all property within the City limits in Johnson County as all property is owned by the City and currently exempt from ad valorem taxes.
(2) Includes the Obligations. Excludes the Refunded Obligations and self-supporting debt (see Tables 1 and 10 herein for more detailed information on the City's general obligation self-supporting debt).
(3) Reflects remaining authorization after the issuance of the Bonds.

TABLE 8 - GENERAL PURPOSE DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Outstanding Debt [1]			The Bonds [2]		The Taxable Bonds [3]		The Certificates [4]		The Notes [5]		Less: Car Rental Tax	Less: Self-Supporting	Less: Self-Supporting	Less: Self-Supporting Culture	Less: Self-Supporting Solid	Less: Self-Supporting	Total Tax Supported Debt Service	% of Principal
9/30	Principal	Interest	Total	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Obligations [6]	TIRZ [7]	Parking	and Tourism	Waste	CCPD [8]	Requirements	Retired
2021	$ 101,350,000	$ 30,143,852	$ 131,493,852	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,846,640	$ -	$ 2,976,525	$ 3,689,250	$ 484,620	$ 2,771,133	$ 118,725,685	
2022	70,830,000	26,132,263	96,962,263	25,500,000	5,559,113	1,075,000	469,923	710,000	619,083	1,705,000	785,842	2,909,308	1,329,083	2,975,650	2,079,550	469,426	2,713,347	120,909,861	
2023	70,030,000	23,124,954	93,154,954	9,965,000	3,943,475	1,085,000	403,206	800,000	524,950	1,895,000	598,375	2,914,276	1,324,950	2,975,400	976,750	454,349	2,655,560	101,068,676	
2024	64,455,000	20,067,518	84,522,518	6,490,000	3,532,100	1,610,000	394,641	1,240,000	508,950	1,990,000	501,250	2,910,278	1,748,950	2,980,400	979,625	434,446	-	91,735,759	
2025	62,420,000	17,010,227	79,430,227	6,490,000	3,207,600	1,610,000	386,269	1,275,000	471,750	2,090,000	399,250	2,903,997	1,746,750	2,980,400	975,375	414,777	-	86,338,797	46.31%
2026	57,250,000	14,091,273	71,341,273	6,485,000	2,883,225	1,620,000	373,666	1,315,000	433,500	2,200,000	292,000	2,907,093	1,748,500	2,975,400	978,875	-	-	78,333,796	
2027	55,240,000	11,359,183	66,599,183	6,480,000	2,559,100	1,625,000	356,951	1,370,000	380,900	2,310,000	179,250	2,899,465	1,750,900	2,980,025	-	-	-	74,229,994	
2028	39,655,000	9,098,773	48,753,773	6,480,000	2,267,500	1,630,000	336,197	1,420,000	326,100	2,430,000	60,750	2,900,852	1,746,100	2,978,900	-	-	-	56,078,468	
2029	33,735,000	7,445,489	41,180,489	6,480,000	2,008,300	1,640,000	312,487	1,480,000	269,300	-	-	2,901,292	1,749,300	2,979,600	-	-	-	45,740,384	
2030	30,065,000	6,140,451	36,205,451	6,480,000	1,749,100	1,650,000	286,245	1,540,000	210,100	-	-	2,896,202	1,750,100	2,978,000	-	-	-	40,496,594	73.86%
2031	29,215,000	4,995,014	34,210,014	6,480,000	1,489,900	1,660,000	257,362	1,600,000	148,500	-	-	2,886,397	1,748,500	2,972,400	-	-	-	38,238,479	
2032	27,215,000	3,906,926	31,121,926	6,480,000	1,263,100	1,680,000	226,714	1,650,000	100,500	-	-	751,182	1,750,500	2,972,600	-	-	-	37,047,959	
2033	23,230,000	2,984,886	26,214,886	6,480,000	1,101,100	1,690,000	194,613	1,700,000	51,000	-	-	747,178	1,751,000	2,973,300	-	-	-	31,960,121	
2034	17,640,000	2,309,266	19,949,266	6,480,000	971,500	950,000	168,530	-	-	-	-	-	-	-	-	-	-	28,519,296	
2035	16,720,000	1,767,416	18,487,416	6,480,000	841,900	950,000	148,628	-	-	-	-	-	-	-	-	-	-	26,907,943	90.10%
2036	15,205,000	1,279,338	16,484,338	6,480,000	712,300	950,000	127,633	-	-	-	-	-	-	-	-	-	-	24,754,270	
2037	11,050,000	884,763	11,934,763	6,480,000	582,700	950,000	105,688	-	-	-	-	-	-	-	-	-	-	20,053,150	
2038	11,050,000	542,038	11,592,038	6,475,000	453,150	950,000	83,030	-	-	-	-	-	-	-	-	-	-	19,553,218	
2039	8,785,000	238,900	9,023,900	6,475,000	323,650	950,000	59,850	-	-	-	-	-	-	-	-	-	-	16,832,400	
2040	4,285,000	53,563	4,338,563	6,475,000	194,150	950,000	36,290	-	-	-	-	-	-	-	-	-	-	11,994,003	99.28%
2041	-	-	-	6,470,000	64,700	950,000	12,208	-	-	-	-	-	-	-	-	-	-	6,534,700	100.00%
	$ 749,425,000	$ 183,576,090	$ 933,001,090	$ 152,105,000	$ 35,707,663	$ 26,175,000	$ 4,740,127	$ 16,100,000	$ 4,044,633	$ 14,620,000	$ 2,816,717	$ 33,374,158	$ 20,144,633	$ 38,698,600	$ 9,679,425	$ 2,257,616	$ 8,140,040	$ 1,076,053,550	

(1) Includes the self-supporting debt service and excludes the Refunded Obligations.
(2) Average life of the issue – 8.748 years. Interest on the Bonds has been calculated at the rates stated on the cover page hereof.
(3) Average life of the issue – 9.280 years. Interest on the Taxable Bonds has been calculated at the rates stated on page 3 hereof.
(4) Average life of the issue – 7.345 years. Interest on the Certificates has been calculated at the rates stated on page 5 hereof.
(5) Average life of the issue – 3.853 years. Interest on the Notes has been calculated at the rates stated on page 7 hereof.
(6) Includes a portion of the Taxable Bonds, excludes a portion of the Refunded Obligations.
(7) Includes the Certificates.
(8) Crime Control & Prevention District ("CCPD").

TABLE 9 – INTEREST AND SINKING FUND PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/21		$ 121,496,818 [1]
Interest and Sinking Fund Balance, 9/30/20	$ 36,787,300	
Budgeted Other Revenue	2,771,134	
Budgeted Use of Money & Property	4,097,182	
Budgeted Interest and Sinking Fund Tax Levy Collection	114,944,127	158,599,743
Estimated Balance, 9/30/21		$ 37,102,925

(1) Includes the City's CCPD funded debt service for Fiscal Year 2021.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT [1]

Car Rental Shared Revenues Available 9/30/20	$ 6,795,606 [2]
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 6,795,606
Car Rental Tax General Obligation Bond Requirements for Fiscal Year End 2021	$ 2,846,640
Percentage of Car Rental Tax Obligations Self-Supporting	100%
Net Parking Revenues Available 9/30/20	$ 1,598,000 [3]
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 1,598,000
Parking General Obligation Bond Requirements for Fiscal Year End 2021	$ 2,976,525
Percentage of Parking Tax Obligations Self-Supporting	100%
Net Culture and Tourism Revenues Available 9/30/20	$ 15,112,000 [3]
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 15,112,000
Culture and Tourism General Obligation Bond Requirements for Fiscal Year End 2021	$ 3,689,250 [4]
Percentage of Culture and Tourism Tax Obligations Self-Supporting	100%
Net TIRZ Revenues Available 9/30/20	$ 1,218,697 [3]
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 1,218,697
TIRZ General Obligation Bond Requirements for Fiscal Year End 2021	$ -
Percentage of TIRZ Self-Supporting	100%
Net Solid Waste Revenues Available 9/30/20	$ 4,649,000 [3]
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 4,649,000
Solid Waste General Obligation Bond Requirements for Fiscal Year End 2021	$ 484,620
Percentage of Solid Waste Tax Obligations Self-Supporting	100%
Crime Control & Prevention District Revenues Available 9/30/20	$ 29,513,000 [3]
Less: Requirements for Revenue Bonds	-
Balance Available for Other Purposes	$ 29,513,000
Crime Control & Prevention District General Obligation Bond Requirements for Fiscal Year End 2021	$ 2,771,133
Percentage of CCPD Tax Obligations Self-Supporting	100%

(1) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in this Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future, although the City has no current plans to change this policy. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligation, the City will be required to levy an ad valorem tax to pay such debt service.
(2) Source: City staff.
(3) Source: Comprehensive Annual Financial Report, City of Fort Worth.
(4) Debt Service payments are budgeted in the Culture and Tourism Operating Fund and transferred to the Debt Service Fund.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL PURPOSE BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued [(1)]	Unissued Balance
Streets and Mobility Infrastructure	5/5/2018	$ 261,630,080	$ 105,000,000	$ 49,400,000	$ 107,230,080
Parks and Recreation	5/5/2018	84,180,600	26,000,000	20,000,000	38,180,600
Library	5/5/2018	9,868,500	-	-	9,868,500
Fire Safety	5/5/2018	11,975,820	4,000,000	-	7,975,820
Animal Care and Shelter Facility	5/5/2018	13,770,000	-	13,770,000	-
Police Facility	5/5/2018	18,075,000	15,000,000	-	3,075,000
		$ 399,500,000	$ 150,000,000	$ 83,170,000	$ 166,330,000

(1) Includes Premium on the Bonds allocated to voter authorization.

ANTICIPATED ISSUANCE OF ADDITIONAL DEBT SUPPORTED BY AD VALOREM TAXES . . . The City anticipates issuing approximately $100 million in obligations supported by ad valorem taxes in 2022.

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TABLE 12 - OTHER OBLIGATIONS

Capital Leases (amounts in $000s)

The City is also committed under capital leases for the acquisition of one municipal building, and heavy equipment. These capital leases are recorded on the government-wide statements as well as their related amortizations are included in depreciation expense. The leased building and heavy equipment had an original cost totaling $1,351,000 and $575,000, respectively.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2020:

	Amount (000s)
Capital Lease Obligations, October 1, 2019	$ 476
New Capital Leases	1,351
Principal Payments	(354)
Capital Lease Obligations, September 30, 2020	$ 2,181

Future minimum lease payments for these leases are as follows:

Year Ending September 30,	Amount (000s)
2021	$ 414
2022	376
2023	307
2024	317
2025	215
Less: Amount Representing Interest	(156)
Present Value of Minimum Lease Payments	$ 1,473

Operating Leases

The City entered into operating lease agreements for the utilization of computers and related equipment, office space, vehicles, and for golf carts. The lease terms range from 12 to 96 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2020.

Year Ending September 30,	Amount (000s)
2021	$ 3,093
2022	2,766
2023	1,068
2024	835
2025	387
2026-2028	602
Total minimum payments required	$ 8,751

RETIREMENT OBLIGATIONS

The City contributes to the Employees' Retirement Fund of the City of Fort Worth, Texas (the "Retirement Fund" or "Fund"). 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 adopted on September 12, 1945, and have been governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) since June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees (the "Board").

With respect to the City Plan, the Board is solely responsible for managing assets and administering benefit payments. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. For the Staff Plan, the Board is responsible for defining benefits, setting contribution rates, funding contributions, and all other financial components. 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. With only twenty active members and thirty total members currently, the assets and obligations of the Staff Plan are negligible as compared to the City Plan and the Retirement Fund overall. Therefore, 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 (defined herein), Police Officers, and Firefighters).

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 Fort Worth City Council (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.

Approximately 79.11% and 10.51% 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. <u>Survivor Benefit</u>: 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. <u>Disability Benefit</u>: 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 current property tax rate of $0.7475 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-returned 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 experiencing 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[(1)]	Rate Starting with First Paycheck of 2020	Rate Starting with First Paycheck of 2021
City for Police Officers[1]	20.46%	24.96%	24.96%	24.96%
City for All Others[1]	19.74%	24.24%	24.24%	24.24%
Police Officers[2]	8.73%	10.53%	12.53%	13.13%
Firefighters	8.25%	10.05%	12.05%	12.05%
General with 3% Multiplier[3]	8.25%	10.05%	10.05%	10.05%
General without 3% Multiplier	8.25%	9.35%	9.35%	9.35%

[1]City made a lump sum payment so that City increases began being paid in August 2019 but included contributions effective with 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 the 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 2022
City for Police Officers	24.96%	26.16%	27.36%
City for All Others	24.24%	25.44%	26.64%
Police Officers	13.13%	13.93%	14.73%
Firefighters	12.05%	12.85%	13.65%
General with 3% Multiplier	10.05%	10.85%	11.65%
General without 3% Multiplier	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 eliminated in 42 years.

Most Recent Pension Actuarial and Investment Data . . As of December 31, 2020, pension plan membership consisted of the following:

- Total Inactive Members – 6,118
- Active Members- 6,515

Of the total inactive members, 4,829 are inactive employees or beneficiaries currently receiving benefits, and 1,289 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, 2019 measurement date are used by the system actuary, and rolled forward to the plan year ending September 30, 2020 using generally accepted actuarial principles.

Within this analysis, the components of the net pension liability of the Retirement Fund as of September 30, 2020 were as follows:

Total Pension Liability	$4,728,026,182
Fund Fiduciary Net Position	$2,368,160,670
City's Net Pension Liability	$2,359,865,512
Fund Fiduciary Net Position as a Percentage of the Total Pension Liability	50.09%

The blended discount rate of 7.00% was used to measure the Total Pension Liability as of September 30, 2020. This blended 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:

Year Ended September 30*	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2018	131,766,357	93,504,064	38,262,293	467,754,197	19.99%
2019	136,167,863	113,109,911	23,057,952	484,410,754	23.35%
2020	$160,159,443	$124,743,976	$35,415,467	$509,575,065	24.48%

* Dates reflect measurement dates, which are reported in the City's Comprehensive Annual 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: 29 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 form 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 December 31, 2020.

POTENTIAL LEGISLATIVE CHANGES

The 87th Texas Legislature is scheduled to adjourn on May 31, 2021, and the City is unaware of any legislation currently under consideration that would have a material impact on the structure or contribution rates of the Fund as described above.

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 2020 Comprehensive Annual Financial Report, incorporated by reference herein, which can be found at https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/P31085736 . 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/

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. To date, this benefit has not been eliminated for new hires and is thus an on-going liability.

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 3,193 retirees and surviving spouses during fiscal year 2020 was $21.541 million. During the prior year for approximately 3,108 retirees and beneficiaries the cost was $21.540 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, 2019, the actuarial valuation measurement date:

- The OPEB Plan's membership consisted of 3,193 inactive employees or beneficiaries currently receiving benefits.

- During Fiscal Year 2020, the cost of health care benefits for retirees, dependents, and surviving spouses was $21,014,000 and the death benefit payments totaled $527,000.

- The actuary estimated the City's total OPEB liability to be $1,057,216,000. This estimate is based upon a 2.78% discount rate. The City had funded 8.17% 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 2020, the OPEB trust had a net position of $91,009,000.

- The Net OPEB Liability was $970,878,000, of which $835,539,000 was associated with governmental activities and $135,339,000 for business-type activities.

- The City's OPEB expense was $26,165,000.

- For more information on the City's OPEB benefits see Note J in the City's 2020 Comprehensive Annual Report incorporated by reference herein, which can be found at https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/P31085736 and for a copy of the City's Final Actuarial OPEB Report (September 30, 2019 Reporting Date), please visit www.fortworthtexasbonds.com. See Appendix B – Financial Statements.

FINANCIAL INFORMATION

TABLE 13 – CHANGES IN TOTAL NET POSITION

	Fiscal Year Ended September 30, (In Thousands)				
Revenues:	2020	2019	2018	2017	2016
Program Revenues					
Charges for Services	$ 681,717	$ 662,586	$ 670,818	$ 616,125	$ 608,782
Operating Grants and Contributions	662,064	76,267	65,082	54,497	61,189
Capital Grants and Contributions	283,756	259,254	198,818	245,585	164,518
General Revenues					
Property Taxes	562,687	517,382	486,418	452,357	426,247
Other Local Taxes	273,258	280,510	266,479	250,669	235,146
Franchise Fees	48,365	50,494	51,934	50,078	49,031
Gas Lease and Royalties	5,598	11,002	14,021	15,567	34,354
Interest Income	54,613	65,975	16,172	12,479	6,512
Gain (Loss) on Disposal of Capital Assets	79	-	-	-	-
Other	17,915	18,776	19,707	45,566	42,861
Total Revenues	$ 2,590,052	$ 1,942,246	$ 1,789,449	$ 1,742,923	$ 1,628,640
Expenses:					
General Administration	$ 14,398	$ 166,338	$ 149,942	$ 152,609	$ 160,124
Public Safety	(167,533)	671,224	687,036	698,059	551,562
Highways and Streets	125,762	167,258	158,652	157,108	154,346
Culture and Recreation	73,767	171,710	284,181	174,426	128,444
Health and Welfare	29,132	11,017	11,104	11,076	6,863
Urban Redevelopment and Housing	67,747	82,821	92,183	76,190	68,782
Interest and Service Charges	33,443	32,715	30,844	31,636	30,493
Water and Sewer	245,882	365,414	375,603	376,755	358,053
Municipal Airport	16,812	19,424	18,694	14,628	20,519
Solid Waste	50,923	62,407	57,654	59,292	53,089
Municipal Parking	4,406	7,030	6,744	6,699	7,387
Stormwater Utility	20,012	31,960	29,690	30,238	24,365
Total Expenses and Transfers	$ 514,751	$ 1,789,318	$ 1,902,327	$ 1,788,716	$ 1,564,027
Increase (Decrease) of Revenues Over Expenses	$ 2,075,301	$ 152,928	$ (112,878)	$ (45,793)	$ 64,613
Insurance Recoveries	6	1,303	-	-	-
Special Items	-	-	-	-	7,477
Changes in Net Position	$ 2,075,307	$ 154,231	$ (112,878)	$ (45,793)	$ 72,090
Net Position - Beginning of Year	$ 1,620,059	$ 1,465,828	$ 1,892,670	$ 1,938,463	$ 1,866,373
Change in Accounting Principle	-	-	(313,964)	-	-
Net Position - Beginning of Year, As Restated	1,620,059	1,465,828	1,578,706	1,938,463	1,866,373
Net Position - End of Year	$ 3,695,366	$ 1,620,059	$ 1,465,828	$ 1,892,670	$ 1,938,463

Note: Includes Governmental Activities and Business-type Activities.
Source: Comprehensive Annual Financial Reports, City of Fort Worth.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30, (In Thousands)				
Revenues:	2020	2019	2018	2017	2016
General Property Taxes	$ 432,650	$ 398,426	$ 371,832	$ 345,657	$ 324,654
Sales Tax	166,289	165,364	157,369	148,365	138,497
Other Local Taxes	4,261	5,476	5,065	4,739	4,627
Franchise Fees	48,365	50,494	51,934	50,078	49,031
Charges for Services	27,246	28,931	18,185	19,349	21,039
Licenses and Permits	18,090	16,949	17,029	16,864	15,304
Fines and Forfeitures	4,419	6,468	6,317	6,523	7,553
Revenue from Use of Money and Property	262	701	588	360	646
Interest Income	14,274	4,896	(870)	(926)	3,354
Intergovernmental	1,612	2,128	1,779	556	459
Gas Leases and Royalties	1,033	1,453	2,084	1,961	1,088
Other	3,561	4,535	2,902	2,638	3,590
Contributions	167	191	164	4	74
Total Revenues	$ 722,229	$ 686,012	$ 634,378	$ 596,168	$ 569,916
Expenditures:					
General Administration	$ 99,266	$ 96,395	$ 63,718	$ 59,937	$ 57,274
Public Safety	416,971	418,042	419,515	395,236	381,237
Highways and Streets	33,958	33,425	32,946	33,395	29,509
Culture and Recreation	59,667	59,770	60,911	61,166	60,747
Health and Welfare	14	-	82	-	-
Urban Redevelopment and Housing	50,342	44,955	35,921	38,584	35,767
Capital Outlay	-	-	-	13	514
Debt Service:					
Principal Retirement	1,927	1,900	1,789	1,777	511
Interest and Debt Issuance Costs	294	331	384	438	173
Total Expenditures	$ 662,439	$ 654,818	$ 615,266	$ 590,546	$ 565,732
Excess Revenues Under (Over) Expenditures	$ 59,790	$ 31,194	$ 19,112	$ 5,622	$ 4,184
Other Financing Sources (Uses)					
Proceeds from Sale of Property	$ 1	$ -	$ -	$ 13,500	$ 97
Insurance Recoveries	6	829	-	-	-
Transfers In - Other Funds	38,936	45,948	50,465	44,028	42,457
Transfers Out - Other Funds	(68,369)	(56,875)	(52,325)	(59,622)	(39,378)
Total Other Financing Sources (Uses)	$ (29,426)	$ (10,098)	$ (1,860)	$ (2,094)	$ 3,176
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ 30,364	$ 21,096	$ 17,252	$ 3,528	$ 7,360
Fund Balance, Beginning of Year	173,797	152,701	135,449	131,921	124,561
Ending Fund Balance	$ 204,161 (1)	$ 173,797	$ 152,701	$ 135,449	$ 131,921

Source: Comprehensive Annual Financial Reports, City of Fort Worth.

(1) Of the $204.161 million, $152.698 million of the general fund balance was unassigned.

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the State Comptroller, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition, a ½ cent Crime Control District tax was adopted in 1995. This tax is voter authorized and may only be used for capital and operating expenses associated with controlling and preventing crime. At an election held in 2020, the ½ cent tax was re-authorized for an additional ten year period.

Fiscal Year Ended 9/30	Total Collected 1.50%	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2017	$ 218,269,995	48.08%	$ 0.4004	$ 267.67 (1)
2018	231,252,272	47.38%	0.3776	278.76 (1)
2019	243,486,586	46.16%	0.3593	286.84 (1)
2020	244,980,687	42.92%	0.3179	280.58 (1)
2021	128,570,342 (2)	21.10%	0.1582	147.25 (3)

(1) Based on population estimate from the North Central Texas Council of Governments (NCTCOG).
(2) Total collected shown on a cash basis collected as of April 1, 2021.
(3) The City's population estimates come from NCTCOG annual estimated population report. NCTCOG publishes its current population estimates in April of each year. Due to the fact that the most recent year's estimated population is not currently available, the City has chosen to show the estimated population for 2021 equal to the NCTCOG's published 2020 estimated population figure for the City.

FINANCIAL POLICIES

BASIS OF ACCOUNTING . . . 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.

FUND BALANCES . . . It is the City's policy that the General Fund's unassigned fund balance should be maintained at minimum of 10% of regular ongoing operating expenditures, with a goal of 2 months of regular ongoing operating expenditures. It is the City's policy to maintain a reserve in the General Fund Debt Service Fund between two and three months of the City's maximum annual debt service payment.

USE OF BOND PROCEEDS . . . The City's policy is to use bond proceeds for capital expenditures only and not to fund City operations.

BUDGETARY PROCEDURES . . . 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 quarterly review of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year if no disbursement from or encumbrance of the appropriation has been made.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (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 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, and (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. 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, 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. See Table 15 – Current Investments.

INVESTMENT POLICY . . . Under Texas 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 Texas 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 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 Texas 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 Texas 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 must do so by order, ordinance or resolution.

On December 6, 2016, the City entered into an agreement with Public Trust Advisors, LLC (PTA) for a one-year term with three additional one-year renewal options. The City has renewed its contract and under the original agreement and currently receives non-discretionary investment consulting and advisory services from PTA. Under the Texas Public Funds Investment Act, 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 April 1, 2021, the City currently estimates the market value of that portfolio to be $74.581 million. The City has adopted an investment policy specific to the segregated mineral rights funds taking advantage of the Trust Code 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 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 Texas 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 twelve months 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.

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:

	Maximum % of City Portfolio
US Obligations	80%
US 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:

Maturity	Liquid Cash	to 1 Year	to 2 Years	to 3 Years	to 4 Years	to 5 Years
% 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.

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TABLE 15 - CURRENT INVESTMENTS

As of April 1, 2021, the City's investable funds were invested in the following categories:

Description	Market Value as % of Total	Book Value	Market Value
Federal Agency Coupon Securities	23.30%	$ 394,287,041	$ 402,728,676
Treasuries Coupon Securities	26.81%	449,749,626	463,456,768
Municipal Obligations	2.29%	39,329,257	39,545,172
JP Morgan High Yield Savings Account	1.19%	20,654,858	20,654,858
JP Morgan Money Market Account	7.29%	126,053,719	126,053,719
Texas Class (LGIP)	18.75%	324,021,603	324,021,603
LOGIC (LGIP)	15.63%	270,115,612	270,115,612
Wells Fargo Bank	4.74%	81,977,715	81,977,715
	100.00%	$ 1,706,189,431	$ 1,728,554,123

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, 2020 through March 31, 2021, the City has received $561,449.77 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.

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TAX MATTERS FOR THE BONDS, CERTIFICATES AND NOTES

OPINION . . . On the date of initial delivery of the Bonds, the Certificates and the Notes (collectively, the "Tax-Exempt Obligations"), McCall, Parkhurst & Horton L.L.P., Dallas, Texas, and Kelly Hart & Hallman LLP, Fort Worth, Texas Co-Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Tax-Exempt Obligations of each series for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Tax-Exempt Obligations will not be treated as "specified private activity bonds" the interest on which would be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Co-Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Tax-Exempt Obligations. See Appendix C - Form of Co-Bond Counsel's Opinions.

In rendering its opinion, Co-Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Ordinances authorizing the Tax-Exempt Obligations relating to certain matters, including arbitrage and the use of the proceeds of the Tax-Exempt Obligations and the property financed or refinanced therewith. Failure of the City to comply with these representations or covenants could cause the interest on the Tax-Exempt Obligations, as the case may be, to become includable in gross income retroactively to their 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 Tax-Exempt Obligations in order for interest on the Tax-Exempt Obligations 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 Tax-Exempt Obligations to be included in gross income retroactively to the date of issuance of the Tax-Exempt Obligations. The opinions of Co-Bond Counsel are rendered in reliance upon the compliance by the City with such requirements, and Co-Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Tax-Exempt Obligations.

Co-Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of Existing Law and reliance on the aforementioned information, representations and covenants. 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 Tax-Exempt Obligations.

A ruling was not sought from the Internal Revenue Service (the "IRS") by the City with respect to the Tax-Exempt Obligations or the property financed or refinanced with proceeds of the Tax-Exempt Obligations. No assurances can be given as to whether the IRS will commence an audit of the Tax-Exempt Obligations, or as to whether the IRS would agree with the opinion of Co-Bond Counsel. If an IRS audit is commenced, under current procedures the IRS is likely to treat the City as the taxpayer and the Obligation 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 Tax-Exempt Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Tax-Exempt Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Tax-Exempt Obligations 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 owner who has purchased such Original Issue Discount Obligation 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 Obligation 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 Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period within each accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation 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 Obligation.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Obligations 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 Obligations 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 Obligations.

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 Tax-Exempt Obligations. 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 accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase Tax-Exempt Obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE TAX-EXEMPT OBLIGATIONS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Tax-Exempt Obligations, 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 Tax-Exempt Obligations, 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.

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Tax-Exempt Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to 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 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.

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 Tax-Exempt Obligations under federal or state law, and could affect the market price or marketability of the Tax-Exempt Obligations. Any of the foregoing could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any of the foregoing becoming effective cannot be predicted. Prospective purchasers of the Tax-Exempt Obligations should consult their own tax advisors regarding the foregoing matters.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Tax-Exempt Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

TAX MATTERS FOR THE TAXABLE BONDS

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 Taxable Bonds and is based on the Code, the regulations promulgated thereunder, published rulings and pronouncements of the 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 Taxable 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 the 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 Taxable 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 Taxable 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 Taxable 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 Taxable 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 TAXABLE BONDS IN LIGHT OF THE HOLDER’S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE TAXABLE 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 TAXABLE BONDS BEFORE DETERMINING WHETHER TO PURCHASE TAXABLE BONDS.

THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, 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 TAXABLE 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.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

Periodic Interest Payments and Original Issue Discount. The Taxable Bonds are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Bonds or original issue discount, if any, accruing on the Taxable 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 Taxable Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Taxable 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 Taxable Bonds. Generally, a U.S. Holder's tax basis in the Taxable 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 Taxable Bonds has been held for more than one year.

Defeasance of the Taxable Bonds. Defeasance of any Taxable 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 Taxable 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 Taxable Bonds. PROSPECTIVE PURCHASERS OF THE TAXABLE 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 Taxable Bond, will not be subject to U.S. federal income or withholding tax in respect of a Taxable 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 Taxable 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.

INFORMATION REPORTING AND BACKUP WITHHOLDING.

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Taxable 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 of the Code 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 TIN, furnishes an incorrect TIN, or otherwise fails to establish an exemption from the 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.

CONTINUING DISCLOSURE OF INFORMATION

In each of the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") 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. 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 6 and 8 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2021. 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 2021. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will provide notice that the audited financial statements are not complete, 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 of 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 EMMA Website identified above or filed with the United States Securities and Exchange Commission (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 included in Tables 1 through 6 and 8 through 15 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.

DISCLOSURE EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Obligations: (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 IRS 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 Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, 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 Obligated Person, and of which reflect financial difficulties. Neither the Obligations nor the Ordinances make any provision for debt service reserves or liquidity enhancement. 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; 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; and the term "Obligated Person" means the City.

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."

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 Obligations 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 Obligations 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 Obligations 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 Obligations of a series 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 Obligations of a series. 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 Obligations in the primary offering of the Obligations. 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. A Financial Obligation disclosure event notice was filed with MSRB's EMMA system on February 9, 2021. Except for such event, 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.

OTHER INFORMATION

RATINGS

The presently outstanding tax-supported debt of the City is rated "AA" by Fitch Ratings ("Fitch"), "Aa3" by Moody's Investor's Services, Inc. ("Moody's"), "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") and "AA+" by Kroll Bond Rating Agency ("KBRA"). The Obligations being issued are rated "AA" by Fitch, "AA+" by KBRA, and "AA" by S&P. In addition the presently outstanding debt of the City is rated "Aa3" by Moody's Investor's Services ("Moody's"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such rating companies and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any one or all of such rating companies, if in the judgment of any one or more companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Obligations. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LITIGATION

Except as disclosed elsewhere in this Official Statement, 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.

At the time of the initial delivery of the Bonds, the City will provide the Initial Purchaser of the Bonds (see "-Initial Purchaser of the Bonds") 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 or in any other manner questioning the issuance, sale or delivery of the Bonds.

At the time of the initial delivery of the Taxable Bonds, the City will provide the Initial Purchaser of the Taxable Bonds (see "-Initial Purchaser of the Taxable Bonds") with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Taxable Bonds or that affects the payment and security of the Taxable Bonds or in any other manner questioning the issuance, sale or delivery of the Taxable Bonds.

At the time of the initial delivery of the Certificates, the City will provide the Initial Purchaser of the Certificates (see "-Initial Purchaser of the Certificates") with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Certificates or that affects the payment and security of the Certificates or in any other manner questioning the issuance, sale or delivery of the Certificates.

At the time of the initial delivery of the Notes, the City will provide the Initial Purchaser of the Notes (see "-Initial Purchaser of the Notes") with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Notes or that affects the payment and security of the Notes or in any other manner questioning the issuance, sale or delivery of the Notes.

RECENT EVENTS AFFECTING THE CITY

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.

IMPACT OF COVID -19-PANDEMIC

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect. In addition, certain local officials, including the City and surrounding counties, also declared a local state of disaster. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness, mitigation and reopening of the State.

However, on March 2, 2021, the Governor issued Executive Order GA-34, which took effect on March 10, 2021, and superseded most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the

COVID- 19 mask mandate, and superseded any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The City collects a sales and use tax on all taxable transactions within the City's boundaries, revenue from the sale of gas, water and the collection of sewage, franchise fees based on private utility sales, hotel occupancy taxes upon the occupancy of any hotel or motel room in the City, and other excise taxes and fees that depend on business activity. Further actions could be taken to slow the Pandemic which might reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of sales or other excise taxes, utility system revenue, hotel occupancy tax revenues, and utility franchise and other fees and charges may negatively impact the City's operating budget and overall financial condition. Any prolonged continuation of the Pandemic could further weaken asset values or slow or prevent their recovery, which could require increased City contributions to fund or pay retirement and other post-employment benefits in the future.

The full extent of the impact of COVID-19 on the City's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the full impact of the Pandemic on City cannot be quantified at this time, the continued uncertainty around COVID-19 could have an adverse effect on the City's operations and financial condition in the future.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the City. The financial and operating data contained herein are for periods that partially include the economic impact of the Pandemic and efforts to slow it. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future assessed values or the collection of taxes, either because of delinquencies or collection and valuation relief resulting from the declared emergency.

During Fiscal Year 2020 the City implemented plans to offset the reduced revenues without tapping into its General Fund reserve balance. A hiring freeze was implemented at the beginning of the Pandemic, capital projects that were planned to be funded out of available cash will either be debt financed or delayed until a future time, and all departments were directed to curtail discretionary expending. At the end of Fiscal Year 2020, the City's General Fund balance was $204.1 million, up from $173,8 million as of September 30, 2019, and the unassigned portion of the General Fund balance as of September 30, 2020 was $152.7 million up from $128.6 million as of September 30, 2019.

In addition, the City identified several funding sources to assist with expenses related to the COVID-19 outbreak. In Fiscal Year 2020, the City was awarded $158.7 million from the U.S. Department of Treasury pursuant to the Coronavirus Aid Relief & Economic Security Act (the "CARES Act") and $55.8 million from other federal relief programs. The City expended approximately $49.8 million in FY2020 and spent an additional $98.9 million in FY2021 through March 31, 2021. CARES Act funding was primarily used for prevention, mitigation and public safety expenses related to COVID-19, housing and rental assistance, small business assistance, and City payroll expenses. The City was recently awarded $173.7 million in Coronavirus State and Local Fiscal Recovery Funds established by the American Rescue Plan Act of 2021 (the "ARP Act"). The City anticipates using ARP Act funding for revenue recovery, vaccination operations, and small business assistance.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations 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 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the PFIA, the Obligations 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 "Other Information – Ratings"). 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 Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The City has made no review of laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL OPINIONS

The City will furnish a complete transcript of proceedings relating to the authorization and issuance of the Obligations including the unqualified legal opinions of the Attorney General of Texas approving the Obligations of each series and to the effect that the Obligations 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 Tax-Exempt Obligations 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 for the Bonds, Certificates and Notes" herein. 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 Obligations, or which would affect the provision made for their payment or security or in any manner questioning the validity of the Obligations will also be furnished. Though either firm may represent the Co-Financial Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Obligations, Co-Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Obligations. Co-Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form or 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 describing the Obligations in the Official Statement to verify that such description conforms to the provisions of each of the Ordinances. The legal fee to be paid Co-Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations 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., Disclosure Counsel to the City.

The legal opinions to be delivered concurrently with the delivery of the Obligations 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.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements, and other sources which are considered 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.

USE OF AUDITED FINANCIAL STATEMENTS

Weaver and Tidwell L.L.P., 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 2020 financial statements addressed in that report. Weaver and Tidwell also has not performed any procedures relating to this Official Statement. See Appendix B.

CO-FINANCIAL ADVISORS

HilltopSecurities and Estrada Hinojosa & Company, Inc. are employed as Co-Financial Advisors to the City. HilltopSecurities and Estrada Hinojosa & Company, Inc. have relied on the opinion of Co-Bond Counsel and 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 Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Co-Financial Advisors may, individually or collectively, from time to time sell investment securities to the City for the investment of Obligation proceeds or other funds of the City upon the request of the City.

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.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC will deliver to the City, on or before the settlement date of the Taxable Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Taxable Obligations.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the City. In addition, Public Finance Partners LLC has relied on any information provided to it by the City's retained advisors, consultants or legal counsel.

The Report will be relied upon by Co-Bond Counsel in rendering their opinion with respect to the defeasance of the Refunded Taxable Obligations.

INITIAL PURCHASER OF THE BONDS

After requesting competitive bids for the Bonds, the City accepted the bid of Morgan Stanley & Co., LLC (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a net cash premium of $14,162,715.67. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Bonds.

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds

INITIAL PURCHASER OF THE TAXABLE BONDS

After requesting competitive bids for the Taxable Bonds, the City accepted the bid of SAMCO Capital Markets (the "Initial Purchaser of the Taxable Bonds") to purchase the Taxable Bonds at the interest rates shown on page 3 of the Official Statement at a price of 99.902884% of par. The Initial Purchaser of the Taxable Bonds can give no assurance that any trading market will be developed for the Taxable Bonds after their sale by the City to the Initial Purchaser of the Taxable Bonds. The City has no control over the price at which the Taxable Bonds are subsequently sold and the initial yield at which the Taxable Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Taxable Bonds.

INITIAL PURCHASER OF THE CERTIFICATES

After requesting competitive bids for the Certificates, the City accepted the bid of BOK Financial Securities, Inc. (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on page 5 of the Official Statement at a price of par plus a cash premium of $2,501,715.73. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Certificates.

INITIAL PURCHASER OF THE NOTES

After requesting competitive bids for the Notes, the City accepted the bid of BOK Financial Securities, Inc. (the "Initial Purchaser of the Notes") to purchase the Notes at the interest rates shown on page 7 of the Official Statement at a price of par plus a cash premium of $2,475,182.66. The Initial Purchaser of the Notes can give no assurance that any trading market will be developed for the Notes after their sale by the City to the Initial Purchaser of the Notes. The City has no control over the price at which the Notes are subsequently sold and the initial yield at which the Notes will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Notes.

CERTIFICATION OF THE OFFICIAL STATEMENT

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The Ordinances authorized the issuance of the Obligations and authorized the City Manager or the Chief Financial Officer/Director of Financial Management Services 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 Initial Purchasers, in connection with the public offering and the sale of the Obligations.

REGINALD ZENO
PRICING OFFICER
City of Fort Worth, Texas

SCHEDULE I
SCHEDULE OF REFUNDED OBLIGATIONS

General Purpose Refunding Bonds, Series 2011 [(1)]

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/1/2011	3/1/2022	5.000%	$ 4,950,000	$ 4,950,000
	3/1/2023	5.000%	3,675,000	3,675,000
			$ 8,625,000	**$ 8,625,000**

Redemption Date: July 14, 2021 at par.

Tax Notes, Series 2021A [(1)]

Original Dated Date	Maturity Date	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
1/21/2021	3/1/2022	0.760%	$14,800,000	$14,800,000
	3/1/2023	0.760%	14,800,000	14,800,000
	3/1/2024	0.760%	14,800,000	14,800,000
	3/1/2025	0.760%	14,800,000	14,800,000
	3/1/2026	0.760%	14,800,000	14,800,000
			$74,000,000	**$74,000,000**

Redemption Date: September 1, 2021 at par.

Combination Tax and Revenue Certificates of Obligation, Taxable Series 2013B [(2)]

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
8/15/2013	3/1/2024 [(1)]	4.580%	$ 530,000	$ 530,000
	3/1/2025 [(1)]	4.580%	555,000	555,000
	3/1/2026 [(1)]	4.580%	585,000	585,000
	3/1/2027 [(1)]	4.580%	610,000	610,000
	3/1/2028 [(1)]	4.580%	640,000	640,000
	3/1/2029 [(2)]	4.990%	670,000	670,000
	3/1/2030 [(2)]	4.990%	705,000	705,000
	3/1/2031 [(2)]	4.990%	740,000	740,000
	3/1/2032 [(2)]	4.990%	780,000	780,000
	3/1/2033 [(2)]	4.990%	820,000	820,000
			$ 6,635,000	**$ 6,635,000**

Redemption Date: March 1, 2023 at par.
(1) Represents a Term Bond with a Final Maturity of March 1, 2028.
(2) Represents a Term Bond with a Final Maturity of March 1, 2033.

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(1) Being refunded by the General Purpose Refunding and Improvement Bonds, Series 2021
(2) Being refunded by the General Purpose Refunding Bonds, Taxable Series 2021

SCHEDULE I
SCHEDULE OF REFUNDED OBLIGATIONS

Tax Notes, Taxable Series 2021B (2)

Original Dated Date	Original Maturity	Interest Rate	Principal Amount Outstanding	Principal Amount Refunded
1/21/2021	3/1/2022	0.990%	$ 5,200,000	$ 5,200,000
	3/1/2023	0.990%	5,200,000	5,200,000
	3/1/2024	0.990%	5,200,000	5,200,000
	3/1/2025	0.990%	5,200,000	5,200,000
	3/1/2026	0.990%	5,200,000	5,200,000
			$ 26,000,000	**$ 26,000,000**

Redemption Date: September 1, 2021 at par.

(2) Being refunded by the General Purpose Refunding Bonds, Taxable Series 2021

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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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 an eight-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. The City Council is also responsible for the appointment of the City Attorney, Municipal Judges, the City Secretary and the City Auditor. 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 will change to an eleven member council, with the Mayor to be elected at large and the remainder of the City Council to be elected from ten single member districts. The election at which a vote reflecting an eleven member council will be conducted is the first election following the 2020 census and adoption of a new redistricting map by the City Council.

AREA AND POPULATION . . . According to the most recent U.S. Census Bureau data since April 2000, Fort Worth was the fastest growing large city of more than 500,000 in the nation between 2000 and 2010. Since the 2000 Census, Fort Worth's population has increased at a faster rate than it did during the 1990s. The 2010 Census population for Fort Worth was 741,206. From 2000 to 2010, Fort Worth's total population is estimated to have increased by 206,512 persons. This represents an annual growth rate of approximately 3.9 percent per year. The estimated 2021 population is 913,656. 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 10th in the world based on passenger volume in 2019 before the start of the pandemic. 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 2019 DFW provided non-stop service to 193 domestic and 67 international destinations worldwide. For seven consecutive years, DFW has ranked in the top ten for customer service among large airports worldwide in surveys conducted by Airports Council International. 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. It fell from the top 10 domestic airports and experienced its largest decline in passenger volume in April 2020 which experienced a 91% reduction in passengers compared to April 2019. Rebound from the COVID-19 pandemic has been hard fought but the air travel industry continues to grow as more communities begin to reopen.

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's 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 144 schools in the District operate on the 5-3-4 plan in which the elementary schools (83) 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 School District employs 5,513 classroom teachers (full-time equivalents) to instruct over 84,000 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; Texas Wesleyan University; Texas A&M University School of Law; the University of Texas at Arlington; and the University of North Texas Health Science Center. The TCU and UNTHSC School of Medicine hosted its first class of 240 students during the 2019-2020 school year.

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 system present in Fort Worth, Texas Health Harris Methodist Hospital, ranked 4th and 6th for its Southwest and Central campuses respectively in the Dallas-Fort Worth region overall by US News and World Report's 2019-2020 Hospital 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. . . Fort Worth is consistently ranked among the top places in the nation to live, work, and play. With a growing workforce, top educational facilities, low cost of doing business, high quality of life, prime location, and climate, the City is an attractive choice for companies looking to expand their operations. We anticipate Fort Worth to be in a good position to recover from the COVID-19 Pandemic although the long-term true impacts of that are yet to be quantified.

Major employers in Fort Worth include AMR/American Airlines, Lockheed Martin, JPS Health Network, Cook Children's Healthcare System, Tarrant County, NAS Fort Worth Joint Reserve Base, Fort Worth Independent School District, Texas Health Fort Worth Hospital, Alcon Laboratories, City of Fort Worth, Bell, and FedEx Supply Chain. Manufacturing and distribution remains 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, Haggar 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 retail, healthcare, and manufacturing making up the largest percentage of the Fort Worth-Arlington MD industry composition, collectively representing more than 30% of the labor force. Since 2010 key sectors including trade, transportation, and utilities companies have grown considerably adding over 39,790 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 added more than 100,000 jobs to the Fort Worth-Arlington MSD over the last decade. Emerging economic sectors include 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 38,422 registered business firms in the City of Fort Worth. About 87% of these businesses are small to mid-size firms that employ anywhere from one to 249 individuals. The remaining 13% of businesses are firms that employ greater than 250 employees.

The Fort Worth-Arlington MD had experienced positive annual employment growth since summer 2010 up until the COVID-19 pandemic in early 2020. The single largest month of job loss was April 2020 in which there were about 200,000 fewer employed workers than the peak of February at 1.27 million employed. As of March 2021, the Fort Worth-Arlington MD has nearly fully recovered boasting a strong labor force of 1.2 million that continues to grow alongside the rest of the nation in the Covid recovery process. In the face of the crisis, Tarrant County's unemployment rate peaked at 13.1%, but quickly began to fall and now sits at 6.9% on par with the state and national unemployment rates of 6.9% and 6.0% respectively.

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 February 2021.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Feb 2021
City of Fort Worth												
Labor Force	357,927	369,718	377,123	384,170	390,430	393,352	404,789	414,163	422,803	432,355	443,950	445,789
Unemployment	28,441	27,628	24,301	22,982	19,258	16,303	16,984	15,865	15,982	15,149	33,883	33,497
Unemployment Rate	7.9%	7.5%	6.4%	6.0%	4.9%	4.1%	4.2%	3.8%	3.8%	3.5%	7.6%	7.5%
Dallas-Fort Worth-Arlington MSA												
Labor Force	3,300,761	3,374,414	3,420,186	3,474,226	3,535,331	3,579,454	3,694,960	3,795,291	3,892,802	3,986,660	3,985,114	4,015,512
Unemployment	266,593	255,271	225,014	212,012	177,598	145,292	143,064	138,248	138,640	132,416	281,745	273,592
Unemployment Rate	8.1%	7.6%	6.6%	6.1%	5.0%	4.1%	3.9%	3.6%	3.6%	3.3%	7.1%	6.8%
Tarrant County												
Labor Force	924,951	950,514	966,259	981,537	991,015	990,682	1,009,291	1,033,317	1,054,408	1,073,827	1,082,822	1,086,096
Unemployment	75,375	71,788	62,944	59,367	49,829	41,169	40,130	37,978	37,857	36,296	79,553	77,466
Unemployment Rate	8.1%	7.6%	6.5%	6.0%	5.0%	4.2%	4.0%	3.7%	3.6%	3.4%	7.3%	7.1%

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. Towards the end of 2020, the local hospitality sector was cushioned by the relocation of several major sporting events including National Finals Rodeo and the Major League Baseball World Series due to the area's greater flexibility with COVID-19 restrictions, bringing with them thousands of visitors even with reduced capacity at the events. 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.

Sundance Square and 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.

The Alliance Texas development in far north Fort Worth continued its growth through 2020 and now employs more than 63,000 people in over 533 businesses. Over 70 customers are from either the 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 $92 billion economic impact since 1980 following a record setting year in 2020 of $8.24 billion, more than a billion dollar increase over 2019 indicating its longevity and ability to withstand economic turbulence like that seen in the pandemic.

CITY DEVELOPMENTS . . . Rock Creek Ranch continued with development on their 1,755-acres in southwest Fort Worth off the Chisholm Trail Parkway. The development will include commercial, mixed use and residential, as well as a new 80-acre campus for Tarleton State University. The campus opened in 2019 with the first classes held in Fall 2019 with over 1,900 students enrolled in over 50 degree programs covering fields like business, life sciences, and criminal justice.

Encore Multifamily, LLC, a subsidiary of the Dallas-based Encore Enterprises, Inc., is developing a 300-unit, five story, multi-family development on Panther Island. The thoughtfully designed 233,198-square-foot multi-family community will feature creative solutions to connect the streetscape to the Riverwalk environment planned for the district. Residents will be able to enjoy exceptional amenities including waterfront balconies, an infinity pool with cascading waterfalls, a state-of-the-art fitness facility and a top floor lounge that will feature the most dynamic views of downtown. Located at the intersection of 4th Street and North Main Street, residents at the community will be walking distance to Panther Island Brewing, Coyote Drive-In and Panther Island Pavilion.

Nearby to the Panther Island development in the cultural district is the new Crescent Hotel development. Located strategically in the heart of the museum district, the hotel will take advantage of $200 million in private capital investment to construct a 200-room independent branded hotel along with approximately 150,000 square feet of office space, 175 units of multi-family housing, meeting space, a restaurant, and 2 parking garages.

Capitalizing on the City's tourism and hospitality industry is the Mule Alley project. Fort Worth Heritage Development, LLC through the City's Tax Increment Financing (TIF) program has refurbished the historic Horse and Mule Barns located in the historic Fort Worth Stockyards featuring almost 200,000 square feet of restaurants, entertainment venues, and retail boutiques. Several tenants opened their doors in June of 2020 following a brief delay as a result of Covid-19. Prominently featured in the Mule Alley redevelopment is the 200-room four-star Hotel Drover that opened March 2021. It features a restaurant and bar, a fashion boutique, and a large event space where it will host weddings and other events. The $175 million renovation and ground-up development will be constructed in three phases to be fully completed by December 2025.

Another major TIF-incentivized project is the redevelopment in the Trinity Lakes area. The $348 million project includes a whole host of improvements around the new TexRail stop including infrastructure enhancements, and a mixed-use development that includes housing, commercial, and office space.

In keeping with Fort Worth's western culture, Ariat Bootmakers recently relocated its 800,000 square foot headquarters to Fort Worth. The new headquarters and distribution hub is slated to bring 450 jobs to the area by the end of 2024. The acquisition represents an additional investment of $73 million into the Fort Worth area.

Alcon Vision, which ranked #1001 in the Forbes 2000 list in 2020, is completing a $50 million expansion of their Southside campus using Texas Enterprise Zone funds.

Miller-Coors is also expanding its operations in the Carter Industrial area. The major brewer announced a $28 million expansion to their facilities in 2020 taking advantage of Enterprise funds.

Also moving into the Carter Industrial area is the recently announced Oatly relocation. The Swedish dairy-alternative manufacturer entered into an $84 million 380 agreement to establish a production facility in Fort Worth which will bring over 50 jobs to the area.

Announced in February of 2020, Gulfstream Aerospace Corp. will be relocating its production and maintenance facilities from Dallas Love Field to Alliance airport by fall of 2021. The Fortune 1000 luxury aircraft manufacturer committed to adding 50 new jobs to the site in addition to the 200 jobs it will bring over from Dallas. The $35 million facility will include 16,000 sq ft of hangar space, shops, and employee office space.

Another aerospace company also moved into town in September of 2020. Incora (aka Wesco) announced its headquarters relocation from Valencia, California to the former FAA headquarters on the City's North side. The 40,000 square foot facility will be retrofitted for the production of aircraft parts as well as company office space. With it comes a promised 525 jobs with an average salary of $75,000.

In keeping with Fort Worth's strong and growing transportation innovation sector, Linear Labs, a producer of super powerful Permanent Magnet motors, announced the expansion of its corporate headquarters in connection with a 380 agreement with the City. The 380 agreement includes commitments for $614 million for R&D expenses over the next decade, and $4 million for facility improvements in the first 3 years. It is expected to produce 1,200 full-time jobs by year 8 with an average salary of $70,000 and up to 3,000 jobs by full operations. They will also be involved with the establishment of a "Center of Excellence" that will provide educational programs and speaker series as well as serve as an anchor for the Mobility Innovation Zone in partnership with AllianceTexas.

In mid-2019, the City of Fort Worth provided an 18-month update on the economic development strategic plan that is designed to guide City economic development priorities through 2022 and beyond. Since that update, the Small Business and Entrepreneurial Ecosystem Assessment and Strategy was released, which placed Fort Worth #2 among benchmark communities like Austin, Miami, and Nashville. Additionally, iter8 health innovation community, a medical innovation district, was launched on October 29, 2019. The focus on innovation continues with Hillwood's launch of the Mobility Innovation Zone in north Fort Worth. The ThriveinFortWorth website was launched, in partnership with the Fort Worth Chamber of Commerce, in February 2020.

Implementations of additional messaging, and various strategies, was somewhat delayed due to the Covid-19 Pandemic. As we continue to move forward with recovery, the City of Fort Worth will be undertaking an Economic Development Strategic Plan Refresh to ensure addressing opportunities in a post-COVID-19 environment. Likewise, a Request for Proposal has been issued for a 3-year messaging campaign and another Request for Proposal is anticipated for organizations to partner to implement the strategies identified in the Small Business and Entrepreneurial Ecosystem Assessment and Strategy. Implementation of all initiatives are anticipated in Fiscal Year 2022.

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 a Central Library, 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. The Central Library, open 52 hours and seven days a week, is the flagship of the system. 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. Future locations including the Reby Cary Youth library and the Far Southwest branch are set to open by 2022.

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, e-books, 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 Will Rogers Coliseum Auditorium, the new Multi-Purpose Equestrian Center and Amon G. Carter Jr. Exhibits Building.

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.

CITY OF FORT WORTH BUILDING PERMITS

	Number of Building Permits by Type		
Year	**Residential**	**Commercial**	**Total Permits**
2016	9,522	3,331	12,853
2017	10,562	2,905	13,467
2018	11,687	2,609	14,296
2019	11,224	2,526	13,750
2020	8,863	1,298	10,161

	Dollar Value of Building Permits		
Year	**Residential**	**Commercial**	**Total Value**
2016	690 Million	1.99 Billion	2.67 Billion
2017	965 Million	3.07 Billion	4.03 Billion
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

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 Government 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	25.7%	22.6%	26.6%	26.5%
$35,000 - $49,999	11.8%	12.2%	12.3%	11.9%
$50,000 and over	62.5%	65.2%	61.1%	61.6%

Source: US Census ACS 2019 1-Year Estimates

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. Dallas/Fort Worth International Airport (owned jointly by the two cities and operated by the Dallas/Fort Worth International 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:

<u>Fort Worth Meacham International Airport</u>
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

<u>Spinks Airport</u>
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

<u>Alliance Airport</u>
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 of Texas, 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 laws. Overall, employee relations are considered by the City to be good.

APPENDIX B

CITY OF FORT WORTH, TEXAS

FINANCIAL STATEMENTS

For the Year Ended September 30, 2020

The information contained in this Appendix consists of the City of Fort Worth, Texas Audited Financial Statements for the Year Ended September 30, 2020.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Worth, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Employees' Retirement Fund of the City of Fort Worth and Fort Worth Firefighters Healthcare Trust, which collectively represent 97 percent, 100 percent, 96 percent and 92 percent, respectively, of the assets, liabilities, net position, and revenues of the fiduciary trust funds of the City. We did not audit the financial statements of the Fort Worth Housing Finance Corporation, which represent 11 percent, 5 percent, 10 percent and 2 percent, respectively, of the assets, liabilities, fund balance, and revenues of the nonmajor governmental funds of the City. We did not audit the financial statements of Terrell Homes, Ltd., which represents 100 percent of the assets, liabilities, net position, and revenues of the discretely presented component unit of the City. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Employees' Retirement Fund of the City of Fort Worth, Fort Worth Firefighters Healthcare Trust, the Fort Worth Housing Finance Corporation, and Terrell Homes, Ltd., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Employee' Retirement Fund of the City of Fort Worth and Fort Worth Firefighters Healthcare Trust were not audited in accordance with *Government Auditing Standards*.

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

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Worth, as of September 30, 2020, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Employees' Retirement Fund – Schedule of Contributions to the Retirement Fund – Last Ten Fiscal Years, the Employees' Retirement Fund – Schedule of Changes in Net Pension Liability – Last Ten Fiscal Years, and the Other Postemployment Benefits – Schedule of Changes in Net OPEB Liability – Last Ten Fiscal Years be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Fort Worth's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, the other supplemental information and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 5, 2021

FORT WORTH®

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020
(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, 2020 (FY2020). 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 Comprehensive Annual Financial Report (CAFR) on pages v-xv of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2020, by $3,695,366,000 (net position). For FY2020, the City reported an unrestricted net deficit of $1,458,753,000 which was a decrease in unrestricted net deficit of $1,286,058 compared to the previous fiscal year. This increase was primarily due to a decrease in Net Pension Liability and an increase in contributed assets.

- The City's total net position increased by $2,075,307,000 in comparison with the amount in FY2019. This increase can be attributed to decrease in Net Pension Liability and increases in revenues generated in the enterprise funds as well as increases in property tax revenue, sales tax revenue and contributed assets for governmental activities.

- At September 30, 2020, the City's governmental funds reported combined ending fund balances of $1,001,490,000, an increase of $89,013,000 in comparison with FY2019. Approximately 54.9 percent of ending fund balance of $549,710,000 is available for spending at the government's discretion, as follows: $203,295,000 of committed fund balance; $193,886,000 of assigned fund balance; and $152,529,000 of unassigned fund balance.

- The City's total long-term liabilities decreased by $548,682,000 in comparison with FY2019. The key factor in this decrease occurred for Net Pension Liability reduction by $839,220,000. During the year, long-term liabilities were reduced by principal payments of $165,924,000 in governmental activities and $168,788,000 in business-type activities. This decrease was offset by the debt issuance of $187,291,000 for governmental activity and $230,525,000 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, combining and individual fund financial statements and schedules, and other supplemental information in addition to the basic financial statements themselves.

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 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 (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.

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 twenty-one individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Grants Fund which are considered to be major funds. Data for the other seventeen 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.

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 accounts for the assets of the City's pension plan and postemployment healthcare plan and firefighters' employment and postemployment healthcare benefit. 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 36-120 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 121-128.

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 schedule for other governmental funds with annual appropriated budget is included as supplementary information in the combining and individual fund statements and schedules which can be found on pages 129-167 of this report.

(000's omitted in tables)

Government-Wide Financial Analysis

At September 30, 2020, total assets of the City were $8,971,644,000 and deferred outflows were $1,308,335,000 while total liabilities were $6,248,476,000 and deferred inflows were $336,137,000, resulting in a net position of $3,695,366,000.

The City's net investment in capital assets was $4,884,099,000. 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, $270,020,000 represents resources that are subject to external restrictions on how they may be used. The City has an unrestricted net deficit of $1,458,753,000.

Condensed Schedule of Net Position (Deficit)

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current and Other Assets	$ 1,145,399	$ 1,347,248	$ 1,026,406	$ 1,148,882	$ 2,171,805	$ 2,496,130
Capital Assets	2,358,159	2,997,166	3,301,733	3,478,348	5,659,892	6,475,514
Total Assets	3,503,558	4,344,414	4,328,139	4,627,230	7,831,697	8,971,644
Deferred Outflows	836,683	1,128,737	134,377	179,598	971,060	1,308,335
Other Liabilities	187,459	282,580	81,127	96,868	268,586	379,448
Long-term Liabilities Outstanding	4,800,695	4,264,361	1,617,015	1,604,667	6,417,710	5,869,028
Total Liabilities	4,988,154	4,546,941	1,698,142	1,701,535	6,686,296	6,248,476
Deferred Inflows	428,835	290,282	67,567	45,855	496,402	336,137
Net Position (Deficit):						
Net Investment in Capital Assets	1,641,806	2,286,781	2,498,815	2,597,318	4,140,621	4,884,099
Restricted	112,004	119,353	112,245	150,667	224,249	270,020
Unrestricted (Deficit)	(2,830,558)	(1,770,206)	85,747	311,453	(2,744,811)	(1,458,753)
Total Net Position (Deficit)	$ (1,076,748)	$ 635,928	$ 2,696,807	$ 3,059,438	$ 1,620,059	$ 3,695,366

At September 30, 2020, 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 Note M. The governmental activities' unrestricted net deficit balance decreased by $1,060,352,000, mostly due to a decrease in Net Pension Liability.

(000's omitted in tables)

Government-Wide Financial Analysis (continued)

Condensed Schedule of Changes in Net Position (Deficit)

	Governmental Activities 2019	Governmental Activities 2020	Business -Type Activities 2019	Business -Type Activities 2020	Total 2019	Total 2020
Revenues:						
Program Revenues:						
Charges for Services	$ 93,256	$ 82,493	$ 569,330	$ 599,224	$ 662,586	$ 681,717
Operating Grants and Contributions	76,267	662,064	-	-	76,267	662,064
Capital Grants and Contributions	170,497	172,337	88,757	111,419	259,254	283,756
General Revenues:						
General Property Taxes	517,382	562,687	-	-	517,382	562,687
Sales Taxes	244,133	245,627	-	-	244,133	245,627
Other Local Taxes	36,377	27,631	-	-	36,377	27,631
Franchise Fees	50,494	48,365	-	-	50,494	48,365
Gas Leases and Royalties	6,646	3,236	4,356	2,362	11,002	5,598
Investment Income	38,090	34,644	27,885	19,969	65,975	54,613
Gain on Debt Defeasance	-	79	-	-	-	79
Other	15,394	13,495	3,382	4,420	18,776	17,915
Total revenues	1,248,536	1,852,658	693,710	737,394	1,942,246	2,590,052
Expenses:						
General Government	166,338	14,398	-	-	166,338	14,398
Public Safety	671,224	(167,533)	-	-	671,224	(167,533)
Highways and Streets	167,258	125,762	-	-	167,258	125,762
Culture and Recreation	171,710	73,767	-	-	171,710	73,767
Health and Welfare	11,017	29,132	-	-	11,017	29,132
Urban Redevelopment and Housing	82,821	67,747	-	-	82,821	67,747
Interest and Service Charges	32,715	33,443	-	-	32,715	33,443
Water and Sewer	-	-	365,414	245,882	365,414	245,882
Stormwater Utility	-	-	31,960	20,012	31,960	20,012
Municipal Airports	-	-	19,424	16,812	19,424	16,812
Municipal Parking	-	-	7,030	4,406	7,030	4,406
Solid Waste	-	-	62,407	50,923	62,407	50,923
Total expenses	1,303,083	176,716	486,235	338,035	1,789,318	514,751
Insurance Recoveries	1,303	6	-	-	1,303	6
Excess (Deficiency) of Revenues Over (Under) Expenses	(53,244)	1,675,948	207,475	399,359	154,231	2,075,307
Transfers	37,148	36,728	(37,148)	(36,728)	-	-
Changes in Net Position (Deficit)	(16,096)	1,712,676	170,327	362,631	154,231	2,075,307
Net Position (Deficit), Beginning of Year	(1,060,652)	(1,076,748)	2,526,480	2,696,807	1,465,828	1,620,059
Net Position (Deficit), End of Year	$ (1,076,748)	$ 635,928	$ 2,696,807	$ 3,059,438	$ 1,620,059	$ 3,695,366

Government-Wide Financial Analysis (continued)

Overall, the governmental activities increase in net position was $1,712,676,000 as a result of current fiscal year activity. Factors that contributed to the governmental activities net position increase were due to a decrease in Net Pension Liability and an increase in contributed assets.

Governmental activities expenses decreased by $1,126,367,000 when compared to FY2019. This decrease was primarily in Public Safety of $838,757,000, General Government of $151,940,000, Culture and Recreation of $97,943,000, Highways and Streets of $41,496,000, and Urban Redevelopment and Housing of $15,074,000. These decreases were offset by increased spending for Health and Welfare of $18,115,000, and Interest and Services Charges of $728,000. Also, the negative expense balance reported in Public Safety resulted from its proportionate share of the decrease in Net Pension Liability and an increase in deferred outlows of resources related to pension.

Business-type activities net position increased $362,631,000 during the current fiscal year which is $192,304,000 higher than the previous year's increase. Key factors that contributed to the business-type activities net position increase were due to a decrease in Net Pension Liability and an increase in capital contributions.

Financial Analysis of the Government's 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 $1,001,490,000. Approximately 20.4 percent or $204,161,000 constitutes the General Fund's fund balance. As of September 30, 2020, the General Fund's nonspendable fund balance includes $2,707,000 for inventories, $3,599,000 for advances to other funds, and $1,664,000 for prepaids, deposits, and other. The General Fund's restricted fund balance includes $9,041,000 for park improvements. The committed fund balance includes amounts of $5,080,000 for repayment of State loans, $3,663,000 for park improvements, and $21,209,000 for public events and facilities. The assigned fund balance includes $4,500,000 for general government purposes. As of September 30, 2020, the General Fund had an unassigned fund balance of $152,698,000. This increase in fund balance is primarily due to an increase in property tax assessed values offset by a decrease in the City's property tax rate resulting in an increase in property tax revenues and increases in licenses and permits and investment income offset by decreases in other local taxes, franchise fees, fines and forfeitures, and charges for services as well as an increase in expenditures in General Government and Urban Redevelopment and Housing.

The Debt Service Fund has a fund balance of $56,539,000 or 5.6 percent of total governmental fund balance of which $7,896,000 is restricted fund balance, $1,614,000 is committed fund balance, and $47,029,000 is assigned fund balance. Debt Service Fund's fund balance decreased by $5,830,000 when compared to FY2019. This decrease in fund balance was due to a portion of the fund balance at the beginning of the year that was used for debt service payments during the year.

Financial Analysis of the Government's Funds (continued)

The Capital Projects Fund has a fund balance of $577,059,000 or 57.6 percent of total governmental fund balance of which $483,000 is nonspendable fund balance, $322,827,000 is restricted fund balance, $166,437,000 is committed fund balance, and $87,312,000 is assigned fund balance. The Capital Projects Fund's fund balance increased by $75,887,000 when compared to FY2019. This increase in fund balance was due to decreased spending for Culture and Recreation, Urban Redevelopment and Housing, and Capital Outlay and increased in total revenues which was offset by increased spending for Public Safety and Highways and Streets. The issuance of general obligation refunding bonds and tax notes also caused an increase in fund balance in the capital projects fund.

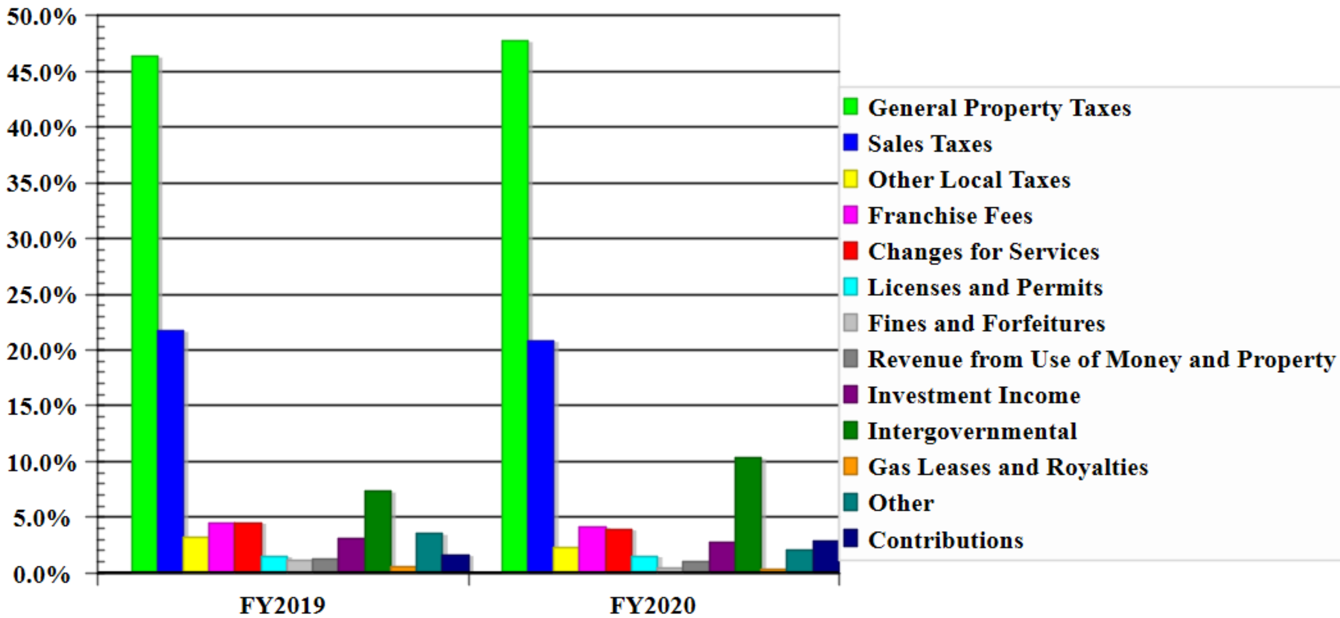
The Grants Fund has a fund deficit of $137,000 or 0.0 percent of total governmental fund balance of which $32,000 is nonspendable fund balance and $169,000 is unassigned balance fund deficit. The Grants Fund's fund balance decreased by $1,499,000 when compared to FY2019. This decrease in fund balance was primarily due to timing differences on reimbursement for federal, state, and local grant expenditures from granting agencies, and revenues were unavailable to be used to pay liabilities of the current period.

The Nonmajor Governmental Funds' fund balance of $163,868,000 is 16.4 percent of total governmental fund balance and includes nonspendable fund balance of $2,644,000, restricted fund balance of $102,650,000, committed fund balance of $3,278,000, and assigned fund balance of $55,296,000. Nonmajor Governmental Fund's fund balance decreased by $9,909,000 when compared to FY2019. This decrease is primarily due to overall decreases in total revenues. In addition, fines and forfeitures decrease was due to the termination of the City's automated red light enforcement program.

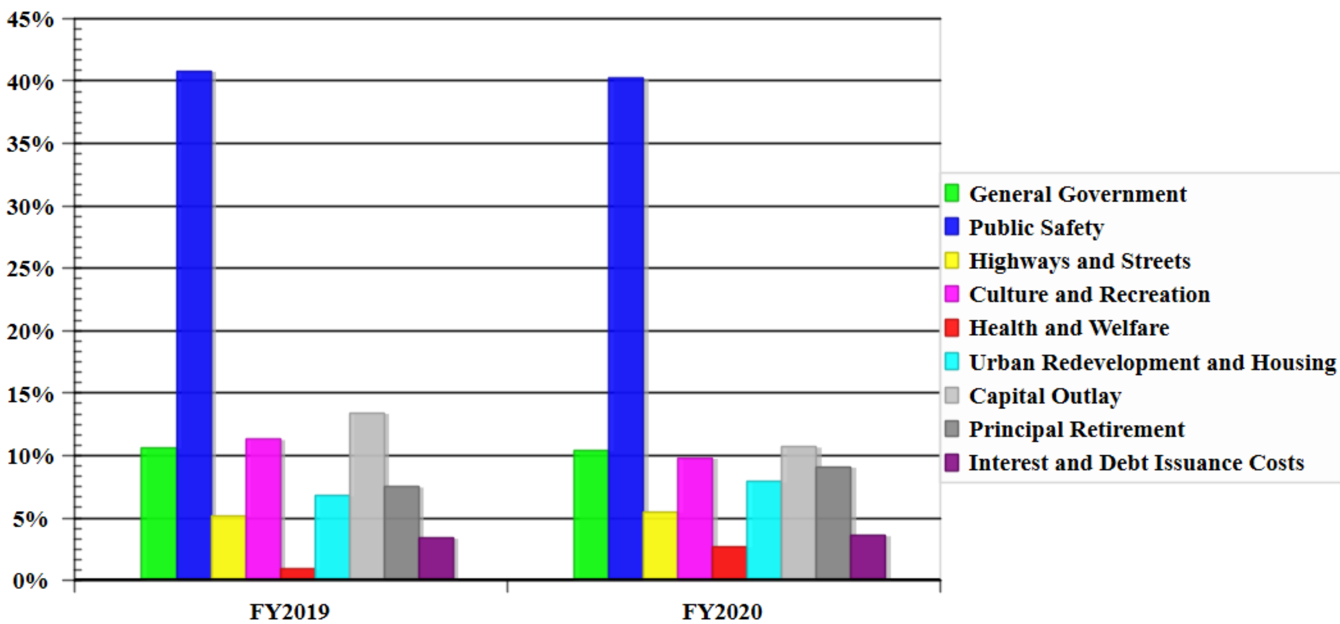
As shown in the following charts (on the next page) for governmental funds for FY2019 and FY2020, general property taxes and sales taxes were the primary sources of revenue for both years, while public safety and capital outlay were the largest expenditures by function. The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was $204,161,000. 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 $152,698,000, represents 23.1 percent of total General Fund expenditures. The total fund balance of $204,161,000 represents 30.8 percent of total General Fund expenditures. Fund balance in the General Fund increased by $30,364,000, over the previous fiscal year.

Revenues and Expenditures – Governmental Funds

Revenues by Source – Governmental Funds



Expenditures by Function - Governmental Funds



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 $330,253,000, an increase of $173,821,000 when compared to FY2019, Stormwater Utility Fund increased by $20,757,000, and Nonmajor business-type activities increased by $11,621,000 when compared to FY2019. This increase in net position in Proprietary Funds is primarily due to a decrease in operating expenses that resulted from a decrease in Net Pension Liability.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget resulted in a $4,975,000 increase in appropriations and is briefly summarized as follows:

Significant activities which necessitated these increases included:

- $4,091,000 to reflect a roll over and reappropriation of previously unspent authorized amount into FY2020
  - $1,023,000 for deferred Directions Home programming;
  - $412,000 for a security system upgrade for the Library;
  - $227,000 for contractual obligations related to the disparity study;
  - $829,000 from an insurance settlement for the replacement of a Fire department command vehicle;
  - $1,600,000 for contractual obligations related to the Firefighters Healthcare Trust.
- $217,000 and $664,000 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; and an additional $3,000 to reflect new revenue for the suburban dispatch program.

Capital Assets and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounted to $6,475,514,000 (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, and amortizable intangibles. The total increase in the City's capital assets for the current fiscal year was $815,622,000 (14.4 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 $137,352,000 to capital assets, while governmental capital contributions were $676,089,000.
- The acquisition of assets and development of water and sewer projects throughout the City added $195,961,000 to capital assets, while water and sewer capital contributions were $65,636,000.
- The acquisition of assets and development of drainage projects throughout the City added $16,539,000 to capital assets.
- These additions were offset by depreciation/amortization of $264,953,000 and retirements during the year.

(000's omitted in tables)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

Capital Assets, net of Accumulated Depreciation/Amortization

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land/Right of Way	$ 255,710	$ 278,431	$ 210,168	$ 215,534	$ 465,878	$ 493,965
Construction in Progress	207,459	162,361	330,360	427,058	537,819	589,419
Intangibles	32,757	37,949	1,525	1,525	34,282	39,474
Buildings	308,003	783,018	102,980	97,183	410,983	880,201
Vehicles, Machinery and Equipment	98,984	113,702	113,525	109,055	212,509	222,757
Infrastructure	1,438,505	1,605,939	2,542,750	2,627,619	3,981,255	4,233,558
Amortizable Intangibles	16,741	15,766	425	374	17,166	16,140
Total	$ 2,358,159	$ 2,997,166	$ 3,301,733	$ 3,478,348	$ 5,659,892	$ 6,475,514

Additional information on the City's capital assets can be found in Note F.

Long-term Liabilities – At the end of the current fiscal year, the City had total long-term liabilities of $5,869,028,000. Of this amount, $707,795,000 comprises debt backed by the full faith and credit of the government, and $1,595,078,000 represents self-supported debt issues.

Long-Term Liabilities Outstanding

	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
General Obligation Bonds	$ 520,545	$ 576,670	$ 33,740	$ 31,700	$ 554,285	$ 608,370
Revenue Bonds	-	-	979,470	1,045,815	979,470	1,045,815
Certificates of Obligation	152,745	99,425	230	-	152,975	99,425
Special Tax Revenue Debt	226,115	225,675	-	-	226,115	225,675
Special Assessment Debt	17,840	17,840	-	-	17,840	17,840
Tax Notes	38,300	56,890	-	-	38,300	56,890
HUD Installment Obligations	702	-	-	-	702	-
Lone Star Local Government Corp Obligation	31,617	31,617	-	-	31,617	31,617
State Obligation - City	5,546	5,081	-	-	5,546	5,081
State Obligation - CCPD	2,154	1,973	-	-	2,154	1,973
TRWD Obligation	188,857	191,712	-	-	188,857	191,712
ESPC Phase VII	12,650	10,961	-	-	12,650	10,961
Capital Leases	476	1,473	-	-	476	1,473
Southwest Bank Loan (LDC SW Building)	710	309	-	-	710	309
Trinity River Authority Oblig.	-	-	2,240	1,520	2,240	1,520
ESPC Phase V	-	-	5,830	4,212	5,830	4,212
Net Unamortized Bond Premium/Discount	55,342	64,359	52,784	61,941	108,126	126,300
Compensated Absences	142,517	147,990	11,715	12,876	154,232	160,866
Risk Management Estimated Claims Payable	32,012	32,438	-	-	32,012	32,438
Arbitrage	9	3	10	-	19	3
Landfill Closure and Postclosure Liability	-	-	10,069	11,497	10,069	11,497
Pollution Remediation Liability	3,939	5,115	13	-	3,952	5,115
Net OPEB Liability	683,063	835,539	108,192	135,339	791,255	970,878
Net Pension Liability	2,685,556	1,959,291	412,722	299,767	3,098,278	2,259,058
Total	$ 4,800,695	$ 4,264,361	$ 1,617,015	$ 1,604,667	$ 6,417,710	$ 5,869,028

Capital Assets and Debt Administration (continued)

Long-term Liabilities (continued)

The City's total long-term liabilities decreased by $548,682,000 when compared to FY2019, mainly due to the decrease in Net OPEB Liability that was offset by the issuance of bonds and notes in excess of principal payments made during the year. Key changes for the year include: the City's Net OPEB Liability increased, Net Pension Liability decreased, and new issues of Tax Notes and General Obligations. Also, the Water and Sewer Fund issued Revenue Bonds to fund improvements and extensions to the Water and Sewer System. 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.

In FY2020, 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 0.92 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 representing strong local economic conditions leading up to the pandemic. Declining unemployment rates and continued population growth carried these trends into 2020. This growth is expected to slow or stall through FY2021. With unemployment rates now rising and fluctuating, existing households are likely to decrease spending. New residents adding to the City's sales tax base will likely be spend at a lower rate than previously recognized. 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 maintain the property tax rates. Property tax revenues are characteristically slower to materialize than sales taxes, as homes built in 2020 are added to the tax roll in 2020 and do not begin paying taxes until 2021. 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 FY2021 adopted budget maintained the City's property tax rate to $0.7475 per $100 net taxable valuation. The total appraised value of the City's property tax roll increased $6.2 billion or 6.0 percent from the July 2019 certified roll to the July 2020 certified roll. Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased $2.9 billion or 3.7 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.

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

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 shift funding to 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.

For FY2021, the City estimates a 98.25% collection rate of its property tax levy based on the certified rolls provided by the central appraisal districts of Tarrant, Denton, Parker and Wise Counties in July 2020. Based on the M&O levy rate of $0.5950 per $100 of assessed valuation, the General Fund portion of the property tax rate is expected to yield approximately $443 million in revenue for FY2021. The debt service levy rate of $0.1525 per $100 of assessed valuation is expected to yield approximately $113.6 million, which will allow the repayment of current and proposed general obligation debt for FY2021.

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 $168.2 million, a decrease of $4.5 million or 3.0 percent from the FY2020 budget. This revenue is dependent on the level of wholesale and retail sales. Over the past ten years, the City's sales tax collection grew from $106 million in 2011 to the anticipated amount of $173 million in 2020. Due to the impact from the pandemic, this original 2020 anticipated amount was reduced to $168.2M. This represents a 51.58% 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.

FORT WORTH®

BASIC FINANCIAL STATEMENTS

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
(in 000's)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash, Cash Equivalents, & Investments	$ 1,173,918	$ 181,278	$ 1,355,196	$ 15
Receivables, Net of Allowance for Uncollectible:				
Taxes	6,000	-	6,000	-
Grants and Other Governments	54,046	-	54,046	-
Loans	17,125	-	17,125	-
Interest	3,216	446	3,662	-
Accounts and Other	29,192	77,462	106,654	-
Internal Balances	1,826	(1,826)	-	-
Inventories (at Cost)	5,413	3,885	9,298	-
Prepaids, Deposits, and Other	2,481	237	2,718	564
Long-Term Loans Receivable	8,612	-	8,612	-
Restricted Assets:				
Cash, Cash Equivalents, & Investments	3,551	792,219	795,770	281
Cash, Cash Equivalents, & Investments Held by Trustees	41,601	87,452	129,053	-
Grants Receivable	-	6,541	6,541	-
Interest Receivable	-	1,188	1,188	-
Prepaid Bond Insurance	267	-	267	-
Capital Assets, Net of Accumulated Depreciation:				
Non-Depreciable	478,741	644,117	1,122,858	-
Depreciable	2,518,425	2,834,231	5,352,656	6,934
Total Assets	4,344,414	4,627,230	8,971,644	7,794
Deferred Outflows of Resources	1,128,737	179,598	1,308,335	-
Total Assets and Deferred Outflows of Resources	5,473,151	4,806,828	10,279,979	7,794
LIABILITIES, DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	28,211	14,765	42,976	18
Escrow Accounts Payable	9,947	-	9,947	-
Accrued Payroll	25,037	3,783	28,820	-
Other	805	-	805	-
Unearned Revenue	165,906	-	165,906	-
Payables from Restricted Assets:				
Construction Payable	26,459	46,456	72,915	-
Escrow Accounts Payable	-	2,356	2,356	-
Customer Deposits	-	21,885	21,885	18
Accrued Interest Payable	26,215	5,124	31,339	74
Unearned Revenue	-	2,499	2,499	-
Long-Term Liabilities:				
Due Within One Year	163,724	76,551	240,275	29
Due in More Than One Year	4,100,637	1,528,116	5,628,753	3,070
Total Liabilities	4,546,941	1,701,535	6,248,476	3,209
Deferred Inflows of Resources	290,282	45,855	336,137	-
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	2,286,781	2,597,318	4,884,099	-
Restricted for:				
Debt Service	30,324	56,825	87,149	-
Capital Projects	89,029	93,842	182,871	-
Partnership Equity	-	-	-	4,585
Unrestricted (Deficit)	(1,770,206)	311,453	(1,458,753)	-
Total Net Position (Deficit)	$ 635,928	$ 3,059,438	$ 3,695,366	$ 4,585

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(in 000's)

		Program Revenues		
	Expenses*	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program Activities				
Primary Government:				
Governmental Activities:				
General Government	$ 14,398	$ 22,895	$ 5,463	$ 21,221
Public Safety	(167,533)	16,328	13,139	141
Highways and Streets	125,762	2,290	542	141,686
Culture and Recreation	73,767	21,252	552,634	9,289
Health and Welfare	29,132	-	63,168	-
Urban Redevelopment and Housing	67,747	19,728	27,118	-
Interest and Service Charges	33,443	-	-	-
Total Governmental Activities	176,716	82,493	662,064	172,337
Business-Type Activities:				
Water and Sewer	245,882	477,948	-	107,898
Stormwater Utility	20,012	43,313	-	50
Municipal Airports	16,812	9,141	-	3,471
Municipal Parking	4,406	4,918	-	-
Solid Waste	50,923	63,904	-	-
Total Business-Type Activities	338,035	599,224	-	111,419
Total Primary Government	$ 514,751	$ 681,717	$ 662,064	$ 283,756
Discretely Presented Component Unit:				
Terrell Homes, Ltd.	$ 793	$ 571	$ -	$ -
Total Discretely Presented Component Unit	$ 793	$ 571	$ -	$ -

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
Gain on Debt Defeasance
Other
Transfers
Insurance Recoveries
Total General Revenues and Transfers
Changes in Net Position (Deficit)
Net Position (Deficit), Beginning of Year
Net Position (Deficit), End of Year

***Expenses** – Significant decrease of expenses when compared to previous year and negative expense balance 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.

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and Changes in Net Position (Deficit)

Primary Government			
Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
$ 35,181		$ 35,181	
197,141		197,141	
18,756		18,756	
509,408		509,408	
34,036		34,036	
(20,901)		(20,901)	
(33,443)		(33,443)	
740,178		740,178	
	$ 339,964	339,964	
	23,351	23,351	
	(4,200)	(4,200)	
	512	512	
	12,981	12,981	
	372,608	372,608	
740,178	372,608	1,112,786	
			$ (222)
			(222)
562,687	-	562,687	-
245,627	-	245,627	-
23,370	-	23,370	-
4,261	-	4,261	-
48,365	-	48,365	-
3,236	2,362	5,598	-
34,644	19,969	54,613	-
79	-	79	-
13,495	4,420	17,915	13
36,728	(36,728)	-	-
6	-	6	-
972,498	(9,977)	962,521	13
1,712,676	362,631	2,075,307	(209)
(1,076,748)	2,696,807	1,620,059	4,794
$ 635,928	$ 3,059,438	$ 3,695,366	$ 4,585

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020
(in 000's)

	General	Debt Service	Capital Projects	Grants	Nonmajor Governmental Funds	Total
ASSETS						
Cash, Cash Equivalents, & Investments	$ 156,631	$ 53,180	$ 607,593	$ 111,618	$ 154,168	$ 1,083,190
Cash, Cash Equivalents, & Investments Held by Trustees	33,355	1,889	2,042	-	950	38,236
Receivables, Net of Allowance for Uncollectible:						
Taxes	4,679	1,321	-	-	-	6,000
Grants and Other Governments	28,841	-	2,472	8,620	14,113	54,046
Loans	-	-	-	17,125	-	17,125
Interest	52	1,299	408	-	1,271	3,030
Accounts and Other	17,370	-	322	-	11,427	29,119
Due from Other Funds	140	-	-	-	-	140
Inventories (at Cost)	2,707	-	-	-	2,394	5,101
Advances to Other Funds	3,599	-	-	-	-	3,599
Prepaids, Deposits, and Other	1,664	-	483	32	250	2,429
Long-Term Loans Receivable	-	-	-	8,612	-	8,612
Total Assets	$ 249,038	$ 57,689	$ 613,320	$ 146,007	$ 184,573	$ 1,250,627
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 10,836	$ -	$ -	$ 3,278	$ 9,234	$ 23,348
Construction Payable	-	-	26,335	124	-	26,459
Escrow Accounts Payable	3,533	-	6,311	40	63	9,947
Accrued Payroll	21,619	-	-	399	2,140	24,158
Other	719	-	-	-	86	805
Due to Other Funds	-	-	-	-	310	310
Advances from Other Funds	-	-	-	133	-	133
Unearned Revenue	501	-	1,744	139,286	1,411	142,942
Total Liabilities	37,208	-	34,390	143,260	13,244	228,102
Deferred Inflows of Resources	7,669	1,150	1,871	2,884	7,461	21,035
Total Liabilities and Deferred Inflows of Resources	44,877	1,150	36,261	146,144	20,705	249,137
Fund Balances (Deficit):						
Nonspendable	7,970	-	483	32	2,644	11,129
Restricted	9,041	7,896	322,827	-	102,650	442,414
Committed	29,952	1,614	166,437	-	3,278	201,281
Assigned	4,500	47,029	87,312	-	55,296	194,137
Unassigned (Deficit)	152,698	-	-	(169)	-	152,529
Total Fund Balances	204,161	56,539	577,059	(137)	163,868	1,001,490
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 249,038	$ 57,689	$ 613,320	$ 146,007	$ 184,573	$ 1,250,627

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, 2020
(in 000's)

Total fund balances--governmental funds		$ 1,001,490
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets (including internal service fund assets of $2,725) consist of:		
Land/right of way	$ 278,431	
Construction in progress	162,361	
Intangibles	37,949	
Buildings	1,051,756	
Vehicles, machinery and equipment	276,927	
Infrastructure	3,803,598	
Amortizable intangibles	49,145	
Accumulated depreciation/amortization	(2,663,001)	
Total capital assets	2,997,166	2,997,166
Some revenues in the governmental funds are not recognized because they are not collected within the prescribed period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.		21,035
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 $2,725 and compensated absences of ($2,751)).		58,618
Deferred outflows of resources are not reported in the governmental funds related to:		
Pension (See Note I for detailed breakdown)	1,005,059	
Other postemployment benefits (See Note J for detailed breakdown)	117,419	
Deferred charges on debt refundings	6,259	
Total deferred outflows of resources	1,128,737	1,128,737
Some long-term assets and liabilities are 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 $2,751) consist of:		
Prepaid bond insurance	267	
Long-term compensated absences	(147,990)	
Pollution remediation liability	(5,115)	
Other postemployment benefits obligation	(835,539)	
Net pension liability	(1,959,291)	
Accrued interest payable	(26,215)	
Long-term debt, including premium/discount	(1,283,989)	
Total long-term liabilities	(4,257,872)	(4,257,872)
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.		(22,964)
Deferred inflows of resources are not reported in the governmental funds related to:		
Pension (See Note I for detailed breakdown)	(253,023)	
Other postemployment benefits (See Note J for detailed breakdown)	(37,259)	
Total deferred inflows of resources	(290,282)	(290,282)
Net position of governmental activities		$ 635,928

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(in 000's)

	General	Debt Service	Capital Projects	Grants	Nonmajor Governmental Funds	Total
REVENUES:						
General Property Taxes	$ 432,650	$ 110,745	$ -	$ -	$ 19,300	$ 562,695
Sales Taxes	166,289	-	-	-	78,692	244,981
Other Local Taxes	4,261	-	-	-	23,286	27,547
Franchise Fees	48,365	-	-	-	-	48,365
Charges for Services	27,246	-	3,530	-	15,330	46,106
Licenses and Permits	18,090	-	-	-	5	18,095
Fines and Forfeitures	4,419	-	-	-	7	4,426
Revenue from Use of Money and Property	262	95	2,107	948	7,882	11,294
Investment Income (Loss)	14,274	12,147	2,768	54	2,724	31,967
Intergovernmental	1,612	-	7,446	83,285	29,401	121,744
Gas Leases and Royalties	1,033	-	1,884	-	320	3,237
Other	3,561	-	132	-	19,804	23,497
Contributions	167	-	32,383	440	1,652	34,642
Total Revenues	722,229	122,987	50,250	84,727	198,403	1,178,596
EXPENDITURES:						
Current:						
General Government	99,266	-	13,602	4,073	16,749	133,690
Public Safety	416,971	-	13,364	28,491	58,192	517,018
Highways and Streets	33,958	-	35,622	1,042	-	70,622
Culture and Recreation	59,667	-	22,962	2,536	40,834	125,999
Health and Welfare	14	-	-	34,655	1	34,670
Urban Redevelopment and Housing	50,342	-	48	13,740	37,562	101,692
Capital Outlay	-	-	135,699	1,653	-	137,352
Debt Service:						
Principal Retirement	1,927	106,740	702	-	7,098	116,467
Interest and Debt Issuance Costs	294	42,652	257	-	2,376	45,579
Total Expenditures	662,439	149,392	222,256	86,190	162,812	1,283,089
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,790	(26,405)	(172,006)	(1,463)	35,591	(104,493)
OTHER FINANCING SOURCES (USES):						
Issuance of Long-Term Debt	-	-	109,065	-	-	109,065
Issuance of Tax Notes	-	-	25,115	-	-	25,115
Issuance of Refunding Bonds	-	42,325	-	-	-	42,325
Construction Loans	-	-	-	-	9,436	9,436
Premium on Issuance	-	7,884	14,821	-	-	22,705
Payments to Refunding Bond Escrow Agent	-	(48,810)	-	-	-	(48,810)
Proceeds from Disposal of Property	1	-	65	-	80	146
Insurance Recoveries	6	-	-	-	-	6
Transfers In	38,936	23,053	100,721	705	14,621	178,036
Transfers Out	(68,369)	(3,877)	(1,894)	(741)	(69,637)	(144,518)
Total Other Financing Sources (Uses)	(29,426)	20,575	247,893	(36)	(45,500)	193,506
Net Change in Fund Balances	30,364	(5,830)	75,887	(1,499)	(9,909)	89,013
Fund Balances, Beginning of Year	173,797	62,369	501,172	1,362	173,777	912,477
Fund Balances, End of Year	$ 204,161	$ 56,539	$ 577,059	$ (137)	$ 163,868	$ 1,001,490

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, 2020
(in 000's)

Net change in fund balances--total governmental funds		$ 89,013
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 exceeded depreciation and other transactions that impact capital assets in the current period.		
Contributed assets	$ 676,089	
Capital outlay expenditures	137,352	
Depreciation and amortization expense (excluding internal service fund depreciation of $253)	(159,282)	
Net adjustment	654,159	654,159
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.		(16,394)
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.		4,831
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	(151,390)	
Tax notes	(25,115)	
Other obligations	(9,436)	
Total proceeds	(185,941)	
Premium on debt issued	(22,705)	
Gain on Debt Defeasance	79	
Repayments:		
To bondholders	116,467	
To escrow for refunding	48,810	
Total repayments	165,277	
Amortization of premiums and discounts	13,688	
Amortization of prepaid bond insurance	(11)	
Net adjustment	(29,613)	(29,613)
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	(181)	
Decrease in net pension liability	726,265	
Increase in other postemployment benefits obligation	(152,476)	
Increase in compensated absences liability (excluding internal service fund increase of $35)	(5,184)	
Increase in pollution remediation liability	(1,176)	
Net adjustment	567,248	567,248

(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, 2020
(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	$ 293,346	
Deferred inflows of resources	138,553	
Net adjustment	431,899	$ 431,899
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.		13,287
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.		(383)
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.		(1,371)
Change in net position of governmental activities		$ 1,712,676

(concluded)

See accompanying notes to the basic financial statements.

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CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Current Assets:					
Cash, Cash Equivalents, & Investments	$ 152,355	$ 11,583	$ 17,340	$ 181,278	$ 90,728
Interest Receivable	385	23	38	446	186
Accounts and Other Receivables, Net of Allowance for Uncollectible	62,899	4,412	10,151	77,462	73
Due from Other Funds	18	-	152	170	-
Inventories (at Cost)	3,885	-	-	3,885	312
Prepaids, Deposits, and Other	237	-	-	237	52
Restricted Assets:					
Cash & Cash Equivalents	69,610	3,777	4,933	78,320	-
Total Current Assets	289,389	19,795	32,614	341,798	91,351
Noncurrent Assets:					
Restricted Assets:					
Cash & Cash Equivalents	627,538	49,255	37,106	713,899	3,551
Cash, Cash Equivalents, & Investments Held by Trustees	36,376	-	51,076	87,452	3,365
Grants and Other Receivables	1,548	-	4,993	6,541	-
Interest Receivable	931	119	138	1,188	-
Total Restricted Assets	666,393	49,374	93,313	809,080	6,916
Capital Assets (at Cost):					
Land/Right of Way	32,652	17,481	165,401	215,534	1,123
Buildings	67,855	8,409	95,646	171,910	4,656
Infrastructure	3,402,707	176,968	369,525	3,949,200	1,142
Vehicles, Machinery and Equipment	364,805	13,409	9,943	388,157	3,749
Construction in Progress	409,619	12,912	4,527	427,058	-
Intangibles - Depreciable	-	-	510	510	201
Intangibles - Non-Depreciable	-	-	1,525	1,525	-
Accumulated Depreciation	(1,372,645)	(61,837)	(241,064)	(1,675,546)	(8,146)
Net Capital Assets	2,904,993	167,342	406,013	3,478,348	2,725
Total Noncurrent Assets	3,571,386	216,716	499,326	4,287,428	9,641
Total Assets	3,860,775	236,511	531,940	4,629,226	100,992
Deferred Outflows of Resources	141,750	15,329	22,519	179,598	-
Total Assets and Deferred Outflows of Resources	$ 4,002,525	$ 251,840	$ 554,459	$ 4,808,824	$ 100,992

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Liabilities					
Current Liabilities:					
Accounts Payable	$ 8,567	$ 212	$ 5,986	$ 14,765	$ 4,863
Accrued Payroll	2,979	364	440	3,783	879
Current Portion of Long-Term Liabilities	68,288	5,459	2,804	76,551	16,913
Payables from Restricted Assets:					
Construction Payable	40,564	3,280	2,612	46,456	-
Escrow Accounts Payable	2,356	-	-	2,356	-
Customer Deposits	20,902	-	983	21,885	-
Accrued Interest Payable	4,511	497	116	5,124	-
Unearned Revenue	1,277	-	1,222	2,499	-
Total Current Liabilities	149,444	9,812	14,163	173,419	22,655
Long-Term Liabilities:					
Advances from Other Funds	-	-	3,466	3,466	-
Long-Term Liabilities Due in More Than One Year	1,306,192	130,545	91,379	1,528,116	18,275
Total Long-Term Liabilities	1,306,192	130,545	94,845	1,531,582	18,275
Total Liabilities	1,455,636	140,357	109,008	1,705,001	40,930
Deferred Inflows of Resources	35,499	3,690	6,666	45,855	-
Total Liabilities and Deferred Inflows of Resources	1,491,135	144,047	115,674	1,750,856	40,930
NET POSITION					
Net Investment in Capital Assets	2,159,080	67,815	370,423	2,597,318	2,725
Restricted for:					
Debt Service	49,884	4,999	1,942	56,825	-
Capital Projects	93,842	-	-	93,842	-
Unrestricted	208,584	34,979	66,420	309,983	57,337
Total Net Position	$ 2,511,390	$ 107,793	$ 438,785	$ 3,057,968	$ 60,062
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				1,470	
Net Position of Business-Type Activities				$ 3,059,438	

(concluded)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	$ 477,948	$ 43,313	$ 77,963	$ 599,224	$ 123,014
Other	940	4	3,476	4,420	8,134
Total Operating Revenues	478,888	43,317	81,439	603,644	131,148
OPERATING EXPENSES					
Personnel Services*	(40,490)	(4,964)	(7,401)	(52,855)	23,468
Supplies and Materials	26,517	750	856	28,123	6,306
Contractual Services	152,900	9,783	60,766	223,449	93,737
Landfill Closure and Postclosure Cost	-	-	1,428	1,428	-
Depreciation	78,834	11,084	15,500	105,418	253
Total Operating Expenses	217,761	16,653	71,149	305,563	123,764
Operating Income (Loss)	261,127	26,664	10,290	298,081	7,384
NONOPERATING REVENUES (EXPENSES)					
Investment Income	14,535	1,935	3,499	19,969	2,674
Gain (Loss) on Sale of Property and Equipment	(829)	12	24	(793)	19
Interest and Service Charges	(27,292)	(3,371)	(1,016)	(31,679)	-
Gas Leases and Royalties	530	-	1,832	2,362	-
Total Nonoperating Revenues (Expenses)	(13,056)	(1,424)	4,339	(10,141)	2,693
Income (Loss) Before Transfers and Contributions	248,071	25,240	14,629	287,940	10,077
Transfers In	3,070	-	81	3,151	5,289
Transfers Out	(28,786)	(4,533)	(6,560)	(39,879)	(2,079)
Capital Contributions	75,240	50	3,471	78,761	-
Capital Contributions - Impact Fees	32,658	-	-	32,658	-
Changes in Net Position	330,253	20,757	11,621	362,631	13,287
Total Net Position (Deficit), Beginning of Year	2,181,137	87,036	427,164	2,695,337	46,775
Total Net Position, End of Year	$ 2,511,390	$ 107,793	$ 438,785	$ 3,057,968	$ 60,062

* Personnel Services – 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.

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, 2020
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	**Stormwater Utility**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
Cash Flows from Operating Activities:					
Receipts from Customers	$ 475,151	$ 43,104	$ 74,850	$ 593,105	$ -
Receipts from Other Funds	-	-	-	-	123,353
Receipts from Other Operating Sources	940	4	3,476	4,420	8,134
Payments to Employees	(78,063)	(9,118)	(11,685)	(98,866)	(23,067)
Payments to Vendors	(180,659)	(10,820)	(61,354)	(252,833)	(19,085)
Payments for Benefits	-	-	-	-	(79,158)
Net Cash Provided by (Used for) Operating Activities	217,369	23,170	5,287	245,826	10,177
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	3,070	-	81	3,151	5,289
Advances from Other Funds	-	-	3,466	3,466	-
Transfers Out to Other Funds	(28,786)	(4,533)	(6,560)	(39,879)	(2,079)
Due from Other Funds	(18)	-	(152)	(170)	-
Advances to Other Funds	-	-	2,363	2,363	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(25,734)	(4,533)	(802)	(31,069)	3,210
Cash Flows from Capital and Related Financing Activities:					
Bond Principal Received	230,525	-	-	230,525	-
Bond Premium Received	19,863	-	-	19,863	-
Proceeds from Sale of Property and Equipment	344	12	30	386	19
Contributions	10,170	2,283	1,518	13,971	-
Contributions - Impact Fees	32,658	-	-	32,658	-
Acquisition and Construction of Capital Assets	(180,571)	(16,611)	(5,943)	(203,125)	(143)
Principal Paid on Long-Term Debt	(62,293)	(4,705)	(2,270)	(69,268)	-
Principal Paid to Escrow Agent	(99,520)	-	-	(99,520)	-
Interest Paid on Long-Term Obligations	(32,574)	(4,090)	(1,442)	(38,106)	-
Bond Issuance Cost Paid	(2,670)	-	-	(2,670)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(84,068)	(23,111)	(8,107)	(115,286)	(124)
Cash Flows from Investing Activities:					
Receipts from Gas Leases and Royalties	530	-	1,832	2,362	-
Purchases of Investments	(5,438)	-	(34,270)	(39,708)	-
Sales of Investments	5,269	-	25,485	30,754	-
Investment Income Received	14,601	1,979	3,536	20,116	2,688
Net Cash Provided by (Used for) Investing Activities	14,962	1,979	(3,417)	13,524	2,688
Net Increase (Decrease) in Cash and Cash Equivalents	122,529	(2,495)	(7,039)	112,995	15,951
Cash and Cash Equivalents, Beginning of Year	756,366	67,110	76,834	900,310	81,693
Cash and Cash Equivalents, End of Year	$ 878,895	$ 64,615	$ 69,795	$ 1,013,305	$ 97,644

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	**Stormwater Utility**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	$ 261,127	$ 26,664	$ 10,290	$ 298,081	$ 7,384
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	78,834	11,084	15,500	105,418	253
Changes in Assets and Liabilities:					
Accounts and Other Receivables	(3,687)	(235)	(2,685)	(6,607)	391
Inventories	(277)	-	-	(277)	105
Prepaids, Deposits, and Other Assets	(32)	26	26	20	(52)
Deferred Outflows of Resources (Pension)	(19,508)	(2,263)	(3,213)	(24,984)	-
Deferred Outflows of Resources (OPEB)	(12,650)	(153)	(1,682)	(14,485)	-
Accounts Payable	(952)	(287)	268	(971)	1,270
Escrow Accounts Payable	(97)	-	-	(97)	-
Accrued Payroll and Compensation	1,434	170	41	1,645	401
Customer Deposits	1,019	-	44	1,063	-
Unearned Revenue	-	-	(17)	(17)	-
Accrued Benefits	-	-	-	-	425
Landfill Closure and Postclosure Liability	-	-	1,428	1,428	-
Pollution Remediation Costs	(13)	-	-	(13)	-
Net Pension Liability	(88,794)	(10,541)	(13,620)	(112,955)	-
Net OPEB Liability	23,616	553	2,979	27,148	-
Deferred Inflows of Resources (Pension)	(14,059)	(1,752)	(2,241)	(18,052)	-
Deferred Inflows of Resources (OPEB)	(8,592)	(96)	(1,350)	(10,038)	-
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)	-
Total Adjustments	(43,758)	(3,494)	(5,003)	(52,255)	2,793
Net Cash Provided by (Used for) Operating Activities	$ 217,369	$ 23,170	$ 5,287	$ 245,826	$ 10,177
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:					
Current - Cash, Cash Equivalents, & Investments	$ 152,355	$ 11,583	$ 17,340	$ 181,278	$ 90,728
Current Restricted - Cash & Cash Equivalents	69,610	3,777	4,933	78,320	-
Noncurrent Restricted - Cash & Cash Equivalents	627,538	49,255	37,106	713,899	3,551
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	36,376	-	51,076	87,452	3,365
Less: Gas Well Investments Held by Trustees	(6,984)	-	(40,660)	(47,644)	-
Total Cash and Cash Equivalents	$ 878,895	$ 64,615	$ 69,795	$ 1,013,305	$ 97,644
Noncash Investing, Capital, and Financing Activities:					
Capital Asset Contributions from Developers	65,638	50	-	65,688	-
Amortization of Bond Premium/Discount	9,220	732	605	10,557	-
Amortization of Bond Defeasement Loss	(1,470)	(41)	(187)	(1,698)	-
Change in Fair Value on Pooled Investments	4,419	994	1,036	6,449	1,518
Change in Fair Value on Non-Pooled Investments	(120)	-	(122)	(242)	-

(concluded)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ASSETS	
Current Assets:	
Cash & Cash Equivalents	$ 6,828
Cash & Investments Held by Trustees:	
Asset and Mortgage Backed Obligations	69,126
Corporate Obligations	243,412
Government Agency Obligations	150,722
International Obligations	17,663
Securities Lending Collateral	99,257
U.S. Treasuries	82,340
Short-Term Mutual Fund Investments	113,072
Corporate Stock	334,788
Alternative Investments	522,648
Commingled Funds	955,063
Total Cash & Investments Held by Trustees	2,588,091
Prepaids	279
Accrued Income	4,356
Other Receivables	10,194
Due from Broker Securities Sold	190,480
Total Current Assets	2,800,228
Capital Assets (at Cost):	
Land	404
Buildings	3,501
Machinery and Equipment	323
Accumulated Depreciation	(1,366)
Net Capital Assets	2,862
Total Assets	2,803,090
LIABILITIES	
Current Liabilities:	
Accrued Liabilities	2,604
Obligations Under Securities Lending	99,257
Due to Broker Securities Purchased	239,379
Total Current Liabilities	341,240
NET POSITION	
Net Position Held in Trust for Pension and Other Employee Benefits:	
Restricted for Pensions	2,368,162
Postemployment Healthcare Plan	93,689
Total Net Position	$ 2,461,851

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, 2020
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ADDITIONS	
Interest, Dividend, and Securities Lending Income	$ 31,180
Less: Investment Management Fees and Interest Expense	(6,749)
Net Gain (Loss) in Fair Value of Investments	80,644
Other Income	16,742
Employer Contributions	157,600
Employee/Retiree Contributions	61,671
Total Additions	341,088
DEDUCTIONS	
Benefit Payments	267,145
Refunds	3,773
Administrative Expenses	7,520
Total Deductions	278,438
Change in Net Position	62,650
Net Position, Beginning of Year	2,399,201
Net Position, End of Year	$ 2,461,851

See accompanying notes to the basic financial statements.

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 Assets

Note G: Debt 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: Fort Worth Multi-Purpose Arena

Note N: Uncertainties (COVID-19 Impact)

Note O: Subsequent Events

Note P: New Accounting Standards

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, 2020, 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 2020 (FY2020), most of the blended component units prepared and published separate financial statements, copies of which are available by contacting the respective parties noted in the following paragraphs. The nine 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

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 Capital Project Fund. Included 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.

Alliance Airport Authority, Inc. - The Alliance Airport Authority, Inc. (the Authority) was created in 1989. It is an industrial development corporation created to benefit the City and to, among other things, issue bonds, promote and develop new and expanded business enterprises in the City, promote and encourage employment, and otherwise to benefit the public in accordance with the Development Corporation Act of 1979. Although it is legally separate entity from the City, the members of the Board of the 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. Therefore, the Authority has been blended into 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

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 seperate 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. 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.

Fort Worth Tourism Public Improvement District Corporation - The Fort Worth Tourism Public Improvement District Corporation (FWTPIDC) was created pursuant to the provision of Section 372.009 and Chapter 372 of the Texas Local Code. The FWTPIDC is organized to support the mission of the Fort Worth Convention & Visitors Bureau to raise the visibility of Fort Worth as a destination spot. Although it is legally separate from the City, the FWTPIDC budget is authorized and approved by the City. The City has financial accountability and is able to impose its will on FWTPIDC, a financial benefit/burden relationship exists, and FWTPIDC provides services that almost exclusively benefit the City. Therefore, the FWTPIDC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Fort Worth Tourism Public Improvement District Corporation at 111 W. 4th Street, Suite 200, Fort Worth, Texas 76102.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

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 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, 2019, 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, GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, Financial Reporting Entity-Omnibus.

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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

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 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 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.

Retiree Healthcare Trust Fund of the City of Fort Worth - The single-employer defined benefit retirement health care trust 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.

Fort Worth Firefighters Healthcare Trust - The Fort Worth Firefighters Healthcare Trust (the "Trust") 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 blended 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.

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.

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. The City of Fort Worth and EFFW entered into an agreement to construct a first-class state-of-the-art facility, the new Fort Worth Multi-Purpose Arena (Dickies Arena) as discussed in Note M.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Related Organizations (continued)

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, 2020, was $6,795,607 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. 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, 1201 E. 13th Street, 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 statement for the Trinity Metro can be obtained by contacting: The Chief Financial Officer, 801 Cherry Street, Suite 850, Fort Worth, Texas 76102.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019) 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 prescribed for governmental activities and proprietary activities. These 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 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)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

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:

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 Parks and Recreation Department (PARD) 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 (PARD 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 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.

Capital Projects 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 the following nonmajor governmental funds.

Special Revenue Funds accounts for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The proceeds of specific revenue sources that have been committed or restricted to expenditure for specified purposes other than debt service or capital projects are accounted as special revenue funds.

Proprietary Funds

Proprietary 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Proprietary Funds (continued)

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 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 essentially in the same manner as proprietary funds. The Retirement Pension Trust Fund accounts for the assets of the City's retirement plan.

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 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

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.

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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2020 have been recorded as receivables, net of allowance for refunds, and uncollectible amount. The net receivables collected during 2020 and those considered "available" at FY2020 (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2020. 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 2020 was $0.7475 per $100 of valuation.

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” because all investments are regarded as cash equivalents.

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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.5. CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

A.5.A. CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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.

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, 2020. 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 FY2020 represents trades pending settlement and amounts due on foreign currency contracts.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.5. CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

A.5.B. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (THE CITY PLAN) (CONTINUED)

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, 2020, were converted to the City Plan’s functional currency at the foreign exchange rates quoted at September 30, 2020. 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.

A.5.C. INVESTMENTS OF THE RETIREE HEALTHCARE TRUST FUND

Valuation of Investments - Investments are stated at fair value as of September 30, 2020, 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.

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.7. CAPITAL ASSETS

Capital assets, which include land, buildings, infrastructure, vehicles, machinery and equipment, intangibles, 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. The donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value. Repairs and maintenance are recorded as expenses. The City implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. Under this Statement, 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

Depreciation and amortization is recorded on each class of depreciable property and intangibles using the straight-line method over the estimated useful lives of the assets. 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 aviation 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. The undiscounted total estimated claims payable is $36,384,000.

The total discounted estimated claims payable for the Group Health and Life Insurance Fund and the Risk Financing Fund at September 30, 2020, is $32,438,000, of which $15,770,000 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the Internal Service Funds statements.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK FINANCING (CONTINUED)

The changes in the City's total estimated claims and judgments liability are as follows (in thousands):

	FY 2019	FY 2020
Unpaid Claims, October 1st	$ 32,441	$ 32,012
Provisions for current year's events and changes in provision for priors years' events	73,055	72,420
Claims payments	(73,484)	(71,994)
Unpaid Claims, September 30th	$ 32,012	$ 32,438

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.

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. There were no significant changes in coverage limits for property and casualty insurance.

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 $2,250,000 per occurrence for Police Officers and Firefighters and $1,500,000 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 retiree; 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK FINANCING (CONTINUED)

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. There has been significant changes in unemployment coverage levels this fiscal year due to COVID-19 related layoffs. The City's eligible unemployment claims were reimbursed under the 2020 CARES Disaster Assistance Coronavirus Relief Fund.

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 consumption of net position that applies to a future period(s) 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 the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as described below:

The City reports $6,259,000 as a deferred outflow of resources for unamortized loss on debt refunding in the governmental activities and $6,113,000 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 $1,159,833,000 total pension-related and $136,130,000 total other postemployment benefit-related as of September 30, 2020, 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 position that applies to a future period(s) 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 post employment 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, 2020, the City recognized deferred inflows of resources in the amount of $1,201,000 in the Solid Waste Fund.

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

The City recorded deferred inflows of resources of $291,002,000 total pension-related and $43,934,000 total other postemployment benefit-related as of September 30, 2020, in accordance with GAAP.

	Governmental Funds					
	General	**Debt Service**	**Capital Projects**	**Grants**	**Nonmajor Governmental Funds**	**Total**
Deferred Inflows of Resources:						
Property Tax	$ 4,113	$ 1,150	$ -	$ -	$ -	$ 5,263
Accounts Receivable	-	-	-	-	4,247	4,247
Grants and Other Governments	-	-	1,871	2,884	-	4,755
Other	3,556	-	-	-	3,214	6,770
Total	$ 7,669	$ 1,150	$ 1,871	$ 2,884	$ 7,461	$ 21,035

		Business-Type Activities			
	Governmental Activities	**Water and Sewer**	**Stormwater Utility**	**Nonmajor Enterprise Funds**	**Total**
Deferred Outflows of Resources:					
Unamortized Loss on Debt Refunding	$ 6,259	3,597	$ 553	$ 1,963	$ 12,372
Pension Related	1,005,059	121,872	14,573	18,329	1,159,833
OPEB Related	117,419	16,281	203	2,227	136,130
Total	$ 1,128,737	$ 141,750	$ 15,329	$ 22,519	$ 1,308,335
Deferred Inflows of Resources:					
Service Concession Arrangement	$ -	$ -	$ -	$ 1,201	$ 1,201
Pension Related	253,023	29,751	3,555	4,673	291,002
OPEB Related	37,259	5,748	135	792	43,934
Total	$ 290,282	$ 35,499	$ 3,690	$ 6,666	$ 336,137

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

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.

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.

General 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

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 (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 (Insurance Funds)

The City will maintain the following minimum reserve levels in all Insurance Funds:

- A goal of Working Capital in Insurance Funds 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.
- 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-Insurance Funds)

The City will maintain the following minimum reserve levels in all Non-Insurance Funds:

- A goal Working Capital in Non-Insurance Funds 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.

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

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.

General 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.

Fund Balance Categories and Classifications						
Fund Balance	General	Debt Service	Capital Projects*	Grants	Nonmajor Governmental Funds**	Total Fund Balance
Nonspendable						
Inventory	$ 2,707	$ -	$ -	$ -	$ 2,404	$ 5,111
Advances	3,599	-	-	-	-	3,599
Prepaids, Deposits, and Other	1,664	-	483	32	240	2,419
Total Nonspendable	7,970	-	483	32	2,644	11,129
Restricted						
Park Improvements	9,041	-	-	-	-	9,041
Debt Service	-	7,896	-	-	-	7,896
Crime Control and Prevention	-	-	-	-	21,965	21,965
Environmental Management	-	-	-	-	2,667	2,667
Construction of Multi-Purpose Arena	-	-	-	-	8,998	8,998
City Television	-	-	-	-	1,914	1,914
2014 Bond Program	-	-	32,119	-	-	32,119
Transportation Impact Fees	-	-	57,795	-	-	57,795
Community Facility Agreements	-	-	8,124	-	-	8,124
Community Park Projects	-	-	43,232	-	-	43,232
Fire Apparatus Replacement	-	-	8,294	-	-	8,294
Other	-	-	173,263	-	67,106	240,369
Total Restricted	9,041	7,896	322,827	-	102,650	442,414

(continued)

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

Fund Balance Categories and Classifications

Fund Balance	General	Debt Service	Capital Projects*	Grants	Nonmajor Governmental Funds**	Total Fund Balance
Committed						
Public Events and Facilities	$ 21,209	$ -	$ -	$ -	$ -	$ 21,209
Debt Service	-	1,614	-	-	-	1,614
Park Improvements	3,663	-	-	-	-	3,663
Street Improvements	-	-	44,041	-	-	44,041
Community Facility Agreements	-	-	5,850	-	-	5,850
Community Park Projects	-	-	9,057	-	-	9,057
Police Vehicle Replacement	-	-	47,688	-	-	47,688
Police Equipment	-	-	10,266	-	-	10,266
Police Facility Renovation	-	-	32,348	-	-	32,348
Fire Apparatus Replacement	-	-	3,792	-	-	3,792
IT Software and Computers	-	-	6,668	-	-	6,668
State Sales Tax Agreement	5,080	-	-	-	1,974	7,054
Other	-	-	6,727	-	1,304	8,031
Total Committed	29,952	1,614	166,437	-	3,278	201,281
Assigned						
Culture and Tourism	-	-	-	-	16,002	16,002
Traffic System	-	-	14,962	-	-	14,962
Vehicle Replacement	-	-	17,687	-	-	17,687
Community Park Projects	-	-	5,600	-	-	5,600
WRMC	-	-	18,654	-	-	18,654
Park and Recreation Programs	-	-	-	-	824	824
Other	4,500	47,029	30,409	-	38,470	120,408
Total Assigned	4,500	47,029	87,312	-	55,296	194,137
Unassigned (Deficit)	152,698	-	-	(169)	-	152,529
Total Fund Balance	$ 204,161	$ 56,539	$ 577,059	$ (137)	$ 163,868	$ 1,001,490
						(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, 2020 the City has set aside $4,500,000, of which $2,500,000 is assigned to match federal funding from Federal Emergency Management Agency under the Public Assistance Program for emergency sheltering, testing sites and other services related to COVID-19 prevention and mitigation, and $2,000,000 to fund costs associated with purchase, construction, and renovation of the Pier 1 Building, which the City intends to designate as the New City Hall facility.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assets and liabilities 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, 2020, 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 and the numbers represented are not in thousands:

	Tax Abatement Agreements	Economic Development Program Grant Agreements	Neighborhood Empowerment Zones (NEZ)
1) Purpose of Program:	*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.*	*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.*	*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.*
2) Tax being abated:	*Real Property, & Business Personal Property*	*Real Property, Business Personal Property, Sales Tax, & Hotel Occupancy Tax*	*Property Tax* *(continued)*

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.15. TAX ABATEMENTS (CONTINUED)

	Tax Abatement Agreements	Economic Development Program Grant Agreements	Neighborhood Empowerment Zones (NEZ)
3) Authority under which abatement agreements are entered into:	*Tax abatements are authorized under Chapter 312 of the Texas Tax Code.*	*Grants are authorized under Texas Local Government Code Chapter 380.*	*Tax abatements are authorized under Chapter 378 of the Texas Local Government Code.*
4) Criteria to be eligible to receive abatement:	*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.*	*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.*	*Municipal property tax abatements, fee waivers and release of city liens are available to property owners who build or rehabilitate property within a NEZ.* *(continued)*

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.15. TAX ABATEMENTS (CONTINUED)

	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 $ 1,019,280 B/P* Property 1,553,081 Total $ 2,572,361 *B/P = Business Personal*	*Real Property $ 10,116,634 B/P* Property 10,074,158 Sales 5,120,433 Hotel Occupancy 2,790,606 Total $ 28,101,831*	*Real Property $1,040,435 (concluded)*

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, 2020, the carrying and fair value of securities on loan were $391,937,241 and the fair value of collateral held against the loaned securities was $399,742,124.

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, 2020, the City's demand and time deposits totaled $534,598,647. Of the $534,598,647 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, 2020, all funds were insured or collateralized as required under state law.

As of September 30, 2020, 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, 2020, interest earned of $4,014,422 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.

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

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.

Maturity	Cash to 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4+ years
Targeted Portfolio %	40.00	15.00	15.00	15.00	15.00
Actual %	52.13	12.67	15.52	11.20	8.48

As of September 30, 2020, the Portfolio included:

- no holdings with a stated maturity date beyond August 15, 2027;
- holdings maturing beyond one year represented 47.86 percent; and
- the WAM was 531 days or 1.5 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, 2020, the Portfolio contained U.S. Government notes (debentures) with various callable structures totaling $50,855,000. The callable debentures included $42,425,000 in one time callable notes, and $8,430,000 in any time callable notes.

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.

The Policy restricts investment in pools to AAA-rated local government investment pools.

As of September 30, 2020, the Portfolio consisted of:

- U.S. Treasury Notes and Bills represented 52.45%;
- U.S. Obligations represented 43.36%; and
- Municipal Obligations represented 4.19%

See Note B.3. for a detailed listing of investments as of September 30, 2020.

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

Credit Risk (continued)

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, 2020, 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.

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 $78,830,000 and $76,472,000, respectively.

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Gas Lease Portfolio (continued)

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, 2020, 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:

Fixed Income Securities	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Total
Government Obligations	$ 1,359	$ 2,024	$ 158	$ 3,541
Mortgage Backed Securities	-	1,668	-	1,668
Corporate Obligations	2,852	11,532	86	14,470
Domestic Mutual Funds	7,877	-	-	7,877
International Mutual Funds	4,731	-	-	4,731
Total Fixed Income Securities	$ 16,819	$ 15,224	$ 244	$ 32,287

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, 2020:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Investments Managed by the City				
Federal Farm Credit Bank (FFCB)	$ 68,678	$ -	$ 68,678	$ -
Federal Home Loan Bank (FHLB)	136,355	-	136,355	-
Federal Home Loan Mortgage Corporation (FHLMC)	49,000	-	49,000	-
Federal National Mortgage Association (FNMA)	122,311	-	122,311	-
U.S. Treasury Notes	455,148	455,148	-	-
Municipal Obligations - Short Term	36,372	-	36,372	-
Total Investments Managed by the City	867,864	455,148	412,716	-
Investments Held by Trustees for the City				
Gas Lease Revenue - Fixed Income	19,678	-	19,678	-
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	12,609	12,609	-	-
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	42,165	42,165	-	-
Gas Lease Revenue - Real Assets Funds	2,528	2,528	-	-
Gas Lease Revenue - Complementary Strategies Funds	1,850	1,850	-	-
Total Investments Held by Trustees for the City	78,830	59,152	19,678	-
Total Investments by Fair Value Level	$ 946,694	$ 514,300	$ 432,394	$ -

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.3. CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

The City held the following cash, cash equivalents, & investments as of September 30, 2020:

	Fair Value	WAM by Days	Moody's Credit Rating
Pooled Cash, Cash Equivalents, & Investments Managed by the City			
Cash	$ 1,262,805	N/A	N/A
Cash in Bank - Blended Component Units	20,297	N/A	N/A
Federal Farm Credit Bank (FFCB)	68,678	970	Aaa
Federal Home Loan Bank (FHLB)	136,355	844	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	49,000	1,308	Aaa
Federal National Mortgage Association (FNMA)	122,311	876	Aaa
U.S. Treasury Notes	455,148	1,078	Aaa
Municipal Obligations - Short Term	36,372	1,609	Aa1-Aaa
Total Cash, Cash Equivalents, & Investments Managed by the City	2,150,966		
Cash, Cash Equivalents, & Investments Held by Trustees for the City			
Gas Lease Revenue - Cash	5,215	N/A	N/A
Gas Lease Revenue - Fixed Income	19,678	N/A	Note B.1.
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	12,609	N/A	Note B.1.
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	42,165	N/A	N/A
Gas Lease Revenue - Real Assets Funds	2,528	N/A	N/A
Gas Lease Revenue - Complementary Strategies Funds	1,850	N/A	N/A
Cash Held by Trustee - United Healthcare	2,566	N/A	N/A
Cash Held by Trustee - York	799	N/A	N/A
Cash Held by Trustee - TWDB 2010B	5,754	N/A	N/A
Cash Held by Trustee - TWDB 2017B SWIRF	1,590	N/A	N/A
Cash Held by Trustee - Rock Creek	3,762	N/A	N/A
Cash Held by Trustee - CWSRF2015	4,428	N/A	N/A
Cash Held by Trustee - CWSRF2017	15,092	N/A	N/A
Cash Held by Trustee - TWDB 2020	2,218	N/A	N/A
Cash Held by Trustee - HUD 108 Loan Fund (Evans/Rosedale/Mercado)	569	N/A	N/A
Cash Held by Trustee - Southeast Landfill	8,230	N/A	N/A
Total Cash, Cash Equivalents, & Investments Held by Trustees for the City	129,053		
Total Cash, Cash Equivalents, & Investments - Primary Government	$ 2,280,019		
Cash & Cash Equivalents Managed by the Employees' Retirement Fund			
Cash in Bank	159	N/A	N/A
Investments Managed by the Employees' Retirement Fund			
Investments	2,500,569	See Note B.5.	
Total Cash, Cash Equivalents, & Investments - Employees' Retirement Fund	2,500,728		
Cash & Cash Equivalents Managed by the Retiree Healthcare Trust Fund			
Cash in Bank	3,389	N/A	N/A
Investments Managed by the Retiree Healthcare Trust Fund			
Investments	87,522	See Note B.4.	
Total Cash, Cash Equivalents, & Investments - Retiree Healthcare Trust Fund	90,911		
Cash & Cash Equivalents Managed by the Fort Worth Firefighters Healthcare Trust Fund			
Cash in Bank	3,280	N/A	N/A
Total Cash & Cash Equivalents - Fort Worth Firefighters Healthcare Trust Fund	3,280	0	
Cash & Cash Equivalents Managed by the Discretely Presented Component Unit			
Cash in Bank	296	N/A	N/A
Total Cash & Cash Equivalents - Discretely Presented Component Unit	296		
Total Cash, Cash Equivalents, & Investments	$ 4,875,234		

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.3. CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

The following is reconciliation between Note B.3. and the Basic Financial Statements:

Cash, Cash Equivalents, & Investments, per Note		
Primary Government	$	2,280,019
Employees' Retirement Fund		2,500,728
Retiree Healthcare Trust Fund		90,911
Fort Worth Firefighters Healthcare Trust Fund		3,280
Discretely Presented Component Unit		296
Total, per Note	$	4,875,234
Cash, Cash Equivalents, & Investments, per Basic Financial Statements		
Statement of Net Position - Primary Government	$	1,355,196
Statement of Net Position - Primary Government Restricted		924,823
Statement of Net Position - Discretely Presented Component Unit		296
Statement of Fiduciary Net Position - Cash and Cash Equivalents		6,828
Statement of Fiduciary Net Position - Cash and Investments Held by Trustees		2,588,091
Total, per Basic Financial Statements	$	4,875,234

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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, 2020, 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, 2020, are shown below:

Investment Type	Rating	Fair Value*
Issues:		
US Government Issues	N/A	$ 26,041
Corporate Issues	N/A	27,521
Foreign Issues	N/A	3,459
Municipal Issues	N/A	188
Total Issues		57,209
Fixed Income Mutual Funds:		
Vanguard Short-Term Investment Grade	N/A	3,813
Pimco Total Return II Instl	N/A	104
Total Fixed Income Mutual Funds	N/A	3,917
Equity Mutual Funds:		
Ishares S&P 500 ETF	N/A	9,362
Ishares S&P 500 Growth ETF	N/A	3,085
Ishares S&P 500 Value ETF	N/A	3,042
Ishares Msci Eafe ETF	N/A	3,507
Ishares Russell Midcap Value ETF	N/A	1,771
Ishares Russell 2000 Value Index ETF	N/A	1,457
Ishares Russell 2000 Growth ETF	N/A	1,469
Vanguard Emerg Mkt	N/A	2,226
Vanguard Reit ETF	N/A	477
Total Equity Mutual Funds	N/A	26,396
Total Investments		$ 87,522

**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, 2020, 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.

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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.

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

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 mangers 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 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. A redemption was submitted for one of these funds and proceeds will begin to be received in October 2020.

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 are 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.

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

Below are the Plan's investments and derivative instruments measured at fair value as of September 30, 2020:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Short Term Securities	$ 182,478	$ 10,298	$ 172,180	$ -
Debt Securities				
Collateralized Debt Obligations	47,109	-	31,493	15,616
Commercial Mortgage-Backed Securities	22,193	-	20,017	2,176
Corporates	216,251	-	215,954	297
Debt Other	88,867	88,866	1	-
Municipals	8,559	-	8,559	-
Non U.S. Government	14,240	-	10,729	3,511
U.S. Government Agencies	130,550	-	123,213	7,337
U.S. Treasuries	68,439	68,439	-	-
Total Debt Securities	596,208	157,305	409,966	28,937
Equity Securities				
Communication Services	11,865	11,865	-	-
Consumer Discretionary	38,727	38,727	-	-
Consumer Staples	18,332	18,332	-	-
Energy	17,180	17,180	-	-
Equity Other	17,476	17,476	-	-
Financials	34,667	34,667	-	-
Health Care	20,122	20,122	-	-
Industrials	45,490	45,490	-	-
Information Technology	34,053	34,053	-	-
Materials	10,134	10,134	-	-
Real Estate	13,501	13,501	-	-
Utilities	10,911	10,911	-	-
Total Equity Securities	272,458	272,458	-	-
Investments Measured at Net Asset Value*				
Equity Investments				
Commingled Global Equity Fund	$ 631,101			
Commingled Emerging Market Equity Fund	63,182			
Total Equity Investments	694,283			
Absolute Return	246,349			
Alternative Investments				
Private Equity	277,629			
Private Credit	5,209			
Real Estate - Core	106,678			
Real Estate	125,639			
Total Alternative Investments	515,155			
Total Investments Measured at Net Asset Value	$ 1,455,787			
Total Investments by Fair Value Level	$ 2,506,931	$ 440,061	$ 582,146	$ 28,937
Less: Investments in Non-City Funded Staff Plan	(6,362)			
Total Investments by Fair Value Level in City Plan	$ 2,500,569			
Investment Derivative Instruments				
Forward Contracts	491	-	491	-
Swap Agreements	(600)	-	(600)	-
Rights and Warrants	33	33	-	-
Options	(7)	-	(6)	(1)
Total Investment Derivative Instruments	$ (83)	$ 33	$ (115)	$ (1)

**Investments measured at Net Asset Value have total Unfunded Commitments of $262,680,674, the Plan's investments at NAV offer redemption frequencies ranging from daily to three (3) years on redeemable investments; with a total of $408,476,999 of alternative investments that are ineligible for redemption and a redemption notice period of one (1) day to 90 days on eligible assets.*

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

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, 2020, 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. GAAP does not require disclosure of U.S. government obligations explicitly guaranteed.

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

Credit Risk of Debt Securities (continued)

Credit Risk of Debt Securities—The Plan's investments as of September 30, 2020, are shown below:

Investment Type	S&P Rating	Fair Value
Asset & Mortgage Backed Obligations	AAA	$ 21,514
Asset & Mortgage Backed Obligations	AA	4,086
Asset & Mortgage Backed Obligations	A	25,721
Asset & Mortgage Backed Obligations	BBB	3,771
Asset & Mortgage Backed Obligations	BB	1,545
Asset & Mortgage Backed Obligations	B	2,406
Asset & Mortgage Backed Obligations	CCC	2,651
Asset & Mortgage Backed Obligations	NR	7,609
Total Asset & Mortgage Backed Obligations		69,303
Corporate Obligations	AAA	1,340
Corporate Obligations	AA	1,744
Corporate Obligations	A	56,656
Corporate Obligations	BBB	107,060
Corporate Obligations	BB	25,156
Corporate Obligations	B	14,960
Corporate Obligations	CCC	7,778
Corporate Obligations	CC	115
Corporate Obligations	NR	1,443
Total Corporate Obligations		216,252
Government Agency Obligations	AAA	115,563
Government Agency Obligations	AA	16,808
Government Agency Obligations	A	3,749
Government Agency Obligations	BB	213
Government Agency Obligations	NR	2,776
Total Government Agency Obligations		139,109
International Obligations	AAA	4,013
International Obligations	AA	3,778
International Obligations	A	1,472
International Obligations	BBB	677
International Obligations	NR	4,300
Total International Obligations		14,240
Securities Lending Collateral	AAA	5,374
Securities Lending Collateral	AA	17,279
Securities Lending Collateral	A	55,912
Securities Lending Collateral	BBB	2,926
Securities Lending Collateral	NR	18,018
Total Securities Lending Collateral		99,509
Total Fixed Income Subject to Credit Risk		538,413
U.S. Treasuries (Not Subject to Credit Risk)		68,438
Short-Term Marketable Securities		82,969
Corporate Stock		335,640
Alternative Investments		523,978
Commingled Funds		957,493
Less: Investments in Non-City Funded Staff Plan		(6,362)
Total Investments in City Plan		$ 2,500,569

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

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, 2020, 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	$ -	$ 11,979	$ 5,892	$ 51,432	$ 69,303
Corporate Obligations	6,702	78,761	95,331	35,458	216,252
Government Agency Obligations	23,370	9,847	1,781	104,111	139,109
International Obligations	4,802	3,511	2,420	3,507	14,240
Securities Lending Collateral	99,509	-	-	-	99,509
Short-term Fixed Income	82,969	-	-	-	82,969
U.S. Treasuries	-	25,082	18,486	24,870	68,438
Total Interest Rate Risk Debt Securities	$ 217,352	$ 129,180	$ 123,910	$ 219,378	$ 689,820

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

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, 2020, is presented below:

Currency	Debt	Equity	Alternatives	Total
Argentine Peso	$ 6	$ -	$ -	$ 6
Australian Dollar	102	-	-	102
Brazilian Real	22	2,388	-	2,410
British Pound Sterling	(66)	13,243	4,793	17,970
Canadian Dollar	(31)	8,169	-	8,138
Danish Krone	-	1,381	-	1,381
Euro Currency Unit	(11)	44,009	53,061	97,059
HK Offshore Chinese Yuan Renminbi	-	1,224	-	1,224
Hong Kong Dollar	-	15,664	-	15,664
Indonesian Rupiah	-	474	-	474
Japanese Yen	1,799	32,007	-	33,806
Mexican New Peso	1,803	-	-	1,803
New Israeli Shekel	-	687	-	687
New Taiwan Dollar	-	8,129	-	8,129
New Zealand Dollar	7	-	-	7
Norwegian Krone	-	395	-	395
Peruvian Nuevo Sol	686	-	-	686
Russian Ruble	1,662	-	-	1,662
South African Rand	1	-	-	1
South Korean Won	-	3,847	-	3,847
Swedish Krona	-	5,938	-	5,938
Swiss Franc	1	12,497	-	12,498
Thai Baht	3	1,052	-	1,055
Total Securities Subject to Foreign Currency Risk	$ 5,984	$ 151,104	$ 57,854	$ 214,942

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 $491,333 at September 30, 2020, 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. At September 30, 2020, the fair value of these contracts is included in due to/from broker.

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

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 at September 30, 2020:

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.

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.

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

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, 2020, classified by type:

	Changes in Fair Value		Fair Value	
Derivative Type	**Classification**	**Amount**	**Amount**	**Notional**
Fiduciary Funds				
Investment Derivatives				
Futures Contracts	*Investment Income*	$ 9	$ -	$ 47,867
Forward Contracts	*Investment Income*	673	491	59,467
Swap Agreements	*Investment Income*	310	(600)	78,275
Options	*Investment Income*	(1)	(7)	6,200
Rights and Warrants	*Investment Income*	(56)	33	18
	Total	$ 935	$ (83)	$ 191,827

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, 2020. 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.

As of September 30, 2020, 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	$ -	$ -	$ -	$ -	$ -
Forward Contracts	-	-	-	491	491
Swap Agreements	-	(27)	-	(573)	(600)
Options	-	-	-	(7)	(7)
Rights and Warrants	-	-	-	33	33
Total	$ -	$ (27)	$ -	$ (56)	$ (83)

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

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, 2020, are disclosed in the following table:

Derivative Type	Total Notional Value	Total Fair Value
Interest Rate Swaps	$ 78,275	$ (600)

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, 2020:

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	$ 2	$ -	$ 2
Brazilian Real	219	-	219
British Pound Sterling	166	(122)	44
Canadian Dollar	38	-	38
Euro Currency Unit	69	3	72
Japanese Yen	34	(258)	(224)
Mexican Peso	6	-	6
New Zealand Dollar	19	-	19
Norwegian Krone	(16)	-	(16)
Peruvian Solance	6	-	6
Russian Ruble	(52)	-	(52)
Total	$ 491	$ (377)	$ 114

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 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, 2020, 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.

(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (CONTINUED)

SECURITIES LENDING (CONTINUED)

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, 2020.

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, 2020, the value of the collateral held was $99,508,929 and the value of securities on loan at September 30, 2020, was $97,087,690. The Plan earned $448,016, net, on its securities lending activity for the fiscal year ended September 30, 2020.

NOTE C: RECEIVABLES AND INTERFUND BALANCES

C.1. RECEIVABLES

Receivables at September 30, 2020, 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	$ 30,499	$ 8,614	$ -	$ -	$ -	$ -	$ 39,113
Grants and Other Governments	28,841	-	2,472	8,620	14,113	-	54,046
Levied, Unbilled Assessments	-	-	2,082	-	-	-	2,082
Loans	-	-	-	17,125	-	-	17,125
Long-Term Loans	-	-	-	8,612	-	-	8,612
Interest	52	1,299	408	-	1,271	186	3,216
Accounts and Other	33,416	-	322	-	11,454	73	45,265
Total Gross Receivables	92,808	9,913	5,284	34,357	26,838	259	169,459
Less Allowance for Uncollectible Accounts:							
Taxes	(25,820)	(7,293)	-	-	-	-	(33,113)
Levied, Unbilled Assessments	-	-	(2,082)	-	-	-	(2,082)
Loans	-	-	-	(8,612)	-	-	(8,612)
Accounts and Other	(16,046)	-	-	-	(27)	-	(16,073)
Total Allowance	(41,866)	(7,293)	(2,082)	(8,612)	(27)	-	(59,880)
Total Receivables, Net	$ 50,942	$ 2,620	$ 3,202	$ 25,745	$ 26,811	$ 259	$ 109,579

(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.1. RECEIVABLES (CONTINUED)

Receivables at September 30, 2020, 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	$ 385	$ 23	$ 38	$ 446
Accounts and Other	64,648	5,184	10,532	80,364
Grants and Other - Restricted	1,548	-	4,993	6,541
Interest - Restricted	931	119	138	1,188
Total Gross Receivables	67,512	5,326	15,701	88,539
Less Allowance for Uncollectible Accounts:				
Accounts and Other	(1,749)	(772)	(381)	(2,902)
Total Allowance	(1,749)	(772)	(381)	(2,902)
Total Receivables, Net	$ 65,763	$ 4,554	$ 15,320	$ 85,637

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.

At the end of the fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Description	Unavailable	Unearned
Property Taxes	$ 5,295	$ -
Grants and Other Governments	12,215	116,574
Long-Term Loans	-	25,737
Other	3,525	631
	$ 21,035	142,942
Total Unavailable / Unearned Revenues		$ 163,977

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:

Description	Water and Sewer	Nonmajor Enterprise Funds	Total Business-Type Activities
Deposits and Rents	$ 1,277	$ -	$ 1,277
Grants and Other	-	1,222	1,222
Total Unearned Revenues	$ 1,277	$ 1,222	$ 2,499

(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.2. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2020, were as follows:

Receivable Fund	Payable Fund	Total
General	Nonmajor Governmental	$ 140
Nonmajor Enterprise	Nonmajor Governmental	152
Water and Sewer	Nonmajor Governmental	18
Total		$ 310

An explanation for each interfund receivable and payable is presented below:

The General Fund, Nonmajor Enterprise Funds, and Water and Sewer Fund had a receivable of $140,000, $152,000, and $18,000, respectively, from the Nonmajor Governmental Funds for gas royalties not distributed at the end of the fiscal year.

C.3. ADVANCES

Advances from/to other funds at September 30, 2020, were as follows:

Receivable Fund	Payable Fund	Total
General	Grants	$ 133
General	Nonmajor Enterprise	3,466
Total		$ 3,599

An explanation of significant advances from/to other funds is presented below:

The $3,599,000 payable to the General Fund from the Grant Fund ($133,000) and Nonmajor Enterprise Funds ($3,466,000) is an advance to the Grants Fund and Municipal Airport Federal Grants Fund to cover a cash deficit that will be repaid with collections of receivables that are due from the granting agency.

C.4. TRANSFERS

Transfers made during the year were as follows:

	Transfers In:								
Transfers Out:	General	Debt Service	Capital Projects	Grants	NMG Funds[a]	Water and Sewer	NME Funds[b]	IS Funds[c]	Total
General	$ -	$ 193	$ 57,149	$ 540	$ 6,927	$ -	$ 60	$ 3,500	$ 68,369
Debt Service	-	-	-	-	3,877	-	-	-	3,877
Capital Projects	456	16	-	-	1,422	-	-	-	1,894
Grants	-	-	741	-	-	-	-	-	741
NMG Funds[a]	2,021	22,844	40,875	123	2,352	596	-	826	69,637
Water and Sewer	27,985	-	120	-	43	-	21	617	28,786
Stormwater Utility	3,282	-	14	-	-	1,175	-	62	4,533
NME Funds[b]	5,173	-	11	-	-	1,299	-	77	6,560
IS Funds[c]	19	-	1,811	42	-	-	-	207	2,079
Total	$ 38,936	$ 23,053	$ 100,721	$ 705	$ 14,621	$ 3,070	$ 81	$ 5,289	$ 186,476

a) NMG Funds - Nonmajor Governmental Funds   *b) NME Funds - Nonmajor Enterprise Funds*   *c) IS Funds - Internal Service Funds*

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.4. TRANSFERS (CONTINUED)

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.

Significant transfers included the following:

The General Fund transferred $57,149,000 to the Capital Projects Fund, of which $53,547,000 was for the capital improvement plan and $3,602,000 was for vehicle and equipment replacements.

The General Fund transferred $6,927,000 to the Nonmajor Governmental Funds, of which $2,215,000 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, and to pay costs associated with construction and debt-financing of the Dickies Arena. The General Fund transferred $3,555,000 to Botanic Garden Special Revenue Fund for the overall administration, operations, and maintenance of the Botanic Garden. The Golf Fund received a subsidy in the amount of $395,000 from the General Fund to assist with the operational costs. The Fort Worth Public Improvement Districts (PID) received $762,000 in lieu of services and assessments. The Risk Financing Fund and Group Health and Life Insurance Fund received $2,173,000 and $1,327,000, respectively, from the General Fund to cover future catastrophe losses, and total charges to other funds by these internal service funds will be adjusted over a reasonable period of time so that the revenues and expenses are approximately equal.

The Nonmajor Governmental Funds transferred $2,021,000 to the General Fund, of which $1,037,000 was from the Culture & Tourism Fund energy savings debt service, $395,000 was from Fort Worth LDC, $212,000 was from Fort Worth Public Improvement Districts Funds, $282,000 was from Taxes Increment Reinvestment Zones Funds, and $95,000 was from other Nonmajor Governmental funds.

The Nonmajor Governmental Funds transferred $22,844,000 to the Debt Service Fund, of which $20,015,000 was from the Culture and Tourism Fund, and $2,829,000 was from the Crime Control and Prevention District Fund to pay for 2011 Tax Notes debt service.

The Nonmajor Governmental Funds transferred $40,875,000 to the Capital Projects Fund, of which $19,010,000 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 plan. The Culture & Tourism Cap Projects Fund and Public Events Capital Fund received $4,202,000 from Culture & Tourism Operating Funds for capital improvement. The Taxing Increment Reinvestment Zone transferred $9,535,000 to the Developer Contribution Fund to pay for various projects. The Special Purpose Fund transferred $5,553,000 for public, education and government access channel and $770,000 to the General Capital Project Fund. The Grants Operating Federal Fund transferred $261,000 to Botanic Gardens Fund for the overall administration, operations, and maintenance. The Asset Forfeiture Funds received $1,544,000 to fund current city-wide capital projects.

The Water and Sewer Fund transferred $27,985,000 to the General Fund, of which includes $27,931,000 for Street Rental Fees and $54,000 for other expenses.

The Stormwater Utility Fund transferred $3,282,000 to the General Fund, of which $2,080,000 was for Street Rental Fees and $1,182,000 was for PILOT. The Stormwater Utility Fund also transferred $1,175,000 to the Water and Sewer Fund for billing services.

(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.4. TRANSFERS (CONTINUED)

The Nonmajor Enterprise Funds transferred $5,173,000 to the General Fund, of which Solid Waste Fund transferred $4,868,000 for Street Maintenance. The Nonmajor Enterprise Funds also transferred $1,299,000 to the Water and Sewer Fund for billing services.

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. UNASSIGNED/UNRESTRICTED DEFICIT

Grants Fund, a nonmajor governmental fund, has a fund deficit of $137,000 and an unassigned fund balance deficit of $169,000 as of September 30, 2020 due to reimbursement timing differences. Also, revenues were unavailable (collectible during the current period or soon after) to be used to pay liabilities of the current period. Reimbursement for federal, state, and local grant expenditures are expected to offset this fund deficit in future fiscal years. In compliance with the City’s Special Revenue Fund Reserve Policy, the City has taken action to decrease this deficit.

Solid Waste Fund, a nonmajor enterprise fund, has an unrestricted deficit of $1,478,000 as of September 30, 2020. Global Recycle Markets remain depressed which has led to less demand for raw recycle material and higher processing costs for cities. The COVID-19 pandemic impacted the Solid Waste Fund through higher disposal volume; therefore, increase cost. Meanwhile, the City temporarily budgeted a shortfall using net position with the anticipation that some of the consultant's recommendations implemented beginning January 2021 will yield revenue increases.

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:

	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Internal Service Funds	Total
Debt Service:					
Cash and Cash Equivalents	$ 52,361	$ 5,378	$ 2,033	$ -	$ 59,772
Cash and Cash Equivalents Held by Trustees	1,366	-	-	-	1,366
Interest Receivable	655	119	26	-	800
	54,382	5,497	2,059	-	61,938
Capital Improvements:					
Cash and Cash Equivalents	620,814	47,654	32,838	441	701,747
Cash and Cash Equivalents Held by Trustees	27,716	-	-	-	27,716
Grants and Other Receivables	1,533	-	4,515	-	6,048
Interest Receivable	266	-	30	-	296
	650,329	47,654	37,383	441	735,807
Customer Deposits:					
Cash and Cash Equivalents	20,902	-	983	-	21,885
	20,902	-	983	-	21,885
Other Restrictions:					
Cash and Cash Equivalents	3,071	-	6,185	3,110	12,366
Cash and Cash Equivalents Held by Trustees	7,294	-	51,076	3,365	61,735
Grants and Other Receivables	15	-	478	-	493
Interest Receivable	10	-	82	-	92
	10,390	-	57,821	6,475	74,686
Total	$ 736,003	$ 53,151	$ 98,246	$ 6,916	$ 894,316

(000's omitted in tables)

NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2020, was as follows:

	Balance at October 1, 2019	Increases	Decreases	CIP Placed In Service	Balance at September 30, 2020
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land/Right of Way	$ 255,710	$ 23,958	$ (1,237)	$ -	$ 278,431
Construction in Progress	207,459	141,114	(8,896)	(177,316)	162,361
Intangibles	32,757	5,402	(2,626)	2,416	37,949
Total Capital Assets, Not Being Depreciated	495,926	170,474	(12,759)	(174,900)	478,741
Capital Assets, Being Depreciated:					
Buildings	554,269	474,932	(1,795)	24,350	1,051,756
Vehicles, Machinery and Equipment	254,007	33,326	(12,941)	2,535	276,927
Infrastructure	3,521,230	159,479	(22,022)	144,911	3,803,598
Intangibles	46,041	-	-	3,104	49,145
Total Capital Assets, Being Depreciated	4,375,547	667,737	(36,758)	174,900	5,181,426
Less Accumulated Depreciation/Amortization for:					
Buildings	246,266	22,618	(146)	-	268,738
Vehicles, Machinery and Equipment	155,023	16,379	(8,177)	-	163,225
Infrastructure	2,082,725	116,459	(1,525)	-	2,197,659
Intangibles	29,300	4,079	-	-	33,379
Total Accumulated Depreciation and Amortization	2,513,314	159,535	(9,848)	-	2,663,001
Total Capital Assets, Being Depreciated, Net	1,862,233	508,202	(26,910)	174,900	2,518,425
Governmental Activities Capital Assets, Net	$ 2,358,159	$ 678,676	$ (39,669)	$ -	$ 2,997,166

Capital asset activity for Business-Type Activities for the year ended September 30, 2020, was as follows:

	Balance at October 1, 2019	Increases	Decreases	CIP Placed In Service	Balance at September 30, 2020
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land/Right of Way	$ 210,168	$ 5,366	$ -	$ -	$ 215,534
Construction in Progress	330,360	206,639	(8,941)	(101,000)	427,058
Intangibles	1,525	-	-	-	1,525
Total Capital Assets, Not Being Depreciated	542,053	212,005	(8,941)	(101,000)	644,117
Capital Assets, Being Depreciated:					
Buildings	171,608	-	-	302	171,910
Vehicles, Machinery and Equipment	381,983	7,738	(2,138)	574	388,157
Infrastructure	3,782,034	72,414	(5,372)	100,124	3,949,200
Intangibles	510	-	-	-	510
Total Capital Assets, Being Depreciated	4,336,135	80,152	(7,510)	101,000	4,509,777
Less Accumulated Depreciation/Amortization for:					
Buildings	68,628	6,099	-	-	74,727
Vehicles, Machinery and Equipment	268,458	12,688	(2,044)	-	279,102
Infrastructure	1,239,284	86,580	(4,283)	-	1,321,581
Intangibles	85	51	-	-	136
Total Accumulated Depreciation and Amortization	1,576,455	105,418	(6,327)	-	1,675,546
Total Capital Assets, Being Depreciated, Net	2,759,680	(25,266)	(1,183)	101,000	2,834,231
Business-Type Activities Capital Assets, Net	$ 3,301,733	$ 186,739	$ (10,124)	$ -	$ 3,478,348

(000's omitted in tables)

NOTE F: CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged as follows for the year ended September 30, 2020:

	Depreciation and Amortization Expense
Governmental Activities	
General Government	$ 14,163
Public Safety	11,865
Highways and Streets	106,875
Culture and Recreation	25,207
Urban Redevelopment and Housing	1,425
Total Governmental Depreciation and Amortization	159,535
Major Business-Type Activities	
Water and Sewer	78,834
Stormwater Utility	11,084
Nonmajor Business-Type Activities	
Municipal Airports	12,958
Municipal Parking	1,998
Solid Waste	544
Total Business-Type Depreciation and Amortization	105,418
Total Depreciation and Amortization Expense	$ 264,953

The governmental activities depreciation and amortization expense above includes $253,000 of depreciation expense from the Internal Service Funds.

The City implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020
(000's omitted in tables)

NOTE G: DEBT 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, 2020:

	Balance at October 1, 2019	Increases	Decreases	Balance at September 30, 2020	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 520,545	$ 151,390	$ 95,265	$ 576,670	$ 81,105
Certificates of Obligation	152,745	-	53,320	99,425	8,350
Special Tax Revenue Debt	226,115	-	440	225,675	5,325
Special Assessment Debt	17,840	-	-	17,840	675
Tax Notes*	38,300	25,115	6,525	56,890	9,780
HUD Installment Obligations	702	-	702	-	-
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
State Obligation - City	5,546	-	465	5,081	465
State Obligation - CCPD	2,154	-	181	1,973	181
TRWD Obligation	188,857	9,436	6,581	191,712	-
ESPC Phase VII	12,650	-	1,689	10,961	1,727
Capital Leases	476	1,351	354	1,473	355
Southwest Bank Loan (LDC SW Building)	710	-	401	309	309
Net Unamortized Bond Premium/Discount	55,342	22,705	13,688	64,359	-
Compensated Absences	142,517	45,169	39,696	147,990	39,696
Arbitrage	9	-	6	3	-
Pollution Remediation Liability	3,939	1,176	-	5,115	-
Risk Management Estimated Claims Payable	32,012	72,420	71,994	32,438	15,756
Net OPEB Liability	683,063	152,476	-	835,539	-
Net Pension Liability	2,685,556	-	726,265	1,959,291	-
Total Governmental Activities	4,800,695	481,238	1,017,572	4,264,361	163,724
Business-Type Activities:					
Water and Sewer - Revenue Bonds	872,005	230,525	159,475	943,055	61,150
Water and Sewer - Trinity River Authority Oblig.	2,240	-	720	1,520	745
Water and Sewer - ESPC Phase V	5,830	-	1,618	4,212	1,656
Stormwater Utility - Revenue Bonds	107,465	-	4,705	102,760	4,935
Municipal Parking - General Obligation Bonds	31,155	-	1,590	29,565	1,675
Municipal Parking - Certificate of Obligation	230	-	230	-	-
Solid Waste - General Obligation Bonds	2,585	-	450	2,135	440
Net Unamortized Bond Premium/Discount	52,784	19,863	10,706	61,941	-
Compensated Absences	11,715	7,136	5,975	12,876	5,950
Landfill Closure and Postclosure Liability	10,069	1,428	-	11,497	-
Arbitrage	10	-	10	-	-
Pollution Remediation Liability	13	-	13	-	-
Net OPEB Liability	108,192	27,147	-	135,339	-
Net Pension Liability	412,722	-	112,955	299,767	-
Total Business-Type Activities	1,617,015	286,099	298,447	1,604,667	76,551
Total Long-Term Liabilities	$ 6,417,710	$ 767,337	$ 1,316,019	$ 5,869,028	$ 240,275

**Direct borrowings and direct placements.*

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.1. CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES (CONTINUED)

Governmental Activities long-term debt is summarized as follows:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General Obligation Bonds:					
Series 2011 Refunding	2.0-5.0	2011	2023	$ 46,680	$ 13,690
Series 2012 Refunding	2.0-5.0	2012	2032	135,485	71,125
Series 2013 Refunding	2.0-4.5	2013	2033	37,130	12,585
Series 2014 Refunding	2.2	2014	2023	35,480	11,820
Series 2015 Refunding	2.33	2015	2025	3,955	1,895
Series 2015A Refunding	3.25-5.0	2015	2035	127,725	85,795
Series 2016 Refunding	3.0-5.0	2016	2036	130,500	101,965
Series 2018	3.0-5.0	2018	2038	62,220	40,475
Series 2019	3.0-5.0	2019	2039	106,595	85,930
Series 2020 Refunding	2.0-5.0	2020	2040	151,390	151,390
Total General Obligation Bonds					576,670
Certificates of Obligation:					
Series 2012	3.0-5.0	2012	2032	85,790	49,990
Series 2013A	2.0-5.0	2013	2033	46,095	28,490
Series 2013B	2.0-4.99	2013	2033	11,140	8,110
Series 2013C	3.0-5.0	2013	2034	19,270	12,835
Total Certificates of Obligation					99,425
Special Tax Revenue Debt:					
Series 2017A	2.0-5.25	2017	2043	86,170	86,170
Series 2017B	1.719-4.238	2017	2047	140,710	139,505
Total Special Tax Revenue Debt					225,675
Special Assessment Debt:					
Series 2017 (Rock Creek)	5.0-5.125	2017	2037	12,685	12,685
Series 2018 (Rock Creek)	5.0	2018	2037	5,155	5,155
Total Special Assessment Debt					17,840
Tax Notes*:					
Series 2016	1.44	2017	2023	9,525	4,230
Series 2017	1.97	2017	2024	23,080	10,540
Series 2018	4.0-5.0	2018	2025	12,590	9,455
Series 2019	3.0-5.0	2019	2026	8,565	7,550
Series 2020	4.0-5.0	2020	2027	25,115	25,115
Total Tax Notes					56,890

(continued)

**Direct borrowings and direct placements*

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.1. CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES (CONTINUED)

Governmental Activities long-term debt is 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	0.0	2014	2031	9,307	5,081
State Obligation - CCPD	0.0	2014	2031	3,616	1,973
TRWD Obligation	0.0	2010	2031	226,000	191,712
ESPC Phase VII	2.236	2013	2026	18,443	10,961
Capital Leases	2.539-3.59	2010	2022		1,473
Southwest Bank Loan (LDC SW Building)	2.93	2014	2021	2,689	309
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	-	64,359
Compensated Absences	N/A	N/A	N/A	-	147,990
Arbitrage	N/A	N/A	N/A	-	3
Pollution Remediation Liability	N/A	N/A	N/A	-	5,115
Risk Management Estimated Claims Payable	N/A	N/A	N/A	-	32,438
Net OPEB Liability	N/A	N/A	N/A	-	835,539
Net Pension Liability	N/A	N/A	N/A	-	1,959,291
Total Governmental Activities Long-Term Debt					$ 4,264,361

(concluded)

The Debt Service Fund has been used to liquidate the General Obligation Bonds, Certificates of Obligation, Special Tax Revenue Debt, Special Assessment Debt, and the 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 $56,890,000 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.1. CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES (CONTINUED)

Business-Type long-term debt is 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	$ 8,030
Series 2011 Refunding	2.0-5.0	2011	2031	151,160	80,590
Series 2012 Refunding	2.0-5.0	2012	2025	31,155	15,900
Series 2014 Refunding	2.0-5.0	2014	2034	171,415	105,595
Series 2015 Revenue (Clean Water SRF) TWDB*	0.0-2.04	2015	2035	39,000	29,820
Series 2015A Refunding	3.125-5.0	2015	2035	126,615	105,390
Series 2015B Refunding TWDB*	0.19-2.20	2016	2030	13,000	9,025
Series 2016 Refunding	2.0-5.0	2016	2046	75,890	61,780
Series 2017 Revenue (Clean Water SRF) TWDB*	0.0-1.7	2017	2047	16,045	14,620
Series 2017A Refunding	3.125-5.0	2017	2047	111,600	91,975
Series 2017B Revenue TWDB*	0.58-2.05	2018	2032	63,000	51,525
Series 2018	3.25-5.0	2018	2048	47,475	46,160
Series 2019	3.0-5.0	2019	2049	93,340	92,120
Series 2020 TWDB*	0.0-0.54	2020	2040	62,725	62,725
Series 2020A Refunding	2.0-5.0	2020	2050	167,800	167,800
Total Revenue Bonds					943,055
Trinity River Authority Obligation:					
Series 2011 Refunding	2.0-4.0	2011	2022	6,795	1,520
ESPC Phase V	2.34	2012	2023	15,365	4,212
Total Water and Sewer					948,787
Stormwater Utility:					
Revenue Bonds:					
Series 2011	2.0-5.0	2011	2036	78,325	57,995
Series 2016 Refunding	2.0-5.0	2016	2033	17,505	15,060
Series 2019 Refunding	3.0-5.0	2019	2035	31,015	29,705
Total Stormwater Utility					102,760
Municipal Parking:					
General Obligation Bonds:					
Series 2016 Refunding	4.0-5.0	2016	2033	34,445	29,565
Total Municipal Parking					29,565
Solid Waste:					
General Obligation, Series 2015 Refunding	2.33	2015	2025	4,465	2,135
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	-	61,941
Compensated Absences	N/A	N/A	N/A	-	12,876
Landfill Closure and Postclosure Liability	N/A	N/A	N/A	-	11,497
Net OPEB Liability	N/A	N/A	N/A	-	135,339
Net Pension Liability	N/A	N/A	N/A	-	299,767
Total Business-Type Long-Term Debt					$ 1,604,667

**Texas Water Development Board*

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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. At September 30, 2020, the Debt Service Fund held $47,003,482 and $6,176,312 of cash and investments to service General Obligation Bonds/Certificates of Obligation and for Special Tax Revenue Debt, respectively, for governmental activities.

On April 24, 2020, the City had a partial cash defeasance of General Obligation Bonds, Series 2012 of $20,230,000. 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 of $3,161,693 and a book gain of $79,125.

On July 14, 2020, the City issued $25,115,000 of Tax Notes, Series 2020 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 2021 to 2027 in installments ranging from $3,025,000 to $4,130,000. Interest is payable on March 1 and September 1 of each year commencing March 2021, with interest rates ranging from 4.0 to 5.0 percent.

On July 14, 2020, the City issued General Obligation Refunding Bonds, Series 2020 in the amount of $151,390,000 to current refund $48,810,000 of existing General Obligation Bonds, Series 2010 and Certificates Bonds, Series 2009, 2010, and 2010A and to fund projects within the 2018 bond program to include: streets 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 2021 to 2040 in installments ranging from $4,285,000 to $33,465,000. Interest is payable on March 1 and September 1 of each year commencing September 2020, with interest rates ranging from 2.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defeased the debt, which covered the $48,810,000 principal and $749,590 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 principal and interest payments of $7,072,685 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 $6,744,292 and a book loss of $315,206.

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 FY2020, TIRZ #9 made repayments of $6,581,000, and borrowed an additional $9,436,000 from TRWD. At September 30, 2020, $191,712,000 remains outstanding.

As of September 30, 2020, the following bonds were authorized but not issued:

General Obligation Bonds	Date Authorized	Amount Authorized	Amount Unissued
2018 Bond Program	5/5/2018	$ 399,500	$ 249,500

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.2 GOVERNMENTAL ACTIVITIES' DEBT (CONTINUED)

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, 2020, the City's liability was $5,115,000 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.

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, 2020.

G.4. ENTERPRISE 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.

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. At September 30, 2020, $60,151,189 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 26, 2020, the City issued $62,725,000 of Water and Sewer System Revenue Bonds, Series 2020 to fund improvements and extensions to the Water and Sewer System. The bonds will mature on February 15 of each year from 2021 to 2040 in installments ranging from $3,115,000 to $3,215,000. Interest is payable on February 15 and August 15 of each year commencing August 2020 at interest rates ranging from 0.00 to 0.54 percent.

On April 24, 2020, the City had a partial cash defeasance of Water and Sewer System Revenue Bonds, Series 2010C of $11,750,000. 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 $1,810,876 and a book gain of $58,889.

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.4. ENTERPRISE DEBT (CONTINUED)

On July 15, 2020, the City issued Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2020A in the amount of $167,800,000 to current refund $87,770,000 of existing Water and Sewer Bonds, Series 2007A, 2007B, 2010A, 2010B, and 2010C and to fund new capital projects in alignment with the Water and Sewer System's Capital Improvement plan. The bonds will mature on February 15 of each year from 2021 to 2050 in installments ranging from $2,910,000 to $12,565,000. Interest is payable on February 15 and August 15 of each year commencing February 2021 at interest rates ranging from 2.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt that covered the $87,770,000 principal and $1,101,764 in interest. As a result, the refunded bonds are considered defeased, and the liability is not reflected in the Statement of Net Position. The current refunding resulted in a reduction of principal and interest payments of $9,192,065 over the bonds' life. This refunding resulted in an economic gain (the difference between the present value of the old and new debt service payments) of $7,394,476 and a book loss of $591,324.

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.

For the year ended September 30, 2020, net pledged revenue by fund was as follows:

Fund	2020 Net Pledged Revenues	2020 Debt Service	Purpose of Debt
Water and Sewer Fund	$ 229,887	$ 91,309	*Extending and improving water and sewer system*
Stormwater Utility Fund	26,774	8,795	*Improvements to storm drains, roadways, and erosion protection*
Municipal Parking Fund	1,598	3,208	*Construction of City-owned parking garages*
Solid Waste Fund	4,679	505	*Improvements to the eastside landfill*
Total	$ 262,938	$ 103,817	

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.

The City is responsible for the environmental cleanup of Riverside Park funded by the Water and Sewer Fund. The cleanup effort for this project has been completed and is awaiting final approval from Texas Commission on Environmental Quality. The City is required to report the estimated liability for pollution remediation activities in accordance with GAAP, and there is no outstanding liability as of September 30, 2020. The City’s estimated outlays for the cleanup were generated using the expected cash flows technique. The amount of the estimated pollution remediation liability assumes that there will be no major increases in the cost of providing these cleanup services. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations.

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.5. ANNUAL REQUIREMENTS TO AMORTIZE BONDED AND CONTRACTUAL DEBT OBLIGATION

The annual requirements to amortize all Governmental Activities bonded and contractual debt outstanding as of September 30, 2020, is as follows:

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Special Tax Revenue Debt		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 81,105	$ 22,964	$ 8,350	$ 3,996	$ 5,325	$ 9,599	$ 675	$ 898
2022	54,960	20,147	8,360	3,628	5,480	9,445	710	864
2023	52,775	17,755	8,015	3,256	5,660	9,269	750	829
2024	45,400	15,440	7,660	2,877	5,845	9,078	790	791
2025	45,650	13,181	7,685	2,523	6,070	8,854	830	752
2026-2030	158,970	37,711	38,835	7,951	34,275	40,350	4,835	3,094
2031-2035	87,435	14,407	20,520	1,159	42,350	32,267	6,255	1,747
2036-2040	50,375	2,999	-	-	52,285	21,706	2,995	231
2041-2045	-	-	-	-	52,300	8,626	-	-
2046-2050	-	-	-	-	16,085	689	-	-
	$ 576,670	$ 144,604	$ 99,425	$ 25,390	$ 225,675	$ 149,883	$ 17,840	$ 9,206

Governmental Activities: (continued)

Year Ending September 30,	Tax Notes		State Obligation - City		State Obligation - CCPD	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 9,780	$ 2,213	$ 465	$ -	$ 181	$ -
2022	10,265	1,734	465	-	181	-
2023	10,635	1,375	465	-	181	-
2024	9,555	1,013	465	-	181	-
2025	7,180	653	465	-	181	-
2026-2030	9,475	443	2,329	-	902	-
2031-2035	-	-	427	-	166	-
	$ 56,890	$ 7,431	$ 5,081	$ -	$ 1,973	$ -

Governmental Activities: (concluded)

Year Ending September 30,	ESPC Phase VII		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2021	$ 1,727	$ 231	$ 107,608	$ 39,901
2022	1,766	192	82,187	36,010
2023	1,806	152	80,287	32,636
2024	1,847	111	71,743	29,310
2025	1,880	70	69,941	26,033
2026-2030	1,935	16	251,556	89,565
2031-2035	-	-	157,153	49,580
2036-2040	-	-	105,655	24,936
2040-2044	-	-	52,300	8,626
2045-2047	-	-	16,085	689
	$ 10,961	$ 772	$ 994,515	$ 337,286

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.5. ANNUAL REQUIREMENTS TO AMORTIZE BONDED AND CONTRACTUAL DEBT OBLIGATION (CONTINUED)

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, 2020, is $22,683,533 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, 2020, is as follows:

Major Business-Type Activities:

Year Ending September 30,	Water and Sewer Revenue Bonds		Water and Sewer Trinity River Auth.		Water and Sewer ESPC Phase V		Stormwater Utility Revenue Bonds		Total Major Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 61,150	$ 34,167	$ 745	$ 34	$ 1,656	$ 84	$ 4,935	$ 3,862	$ 68,486	$ 38,147
2022	60,510	31,118	775	12	1,695	45	5,155	3,624	68,135	34,799
2023	59,930	28,663	-	-	861	8	5,375	3,404	66,166	32,075
2024	60,290	26,175	-	-	-	-	5,605	3,201	65,895	29,376
2025	61,250	23,618	-	-	-	-	5,855	2,983	67,105	26,601
2026-2030	239,370	86,131	-	-	-	-	33,180	11,115	272,550	97,246
2031-2035	159,670	48,498	-	-	-	-	37,685	4,363	197,355	52,861
2036-2040	90,480	30,577	-	-	-	-	4,970	99	95,450	30,676
2041-2045	87,795	17,272	-	-	-	-	-	-	87,795	17,272
2046-2050	62,610	3,590	-	-	-	-	-	-	62,610	3,590
	$ 943,055	$ 329,809	$ 1,520	$ 46	$ 4,212	$ 137	$ 102,760	$ 32,651	$ 1,051,547	$ 362,643

The annual requirements to amortize all Nonmajor Fund Business-Type Activities bonded and contractual debt outstanding as of September 30, 2020, 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
2021	$ 1,675	$ 1,302	$ 440	$ 45	$ 2,115	$ 1,347
2022	1,760	1,216	435	34	2,195	1,250
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	410	5	2,460	935
2026-2030	11,875	3,017	-	-	11,875	3,017
2031-2035	8,405	513	-	-	8,405	513
	$ 29,565	$ 9,133	$ 2,135	$ 122	$ 31,700	$ 9,255

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.6. ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2020, the liabilities for a rebate of arbitrage was $3,443 for governmental activities. This amount is included in the "Long-Term Liabilities Due in More Than One Year" on the Statement of Net Position.

G.7. LEASES

The City is also committed under capital leases for the acquisitions of one municipal building and heavy equipment. These capital leases are recorded on the government-wide statements as well as their related amortizations are included in depreciation expense. The leased building and heavy equipment had an original cost totaling $1,351,000 and $575,000, respectively.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2020:

Capital Lease Obligation, October 1, 2019	$	476
New Capital Leases		1,351
Less: Principal Payments		(354)
Capital Lease Obligation, September 30, 2020	$	1,473

Future minimum lease payments for the leases are as follows:

Year Ending September 30,		Lease Payments
2021	$	414
2022		376
2023		307
2024		317
2025		215
Less: Amount Representing Interest		(156)
Present Value of Minimum Leased Payments	$	1,473

The following schedule provides an analysis of the City's investment in capital assets under the lease arrangement as of September 30, 2020:

Building	$	1,351
Equipment		575
Less: Accumulated Depreciation		(473)
Total Net Book Value of Leased Assets	$	1,453

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.7. LEASES (CONTINUED)

The City entered into operating lease agreements for the utilization of computers and related equipment, office space, vehicles, and golf carts. The lease terms range from 12 to 96 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2020:

Year Ending September 30,		
2021	$	3,093
2022		2,766
2023		1,068
2024		835
2025		387
2026 - 2028		602
Total Future Minimum Rental Payments Required	$	8,751

The total rental expense for the year ended September 30, 2020, was $5,559,000.

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.

At September 30, 2020, the following outstanding bonds are considered defeased.

General Obligation Bonds and Certificates of Obligation	$	20,230

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 2019, interest expense was $134,330. As of December 31, 2019, the unpaid principal balance was $1,843,973, 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 2019, interest expense was $9,000. As of December 31, 2019, the outstanding principal balance was $900,000, and there was an accrued interest of $74,426.

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 $11,497,089 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2020. This represents the cumulative amount reported to date based on the use of 48.7 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $12,118,532 as the remaining estimated capacity is filled. The City expects to close the landfill in 22 years from the end of the current fiscal year, or the year 2042. The total closure and postclosure cost is an estimate and is subject to changes resulting from inflation, deflation, technology changes, or changes in applicable laws and regulations.

Furthermore, at September 30, 2020, the City reported cash and cash equivalents of $3,266,800 as restricted assets for closure and postclosure care and has $8,230,288 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 will maintain and monitor the landfill during the postclosure care period.

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 multiple employer agent plan is comprised of two separate defined benefit 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).

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Plan Description (continued)

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.

As of January 1, 2020, 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:

	January 1, 2020
Inactive employees or beneficiaries currently receiving benefits	4,583
Inactive employees entitled to, but not yet receiving benefits	1,035
Total Inactive Members	5,618
Active members	6,589
Total	12,207

Actuarial valuations are completed on a calendar year basis, and census data were not collected as of September 30, 2019 (measurement date). It is assumed that the population remains constant between December 31 and September 30.

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 12.53%, 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.

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Below is a composite of the increase to member contribution rates:

	Previous Rate	January 2020	January 2021
General*	9.35%	9.35%	9.35%
Police	10.53%	12.53%	13.13%
Fire	10.05%	12.05%	12.05%

** General employees also contribute an additional 0.7% of pay for a period equal to their individual blue service (July 2019).*

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.

Plan Year: **Fiscal Year:** **Plan Status:**	*January 1 through December 31* *October 1 through September 30* *Ongoing*
Categories of Employees:	
Tier I	*General Employees hired prior to July 1, 2011* *Police Officers hired prior to January 1, 2013* *Firefighters hired prior to January 10, 2015*
Tier II	*General Employees hired on or after July 1, 2011* *Police Officers hired on or after January 1, 2013* *Firefighters hired on or after January 10, 2015*
Categories of Benefits/Service:	
Blue	*Earned prior to October 1, 2013 for Tier I General Employees and Police Officers* *Earned prior to January 10, 2015 for Tier I Firefighters*
Orange	*Earned on or after October 1, 2013 for Tier I General Employees and Police Officers* *Earned on or after January 10, 2015 for Tier I Firefighters*
Gray	*Earned on or after July 20, 2019 for Tier I and II General Employees, Police Officers, and Firefighters*
Normal Retirement:	
Age and Service Requirements	*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.* *Police Officers are also eligible at any age with 25 years of Credited Service.*
Amount	*3.00% of Final Average Compensation multiplied by years of Blue Credited Service plus* *2.50% of Final Average Compensation multiplied by years of Orange Credited Service* *2.50% of Final Average Compensation multiplied by years of Gray Credited Service*
Final Average Compensation	Blue: *Average of member's highest three calendar years' earnings, including overtime* Orange: *Average of member's highest five calendar years' earnings, excluding overtime except for "built-in" overtime for Firefighters on 56-hour schedules* Gray: *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*

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Early Retirement:	
Age and Service Requirements	*Age 50 (Age 55 for Tier II General Employees) and five years of Credited Service*
Amount	*2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of Final Average Compensation multiplied by years of Orange Credited Service 2.25% of Final Average Compensation multiplied by years of Gray Credited Service*
Reduction	*5/12% for each month the commencement date precedes the member's projected Normal Retirement date*
Disability (in the line of duty):	
Age and Service Requirements	*None*
Amount	Tier I: *2.75% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date* Tier II: *2.25% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date*
Minimum	*$250 per month*
Disability (not in the line of duty):	
Age and Service Requirements	*Five years of credited service*
Amount	*2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of Final Average Compensation multiplied by years of Orange Credited Service 2.25% of Final Average Compensation multiplied by years of Gray Credited Service*
Minimum	*None*
Vesting:	
Age Requirement	*None*
Service Requirement	*Five years of Credited Service*
Amount	*Normal pension accrued, based on Credited Service at termination*
Normal Retirement Age	*Age 65, or age plus years of Credited Service projected to Normal Retirement date equal to 80 points*
Termination Benefits:	
Age and Service Requirements	*None*
Amount	*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.*

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Spouse's Pre-Retirement Death Benefit (death in the line of duty):	
Age and Service Requirements	*None*
Amount	Tier I: *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.* Tier II: *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.*
Minimum	*$250 per month*
Child Benefits	*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)*
Spouse's Pre-Retirement Death Benefit (death not in the line of duty):	
Age and Service Requirements	*Five years of Credited Service*
Amount	Tier I: *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* Tier II: *75% of the accrued benefit at death, calculated as 2.25% of the Final Average Compensation Base multiplied by years of Credited Service*
Minimum	*$150 per month*
Child Benefits	*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)*
Post-Retirement Death Benefit:	*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.*
Contributions:	
Member contributions	See table below.*
City 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 12.53%, respectively, of retirement-eligible wages.*

Member contributions:

	Prior January 2020	*January 2020*	*January 2021*
*General**	*9.35%*	*9.35%*	*9.35%*
Police	*10.53%*	*12.53%*	*13.13%*
Fire	*10.05%*	*12.05%*	*12.05%*

** General employees also contribute an additional 0.7% of pay for a period equal to their individual blue service (July 2019).*

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Overtime Contribution Account:	*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.*
Cost-of-Living Adjustments (COLA): *Ad-Hoc COLA Program*	*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.* *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:* **Tier / Funding Period / COLA Percentage Increase** #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% *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.*
2% Guarantee	*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.*
None	*Tier II participants are not eligible for a COLA.*

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Deferred Retirement Option Program (DROP):	
Eligibility	*Participants eligible for Normal Retirement may elect to enroll in DROP.*
DROP Enrollment	*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.*
Amount	*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.*
Contributions	*Member and employer contributions continue during the DROP period but are not credited to the member's DROP account.*
Changes in Plan Provisions:	*There have been no changes in plan provisions since the last valuation.*

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.

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

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:

Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2019	$ 136,168	$ 113,110	$ 23,058	$ 481,898	23.47%
2020	$ 160,159	$ 124,744	$ 35,415	$ 524,728	23.77%

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2019, actuarial valuation:

Valuation date	*January 1, 2019*
Actuarial cost method	*Entry Age Normal*
Amortization method	*Level Percentage of Payroll, Open*
Remaining amortization period	*30 years as of January 1, 2019*
Asset valuation method	*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.*
Actuarial assumptions:	
Investment rate of return	*7.00% , including inflation, net of all expenses*
Inflation rate	*2.55%*
Projected salary increases	*3.25% - 28.25%*
Cost-of-living adjustments	*0.00% - 2.00%**
Payroll growth rate	*3.00% per annum, used to amortize unfunded actuarial accrued liabilities*
Retirement rates	*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.*
Mortality	*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.*

**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.*

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Global Equity	40%	5.58%
Fixed income	19%	1.68%
Real return	3%	4.41%
Real estate	12%	4.62%
Absolute return	15%	3.09%
Private equity	10%	7.00%
Cash	1%	0.50%
Total	100%	

**The expected real rate of return is net of inflation.*

Discount Rate

The blended discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed City and plan member contributions will be made at the current contribution rates: 24.24% from the City for General employees and Firefighters, and 24.96% from the City to the members for Police Officers. The City is assumed to continue to contribute to Tier I employees on total pay, including overtime. City contributions for Tier II employees are on base pay, which excludes overtime other than built-in overtime for Firefighters. All members are assumed to contribute as a percentage of base pay. Based on these assumptions, the Retirement Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. The long-term expected rate of return on Retirement Fund investments was therefore applied to projected benefit payments through the period that benefits are projected to be paid.

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

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.

Pension Expense for the year ended September 30, 2020, was as follows:

Service cost	$	111,951
Interest on total pension liability (TPL)		290,021
Employee contributions		(40,635)
Administrative expenses		5,707
Current-Period Benefit Changes		(1,543,332)
Expected return on assets		(159,931)
Expensed portion of current year period differences between expected and actual experience in TPL		(3,133)
Expensed portion of current year period assumption changes		90,914
Expensed portion of current year period differences between projected and actual investment earnings		18,440
Current year recognition of deferred inflows and outflows established in prior years		195,021
Total pension expense	$	(1,034,977)

For the year ended September 30, 2020, 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
Deferred Outflows of Resources						
Pension contributions made after the measurement date	$	107,915	$	16,543	$	124,458
Differences between expected and actual experience		118,488		17,741		136,229
Net difference between projected and actual earnings on pension plan investments		45,059		7,128		52,187
Changes in assumptions		733,597		113,362		846,959
Total Deferred Outflows of Resources	$	1,005,059	$	154,774	$	1,159,833
Deferred Inflows of Resources						
Differences between expected and actual experience	$	14,852	$	2,305	$	17,157
Changes in assumptions		238,171		35,674		273,845
Total Deferred Inflows of Resources	$	253,023	$	37,979	$	291,002
Net Pension Liability	$	1,959,291	$	299,767	$	2,259,058

(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

$124,458,000 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, 2021. For the year ended September 30, 2020, the City reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2021	$	281,521
2022		223,808
2023		71,019
2024		89,023
2025		79,002
Total	$	744,373

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2019	$ 5,422,613	$ 2,324,335	$ 3,098,278
Changes for the year:			
Service cost	111,951	-	111,951
Interest	290,021	-	290,021
Differences between expected and actual experience	(18,487)	-	(18,487)
Changes of assumptions	536,394	-	536,394
Change of benefit terms	(1,543,332)	-	(1,543,332)
Contributions - employer	-	113,110	(113,110)
Contributions - employee	-	40,635	(40,635)
Net investment income	-	67,729	(67,729)
Benefit payments, including refunds of employee contributions	(227,239)	(227,239)	-
Administrative expenses	-	(5,707)	5,707
Net changes	(850,692)	(11,472)	(839,220)
Balances at September 30, 2020	$ 4,571,921	$ 2,312,863	$ 2,259,058

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 2,833,951	$ 2,259,058	$ 1,783,481

Note: The balances as of September 30, 2019, constitute measurements of the Net Pension Liability for the fiscal year ended September 30, 2020.

(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 other postemployment benefit plans: Retiree Healthcare Trust Fund 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 it does not issue separate audited GAAP basis financial statements:

Retiree Healthcare Trust Fund	
Condensed Schedule of Fiduciary Net Position	
Assets	
Current Assets	$ 91,258
Liabilities	
Current Liabilities	249
Net Position	
Postemployment Healthcare Plan	91,009
Total Net Position	$ 91,009
Condensed Schedule of Revenues, Expenses, and Changes in Fiduciary Net Position	
Additions	$ 28,967
Deductions	22,686
Change in Net Position	6,281
Net Position, Beginning of Year	84,728
Net Position, End of Year	$ 91,009

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

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 for one month after termination. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985. In accordance with GAAP, the City will perform actuarial studies each year. The actuarial information presented in Note J and the required supplementary information represent the September 30, 2019 valuation.

As of September 30, 2019 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, 2019	
	Medical	Death Benefit
Inactive employees or beneficiaries currently receiving benefits	3,193	3,193
Active members	3,023	6,499
Total	6,216	9,692

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 FY2020, 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 FY2020, the cost of health care benefits for retirees, dependents, and surviving spouses was $21,014,000 and the death benefit payments totaled $527,000.

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions (both trusts) used for the September 30, 2019, actuarial valuation:

Actuarial Valuation Date	*September 30, 2019*
Actuarial Cost Method	*Entry Age Normal*
Amortization Period	*Level Percent of Payroll, Open*
Remaining Amortization Period	*30 years as of September 30, 2019*
Asset Valuation Method	*Market Value*
Actuarial Assumptions:	
Investment rate of return	*7.00%, including inflation, net of all expenses*
Healthcare cost trend rate	*4.50 - 8.00%*
Inflation rate	*2.75%*
Payroll growth rate	*3.00%*
Retirement rates	*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.*
Mortality	*Mortality rates were based on the RP-2014 Dynamic Table using the MP-2014 projection scale.*

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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Equity	30%	8.73%
Fixed income	65%	2.53%
Cash and Cash Equivalents	5%	(0.24)%
Total	100%	

**The expected real rate of return is net of inflation.*

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

Discount Rate

The blended discount rate used to measure the total OPEB liability is 2.78%. 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 2.5 years. The long-term expected rate of return on Retiree Healthcare Trust Fund's investments was applied to the first 2.5 years of projected benefit payments and a 2.75% municipal bond rate was applied for all periods thereafter to determine the total OPEB liability. The 2.75% 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, 2019.

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, 2020, was as follows:

Service cost	$ 26,165
Interest on total OPEB liability (TOL)	32,803
Administrative expenses	1,711
Expected return on asset	(5,869)
Expensed portion of current year period differences between expected and actual experience in TOL	(34,239)
Expensed portion of current year assumption changes	14,202
Expensed portion of current year period differences between projected and actual investment earnings	1,085
	$ 35,858

For the year ended September 30, 2020, 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
Deferred Outflows of Resources			
OPEB contributions made after the measurement date	$ 21,826	$ 3,219	$ 25,045
Net difference between projected and actual earnings on OPEB plan investments	2,550	421	2,971
Differences between expected and actual experience	5,796	939	6,735
Changes in assumptions	87,247	14,132	101,379
Total Deferred Outflows of Resources	$ 117,419	$ 18,711	$ 136,130
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 24,423	$ 4,108	$ 28,531
Changes in assumptions	12,836	2,567	15,403
Total Deferred Outflows of Resources	$ 37,259	$ 6,675	$ 43,934
Net OPEB Liability	$ 835,539	$ 135,339	$ 970,878

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

$25,045,000 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, 2021. Other amounts reported as Deferred Outflows/(Inflows) of Resources will be recognized in OPEB expense as follows:

Year ended September 30:		
2021	$	11,449
2022		53,818
2023		1,144
2024		740
Total	$	67,151

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning balances at September 30, 2018	$ 866,980	$ 75,725	$ 791,255
Changes for the year::			
Service cost	26,165	-	26,165
Interest	32,803	-	32,803
Differences between expected and actual experience	10,083	-	10,083
Change in assumptions	151,407	-	151,407
Contributions - employer	-	33,144	(33,144)
Contributions - employee	-	3,814	(3,814)
Net investment income	-	5,588	(5,588)
Benefit payments	(30,222)	(30,222)	-
Administrative expense	-	(1,711)	1,711
Net Changes	190,236	10,613	179,623
Balances at September 30, 2019	$ 1,057,216	$ 86,338	$ 970,878
Money-weighted rate of return			7.38%
Plan Fiduciary Net Position as a % of the Total OPEB Liability			8.17%

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

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 2.78%, 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 (1.78%) or one-percentage-point higher (3.78%) than the current discount rate:

1 % Decrease (1.78%)	Current Discount Rate (2.78%)	1 % Increase (3.78%)
$ 1,091,129	$ 970,878	$ 796,417

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:

1 % Decrease (7% to 3.5%)	Healthcare Cost Trend Rate (8% to 4.5%)	1% Increase (9% to 5.5%)
$ 804,396	$ 970,878	$ 1,076,040

Note: The balances as of September 30, 2019, constitute measurements of the Net OPEB Liability for the fiscal year ended September 30, 2020.

Deferred Compensation Plan

The City offers its employees a Deferred Compensation Plan (DCP) created in accordance with Internal Revenue Code Section 457. 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 a fixed interest of prime rate 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 FY2020 payments to the District under the agreement were $70,996,218. 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, 2020, the City has recorded pollution remediation liabilities in the amounts of $5,115,000 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 $382,188,000 as of September 30, 2020.

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 $5,903,000 as of September 30, 2020.

On May 19, 2020, the City entered into an agreement, City Secretary Contract Number 54201 to turn over management of the Fort Worth Botanic Garden (the Garden) to Botanical Research Institute of Texas, Inc. (BRIT) for a 20-year term effective May 1, 2020 and to be fully implemented by October 1, 2020 or 90 days after COVID restrictions are lifted and the Garden reopens with general admission fees. Some of the major terms of the new agreement include: a) the City's payment of$3.35 million in fiscal year 2021 for annual management fees and the fee for each subsequent fiscal year is subject to adjustment for inflation; b) the City's payment for supplemental management fee in the amount not to exceed $1.36 million which was offset by corresponding reductions in the City's payroll costs as appropriated in the FY2020 approved budget for City positions previously performing transferred responsibilities; c) the City's commitment to provide up to$17 million in debt funded capital improvements and repairs over 12 years beginning May 1, 2020 for deferred facility maintenance and an enhanced visitor experience; and d) City's transfer of vehicles, furniture, fixtures and equipment to BRIT to ensure continued operation of the Botanic Garden as a public garden.

(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:

	Municipal Parking Fund	Solid Waste Fund
Condensed Statement of Net Position		
Assets		
Current Assets	$ 1,917	$ 23,046
Other Assets	1,750	20,847
Capital Assets	50,622	19,190
Deferred Outflows of Resources	3,563	15,150
Total Assets and Deferred Outflows of Resources	57,852	78,233
Liabilities		
Current Liabilities	2,766	8,282
Noncurrent Liabilities	33,590	48,345
Deferred Inflows of Resources	330	5,300
Total Liabilities and Deferred Inflows of Resources	36,686	61,927
Net Position (Deficit)		
Net Investment in Capital Assets	19,779	16,710
Restricted	868	1,074
Unrestricted (Deficit)	519	(1,478)
Total Net Position	$ 21,166	$ 16,306
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues	$ 4,919	$ 67,321
Operating Expenses	1,446	50,326
Depreciation Expenses	1,998	544
Operating Income	1,475	16,451
Nonoperating Revenues (Expenses):		
Investment Income (Loss)	171	1,233
Gain (Loss) on Sale of Property and Equipment	-	1
Interest and Service Charges	(962)	(54)
Transfers Out	(112)	(6,226)
Transfers In	-	21
Change in Net Position	572	11,426
Beginning Net Position	20,594	4,880
Ending Net Position	$ 21,166	$ 16,306
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	$ 1,408	$ 2,384
Noncapital Financing Activities	(112)	(3,842)
Capital and Related Financing Activities	(3,806)	(3,189)
Investing Activities	180	1,261
Net Increase (Decrease)	(2,330)	(3,386)
Beginning Cash and Cash Equivalents	5,936	37,478
Ending Cash and Cash Equivalents	$ 3,606	$ 34,092

NOTE M: FORT WORTH MULTI-PURPOSE ARENA

The new Fort Worth Multi-Purpose Arena (Dickies Arena) near the City's Will Rogers complex is a state-of-the-art venue for concerts, sports, family entertainment and the Stock Show Rodeo. The Dickies Arena is the result of a pioneering partnership between the City of Fort Worth and the private sector, led by Event Facilities Fort Worth, a non-profit 501(c)(3). The Dickies Arena was completed in November 2019 and was donated to the City in April 2020. The total cost to construct the Dickies Arena was $544,420,000, of which the City contributed $225,000,000.

NOTE N: UNCERTAINTIES (COVID-19 IMPACT)

During March 2020, COVID-19 impacted the United States, which resulted in temporary closure of businesses, disruption of financial markets and an adverse impact to the overall United States economy. In response to COVID-19, the City continues to closely monitor its costs and revenue sources that could be adversely impacted while taking advantage of any federal and state grant opportunities available. The full extent of the operational and financial impact the COVID-19 pandemic may have on the City depends on the duration and spread of the outbreak and related advisories and restrictions that may result, all of which are highly uncertain and cannot be predicted at this time.

NOTE O: SUBSEQUENT EVENTS

The City has made modifications to the general employees and police officers leave policy beginning FY2021. For general employees, the City offers six weeks of new parental leave which is available using major medical leave starting October 1, 2020 and as a separate leave effective January 1, 2021. Additional modifications are for: a) compensatory time-exempt employees will continue to earn up to 120 hours annually and no longer have the ability to use and earn back more than 120 hours annually effective 2021, and the maximum carryover of 40 hours from one year to the next after 2021; b) major medical leave–employees will no longer accrue at the beginning of 2021 while accumulated hours earned before July 20, 2019 will remain untouched and hours earned since July 2019 will be moved to the sick leave; c) sick leave – all employees will receive 10 days annually, fixed for all years of service, and hours earned through the end of 2020 will be payable upon termination while hours earned starting in 2021 will not be payable upon termination; and d) holidays – employees will have one additional floating holiday. For police officers, the City entered into an agreement with the Fort Worth Police Officers on June 2, 2020 increasing the maximum sick leave payouts from 720 hours to 1000 hours for officers who have a minimum of 5 years of service and separate in good standing effective October 1, 2020.

On November 17, 2020, the City issued Drainage Utility System Revenue Refunding & Improvement Bonds, Series 2020 in the amount of $103,210,000. Bond proceeds of $53,365,000 will be used for various drainage and erosion projects throughout the City and $49,845,000 to refund existing Drainage Utility Revenue System Revenue Bonds, Series 2011.

On December 15, 2020, the City authorized the execution of an acquisition agreement to purchase approximately 11.9 acres of land and improvements, being Lot 1R, Block 1 of the Pier 1 Addition, located at 100 Energy Way, Fort Worth, Texas (the Pier 1 Building), in the amount of $69,500,000.00 with estimated closing costs in the amount of $550,000.00.

On January 21, 2021, the City issued Tax Notes, Series 2021A and Tax Notes, Taxable Series 2021B for the amount of $74,000,000 and $26,000,000, respectively, to purchase, construct, and renovate the Pier 1 Building, which the City intends to designate as the New City Hall facility.

NOTE P: NEW ACCOUNTING STANDARDS

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify the fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefits) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement is effective for the City's financial periods beginning October 1, 2020.

In June 2017, GASB issued 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. This Statement is effective for the City's financial periods beginning October 1, 2021.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)*. This Statement provides guidance for reporting a component unit if a government acquires a 100 percent equity interest of another legally separate entity. The objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and improve the relevance of financial statement information for certain component units. This Statement is effective for the City's financial periods beginning October 1, 2020.

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 October 1, 2022.

NOTE P: NEW ACCOUNTING STANDARDS (CONTINUED)

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 guidance
- 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
- Nonrecurring fair value measurements
- Terminology used to refer to derivative instruments

This Statement is effective for the City's financial periods beginning October 1, 2021.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates* (IBOR) to provide guidance to governments that have entered into agreements in which an IBOR is a benchmark for variable payments made or received from either derivative counterparties or parties associated with lease agreements. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR (as the most common IBOR, the London Interbank Offered Rate (LIBOR), is scheduled to be discontinued at the end of 2021). This Statement is effective for the City's financial periods beginning October 1, 2021.

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 87, as amended (as clarified by this Statement). This Statement is effective for the City's financial periods beginning October 1, 2022.

(000's omitted in tables)

NOTE P: NEW ACCOUNTING STANDARDS (CONTINUED)

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.

The effective dates of certain provisions contained in the following pronouncements that have not yet been implemented by the City are postponed as follows:

Statement No.	Title	Effective for the City's Financial Periods Beginning	
		Original	Amended
84	**Fiduciary Activities**	October 1, 2019	October 1, 2020
87	**Leases**	October 1, 2020	October 1, 2021
90	**Majority Equity Interests**	October 1, 2019	October 1, 2020
91	**Conduit Debt Obligations**	October 1, 2021	October 1, 2022
92	**Omnibus 2020**	October 1, 2020	October 1, 2021
93	**Replacement of Interbank Offered Rates**	October 1, 2020	October 1, 2021

In May 2020, GASB issued statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines SBITAs, (2) requires governments with SBITAs to recognize a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This Statement is effective for the City's financial periods beginning October 1, 2022.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32)*. The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with reporting on certain employee benefit plans; and (3) improve the reporting of Section 457 deferred compensation plans that meet the definition of a pension plan, and for benefits provided through those plans. Objectives (1) and (2) of this Statement are effective immediately. Objective (3) of this Statement is effective for the City's financial periods beginning October 1, 2021.

The City has not finalized its determination of the effect that the implementation of these new accounting standards will have on the City’s financial statements or disclosures, as of the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(in 000's)
(Unaudited)

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	$ 436,544	$ 436,544	$ 432,650	$ (3,894)
Sales Taxes	172,770	172,770	166,289	(6,481)
Other Local Taxes	53,887	53,887	52,626	(1,261)
Charges for Services	42,096	42,098	37,936	(4,162)
Licenses and Permits	16,697	16,697	17,902	1,205
Fines and Forfeitures	5,550	5,550	4,414	(1,136)
Revenue from Use of Money and Property	665	665	416	(249)
Intergovernmental	373	1,255	1,797	542
Other	3,194	3,194	3,567	373
Total Revenues	731,776	732,660	717,597	(15,063)
Other Financing Sources:				
Transfers In	40,162	40,162	39,000	(1,162)
Total Revenues and Other Financing Sources	771,938	772,822	756,597	(16,225)
Expenditures:				
Departmental:				
City Attorney's Office	7,562	7,669	7,507	162
City Auditor's Office	2,139	2,139	1,937	202
City Manager's Office	9,375	11,241	10,256	985
City Secretary's Office	1,747	1,747	1,653	94
Code Compliance	23,351	23,351	20,526	2,825
Communication and Public Engagement	4,294	4,294	3,877	417
Development Services	18,179	18,179	17,435	744
Diversity and Inclusion	942	1,242	1,047	195
Economic Development	26,967	31,347	30,393	954
Financial Management Services	12,267	12,267	11,596	671
Fire	160,244	162,676	156,515	6,161
Human Resources	4,576	4,614	4,614	-
Information Technology Solutions	17,939	18,603	18,096	507
Library	23,452	23,864	19,871	3,993
Municipal Court	15,519	15,412	14,178	1,234
Neighborhood Services	10,580	10,580	9,903	677
Non-Departmental	11,488	6,154	1,145	5,009
Park and Recreation	53,195	53,195	51,750	1,445
Planning and Data Analytics	6,870	6,870	6,130	740
Police	267,160	267,377	262,451	4,926
Property Management	24,261	24,261	21,033	3,228
Transportation and Public Works	69,831	69,831	67,561	2,270
Total Expenditures	771,938	776,913	739,474	37,439
Contribution to / (Use of) Fund Balance	$ -	$ (4,091)	$ 17,123	$ 21,214

(Continued)

See accompanying notes to the required supplementary information.

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(in 000's)
(Unaudited)

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Explanation of Differences Between Budgetary Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance				
Contribution to / (Use of) Fund Balance (Budgetary Basis)			$ 17,123	
Differences - Budgetary to GAAP:				
Current year non-budgeted transfers treated as revenues for financial reporting purposes but not as budgetary inflows.			2,467	
Current year non-budgeted transfers treated as expenditures for financial reporting purposes but not as budgetary outflows.			(1,886)	
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			2,386	
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes (due to perspective difference) but not as budgetary outflows.			10,274	
Net Change in Fund Balance (GAAP Basis)			$ 30,364	

(Concluded)

See accompanying notes to the required supplementary information.

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 *5-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, Lancaster Corridor LLC, and Alliance Airport Authority. 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.

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 $4,975,000 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 CONTRIBUTIONS TO THE RETIREMENT FUND – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020
(in 000's)

Year Ended September 30,	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2011	(Historical information prior to implementation of GASB 67/68 is not required)				
2012					
2013					
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%

**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 NET PENSION LIABILITY – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020
(in 000's)

	2019	2018	2017	2016	2015	2014	2013*
Total Pension Liability							
Service Cost	$ 111,951	$ 113,947	$ 123,793	$ 98,173	$ 85,593	$ 92,189	
Interest	290,021	274,955	251,646	252,240	246,293	234,701	
Change of Benefit Terms	(1,543,332)	-	-	-	(1,828)	110,188	
Differences Between Expected and Actual Experience	(18,487)	62,114	186,854	4,178	(10,817)	(106,951)	
Change of Assumptions	536,394	(165,301)	(327,288)	1,022,193	364,494	-	
Benefit Payments, Including Refunds of Employee Contributions	(227,239)	(217,802)	(198,612)	(185,820)	(167,066)	(161,159)	
Net Change in Total Pension Liability	(850,692)	67,913	36,393	1,190,964	516,669	168,968	
Total Pension Liability - Beginning	5,422,613	5,354,700	5,318,307	4,127,343	3,610,674	3,441,706	
Total Pension Liability - Ending (a)	$ 4,571,921	$ 5,422,613	$ 5,354,700	$ 5,318,307	$ 4,127,343	$ 3,610,674	
Plan Fiduciary Net Pension							
Contributions - Employer	$ 113,110	$ 93,504	$ 89,408	$ 84,747	$ 80,820	$ 78,165	
Contributions - Employee	40,635	37,618	35,963	33,977	32,542	31,929	
Net Investment Income	67,729	145,408	250,913	166,306	(20,635)	159,994	
Benefit Payments, Including Refunds of Employee Contributions	(227,239)	(217,802)	(198,612)	(185,820)	(167,066)	(161,159)	
Administrative Expense	(5,707)	(4,915)	(4,867)	(4,522)	(3,823)	(3,739)	
Other	-	-	-	(241)	(143)	(130)	
Net Change in Plan Fiduciary Net Position	(11,472)	53,813	172,805	94,447	(78,305)	105,060	
Plan Fiduciary Net Position - Beginning	2,324,335	2,270,522	2,097,717	2,003,270	2,081,575	1,976,515	
Plan Fiduciary Net Position - Ending (b)	$ 2,312,863	$ 2,324,335	$ 2,270,522	$ 2,097,717	$ 2,003,270	$ 2,081,575	
Net Pension Liability - Ending (a) - (b)	$ 2,259,058	$ 3,098,278	$ 3,084,178	$ 3,220,590	$ 2,124,073	$ 1,529,099	
Plan Fiduciary Net Position as a % of the Total Pension Liability	50.59%	42.86%	42.40%	39.44%	48.54%	57.65%	
Covered Payroll	$ 481,898	$ 468,803	$ 448,313	$ 422,977	$ 403,772	$ 390,128	
Net Pension Liability as a % of Covered Payroll	468.78%	660.89%	687.95%	761.41%	526.06%	391.95%	

**Historical information prior to implementation of GASB 67/68 is not required.*

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.

Benefits changes:
FY2014 - The benefits for Municipal Employees hired before July 1, 2011, and Police Officers hired before January 1, 2013 (Groups I and III) were bifurcated effective October 1, 2013. 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. Benefits earned on or after October 1, 2013, are subject to an annual 2.00% simple COLA, rather than an ad-hoc COLA.
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 NET PENSION LIABILITY
– LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020
(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.

<u>FY2019</u> - 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.

<u>FY2020</u> - The changed as follows:

- The blended 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 CHANGES IN NET OPEB LIABILITY
-LAST TEN FISCAL YEARS
SEPTEMBER 30, 2020
(in 000's)

	2019	2018	2017	2016*	2015*
Total OPEB Liability					
Service Cost	26,165	$ 29,287	33,369		
Interest	32,803	33,005	30,961		
Differences Between Expected and Actual Experience	10,083	(84,468)	(28,736)		
Change of Assumptions	151,407	(44,046)	(64,270)		
Benefit Payments, Including Refunds of Employee Contributions	(30,222)	(18,956)	(27,064)		
Net Change in Total OPEB Liability	190,236	(85,178)	(55,740)		
Total OPEB Liability - Beginning	866,980	952,158	1,007,898		
Total OPEB Liability - Ending (a)	$ 1,057,216	$ 866,980	$ 952,158		
OPEB Plan Fiduciary Net Position					
Contributions - Employer	$ 33,144	$ 25,297	$ 26,641		
Contributions - Employee	3,814	-			
Net Investment Income	5,588	1,908	3,488		
Benefit Payments, Including Refunds of Employee Contributions	(30,222)	(18,956)	(27,064)		
Administrative Expense	(1,711)	(1,352)	(1,351)		
Net Change in Plan Fiduciary Net Position	10,613	6,897	1,714		
OPEB Plan Fiduciary Net Position - Beginning	75,725	68,828	67,114		
OPEB Plan Fiduciary Net Position - Ending (b)	$ 86,338	$ 75,725	$ 68,828		
Net OPEB Liability - Ending (a) - (b)	$ 970,878	$ 791,255	$ 883,330		
Plan Fiduciary Net Position as a % of the Total OPEB Liability	8.17 %	8.73 %	7.23 %		
Covered Employee Payroll **	276,075	$ 294,960	$ 302,434		
Net OPEB Liability as a % of Covered Employee Payroll	351.67 %	268.26 %	292.07 %		

* *Historical infomation prior to implementation of GASB 74/75 is not required.*
** *Payroll of employees that are provided with OPEB through the OPEB plan.*

Notes to Schedule:

Changes of assumptions each year include the change in the blended discount rate. The blended discount rates for measurement date September 30, 2017, 2018, and 2019 were 3.53%, 3.86%, and 2.75% 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.

APPENDIX C

FORM OF CO-BOND COUNSEL'S OPINIONS

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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 Bonds, assuming no material changes in facts or law.

CITY OF FORT WORTH, TEXAS
GENERAL PURPOSE REFUNDING
AND IMPROVEMENT BONDS, SERIES 2021

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 legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $152,105,000. 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 applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings 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); however, we express no opinion with respect to any statement of insurance printed on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Bonds constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Bonds, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that 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 upon a failure by the City 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. 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 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 current outstanding indebtedness of and assessed valuation of taxable property within the City. 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. 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 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.

Respectfully,

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 Bonds, assuming no material changes in facts or law.

CITY OF FORT WORTH, TEXAS
GENERAL PURPOSE REFUNDING
BONDS, TAXABLE SERIES 2021

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 legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $26,175,000. 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 applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings 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); however, we express no opinion with respect to any statement of insurance printed on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Bonds constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Bonds, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

THE BONDS ARE NOT OBLIGATIONS DESCRIBED IN SECTION 103(a) OF THE INTERNAL REVENUE CODE OF 1986.

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. 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. In addition, we have relied upon the report of Public Finance Partners LLC with respect to certain arithmetical and mathematical computations relating to the Bonds and the obligations refunded with the proceeds of the Bonds.

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 current outstanding indebtedness of and assessed valuation of taxable property within the City. 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,

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 Bonds, assuming no material changes in facts or law.

CITY OF FORT WORTH, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2021

AS CO-BOND COUNSEL for the City of Fort Worth, Texas (the "City"), the issuer of the certificates of obligation described above (the "Certificates"), we have examined into the legality and validity of the Certificates, which Certificates are issued in the aggregate principal amount of \$16,100,000. The Certificates bear interest from the date and mature on the dates specified on the face of the Certificates and are subject to redemption prior to maturity on the dates and in the manner specified in the Certificates, all in accordance with the ordinance of the City authorizing the issuance of the Certificates (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Certificates, including one of the executed Certificates (Certificate No. T-1); however, we express no opinion with respect to any statement of insurance printed on the Certificates.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Certificates constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Certificates, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City, and that the principal of and interest on the Certificates are additionally secured by and payable from the surplus revenues received by the City from the operation of the City's water and sewer system; provided, that the amount of such pledge of surplus revenues shall not exceed \$1,000.00. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates 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 Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates 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 Certificates 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 upon a failure by the City to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

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 Certificates. 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 Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates 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 Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates 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 Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates 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. 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 the Service will commence an audit of the Certificates. 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 Certificates as includable in gross income for federal income tax purposes.

Respectfully,

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 Bonds, assuming no material changes in facts or law.

CITY OF FORT WORTH, TEXAS
TAX NOTES, SERIES 2021C

AS CO-BOND COUNSEL for the City of Fort Worth, Texas (the "City"), the issuer of the notes described above (the "Notes"), we have examined into the legality and validity of the Notes, which Notes are issued in the aggregate principal amount of $14,620,000. The Notes bear interest from the date and mature on the dates specified on the face of the Notes, all in accordance with the ordinance of the City authorizing the issuance of the Notes (the "Ordinance"). The Notes are not subject to redemption prior to their scheduled maturities. Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Notes, including one of the executed Notes (Note No. T-1); however, we express no opinion with respect to any statement of insurance printed on the Notes.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Notes have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Notes constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Notes, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Notes 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 Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes 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"). We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

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 Notes. 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 Notes, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Notes 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 Notes under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Notes 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 Notes, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Notes and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Notes 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. 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 the Service will commence an audit of the Notes. 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 Notes as includable in gross income for federal income tax purposes.

Respectfully,

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