

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

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

The focus of the governmental fund financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. The reconciliation explains the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds' financial statements.

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

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

*Proprietary Funds* – When the City charges customers for services it provides, the activities are generally reported in proprietary funds. The City of Fort Worth maintains two different types of proprietary funds: enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, stormwater utility, municipal airports, municipal parking, and solid waste. These services are primarily provided to outside or non-governmental customers.

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

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and the Stormwater Utility Funds, which are considered to be the major proprietary funds of the City. The three nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Conversely, the four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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**(continued)**

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

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

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

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found directly following the fund financial statements and prior to the Required Supplementary Information in this report. The notes to the basic financial statements can be found on pages 36-125 of this report.

**Other Information**

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

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

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**(000's omitted in tables)**  
**(continued)**

**Government-Wide Financial Analysis**

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

The City's net investment in capital assets was \$5,362,363,000. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports net investment in capital assets, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

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

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

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

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**(continued)**

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

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

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

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

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

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

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

**Financial Analysis of the Governmental Funds**

*Governmental Funds* – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or City Manager that has been delegated authority to assign resources for use for particular purposes by the City's Council.

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

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

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

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

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**(000's omitted in tables)**  
**(continued)**

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

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

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

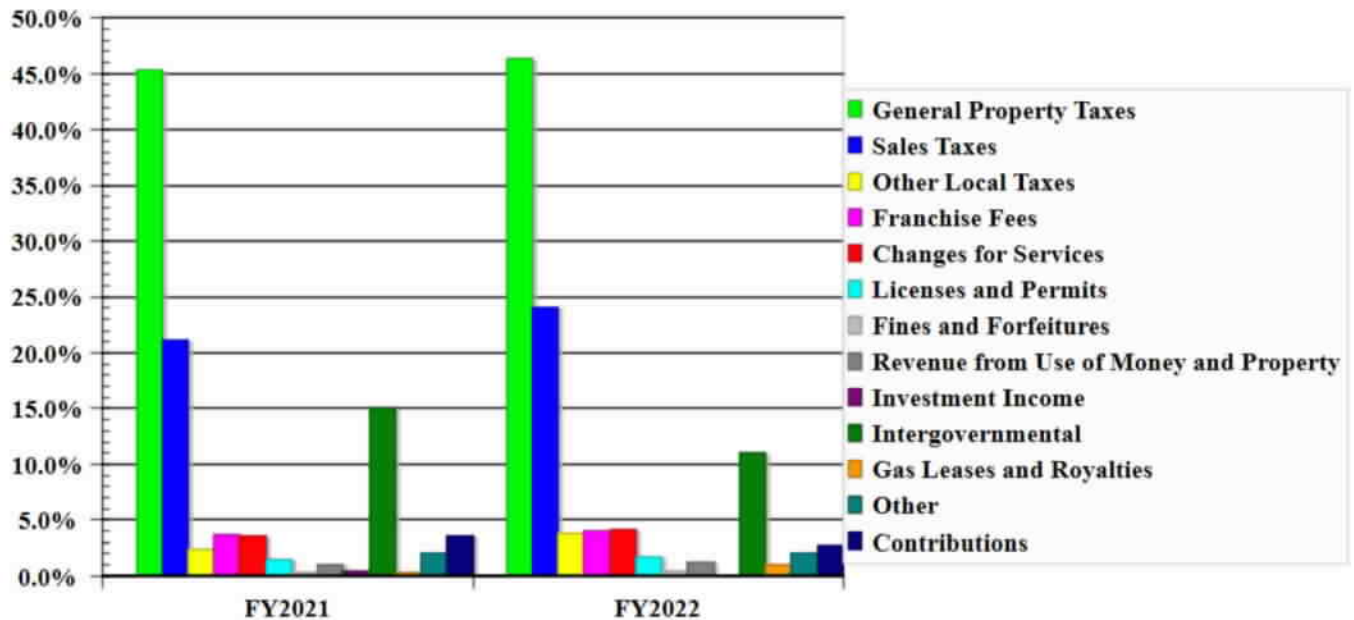
The Nonmajor Governmental Funds' fund balance of \$238,751,000 is 18.4 percent of total governmental fund balance and includes nonspendable fund balance of \$2,366,000, restricted fund balance of \$150,419,000, committed fund balance of \$11,434,000, and assigned fund balance of \$74,532,000. Nonmajor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

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

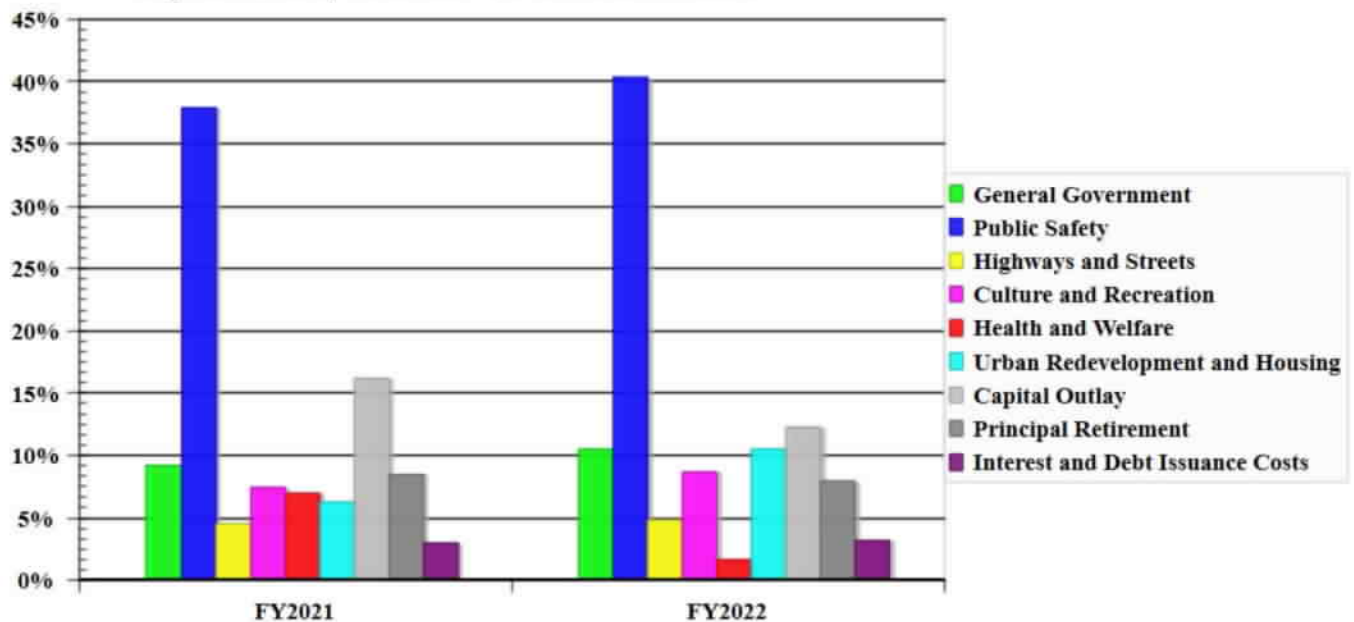
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(continued)

**Revenues and Expenditures – Governmental Funds**

**Revenues by Source – Governmental Funds**



**Expenditures by Function - Governmental Funds**



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**Financial Analysis of the Proprietary Funds**

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

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

**General Fund Budgetary Highlights**

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

Significant activities which necessitated these increases included:

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



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**Capital and Lease Assets and Debt Administration**

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

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

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

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

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

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Capital and Lease Assets and Debt Administration (continued)

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

**Long-Term Liabilities Outstanding**

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

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

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

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*Long-term Liabilities (continued)*

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

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

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

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

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

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

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

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

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

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

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

**Requests for Information**

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

# BASIC FINANCIAL STATEMENTS

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

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

See accompanying notes to the basic financial statements.

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

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

Changes in Net Position (Deficit):

General Revenues:

Taxes:

  General Property Taxes

  Other Local Taxes:

    Sales Taxes

    Hotel/Motel Taxes

    Other Taxes

Franchise Fees

Gas Leases and Royalties

Investment Income

Other

Insurance Recoveries

Transfers

  Total General Revenues and Transfers

  Changes in Net Position (Deficit)

Net Position, Beginning of Year

Net Position, End of Year

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



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

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

See accompanying notes to the basic financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net position of governmental activities \$ 658,738

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, 2022**  
**(in 000's)**

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

See accompanying notes to the basic financial statements.

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

Net change in fund balances--total governmental funds	\$	142,732
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

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

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in "unavailable" revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period; accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year.			(3,445)
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The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

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

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

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

(continued)

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

Governmental funds report pension and OPEB contributions as expenditures when made. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB, the investment experience, and changes in actuarial assumptions.

Deferred outflows of resources	\$	(302,801)	
Deferred inflows of resources		<u>(171,637)</u>	
Net adjustment		<u>(474,438)</u>	\$ (474,438)

Internal service funds are used by management to charge the costs of certain activities, such as: equipment services, capital project services, group health and life insurance, and risk financing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

(30,523)

Revenue on the Statement of Activities includes current recognition of unearned revenues related to a long-term land lease entered into by a component unit of the City. This amount is combined with an adjustment to increase sales tax revenue on the Statement of Activities for a liability on the Statement of Net Position for the State Tax Agreement.

4,638

Governmental funds report the amount of refinance debt as a current resource and do not calculate a gain or loss on the defeasance of the extinguished debt. This adjustment represents the amount of amortization for the current year of the deferred outflow of refunding loss.

(3,555)

Change in net position of governmental activities

\$ 32,852



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

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
<b>Current Assets:</b>					
Cash, Cash Equivalents, & Investments	\$ 179,714	\$ 11,946	\$ 30,946	\$ 222,606	\$ 77,503
Interest Receivable	106	5	18	129	29
Accounts and Other Receivables, Net of Allowance for Uncollectible	72,066	4,759	9,293	86,118	123
Lease Receivable	-	-	7,475	7,475	-
Inventories (at Cost)	4,405	-	-	4,405	618
Prepays, Deposits, and Other	275	-	-	275	53
<b>Restricted Assets:</b>					
Cash & Cash Equivalents	68,990	2,389	3,682	75,061	-
Total Current Assets	325,556	19,099	51,414	396,069	78,326
<b>Noncurrent Assets:</b>					
Long-Term Loans Receivable	-	-	1,143	1,143	-
<b>Restricted Assets:</b>					
Cash & Cash Equivalents	746,632	105,071	31,172	882,875	2,545
Cash, Cash Equivalents, & Investments Held by Trustees	27,928	-	54,996	82,924	3,364
Grants and Other Receivables	6,247	-	6,352	12,599	-
Interest Receivable	189	25	72	286	-
Total Restricted Assets	780,996	105,096	92,592	978,684	5,909
<b>Capital and Lease Assets (at Cost):</b>					
Land/Right of Way	36,285	18,791	165,401	220,477	1,123
Buildings	67,965	8,409	102,243	178,617	4,656
Infrastructure	3,875,904	195,228	375,916	4,447,048	1,142
Vehicles, Machinery and Equipment	368,768	13,483	9,897	392,148	3,623
Construction in Progress	487,434	15,141	26,215	528,790	-
Intangibles - Depreciable	-	-	677	677	201
Lease Assets	1,493	-	-	1,493	-
Intangibles - Non-Depreciable	-	-	1,525	1,525	-
Accumulated Depreciation/Amortization	(1,523,443)	(83,497)	(270,504)	(1,877,444)	(8,384)
Net Capital and Lease Assets	3,314,406	167,555	411,370	3,893,331	2,361
Total Noncurrent Assets	4,095,402	272,651	505,105	4,873,158	8,270
Total Assets	4,420,958	291,750	556,519	5,269,227	86,596
<b>Deferred Outflows of Resources</b>	55,891	7,083	8,694	71,668	-
<b>Total Assets and Deferred Outflows of Resources</b>	4,476,849	298,833	565,213	5,340,895	86,596

(continued)

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

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>					
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 12,755	\$ 604	\$ 5,898	\$ 19,257	\$ 4,017
Accrued Payroll	1,165	160	181	1,506	348
Current Portion of Long-Term Liabilities	65,721	5,696	2,799	74,216	20,633
<b>Payables from Restricted Assets:</b>					
Construction Payable	32,862	1,842	1,957	36,661	-
Escrow Accounts Payable	6,825	-	-	6,825	-
Customer Deposits	23,721	-	979	24,700	-
Accrued Interest Payable	4,882	547	100	5,529	-
Unearned Revenue	700	-	646	1,346	-
Total Current Liabilities	<u>148,631</u>	<u>8,849</u>	<u>12,560</u>	<u>170,040</u>	<u>24,998</u>
<b>Long-Term Liabilities:</b>					
Long-Term Liabilities Due in More Than One Year	1,370,938	167,598	72,057	1,610,593	31,023
Total Long-Term Liabilities	<u>1,370,938</u>	<u>167,598</u>	<u>72,057</u>	<u>1,610,593</u>	<u>31,023</u>
Total Liabilities	<u>1,519,569</u>	<u>176,447</u>	<u>84,617</u>	<u>1,780,633</u>	<u>56,021</u>
<b>Deferred Inflows of Resources</b>	<u>42,372</u>	<u>4,317</u>	<u>13,467</u>	<u>60,156</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,561,941</u>	<u>180,764</u>	<u>98,084</u>	<u>1,840,789</u>	<u>56,021</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,421,466	65,556	381,427	2,868,449	2,361
Restricted for:					
Debt Service	52,558	6,081	2,032	60,671	-
Capital Projects	102,504	-	-	102,504	-
Unrestricted	<u>338,380</u>	<u>46,432</u>	<u>83,670</u>	<u>468,482</u>	<u>28,214</u>
Total Net Position	<u>\$ 2,914,908</u>	<u>\$ 118,069</u>	<u>\$ 467,129</u>	<u>\$ 3,500,106</u>	<u>\$ 30,575</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				<u>1,470</u>	
Net Position of Business-Type Activities				<u>\$ 3,501,576</u>	

See accompanying notes to the basic financial statements.

(concluded)



**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>OPERATING REVENUES</b>					
Charges for Services	\$ 558,595	\$ 48,489	\$ 94,205	\$ 701,289	\$ 133,223
Other	1,248	-	6,148	7,396	6,377
Total Operating Revenues	559,843	48,489	100,353	708,685	139,600
<b>OPERATING EXPENSES</b>					
Personnel Services	113,350	13,009	12,328	138,687	23,852
Supplies and Materials	37,762	1,494	1,538	40,794	12,020
Contractual Services	179,520	9,830	68,332	257,682	126,203
Landfill Closure and Postclosure Cost	-	-	1,240	1,240	-
Depreciation and Amortization	85,741	10,607	15,333	111,681	253
Total Operating Expenses	416,373	34,940	98,771	550,084	162,328
Operating Income (Loss)	143,470	13,549	1,582	158,601	(22,728)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment (Loss)	(1,779)	(1,229)	(7,505)	(10,513)	(2,545)
Gain (Loss) on Sale of Property and Equipment	(3,060)	12	54	(2,994)	21
Interest and Service Charges	(23,430)	(2,907)	(927)	(27,264)	-
Lease Interest Income	-	-	152	152	-
Gas Leases and Royalties	1,113	-	6,085	7,198	-
Other	-	-	(3,133)	(3,133)	-
Total Nonoperating Revenues (Expenses)	(27,156)	(4,124)	(5,274)	(36,554)	(2,524)
Income Before Transfers and Contributions	116,314	9,425	(3,692)	122,047	(25,252)
Transfers In	3,096	-	3,444	6,540	-
Transfers Out	(33,515)	(4,775)	(6,741)	(45,031)	(5,271)
Capital Contributions	91,092	-	20,376	111,468	-
Capital Contributions - Impact Fees	45,284	-	-	45,284	-
Changes in Net Position	222,271	4,650	13,387	240,308	(30,523)
Total Net Position, Beginning of Year	2,692,637	113,419	453,742	3,259,798	61,098
Total Net Position, End of Year	\$ 2,914,908	\$ 118,069	\$ 467,129	\$ 3,500,106	\$ 30,575

See accompanying notes to the basic financial statements.



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

	<b>Business-Type Activities-- Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>					
Receipts from Customers	\$ 550,769	\$ 48,267	\$ 95,317	\$ 694,353	\$ -
Receipts from Other Funds	-	-	-	-	133,196
Receipts from Other Operating Sources	1,248	-	6,148	7,396	6,377
Other Receipts	-	-	3,133	3,133	-
Payments to Employees	(84,158)	(10,648)	(12,523)	(107,329)	(12,348)
Payments to Vendors	(216,793)	(11,201)	(73,009)	(301,003)	(27,593)
Payments for Benefits	-	-	-	-	(109,663)
Net Cash Provided by (Used for) Operating Activities	<u>251,066</u>	<u>26,418</u>	<u>19,066</u>	<u>296,550</u>	<u>(10,031)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers In from Other Funds	3,096	-	3,444	6,540	-
Advances from Other Funds	-	-	(514)	(514)	-
Transfers Out to Other Funds	(33,515)	(4,775)	(6,741)	(45,031)	(5,271)
Net Cash Used for Noncapital Financing Activities	<u>(30,419)</u>	<u>(4,775)</u>	<u>(3,811)</u>	<u>(39,005)</u>	<u>(5,271)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Bond Principal Received	145,740	-	-	145,740	-
Bond Premium Received	5,347	-	-	5,347	-
Proceeds from Sale of Property and Equipment	(3,060)	12	54	(2,994)	21
Interest Income from Leases	-	-	152	152	-
Contributions	2,618	298	14,592	17,508	-
Contributions - Impact Fees	45,284	-	-	45,284	-
Acquisition and Construction of Capital Assets	(186,722)	(12,071)	(27,258)	(226,051)	(160)
Principal Paid on Long-Term Debt	(66,185)	(5,000)	(2,195)	(73,380)	-
Principal Paid to Escrow Agent	(9,895)	-	-	(9,895)	-
Principal Paid on Leases	(250)	-	-	(250)	-
Interest Paid on Long-Term Obligations	(27,468)	(4,499)	(1,227)	(33,194)	-
Bond Issuance Cost Paid	(1,124)	(1)	-	(1,125)	-
Net Cash Used for Capital and Related Financing Activities	<u>(95,715)</u>	<u>(21,261)</u>	<u>(15,882)</u>	<u>(132,858)</u>	<u>(139)</u>
<b>Cash Flows from Investing Activities:</b>					
Receipts from Gas Leases and Royalties	1,113	-	6,085	7,198	-
Purchases of Investments	(997)	-	(9,002)	(9,999)	-
Sales of Investments	849	-	10,325	11,174	-
Investment Income Received	(868)	(1,127)	2,838	843	(2,398)
Net Cash Provided by (Used for) Investing Activities	<u>97</u>	<u>(1,127)</u>	<u>10,246</u>	<u>9,216</u>	<u>(2,398)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>125,029</u>	<u>(745)</u>	<u>9,619</u>	<u>133,903</u>	<u>(17,839)</u>
Cash and Cash Equivalents, Beginning of Year	<u>894,267</u>	<u>120,151</u>	<u>75,870</u>	<u>1,090,288</u>	<u>101,251</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,019,296</u>	<u>\$ 119,406</u>	<u>\$ 85,489</u>	<u>\$ 1,224,191</u>	<u>\$ 83,412</u>

(continued)

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

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss)	\$ 143,470	\$ 13,549	\$ 1,582	\$ 158,601	\$ (22,728)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	85,741	10,607	15,333	111,681	253
<b>Changes in Assets, Liabilities, and Deferrals:</b>					
Accounts and Other Receivables	(13,324)	(222)	3,987	(9,559)	(26)
Lease Receivable	-	-	351	351	-
Inventories	(190)	-	-	(190)	(272)
Prepays, Deposits, and Other Assets	221	-	-	221	(1)
Long Term Loans Receivable	-	-	73	73	-
Deferred Outflows of Resources (Pension)	33,976	3,973	4,987	42,936	-
Deferred Outflows of Resources (OPEB)	7,966	119	1,212	9,297	-
Accounts Payable	679	123	(3,140)	(2,338)	(1,109)
Escrow Accounts Payable	3,465	-	-	3,465	-
Accrued Payroll and Compensation	(738)	(125)	(201)	(1,064)	11,504
Customer Deposits	1,812	-	1	1,813	-
Unearned Revenue	-	-	314	314	-
Accrued Benefits	-	-	-	-	2,348
Landfill Closure and Postclosure Liability	-	-	1,241	1,241	-
Net Pension Liability	(31,922)	(3,754)	(4,395)	(40,071)	-
Net OPEB Liability	2,082	(199)	(3,991)	(2,108)	-
Deferred Inflows of Resources (Pension)	20,376	2,374	2,595	25,345	-
Deferred Inflows of Resources (OPEB)	(2,548)	(27)	(402)	(2,977)	-
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)	-
Total Adjustments	107,596	12,869	17,484	137,949	12,697
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 251,066</b>	<b>\$ 26,418</b>	<b>\$ 19,066</b>	<b>\$ 296,550</b>	<b>\$ (10,031)</b>
<b>The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:</b>					
Current - Cash, Cash Equivalents, & Investments	\$ 179,714	\$ 11,946	\$ 30,946	\$ 222,606	\$ 77,503
Current Restricted - Cash & Cash Equivalents	68,990	2,389	3,682	75,061	-
Noncurrent Restricted - Cash & Cash Equivalents	746,632	105,071	31,172	882,875	2,545
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	27,928	-	54,996	82,924	3,364
Less: Gas Well Investments Held by Trustees	(3,968)	-	(35,307)	(39,275)	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 1,019,296</b>	<b>\$ 119,406</b>	<b>\$ 85,489</b>	<b>\$ 1,224,191</b>	<b>\$ 83,412</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Capitalized Interest	\$ (5,230)	\$ -	\$ 24	\$ (5,206)	\$ -
Capital Asset Contributions from Developers	83,780	50	-	83,830	-
Net Recovery of Prior Years Expenses	-	-	(3,133)	(3,133)	-
Amortization of Bond Premium/Discount	11,521	1,659	502	13,682	-
Amortization of Bond Defeasement Loss	(539)	(96)	(187)	(822)	-
Change in Fair Value on Pooled Investments	(9,585)	(1,775)	(2,248)	(13,608)	(3,293)
Change in Fair Value on Non-Pooled Investments	(1,036)	-	(10,091)	(11,127)	-

(concluded)

See accompanying notes to the basic financial statements.

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

	<b>Pension (and Other Employee Benefit) Trust Funds</b>	<b>Rock Creek Custodial Fund</b>
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 14,389	\$ 1,742
Cash & Investments Held by Trustees:		
Asset and Mortgage Backed Obligations	58,661	-
Corporate Obligations	151,986	-
Government Agency Obligations	100,855	-
International Obligations	7,188	-
Securities Lending Collateral	305,351	-
U.S. Treasuries	102,891	-
Short-Term Mutual Fund Investments	580,082	-
Corporate Stock	258,522	-
Alternative Investments	551,669	-
Commingled Funds	772,471	-
Total Cash & Investments Held by Trustees	2,889,676	-
Prepays	28	-
Accrued Income	4,578	-
Other Receivables	12,286	-
Due from Broker Securities Sold	157,345	-
Total Current Assets	3,078,302	1,742
Capital Assets:		
Land	404	-
Buildings	3,622	-
Machinery and Equipment	4,107	-
Accumulated Depreciation	(1,314)	-
Net Capital Assets	6,819	-
Total Assets	3,085,121	1,742
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued Liabilities	3,916	-
Obligations Under Securities Lending	305,351	-
Due to Broker Securities Purchased	180,924	-
Escrow Accounts Payable	-	1,742
Total Current Liabilities	490,191	1,742
<b>NET POSITION</b>		
Restricted for:		
Pensions	2,504,061	-
Postemployment Benefits Other Than Pensions	90,869	-
Total Net Position	\$ 2,594,930	\$ -

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(in 000's)**

	<b>Pension (and Other Employee Benefit) Trust Funds</b>	<b>Rock Creek Custodial Fund</b>
<b>ADDITIONS</b>		
Interest, Dividend, and Securities Lending Income	\$ 32,276	\$ 14
Less: Investment Management Fees and Interest Expense	(6,061)	-
Net Gain (Loss) in Fair Value of Investments	(310,675)	-
Other Income	15,175	-
Employer Contributions	170,924	-
Employee/Retiree Contributions	71,289	-
Contributions from Property Owners	-	1,750
Total Additions	<u>(27,072)</u>	<u>1,764</u>
<b>DEDUCTIONS</b>		
Benefit Payments	300,004	-
Refunds	5,994	-
Administrative Expenses	9,076	-
Payments on Behalf of Property Owners	-	1,764
Total Deductions	<u>315,074</u>	<u>1,764</u>
Change in Net Position	(342,146)	-
Net Position, Beginning of Year	<u>2,937,076</u>	<u>-</u>
Net Position, End of Year	<u>\$ 2,594,930</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

Note A: Summary of Significant Accounting Policies

Note B: Cash, Cash Equivalents, & Investments

Note C: Receivables and Interfund Balances

Note D: Fund Equity

Note E: Restricted Assets

Note F: Capital and Lease Assets

Note G: Long-Term Obligations

Note H: Landfill Closure and Postclosure Care Costs

Note I: Employees' Retirement Fund of the City of Fort Worth, Texas

Note J: Employee Benefits

Note K: Commitments and Contingencies

Note L: Segment Financial Information

Note M: Subsequent Events

Note N: New Accounting Standards

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Fort Worth, Texas (the City) as reflected in the accompanying financial statements for the year ended September 30, 2022, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City's significant accounting policies applied in the preparation of the accompanying financial statements follows.

**A.1 FINANCIAL REPORTING ENTITY**

In evaluating the City's financial reporting entity, management has considered all potential component units as required by GAAP. Organizations are included if the City is financially accountable for them, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete. Inclusion is determined based on the City's ability to exercise significant influence. Significant influence or accountability is based primarily on its operational or financial relationship with the City (as distinct from a legal relationship).

The City is financially accountable if it appoints a voting majority of an organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City also is financially accountable if an organization is fiscally dependent on the City and potentially provides specific financial benefits to, or imposes specific financial burdens on the City.

**Blended Component Units**

Blended component units, although legally separate entities, are reported as part of the primary government because they meet the criteria above and are so intertwined with the City that they are, in substance, the same as the City. In Fiscal Year 2021 the Fort Worth Housing and Finance Corporation prepared and published separate financial statements. The seven blended component units below are reported as part of the primary government:

***Crime Control and Prevention District*** - The Crime Control and Prevention District (CCPD) was created in March 1995 by a vote of local residents, and renewed most recently in 2020 for a ten-year period. The CCPD is supported by a ½ cent sales tax which serves a role in providing the necessary resources to effectively implement crime control strategies. Although it is legally separate from the City, the members of the Board of the CCPD and members of the City Council are substantially the same. The City has financial accountability, and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the CCPD has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. No separate financial statements are available.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

**Fort Worth Housing Finance Corporation** - The Fort Worth Housing Finance Corporation (FWHFC) was created by the City in 1979 pursuant to the Texas Housing Finance Corporations Act. The FWHFC was formed for the purpose of financing the cost of residential development for persons of low and moderate income, including multifamily and single-family housing. Although it is legally separate from the City, the members of the Board of the FWHFC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. Therefore, the FWHFC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. FWHFC is the sole member of the following Texas Limited Liability Corporations ("LLCs"): Decatur Angle GP, LLC; Enclave Westport GP, LLC; Race Streets Lofts GP, LLC; Reserve at Quebec GP, LLC; Mercantile Apartments GP, LLC; The Broadmoor at Western Hills GP, LLC; Enclave Park GP, LLC; Riverside Senior Development GP, LLC; and Terrell Homes GP, LLC. These LLCs are limited partners with 0.005% to 0.01% respective interest of the following Texas limited partnerships and one limited liability company: Decatur Angle Ltd; Enclave Westport, LP; Race Streets Lofts, Ltd; Reserve at Quebec, LLC; Mercantile Apartments Ltd; The Broadmoor at Western Hills, Ltd; Enclave Park, LP; Riverside Senior Investments, LP and Terrell Homes, Ltd.

Terrell Homes, Ltd. is included in the FWHFC financial statements as a discretely presented component unit, which is discussed under the discretely presented component unit section. Separate FWHFC financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

**Fort Worth Local Development Corporation** - The Fort Worth Local Development Corporation (FWLDC) is a 501(c)(3) organization and a Texas nonprofit corporation formed in 1987 by the City Council. The original purpose of the FWLDC was to administer a low-interest rate program for business development in and around the Stockyards area in accordance with the Economic Development Administration Block Grant Program. However, the articles of incorporation are broad enough to allow involvement in almost any kind of city-wide economic development activities. Although it is legally separate entity from the City, the members of the Board of the FWLDC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the FWLDC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. Reported in FWLDC is its component unit: Lancaster Corridor Redevelopment, LLC as noted in the following paragraph below. No separate financial statements are available.

**Lancaster Corridor Redevelopment, LLC** - Lancaster Corridor Redevelopment, LLC (the Company), a Texas limited liability company, was created as a subsidiary of FWLDC pursuant to the Texas Limited Liability Company Act for the purpose of aiding, assisting, and acting on behalf of the City in the construction of the mixed-use redevelopment along the Lancaster Corridor. The financial information of the Company is blended into that of the FWLDC in the separate financial statements noted above; however, the Company has been blended into the City's basic financial statements as a Nonmajor Capital Project Fund (reported with the Other Blended Component Units). No separate financial statements are available.

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

***Fort Worth Sports Authority, Inc.*** - The Fort Worth Sports Authority, Inc. (Sports Authority) was created pursuant to the provisions of Section 4B, Article 5190.6, Vernon's Texas Civil Statutes, which authorizes the Sports Authority to jointly assist and act on behalf of the City and to engage in activities in furtherance of the purposes for its creation. The Sports Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in the construction of projects on behalf of the City. The Sports Authority financed the purchase of the Texas Motor Speedway (Speedway) and the infrastructure in and around that property; however, it does not operate the Speedway. Although it is legally separate from the City, the members of the Board of the Sports Authority and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. Due to the Sports Authority benefiting and providing services almost exclusively to the City, the Sports Authority has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). No separate financial statements are available.

***Lone Star Local Government Corporation*** - The Lone Star Local Government Corporation (LSLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code, and Chapter 394 of the Texas Local Government Code. The LSLGC is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing of projects on behalf of the City. Although it is legally separate from the City, the members of the Board of the LSLGC and members of the City Council are substantively the same. The City has financial accountability and a financial benefit/burden relationship exists, which allows the City to impose its will. Therefore, the LSLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). No separate financial statements are available.

***Fort Worth Central City Local Government Corporation*** - The Fort Worth Central City Local Government Corporation (FWCCLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code. The FWCCLGC is organized for the purpose of aiding, assisting and acting on behalf of the City in the exercise of its powers to accomplish any government purpose of the City and in promotion of the common good and general welfare of the City and is used to construct parking garages. Although it is legally separate from the City, the members of the Board of the FWCCLGC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. The FWCCLGC has been blended in the City's basic financial statements as a Nonmajor Capital Project Fund (reported with the Other Blended Component Units). No separate financial statements are available.

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

**Discretely Presented Component Unit**

The following legally separate entity is reported as a discretely presented component unit of the City in a separate column in the government-wide financial statements. Terrell Homes Ltd., has been reported as a discretely presented component unit because of the degree of control its general partner has over the LP as set out in its Amended and Restated Limited Partnership Agreement. Terrell Homes GP, LLC, of which FWHFC is the sole member, is the General Partner of Terrell Homes, Ltd. noted below:

***Terrell Homes, Ltd.*** - Terrell Homes, Ltd. ("Partnership") is a Texas limited partnership formed on December 9, 2011, to construct, develop and operate 54 single-family houses, known as the Terrell Homes I Apartments located on scattered sites. The houses are rented to low-income tenants and operated in a manner necessary to qualify for federal low-income housing tax credits as provided in Internal Revenue Code Section 42. For the calendar year ended December 31, 2021, the Partnership's financial information is presented in a separate column in the government-wide financial statements.

The Fort Worth Housing Finance Corporation (blended component unit of the City) considered the organizations and activities of each of the LPs to determine if any of them meet the condition for inclusion as component units. The decision to include a potential component unit was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity* which was amended by GAAP.

Terrell Homes Ltd. has been reported as a discretely presented component unit because of the degree of control its general partner has over the LP as set out in its Amended and Restated Limited Partnership Agreement ("LPA"). Separate audited financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

**Pension and Retiree Healthcare Trust Funds**

***Retirement Pension Trust Fund of the City of Fort Worth*** - The Employees' Retirement Fund of the City of Fort Worth, Texas (the Retirement Fund") is comprised of two separate defined benefit pension plans: the City of Fort Worth employees benefit plan (the "City Plan" or the "Plan") and the Retirement Fund employees plan (the "Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945. The Retirement Fund is reported as a fiduciary component unit. The Staff Plan was established through Administrative Rules in 2007, and both single employer plans are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) effective June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan of the Employees' Retirement Fund, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees (Board). The Retirement Fund Board is solely responsible for managing the assets for the City of Fort Worth employees plan and defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. Therefore, assets of each plan are legally separate and cannot pay benefits of the other. Due to the insignificant nature of the Staff Plan's assets compared to the Retirement Fund's assets, all further references to the Plan and information provided in the Notes and Required Supplementary Information about the City Plan are strictly limited to information about the City employees (comprised of General Employees, Police Officers, and Firefighters). As discussed in Note I, this fiduciary fund of the City issues separate audited financial statements which are publicly available and can be obtained by contacting the Employees' Retirement Fund at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Fund and additions to/deductions from the Retirement Fund's fiduciary net position have been determined on the same basis as they are reported by the Retirement Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Retiree Healthcare Trust Fund of the City of Fort Worth*** - The single-employer defined benefit retiree health care trust, an other postemployment benefit (OPEB) plan reported as a fiduciary component unit was established under the legal authority of the City Charter and is administered by the City. Retiree Healthcare Trust Fund of the City of Fort Worth is reported in the City's basic financial statements as a Fiduciary fund. For the purpose of measuring the total other OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense in the City's defined benefit health plan (Plan) have been determined on the same basis as they are reported by the plan. For this purpose, plan benefits are recognized when due and payable in accordance with the benefit terms. No separate financial statements are available.

***Fort Worth Firefighters Healthcare Trust*** - The Fort Worth Firefighters Healthcare Trust (the "Trust"), an OPEB was established effective January 01, 2019 by the International Association of Firefighters Local No. 440 to provide health benefits for its eligible members and their dependents. The Trust provides health and welfare benefits to qualified participants. Qualified participants include active and retired firefighters of the City of Fort Worth (the Employer) and their dependents. Although it is legally separate from the City, the City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. The Trust is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Trust is a fiduciary component unit of the City and reported in the City's basic financial statements as a Fiduciary fund. Separate audited financial statements can be obtained by contacting Fort Worth Firefighters Healthcare Trust at 3855 Tulsa Way, Fort Worth, TX 76107.

***Rock Creek Custodial Fund*** - Rock Creek Ranch Public Improvement District (PID) No. 17 issued special assessment revenue bonds for major capital improvements. These bonds will be paid from the special assessments levied by the PID on property owners within the PID's geographical boundaries. The City collects the special assessment payments and makes the debt service payments for the PID. The debt service transactions of a special assessment for which the government is not obligated in any manner are reported in a custodial fund rather than a debt service fund, to reflect the fact that the government's duties are limited to acting as a custodian of funds for the assessed property owners and the bondholders. No separate financial statements are available.

**Related Organizations**

The following related organizations are the more significant of those that do not meet the criteria for component units and are not included in the City's financial statements: Area Metropolitan Ambulance Authority, Fort Worth Zoological Association, Fort Worth Botanical Society, Inc., Friends of the Fort Worth Public Library, certain Fort Worth library trusts, the Business Assistance Center Foundation, Inc., Fort Worth South, Inc., and the Trinity River Vision Project.

City officials are also responsible for appointing members to the boards of the following organizations, but the City's accountability for these organizations does not extend beyond making appointments.

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.1 FINANCIAL REPORTING ENTITY**

***Event Facilities Fort Worth*** - Events Facilities Fort Worth (EFFW) is an independent organization, which has a scope of public service to hold agricultural fairs and encourage agricultural pursuits within the geographic boundaries of the City.

***Dallas/Fort Worth International Airport*** - Dallas/Fort Worth International Airport (D/FW Airport) was created by contract and agreement between the City of Fort Worth and the City of Dallas for the purpose of developing and operating an airport as a jointly governed organization between the two Cities. The D/FW Airport is governed by a 12-member board comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member chosen from the neighboring cities of Irving, Grapevine, Euless, and Coppell. The Board must submit an expenditure budget for each fiscal year to the City Manager of each city by July 15. The governing body of each city must approve the budget by September 1. The City is a member of the Revenue Sharing Agreement, as originally adopted on May 1, 2001. Total revenue for the year ended September 30, 2022, was \$6,787,041 from this agreement. Financial statements of the Airport are not included in the City's financial statements because the Airport is not under the sole control of the Fort Worth City Council and the City has no ongoing financial interest or responsibility for the airport. Separate audited financial statements, which are publicly available, can be obtained by contacting the Airport at 2400 Aviation Drive, P.O. Box 619428, DFW Airport, Texas 75261-9428.

***Fort Worth Housing Solutions*** - Fort Worth Housing Solutions ("Housing Solutions"), the assumed name of the Housing Authority of the City of Fort Worth is an independent agency organized by the City in 1938 pursuant to the Texas Housing Authorities Act. It is a public body, corporate and political, which has a scope of public service within the City's geographic boundaries. By Texas State Law, the responsibility for the administration and operations of Housing Solutions is vested solely with its Board of Commissioners, who have representatives appointed by the City. Housing Solutions is dependent on Federal funds from the U.S. Department of Housing and Urban Development ("HUD") and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits it incurs and has no fiscal management control. Separate financial statements for the Housing Solutions can be obtained by contacting the Department of Administrative Services, Housing Solutions, 1407 Texas St, Fort Worth, Texas 76102.

***Trinity Metro (formerly Fort Worth Transportation Authority)*** - Trinity Metro is an independent organization that provides public transportation services for Tarrant County and the North Central Texas region. Under Texas State Statutes, the responsibility for the administration and operations of the Trinity Metro is vested solely with the Trinity Metro's Board of Directors, which is comprised of eleven members appointed by the Fort Worth City Council and Tarrant County Commissioners Court. Trinity Metro is dependent on State and Federal funds and user fees. As a result, the City is not responsible for any deficits incurred and has no fiscal management control. The audited financial statements for Trinity Metro can be obtained by contacting: The Chief Financial Officer, 801 Grove Street, Fort Worth, Texas 76102.

**A.2 BASIS OF PRESENTATION**

**Government-Wide Statements**

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all of the nonfiduciary activities of the City. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely on fees and charges for support. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer and solid waste functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

The Statement of Activities demonstrates the extent to which the direct expenses of a functional category are offset by program revenues. Direct expenses are those that are identifiable with a specific program. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. They also include operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are excluded from program revenues and reported as general revenues.

The government-wide financial statements also present the calendar year (December 31, 2021) financial information of the City's Discretely Presented Component Unit: Terrell Homes, Ltd.

**Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds to aid financial management activities and to demonstrate legal compliance. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds. Governmental funds and proprietary fund financial statements present each major fund as a separate column on the fund financial statements, while all nonmajor funds are aggregated and presented in a single column.

Internal service funds of the City (which provide services primarily to other funds of the government) are presented in summary form as part of the proprietary fund financial statements. Financial statements of internal service funds are allocated between the governmental and business-type activities columns when presented at the government-wide level. The costs of these services are reflected in the appropriate functional activity (General Government, Public Safety, Highways and Streets, etc.).

The City's fiduciary funds are presented in the fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (pension, retiree healthcare plan and firefighters healthcare plan participants, and debt holders) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The following is a brief description of the major funds used by the City:

- (1) Main operating fund (General Fund)
- (2) Any fund that comprises at least 10% of assets and deferred outflows, liabilities and deferred inflows, revenues or expenses/expenditures of the total governmental or enterprise funds type and at least 5% of that same corresponding item meeting the 10% requirement for all governmental and enterprise funds are considered major funds.
- (3) Additional funds considered important by the City but not meeting the criteria of a major fund (i.e., Stormwater Utility Fund).

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources while modified accrual is used for the basis of accounting. The City reports the following major governmental funds:

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

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

The General Fund also includes the Park and Recreation Department (PARC) Endowment Gas Lease Fund and the General Endowment Gas Lease Fund, as both funds have no assigned or specific expenditures for the majority of their revenues. These funds were established in FY2008 for the purpose of aggregating specific gas well revenues that belong to the General Fund (PARC land and any other City of Fort Worth owned land) so that gas well-related revenue would remain intact and only investment generated revenue would be spent for specific purposes.

*Debt Service Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The City accounts for the accumulation of these expenditures from taxes levied by the City. The fund balance of the Debt Service Fund is restricted or committed exclusively for debt service operations.

*Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays. This fund accounts for the City's purchase or construction of major capital facilities and equipment using various types of financing resources.

*Grants Fund* is used to account for grant resources received from various local, state and federal agencies and organizations. The use of these resources is restricted to a particular function of the City by each grantor.

In addition to the major funds mentioned above, the City reports nonmajor capital projects and special revenue governmental funds.

*Special Revenue Funds* account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. These funds require separate accounting because of legal or regulatory provisions or administrative action.

**Proprietary Funds**

Proprietary funds, which include enterprise and internal service funds, are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

**Enterprise Funds**

The City reports the following major enterprise funds:

***Water and Sewer Fund*** accounts for the provision of regional water, wastewater and reclaimed water services to residential, commercial, industrial, irrigation, and wholesale customers. Activities of the fund include administration, engineering, water and wastewater treatment, billing and collection services, operations and maintenance of the system, and funding for capital improvements to ensure system reliability, comply with regulatory requirements, meet corporate priorities, and serve anticipated growth. Debt is issued for large capital projects. All costs are financed through charges and rates based on the amount of service used, which is billed to customers and collected on a monthly basis. Rates are reviewed regularly and adjusted as necessary to ensure the integrity of the system.

***Stormwater Utility Fund*** accounts for the operation of the stormwater utility and provides funding for storm drainage capital improvements and enhanced maintenance of the storm drainage system to protect people and property from harmful stormwater runoffs. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for the stormwater debt.

In addition to the enterprise funds mentioned above, the City reports the following nonmajor enterprise funds.

***Other Enterprise Funds*** is a summary of all the nonmajor enterprise, proprietary funds. These funds include Municipal Airports Fund, Municipal Parking Fund, and the Solid Waste Fund.

**Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has four internal service funds, which include: Equipment Services, Capital Project Services, Group Health and Life Insurance, and Risk Financing.

**Fiduciary Funds**

Included in this fund type are trust funds which account for assets held by the City in a trustee capacity or custodian for individuals, private organizations, other governments, and/or other funds. The City reports the following fiduciary funds:

***Retirement Pension Trust Fund*** for accounting measurement purposes, the Retirement Pension Trust Fund is accounted for essentially in the same manner as proprietary funds. The Retirement Pension Trust Fund accounts for the assets of the City's retirement plan.

***The Rock Creek Custodial Fund*** accounts for the assets held by the City for repayment of special assessment debt that the City is not obligated to pay from its own assets.

***Retiree Healthcare Trust Fund*** for accounting measurement purposes, the Retiree Healthcare Trust Fund is accounted for in essentially the same manner as proprietary funds. The Retiree Healthcare Trust Fund accounts for the assets of the City's postemployment healthcare benefit.



**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.2 BASIS OF PRESENTATION**

*Fort Worth Firefighters Healthcare Trust* for accounting measurement purposes, the Fort Worth Firefighters Healthcare Trust Fund is accounted for in essentially the same manner as proprietary funds. The Fort Worth Firefighters Healthcare Trust Fund accounts for the assets of the City's firefighters' employment and postemployment healthcare benefit.

The fiduciary funds are not included in the government-wide financial statements.

**Reconciliation of Government-Wide and Fund Financial Statements**

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds Balance Sheet and total net position for governmental activities as shown on the government-wide Statement of Net Position is presented in an accompanying schedule to the governmental funds Balance Sheet. The assets, deferred outflows of resources, liabilities and deferred inflows of resources, and elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and change in net position for governmental activities as shown on the government-wide Statement of Activities is presented in an accompanying schedule to the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expenditure/expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

**A.3 MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

The government-wide Statement of Net Position and Statement of Activities, all proprietary funds, and the fiduciary funds are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these activities are included in the Statement of Net Position. Revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of the timing of the related cash flows. Nonexchange transactions, in which the City either gives or receives value without directly receiving or giving equal value in exchange include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. Contributions from members are recorded when the employer makes payroll deductions from Plan members. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable by the terms of the Plan.

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.3 MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues from taxes are considered available if received within 60 days after the fiscal year-end. Revenue from categorical and other grants are recognized when applicable eligibility requirements, including time requirements, are met and are considered available if received within 60 days after the fiscal year-end. Program revenues such as fines, licenses and permits, gas leases and royalties and other charges for services are considered to be measurable and available when the cash is received. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities which are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GAAP.

**A.4 PROPERTY TAXES**

The City's property taxes are levied each October 1 on the assessed value as of the previous January 1 for all real and personal property. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due October 1, and full payment can be made prior to the following February to avoid penalty and interest charges. Taxpayers also have the option of paying one-half of their taxes by November 30 and the second-half by June 30 to avoid penalty and interest charges.

Property taxes levied for 2021 have been recorded as receivables, net of allowance for refunds, and uncollectible amount. The net receivables collected during 2021 and those considered "available" at FY2021 (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2021. The remaining receivables have been reflected as deferred inflows of resources. In the government-wide financial statements, tax revenue is recognized in the year in which the taxes are levied.

The State Constitution limits the tax rate to \$2.50 per \$100 of assessed valuation, including debt service. However, the City Charter further limits the tax rate to \$1.90 per \$100 or \$19.00 per \$1,000 of assessed valuation including debt service. The property tax rate levied in fiscal year 2022 was \$0.7325 per \$100 of valuation.

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.5 CASH, CASH EQUIVALENTS, & INVESTMENTS**

**A.5.A CASH, CASH EQUIVALENTS, & INVESTMENTS**

The City pools cash from all funds (excluding the Pension and Other Employee Benefits Trust Funds) to increase income through investment activities. Investments are carried at fair value. Interest earnings are allocated based on cash and investment amounts in individual funds in a manner consistent with budgetary and legal requirements.

Unrestricted investments purchased with pooled cash are classified as cash, cash equivalents, & investments in the accompanying Balance Sheet and Statement of Net Position. The relationship of an individual fund to the pooled cash and investment account is essentially that of a demand deposit account. Individual funds can withdraw cash from the account as needed, and therefore, all equity that the fund has in the pooled cash and investment account is highly liquid. For the purposes of the accompanying Statement of Cash Flows, the City has chosen to reconcile "cash, cash equivalents, & investments with maturities of three months or less at the time of purchase."

When both restricted and unrestricted resources are available for use for the same purpose, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

Fair Value - GAAP establishes a hierarchy of Levels 1, 2, and 3, which are based on valuation techniques. All three levels are designed for the development of a more consistent and measurable valuation. These levels are defined as:

- Level 1: Quoted prices from an active market for identical assets or liabilities;
- Level 2: Quoted prices from an inactive market for similar or identical assets or liabilities; and
- Level 3: Unobservable in the market and are the least reliable.

Equity and mutual fund investments that are classified as Level 1 are valued using prices quoted in active markets for those securities. Level 1 debt securities are U.S. Treasuries with more than 750 transactions over the previous 30 days.

Debt and derivative securities, and commercial paper classified as Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. These debt and derivative securities have non-proprietary information that was readily available to market participants, from independent sources, which are known to be actively involved in the market. Cash and cash equivalents are short-term investments valued based on cost and accrued interest which approximates fair value. Equity securities classified as Level 2 are derived from associated traded security values, or convertible securities valued similarly to debt securities through a bid evaluation process.

Debt and derivative securities, and commercial paper classified in Level 3 are valued similar to Level 2 securities but have limited bids, limited trade information, limited trade activity, pricing from multiple sources but differences in prices above an acceptable level or pricing provided by a single source. Equity securities classified as Level 3 have limited trade information. These securities are priced off last trade price or estimated off recent trades and corporate actions.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.5 CASH, CASH EQUIVALENTS, & INVESTMENTS**

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

*Valuation of Investments* - Investments are stated at fair value. Investments that do not have quoted market prices are priced from information received from the external manager. This information includes audited financial statements, quarterly valuation statements, adjustments for cash receipts, cash disbursements and securities distributions through September 30, 2022. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date (date usually two days prior to the record date).

The City Plan invests in limited partnerships which are valued at estimated fair value based on the City Plan's proportionate share of the partnerships' fair value as recorded by the partnerships. The limited partnerships allocate gains, losses, and expenses to the partners based on the ownership percentage as described in the partnership agreements.

There are certain market risks, credit risks, foreign exchange currency risks, or events that may subject the City Plan's investment portfolio to economic changes occurring in certain industries, sectors, or geographies. Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, and investment expense. Investment expense includes custodian and management fees, securities lending expense and all other significant investment-related costs.

*Due to/from Broker* - The balance due to broker securities purchased and due from broker securities sold in FY2022 represents trades pending settlement and amounts due on foreign currency contracts.

*Foreign Currency Transactions* - The City Plan is a party to financial instruments with off-balance-sheet risk, primarily forward contracts. Forward transactions are contracts or agreements for delayed delivery of commodities, securities, or money market instruments in which the seller agrees to make a delivery at a specified future date of a specified commodity or instrument, at a specified price or yield. Entering into these investments involves not only the risk of dealing with counterparties and their ability to meet the terms of the contracts but also the risk associated with market fluctuations.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the City Plan's functional currency - U.S. dollars) are recorded by the Plan based on changes in market values and are combined with similar transactions in the accompanying Statement of Changes in Plan Fiduciary Net Position and are included in interest and dividend income. The City Plan structures its foreign exchange contracts and enters into certain transactions to substantially mitigate the Plan's exposure to fluctuations in foreign exchange rates.

Investments and broker accounts denominated in foreign currencies outstanding at September 30, 2022, were converted to the City Plan's functional currency at the foreign exchange rates quoted at September 30, 2022. These foreign exchange gains and losses are included in a change to net gain (loss) in fair value of investments in the accompanying Statement of Changes in Fiduciary Net Position.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.5 CASH, CASH EQUIVALENTS, & INVESTMENTS**  
**A.5.C INVESTMENTS OF THE RETIREE HEALTHCARE TRUST FUND**

*Valuation of Investments* - Investments are stated at fair value as of September 30, 2022, for both reporting and actuarial purposes. The Retiree Healthcare Trust Fund is charged with receiving employee and employer contributions, paying medical and dental claims, and prudently investing money in the fund not immediately needed to pay claims.

**A.6 INVENTORIES**

In governmental funds, inventories are valued at cost using the weighted average consumption method of valuation; however, land held-for-sale is valued at cost using specific identification consumption method. Additionally, expendable supplies are accounted for using the purchase method. Inventories in the proprietary funds are stated at the lower of cost (determined by using weighted average cost or first-in, first-out consumption methods) or fair value. In the Equipment Services Fund (an internal service fund), inventories consist of expendable supplies and automotive fuel held for consumption and are accounted for by the first-in, first-out consumption method.

**A.7 CAPITAL AND LEASE ASSETS**

Capital and lease assets, which include land, buildings, infrastructure, vehicles, machinery and equipment, intangibles, lease assets and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at original cost. Lease assets are recorded at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Donated capital assets, and donated works of art and similar items are recorded at fair value at date of donation. Capital assets received in a service concession arrangement, if any, are reported at fair value. Repairs and maintenance are recorded as expenses. Under GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, interest cost is recognized as an expense in the period incurred. Therefore, interest cost is no longer capitalized as part of the historical cost for proprietary capital assets.

The capitalization threshold below is determined by the asset class (except for water and sewer capital assets which are considered to be one system and will be capitalized at their cost):

- a) Land must be capitalized regardless of the value or cost;
- b) Buildings must be capitalized regardless of the cost;
- c) Infrastructure and intangible assets must be capitalized when the useful life is at least three years and the cost is \$100,000 or more;
- d) Betterments and Improvements must be capitalized when useful life is at least two years, and the cost of building and infrastructure improvements is \$100,000 or more;
- e) Betterments, improvements, machinery and equipment must be capitalized when the useful life is at least two years, and the cost is \$25,000 or more; and
- f) Vehicles must be capitalized when the useful life is 4 years or greater, the cost is \$5,000 or greater, and it meets both criteria:
  - Self-propelled
  - Primary use is on public streets and the unit is street legal

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.7 CAPITAL AND LEASE ASSETS**

Depreciation and amortization for capital and lease assets are recorded on each class of depreciable property and intangibles using the straight-line method over the estimated useful lives of the assets. A leased asset will be amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The amortization of a leased asset will be reported as an inflow or outflow of resources which may be combined with depreciation expense related to other capital assets for financial reporting purposes. Estimated useful lives are as follows:

Water and Sewer Meters and Equipment	5-30 years
Water and Sewer Infrastructure	25-60 years
Buildings (Includes Portable Structures)	20-50 years
Machinery and Equipment	2-20 years
Runways and Taxiways	20-30 years
Infrastructure	20-60 years
Vehicles	4-15 years

The City capitalizes customized computer software, works of art, and avigation easements as intangible assets. In accordance with the City's capitalization policy, other intangible assets are amortized over the useful life of the related assets. Also, works of art do not have a useful life in accordance with GAAP. The City's capitalized works of art are reported in the government-wide financial statements under governmental activities. These assets are recorded at their acquisition value at the date of donation or purchase.

**A.8 INTERFUND TRANSACTIONS**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion) or "advances to/from other funds" (the long-term portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**A.9 COMPENSATED ABSENCES**

City employees earn personal leave, which may either be taken or accumulated until paid upon termination or retirement. Unused sick leave, accrued holidays, and compensated time may be accumulated to a specific maximum amount and is paid upon termination, retirement or death for Civil Service employees. All other employees are paid up to an established limit for personal leave upon retirement or death. Accumulated vacation and sick leave are accrued when incurred in the government-wide Statement of Net Position, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund statements, only if they have matured as a result of employee resignation or retirements in accordance with GAAP. For accrued amounts that are paid through proprietary funds, an expense and liability for the total future liability are recorded.

The amount of current year compensated absences related to both governmental and proprietary funds is budgeted annually as an expenditure or expense, as appropriate. Compensated absences related to the governmental funds are liquidated in the respective funds of the employees.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.10 RISK FINANCING**

**A.10.A RISK FINANCING**

The Risk Financing internal service fund accounts for the administration of risk management activities and programs in accordance with GAAP. These activities and programs are as follows: third-party liability claims and coordination with the Department of Law on litigation, property and casualty insurance, workers' compensation, group health and life insurance plan, unemployment compensation insurance, and retired employees' group death benefits for certain retirees.

All funds of the City participate in the program and make payments to the Risk Financing internal service fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Since the City is primarily self-insured, settlement amounts have not exceeded coverage in any of the prior three fiscal years. An accrual for unpaid claims and claims incurred but not reported is reflected in the internal service funds and government-wide financial statements as estimated claims payable. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on City experience since the inception of the insurance programs. In accordance with GAAP, the estimated claims payables are based on the estimated ultimate cost of settling the claims. The total estimated claims payable includes estimates of allocated loss adjustment expenses. A discount rate of 3% has been applied to some estimated claims payable, such as automobile, general, employment practices and law enforcement liabilities. The undiscounted total estimated claims payable is \$53,160,000.

The total discounted estimated claims payable for the Group Health and Life Insurance Fund and the Risk Financing Fund at September 30, 2022, is \$48,862,000, of which \$26,606,000 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the Internal Service Funds statements.

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

	<u>FY 2021</u>	<u>FY 2022</u>
Unpaid Claims, October 1st	\$ 32,438	\$ 34,681
Provisions for current year's events and changes in provision for prior years' events	78,545	117,845
Claims payments	(76,302)	(103,664)
Unpaid Claims, September 30th	<u>\$ 34,681</u>	<u>\$ 48,862</u>

**A.10.B LIABILITY INSURANCE**

The City largely self-funds the risk for most liability claims, lawsuits, and related expenses. However, there are separate commercial liability insurance policies for each of the following: contract instructors liability; aircraft and airport liability; liquor liability; pollution legal liability; animal herd; international center; and crime insurance. There were no significant changes in coverage limits for liability insurance.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.10 RISK FINANCING**

**A.10.C PROPERTY AND CASUALTY INSURANCE**

An "all risk" property policy is provided by multiple commercial insurance companies for losses in excess of \$250,000 per occurrence for all covered perils. The City self-insures most property losses less than \$250,000. Boiler and machinery insurance, and crime insurance are also maintained on a commercial insurance basis. The City also has a \$10,000,000 aggregate deductible for wind and hail.

**A.10.D WORKERS' COMPENSATION**

The City largely self-funds the risk for workers' compensation claims. Catastrophic loss protection for workers' compensation is provided by a commercial insurer on a policy with a self-insured retention limit of \$3,000,000 per occurrence for Police Officers and Firefighters and \$2,000,000 for any single occurrence for all other employees. Coverage limits for workers' compensation are the statutory limits required by the Texas Workers' Compensation Act.

**A.10.E GROUP HEALTH AND LIFE INSURANCE**

The City maintains a group health insurance plan for active, retired employees, and their eligible dependents. The City's self-insured Preferred Provider Organization plan is offered to the active employees and the non-Medicare retirees. There are two plan options: (1) a high deductible health plan (the Consumer Choice Plan) with Health Savings Account contributions to the fund provided by both the City and participating employees and retirees; and (2) the Health Center Plan with deductibles and copays. The health centers provide free primary care services for those on the Health Center Plan and reduced cost for those on the Consumer Choice Plan. There are three (3) main Health Centers and five (5) Satellite Offices through our partnership with Southwest Health Resources.

There is a fully insured plan offered to the Medicare eligible retirees, a Medicare Advantage Preferred Provider Organization which includes a Prescription Drug Plan.

The specific stop-loss insurance is \$1,000,000 which assumes the risk for claims on any individual in excess of \$1,000,000 paid during a calendar year.

The City provides employee basic group life insurance and accidental death and dismemberment insurance of one-time base annual salary.

**A.10.F UNEMPLOYMENT COMPENSATION**

The City is a reimbursing agency for Unemployment Compensation. The Texas Workforce Commission (TWC) sends quarterly reports to a third party administrator who then forwards to the City concerning claims paid on behalf of the City to eligible former employees. A third party administrator reviews the claims but responds to TWC based on information the City provides.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.11 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position presents a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to debt refunding, pension, and OPEB items.

The City reports \$2,024,000 as a deferred outflow of resources for unamortized loss on debt refunding in the governmental activities and \$4,061,000 in the business-type activities in the Statement of Net Position. The unamortized loss on debt refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City recorded deferred outflows of resources of \$462,597,000 for pension-related items which consists of \$401,136,000 of governmental activities and \$61,461,000 of business-type activities. The City also recorded \$58,204,000 of other postemployment benefit-related items which consists of \$52,058,000 of governmental activities and \$6,146,000 in the business-type activities as of September 30, 2022, in accordance with GAAP.

In addition to liabilities, the Statement of Net Position presents a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources in the governmental funds result from the City's unavailable revenue which are receivables for revenue that are not considered available to liquidate liabilities in the current period. Deferred inflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to a service concession arrangement (SCA), pension, and other postemployment benefits.

In 2003, the City entered into an agreement with Allied Waste Systems (D/B/A Trinity Waste Services) to operate the City's Southeast Landfill. As part of this agreement, Allied Waste Systems is compensated by third party users of the landfill. The City owns the land for the landfill and retains ownership (residual interest) in the land at the end of the 20-year agreement. In 2003, Allied Waste Systems made an initial payment of \$9,600,000 to the City. This upfront payment is being amortized over the 20-year contract term. As of September 30, 2022, the City recognized deferred inflows of resources in the amount of \$534,000 in the Solid Waste Fund; \$240,000 of the deferred inflows in the Solid Waste Fund is due to the amortization of the landfill payment, and \$294,000 is related to prepaid landfill lease revenue for FY2023.

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

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.11 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

The City recorded deferred inflows of resources of \$335,461,000 for pension-related items and \$49,154,000 for other postemployment benefit-related as of September 30, 2022, in accordance with GAAP.

	<b>Governmental Funds</b>					<b>Total</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Grants</b>	<b>Nonmajor Governmental Funds</b>	
<b>Deferred Inflows of Resources:</b>						
Property Tax	\$ 754	\$ 195	\$ -	\$ -	\$ -	\$ 949
Accounts Receivable	-	-	-	-	5,723	5,723
Grants and Other Governments	-	-	2,562	1,283	-	3,845
Lease Related	16,336	-	-	-	2,266	18,602
Other	772	-	-	-	4,700	5,472
<b>Total</b>	<b>\$ 17,862</b>	<b>\$ 195</b>	<b>\$ 2,562</b>	<b>\$ 1,283</b>	<b>\$ 12,689</b>	<b>\$ 34,591</b>

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>			<b>Total</b>
		<b>Water and Sewer</b>	<b>Stormwater Utility</b>	<b>Nonmajor Enterprise Funds</b>	
<b>Deferred Outflows of Resources:</b>					
Unamortized Loss on Debt Refunding	\$ 2,024	1,235	\$ 1,237	\$ 1,589	\$ 6,085
Pension Related	401,136	48,738	5,828	6,895	462,597
OPEB Related	52,058	5,918	18	210	58,204
<b>Total</b>	<b>\$ 455,218</b>	<b>\$ 55,891</b>	<b>\$ 7,083</b>	<b>\$ 8,694</b>	<b>\$ 526,886</b>
<b>Deferred Inflows of Resources:</b>					
Service Concession Arrangement	\$ -	\$ -	\$ -	\$ 534	\$ 534
Lease Related	18,602	-	-	8,152	26,754
Pension Related	290,676	36,014	4,208	4,563	335,461
OPEB Related	42,469	6,358	109	218	49,154
<b>Total</b>	<b>\$ 351,747</b>	<b>\$ 42,372</b>	<b>\$ 4,317</b>	<b>\$ 13,467</b>	<b>\$ 411,903</b>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is presented in the Statement of Net Position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt related to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund balance is presented on the Balance Sheet for Governmental Funds. The components of fund balance include the following line items: a) nonspendable fund balance; b) restricted fund balance; c) committed fund balance; d) assigned fund balance; and e) unassigned fund balance. For further explanation of each fund balance component, please see the following:

a) **Nonspendable fund balance** (inherently nonspendable) include the:

- Portion of net resources that cannot be spent because of their form.
- Portion of net resources that cannot be spent because they must be maintained intact.

b) **Restricted fund balance** (externally enforceable limitations on use) include amounts subject to:

- Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- Limitations imposed by law through constitutional provision or enabling legislation.

c) **Committed fund balance** (self-imposed limitations set in place prior to the end of the period) include amounts subject to:

- Limitations imposed at the highest level of decision making that requires formal action (passage of City Ordinance) at the same level to remove. For the City, the City Council is the highest level of decision making.

d) **Assigned fund balance** (limitation resulting from intended use) consists of amounts where the:

- Intended use is established by the body designated for that purpose (City Council).
- Through Mayor and City Council ordinance, the City Manager has been delegated the authority to assign fund balances that are constrained by specific purposes that are neither restricted nor committed.

e) **Unassigned fund balance** (residual net resources) is the:

- Total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance.
- Negative unassigned fund balance is the excess of nonspendable, restricted, and committed fund balance over total fund balance.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, the City will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, the City will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

The City's Financial Management Policy Statements establish and document the City's policies concerning maintaining the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position. The policy provides for the following:

**General Fund, General Debt Service and Special Revenue Funds**

**General Fund**

The City will maintain an unassigned fund balance in the General Fund equivalent to two months (16.67%) of the next fiscal year budgeted operating expenditures.

**Debt Service Fund**

The City will maintain a level of restricted, committed, and assigned fund balance in each governmental Debt Service Fund equivalent to three months (25%) of the highest projected debt service (principal and interest) over the succeeding debt service schedule due within one year. Amounts used in this calculation shall not include any amounts allocated for other purposes by the City Council.

**Special Revenue Funds**

The City will maintain a combined restricted and assigned fund balance in the Special Revenue Funds equivalent to two months (16.67%) of the next fiscal year's budgeted operating expenditures.

**Enterprise Funds**

The City will maintain the following goal reserve levels in each Enterprise Fund, consistent with State law and the terms of ordinances pursuant to which obligations have been issued or incurred that are secured in whole or in part by revenues held in or credited to an Enterprise Fund:

- A goal of Working Capital in Enterprise Funds equivalent to three months (25%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group (e.g. transfer out from Water and Sewer Operating Fund to its Capital Projects Fund or Debt Service Fund). This calculation shall be performed against the operating fund only.
- A reserve of 100 days Cash on Hand with a goal of 150 days Cash on Hand. This calculation shall be performed against the operating fund only on an accrual basis.
- In addition, no Enterprise Fund shall have a negative unrestricted net position. This calculation shall be performed by using all of the funds for the respective reporting group.

**Internal Service Funds Insurance Funds (Risk Financing)**

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

- A goal of Working Capital in Risk Financing between three months (25%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group. This calculation shall be performed against the operating fund only on an accrual basis.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

- In addition, no Insurance Fund shall have a negative unrestricted net position. This calculation shall be performed by using all of the funds for the respective reporting group of the specific insurance related internal service fund.

**Internal Service Funds Non-Insurance Funds (Non-Risk Financing)**

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

- A goal Working Capital in Non-Risk Financing equivalent to ten percent (10%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group. This calculation shall be performed against the operating fund only on an accrual basis.
- In addition, no Non-Insurance Fund shall have a negative unrestricted net position. This calculation shall be performed by using all of the funds for the respective reporting group of the specific non-insurance related internal service fund.

**When Reserves are not met:**

If, based on analysis and forecasting, the target level of reserves is not met at fiscal year-end or is not likely to be met at any point within a five-year time horizon, then during the annual budget process a plan to replenish the reserve levels will be developed by collaboration among affected departments and the Department of Financial Management Services and Planning & Data Analytics based on the requirements outlined in this policy.

**Excess of Reserves:**

In the event reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess reserves may be used in the following ways:

General Fund, Special Revenue Funds, and Enterprise Funds, Internal Service Funds - Insurance and Non-Insurance Funds

- Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget ordinance. Priority will be given to those items that relieve budget or financial operating pressure in future periods;
- Appropriated to lower the amounts of bonds or increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
- One-time expenditures/expenses that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
- Start-up expenditures/expenses for new programs provided that such action be approved by the City Council and is considered in the context of multi-year projections of revenue and expenditures/expenses as prepared by the Department of Financial Management Services.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

**Debt Service Fund** - Use to repay any outstanding debt or obligations.

The following table provides detail regarding the fund balance categories and classifications for the governmental funds which shows components of nonspendable fund balance, as well as the purposes for restricted, committed, and assigned fund balance. The unassigned fund balance (deficit) is also shown.

<b>Fund Balance Categories and Classifications</b>						
<b>Fund Balance</b>	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects*</b>	<b>Grants</b>	<b>Nonmajor Governmental Funds**</b>	<b>Total Fund Balance</b>
<b>Nonspendable</b>						
Inventory	\$ 3,059	\$ -	\$ -	\$ -	\$ 2,326	\$ 5,385
Prepays, Deposits, and Other	2,565	-	472	32	40	3,109
<b>Total Nonspendable</b>	<b>5,624</b>	<b>-</b>	<b>472</b>	<b>32</b>	<b>2,366</b>	<b>8,494</b>
<b>Restricted</b>						
Park Improvements	9,898	-	-	-	-	9,898
Crime Control and Prevention	-	-	-	-	31,440	31,440
Environmental Management	-	-	-	-	3,689	3,689
Construction of Multi-Purpose Arena	-	-	2,469	-	-	2,469
2014 Bond Program	-	-	50,781	-	-	50,781
2018 Bond Program	-	-	92,963	-	-	92,963
Transportation Impact Fees	-	-	47,695	-	-	47,695
Community Facility Agreements	-	-	16,306	-	-	16,306
Fire Apparatus Replacement	-	-	8,938	-	-	8,938
Street Improvements	-	-	43,504	-	-	43,504
Future City Hall	-	-	91,065	-	-	91,065
Police Facility Renovation	-	-	7,478	-	-	7,478
Police Vehicles Replacement	-	-	10,162	-	-	10,162
Other	-	-	-	3,765	115,290	119,055
<b>Total Restricted</b>	<b>9,898</b>	<b>-</b>	<b>371,361</b>	<b>3,765</b>	<b>150,419</b>	<b>535,443</b>

(continued)

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.12 FUND BALANCE/NET POSITION**

Fund Balance Categories and Classifications						
Fund Balance	General	Debt Service	Capital Projects*	Grants	Nonmajor Governmental Funds**	Total Fund Balance
<b>Committed</b>						
Public Events and Facilities	\$ 15,345	\$ -	\$ -	\$ -	\$ -	15,345
Debt Service	-	49,117	-	-	-	49,117
Park Improvements	3,788	-	-	-	-	3,788
Street Improvements	-	-	55,087	-	-	55,087
Community Facility Agreements	-	-	2,788	-	-	2,788
Community Park Projects	-	-	34,121	-	-	34,121
Fort Worth Public Art	-	-	5,392	-	-	5,392
Police Facility Renovation	-	-	2,446	-	-	2,446
Police Equipment	-	-	4,852	-	-	4,852
Police Vehicles Replacement	-	-	85	-	-	85
Fire Apparatus Replacement	-	-	6,361	-	-	6,361
Fire Station	-	-	3,431	-	-	3,431
WRMC	-	-	14,913	-	-	14,913
IT Software and Computers	-	-	5,749	-	-	5,749
General Vehicle Replacements	-	-	16,501	-	-	16,501
State Sales Tax Agreement	15,916	-	-	-	7,452	23,368
Future City Hall	-	-	2,969	-	-	2,969
Other	1,668	-	140,554	2,298	3,982	148,502
<b>Total Committed</b>	<b>36,717</b>	<b>49,117</b>	<b>295,249</b>	<b>2,298</b>	<b>11,434</b>	<b>394,815</b>
<b>Assigned</b>						
Culture and Tourism	-	-	-	-	26,119	26,119
Police Vehicle Replacement	-	-	19	-	-	19
Community Park Projects	-	-	45,831	-	1,710	47,541
WRMC	-	-	36	-	-	36
Street Improvements	-	-	33	-	-	33
Fire Station	-	-	209	-	-	209
Juneteenth Museum	15,000	-	-	-	-	15,000
Museum of Science & Theatre	5,000	-	-	-	-	5,000
Other	11,583	-	50,305	-	46,703	108,591
<b>Total Assigned</b>	<b>31,583</b>	<b>-</b>	<b>96,433</b>	<b>-</b>	<b>74,532</b>	<b>202,548</b>
Unassigned	159,308	-	-	-	-	159,308
<b>Total Fund Balance</b>	<b>\$ 243,130</b>	<b>\$ 49,117</b>	<b>\$ 763,515</b>	<b>\$ 6,095</b>	<b>\$ 238,751</b>	<b>\$ 1,300,608</b>

(concluded)

\*The Other category and classification for the Capital Projects Fund for restricted, committed, and assigned fund balance consists of various smaller construction projects at the end of the fiscal year.

\*\*The Other category and classification for the Nonmajor Governmental Funds for restricted, committed, and assigned fund balance consists of smaller projects and activities at the end of the fiscal year.

As of September 30, 2022, the City committed \$1,668,000 for budget rollovers to Financial Management Services, Diversity and Inclusion, Police, and Economic Development departments. In addition, the City has assigned approximately \$31,600,000, of which \$15,000,000 will go towards the development of the National Juneteenth Museum, \$9,500,000 will go towards capital project shortfalls, \$5,000,000 will go towards the Omni Theater digital dome at The Fort Worth Museum of Science and History, \$1,200,000 will go towards the Public Safety Payroll System Project and \$859,000 will go towards the Information Technology Public Safety Radio Replacement Project.

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

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.13 LONG-TERM OBLIGATIONS**

Long-term debt and other obligations for general government purposes are recorded in the government-wide Statement of Net Position. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds and the business-type activities on the government-wide Statement of Net Position.

For the government-wide financial statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred apart from prepaid bond insurance, which is classified as an asset and amortized on a straight-line basis over the term of the related debt. In addition, gains and losses on bond refundings are reported as deferred outflows/inflows of resources and are amortized over the term of the lesser of the life of the new bonds or the life of the refunded bonds using the straight-line method. In governmental funds, all bond-related items are recognized in the current period.

**A.14 USE OF ESTIMATES**

The preparation of the basic financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of deferred outflows of resources and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, but the City believes that the differences will be insignificant.

**A.15 TAX ABATEMENTS**

As of September 30, 2022, the City provides tax abatements through three programs: Tax Abatement Agreements (Texas Tax Code 312), Economic Development Program Grant Agreements (Texas Local Government Code Chapter 380), and Neighborhood Empowerment Zones (Texas Tax Local Government Code Chapter 378). The table below and on the following pages explain each program:

	<b>Tax Abatement Agreements</b>	<b>Economic Development Program Grant Agreements</b>	<b>Neighborhood Empowerment Zones (NEZ)</b>
<b>1) Purpose of Program:</b>	<i>Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City to grant a Tax Abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in this Policy. In order for the City to participate in Tax Abatement, the City is required to establish guidelines and criteria governing Tax Abatement agreements.</i>	<i>This program is grant based and the purpose of these City grants is to reimburse private developers for the range of expenses that may otherwise contribute to a financing gap, yielding projects financially infeasible. A city may provide a Chapter 380 grant in the form of a municipal sales or property tax rebate. In addition, various amendments to state law have permitted temporary hotel/motel tax rebates to help finance convention center-related hotel facilities.</i>	<i>This program allows for owners of residential, multi-family, commercial, industrial, mixed-use, and community facilities development projects located in a NEZ area to apply for a tax abatement.</i>
<b>2) Tax being abated:</b>	<i>Real Property, &amp; Business Personal Property</i>	<i>Real Property, Business Personal Property, Sales Tax, &amp; Hotel Occupancy Tax</i>	<i>Property Tax</i>

(continued)



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
(000's omitted in tables)

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**TAX ABATEMENTS**

	<b>Tax Abatement Agreements</b>	<b>Economic Development Program Grant Agreements</b>	<b>Neighborhood Empowerment Zones (NEZ)</b>
<b>3) Authority under which abatement agreements are entered into:</b>	<i>Tax abatements are authorized under Chapter 312 of the Texas Tax Code.</i>	<i>Grants are authorized under Texas Local Government Code Chapter 380.</i>	<i>Tax abatements are authorized under Chapter 378 of the Texas Local Government Code.</i>
<b>4) Criteria to be eligible to receive abatement:</b>	<i>A Tax Abatement can only be granted to persons or entities eligible for Tax Abatement pursuant to Section 312.204(a) of the Texas Tax Code, which persons or entities as of the effective date of this policy are the owner of taxable real property located in a Tax Abatement reinvestment zone; or the owner of a leasehold interest in real property located in a Tax Abatement reinvestment zone.</i>	<i>A business or entity shall be eligible to participate in the Chapter 380 Economic Development Program on terms and conditions established by the City Council on a case-by-case basis if: (a) the business or entity enters into a binding contract with the City under which (i) the business or entity is required to make specific and verifiable employment and other commitments that serve the public purposes overseen by the City's Economic Development Department and that the City Council deems appropriate under the circumstances and (ii) the City is able to cease and/or recapture payment of Chapter 380 incentives or to terminate the contract in the event that the public purposes specified in the contract are not met; or (b) the business or entity enters into a binding contract with the City under which (i) the business or entity commits to conduct or sponsor, in whole or in part, an event to which the general public has access, including, but not limited to, sporting events; events that focus on the history of the City and the region; and events that promote instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, and graphic and craft arts, and (ii) as part of such event and as specified in the contract, the business or entity is required to promote and publicize the City and attractions within the City in a manner that is likely to attract visitors from locations outside the City.</i>	<i>Municipal property tax abatements, fee waivers and release of city liens are available to property owners who build or rehabilitate property within a NEZ.</i>

(continued)

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
(000's omitted in tables)

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**TAX ABATEMENTS**

	<b>Tax Abatement Agreements</b>	<b>Economic Development Program Grant Agreements</b>	<b>Neighborhood Empowerment Zones (NEZ)</b>
<b>5) How recipients' taxes are reduced:</b>	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.
<b>6) How the amount of abatement is determined:</b>	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.
<b>7) Provisions for recapturing abated taxes:</b>	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.
<b>8) Types of commitments made by the City other than to reduce taxes:</b>	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.
<b>9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement:</b>	Real Property            \$2,780 B/P* Property <u>1,452</u> Total <u><u>\$4,232</u></u>	Real Property            \$ 11,273 B/P* Property            12,106 Sales                        5,989 Hotel Occupancy <u>2,753</u> Total <u><u>\$ 32,121</u></u>	Real Property            \$ <u>1,141</u>
	*B/P = Business Personal		(concluded)

**A.16 IMPLEMENTATION OF NEW GASB STANDARD**

During the year, the City implemented GASB Statement No. 87, *Leases*. Additional information on the implementation of this statement is noted below.

GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Information about lease receivables can be found within the tables in Note C and information about lease liabilities can be found within the tables in Note G. Information about depreciation and amortization of right-to-use lease assets can be found in Note F. Adoption of GASB 87 had no effect on beginning net position/fund balance at October 1, 2021, the date of implementation.

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

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all operating, capital project, and special revenue funds. Each fund's portion of this pool is displayed separately on the Statement of Net Position as "Cash, Cash Equivalents, & Investments." The cash and investments of the Employees' Retirement Fund, investments of the Retiree Healthcare Trust Fund (OPEB Trust), and cash of the Fort Worth Firefighters Healthcare Trust are managed and accounted for separately from those of the City. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP, see Note A.5.A.

**Pooled Portfolio**

The investment policies of the City are governed by State statutes and the City Council's adopted Investment Policy and Strategy (Policy). Major controls stipulated in the Policy include: depository limitations; Federal Deposit Insurance Corporation (FDIC) insurance or collateralization; repurchase agreements restrictions regarding primary dealers; independent third party custody for all collateral; settlement by delivery versus payment; defined authorized investments; and diversification guidelines. Maximum maturity and maximum weighted average maturity (WAM) limits are also set by the Policy.

State statutes and the Policy authorize investment in obligations of the U.S. Government, its agencies and instrumentalities, municipal obligations rated AA or better, repurchase agreements, A1/P1 commercial paper, AAA-rated constant dollar public funds investment pools, Letters of Credit (LOC) issued by the Federal Home Loan Bank, and Security and Exchange Commission (SEC) registered money market mutual funds. The City's Policy requires that collateral is limited to federal government securities with a market value equal to 102 percent of deposits.

The City, as authorized by the City Council, engages in securities lending through a contract with Citibank whereby all of the U.S. Treasury securities and agency securities are available to be lent to an authorized dealer. All loans can be terminated on demand by either party. The State law indirectly addresses reinvestment of collateral through the reverse repurchase agreement requirements. The law requires that reinvestment of the funds received "must mature not later than the expiration date" of the loan (Section 2256.011d of the Public Funds Investment Act). The City receives defined collateral of at least 102 percent of fair value. At no time is ownership of the underlying securities transferred to the primary dealer. The City does not have the ability to pledge or sell collateral securities outside of borrower default. Therefore, in accordance with GAAP, collateral securities are not presented on the City financial statements. As of September 30, 2022, the carrying and fair value of securities on loan were \$391,930,957 and the fair value of collateral held against the loaned securities was \$399,734,344.

The Public Funds Investment Act, Chapter 2256, Texas Government Code (the PFIA) directs authorized investments of the City. State statutes and the Policy require all time and demand deposits to be fully FDIC insured or collateralized. As of September 30, 2022, the City's demand and time deposits totaled \$468,790,091. Of the \$468,790,091 bank balance, \$250,000 in each bank account was insured by FDIC deposit insurance with the remainder collateralized with pledged securities held by an independent custodian. As of September 30, 2022, all funds were insured or collateralized as required under state law.

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

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

As of September 30, 2022, the City's investment portfolios (Portfolio) (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) were held by the City's custodians in the City's name under written agreements. The City's custodians are Citibank (securities lending) and JP Morgan Chase.

The City generally holds all pooled investments to maturity for investment and income, not speculation. For the year ended September 30, 2022, interest earned of \$1,762,275 on investments in the Capital Projects Fund was assigned to and reported as investment income in the Debt Service Fund for future debt service payments.

**Interest Rate Risk** — In order to limit interest and market rate risk, the Policy sets specific maximum maturity dates and WAM for each of the City's investment portfolios. The City's liquid investment portfolio has investments held for one year or less. For the City's short-term portfolio, the WAM is two and one half (2½) years with a maximum stated maturity of five (5) years. The City's long-term portfolio has a WAM of seven and one half (7½) years, and a maximum stated maturity of (10) years.

The Policy sets guidelines for maturity ranges which are dependent on interest rate conditions.

<b>Maturity</b>	<b>Cash to 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>3 - 4 years</b>	<b>4+ years</b>
<b>Targeted Portfolio %</b>	40.00%	15.00%	15.00%	15.00%	15.00%
<b>Actual %</b>	70.13%	11.57%	7.87%	6.48%	3.95%

As of September 30, 2022, the Portfolio included:

- no holdings with a stated maturity date beyond March 31, 2028;
- holdings maturing beyond one year represented 29.87%; and
- the WAM was 286 days or 0.79 years.

The Portfolio invests in agency debentures which are based on the credit of the agency. The Portfolio does not invest in any agency mortgage-backed securities. Certain debentures have embedded call options which are exercised dependent upon the type of call creating a unique "structure" for that security. Calls are normally scheduled on a one-time, quarterly, or continuous call basis. As of September 30, 2022, the Portfolio contained no callable debentures.

**Credit Risk** — The primary stated objective of the Policy is the safety of principal and avoidance of principal loss. State statutes and the Policy restrict time and demand deposits to banks doing business in Texas and require FDIC insurance or collateralization. A 102 percent margin on collateral is required, and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Securities are priced at fair value on a daily basis as a contractual responsibility of the bank.

State statutes and the Policy limit repurchase agreements to those with defined termination dates executed with a Texas bank or a primary dealer. The Policy requires an industry standard, written master repurchase agreement, and a 102 percent margin on collateral, as well as, delivery versus payment settlement and independent safekeeping.

The Policy restricts investments in commercial paper to dual rated, A1/P1 commercial paper. The Policy also states maximum maturity for commercial paper is 365 days.

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

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

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

As of September 30, 2022, the Portfolio consisted of:

- U.S. Treasury Notes and Bills represented 64.87%;
- U.S. Obligations represented 30.47%; and
- Municipal Obligations represented 4.66%

See Note B.3. for a detailed listing of investments as of September 30, 2022.

Credit risk in the securities lending program is mitigated by diversification of the borrowers through Citibank's automated process and the 102 percent margin required for every transaction. As a muni-swap contract, Citibank uses only A or better state and local governmental collateral for securities lending. There has not been any default by a borrower or lending agent under the City's securities lending program since its inception. Collateral provided under the securities lending program is not reported as an asset of the City.

**Concentration of Credit Risk** — The City recognizes over-concentration of assets by market sector or maturity as market risk. The Policy establishes diversification as a major objective and sets diversification limits and strategy percentage directives which are monitored on at least a monthly basis. The City's balances and investment horizon are managed in accordance with cash flow needs, prevailing market conditions, and general economic factors.

**Custodial Credit Risk** — To control custody and safekeeping risk, State statutes and the Policy require FDIC insurance or collateral for all time and demand deposits, as well as collateral for repurchase agreements and security lending positions. All collateral is held by an independent party approved by the City. The custodian provides original safekeeping receipts and full monthly reporting. Depository agreements are executed under the terms of the Financial Institutions Resource and Recovery Enforcement Act.

As of September 30, 2022, the Portfolio contained no certificates of deposit and no repurchase agreements.

Custody of collateral under the securities lending program utilizes an independent third party custodian in a segregated account for all collateral. All collateral is held in the name of the City and marked-to-market daily. If the value falls below 102 percent, additional collateral is provided. The lender does not act as a borrower.

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

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.1 POOLED CASH AND INVESTMENTS**

**Gas Lease Portfolio**

Section 2256.0202 of the PFIA authorizes municipal funds from the management and development of mineral rights to be invested in accordance with Texas Trust Code (Subtitle B, Title 9, Property Code). Texas Trust Code allows any security that a "Prudent Investor" would be willing to utilize. City Council has adopted a separate Gas Lease Investment Policy (GLI Policy) statement for these funds. The GLI Policy defines authorized investments and sets the objectives of security, liquidity, and diversification. In addition to the authorized investments allowed under the Investment Policy and Strategy, the GLI Policy authorizes: investments in municipal obligations rated A or better; prime banker's acceptances; domestic and international bond mutual funds with a Morningstar rating of at least two stars; domestic and international equity, and preferred stock mutual funds; domestic and international stocks; real assets; real estate; complementary strategies (currently hedge funds); and corporate and asset-backed securities rated A or better. The fair value and cost basis of this Gas Lease Portfolio were \$61,584,000 and \$69,849,000, respectively.

The GLI Policy sets maximum maturity limits for each authorized investment type. The maximum stated maturity for fixed income securities is 20 years. As of September 30, 2022, no holdings have a stated maturity date beyond March 1, 2027. The following schedule details fair values and maturities for fixed income securities and mutual funds:

<b>Fixed Income Securities</b>	<b>Less Than 1 Year</b>	<b>1 - 5 Years</b>	<b>6 - 10 Years</b>	<b>Total</b>
Government Obligations	\$ -	\$ 3,030	\$ -	\$ 3,030
Mortgage Backed Securities	-	955	-	955
Corporate Obligations	4,394	5,703	179	10,276
Domestic Mutual Funds	7,840	-	-	7,840
International Mutual Funds	2,902	-	-	2,902
Total Fixed Income Securities	<u>\$ 15,136</u>	<u>\$ 9,688</u>	<u>\$ 179</u>	<u>\$ 25,003</u>

**CITY OF FORT WORTH, TEXAS**  
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(000's omitted in tables)

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.2 CASH, CASH EQUIVALENTS, & INVESTMENTS HELD BY TRUSTEES**

All cash equivalents held by Trustees are held in depositories and SEC-registered money market funds.

**B.3 CASH, CASH EQUIVALENTS, & INVESTMENTS**

Below are the City's investments measured at fair value as of September 30, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by Fair Value Level</b>				
<b>Investments Managed by the City</b>				
Federal Farm Credit Bank (FFCB)	\$ 32,487	\$ -	\$ 32,487	\$ -
Federal Home Loan Bank (FHLB)	114,681	-	114,681	-
Federal Home Loan Mortgage Corporation (FHLMC)	21,472	-	21,472	-
Federal National Mortgage Association (FNMA)	85,098	-	85,098	-
U.S. Treasury Notes	540,294	540,294	-	-
Municipal Obligations - Short Term	38,798	-	38,798	-
Total Investments Managed by the City	832,830	540,294	292,536	-
<b>Investments Held by Trustees for the City</b>				
Gas Lease Revenue - Fixed Income	14,261	-	14,261	-
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	10,742	10,742	-	-
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	30,636	30,636	-	-
Gas Lease Revenue - Real Assets Funds	3,089	3,089	-	-
Gas Lease Revenue - Complementary Strategies Funds	2,856	2,856	-	-
Total Investments Held by Trustees for the City	61,584	47,323	14,261	-
Total Investments by Fair Value Level	<u>\$ 894,414</u>	<u>\$ 587,617</u>	<u>\$ 306,797</u>	<u>\$ -</u>

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
(000's omitted in tables)

**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.3 CASH, CASH EQUIVALENTS, & INVESTMENTS**

The City held the following cash, cash equivalents, & investments as of September 30, 2022:

	<u>Fair Value</u>	<u>WAM by Days</u>	<u>Moody's Credit Rating</u>
<b>Pooled Cash, Cash Equivalents, &amp; Investments Managed by the City</b>			
Cash	\$ 1,827,528	N/A	N/A
Cash in Bank - Blended Component Units	34,181	N/A	N/A
Federal Farm Credit Bank (FFCB)	32,487	828	Aaa
Federal Home Loan Bank (FHLB)	114,681	191	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	21,472	943	Aaa
Federal National Mortgage Association (FNMA)	85,098	405	Aaa
U.S. Treasury Notes	540,294	841	Aaa
Municipal Obligations - Short Term	38,798	829	Aa1-Aaa
Total Cash, Cash Equivalents, & Investments Managed by the City	<u>2,694,539</u>		
<b>Cash, Cash Equivalents, &amp; Investments Held by Trustees for the City</b>			
Gas Lease Revenue - Cash	17,537	N/A	N/A
Gas Lease Revenue - Fixed Income	14,261	N/A	Note B.1.
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	10,742	N/A	Note B.1.
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	30,636	N/A	N/A
Gas Lease Revenue - Real Assets Funds	3,089	N/A	N/A
Gas Lease Revenue - Complementary Strategies Funds	2,856	N/A	N/A
Cash Held by Trustee - United Healthcare	2,566	N/A	N/A
Cash Held by Trustee - York	798	N/A	N/A
Cash Held by Trustee - TWDB 2010B	5,770	N/A	N/A
Cash Held by Trustee - TWDB 2017B SWIRF	1,452	N/A	N/A
Cash Held by Trustee - Rock Creek	2,136	N/A	N/A
Cash Held by Trustee - CWSRI/2015	4,441	N/A	N/A
Cash Held by Trustee - CWSRI/2017	9,817	N/A	N/A
Cash Held by Trustee - TWDB 2020	1,771	N/A	N/A
Cash Held by Trustee - Southeast Landfill	9,986	N/A	N/A
Total Cash, Cash Equivalents, & Investments Held by Trustees for the City	<u>117,858</u>		
<b>Total Cash, Cash Equivalents, &amp; Investments - Primary Government</b>	<u>\$ 2,812,397</u>		
<b>Cash &amp; Cash Equivalents Managed by the Employees' Retirement Fund</b>			
Cash in Bank	200	N/A	N/A
<b>Investments Managed by the Employees' Retirement Fund</b>			
Investments	<u>2,811,601</u>	See Note B.5.	
<b>Total Cash, Cash Equivalents, &amp; Investments - Employees' Retirement Fund</b>	<u>2,811,801</u>		
<b>Cash &amp; Cash Equivalents Managed by the Retiree Healthcare Trust Fund</b>			
Cash in Bank	10,217	N/A	N/A
<b>Investments Managed by the Retiree Healthcare Trust Fund</b>			
Investments	<u>78,075</u>	See Note B.4.	
<b>Total Cash, Cash Equivalents, &amp; Investments - Retiree Healthcare Trust Fund</b>	<u>88,292</u>		
<b>Cash &amp; Cash Equivalents Managed by the Fort Worth Firefighters Healthcare Trust Fund</b>			
Cash in Bank	<u>3,972</u>	N/A	N/A
<b>Total Cash &amp; Cash Equivalents - Fort Worth Firefighters Healthcare Trust Fund</b>	<u>3,972</u>	0	
<b>Cash &amp; Cash Equivalents Managed by the Discretely Presented Component Unit</b>			
Cash in Bank	<u>307</u>	N/A	N/A
<b>Total Cash &amp; Cash Equivalents - Discretely Presented Component Unit</b>	<u>307</u>		
<b>Total Cash, Cash Equivalents, &amp; Investments</b>	<u>\$ 5,716,769</u>		



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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.3 CASH, CASH EQUIVALENTS, & INVESTMENTS**

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

<b>Cash, Cash Equivalents, &amp; Investments, per Note</b>	
Primary Government	\$ 2,812,397
Employees' Retirement Fund	2,811,801
Retiree Healthcare Trust Fund	88,292
Fort Worth Firefighters Healthcare Trust Fund	3,972
Discretely Presented Component Unit	307
Total, per Note	<u>\$ 5,716,769</u>
<b>Cash, Cash Equivalents, &amp; Investments, per Basic Financial Statements</b>	
Statement of Net Position - Primary Government	\$ 1,734,056
Statement of Net Position - Primary Government Restricted	1,078,341
Statement of Net Position - Discretely Presented Component Unit	307
Statement of Fiduciary Net Position - Cash and Cash Equivalents	14,389
Statement of Fiduciary Net Position - Cash and Investments Held by Trustees	2,889,676
Total, per Basic Financial Statements	<u>\$ 5,716,769</u>

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.4 INVESTMENTS OF THE RETIREE HEALTHCARE TRUST FUND (THE OPEB TRUST)**

All OPEB Trust investments are held in the Public Agencies Retirement Services (PARS) Post-Retirement Health Care Plan Trust by its trustee, US Bank. The Trustee is contracted to manage the portfolio in accordance with the Trust documents as approved by the City Council. The Trust Investment Guideline mandates a diversified portfolio in real estate, fixed income securities, and equity securities.

**Custodial Credit Risk** — As of September 30, 2022, all investments are registered in the name of the City of Fort Worth PARS Post-Retirement Health Care Plan Trust in a master trust custodial agreement.

**Credit Risk of Debt Securities** — The OPEB Trust investments as of September 30, 2022, are shown below:

Investment Type	Rating	Fair Value*
Issues:		
US Government Issues	N/A	\$ 23,796
Corporate Issues	N/A	22,503
Foreign Issues	N/A	3,141
Municipal Issues	N/A	1,245
Total Issues		50,685
Fixed Income Mutual Funds:		
Vanguard Short-Term Investment Grade	N/A	5,321
Pimco High Yield Instl	N/A	414
Pimco Total Return II Instl	N/A	81
Total Fixed Income Mutual Funds	N/A	5,816
Equity Mutual Funds:		
Ishares S&P 500 ETF	N/A	6,266
Ishares S&P 500 Growth ETF	N/A	2,535
Ishares S&P 500 Value ETF	N/A	3,110
Ishares Msci Eafe ETF	N/A	2,154
Ishares Russell Midcap Value ETF	N/A	1,935
Ishares Russell 2000 Value Index ETF	N/A	1,534
Ishares Russell 2000 Growth ETF	N/A	1,611
Vanguard Emerg Mkt	N/A	1,185
Vanguard Reit ETF	N/A	1,244
Total Equity Mutual Funds	N/A	21,574
Total Investments		\$ 78,075

\*All OPEB Trust assets were valued using Level 1 inputs.

**Concentration of Credit Risk** — The OPEB Trust Investment Guideline addresses concentration limits on a manager basis. As of September 30, 2022, the OPEB Trust's investments were all registered in the Trust's name.

**Interest Rate Risk** — The OPEB Trust does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

The Employees' Retirement Fund of the City of Fort Worth, Texas (the "Retirement Fund") is comprised of two separate defined benefit plans: the City of Fort Worth employees benefit plan (the "City Plan" or the "Plan") and the Retirement Fund employees plan (the "Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945. The Staff Plan was established through Administrative Rules in 2007, and both plans are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) effective June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan of the Employees' Retirement Fund, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees (Board). The Retirement Fund Board is solely responsible for managing the assets for the City of Fort Worth employees plan, and defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. Therefore, assets of each plan are legally separate and cannot pay benefits of the other. Due to the insignificant nature of the Staff Plan's assets compared to the Retirement Fund's assets, all further references to the Plan and information provided in the Notes and Required Supplementary Information about the City Plan are strictly limited to information about the City employees (comprised of General Employees, Police Officers, and Firefighters). As discussed in Note I, this fiduciary fund of the City issues separate audited financial statements which are publicly available and can be obtained by contacting the Employees' Retirement Fund at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

**Fair Value** — The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described in Note A.5.A.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Investments that use inputs that are of different levels are categorized based on the lowest level of input used to determine the fair value of the investment.

The Plan's assets listed in the Investments Measured at Net Asset Value table in Note B.5. are invested with managers in structures that the Plan receives values for shares held in the investment structure with the manager. The liquidity of these structures is listed below on the following pages:

**Equity Investments** — This consists of two Commingled Global Equity Funds that are passive institutional investment funds that invest in global equities diversified across all sectors focused on large to mid-cap equities. One of the global equity funds is based on a cap-weighted MSCI ACWI index and the second fund is based on an MSCI ACWI weighted toward fundamental aspects of companies within the index. There is also one active Commingled Emerging Market Equity Fund that is an institutional investment fund that invests in emerging market equities diversified across all sectors focused on large to mid-cap equities.

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Absolute Return Funds** — This category consists of several different styles of funds as well as different liquidity structures. When redeeming from these funds, there is typically a notice period ranging from one to three months' notice and funds can hold back a small portion of the assets until an annual audit is conducted. In some cases managers designate particular investments as longer hold periods than the funds liquidity schedule, in these cases they side pocket the investment, and these assets are not available immediately upon redemption. Directional funds include investments in one fund that invests in a directional nature based on their views of markets, at times this fund may invest without a directional bias. The directional fund is able to be redeemed on a quarterly basis. Equity Long/Short funds include investments in four funds with two of these funds currently in redemption consisting of less than 1% of assets in this category. Equity Long/Short funds maintain some level of market exposure by investing in US or global equities both long and short with the level of exposure varying over time. One fund of this type, consisting of 47% of assets in this category allows a full redemption on a quarterly basis. The other significant fund of this type, consisting of 53% of assets in this category, allows quarterly liquidity receiving 1/4 of assets each subsequent quarter. Event driven funds include investments in seven funds with two of those funds currently in redemption consisting of less than 1% of assets in this category. These funds seek to gain an advantage from pricing inefficiencies that may arise based on corporate actions or events which may change the nature of the underlying investment. The nature of event driven investments often restricts the liquidity of those investments. In this category 16% of the assets may only be redeemed in three-year intervals, while 14% may only be redeemed on an annual basis. The remaining 70% of assets may be redeemed quarterly receiving 1/4 of assets each subsequent quarter. Multi-Strategy funds invest in multiple strategies in order to diversify risks and reduce volatility. The five funds in this category have been redeemed with the remaining assets either audit holdback or side pocketed assets waiting for liquidation. Relative Value funds include investments in two funds in this category. Relative Value funds seek returns by identifying mispricing of related securities or financial instruments. Both of the Relative Value funds allow quarterly liquidity receiving 1/4 of assets each subsequent quarter.

**Alternative Assets** — This category consists of limited partnership structures that invest in companies or real estate which allow for limited or no liquidity for the investor. Private Equity partnerships consist of funds that invest in buyouts, growth equity, venture capital, special situations, mezzanine and distressed debt. There are 85 partnerships in this category and these partnerships are typically structured with life from 7-12 years and are considered illiquid. As investments are sold out of the partnerships, assets are returned to the investors. These funds' fair value is determined using net asset values one quarter in arrears and adjusted for cash flows of the most recent quarter. There are three investments in Real Estate - Core partnerships which invest in highly leased lower leverage properties that provide consistent income to the investors. These funds allow quarterly liquidity to the investors. A redemption has been submitted from one of these managers, however a gate has been implemented by the manager restricting the flow of redemption proceeds as the manager pursues liquidation of some of the fund assets to meet the investors that have requested redemptions. Real Estate – Non-Core partnerships invest in properties that require some kind of development or improvements to improve the position of the property. There are 23 partnerships in this category and these partnerships are typically structured with a life from 7-12 years and are considered illiquid. As properties are sold out of the partnership, assets are returned to the investors. These funds fair value are determined using net asset values one quarter in arrears and adjusted for cash flows of the most recent quarter.

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

Below are the Plan's investments and derivative instruments measured at fair value as of September 30, 2022:

	Fair Value	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>				
<b>Short Term Securities</b>	\$ 389,350	\$ 8,313	\$ 381,037	\$ -
<b>Debt Securities</b>				
Collateralized Debt Obligations	38,503	-	26,840	11,663
Commercial Mortgage-Backed Securities	20,339	-	15,949	4,390
Corporates	128,631	-	128,040	591
Debt Other	32,605	32,601	4	-
Exchange Traded Funds (ETF)	37,492	37,492	-	-
Municipals	6,008	-	6,008	-
Non U.S. Government	4,059	-	4,059	-
U.S. Government Agencies	80,484	-	75,496	4,988
U.S. Treasuries	94,014	94,014	-	-
<b>Total Debt Securities</b>	<b>442,135</b>	<b>164,107</b>	<b>256,396</b>	<b>21,632</b>
<b>Equity Securities</b>				
Communication Services	7,805	7,243	562	-
Consumer Discretionary	22,361	22,229	-	132
Consumer Staples	7,858	7,858	-	-
Energy	39,606	39,606	-	-
Equity Other	16,378	16,378	-	-
Exchange Traded Funds (ETF)	433,772	433,772	-	-
Financials	20,499	20,499	-	-
Health Care	27,663	27,663	-	-
Industrials	25,648	25,348	-	300
Information Technology	26,922	26,922	-	-
Materials	7,055	7,055	-	-
Real Estate	4,327	4,327	-	-
Utilities	3,663	3,663	-	-
<b>Total Equity Securities</b>	<b>643,557</b>	<b>642,563</b>	<b>562</b>	<b>432</b>
<b>Investments Measured at Net Asset Value*</b>				
<b>Equity Investments</b>				
Commingled Global Equity Fund	\$ 363,986			
Commingled Emerging Market Equity Fund	49,534			
<b>Total Equity Investments</b>	<b>413,520</b>			
<b>Absolute Return</b>	<b>190,380</b>			
<b>Alternative Investments</b>				
Private Equity	340,905			
Private Credit	22,088			
Real Estate - Core	189,923			
Real Estate	188,345			
<b>Total Alternative Investments</b>	<b>741,261</b>			
<b>Total Investments Measured at Net Asset Value</b>	<b>\$ 1,345,161</b>			
<b>Total Investments by Fair Value Level</b>	<b>\$ 2,820,203</b>	<b>\$ 814,983</b>	<b>\$ 637,995</b>	<b>\$ 22,064</b>
<b>Less: Investments in Non-City Funded Staff Plan</b>	<b>(8,602)</b>			
<b>Total Investments by Fair Value Level in City Plan</b>	<b>\$ 2,811,601</b>			
<b>Investment Derivative Instruments</b>				
Forward Contracts	878	-	878	-
Swap Agreements	(183)	(183)	-	-
Rights and Warrants	19	19	-	-
Futures	(134)	(134)	-	-
<b>Total Investment Derivative Instruments</b>	<b>\$ 580</b>	<b>\$ (298)</b>	<b>\$ 878</b>	<b>\$ -</b>

\*Investments measured at Net Asset Value have total Unfunded Commitments of \$351,483,069, the Plan's investments at NAV offer redemption frequencies ranging from daily to three (3) years on redeemable investments; with a total of \$551,337,624 of alternative investments that are ineligible for redemption and a redemption notice period of one (1) day to 90 days on eligible assets.

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

Substantially all of the Plan's investments are held by its custodian. The Retirement Fund Board of Trustees (Board) authorizes various external managers to manage investments within certain policies as set forth by the Board. These policies mandate a diversified portfolio, which includes investments, either directly or in commingled accounts, in real estate, fixed income securities, and equity securities.

GAAP addresses common deposit and investment risks including custodial credit risk, credit risk of debt securities, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below and on the following pages:

**Custodial Credit Risk** — Custodial credit risk is the risk that in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of September 30, 2022, all investments are registered in the name of the Employees' Retirement Fund of the City of Fort Worth or in the name of the Plan's custodian, established through a master trust custodial agreement, with the exception of investments in alternative investments and commingled funds.

**Credit Risk of Debt Securities** — Credit risk of debt securities is the risk that an issuer or another counterparty to an investment will not fulfill its obligations. The Plan's investment policy (the policy) requires that fixed income securities have a weighted average of no less than investment grade, as rated by Moody's or Standard & Poor's (S&P). However, the policy does provide for high yield fixed income managers to invest in securities with S&P ratings between BB+ and CCC. The policy limits 25% of a manager's portfolio to be rated CCC or lower. Unrated securities should be limited to no more than 20% of a manager's portfolio. GASB 40 does not require disclosure of U.S. government obligations explicitly guaranteed.

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**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Credit Risk of Debt Securities**—The Plan's investments as of September 30, 2022, are shown below:

<b>Investment Type</b>	<b>S&amp;P Rating</b>	<b>Fair Value</b>
Asset & Mortgage Backed Obligations	AAA	\$ 33,350
Asset & Mortgage Backed Obligations	AA	3,521
Asset & Mortgage Backed Obligations	A	7,404
Asset & Mortgage Backed Obligations	BBB	2,478
Asset & Mortgage Backed Obligations	BB	316
Asset & Mortgage Backed Obligations	B	578
Asset & Mortgage Backed Obligations	CCC	360
Asset & Mortgage Backed Obligations	NR	10,835
Total Asset & Mortgage Backed Obligations		58,842
Corporate Obligations	AAA	943
Corporate Obligations	AA	2,129
Corporate Obligations	A	35,096
Corporate Obligations	BBB	51,420
Corporate Obligations	BB	20,596
Corporate Obligations	B	13,600
Corporate Obligations	CCC	2,949
Corporate Obligations	CC	-
Corporate Obligations	D	240
Corporate Obligations	NR	1,662
Total Corporate Obligations		128,635
Government Agency Obligations	AAA	80,025
Government Agency Obligations	AA	4,402
Government Agency Obligations	A	2,064
Government Agency Obligations	NR	-
Total Government Agency Obligations		86,491
International Obligations	AAA	858
International Obligations	AA	694
International Obligations	A	370
International Obligations	BBB	403
International Obligations	BB	1,734
Total International Obligations		4,059
Securities Lending Collateral	AAA	4,171
Securities Lending Collateral	AA	82,276
Securities Lending Collateral	A	218,842
Securities Lending Collateral	BBB	-
Securities Lending Collateral	NR	927
Total Securities Lending Collateral		306,216
Total Fixed Income Subject to Credit Risk		584,243
U.S. Treasuries (Not Subject to Credit Risk)		94,014
Short-Term Marketable Securities		83,134
Corporate Stock		259,320
Alternative Investments		553,373
Commingled Funds		774,856
Exchange Traded Funds (ETF)		471,263
Less: Investments in Non-City Funded Staff Plan		(8,602)
Total Investments in City Plan		\$ 2,811,601

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**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Concentration of Credit Risk** — Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. As of September 30, 2022, the Plan did not have any investments, where the underlying assets were registered in the Plan's name that totaled more than 5% of assets of the Plan.

**Interest Rate Risk** — Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

The maturities of investments subject to interest rate risk are as follows:

Investment Type	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total Fair Value
Asset & Mortgage Backed Obligations	\$ -	\$ 5,158	\$ 6,271	\$ 47,413	\$ 58,842
Corporate Obligations	1,407	62,893	46,027	18,308	128,635
Government Agency Obligations	-	4,512	457	81,522	86,491
International Obligations	-	1,734	1,631	694	4,059
Securities Lending Collateral	306,216	-	-	-	306,216
U.S. Treasuries	991	12,487	41,232	39,304	94,014
Short-term Marketable Securities	83,134	-	-	-	83,134
Total Interest Rate Risk Debt Securities	<u>\$ 391,748</u>	<u>\$ 86,784</u>	<u>\$ 95,618</u>	<u>\$ 187,241</u>	<u>\$ 761,391</u>

**Foreign Currency Risk** — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan has no formal investment policy with regard to foreign currency risk as it is considered an intrinsic risk associated with the investment strategy. The Plan's exposure to foreign currency risk at September 30, 2022, is presented below:

Currency	Debt	Equity	Alternatives	Total
Argentine Peso	\$ 4	\$ -	\$ -	\$ 4
Australian Dollar	(1,551)	2,534	-	983
Brazilian Real	484	1,394	-	1,878
British Pound Sterling	(818)	16,809	137	16,128
Canadian Dollar	1	6,084	-	6,085
Danish Krone	(99)	5,404	-	5,305
Euro Currency Unit	(875)	30,319	66,366	95,810
HK Offshore Chinese Yuan Renminbi	(4)	-	-	(4)
Hong Kong Dollar	1,523	13,699	-	15,222
Indonesian Rupiah	-	1,961	-	1,961
Japanese Yen	32	15,083	-	15,115
Mexican New Peso	16	-	-	16
New Israeli Shekel	-	-	-	-
New Taiwan Dollar	32	-	-	32
New Zealand Dollar	748	-	-	748
Norwegian Krone	527	2,190	-	2,717
Peruvian Nuevo Sol	(14)	-	-	(14)
Polish Zloty	2	-	-	2
South African Rand	(93)	-	-	(93)
South Korean Won	-	2,322	-	2,322
Swedish Krona	-	4,027	-	4,027
Swiss Franc	1	16,119	-	16,120
Thai Baht	-	1,948	-	1,948
Total Securities Subject to Foreign Currency Risk	<u>\$ (84)</u>	<u>\$ 119,893</u>	<u>\$ 66,503</u>	<u>\$ 186,312</u>



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**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**  
**FOREIGN CURRENCY EXCHANGE TRANSACTIONS**

To manage the foreign currency exchange risks associated with foreign investments, the Plan enters into forward currency contracts. The Plan had net foreign currency contracts with a fair value of approximately \$877,775 as of September 30, 2022, which contractually obligates the Plan to deliver currencies at a specified date. The Plan could be exposed to the risk of loss if the counterparty is unable to meet the terms of a contract or if the value of currency changes unfavorably. As of September 30, 2022, the fair value of these contracts is included in due to/from broker.

**DERIVATIVE FINANCIAL INSTRUMENTS**

The Plan's investment managers are permitted to invest in derivatives subject to guidelines established by the Board. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument which represents direct ownership of an asset or an obligation of an issuer. The Plan's derivative positions are marked to market daily, and managers may only trade with counterparties with a credit rating of A-/A3 as defined by S&P and Moody's, respectively. Substitution and risk control are the only strategies permitted; speculation is strictly prohibited. Derivatives are carried as a receivable when the fair value is positive and as payable when the fair value is negative. Fair value is determined based on quoted market prices, if available, or based on differences in cash flows between the fixed and variable rates in each contract as of the measurement date. Gains and losses from derivatives are included in net investment income.

The Plan was in possession of the following types of derivatives as of September 30, 2022:

**Futures Contracts** — A futures contract is a standardized contract between two parties to buy or sell a specified asset of standardized quantity and quality for a price agreed upon today with delivery and payment occurring at a specified future date, the delivery date. The contracts are negotiated at a futures exchange, which acts as an intermediary between the two parties to minimize the risk of default by either party.

**Forward Contracts** — A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions

**Swap Agreements** — A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future based on an underlying asset. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange are tied to a "notional" amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

**Options** — Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a present price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a buyer of financial options, the Plan receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, the Plan pays a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

**Rights and Warrants** — A right is a special type of option that has a short market life, usually existing for no more than a few weeks. Essentially, rights originate when corporations raise money by issuing new shares of common stock. From an investor's perspective, a right enables a stockholder to buy shares of the new issue at a specified price, over a specified, fairly short time period. Rights not executed by their expiration date cease to exist and become worthless. A warrant is a long-term option that gives the holder the right to buy a certain number of shares of stock in a certain company for a certain period of time. Like most options, warrants are found in the corporate sector of the market. Occasionally, warrants can be used to purchase preferred stock or even bonds, but the common stock is the leading redemption vehicle. Warrants, like rights, cease to exist and become worthless if they are not executed by their expiration date.

The Investment Derivatives schedule listed below reports the fair value and changes in fair value and notional amounts of derivatives outstanding as of September 30, 2022, classified by type:

Derivative Type	Changes in Fair Value		Fair Value	
	Classification	Amount	Amount	Notional
Fiduciary Funds				
Investment Derivatives				
Futures Contracts	<i>Investment Income</i>	\$ (134)	\$ (134)	\$ 41,112
Forward Contracts	<i>Investment Income</i>	921	878	93,165
Swap Agreements	<i>Investment Income</i>	(1,104)	(183)	58,236
Options	<i>Investment Income</i>	1	-	-
Rights and Warrants	<i>Investment Income</i>	(36)	19	18
	Total	<u>\$ (352)</u>	<u>\$ 580</u>	<u>\$ 192,531</u>

**Credit Risk** — The Plan is exposed to credit risk on investment derivatives that are traded over the counter and reported in asset positions. Derivatives exposed to credit risk include currency forward contracts, rights and warrants, and swap agreements. To minimize credit risk exposure, the Plan's managers monitor the credit ratings of the counterparties. Should there be a counterparty failure, the Plan would be exposed to the loss of the fair value of derivatives that are in the asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. Netting arrangements provide the Plan with a right of offset in the event of bankruptcy or default by the counterparty. Collateral provided by the counterparty reduces the Plan's credit risk exposure.

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of the Plan's investment derivatives by type, as of September 30, 2022. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security or netting arrangement. The schedule displays the fair value of the investments by credit rating in increasing magnitude of risk. Investments are classified by S&P rating. If the investment does not have an S&P rating, the Moody's rating that corresponds to the S&P rating is used.

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

As of September 30, 2022, the Plan's credit risk to these investments is disclosed in the following table:

Derivative Type	AA	A	BBB	Not Rated	Total Fair Value
Futures Contracts	\$ -	\$ -	\$ -	\$ (134)	\$ (134)
Forward Contracts	-	-	-	878	878
Swap Agreements	-	(170)	-	(13)	(183)
Options	-	-	-	-	-
Rights and Warrants	-	-	-	19	19
Total	<u>\$ -</u>	<u>\$ (170)</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 580</u>

**Interest Rate Risk** — The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2022, are disclosed in the following table:

Derivative Type	Total Notional Value	Total Fair Value
Interest Rate Swaps	\$ 49,036	\$ (143)
Swaptions	9,200	(40)
Total	<u>\$ 58,236</u>	<u>\$ (183)</u>

**Foreign Currency Risk** — For those forward contracts and swap agreements that are securities issued by foreign countries and foreign businesses, there is an exposure to foreign currency risk. Currency forward contracts represent foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

The net exposure column of the schedule below indicates the Plan's net foreign currency risk related to derivatives as of September 30, 2022:

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	\$ 3	\$ -	\$ 3
Brazilian Real	(11)	69	58
British Pound Sterling	121	377	498
Canadian Dollar	2	-	2
Chilean Peso	153	-	153
Chinese Yuan Onshore	48	-	48
Chinese Yuan Offshore	9	-	9
Colombian Peso	36	-	36
Danish Krone	7	-	7
Euro Currency Unit	112	(790)	(678)
Hong Kong Dollar	(4)	-	(4)
Indian Rupee	3	-	3
Israeli New Shekel	44	-	44
Japanese Yen	11	161	172
New Zealand Dollar	165	-	165
Norwegian Krone	21	-	21
Peruvian Solance	(26)	-	(26)
South African Rand	149	-	149
Swiss Franc	1	-	1
Thai Baht	34	-	34
Total	<u>\$ 878</u>	<u>\$ (183)</u>	<u>\$ 695</u>

The values shown are for the positions that the Plan holds directly. The Plan may also have an indirect exposure to derivatives via its commingled funds and its alternative investments. The Plan owns an interest in the commingled and

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**NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS**

**B.5 INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND**

alternative investment funds which in turn holds the actual positions. Indirect exposures via these types of investments are not shown here.

**SECURITIES LENDING**

The Plan is authorized to contractually lend securities to borrowers in accordance with policy established by the Board. The Plan is currently contracted with Northern Trust to establish, manage and administer a securities lending program. Northern Trust facilitates lending the Plan's domestic and international equity and fixed income securities in return for collateral consisting of cash, U.S. government securities and irrevocable letters of credit issued by banks independent of the borrower. As of September 30, 2022, all securities lending collateral held is cash. At a loan's inception, the value of collateral obtained is equal to 102% for securities of United States issuers, and 105% in the case of securities of non-United States issuers, of the fair value of any securities to be loaned, plus any accrued interest.

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper, and asset-backed securities. The contract with Northern Trust specifies guidelines for allowable investments, maturities, and diversification. The Plan does not have the ability to pledge or sell collateral securities without borrower default. The amount of cash collateral held exceeds the value of the assets on loan at September 30, 2022.

The Plan earns income from fees paid by the borrowers and interest earned from investing the cash collateral. The contract requires the custodian bank to purchase any loaned securities with collateral provided. However, if the collateral is insufficient to cover the loss, the Plan is liable for the loss. The cash collateral received on each loan was invested in the collateral pool at Northern Trust. Because the loans are terminable at will, their duration generally did not match the duration of the investments made with cash collateral. In addition, the Plan had no credit risk exposure to borrowers. As of September 30, 2022, the value of the collateral held was \$306,215,799 and the value of securities on loan at September 30, 2022, was \$297,796,821. The Plan earned \$611,481, net, on its securities lending activity for the fiscal year ended September 30, 2022.

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**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

Receivables as of September 30, 2022, for governmental activities of the City's major funds and nonmajor funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	General	Debt Service	Capital Projects	Grants	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes	\$ 23,902	\$ 6,218	\$ -	\$ -	\$ -	\$ -	\$ 30,120
Grants and Other Governments	40,582	-	3,575	9,932	20,329	-	74,418
Levied, Uncollected Assessments	-	-	2,082	-	-	-	2,082
Loans	-	-	-	19,010	-	-	19,010
Long-Term Loans	-	-	-	9,058	364	-	9,422
Interest	50	310	87	-	5,787	29	6,263
Accounts and Other	27,638	-	2,136	-	13,052	123	42,949
Leases	16,581	-	-	-	2,328	-	18,909
Total Gross Receivables	108,753	6,528	7,880	38,000	41,860	152	203,173
Less Allowance for Uncollectible Accounts:							
Taxes	(21,741)	(5,700)	-	-	-	-	(27,441)
Levied, Uncollected Assessments	-	-	(2,082)	-	-	-	(2,082)
Accounts and Other	(10,444)	-	-	-	(30)	-	(10,474)
Total Allowance	(32,185)	(5,700)	(2,082)	-	(30)	-	(39,997)
Total Receivables, Net	\$ 76,568	\$ 828	\$ 5,798	\$ 38,000	\$ 41,830	\$ 152	\$ 163,176

Receivables at September 30, 2022, for business-type activities of the City's major enterprise funds and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total Business-Type Activities
Interest	\$ 106	\$ 5	\$ 18	\$ 129
Leases	-	-	7,475	7,475
Accounts and Other	74,629	5,537	9,601	89,767
Grants and Other - Restricted	6,247	-	6,352	12,599
Interest - Restricted	189	25	72	286
Long-Term Loans	-	-	1,143	1,143
Total Gross Receivables	81,171	5,567	24,661	111,399
Less Allowance for Uncollectible Accounts:				
Accounts and Other	(2,563)	(778)	(308)	(3,649)
Total Allowance	(2,563)	(778)	(308)	(3,649)
Total Receivables, Net	\$ 78,608	\$ 4,789	\$ 24,353	\$ 107,750

Governmental funds report deferred inflows of resources, unavailable revenue, in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report a liability, unearned revenue, in connection with resources that have been received, but not yet earned.

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**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

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

Description	Unavailable	Unearned
Property Taxes	\$ 949	\$ -
Grants and Other Governments	16,535	181,519
Long-Term Loans	-	28,068
Other	17,107	1,166
	<u>\$ 34,591</u>	<u>210,753</u>
Total Unavailable / Unearned Revenues		<u>\$ 245,344</u>

Enterprise funds record unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year, the various components of unearned revenue reported in the enterprise funds were as shown:

Description	Water and Sewer	Nonmajor Enterprise Funds	Total Business-Type Activities
Deposits and Rents	\$ 700	\$ -	\$ 700
Grants and Other	-	646	646
Total Unearned Revenues	<u>\$ 700</u>	<u>\$ 646</u>	<u>\$ 1,346</u>

The City, as lessor, leases City-owned properties such as buildings, land, office space, and parking space. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under GASB 87 lease contracts during the year ended September 30, 2022 was \$4,441,746, which includes both lease revenue and interest.

The City recognized zero as it relates to variable payments within its lease arrangements as the lessor. The City did not have revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-lease back transactions.

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**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

The following are schedules by year of minimum payment to be received under lease contracts that are included in the measurement of the lease receivable as of September 30, 2022:

<b>Governmental Activities</b> <b>Year Ending</b> <b>September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 2,868	\$ 353	\$ 3,221
2024	2,611	298	2,909
2025	2,102	250	2,352
2026	1,780	211	1,991
2027	1,776	176	1,952
2028-2032	4,431	501	4,932
2033-2037	2,222	228	2,450
2038-2043	1,112	28	1,140
2044-2049	7	1	8
Present Value of Minimum Lease Receivables	<u>\$ 18,909</u>	<u>\$ 2,046</u>	<u>\$ 20,955</u>

<b>Business-Type Activities</b> <b>Year Ending</b> <b>September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 367	\$ 149	\$ 516
2024	303	141	444
2025	301	135	436
2026	296	128	424
2027	289	122	411
2028-2032	1,130	534	1,664
2033-2037	1,010	432	1,442
2038-2042	1,116	326	1,442
2043-2047	850	215	1,065
2048-2052	334	166	500
2053-2057	369	131	500
2058-2062	408	92	500
2063-2067	451	49	500
2068-2072	251	7	258
Present Value of Minimum Lease Receivables	<u>\$ 7,475</u>	<u>\$ 2,627</u>	<u>\$ 10,102</u>

The Municipal Airports Department does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users.

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**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.1 RECEIVABLES**

The following is a schedule by year of minimum payment to be received under regulated leases for building and land contracts that are included in the measurement of the lease receivable as of September 30, 2022:

Regulated Leases September 30,	Total
2023	\$ 2,719
2024	2,654
2025	2,539
2026	2,382
2027	2,131
2028-2032	5,784
2033-2037	5,575
2038-2042	4,282
2043-2047	3,096
2048-2052	163
Total	<u>\$ 31,325</u>

**C.2 TRANSFERS**

Transfers made during the year were as follows:

	Transfers In:							Total
	General	Debt Service	Capital Projects	Grants	NMG Funds <sup>a</sup>	Water and Sewer	NME Funds <sup>b</sup>	
<b>Transfers Out:</b>								
General	\$ -	\$ 180	\$ 79,795	\$ 1,955	\$ 5,794	\$ -	\$ 468	\$ 88,192
Debt Service	-	-	-	-	-	-	2,976	2,976
Capital Projects	188	129	-	-	760	142	-	1,219
Grants	2,768	-	1,123	-	6	-	-	3,897
NMG Funds <sup>a</sup>	1,737	24,045	56,442	924	1,076	453	-	84,677
Water and Sewer	33,395	-	120	-	-	-	-	33,515
Stormwater Utility	3,567	-	25	-	-	1,183	-	4,775
NME Funds <sup>b</sup>	5,346	-	47	30	-	1,318	-	6,741
IS Funds <sup>c</sup>	79	-	4,980	212	-	-	-	5,271
Total	<u>\$ 47,080</u>	<u>\$ 24,354</u>	<u>\$ 142,532</u>	<u>\$ 3,121</u>	<u>\$ 7,636</u>	<u>\$ 3,096</u>	<u>\$ 3,444</u>	<u>\$ 231,263</u>

a) NMG Funds - Nonmajor Governmental Funds

b) NME Funds - Nonmajor Enterprise Funds

c) ISF Funds - Internal Service Funds

Transfers are used to: 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due; 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts; and 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.



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**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.2 TRANSFERS**

Significant transfers included the following:

The General Fund transferred \$79,795,000 to the Capital Projects Fund, of which \$76,630,000 was for the capital improvement plan, \$3,165,000 was for vehicle and equipment replacement.

The General Fund transferred \$5,794,000 to the Nonmajor Governmental Funds, of which \$2,527,000 was to the Culture and Tourism Fund for the purposes of operating the Fort Worth Convention Center, the Will Rogers Memorial Complex, and the Cowtown Coliseum, funding a contract with the Fort Worth Convention and Visitors Bureau. The Golf Fund received a subsidy in the amount of \$395,000 from the General Fund to assist with the operational costs. The Economic Incentives fund received \$2,000,000 to provide a grant as authorized by the Chapter 380, Texas Local Government Code. The Fort Worth Public Improvement Districts (PID) received \$865,000 and the Tax Increment Reinvestment Zones(TIRZ) Funds received \$7,000 in lieu of services and assessments.

The Nonmajor Governmental Funds transferred \$1,737,000 to the General Fund, of which \$901,000 was from the Culture and Tourism Fund energy savings debt service, \$305,000 was from Fort Worth LDC, \$227,000 was from Fort Worth Public Improvement Districts Funds, \$299,000 was from Taxes Increment Reinvestment Zones Funds, and \$5,000 was from other Nonmajor Governmental funds.

The Nonmajor Governmental Funds transferred \$24,045,000 to the Debt Service Fund, of which \$20,003,000 was from the Culture and Tourism Fund, \$1,329,000 was from TIRZ#14 Trinity Lakes, and \$2,713,000 was from the Crime Control and Prevention District Fund to pay for 2011 Tax Notes debt service.

The Nonmajor Governmental Funds transferred \$56,442,000 to the Capital Projects Fund, of which \$46,255,000 was made from the Crime Control and Prevention District Fund for construction commitments relating to facility renovation and maintenance, transportation maintenance, and community partnerships per the Capital Improvement Program. The Culture and Tourism Capital Projects Fund and Public Events Capital Fund received \$1,674,000 from Culture and Tourism Operating Funds for capital improvement. The Tax Increment Reinvestment Zones Funds transferred \$6,648,000 to the TIRZ General Capital Fund to pay for various projects. The Municipal Golf Fund transferred \$823,000 to fund current Golf capital projects. The Community Tree Planting Program Fund transferred \$15,000 for vehicle and equipment replacement. The Environmental Protection Fund transferred \$518,000 for hazard removal projects. The Justice Asset Forfeiture Fund transferred \$509,000 for technology and equipment updates.

The Water and Sewer Fund transferred \$33,395,000 to the General Fund, of which includes \$24,038,000 for Street Rental Fees, \$5,792,000 for Payment in Lieu of Taxes (PILOT), 481,000 to support Public Art, \$1,305,000 to cover salary and benefits of several positions being transferred to Development Services and Financial Management Services, \$27,000 for Energy Savings Program, and 1,752,000 for other operating expenses.

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**NOTE C: RECEIVABLES AND INTERFUND BALANCES**

**C.2 TRANSFERS**

The Stormwater Utility Fund transferred \$3,567,000 to the General Fund, of which \$2,333,000 was for Street Rental Fees, \$1,209,000 was for PILOT, and \$25,000 was for the operating expenses. The Stormwater Utility Fund also transferred \$1,183,000 to the Water and Sewer Fund for billing services.

The Nonmajor Enterprise Funds transferred \$5,346,000 to the General Fund, of which the Solid Waste Fund transferred \$5,211,000 for Street Maintenance. The General Fund also received \$9,000 from the Municipal Parking Fund, \$59,000 for the Municipal Airport Fund for program services and \$67,000 for the Aviation Gas Lease.

It is the City's policy to record interfund reimbursements that are in excess of the underlying expenditures or expenses as transfers.

**NOTE D: FUND EQUITY**

**D.1 UNRESTRICTED DEFICIT**

Risk Financing, an internal service fund, has an unrestricted deficit of \$12,371,000 as of September 30, 2022. Commercial insurance premiums have increased in the fiscal years, and hail storm claims have been paid out in the current fiscal year. Lawsuit and settlement claims exceeded original estimates due to increased activity that was delayed in courts processing from the COVID pandemic. There was also an increase of \$12.5 million in expenses/liabilities recorded at year end based on actuarial studies and the City's legal letter. Self-Insurance Claim Payable increased by \$9.8 million and Workers Compensation Claims Payable increased by \$4.1 million. Claims will be monitored for changes. The current portion of liability, if paid in FY23 does not appear to push Risk Financing into an unrestricted deficit in FY23. A deductible reserve/fund will be established of \$5 million over the course of seven years between projected premium savings and additional allocation. The funding to establish the deductible reserve/fund would be allocated to departments. This option keeps the cost to departments at the lowest rate.

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**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
<b>Debt Service:</b>					
Cash and Cash Equivalents	\$ 55,846	\$ 6,603	\$ 2,129	\$ -	\$ 64,578
Cash and Cash Equivalents Held by Trustees	1,460	-	-	-	1,460
Interest Receivable	132	25	4	-	161
	<u>57,438</u>	<u>6,628</u>	<u>2,133</u>	<u>-</u>	<u>66,199</u>
<b>Capital Improvements:</b>					
Cash and Cash Equivalents	732,175	100,857	30,273	280	863,585
Cash and Cash Equivalents Held by Trustees	21,791	-	-	-	21,791
Grants and Other Receivables	6,245	-	939	-	7,184
Interest Receivable	49	-	5	-	54
	<u>760,260</u>	<u>100,857</u>	<u>31,217</u>	<u>280</u>	<u>892,614</u>
<b>Customer Deposits:</b>					
Cash and Cash Equivalents	23,721	-	979	-	24,700
	<u>23,721</u>	<u>-</u>	<u>979</u>	<u>-</u>	<u>24,700</u>
<b>Other Restrictions:</b>					
Cash and Cash Equivalents	3,880	-	1,473	2,265	7,618
Cash and Cash Equivalents Held by Trustees	4,677	-	54,996	3,364	63,037
Grants and Other Receivables	2	-	5,413	-	5,415
Interest Receivable	8	-	63	-	71
	<u>8,567</u>	<u>-</u>	<u>61,945</u>	<u>5,629</u>	<u>76,141</u>
Total	<u>\$ 849,986</u>	<u>\$ 107,485</u>	<u>\$ 96,274</u>	<u>\$ 5,909</u>	<u>\$ 1,059,654</u>

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**NOTE F: CAPITAL AND LEASE ASSETS**

Capital and Lease asset activity for Governmental Activities for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021*	Increases	Decreases	CIP Placed In Service	Balance at September 30, 2022
<b>Governmental Activities</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land/Right of Way	\$ 312,538	\$ 16,724	\$ (129)	\$ -	\$ 329,133
Construction in Progress	177,313	155,222	(562)	(155,550)	176,423
Intangibles	25,813	-	(523)	2,849	28,139
Total Capital Assets, Not Being Depreciated	<u>515,664</u>	<u>171,946</u>	<u>(1,214)</u>	<u>(152,701)</u>	<u>533,695</u>
<b>Capital and Lease Assets, Being Depreciated/Amortized:</b>					
Buildings	1,127,896	10,656	-	1,538	1,140,090
Vehicles, Machinery and Equipment	283,385	4,381	(17,866)	13,194	283,094
Infrastructure	4,014,281	137,433	(1,068)	137,969	4,288,615
Intangibles	57,913	-	-	-	57,913
Right-to-Use Leased Buildings	2,658	2,494	-	-	5,152
Total Capital and Lease Assets, Being Depreciated/Amortized	<u>5,486,133</u>	<u>154,964</u>	<u>(18,934)</u>	<u>152,701</u>	<u>5,774,864</u>
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings	298,627	30,905	-	-	329,532
Vehicles, Machinery and Equipment	159,796	17,426	(11,070)	-	166,152
Infrastructure	2,309,524	112,551	(105)	-	2,421,970
Intangibles	35,411	4,436	-	-	39,847
Right-to-Use Leased Buildings	-	935	-	-	935
Total Accumulated Depreciation/Amortization	<u>2,803,358</u>	<u>166,253</u>	<u>(11,175)</u>	<u>-</u>	<u>2,958,436</u>
Total Capital and Lease Assets, Being Depreciated/Amortized, Net	<u>2,682,775</u>	<u>(11,289)</u>	<u>(7,759)</u>	<u>152,701</u>	<u>2,816,428</u>
<b>Governmental Activities Capital and Lease Assets, Net</b>	<u>\$ 3,198,439</u>	<u>\$ 160,657</u>	<u>\$ (8,973)</u>	<u>\$ -</u>	<u>\$ 3,350,123</u>

\*The October 1, 2021 balance has been restated due to the implementation of GASB87 in the current year, which includes the addition of lease assets.

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**NOTE F: CAPITAL AND LEASE ASSETS**

Capital and Lease asset activity for Business-Type Activities for the year ended September 30, 2022, was as follows:

	Balance at October 1, 2021*	Increases	Decreases	CIP Placed In Service	Balance at September 30, 2022
<b>Business-Type Activities</b>					
<b>Capital Assets, Not Being Depreciated:</b>					
Land/Right of Way	\$ 218,947	\$ 1,617	\$ (87)	\$ -	\$ 220,477
Construction in Progress	498,128	205,125	(4,971)	(169,492)	528,790
Intangibles	1,525	-	-	-	1,525
Total Capital Assets, Not Being Depreciated	718,600	206,742	(5,058)	(169,492)	750,792
<b>Capital and Lease Assets, Being Depreciated/Amortized:</b>					
Buildings	175,869	-	-	2,748	178,617
Vehicles, Machinery and Equipment	392,632	3,352	(3,836)	-	392,148
Infrastructure	4,202,960	86,518	(9,007)	166,577	4,447,048
Intangibles	510	-	-	167	677
Right-to-Use Leased Buildings	1,493	-	-	-	1,493
Total Capital and Lease Assets, Being Depreciated/Amortized	4,773,464	89,870	(12,843)	169,492	5,019,983
<b>Less Accumulated Depreciation/Amortization for:</b>					
Buildings	81,277	6,222	-	-	87,499
Vehicles, Machinery and Equipment	287,162	12,678	(3,740)	-	296,100
Infrastructure	1,405,815	92,432	(4,959)	-	1,493,288
Intangibles	187	129	-	-	316
Right-to-Use Leased Buildings	-	241	-	-	241
Total Accumulated Depreciation and Amortization	1,774,441	111,702	(8,699)	-	1,877,444
Total Capital and Lease Assets, Being Depreciated/Amortized, Net	2,999,023	(21,832)	(4,144)	169,492	3,142,539
<b>Business-Type Activities Capital and Lease Assets, Net</b>	<b>\$ 3,717,623</b>	<b>\$ 184,910</b>	<b>\$ (9,202)</b>	<b>\$ -</b>	<b>\$ 3,893,331</b>

\*The October 1, 2021 balance has been restated due to the implementation of GASB87 in the current year, which includes the addition of lease assets.

Depreciation and amortization expense was charged as follows for the year ended September 30, 2022:

	Depreciation and Amortization Expense
<b>Governmental Activities</b>	
General Government	\$ 17,028
Public Safety	11,776
Highways and Streets	101,609
Culture and Recreation	34,775
Urban Redevelopment and Housing	1,086
Total Governmental Depreciation and Amortization	166,274
<b>Major Business-Type Activities</b>	
Water and Sewer	85,741
Stormwater Utility	10,607
<b>Nonmajor Business-Type Activities</b>	
Municipal Airports	12,516
Municipal Parking	1,871
Solid Waste	946
Total Business-Type Depreciation and Amortization	111,681
<b>Total Depreciation and Amortization Expense</b>	<b>\$ 277,955</b>

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

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**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

The following is a summary of changes in long-term obligations for the year ended September 30, 2022:

	Balance at October 1, 2021**	Increases	Decreases	Balance at September 30, 2022	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 665,220	\$ 152,110	\$ 129,130	\$ 688,200	\$ 76,860
Certificates of Obligation	100,540	-	30,120	70,420	8,815
Special Tax Revenue Debt	220,350	-	5,480	214,870	5,660
Tax Notes*	61,730	72,185	11,970	121,945	22,315
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
State Obligation - City	17,417	-	1,501	15,916	1,500
State Obligation - CCPD	8,150	-	698	7,452	698
Project Finance Zone 1	1,357	-	1,357	-	-
TRWD Obligation	188,643	11,513	7,229	192,927	-
ESPC Phase VII	9,233	-	1,766	7,467	1,806
Net Unamortized Bond Premium/Discount	69,417	5,951	18,628	56,740	-
Leases	3,767	2,495	1,175	5,087	1,410
Compensated Absences	143,111	36,985	26,623	153,473	26,623
Arbitrage	3	-	3	-	-
Pollution Remediation Liability	3,013	130	812	2,331	-
Risk Management Estimated Claims Payable	34,681	117,845	103,664	48,862	19,803
Net OPEB Liability	787,823	-	37,779	750,044	-
Net Pension Liability	2,046,617	-	257,360	1,789,257	-
Total Governmental Activities	<u>4,392,689</u>	<u>399,214</u>	<u>635,295</u>	<u>4,156,608</u>	<u>165,490</u>
<b>Business-Type Activities:</b>					
Water and Sewer - Revenue Bonds	968,910	145,740	73,610	1,041,040	61,510
Water and Sewer - Trinity River Authority Oblig.	775	-	775	-	-
Water and Sewer - ESPC Phase V	2,557	-	1,695	862	862
Stormwater Utility - Revenue Bonds	145,090	-	5,000	140,090	5,245
Municipal Parking - General Obligation Bonds	27,890	-	1,760	26,130	1,850
Solid Waste - General Obligation Bonds	1,694	-	435	1,259	430
Net Unamortized Bond Premium/Discount	68,336	5,347	13,677	60,006	-
Leases	1,493	-	250	1,243	245
Compensated Absences	12,899	4,604	4,076	13,427	4,074
Landfill Closure and Postclosure Liability	12,368	1,241	-	13,609	-
Net OPEB Liability	116,072	-	2,108	113,964	-
Net Pension Liability	313,249	-	40,070	273,179	-
Total Business-Type Activities	<u>1,671,333</u>	<u>156,932</u>	<u>143,456</u>	<u>1,684,809</u>	<u>74,216</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 6,064,022</u>	<u>\$ 556,146</u>	<u>\$ 778,751</u>	<u>\$ 5,841,417</u>	<u>\$ 239,706</u>

\*Direct borrowings and direct placements.

\*\*The Beginning Balance includes a restatement for GASB 87, see Note A.16.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

Governmental Activities long-term debt obligations and other liabilities are summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General Obligation Bonds:					
Series 2013 Refunding	2.0-4.5	2013	2033	\$ 37,130	\$ 6,215
Series 2014 Refunding	2.2	2014	2023	35,480	3,940
Series 2015 Refunding	2.33	2015	2025	3,955	1,115
Series 2015A Refunding	3.25-5.0	2015	2035	127,725	65,690
Series 2016 Refunding	3.0-5.0	2016	2036	130,500	85,650
Series 2018	3.0-5.0	2018	2038	62,220	35,975
Series 2019	3.0-5.0	2019	2039	106,595	76,875
Series 2020 Refunding	2.0-5.0	2020	2040	151,390	108,925
Series 2021A Refunding	2.0-5.0	2021	2041	152,105	126,605
Series 2021B Refunding	2.0-5.0	2021	2041	26,175	25,100
Series 2002A Refunding	4.0-5.0	2022	2042	130,770	130,770
Series 2022B Refunding	4.0	2022	2031	21,340	21,340
Total General Obligation Bonds					688,200
Certificates of Obligation:					
Series 2012	3.0-5.0	2012	2032	85,790	41,045
Series 2013A	2.0-5.0	2013	2033	46,095	2,480
Series 2013B	2.0-4.99	2013	2033	11,140	510
Series 2013C	3.0-5.0	2013	2034	19,270	10,995
Series 2021	3.0-4.375	2021	2033	16,100	15,390
Total Certificates of Obligation					70,420
Special Tax Revenue Debt:					
Series 2017A	2.0-5.25	2017	2043	86,170	81,810
Series 2017B	1.719-4.238	2017	2047	140,710	133,060
Total Special Tax Revenue Debt					214,870
Tax Notes*:					
Series 2016	1.44	2017	2023	9,525	1,440
Series 2017	1.97	2017	2024	23,080	5,375
Series 2018	4.0-5.0	2018	2025	12,590	5,950
Series 2019	3.0-5.0	2019	2026	8,565	5,285
Series 2020	4.0-5.0	2020	2027	25,115	18,795
Series 2021C	5.0	2021	2028	14,620	12,915
Series 2022	1.73	2022	2029	72,185	72,185
Total Tax Notes					121,945
					(continued)

\*Direct borrowings and direct placements

**CITY OF FORT WORTH, TEXAS**  
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**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

Governmental Activities long-term debt obligations and other liabilities are summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Lone Star Local Government Corp Obligation	4.75	2006	2024	31,617	31,617
State Obligation - City					
State Obligation - City	0.0	2014	2031	9,307	4,537
State Obligation - City	0.0	2021	2033	12,414	11,379
Total State Obligation - City					15,916
State Obligation - CCPD					
State Obligation - CCPD	0.0	2014	2031	3,616	1,762
State Obligation - CCPD	0.0	2021	2033	6,207	5,690
Total State Obligation - CCPD					7,452
TRWD Obligation	0.0	2010	2031	226,000	192,927
ESPC Phase VII	2.236	2013	2026	18,443	7,467
Southwest Bank Loan (LDC SW Building)	2.93	2014	2021	2,689	-
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	-	56,740
Leases	2.01-3.12	2021	2028	-	5,087
Compensated Absences	N/A	N/A	N/A	-	153,473
Pollution Remediation Liability	N/A	N/A	N/A	-	2,331
Risk Management Estimated Claims Payable	N/A	N/A	N/A	-	48,862
Net OPEB Liability	N/A	N/A	N/A	-	750,044
Net Pension Liability	N/A	N/A	N/A	-	1,789,257
Total Governmental Activities Long-Term Debt Obligations and Other Liabilities					\$ 4,156,608
(concluded)					

The Debt Service Fund has been used to liquidate the General Obligation Bonds, Certificates of Obligation, Special Tax Revenue Debt, and Tax Notes. The General Fund and the Special Revenue Funds have been used to liquidate all other governmental activities' long-term debt.

The City's outstanding Tax notes from Direct Borrowings and Direct Placements related to Governmental Activities of \$121,945,000 contain a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.



**CITY OF FORT WORTH, TEXAS**  
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**NOTE G: LONG-TERM OBLIGATIONS**

**G.1 CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES**

Business-Type long-term debt obligations and other liabilities are summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Water and Sewer:					
Revenue Bonds:					
Series 2009 TWDB*	0.0	2009	2030	\$ 16,265	\$ 6,400
Series 2014 Refunding	2.0-5.0	2014	2034	171,415	94,565
Series 2015 Revenue (Clean Water SRF) TWDB*	0.0-2.04	2015	2035	39,000	26,120
Series 2015A Refunding	3.125-5.0	2015	2035	126,615	87,650
Series 2015B Refunding TWDB*	0.19-2.20	2016	2030	13,000	7,335
Series 2016 Refunding	2.0-5.0	2016	2046	75,890	53,140
Series 2017 Revenue (Clean Water SRF) TWDB*	0.0-1.7	2017	2047	16,045	13,670
Series 2017A Refunding	3.125-5.0	2017	2047	111,600	86,860
Series 2017B Revenue TWDB*	0.58-2.05	2018	2032	63,000	43,435
Series 2018	3.25-5.0	2018	2048	47,475	44,420
Series 2019	3.0-5.0	2019	2049	93,340	88,870
Series 2020 TWDB*	0.0-0.54	2020	2040	62,725	56,495
Series 2020A Refunding	2.0-5.0	2020	2050	167,800	148,355
Series 2021 Refunding	2.0-5.0	2021	2051	154,720	137,985
Series 2022	4.0-5.0	2022	2052	145,740	145,740
Total Revenue Bonds					1,041,040
Trinity River Authority Obligation:					
ESPC Phase V	2.34	2012	2023	15,365	862
Total Water and Sewer					1,041,902
Stormwater Utility:					
Revenue Bonds:					
Series 2016 Refunding	2.0-5.0	2016	2033	17,505	13,215
Series 2019 Refunding	3.0-5.0	2019	2035	31,015	26,910
Series 2020 Refunding	3.0-5.0	2021	2045	103,210	99,965
Total Stormwater Utility					140,090
Municipal Parking:					
General Obligation Bonds:					
Series 2016 Refunding	4.0-5.0	2016	2033	34,445	26,130
Total Municipal Parking					26,130
Solid Waste:					
General Obligation, Series 2015 Refunding	2.33	2015	2025	4,465	1,259
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	-	60,006
Leases	2.01-3.12	2021	2028	-	1,243
Compensated Absences	N/A	N/A	N/A	-	13,427
Landfill Closure and Postclosure Liability	N/A	N/A	N/A	-	13,609
Net OPEB Liability	N/A	N/A	N/A	-	113,964
Net Pension Liability	N/A	N/A	N/A	-	273,179
Total Business-Type Long-Term Debt Obligation and Other Liabilities					\$ 1,684,809
*Texas Water Development Board					

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE G: LONG-TERM OBLIGATIONS**

**G.2 GOVERNMENTAL ACTIVITIES' DEBT**

Long-term liabilities consist of General Obligation Bonds and Certificates of Obligation, as well as other long-term liabilities. Principal and interest payments on debt obligations are either secured solely by ad valorem taxes, secured partially by ad valorem taxes and partially by specific revenue streams or solely by specific revenue streams.

General Obligation Bonds and Certificates of Obligation indentures require the City to levy the tax required to fund interest and principal at maturity or at least 2 percent of the outstanding principal, whichever is greater. As of September 30, 2022, the Debt Service Fund held \$44,159,000 and \$4,609,000 of cash and investments to service General Obligation Bonds/Certificates of Obligation and for Special Tax Revenue Debt, respectively, for governmental activities.

On April 14, 2022, the City issued \$72,185,000 of Tax Notes, Series 2022 for the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way. These notes will mature beginning March 1 of each year from 2023 to 2029 in installments ranging from \$9,785,000 to \$10,855,000. Interest is payable on March 1 and September 1 of each year commencing September 2022, with an interest rate of 1.73 percent.

On June 14, 2022, the City issued General Obligation Refunding Bonds, Series 2022 in the amount of \$130,770,000 to current refund \$49,390,000 of existing General Obligation Bonds, Series 2012 and to fund projects within the 2018 bond program to include: street and mobility infrastructure; parks and recreation; library; fire safety; animal care and control; and police facility. The bonds will mature beginning March 1 of each year from 2023 to 2042 in installments ranging from \$4,970,000 to \$26,000,000. Interest is payable on March 1 and September 1 of each year commencing March 2023, with interest rate ranging from 4.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt, which covered the \$52,545,000 principal and \$970,622 in interest. As a result, the refunded bonds are considered to be defeased, and the liability is not reflected in the Statement of Net Position. The current refunding resulted in a decrease of interest payments of \$3,318,926 over the life of the bonds. This refunding resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$2,873,829 and a book gain of \$2,101,454.

On June 14, 2022, the City issued General Obligation Refunding Bonds, Taxable Series 2022 in the amount of \$21,340,000 to current refund \$21,050,000 of existing Certificates of Obligation, Taxable Series 2013A. The bonds will mature beginning March 1 of each year from 2024 to 2031 in installments ranging from \$1,720,000 to \$8,600,000. Interest is payable on March 1 and September 1 of each year commencing March 2023, with interest rate of 4.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt, which covered the \$21,050,000 principal and \$405,674 in interest. As a result, the refunded bonds are considered to be defeased, and the liability is not reflected in the Statement of Net Position. The current refunding resulted in a reduction of interest payments of \$2,742,600 over the life of the bonds. This refunding resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$1,202,682 and a book loss of \$157,052.

In FY2011, Taxing Increment Reinvestment Zone No. 9 (TIRZ #9) entered into an agreement with the Tarrant Regional Water District (TRWD) for the work related to the Trinity River Vision project. This agreement stipulates that the City's total liability is capped at \$320,000,000, but this liability cannot exceed \$226,000,000 during any given year. During FY2022, TIRZ #9 made repayments of \$7,229,000, and borrowed an additional \$11,513,000 from TRWD. As of September 30, 2022, \$192,926,000 remains outstanding.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE G: LONG-TERM OBLIGATIONS**

**G.2 GOVERNMENTAL ACTIVITIES' DEBT**

The City is responsible for environmental cleanup of hazardous substances, such as asbestos remediation on City-owned buildings funded by the Environmental Protection Capital Projects Fund. The City is required to report the estimated liability for pollution remediation activities in accordance with GAAP. As of September 30, 2022, the City's liability was \$2,331,000 for the Environmental Protection Capital Project Fund. The City's estimated outlays for the cleanup were generated using the expected cash flows technique. The amount of the estimated pollution remediation liability is based on the assumption that there will be no significant additional cost for providing these cleanup services. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations.

As of September 30, 2022, the following bonds were authorized but not issued:

<b>General Obligation Bonds</b>	<b>Date Authorized</b>	<b>Amount Authorized</b>	<b>Amount Unissued</b>
2018 Bond Program	5/5/2018	\$ 399,500	\$ 83,165
2022 Bond Program	5/7/2022	560,000	560,000
Total		<u>\$ 959,500</u>	<u>\$ 643,165</u>

**G.3 COMMERCIAL PAPER PROGRAM**

On December 5, 2017, the City authorized the ordinance and related agreements allowing the implementation of a replacement liquidity program offered through J.P. Morgan Securities LLC. In conjunction with the execution of the commercial paper (CP) program, a supplement ordinance authorized Water and Sewer System CP Notes with a maximum aggregate principal amount of \$150,000,000. The callable CP may be issued without the need for bank liquidity support and is structured in a manner that upon initial issuance, the callable CP will have an original call date between three and 120 business days. As is customary for commercial paper products, the maturity date will not be greater than 270 days from the date of issuance. The current intent is to utilize the CP program as appropriation authority only. No commercial paper was issued during the fiscal year ended September 30, 2022.

On August 23, 2022, the City authorized the ordinance implementing a 20-year extendable commercial paper (ECP) program with Loop Capital Markets LLC, in an aggregate outstanding principal amount not to exceed \$300,000,000, as a liquidity and appropriation facility for the implementation of City general obligation debt projects. The ECP may be issued without the need for bank liquidity support and is structured in a manner that upon initial issuance, the ECP will have a maturity date not to exceed 270 days, including any extensions. Under this structure, if the City were to issue commercial paper and its maturity date were approaching, the City would have several options at the stated maturity date: a) to replace the ECP with new ECP notes similarly structured or b) to issue long-term debt. The extendable feature would be used in the instance that the dealer cannot successfully remarket the ECP on a stated maturity date. If that happens, the ECP notes will begin to accrue interest at a penalty rate until the extended maturity date. At the extended maturity date, the City may attempt another remarketing of the ECP or issue long-term debt to refund the ECP notes. The current intent is to utilize the ECP program as appropriation authority only. No commercial paper was issued during the fiscal year ended September 30, 2022.

**G.4 ENTERPRISE FUND DEBT**

Water and Sewer Revenue Bonds and Stormwater Utility Revenue Bonds constitute special obligations of the City secured solely by a lien on and pledge of the net revenues of the Water and Sewer system and the Stormwater system. Certain Certificates of Obligation and General Obligation Bonds are recorded in the Municipal Parking Fund and Solid Waste Fund. These bonds have no specific claim against Municipal Parking or Solid Waste revenues. However, debt service requirements are provided by the Water and Sewer Fund, Stormwater Utility Fund, Municipal Parking Fund, and Solid Waste Fund. Accordingly, the debt is reflected in a fund obligation.

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**NOTE G: LONG-TERM OBLIGATIONS**

**G.4 ENTERPRISE FUND DEBT**

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. As of September 30, 2022, \$66,999,240 of cash and investments was available for principal and interest payments on all Enterprise Fund debt. The substituted surety bonds Water and Sewer Fund were refunded on July 15, 2020, no longer outstanding, and did not require any reserve to be held in the event there are insufficient amounts on deposit to make debt service payments.

On March 14, 2022, the City had a cash defeasance of Water and Sewer System Revenue Bonds, Series 2012 of \$9,895,000. The City utilized excess debt service fund balance to establish an escrow account for the outstanding tax supported debt. The cash defeasance resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$905,429 and a book gain of \$292,494.

On June 21, 2022, the City issued Water and Sewer System Revenue Improvement Bonds, Series 2022 in the amount of \$145,740,000 to fund new capital projects in alignment with the Water and Sewer System's Capital Improvement plan. These bonds will mature on February 15 of each year from 2023 to 2052 in installments ranging from \$1,405,000 to \$8,375,000. Interest is payable on February 15 and August 15 of each year commencing February 2023 with interest rates ranging from 4.00 to 5.00 percent.

Net revenues of some of the City's Enterprise Funds - defined as operating income (loss), plus investment income under nonoperating revenues (expenses) on the Other Supplemental Information Schedule of Revenues, Expenses, and Changes in Net Position for Enterprise Funds - have been pledged for repayment of long-term bonded debt incurred by these funds. The amount pledged is equal to the remaining outstanding debt service requirements for these bonds. The pledge continues for the life of the bonds.

As of September 30, 2022, net pledged revenue by fund was as follows:

<b>Fund</b>	<b>2022 Net Pledged Revenues</b>	<b>2022 Debt Service</b>	<b>Purpose of Debt</b>
Water and Sewer Fund	\$ 269,615	\$ 96,356	<i>Extending and improving water and sewer system</i>
Stormwater Utility Fund	27,881	9,497	<i>Improvements to storm drains, roadways, and erosion protection</i>
Municipal Parking Fund	2,107	2,976	<i>Construction of City-owned parking garages</i>
Solid Waste Fund	14,126	469	<i>Improvements to the eastside landfill</i>
Total	<u>\$ 313,729</u>	<u>\$ 109,298</u>	

All future improvements to the City's Water and Sewer system are funded through the sale of Water and Sewer Revenue Bonds, the City's Water and Sewer Operating Budget, or alternative forms of debt.

The City has pledged stormwater, municipal parking, and solid waste net revenues to repay long-term bonded debt. The City reports the net revenues in major and nonmajor enterprise funds.

**CITY OF FORT WORTH, TEXAS**  
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**NOTE G: LONG-TERM OBLIGATIONS**

**G.5 ANNUAL REQUIREMENTS TO AMORTIZE BONDED AND CONTRACTUAL DEBT OBLIGATIONS**

The annual requirements to amortize all Governmental Activities bonded and contractual debt outstanding as of September 30, 2022, is as follows:

Governmental Activities:									
Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Special Tax Revenue Debt		Tax Notes		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 76,860	\$ 27,245	\$ 8,815	\$ 2,409	\$ 5,660	\$ 9,269	\$ 22,315	\$ 3,108	
2024	62,415	22,695	6,265	2,079	5,845	9,078	21,500	2,594	
2025	56,000	19,876	6,300	1,818	6,070	8,854	19,400	1,960	
2026	51,665	17,284	6,335	1,584	6,310	8,614	17,850	1,364	
2027	48,890	14,859	6,390	1,355	6,570	8,356	16,925	836	
2028-2032	174,125	49,030	32,785	3,425	37,230	37,387	23,955	621	
2033-2037	139,735	21,561	3,530	131	46,225	28,394	-	-	
2038-2042	78,510	4,602	-	-	57,000	16,586	-	-	
2043-2047	-	-	-	-	43,960	4,302	-	-	
	<u>\$ 688,200</u>	<u>\$ 177,152</u>	<u>\$ 70,420</u>	<u>\$ 12,801</u>	<u>\$ 214,870</u>	<u>\$ 130,840</u>	<u>\$ 121,945</u>	<u>\$ 10,483</u>	

Governmental Activities: (continued)				
Year Ending September 30,	State Obligation - City		State Obligation - CCPD	
	Principal	Interest	Principal	Interest
2023	\$ 1,500	\$ -	\$ 698	\$ -
2024	1,500	-	698	-
2025	1,500	-	698	-
2026	1,500	-	698	-
2027	1,500	-	698	-
2028-2032	7,382	-	3,445	-
2033-2037	1,034	-	517	-
	<u>\$ 15,916</u>	<u>\$ -</u>	<u>\$ 7,452</u>	<u>\$ -</u>

Governmental Activities: (concluded)				
Year Ending September 30,	ESPC Phase VII		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,806	\$ -	\$ 91,159	\$ 36,866
2024	1,847	-	83,305	33,149
2025	1,880	-	81,573	29,464
2026	1,934	-	77,162	25,878
2027	-	-	83,973	28,406
2028-2032	-	-	293,686	105,227
2033-2037	-	-	193,109	52,154
2038-2042	-	-	135,510	21,188
2040-2044	-	-	43,960	4,302
	<u>\$ 7,467</u>	<u>\$ -</u>	<u>\$ 1,083,437</u>	<u>\$ 336,634</u>

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

**NOTE G: LONG-TERM OBLIGATIONS**

**G.5 ANNUAL REQUIREMENTS TO AMORTIZE BONDED AND CONTRACTUAL DEBT OBLIGATIONS**

The Lone Star Local Government Corporation (a blended component unit) entered into an agreement with Cabela's Fort Worth facility to finance the public Museum facilities and certain other public work and improvement projects near the site. Annual payments are made from property tax increment revenues from Taxing Increment Reinvestment Zone #10. Lone Star Local Government Corporation is obligated for tax increment revenues collected through 2024, with the total principal payment price not to exceed \$31,617,000. The obligation is payable solely from the incremental taxes. Incremental taxes were projected to produce 100 percent of the debt service requirements over the life of the contract. The total remaining principal on the contract is \$31,617,000 and a total compounded interest as of September 30, 2022, is \$25,794,851 payable through 2024. The interest rate for this agreement is 4.75 percent.

The annual requirements to amortize all Major Fund Business-Type Activities bonded and contractual debt outstanding as of September 30, 2022, is as follows:

Major Business-Type Activities:								
Year Ending September 30,	Water and Sewer Revenue Bonds		Water and Sewer ESPC Phase V		Stormwater Utility Revenue Bonds		Total Major Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 61,510	\$ 36,991	\$ 862	\$ 8	\$ 5,245	\$ 4,256	\$ 67,617	\$ 41,255
2024	62,690	33,690	-	-	5,520	4,000	68,210	37,690
2025	59,450	31,239	-	-	5,825	3,727	65,275	34,966
2026	57,765	28,882	-	-	6,130	3,444	63,895	32,326
2027	58,060	26,536	-	-	6,420	3,159	64,480	29,695
2028-2032	231,825	103,779	-	-	36,555	11,365	268,380	115,144
2033-2037	167,130	66,751	-	-	31,935	6,075	199,065	72,826
2038-2042	128,070	45,879	-	-	25,680	1,006	153,750	46,885
2043-2047	137,330	24,620	-	-	16,780	572	154,110	25,192
2048-2052	77,210	5,447	-	-	-	-	77,210	5,447
	<u>\$ 1,041,040</u>	<u>\$ 403,814</u>	<u>\$ 862</u>	<u>\$ 8</u>	<u>\$ 140,090</u>	<u>\$ 37,604</u>	<u>\$ 1,181,992</u>	<u>\$ 441,426</u>

The annual requirements to amortize all Nonmajor Fund Business-Type Activities bonded and contractual debt outstanding as of September 30, 2022, is as follows:

Nonmajor Business-Type Activities:						
Year Ending September 30,	Municipal Parking General Obligation Bonds		Solid Waste General Obligation Bonds		Total Nonmajor Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,850	\$ 1,125	\$ 430	\$ 24	\$ 2,280	\$ 1,149
2024	1,950	1,030	420	14	2,370	1,044
2025	2,050	930	409	5	2,459	935
2026	2,150	826	-	-	2,150	826
2027	2,265	715	-	-	2,265	715
2028-2032	12,950	1,932	-	-	12,950	1,932
2033-2037	2,915	58	-	-	2,915	58
	<u>\$ 26,130</u>	<u>\$ 6,616</u>	<u>\$ 1,259</u>	<u>\$ 43</u>	<u>\$ 27,389</u>	<u>\$ 6,659</u>

**CITY OF FORT WORTH, TEXAS**  
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(000's omitted in tables)

**NOTE G: LONG-TERM OBLIGATIONS**

**G.6 ARBITRAGE**

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. As of September 30, 2022, there were no liabilities for a rebate of arbitrage.

**G.7 LEASES**

Per GASB Statement No. 87, a lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City, as a lessee, has entered into lease agreements involving office buildings, equipment and facility space. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and the associated lease asset is recognized on the government-wide Statement of Net Position.

The City recognized zero in variable payments within its lease arrangements as the lessee. Payments that are fixed in substance are included in the measurement of the lease liability presented in the table below. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

As of September 30, 2022, the City had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, as follows:

<b>Governmental Activities</b>			
<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 1,921	\$ 97	\$ 2,018
2024	1,061	70	1,131
2025	969	44	1,013
2026	699	23	722
2027	434	5	439
2028-2032	3	-	3
Present Value of Minimum Leased Payments	<u>\$ 5,087</u>	<u>\$ 239</u>	<u>\$ 5,326</u>

<b>Business-Type Activities</b>			
<b>Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 245	\$ 24	\$ 269
2024	250	19	269
2025	255	14	269
2026	261	9	270
2027	224	4	228
2028 - 2032	8	-	8
Present Value of Minimum Leased Payments	<u>\$ 1,243</u>	<u>\$ 70</u>	<u>\$ 1,313</u>

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

**NOTE G: LONG-TERM OBLIGATIONS**

**G.8 DEFEASANCE OF PRIOR DEBT**

In prior years, the City defeased certain outstanding General Obligation Bonds and Certificates of Obligation by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements.

As of September 30, 2022, the following outstanding bonds are considered defeased.

General Obligation Bonds and Certificates of Obligation	<u>\$ 27,685</u>
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**G.9 DISCRETELY PRESENTED COMPONENT UNIT DEBT**

On June 2, 2014, Terrell Homes, Ltd. (fiscal year ends December 31) obtained mortgage financing of \$2,000,000 for permanent financing of properties. The mortgage bears an interest rate of 7.0 percent. This mortgage requires monthly payments of principal and interest of \$13,306 based on a thirty-year amortization period and matures on June 2, 2029, at which time the entire unpaid principal balance and accrued interest will become due and payable. During 2021, interest expense was \$132,568. As of December 31, 2021, the unpaid principal balance was \$1,791,741, and there was no accrued interest.

In 2013, Terrell Homes, Ltd. entered into a loan agreement with the City of Fort Worth for \$900,000 for the construction and development of the 54 single-family houses (See Note A.1.). The loan has a 20-year term. The loan bears a fixed interest rate of 1.0 percent. The loan will be repaid from available cash flow. During 2021, interest expense was \$9,000. As of December 31, 2021, the outstanding principal balance was \$900,000, and there was an accrued interest of \$92,426.

**G.10 SPECIAL ASSESSMENT DEBT**

Rock Creek Public Improvement District special assessment debt; as of September 30, 2022 the outstanding debt was \$16,380,000 and the City is in no way liable for repayment but is only acting as an custodian for the property owners in collecting the assessments and forwarding the collection to the bondholders.



**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and federal regulations require the City to place a final cover on its Southeast landfill site when it stops accepting waste and performing certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used at the end of each fiscal year. The City has contracted for the operations of the landfill, but the legal liability for closure and postclosure care costs remains with the City. The City is required by state and federal regulations to provide financial assurance for closure and postclosure care. Annually, the City files a standby letter of credit with the state noting its compliance with these requirements.

The City reported \$13,608,605 as landfill closure and postclosure care liability in the Solid Waste Fund as of September 30, 2022. This represents the cumulative amount reported to date based on the use of 54.6 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$11,301,805 as the remaining estimated capacity is filled. The City expects to close the landfill in 13 years from the end of the current fiscal year, the year 2035. The total closure and postclosure cost are an estimate and is subject to changes resulting from inflation, deflation, technology changes, or changes in applicable laws and regulations.

Furthermore, as of September 30, 2022, the City reported cash and cash equivalents of \$3,622,729 as restricted assets for closure and postclosure care and has \$9,985,876 in a trust instrument for these costs provided from its contractor (Allied Waste, Inc. (Allied)). The City expects that future closure and postclosure care costs and inflation costs will be entirely covered by the trust instrument, in accordance with the contractual agreement with Allied. Allied will operate and close the landfill once it has reached capacity, and Allied will maintain and monitor the landfill during the postclosure care period.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE 1: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Plan Description**

The Employees' Retirement Fund of the City of Fort Worth, Texas (the "Retirement Fund"), a pension plan comprised of two separate single-employer defined benefit pension plans: the Retirement Fund is a plan that covers employees of the City of Fort Worth ("City Plan, a single-employer plan") and the employees of the Fort Worth Employees' Retirement Fund ("Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945. The Staff Plan was established through Administrative Rules in 2007, and both plans are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) effective June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan of the Employees' Retirement Fund, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees (Board). The Board is solely responsible for managing the assets for the City of Fort Worth employees plan, defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. Therefore, assets of each plan are legally separate and cannot pay benefits of the other. Due to the insignificant nature of the Staff Plan's assets and net pension liability compared to the Retirement Fund's assets, all further references to the Plan and information provided in the Notes and Required Supplementary Information about the City Plan are strictly limited to information about the City employees (comprised of General Employees, Police Officers, and Firefighters).

The City Plan provides retirement, disability, and death benefits to all employees of the City, except elected officers and non-salaried appointed members of administrative boards and commissions, part-time, temporary and contract employees, and employees paid in part by another governmental agency. The City Plan is established under the legal authority of the State of Texas, and it is administered by the Board. The authority to define or amend employer and employee contribution rates or benefits is given to the Mayor and the Fort Worth City Council (City Council).

The City Plan issues separate audited financial statements that are publicly available. These statements can be obtained by contacting the Plan at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

The City has received a favorable letter of determination from the Internal Revenue Service on December 8, 2014, that its Plan is qualified under Section 401(a) of the Internal Revenue Code.

Effective June 15, 2007, Article 6243i of the Texas Revised Civil Statutes (Article 6243i) changed the structure of the Board and how benefits could be changed by the plan sponsor. Article 6243i also permitted the Board to create administrative rules that govern the City Plan. The administrative rules govern the administration and benefits of the City Plan. The Board may change the administrative operation of the City Plan without the City's approval, while any increases to the benefit structure must be approved by the City, following an actuarial assessment. A reduction in benefits must be proposed by the City, and the City must notify the Board 90 days in advance of such benefit reduction.

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
**(000's omitted in tables)**

**NOTE 1: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Plan Description (continued)**

As of September 30, 2021, the measurement date, the Plan's membership consisted of the following members (numbers in the following table are not in thousands):

Employees covered by benefit terms:

Pension plan membership consisted of the following:	
	September 30, 2021
Inactive employees or beneficiaries currently receiving benefits	4,906
Inactive employees entitled to, but not yet receiving benefits	1,488
Total Inactive Members	6,394
Active members	6,626
Total	13,020

**Contributions**

The City contributed 24.24% of retirement-eligible wages to the Employees' Retirement Fund for General employees and Firefighters and 24.96% for Police Officers. General employees, Firefighters and Police Officers contribute 9.35%, 12.05% and 13.13%, respectively, of retirement-eligible wages. The contribution changes that took effect in July 2019 are phased in over two years for General employees and Firefighters and three years for Police Officers. For the year ended September 30, 2022 the City contributed \$137,012,000 to the plan.

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

	<u>Previous Rate</u>	<u>January 2022</u>	<u>January 2023</u>
General*	9.35%	10.15%	10.15%
Police	13.13%	13.93%	13.93%
Fire	12.05%	12.85%	12.85%

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

**CITY OF FORT WORTH, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS**

**Summary of Plan Provisions**

This exhibit summarizes the major provisions of the City Plan. It is not intended to be, nor should it be interpreted as, a complete statement of all provisions.

<b>Plan Year:</b> <b>Fiscal Year:</b> <b>Plan Status:</b>	<i>January 1 through December 31</i> <i>October 1 through September 30</i> <i>Ongoing</i>
<b>Categories of Employees:</b> <i>Tier I</i>  <i>Tier II</i>	<i>General Employees hired prior to July 1, 2011</i> <i>Police Officers hired prior to January 1, 2013</i> <i>Firefighters hired prior to January 10, 2015</i>  <i>General Employees hired on or after July 1, 2011</i> <i>Police Officers hired on or after January 1, 2013</i> <i>Firefighters hired on or after January 10, 2015</i>
<b>Categories of Benefits/Service:</b>  <i>Blue</i>  <i>Orange</i>  <i>Gray</i>	<i>Earned prior to October 1, 2013 for Tier I General Employees and Police Officers</i> <i>Earned prior to January 10, 2015 for Tier I Firefighters</i>  <i>Earned on or after October 1, 2013 for Tier I General Employees and Police Officers</i> <i>Earned on or after January 10, 2015 for Tier I Firefighters</i>  <i>Earned on or after July 20, 2019 for Tier I and II General Employees, Police Officers, and Firefighters</i>
<b>Normal Retirement:</b>  <i>Age and Service Requirements</i>  <i>Amount</i>  <i>Final Average Compensation</i>	<i>Age 65 and five years of Credited Service, or age plus years of Credited Service equal to 80 points ("Rule of 80"). Tier II General Employees have a minimum retirement age of 55.</i>  <i>Police Officers are also eligible at any age with 25 years of Credited Service.</i>  <i>3.00% of Final Average Compensation multiplied by years of Blue Credited Service plus</i> <i>2.50% of Final Average Compensation multiplied by years of Orange Credited Service</i> <i>2.50% of Final Average Compensation multiplied by years of Gray Credited Service</i>  <u><i>Blue:</i></u> <i>Average of member's highest three calendar years' earnings, including overtime</i> <u><i>Orange:</i></u> <i>Average of member's highest five calendar years' earnings, excluding overtime</i> <u><i>Gray:</i></u> <i>Average of member's highest five calendar years' earnings, excluding overtime except for "built-in" overtime for Firefighters on 56-hour schedules and any eligible leave conversion</i>