HTS Continuing Disclosure Services
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated June 28, 2022

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

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" herein.

THE CERTIFICATES **HAVE BEEN** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

CITY OF HURST

$1,975,000
CITY OF HURST, TEXAS
(Tarrant County)
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022

Dated Date: June 15, 2022
Interest Accrues from Delivery Date

Due: August 15, as shown on Page 2

PAYMENT TERMS . . . Interest on the $1,975,000 City of Hurst, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2022 (the "Certificates") will accrue from the date of initial delivery to the purchaser, hereof (the "Delivery Date"), will be payable February 15 and August 15 of each year until maturity or prior redemption, commencing February 15, 2023, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Texas Constitution, the City's Home Rule Charter and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City of Hurst, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed $1,000) of net revenues of the City's Waterworks and Sewer System (the "System") as provided in the ordinance authorizing the Certificates (the "Ordinance"). (see "THE CERTIFICATES - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor, (ii) drainage improvements, including the acquisition of land and rights-of-way therefor, and (iii) professional services rendered in connection therewith (see "Plan of Financing".)

MATURITY SCHEDULE - CERTIFICATES

See page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Certificates will be available for delivery through the facilities of DTC on July 28, 2022.

MATURITY SCHEDULE **CUSIP Prefix [1]: 447871**

Amount	8/15 Maturity	Interest Rate	Initial Yield	CUSIP Suffix [1]	Amount	8/15 Maturity	Interest Rate	Initial Yield	CUSIP Suffix [1]
$ 60,000	2023	5.000%	2.300%	AX2	$ 85,000	2029	5.000%	3.000%	BD5
65,000	2024	5.000%	2.400%	AY0	90,000	2030	5.000%	3.100%	BE3
70,000	2025	5.000%	2.550%	AZ7	90,000	2031	5.000%	3.200%	BF0
70,000	2026	5.000%	2.700%	BA1	95,000	2032	4.000%	3.300% [2]	BG8
75,000	2027	5.000%	2.800%	BB9	100,000	2033	4.000%	3.400% [2]	BH6
80,000	2028	5.000%	2.900%	BC7					

$330,000 4.000% TERM CERTIFICATES DUE AUGUST 15, 2036 PRICED TO YIELD 3.600% [2]– CUSIP #447871BL7 [1]
$360,000 4.000% TERM CERTIFICATES DUE AUGUST 15, 2039 PRICED TO YIELD 3.750% [2]– CUSIP #447871BP8 [1]
$405,000 4.000% TERM CERTIFICATES DUE AUGUST 15, 2042 PRICED TO YIELD 4.000% – CUSIP #447871BS2 [1]

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the City, the Financial Advisor or the Initial Certificate Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
(2) Yield shown is yield to first call date August 15, 2031.

REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates maturing on and after August 15, 2032, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption"). In addition, the Certificates maturing August 15, 2036, August 15, 2039 and August 15, 2042 (collectively the "Term Certificates") are also subject to mandatory sinking fund redemption in part prior to maturity at the price of par plus accrued interest to the redemption date (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption").

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

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

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

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

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

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

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

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY .... The City of Hurst, Texas (the "City"), is a political subdivision and municipal corporation of the State, located in Tarrant County, Texas. The City covers approximately 10.9 square miles (see "INTRODUCTION - Description of City").

THE CERTIFICATES .... The $1,975,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2022 are to mature in part as serial certificates maturing on August 15 in the years 2023 through 2033 and as Term Certificates maturing on August 15, 2036, August 15, 2039 and August 15, 2042 (see "THE CERTIFICATES - Description of the Certificates" and " – Mandatory Redemption").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the Delivery Date, and is payable February 15, 2023, and each February 15 and August 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates" and "THE CERTIFICATES - Optional Redemption" and " – Mandatory Sinking Fund Redemption").

AUTHORITY FOR ISSUANCE .... The Certificates are issued pursuant to the Texas Constitution, the City's Home Rule Charter and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance passed by the City Council of the City (the "Ordinance") (see "THE CERTIFICATES - Authority for Issuance").

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

REDEMPTION .... The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after August 15, 2032, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption"). In addition, the Certificates maturing August 15, 2036, August 15, 2039 and August 15, 2042 (collectively, the "Term Certificates") are also subject to mandatory sinking fund redemption in part prior to maturity at the price of par plus accrued interest to the redemption date (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption").

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

QUALIFIED TAX-EXEMPT OBLIGATIONS .... The Certificates have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for (i) constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor, (ii) drainage improvements, including the acquisition of land and rights-of-way therefor, and (iii) professional services rendered in connection therewith (see "Plan of Financing").

RATINGS .... The presently outstanding tax supported debt of the City is rated by Moody's Investors Services, Inc. ("Moody's") and S&P Global Ratings ("S&P"), a division of S&P global Inc. The Certificates being issued are rated "AA" by S&P (see "OTHER INFORMATION - Ratings"). No Rating is being sought from Moody's.

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

PAYMENT RECORD .... The City has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation [3]	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2018	38,410[1]	$ 2,936,950,224	$ 76,463	$ 60,945,000	2.08%	$ 1,587
2019	38,510[1]	3,157,970,245	82,004	65,845,000	2.09%	1,710
2020	38,910[1]	3,492,594,221	89,761	61,770,000	1.77%	1,588
2021	38,910[1]	3,386,987,959	87,047	57,715,000	1.70%	1,483
2022	38,930[2]	3,573,453,620	91,792	55,050,000 [4]	1.54% [4]	1,414 [4]

(1) Source: North Central Texas Council of Governments.
(2) Source: City Officials.
(3) As reported by Tarrant Appraisal District.
(4) Projected. Includes the Certificates.

For additional information regarding the City, please contact:

Clay Caruthers		Nick Bulaich
City Manager		Hilltop Securities Inc.
City of Hurst	or	777 Main Street, Suite 1525
1505 Precinct Line Road		Fort Worth, Texas 76102
Hurst, Texas 76054		(817) 332-9710
(817) 788-7011		

CITY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires	Occupation
Henry Wilson Mayor - Place 3	May, 2024	Retired Chief of Product Data Systems - Bell Helicopter
Cindy Shepard Mayor Pro Tem - Place 7	May, 2024	Small Business Owner
David G. Booe Councilmember - Place 1	May, 2023	Retired - Financial Consultant
John Miller Councilmember - Place 2	May, 2023	Project Manager
Cathy Brotherton Councilmember - Place 4	May, 2024	Real Estate Sales
Gary Waldron Councilmember - Place 5	May, 2024	Health Insurance
Jon McKenzie Councilmember - Place 6	May, 2023	Minister

Name	Position	Year of Employment
Clay Caruthers	City Manager	2004
Malaika Farmer	Assistant City Manager	2005
Clayton Fulton	Assistant City Manager	2016
Paul Brown	Managing Director of Finance	2015
Greg Dickens	Executive Director of Public Works	2014
Rita Frick	City Secretary	2006
Matthew Boyle	City Attorney	2020

CONSULTANTS AND ADVISORS

Auditors .... FORVIS
Fort Worth, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor .... Hilltop Securities Inc.
Fort Worth, Texas

OFFICIAL STATEMENT

RELATING TO

$1,975,000
CITY OF HURST, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE)
REVENUE CERTIFICATES OF OBLIGATION, SERIES 2022

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $1,975,000 City of Hurst, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2022 (the "Certificates"). The Certificates are being authorized for issuance under an ordinance (the "Ordinance"), adopted by the City Council of the City. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance, (hereinafter defined, see "THE CERTIFICATES – Authority for Issuance").

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

DESCRIPTION OF THE CITY . . . The City is a political subdivision located in Tarrant County operating as a Type A general law city under the laws of the State of Texas. The City operates under the Aldermanic form of government where the mayor and five councilmembers are elected at-large for staggered two-year terms. The Council formulates operating policy for the City while the City Administrator is the chief administrative officer. The City Administrator has administrative responsibility of the General Administration, Police, Municipal Court, Development Services, Streets and Drainage, and the Wastewater Utility Departments, as well as the administration of the Hurst Economic Development Corporation.

INFECTIOUS DISEASE OUTBREAK – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the U.S., the State and the City. Following the widespread release and distribution of various COVID-19 vaccines beginning in December 2020 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment in Texas. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that economic activity will continue or increase at the same rate, especially if there are future outbreaks of COVID-19 or variants of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity and limit the growth of or reduce the City's ad valorem and sales tax collections. In addition, further or extended reductions in the value of stocks and other investments could impact employee retirement plans or other funds and could require actions by the State. The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19, or variants of COVID-19, or a similar virus on the City's operations or financial condition.

Some of the financial and operating data contained herein are as of dates and for periods prior to the economic impact of COVID-19 and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the COVID-19 pandemic upon the City. While the extent of the impact of COVID-19 on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Certificates will be used for (i) constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor, (ii) drainage improvements, including the acquisition of land and rights-of-way therefor, and (iii) professional services rendered in connection therewith.

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

	The Certificates
Sources:	
Par Amount	$ 1,975,000.00
Premium	70,638.30
Total Sources of Funds	$ 2,045,638.30
Uses:	
Deposit to Project Fund	$ 2,000,000.00
Costs of Issuance	45,638.30
Total Uses of Funds	$ 2,045,638.30

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THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated June 15, 2022, and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Delivery Date and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2023, until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution, the City's Home Rule Charter and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The principal of and interest on the Certificates is payable from a direct and continuing ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City as provided in the Ordinance. Additionally, the Certificates are payable from a limited pledge (not to exceed $1,000) of the net revenues of the City's Waterworks and Sewer System.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy, and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 Taxable Assessed Valuation for all City purposes however, the Home Rule Charter of the City limits the maximum tax rate of the City to $1.50 per $100 taxable assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based upon a 90% collection factor.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Certificates maturing on and after August 15, 2032, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2031, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

MANDATORY SINKING FUND REDEMPTION . . . . In addition, the Certificates maturing August 15, 2036, August 15, 2039, and August 15, 2042 (collectively, the "Term Certificates") are also subject to mandatory sinking fund redemption in part prior to maturity at the price of par plus accrued interest to the redemption date (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption").

Term Certificates Due August 15, 2036		Term Certificates Due August 15, 2039		Term Certificates Due August 15, 2042	
Redemption Date	Principal Amount	Redemption Date	Principal Amount	Redemption Date	Principal Amount
August 15, 2034	$ 105,000	August 15, 2037	$ 115,000	August 15, 2040	$ 130,000
August 15, 2035	110,000	August 15, 2038	120,000	August 15, 2041	135,000
August 15, 2036*	115,000	August 15, 2039*	125,000	August 15, 2042*	140,000
	$ 330,000		$ 360,000		$ 405,000

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* Maturity.

The Term Certificates to be redeemed shall be selected by lot or other customary random method of the Paying Agent/Registrar (or by DTC in accordance with its procedures while the Certificates are in book-entry-only form) approximately 45 days prior to each mandatory redemption date. Any Term Certificates not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of Term Certificates of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. If a certificate (or any portion of its principal sum) shall have been duly called for redemption and any other condition to redemption satisfied, then upon the redemption date such certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

DEFEASANCE . . . The Ordinance provide for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent or other authorized entity, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates being defeased, and thereafter, the City will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Government Securities. The Ordinance provides that "Government Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Certificates. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the obligations under the then applicable laws of the State of Texas. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. The City has reserved the option, however, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date, which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or those for any other Government Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and accredited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City considers the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

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

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, securities certificates are required to be printed and delivered.

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

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

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

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Certificates is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Certificates is discontinued by the City, printed securities certificates will be issued to the holders of the affected Certificates, and the applicable Certificates will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance, summarized under "THE CERTIFICATES - Transfer, Exchange, and Registration" below.

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

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

Transfer, Exchange and Registration . . . In the event the Book-Entry-Only System should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES - Book-Entry-Only System" above for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the uncalled balance of a Certificate.

Record Date for Interest Payment . . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Certificate to be paid on the Special Payment Date that appears on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Remedies . . . The Ordinance does not establish specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on any of the Certificates when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Certificates, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, conditions or obligations. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Certificates or the obligations and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but it may not be arbitrarily refused. There is no acceleration of maturity of any of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in Wasson Interests, Ltd. v. City of Jacksonville, 489 S.W. 3d 427 (Tex. 2016) (“Wasson”) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in Tooke v. City of Mexia, 197 S.W. 3d 325 (2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the covenants in the Certificates or in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, including holders of the Certificates, of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

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

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TAX INFORMATION

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

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Tarrant Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land. The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "TAX INFORMATION – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each city in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

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

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

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

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "TAX INFORMATION – Tax Abatement Policy" for descriptions of the City's tax abatement program.

For a discussion of how the various exemptions described above are applied by the City, see "TAX INFORMATION – City Application of Property Tax Code" herein.

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

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

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

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

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

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

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

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

A city must annually calculate its "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its "de minimis rate", an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

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

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its "voter-approval tax rate" using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

A debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.

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

DEBT TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 of Taxable Assessed Valuation however, the Home Rule Charter of the City limits the maximum tax rate of the City to $1.50 per $100 of taxable assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

THE CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of February 15. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 15 of each year and the final installment due on August 15.

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

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

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

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $35,000, and disabled persons are also granted an exemption of $35,000.

The City has granted an additional exemption of 20% of the market value of residence homesteads.

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

The City does tax nonbusiness personal property and Tarrant County collects taxes for the City.

The City does permit split payments of taxes, and discounts for early payment of taxes are not allowed.

The City does not tax freeport property.

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

The City has adopted a tax abatement policy and has five active 380 agreements covering retail, hospitality and entertainment.

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

The City does tax goods in transit.

The City has not created a Tax Increment Reinvestment Zone.

See Table 1 for a listing of the amounts of the exemptions described above.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2021/22 Market Valuation Established by Tarrant Appraisal District		$ 4,447,910,537
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions	$ 387,515,807	
Over 65 Years of Age/Disabled	128,039,478	
Disabled Veterans Exemptions	17,409,438	
Homestead Cap Loss	111,934,594	
Productivity Loss	3,573,438	
Pollution Control	264,931	
Solar Wind	4	
Nominal Value Accounts	60,650	
Absolute	317,784,239	966,582,579
Plus Minimum Value of Protests		92,125,662
2021/22 Taxable Assessed Valuation		$ 3,573,453,620
City Funded Debt Payable from Ad Valorem Taxes (as of 4/1/22)		
General Obligation Debt	$ 57,715,000 [(1)]	
The Certificates	1,975,000	
Funded Debt Payable from Ad Valorem Taxes		$ 59,690,000
Less Self-Supporting Debt:		
Water and Sewer System General Obligation Debt	$ 7,015,000	
Hotel/Motel General Obligation Debt	4,385,000	
4B Sales Tax General Obligation Debt	13,635,000	25,035,000
Net Funded Debt Payable From Ad Valorem Taxes		$ 34,655,000
Interest and Sinking Fund (as of 4/1/22)		$ 3,352,474
Ratio Total Funded Debt to Taxable Assessed Valuation		1.67%
Ratio Net Funded Debt to Taxable Assessed Valuation		0.97%

2022 Estimated Population - 38,930
Per Capita Taxable Assessed Valuation - $91,792
Per Capita Total Net Funded Debt $890

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(1) General obligation debt in the amounts shown for which repayment is provided, as applicable, from (i) net revenues of the City's combined waterworks and sewer system (the "System"), (ii) hotel occupancy taxes and/or, (iii) sales tax revenue collected for the benefit of the Hurst Community Development Corporation (the "4B Sales Tax"). The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from such revenues; provided this policy is subject to change in the future. In the event payment is not made from revenues, the City will be required to assess an ad valorem tax sufficient to make such payments. See "Table 10-Computation of Self-Supporting Debt" for additional information.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2022		2021		2020	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 2,614,946,343	58.79%	$ 2,387,394,333	57.24%	$ 2,509,173,050	59.00%
Real, Residential, Multi-Family	369,651,939	8.31%	336,584,505	8.07%	321,039,252	7.55%
Real, Vacant Lots/Tracts	31,328,272	0.70%	29,582,980	0.71%	28,899,125	0.68%
Real, Acreage (Land Only)	3,575,993	0.08%	3,575,993	0.09%	3,575,993	0.08%
Real, Farm and Ranch Improvements	188,131	0.00%	181,235	0.00%	174,341	0.00%
Real, Commercial	1,152,265,330	25.91%	1,186,164,094	28.44%	1,145,025,697	26.92%
Real, Industrial	22,431,747	0.50%	21,684,093	0.52%	20,656,335	0.49%
Real, Oil, Gas, Mineral Reserve	567,390	0.01%	626,980	0.02%	943,980	0.02%
Real and Tangible Personal, Utilities	40,125,313	0.90%	31,098,739	0.75%	39,342,128	0.93%
Tangible Personal, Commercial	175,096,829	3.94%	117,405,307	2.81%	124,653,252	2.93%
Tangible Personal, Industrial	3,560,459	0.08%	30,163,845	0.72%	30,352,909	0.71%
Real and Tangible Personal, Mobile Homes	899,335	0.02%	956,113	0.02%	963,116	0.02%
Real Property, Inventory	40,000	0.00%	600,000	0.01%	1,386,800	0.03%
Real Property, Special Inventory	28,092,374	0.63%	20,025,230	0.48%	26,890,727	0.63%
Vacant Right of Way	5,141,082	0.12%	5,139,262	0.12%	-	0.00%
Total Appraised Value Before Exemptions	$ 4,447,910,537	100.00%	$ 4,171,182,709	100.00%	$ 4,253,076,705	100.00%
Less: Total Exemptions/Reductions	(966,582,579)		(936,067,926)		(1,020,736,249)	
Plus: Minimum Value of Protests	92,125,662		151,873,176		260,253,765	
Taxable Assessed Value	$ 3,573,453,620		$ 3,386,987,959		$ 3,492,594,221	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2019		2018	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 2,056,517,906	59.77%	$ 1,830,010,048	57.89%
Real, Residential, Multi-Family	279,855,257	8.13%	244,483,056	7.73%
Real, Vacant Lots/Tracts	19,387,315	0.56%	18,792,588	0.59%
Real, Acreage (Land Only)	72,561	0.00%	73,746	0.00%
Real, Commercial	858,597,693	24.95%	759,795,894	24.03%
Real, Industrial	16,273,677	0.47%	15,336,913	0.49%
Real, Oil, Gas, Mineral Reserve	98,730	0.00%	59,420	0.00%
Real and Tangible Personal, Utilities	43,042,324	1.25%	40,578,939	1.28%
Tangible Personal, Commercial	134,998,236	3.92%	198,209,231	6.27%
Tangible Personal, Industrial	4,274,273	0.12%	28,966,868	0.92%
Real and Tangible Personal, Mobile Homes	-	0.00%	1,146,794	0.04%
Real Property, Inventory	990,231	0.03%	-	0.00%
Vacant Right of Way	26,506,468	0.77%	23,848,584	0.75%
Total Appraised Value Before Exemptions	$ 3,440,614,671	100.00%	$ 3,161,302,081	100.00%
Less: Total Exemptions/Reductions	(463,071,573)		(413,814,570)	
Plus: Minimum Value of Protests	180,427,147		189,462,713	
Taxable Assessed Value	$ 3,157,970,245		$ 2,936,950,224	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation (3)	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at End of Year	Ratio Tax Debt to Taxable Assessed Valuation	Funded Debt Per Capita
2018	38,410 (1)	$ 2,936,950,224	$ 76,463	$ 60,945,000	2.08%	$ 1,587
2019	38,510 (1)	3,157,970,245	82,004	65,845,000	2.09%	1,710
2020	38,910 (1)	3,492,594,221	89,761	61,770,000	1.77%	1,588
2021	38,910 (1)	3,386,987,959	87,047	57,715,000	1.70%	1,483
2022	38,930 (2)	3,573,453,620	91,792	55,050,000 (4)	1.54% (4)	1,414 (4)

(1) Source: North Central Texas Council of Governments.
(2) Source: City Officials.
(3) As reported by the Appraisal District.
(4) Projected, includes the Certificates.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution General Fund	Distribution Interest and Sinking Fund	Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
2018	$ 0.5809400	$ 0.4650424	$ 0.1158976	$ 16,103,519	99.30%	100.10%
2019	0.5800000	0.4715510	0.1084490	17,258,532	98.80%	99.10%
2020	0.5972990	0.4782360	0.1190630	19,058,554	99.17%	99.85%
2021	0.6251590	0.5041860	0.1209730	20,514,104	98.94%	99.48%
2022	0.6251590	0.5167940	0.1083650	20,916,327	94.43% (1)	94.80% (1)

(1) Collections for partial year only, through April 1, 2022.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2021/22 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Melvin Simon & Associates, Inc.	Shopping Mall	$ 118,764,982	3.32%
Shops at Northeast Mall LLC	Shopping Mall	67,000,000	1.87%
Westdale Hills 2013 LP	Apartments	52,735,110	1.48%
Cooks Creek 255 LLC	Apartments	32,900,000	0.92%
Kelly Moore Paint Company	Paint Manufacturer	32,201,535	0.90%
WWC LII LP	Apartments	32,010,000	0.90%
Mayfair Station LLC	Office Complex	26,131,080	0.73%
Oncor Electric Delivery Co.	Electric Utility	21,507,988	0.60%
Wal-Mart Real Estate Business Trust	Retail	20,103,267	0.56%
Kroger Market Street Village LP	Grocery	19,950,000	0.56%
		$ 423,303,962	11.85%

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter however, the maximum tax rate of the City pursuant to its Home Rule Charter is $1.50 per $100 taxable assessed valuation (see "THE CERTIFICATES – Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY (1)

2022 Net Principal and Interest Requirements	$ 3,612,265
$0.1021 Tax Rate at 99.09% Collection Produces	$ 3,615,295
Average Annual Net Principal and Interest Requirements, 2022 - 2042	$ 1,977,786
$0.0559 Tax Rate at 99.09% Collection Produces	$ 1,979,383
Maximum Net Principal and Interest Requirements, 2023	$ 3,634,907
$0.1027 Tax Rate at 99.09% Collection Produces	$ 3,636,540

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(1) Includes the Certificates; does not include self-supporting debt.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2021/22 Taxable Assessed Value	2021/22 Tax Rate	Total G.O. Debt	Estimated % Applicable	City's Overlapping G.O. Debt As of 4/1/22	Authorized But Unissued Debt as of 4/1/2022
City of Hurst	$ 3,573,453,620	$ 0.625159	$ 34,655,000 (1)	100.00%	$ 34,655,000 (1)	$ 3,100,000
Birdville Independent School District	13,083,284,147	1.338000	408,955,000	9.85%	40,282,068	-
Grapevine-Colleyville Independent School District	17,874,514,171	1.275000	340,873,775	0.56%	1,908,893	-
Hurst-Euless-Bedford Independent School District	17,869,534,016	1.161000	343,375,000	13.36%	45,874,900	-
Keller Independent School District	22,248,359,656	1.344000	864,585,184	0.22%	1,902,087	-
Tarrant County	232,087,544,175	0.229000	213,675,000	1.60%	3,418,800	430,600,000
Tarrant Co College District	234,225,984,717	0.130000	255,995,000	1.60%	4,095,920	525,000,000
Tarrant County Hospital District	232,505,993,849	0.225000	12,825,000	1.60%	205,200	-
Total Direct and Overlapping G.O. Debt					$ 132,342,868	
Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation . . .					3.70%	
Per Capita Direct and Overlapping G.O. Debt . . .					$ 3,400	

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(1) Includes the Certificates; does not include self-supporting debt.

TABLE 8 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt Service (1) Principal	Outstanding Debt Service (1) Interest	Outstanding Debt Service (1) Total	The Certificates (2) Principal	The Certificates (2) Interest	The Certificates (2) Total	Total Outstanding Debt	Water and Sewer Self-Supporting Requirements	Hotel Occupancy Tax Self-Supporting Requirements	Sales Tax Self-Supporting Requirements	Total Debt Service Less Self-Supporting Requirements	% of Principal Retired
2022	$ 4,640,000	$ 1,801,804	$ 6,441,804	$ -	$ -	$ -	$ 6,441,804	$ 1,242,856	$ 363,200	$ 1,223,483	$ 3,612,265	
2023	4,570,000	1,612,450	6,182,450	60,000	89,904	149,904	6,332,354	1,113,864	360,600	1,222,983	3,634,907	
2024	4,320,000	1,485,864	5,805,864	65,000	82,850	147,850	5,953,714	953,947	362,800	1,221,583	3,415,385	
2025	4,285,000	1,355,440	5,640,440	70,000	79,600	149,600	5,790,040	969,296	359,600	1,224,283	3,236,861	
2026	4,060,000	1,222,971	5,282,971	70,000	76,100	146,100	5,429,071	753,134	361,200	1,225,933	3,088,805	37.09%
2027	3,705,000	1,103,983	4,808,983	75,000	72,600	147,600	4,956,583	759,761	359,600	1,223,683	2,613,540	
2028	3,100,000	988,577	4,088,577	80,000	68,850	148,850	4,237,427	569,282	360,600	1,223,333	2,084,213	
2029	2,900,000	893,065	3,793,065	85,000	64,850	149,850	3,942,915	435,293	361,200	1,226,933	1,919,489	
2030	2,565,000	809,609	3,374,609	90,000	60,600	150,600	3,525,209	161,149	361,400	1,223,208	1,779,452	
2031	2,645,000	730,852	3,375,852	90,000	56,100	146,100	3,521,952	157,730	361,200	1,232,545	1,770,477	62.78%
2032	2,720,000	648,685	3,368,685	95,000	51,600	146,600	3,515,285	159,269	355,600	1,225,193	1,775,223	
2033	2,815,000	563,344	3,378,344	100,000	47,800	147,800	3,526,144	160,573	359,800	1,231,723	1,774,048	
2034	2,895,000	474,136	3,369,136	105,000	43,800	148,800	3,517,936	156,635	358,400	1,226,563	1,776,338	
2035	2,485,000	380,040	2,865,040	110,000	39,600	149,600	3,014,640	162,655	356,600	713,600	1,781,785	
2036	2,280,000	300,998	2,580,998	115,000	35,200	150,200	2,731,198	78,375	354,400	713,200	1,585,223	85.77%
2037	2,000,000	229,776	2,229,776	115,000	30,600	145,600	2,375,376	77,273	356,800	356,800	1,584,504	
2038	2,055,000	167,451	2,222,451	120,000	26,000	146,000	2,368,451	76,148	353,600	353,600	1,585,104	
2039	1,340,000	102,768	1,442,768	125,000	21,200	146,200	1,588,968	-	-	-	1,588,968	
2040	755,000	64,936	819,936	130,000	16,200	146,200	966,136	-	-	-	966,136	
2041	780,000	44,324	824,324	135,000	11,000	146,000	970,324	-	-	-	970,324	98.43%
2042	800,000	22,640	822,640	140,000	5,600	145,600	968,240	-	-	-	968,240	100.00%
	$ 57,715,000	$ 15,003,708	$ 72,718,708	$ 1,975,000	$ 980,054	$ 2,955,054	$ 75,673,762	$ 7,987,238	$ 6,106,600	$ 18,068,640	$ 43,511,284	

(1) "Outstanding Debt" does not include lease/purchase obligations, includes self-supporting debt.
(2) Average life of the Certificates is 11.938 Years. Interest on the Certificates has been calculated at the rates stated on page 2 hereof.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Net General Purpose Debt Service Requirements, Fiscal Year Ending 9/30/22		$ 3,612,265
General Fund Interest and Sinking Fund Balance, as of 9/30/21	$ 557,933	
2021/22 Budgeted General Fund Interest and Sinking Fund Tax Levy Collection	3,890,025	
Estimated Interest Income	10,000	
Collection and Tax Freeze Allowance.	(319,200)	4,138,758
Ending Fund Balance, 9/30/22		$ 526,493

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT (1)

Waterworks and Sewer System	
Net Revenues available from Waterworks and Sewer System, Fiscal Year 9-30-21	$ 3,891,895
Less: Revenue Bond Requirements, 2022 Fiscal Year	-
Balance Available for other purposes	$ 3,891,895
System General Obligation Bond Requirements, 2022 Fiscal Year	1,242,856
Balance	$ 2,649,039
Percentage of System General Obligation Bonds Self-Supporting	100.00%
Community Services Development Corporation (4B Sales Tax)	
Revenues Available from Community Services Development Corporation, Fiscal Year 9-30-21	$ 2,101,085
Less: Revenue Bond Requirements, 2022 Fiscal Year	-
Balance Available for other purposes	$ 2,101,085
CSDC General Obligation Bond Requirements, 2022 Fiscal Year	1,223,483
Balance	$ 877,603 (2)
Percentage of CSDC General Obligation Bonds Self-Supporting	100.00%
Hotel/Motel Tax	
Revenues Available from Hotel/Motel Fund, Fiscal Year 9-30-21	$ 389,697
Hotel/Motel General Obligation Bond Requirements, 2022 Fiscal Year	363,200
Balance	$ 26,497
Percentage of Hotel/Motel General Obligation Bonds Self-Supporting	100.00%

(1) General obligation debt in the amounts shown for which repayment is provided from (i) Net Revenues of the System, (ii) hotel occupancy taxes, and/or (iii) 4B sales tax revenue. The amount of self-supporting debt is based on the percentages of the respective revenue support as shown in Table 10. It is the City's current policy to provide these payments from (i) Net Revenues of the System, (ii) hotel occupancy taxes, and/or (iii) 4B sales tax revenues; provided, this policy is subject to change in the future. In the event payment is not made from such Net Revenues, the City will be required to assess an ad valorem tax sufficient to make such payments.

(2) Sales tax revenue can be volatile and is generally not subject to the control of the City; no assurance can be given that the 4B sales tax revenue that is anticipated to be used to pay debt service will be sufficient in any future year for that purpose. If the amount collected is not sufficient to pay 4B sales tax revenue bond debt requirements, the City would be required to pay debt service payments from other lawfully available sources, including financial reserves, if any, or levy an ad valorem tax to make the payment.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Amount Being Issued	Unissued Balance
Street and Drainage	11-08-05	$ 4,000,000	$ 2,600,000	$ -	$ 1,400,000
Athletic Facility	11-08-05	1,700,000	-	-	1,700,000
		$ 5,700,000	$ 2,600,000	$ -	$ 3,100,000

TABLE 12 – OTHER OBLIGATIONS

During 2020, the City entered into a loan agreement with First National Bank of Texas for $575,000, Series 2020 Public Property Finance Contractual Obligation. The loan is due in annual installments of $75,000 to $90,000 through 2027, plus interest of 2.75%. The balance due as of September 30, 2021 is $495,000.

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The City does not anticipate issuing additional general obligation debt within the next 12 months.

PENSION FUND . . . The City participates as one of approximately 900 plans in the nontraditional, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided: TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Deposit Rate:	7.00%
Matching Ratio (City to Employee):	2 to 1
Years required for vesting	5 Years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity Increase to Retirees*:	30% of CPI-U

* TMRS allows cities to calculate Cost of Living Adjustments (COLAs) for retirees on an annual or ad hoc basis. The City has opted for the ad hoc basis calculation.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	295
Inactive Employees Entitled to But Not Yet Receiving Benefits	242
Active Employees	357
	894

Contributions — The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hurst were 11.87% and 11.22% in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were $3,029,768 and were equal to the required contributions.

Net Pension Liability — The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified.

Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Inflation	2.50%
Overall payroll growth	2.75% per year, adjusted down for population declines, if any

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return (Arithmetic)**
Global equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	10.00%	7.75%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in the Net Pension Liability	**Total Pension Liability (a)**	**Plan Fiduciary Assets (b)**	**Net Pension Liability (a) - (b)**
Balance at October 1, 2020	$ 181,973,735	$ 163,379,326	$ 18,594,409
Charges for the year:			
Service Cost	4,355,601	-	4,355,601
Interest	12,112,003	-	12,112,003
Difference between expected and actual experience	(484,413)	-	(484,413)
Changes of assumptions	-	-	-
Contributions - employer	-	2,999,772	(2,999,772)
Contributions - employee	-	1,871,652	(1,871,652)
Net investment income	-	12,388,487	(12,388,487)
Benefit payments, including			-
refunds of employee contributions	(9,428,922)	(9,428,922)	-
Administrative expense	-	(80,247)	80,247
Other changes	-	(3,131)	3,131
Net Changes	6,554,269	7,747,611	(1,193,342)
Balance at September 30, 2021	$ 188,528,004	$ 171,126,937	$ 17,401,067

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	$ 42,271,311	$ 17,401,067	$ (3,206,558)

Pension Plan Fiduciary Net Position . . . Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . . . For the year ended September 30, 2021, the City recognized a pension expense of $2,152,474.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 549,863	$ 691,523
Changes of assumptions	165,509	-
Net difference between projected and actual earnings on pension plan investments	-	4,641,030
Contributions subsequent to the measurement date	2,235,387	-
Total	$ 2,950,759	$ 5,332,553

$2,235,387 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2022	$ (1,684,161)
2023	168,478
2024	(2,761,707)
2025	(339,791)
Total	$ (4,617,181)

OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's plan through a single-employer defined benefit OPEB plan administered by the City of Hurst Post-Retirement Health Care Plan Trust. Public Agency Retirement Services (PARS) is the Trust Administrator. The governing body of the Trust is composed of a coalition of member public agencies. Each member public agency appoints its individual plan administrator to serve as a member of the governing body. Certain provisions of the Trust may be changed by a two-thirds vote of the members of the governing body. A more detailed description of the plan as follows:

Eligibility

1. The benefit is available to retirees and their spouses.

2. An employee must resign and satisfy the requirements for service retirement under the TMRS with at least 10 years of consecutive full-time service with the City immediately prior to retirement or, effective April 1, 2002, have a minimum of 25 years of full-time service with the City including a minimum of eight consecutive years of full-time service with the City immediately prior to retirement

3. A retiree or his/her spouse is INELIGIBLE for coverage if he or she is eligible for any other group coverage through employment and will be required to certify this information.

4. A retiree/spouse who is not eligible when the employee retires is not eligible to rejoin at a later date. If an eligible retiree/spouse waives coverage at any time, they are not eligible for reinstatement in the future.

Benefits Provided

- AFTER AGE 65 – Enroll in Medicare Advantage Plan, currently Humana. For each qualified retiree/spouse the City will contribute to the cost of a Group Medicare Advantage Plan for the eligible retiree/spouse in lieu of coverage through the City of Hurst Retiree Health Plan (retiree/spouse must be eligible to enroll). Eligible participating retirees and spouses age 65+ have the option to select a supplementary Medigap policy or another Medicare Advantage plan of their choice, and the City will reimburse the retiree and/or spouse what the City would have contributed for the retiree and/or spouse to the currently provided Medicare Advantage plan with documentation of the retiree's and/or spouse's monthly payment for the alternative policy/plan. The retiree and/or spouse will be responsible for the remainder of the premium. Eligible retirees/spouses must enroll in Medicare once eligible and pay the Medicare premiums.

- BEFORE AGE 65 – Enroll in the City's Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree's years of consecutive full-time service to the City immediately prior to TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the AFTER AGE 65 options listed above.

Surviving Dependents

If an eligible retiree and his/her eligible dependents are covered by the City of Hurst Retiree Health Plan and the retiree dies:

- The surviving spouse may continue as a survivor under the plan up to age 65. He/she may continue eligible dependent coverage with the City's plan by paying the applicable retiree/dependent cost based on the retiree's years of consecutive service with the City of Hurst immediately prior to the eligible retiree's TMRS service retirement. Surviving spouses/dependents must continue to meet eligibility requirements.

- At age 65, the surviving spouse may be covered by the City's Medicare Advantage plan in effect at the time by paying 100% of the Medicare Advantage premium as long as he/she continues to meet eligibility requirements. Retiree reimbursement option is not available to surviving spouses.

Life Insurance . . . Effective for employees retiring October 1, 1997, or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective October 1, 2011, the maximum retiree life insurance is $75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

Dental . . .Eligible retirees may continue the dental coverage they had for themselves and their eligible dependents on their date of retirement by paying 100% of the premium. There is no City contribution.

The City reserves the right to amend, modify, and/or terminate its participation with retiree coverage at any time. No person shall be vested in any right under the policy of retiree coverage.

A measurement date of December 31, 2020, was used for the September 30, 2021, liability and expense. The information that follows was determined as of a Valuation date or December 31, 2020.

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive emloyees or beneficiaries currently receiving benefits	150
Active employees	352
Total employees	502

The City manager has the authority to establish and amend the benefit terms of the OPEB plan. Though the City has established a trust under the OPEB plan, the City employs a pay-as-you-go method for funding annually required benefit payments.

Investments . . . The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates or return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the Asset Class table below.

Investment Policy . . . The plan's policy in regard to the allocation of invested assets is established by the City. The current asset allocation policy at the end of 2021 is as follows:

Asset Class	**Target Allocation**
Equity	60.00%
Fixed Income	35.00%
Cash	5.00%
Total	100.00%

Concentrations . . . All of the Plan's investments are held with Public Agency Retirement Services in the Balanced Strategy Growth Fund.

Rate of Return . . . For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 13.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability – The City's net OPEB liability of $14,588,396 ($11,631,328 governmental activities and $2,957,068 business-type activities) was measure as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions - The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discout Rate	4.44% as of December 31, 2020 (5.05% as of December 31, 2019)
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participation Rates	Participation rates vary based on years of City service. For employees with over 20 years of City service, participation rates vary from 35% to 95%.

Discount Rate - Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects: (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of developing the single discount rate, the City's future contributions were based on a 30-year, open amortization. Based on this funding policy, the last year in the single discount rate projection period for which projected benefit payments were fully funded was 2049.

For the purpose of the December 31, 2020, valuation, the expected rate of return on OPEB plan investments is 6.50%; the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 4.44%.

Changes in the Net OPEB Liability:

Change in the Net OPEB Liability	**Total OPEB Liability (a)**	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balance at December 31, 2020	$ 18,530,781	$ 4,768,897	$ 13,761,884
Charges for the year:			
Service Cost	682,587	-	682,587
Interest	933,744	-	933,744
Difference between expected and actual experience	(10,073)	-	(10,073)
Changes of assumptions	1,374,648	-	1,374,648
Contributions - employer	-	1,511,286	(1,511,286)
Net investment income	-	654,740	(654,740)
Benefit payments	(764,202)	(764,202)	-
Administrative expense	-	(11,632)	11,632
Net Changes	2,216,704	1,390,192	826,512
Balance at December 31, 2021	$ 20,747,485	$ 6,159,089	$ 14,588,396

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates – The net OPEB liability of the City has been calculated using a discount rate of 4.44%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease in Discount Rate (3.44%)	Current Discount Discount Rate Assumption (4.44%)	1% Increase in Discount Rate (5.44%)
Net OPEB Liability	$ 17,127,173	$ 14,588,396	$ 12,396,907

The net OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.00% decreasing to 4.15%. The following presents the net OPEB liability using health care cost trend rates 1.00% higher and 1.00% lower than the current health care cost trend rates.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	$ 12,738,125	$ 14,588,396	$ 16,814,108

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended September 30, 2021, the City recognized OPEB expense of $1,010,151. At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ -	$ 2,618,859
Changes of assumptions	1,915,001	34,307
Difference between expected and actual experience	-	385,915
Contributions subsequent to the measurement date	1,191,784	-
Total	$ 3,106,785	$ 3,039,081

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2022.

Other amounts reported as deferred outflows and inflows or resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	
2022	$ (271,088)
2023	(225,448)
2024	(305,326)
2025	(286,015)
2026	(235,169)
Thereafter	198,966
Total	$ (1,124,080)

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FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET POSITION

Revenues:	Fiscal Year Ended September 30,				
Program Revenues	2021	2020	2019	2018	2017
Charges for Services	$ 3,547,125	$ 3,438,987	$ 5,106,058	$ 4,969,122	$ 5,274,258
Grants and Contributions	1,889,171	3,270,198	1,620,992	2,191,025	1,879,969
General Revenues					
Property Taxes	20,519,930	18,389,781	16,292,473	15,383,521	14,814,146
Other Taxes	24,557,219	23,107,409	24,502,914	24,679,692	23,711,351
Other	1,219,857	1,952,995	2,966,501	2,270,832	1,916,075
Total Revenues	$ 51,733,302	$ 50,159,370	$ 50,488,938	$ 49,494,192	$ 47,595,799
Expenses:					
General Government	$ 4,958,838	$ 6,919,302	$ 8,148,665	$ 8,272,338	$ 5,503,950
Public Safety	24,389,940	25,752,945	27,277,634	25,775,326	26,946,144
Culture and Recreation	11,383,530	10,637,396	12,386,690	12,836,977	12,554,825
Public Works	4,116,324	4,929,958	5,085,774	3,869,464	4,928,786
Interest Expense	1,724,654	1,135,394	1,711,724	1,770,980	1,888,355
Total Expenses	$ 46,573,286	$ 49,374,995	$ 54,610,487	$ 52,525,085	$ 51,822,060
Increase (Decrease) in Net Position	$ 5,160,016	$ 784,375	$ (4,121,549)	$ (3,030,893)	$ (4,226,261)
Prior Period Adjustments	-	-	-	-	-
Net Position - October 1	136,256,671	135,472,296	139,593,845	154,396,495	158,622,756
Change in Accounting Principle	-	-	-	(11,771,757) [(1)]	-
Net Position - September 30	$ 141,416,687	$ 136,256,671	$ 135,472,296	$ 139,593,845	$ 154,396,495

(1) In Fiscal Year 2018, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pension. As a result, beginning Net Position was adjusted to reflect the impact of recognizing the City's OPEB liability and Deferred Outflows of Resources as of 10/1/2017.

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TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

	Fiscal Year Ended September 30,				
Revenues	2021	2020	2019	2018	2017
Taxes	$ 30,066,333	$ 27,945,861	$ 27,637,746	$ 26,332,758	$ 25,483,388
Licenses and Permits	861,307	811,270	1,091,085	825,525	878,517
Intergovernmental	1,003,936	3,024,057	981,914	1,045,223	802,036
Charges for Services	1,620,203	1,527,628	2,319,048	2,126,300	2,065,177
Fines	700,005	1,120,244	1,498,576	2,397,331	2,436,813
Miscellaneous (Primarily Interest)	404,698	668,381	1,049,330	578,643	435,756
Total Revenues	$ 34,656,482	$ 35,097,441	$ 34,577,699	$ 33,305,780	$ 32,101,687
Expenditures					
General Government	$ 3,582,356	$ 4,286,689	$ 3,820,489	$ 3,258,740	$ 2,699,392
Public Safety	18,666,861	18,742,331	18,403,916	18,113,118	18,097,111
Culture and Recreation	6,186,065	5,532,644	6,573,579	6,703,429	6,548,315
Public Works	2,453,902	2,371,726	2,317,724	2,036,102	2,109,784
Total Expenditures	$ 30,889,184	$ 30,933,390	$ 31,115,708	$ 30,111,389	$ 29,454,602
Excess (Deficiency) of Revenues Over Expenditures	$ 3,767,298	$ 4,164,051	$ 3,461,991	$ 3,194,391	$ 2,647,085
Other Financing Sources:					
Net Transfers	$ (3,513,748) (1)	$ (3,514,112) (2)	$ (3,107,445) (3)	$ (2,556,770) (4)	$ (2,052,650) (5)
Total Other Financing Sources	$ (3,513,748)	$ (3,514,112)	$ (3,107,445)	$ (2,556,770)	$ (2,052,650)
Net Increase (Decrease)	$ 253,550	$ 649,939	$ 354,546	$ 637,621	$ 594,435
Adjustments	-	-	-	-	-
Beginning Fund Balance	15,461,083	14,811,144	14,456,598	13,818,977	13,224,542
Ending Fund Balance	$ 15,714,633	$ 15,461,083	$ 14,811,144	$ 14,456,598	$ 13,818,977

(1) Excess of revenues over expenditures in the amount of $2,334,000 was transferred to the Special Projects Fund pursuant to the City's policy of transferring excess general fund revenues at year-end to the Special Projects Fund. An additional $449,013 was transferred from the General Fund to the IT Fund and $288,949 was transferred to the Loss Reserve Fund.
(2) Excess of revenues over expenditures in the amount of $2,922,933 was transferred to the Special Projects Fund pursuant to the City's policy of transferring excess general fund revenues at year-end to the Special Projects Fund. An additional $252,512 was transferred from the General Fund to the Loss Reserve Fund.
(3) Excess of revenues over expenditures in the amount of $1,397,564 was transferred to the Special Projects Fund pursuant to the City's policy of transferring excess general fund revenues at year-end to the Special Projects Fund. An additional $870,550 was transferred from the General Fund to the Loss Reserve Fund.
(4) Excess of revenues over expenditures in the amount of $1,886,045 was transferred to the Special Projects Fund pursuant to the City's policy of transferring excess general fund revenues at year-end to the Special Projects Fund. An additional $206,942 was transferred from the General Fund to the Loss Reserve Fund.
(5) Excess of revenues over expenditures in the amount of $1,260,244 was transferred to the Special Projects Fund pursuant to the City's policy of transferring excess general fund revenues at year-end to the Special Projects Fund. An additional $350,000 was transferred from the General Fund to the Loss Reserve Fund.

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. On January 16, 1993, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development. On September 9, 1995, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for anti-crime measures. The sales tax for economic development is collected solely for the benefit of the Hurst Community Services Development Corporation (the "Corporation"), and may be pledged to secure payment of sales tax revenue bonds issued by the Corporation.

Table 14, below, sets forth the amounts collected from the City's general 2% sales tax for the periods shown.

Fiscal Year Ended 9/30	Total Collected [(1)]	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2018	$ 20,935,157	130.00%	$ 0.7128	$ 545
2019	20,661,292	119.72%	0.6543	537
2020	19,777,236	103.77%	0.5663	508
2021	21,994,035	107.21%	0.6494	565
2022	12,318,195 [(2)]	58.89%	0.3447	316

(1) Gross collections include 1 cent Sales and Use Tax, ½ cent Anti-Crime Tax and ½ cent Sales Tax collected for the benefit of the Hurst Community Services Development Corporation.
(2) Gross collections through April 1, 2022.

The sales tax breakdown for the City is as follows:

Anti-Crime	0.50¢
Economic and Community Development	0.50¢
City Sales and Use Tax	1.00¢
State Sales and Use Tax	6.25¢
Total	8.25¢

As noted in "Table 14 - Municipal Sales Tax History," above, in comparison to the revenues produced by the City through the exercise of its ad valorem taxation powers, the City funds a large portion of its operating budget though the collection of sales taxes. Sales tax revenues typically fluctuate in direct proportion to changes in general and local economic conditions, especially when compared to changes in the ad valorem tax base. In response to such economic changes, sales tax revenues also tend to change more quickly than the value of property against which ad valorem taxes are levied.

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FINANCIAL POLICIES

Basis of Accounting . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable.

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

Fund Balances . . . The City attempts to maintain fund balances in an amount adequate to pay 3 months of expenditures.

Use of Bond Proceeds . . . The City's policy is to use bond proceeds for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. The City Manager submits a budget of estimated revenues and expenditures for the ensuing fiscal year to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state statutes. The City Council will adopt a budget prior to October 1.

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

Fund Investments . . . The City investment policy parallels the state laws which govern the investment of public funds. The City generally restricts investments to direct obligations of the United States Government and to insured or collateralized bank certificates of deposit and investment pools. There is a written investment policy in place.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025 Texas Government Code; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the value of the securities loaned under the program must be not less than 100% collateralized, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal, (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest, (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act (Texas Government Code, Chapter 2256). All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 15 - CURRENT INVESTMENTS

As of April 1, 2022, the City's investable funds were invested in the following categories:

Current Investments	Percent	Market Value
Certificates of Deposit	35.18%	$ 36,000,000
Government Securities	55.56%	56,852,205
Investment Pools	9.25%	9,466,725
	100.00%	$ 102,318,930

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TAX MATTERS

TAX EXEMPTION . . . The delivery of the Certificates is subject to the opinion of Bond Counsel to the effect that interest on the Certificates for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. A form of Bond Counsel's opinion is reproduced as Appendix B. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Certificates pertaining to the use, expenditure, and investment of the proceeds of the Certificates and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Certificates. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Certificates and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Certificates to be includable in the gross income of the owners thereof from the date of the issuance of the Certificates.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt Certificates. If an audit of the Certificates is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Certificates would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Certificates, the City may have different or conflicting interests from the owners of the Certificates. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN CERTIFICATES . . The initial public offering price of certain Certificates (the "Discount Certificates") may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Discount Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of a Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income.

Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Certificates (the "Premium Certificates") paid by an owner may be greater than the amount payable on such Certificates at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Certificate over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Certificate in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Certificate, the yield based on a call date that results in the lowest yield on the Certificate).

Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

Qualified Tax-Exempt Obligations for Financial Institutions . . Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The City has designated the Certificates as "qualified tax-exempt obligations" and has certified its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Certificates will not be subject to the 100% disallowance of interest expense allocable to interest on the Certificates under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Certificates will be reduced by 20% pursuant to section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance the City has made the following undertakings for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the undertakings while it remains obligated to advance funds to pay such Certificates. Under the undertakings the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

Annual Reports . . . The City will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under the Tables numbered 1 through 6 and 8 through 15. The City will update and provide this information in the numbered tables within six months after the end of each fiscal year ending in or after 2022 and audited financial statements within 12 months after the end of each fiscal year ending in or after 2022. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, updated unaudited information included in the above-referenced tables must be provided by March 31 in each year, and audited financial statements must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. Additionally, the City intends the words used in the preceding items (15) and (16) and the definition of "financial obligation" in these paragraphs to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATINGS

The presently outstanding tax-supported debt of the City is rated by Moody's and S&P. The Certificates are rated "AA" by S&P. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Certificates. The City is not seeking a rating from Moody's for the Certificates.

LITIGATION

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

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATES

The City will furnish to the Initial Purchaser, a complete transcript of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Certificate, and to the effect that such Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described in "TAX MATTERS" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Certificates will also be furnished. Though it may represent the Financial Advisor and the Initial Purchaser from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Forms and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement to verify that such information conforms to the provisions of the Ordinance. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinion will accompany the Certificates deposited the DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. HilltopSecurities, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

INITIAL PURCHASER

After requesting competitive bids for the Certificates, the City accepted the bid of BOK Financial Securities, Inc. (the "Initial Purchaser") to purchase the Certificates at the interest rates shown on Page 2 of the Official Statement at a price of par plus a cash premium of $70,638.30. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The Ordinance authorized the issuance of the Certificates and approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Initial Purchaser.

HENRY WILSON
Mayor
City of Hurst, Texas

ATTEST:

RITA FRICK
City Secretary

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION AND HISTORY . . . The City of Hurst (the "City") is located in northeast Tarrant County, encompassing approximately 10.9 square miles. The City is approximately 10 miles northeast of downtown Fort Worth and 25 miles northwest of downtown Dallas. It is a part of the mid-cities area of North Central Texas (the "Metroplex"), which includes the cities of Dallas and Fort Worth with a total population exceeding 3.78 million.

The City was incorporated in January 1952 under the general laws of the State of Texas and the current charter was approved by the voters in December, 1956. The City is a home rule city and operates under the Council/Manager form of government. The Council is composed of a mayor and six councilmembers elected at large. All City residents vote for all six places. The members are elected for two year staggered terms and elections are held annually in May.

Policy-making and oversight functions are the responsibility of, and are vested in, the City Council. The City Council is required by the charter to appoint a City Manager to serve as the chief administrative and executive officer of the City. The duties of the City Manager include the appointment of City department heads and the daily conduct of City affairs.

The City has approximately 366 full time employees and 119 part time employees. This includes 56 sworn firemen and 75 sworn policemen. The City provides the following services: public safety (police and fire protection) highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

POPULATION . . . The City has experienced manageable growth since its incorporation. The City is surrounded by other municipalities and is largely developed.

Population history is as follows:

Year	Population	Year	Population
1970	27,215	2010	37,337
1980	31,420	2011	37,804
1990	34,250	2012	38,410
2000	36,900	2013	38,410
2001	36,450	2014	38,510
2002	36,600	2015	38,340
2003	36,750	2016	38,380
2004	37,000	2017	38,410
2005	37,600	2018	38,410
2006	38,300	2019	38,510
2007	38,500	2020	38,910
2008	38,587	2021	38,910
2009	38,996	2022	38,930

ECONOMICS . . . The City's location in the Metroplex gives local businesses access to approximately 4 million people, the sixth largest market in the United States.

There are several local retail centers located in the City including North East Mall, Pipeline Plaza, Willows, Hurstgate Plaza, Val Oaks, Bellaire, Old City, Shady Oaks, Melbourne, Wood Crossing, Parkwood Village, Mayfair Plaza, Woodbridge Plaza and Village Plaza.

The North East Mall is the largest regional shopping center in northeast Tarrant County and is located within the City. The Mall is a climate-controlled mall and was renovated in 2001. The 1.7 million square feet Mall includes a three level Dillards, Macy's, JC Penney, and Rave Movie Theater. The private investment in the renovation of this vital component of the Hurst economy by the Simon Group has been in excess of $200 million. Adjacent to North East Mall are the Shops at North East Mall owned also by the Simon Group. The power center includes 377,000 square feet of retail space.

EDUCATION . . . Education for the citizens of the City is provided by the Hurst-Euless-Bedford Independent School District (the "District" or "H-E-B"), which has an estimated 2022 enrollment of 22,874 and to a lesser degree, the Birdville Independent School District, which has an estimated 2022 enrollment of 22,505 and Grapevine/Colleyville Independent School District, which has an estimated 2022 enrollment of 13,873.

H-E-B physical facilities include:

Campus	Number of Schools	Capacity	Number of Portables
Elementary School	21	15,091	7
Junior High School	5	6,504	-
High School	2	1,337	6
Other	3	1,337	-
Totals	31	24,269	13

Selected historical average daily attendance figures in the H-E-B Independent School District are as follows:

FYE 8/31	Enrollment	Average Daily Attendance
2016	22,834	21,576
2017	23,120	21,847
2018	23,429	22,068
2019	23,686	22,289
2020	23,816	21,967
2021	22,962	21,527

Source: Texas Education Agency, Austin, Texas.

Education beyond the high school level is readily available. The Northeast campus of the Tarrant County Junior College District is located partially within the City limits.

Additionally, within a radius of 40 miles, there are a number of colleges and universities including Southern Methodist University, Texas Christian University, the University of North Texas and the University of Texas in Arlington.

TRANSPORTATION . . . The City has prime positioning for easy access to major local, regional and national markets. Located only nine miles from the Dallas/Fort Worth International Airport and eighteen miles from the Alliance Airport, the City is located in the hub of business activity and is an integral part of the rapidly growing Northeast Tarrant County Area.

The City is strategically positioned on or near five major Interstate Highways. Using Interstate Loop 820, easy access is gained to Interstate 35 (north to Oklahoma and south to Austin, San Antonio and Laredo), Interstate 45 (north to Tulsa and south to Houston), Interstate 20 (west to Midland and El Paso and east to Tyler and Shreveport), and Interstate 30 (east to Texarkana, Little Rock and Memphis). The accessibility factor also includes five rail lines in the Fort Worth area.

HISTORICAL EMPLOYMENT DATA

	February 2022	Average Annual 2021	Average Annual 2020	Average Annual 2019	Average Annual 2018	Average Annual 2017
Hurst:						
Civilian Labor Force	20,530	20,050	20,194	20,113	20,472	20,033
Unemployed	916	1,063	1,490	653	705	782
Percent of Unemployed	4.46%	5.30%	7.38%	3.25%	3.44%	3.90%
Fort Worth/Arlington MSA:						
Civilian Labor Force	4,209,405	4,095,480	3,985,114	3,974,363	3,900,458	3,810,780
Unemployed	172,196	207,201	281,745	130,503	136,486	141,079
Percent of Unemployed	4.09%	5.06%	7.07%	3.28%	3.50%	3.70%
Tarrant County						
Civilian Labor Force	1,123,557	1,099,856	1,082,822	1,079,646	1,062,733	1,037,441
Unemployed	47,602	58,300	79,553	35,832	37,114	38,631
% of Unemployment	4.24%	5.30%	7.35%	3.32%	3.49%	3.72%

Source: Texas Employment Commission, Austin, Texas

Change in calculation methodology by the Texas Employment Commission. Employment figures are computed based on a statewide workforce and is based on local population as a percentage of statewide population

MAJOR EMPLOYERS IN THE CITY

Company	Type of Business	Estimated Number of Employees
Bell Helicopter/Textron, Inc.	Bell Helicopter/Textron, Inc.	3,800
North East Mall (Collective employment of stores other than major employers)	Mall	1,706
Shops at Northeast Mall (Outside)	Retail Center	800
H-E-B ISD	School District	640
Tarrant County College	Higher Education	575
WalMart Supercenter	Retail/Grocery	479
City of Hurst	Municipality	412
Dillard's Department Store	Department Store	338
Macy's	Retail	231
J.C. Penney Company	Retail	225

BUILDING PERMIT INFORMATION

	Commercial Construction		Residential Construction (1)		
Fiscal Year	Number of Units	Value	Number of Units	Value	Total Value
2015	111	$ 34,515,346	128	$ 3,111,349	$ 37,626,695
2016	123	35,918,137	191	4,831,284	40,749,421
2017	136	24,515,873	158	3,514,922	28,030,795
2018	132	14,936,691	124	5,161,297	20,097,988
2019	145	48,862,248	98	83,202	-
2020	95	29,666,561	102	-	-
2021	81	5,935,919	127	34,002	-

(1) As of September 30, 2019, this amount represents square footage as the City can no longer request valuation on residential property. Data is not available for fiscal year 2020 due to a software migration.

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APPENDIX B

EXCERPTS FROM THE

CITY OF HURST, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2021

The information contained in this Appendix consists of excerpts from the City of Hurst, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2021, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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BKD
CPAs & Advisors

14241 Dallas Parkway, Suite 1100 | Dallas, TX 75254-2961
972.702.8262 | Fax 972.702.0673 | bkd.com

Independent Auditor's Report

To the Honorable Mayor,
City Council and City Manager
City of Hurst, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Hurst, Texas (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

PRAXITY
Empowering Business Globally

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Prior-Year Comparative Information

The 2021 financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2020, from which such summarized information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated February 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
February 28, 2022

CITY OF HURST

TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Hurst's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2021. Please read this in conjunction with the transmittal letter and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources for the City of Hurst exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2021, by $196,530,248. Of this amount, $26,492,634 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's net position increased $7,642,835, an increase of 4.05%. The net position of business-type activities increased by $2,482,819 or 4.71%, primarily due to operating revenues exceeding operating expenses. Net position of the City's governmental activities increased by $5,160,016 or 3.79%. Although property taxes remained strong and sales taxes rebounded, hotel/motel occupancy taxes were still recovering from the negative impacts of Covid-19 in FY21. And while the City either fully or partially restored its services in FY21, fees charged for these services did not fully recover from pre-pandemic levels. Further, court fees continued a downward trend, franchise fees declined due in part to a new state law that reduced telephone/video franchise fees, interest earnings declined due to the ongoing low interest rate environment, and grant revenues declined due to the termination of one grant and one-time CARES Act proceeds received in the previous fiscal year.

The City's business-type activities are made up of water and sewer delivery, storm water management and Hurst Conference Center (HCC) operations. The Water and Sewer Fund ended the year with an operating income of $2,158,058 and after transfers and contributions achieved an ending increase in net position of $2,306,970. The Storm Water Management Fund provides for annual infrastructure maintenance and continues to accumulate reserves for large-scale projects identified in the City's Capital Improvements Plan (CIP). The Storm Water Management Fund contributed $185,610 to the change in net position of business-type activities. HCC experienced a net decrease in net position of $34,852. The City's objective is for the HCC to remain around "break-even" operationally with economic development sales tax and hotel/motel occupancy tax supporting the center's debt. While the HCC was impacted by the ongoing pandemic in FY21, key personnel were retained, expenditures were closely monitored and a healthy cash balance was maintained. Revenues from events were supported by the Covid-19 vaccination hub sponsored by Tarrant County. Going forward, as operations return to normal, the City will strategically reinvest net operating proceeds back into the facility to ensure that it remains a vibrant component of the Hurst Town Center. The Hurst Public Facility Corporation, a new fund in 2021, increased net position by $195,057.

Total cost of all of the City's programs was $69,127,590 in 2021 compared to $73,853,923 in 2020.

During the year, the City had governmental program expenses of $46,573,286, which is less than program and general revenues, contributions and transfers of $51,733,302. Governmental services/programs were either partially or fully restored in FY21 and expenditures rose in accordance with this increased activity.

The business-type activities had program expenses and transfers out of $22,653,743, which were covered by operating revenues and contributions of $25,136,562. Water/Sewer expenditures were contained in FY21, while water/sewer revenues were in line with totals seen over the last five fiscal years.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 14) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of its *financial health*. You will need to consider other non-financial factors, however, such as changes in the City's tax base, and the condition of the City's capital assets (roads, buildings and water and sewer lines) to assess the *overall health* of the City.

For the governmental funds, fund balance decreased by $698,588. Revenues increased by $1,083,756 while expenditures increased by $1,393,142 and other financing sources and uses decreased by $1,122,176. Revenues were positively impacted by rising property and sales taxes, the reopening of city facilities following the initial closures at the onset of the pandemic, and a receivable from Tarrant County for the Vaccine Clinic hosted by the HCC. Expenditures were impacted by several large capital investments made during FY21, including the construction of a new animal shelter and dog park, miscellaneous street reconstruction projects, and Highway 10 median landscaping. Other financing sources and uses are impacted by year-end transfers from the General and Water and Sewer Fund to the Special Projects and Loss Reserve Funds and by the issuance of debt.

In the Statement of Net Position and the Statement of Activities we divide the City into two kinds of activities:

<u>Governmental Activities</u>: most of the City's basic services are reported here, including the police, fire, municipal court, street maintenance, parks and recreation, financial services and general administration. Property taxes, sales taxes, charges for services, and fines/forfeitures finance most of these activities.

<u>Business-type Activities</u>: the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system, storm water management activities, conference center operations, and public facility corporation activities are reported here.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Our analysis of the City's major funds begins on page 15. The governmental funds financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage activity for particular purposes or to show that it is meeting legal responsibilities for using certain revenues. Understanding a fund's origin and purpose is essential for the appropriate presentation of fund balance per GASB 54, *Fund Balance Reporting and Government Fund Type Definitions.*

The City's two primary types of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary Funds: When the City charges customers for the full cost of the services it provides, whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of business-type funds) are the same as the business-type activities we report in the government-wide statements (except for any proration of net income or loss from internal service funds) but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $196,335,191, as of September 30, 2021.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 82,562,977	$ 75,795,259	$ 24,745,848	$ 22,883,333	$ 107,308,825	$ 98,678,592
Capital assets	155,208,331	156,060,131	47,905,001	48,314,737	203,113,332	204,374,868
Total assets	237,771,308	231,855,390	72,650,849	71,198,070	310,422,157	303,053,460
Deferred outflows of resources	6,050,907	5,791,532	1,339,937	1,275,913	7,390,844	7,067,445
Long-term liabilities	79,034,117	83,041,126	11,838,241	12,998,469	90,872,358	96,039,595
Other liabilities	16,280,053	10,976,113	5,619,347	5,331,596	21,899,400	16,307,709
Total liabilities	95,314,170	94,017,239	17,457,588	18,330,065	112,771,758	112,347,304
Deferred inflows of resources	7,091,358	7,373,012	1,419,637	1,513,176	8,510,995	8,886,188
Net position						
Net investment in Capital assets	107,239,312	109,339,694	41,558,248	42,263,651	148,797,560	151,603,345
Restricted	21,240,054	19,240,287	-	-	21,240,054	19,240,287
Unrestricted	12,937,321	7,676,690	13,555,313	10,367,091	26,492,634	18,043,781
Total net position	$ 141,416,687	$ 136,256,671	$ 55,113,561	$ 52,630,742	$ 196,530,248	$ 188,887,413

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
General Revenue						
Sales taxes	$ 21,380,866	$ 19,777,236	$ -	$ -	$ 21,380,866	$ 19,777,236
Franchise taxes	2,563,184	2,669,328	-	-	2,563,184	2,669,328
Property taxes	20,519,930	18,389,781	-	-	20,519,930	18,389,781
Occupancy taxes	613,169	660,845	-	-	613,169	660,845
Investment earnings	136,883	1,160,273	66,223	346,862	203,106	1,507,135
Miscellaneous	983,535	692,722	-	-	983,535	692,722
Program revenue						
Charges for service	3,547,125	3,438,987	24,665,623	24,687,038	28,212,748	28,126,025
Operating grants and contributions	1,889,171	3,270,198	-	-	1,889,171	3,270,198
Capital grants and contributions	-	-	404,716	466,764	404,716	466,764
Total revenues	51,633,863	50,059,370	25,136,562	25,500,664	76,770,425	75,560,034
Program Expenses Including Indirect Expenses						
General government	4,958,838	6,919,302	-	-	4,958,838	6,919,302
Public safety	24,389,940	25,752,945	-	-	24,389,940	25,752,945
Culture and recreation	11,383,530	10,637,396	-	-	11,383,530	10,637,396
Public works	4,116,324	4,929,958	-	-	4,116,324	4,929,958
Interest on debt	1,724,654	1,135,394	-	-	1,724,654	1,135,394
Water and sewer	-	-	19,737,759	21,415,506	19,737,759	21,415,506
Stormwater management	-	-	932,360	911,776	932,360	911,776
Hurst Public Facility Corporation			6,189	-	6,189	-
Conference and meeting center	-	-	1,877,996	2,151,646	1,877,996	2,151,646
Total expenses	46,573,286	49,374,995	22,554,304	24,478,928	69,127,590	73,853,923
Excess Before Transfers	5,060,577	684,375	2,582,258	1,021,736	7,642,835	1,706,111
Transfers	99,439	100,000	(99,439)	(100,000)	-	-
Change in Net Position	5,160,016	784,375	2,482,819	921,736	7,642,835	1,706,111
Net Position Beginning	136,256,671	135,472,296	52,630,742	51,709,006	188,887,413	187,181,302
Net Position Ending	$ 141,416,687	$ 136,256,671	$ 55,113,561	$ 52,630,742	$ 196,530,248	$ 188,887,413

Net position of the City's governmental activities increased by $5,160,016, equaling $141,416,687 at September 30, 2021 compared to $136,256,671 at September 30, 2020.

For the net position of the City's Governmental Activities, Net Investment in Capital Assets and Restricted Net Position decreased by a combined $100,615, while Unrestricted net position increased by $5,260,631, largely due to an increase in sales tax revenues. Due to uncertainty caused by the pandemic as well as the potentially volatile nature of sales tax revenues generally, budgeted sales tax revenues were conservatively estimated for FY21. As a result, actual sales tax revenues exceeded budget by $5.3 million. Unrestricted net position can be used to finance the day-to-day operations of the City, while the use of restricted net position is constrained by debt covenants, enabling legislation, or other legal requirements. Restricted net position is primarily used for public safety, community development, tourism, transit activities, capital projects, and debt service.

The net position of the City's business-type activities increased by $2,482,819 or 4.7% in 2021 to $55,113,561 compared to $52,630,742 in 2020. Operating income of $2,347,508 occurred before transfers and contributions. Water and sewer rates were held flat for fiscal year 2020-2021. Water and sewer activity income is heavily influenced by weather patterns. Overall, the Water & Sewer Fund remains fiscally sound.

THE CITY'S FUNDS

The following schedule presents a summary of general, special revenue, capital projects/special projects and debt service revenues and expenditures for the fiscal year ended September 30, 2021, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	FY2021 Amount	Percent of Total	Increase (Decrease) from FY2020	Percent Increase (Decrease)
Taxes	$ 44,978,994	88.39%	$ 3,481,804	8.39%
Licenses and permits	861,307	1.69%	50,037	6.17%
Intergovernmental	1,889,171	3.71%	(1,381,027)	-94.93%
Charges for services	1,620,203	3.18%	165,495	14.11%
Fines and forfeitures	700,005	1.38%	(473,004)	-14.46%
Interest	103,865	0.20%	(871,966)	-89.36%
Miscellaneous	732,308	1.44%	112,417	18.13%
Total revenues	$ 50,885,853	100.00%	$ 1,083,756	

The increase in taxes was driven by rising property values and a surge in sales tax revenues following the initial downturn caused by the pandemic. The decline in intergovernmental revenues was caused by the one-time nature of Cares Act proceeds received in FY20, which was partially offset by a receivable from Tarrant County for hosting the Vaccine Clinic at the HCC. The increase in charges for services fees was driven by the reopening of community services programs/facilities following the onset of the pandemic, which was partially offset by a decline in Senior Center fees and one-time ambulance revenues received in FY20. The decline in Fines and forfeitures was driven by court fees, which have been trending downward since their peak in FY13. Interest earnings have declined due to the ongoing low interest rate environment.

Expenditures	FY2021 Amount	Percent of Total	Increase (Decrease) from FY2020	Percent Increase (Decrease)
General government	$ 3,936,667	7.75%	$ (785,413)	-16.63%
Public safety	23,142,038	45.57%	106,769	3.25%
Culture and recreation	9,083,618	17.89%	983,177	12.14%
Public works	2,453,902	4.83%	82,176	3.46%
Capital outlay	6,682,999	13.16%	976,661	17.12%
Debt service				
Principal	3,600,000	7.09%	200,000	5.88%
Interest and fees	1,679,755	3.31%	(376,002)	-18.29%
Bond issuance costs	205,774	0.41%	205,774	100.00%
Total expenditures	$ 50,784,753	100.00%	$ 1,393,142	

Capital Outlay and public works maintenance amounts fluctuate each year according to construction schedules and asset replacement programs.

The General Fund is the chief operating fund of the City. General Fund revenues exceeded expenditures by $3,767,298. As a result, $2,334,000 of this excess was transferred to the Special Projects Fund for economic development, emergency reserves, and unfunded needs. An additional $449,013 of this excess was transferred to the Information Technology fund for technology upgrades, and $288,949 was transferred to the Loss Reserve fund to offset health care costs. At fiscal year, the spendable, unassigned fund balance of the General Fund was $9,544,066 compared to $9,584,839 at September 30, 2020. Staff monitors fund balance to ensure that ninety days of operations are always in reserve.

The fund balance in the Half Cent Development Corporation (HCDC) Special Revenue Fund increased by $871,494 in 2021 after increasing $775,325 in 2020. Although Community Services was particularly impacted by the pandemic, sales taxes recovered, and services were either partially or fully restored in FY21. However, due to uncertainty surrounding the publics willingness to return to recreational activities, costs were conservatively budgeted in FY21, including the indirect transfer to the general fund. The Fund Balance in the Anti-Crime Special Revenue Fund increased by $1,140,365, after increasing $788,626 last year. Again, sales taxes recovered in FY21 and costs were contained by reducing the indirect transfer to the General Fund.

The fund balance in the Special Projects Fund increased by $2,305,267 in FY21. To address the continued financial uncertainties of the pandemic, the City prioritized capital and indirect project expenditures in FY21. Special Projects' ending fund balance is assigned for projects approved by City Council and Management.

The fund balance in the 2019 GO Bond Fund decreased by $4,457,009 in FY21 due to ongoing capital projects. 2019 GO Bond Fund ending fund balance is restricted for projects approved by City Council and Management.

GENERAL FUND BUDGETARY HIGHLIGHTS

The uncertainties brought about by the pandemic increased the complexities that come with developing the City's annual budget. Due to these uncertainties, the City erred on the side of caution and conservatively estimated revenues and reduced costs to balance the budget. Property taxes, which are the General Fund's largest and most predictable source of revenue, met budgeted expectations, while sales taxes came in well above budget. However, other activities fell below budgeted expectations including Municipal Court fines, Senior Center dues, Recreation course fees, and ambulance fees. Franchise fees also came in under budget, primarily due to underperformance of electric and telecomm fees and a new state law that cut the collection of other video franchise fees to zero.

General fund actual revenues of $34,656,482 exceeded budgeted revenues of $31,860,408 by $2,796,074. The excess of actual revenues over budgeted revenues was driven primarily by actual sales tax collections exceeding budget by approximately $2.8 million. Due to the potential volatility of this revenue source, the City always budgets sales taxes conservatively. And with the added uncertainty caused by the pandemic, the City was particularly cautious in budgeting sales tax revenues in FY21. Fortunately, however, sales tax revenues ended FY21 at the highest levels seen over the past twenty years. Budgeted general fund expenditures of $31,552,307 exceeded actual expenditures of $30,889,184. This $663,123 positive variance was due to salary savings in the Police, Community Services, Streets/Drainage and Code Enforcement Divisions. Service levels in the Community Services Division were particularly impacted by the pandemic. Other expenditures that fell under budget included electricity, water, and the City's contingency account.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2021, the City had $203,113,332 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer and storm-water facilities. (See table below.) This represents a net decrease of $1,261,263, or 0.6%, from last year. The decrease is primarily due to depreciation expense out pacing fixed asset and CIP additions in 2021.

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Land	$ 59,579,846	$ 59,579,846	$ 564,612	$ 564,612	$ 60,144,458	$ 60,144,458
Buildings	46,760,258	49,798,538	44,839,156	46,060,321	91,599,414	95,858,859
Improvements	29,526,363	32,449,418	404,379	429,553	29,930,742	32,878,971
Machinery & equipment	5,437,849	6,396,739	938,110	1,099,153	6,375,959	7,495,892
CIP	13,904,015	7,835,590	1,158,744	160,825	15,062,759	7,996,415
Total	$ 155,208,331	$ 156,060,131	$ 47,905,001	$ 48,314,464	$ 203,113,332	$ 204,374,595

This year's major asset additions (including work in progress) are as follows:

Title	Amount
Animal Shelter	$ 5,082,661
Sewer Main Replacement	721,166
Dog Park	709,086
Miscellaneous Street Reconstruction	585,482
Highway 10 Median Landscaping (Grant Funded)	376,158

See *Note 6* to the financial statements for more detailed information on capital asset activity.

Long-term Debt: At September 30, 2021, the total debt outstanding was $57,715,000. Of this amount, $57,190,000 comprises debt backed by the full faith and credit of the City. The remaining $525,000 represents bonds secured by specific revenue sources. See *Note 7* to the financial statements for more detailed information on long-term debt activity.

	Governmental Activities		Business-type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
General obligation	$ 36,605,000	$ 38,435,000	$ 4,975,000	$ 5,820,000	$ 41,580,000	$ 44,255,000
Certificates of obligation	13,075,000	13,885,000	2,040,000	2,360,000	15,115,000	16,245,000
Public property finance contractual obligations	495,000	575,000	-	-	495,000	575,000
Tax notes	525,000	695,000	-	-	525,000	695,000
Total	$ 50,700,000	$ 53,590,000	$ 7,015,000	$ 8,180,000	$ 57,715,000	$ 61,770,000

The City's total debt decreased by $4,055,000, or 6.6%, during the current fiscal year. In fiscal year 2021, the City issued $13,495,000 in General Obligation Refunding Bonds which refunded the General Obligation Improvements Bonds, Series 2012.

The City's funds continue to have favorable credit ratings. The City's current ratings are as follows:

	MOODY'S INVESTOR SERVICES	STANDARD & POOR'S
GENERAL OBLIGATION BONDS	AA2	AA
ENTERPRISE FUND OBLIGATIONS	AA2	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2021-2022 budget continues to reflect the City Council's conservative fiscal policies. The major objectives of the annual budget process are to incorporate community feedback from the annual survey, town hall forum and public hearings while identifying cost saving measures and providing funding to implement the City Council's strategic plans. The FY22 budget focuses on restoring services to pre-pandemic levels where possible. For example, to offset the projected decline of sales taxes and program/service fees, the FY21 budget prioritized capital project expenditures, and modified staffing and operating expenditures for certain programs/services, most notably Community Services programs. The FY22 budget attempts to restore those services negatively impacted by Covid-19 to pre-pandemic levels and move forward with any delayed capital projects. In developing the FY22 budget, staff incorporated the impact of broad inflationary pressures, including on wages. As such, the FY22 budget includes a 2.5% cost of living adjustment as well as two one-time lump sum payments to staff.

Sales taxes and property taxes are the two largest revenue sources for the City's governmental funds. Sales taxes increased 11.3% in FY21. As the economy continues to rebound from the initial impacts of the pandemic, we anticipate sales taxes will remain strong in FY22. Council and staff will continue their economic development initiatives in FY22, including our long-standing partnership with the Northeast Mall, to ensure the continued strength of businesses in Hurst and the satisfaction of the customers they serve. Estimated net taxable values increased by 2.6% in Tax Year 2021 over Tax Year 2020. The City held its property tax rate flat in FY22 at $0.625159 per $100 valuation. Because property tax revenues are impacted by property tax caps, various exemptions, and the senior and disabled-citizen tax freeze, the City will continue to practice a conservative budgeting approach.

For FY22, the Enterprise (Water/Wastewater) Fund's operating budget increased by 8.3%. The increase is due to rising wholesale water and wastewater treatment costs, and staffing adjustments in Fiscal Services. It is the City's policy to pass through all, or part of, any rate increases from our wholesale water and wastewater contracts with the City of Fort Worth and the Trinity River Authority to our customers. For FY22, the City of Hurst water and sewer rates for residential and commercial customers increased 2%. Due to sound financial planning, the Enterprise Fund has been able to overcome variations in rainfall and consistently finish each fiscal year in a stable financial position.

Other Enterprise funds are established to account for Storm Drainage and Hurst Conference Center operations. The Storm Drainage fee generates approximately $1.1 million per year and all proceeds are utilized to mitigate flooding and other drainage issues throughout the City. The Hurst Conference Center completed its eleventh full year of operations in 2020-2021. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. As stated previously, the HCC was significantly impacted by the pandemic in fiscal years 2020 and 2021. However, operating revenues were supplemented in FY21 by a joint Vaccine Clinic with Tarrant County. The HCC continues to market the facility for special events, conferences and other gatherings, and FY22 revenues are trending in a positive direction.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 1505 Precinct Line Road, Hurst, Texas, 76054 (817) 788-7067 or email pbrown@hursttx.gov. To view financial documents, you may also visit the City's Website at www.hursttx.gov.

CITY OF HURST

TEXAS

City of Hurst, Texas

Statement of Net Position

September 30, 2021 with Summarized Totals for September 30, 2020

	Governmental Activities	Business-type Activities	Totals 2021	Totals 2020
Assets				
Cash and cash equivalents	$ 5,445,086	$ 1,293,116	$ 6,738,202	$ 8,198,520
Investments	66,929,222	19,573,218	86,502,440	77,177,790
Net receivables	7,121,649	3,743,271	10,864,920	9,912,636
Internal balances	2,852,660	(2,852,660)	-	-
Inventories and prepaid expenses	214,360	214,826	429,186	451,404
Restricted assets				
Cash and cash equivalents	-	738,007	738,007	965,170
Investments	-	2,036,070	2,036,070	1,973,344
Total current assets	82,562,977	24,745,848	107,308,825	98,678,864
Land	59,579,846	564,612	60,144,458	60,144,458
Depreciable assets, net	81,724,470	47,179,564	128,904,034	136,233,722
Construction in progress	13,904,015	160,825	14,064,840	7,996,415
Total noncurrent assets	155,208,331	47,905,001	203,113,332	204,374,595
Total assets	237,771,308	72,650,849	310,422,157	303,053,459
Deferred Outflows of Resources				
Deferred outflows related to pensions	2,506,079	444,680	2,950,759	3,466,106
Deferred outflows related to OPEB	2,477,039	629,746	3,106,785	2,102,602
Deferred loss on bond refunding	1,067,789	265,511	1,333,300	1,498,737
Total deferred outflows of resources	6,050,907	1,339,937	7,390,844	7,067,445
Total assets and deferred outflows of resources	$ 243,822,215	$ 73,990,786	$ 317,813,001	$ 310,120,904
Liabilities				
Accounts payable and accrued liabilities	$ 4,472,292	$ 1,876,146	6,348,438	$ 5,517,341
Escrow deposits and unearned revenue	74,665	397,227	471,892	493,806
Customer deposits	-	1,986,070	1,986,070	1,923,344
Unearned revenue	4,789,083	-	4,789,083	-
Current portion of net OPEB liability	581,566	147,853	729,419	688,094
Current portion of long-term liabilities	6,362,447	1,212,051	7,574,498	7,685,123
Total current liabilities	16,280,053	5,619,347	21,899,400	16,307,708
Net pension liability	14,778,727	2,622,340	17,401,067	18,594,409
Net OPEB liability, net of current portion	11,049,762	2,809,215	13,858,977	13,073,790
Long-term liabilities, net of current portion	53,205,628	6,406,686	59,612,314	64,371,396
Total noncurrent liabilities	79,034,117	11,838,241	90,872,358	96,039,595
Total liabilities	95,314,170	17,457,588	112,771,758	112,347,303
Deferred Inflows of Resources				
Deferred inflows related to pensions	4,528,937	803,616	5,332,553	5,539,610
Deferred inflows related to OPEB	2,423,060	616,021	3,039,081	3,346,578
Deferred gain on refunding	139,361	-	139,361	-
Total deferred inflows of resources	7,091,358	1,419,637	8,510,995	8,886,188
Net Position				
Net investment in capital assets	107,239,312	41,558,248	148,797,560	151,603,345
Restricted for				
Debt service	1,134,197	-	1,134,197	1,130,217
Capital projects	640,297	-	640,297	905,633
Community development	5,638,388	-	5,638,388	4,766,894
Public safety	8,079,848	-	8,079,848	6,998,527
Municipal court	510,633	-	510,633	543,148
Parks	448,837	-	448,837	689,524
Traffic safety	470,195	-	470,195	484,574
Tourism, convention center, arts	1,887,275	-	1,887,275	1,859,780
Urban transit	2,271,317	-	2,271,317	1,739,091
Other	159,067	-	159,067	122,899
Unrestricted	12,937,321	13,555,313	26,492,634	18,043,781
Total net position	141,416,687	55,113,561	196,530,248	188,887,413
Total liabilities, deferred inflows of resources, and net position	$ 243,822,215	$ 73,990,786	$ 317,813,001	$ 310,120,904

City of Hurst, Texas

Statement of Activities

Year Ended September 30, 2021 with Summarized Totals for Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 4,958,838	$ 422,983	$ 1,003,936	$ -
Public safety	24,389,940	1,449,576	43,977	-
Culture and recreation	11,383,530	843,374	841,258	-
Public works	4,116,324	831,192	-	-
Interest expense	1,724,654	-	-	-
Total governmental activities	46,573,286	3,547,125	1,889,171	-
Business-type Activities				
Water and sewer services	19,737,759	21,575,460	-	400,116
Stormwater management services	932,360	1,106,028	-	4,600
Hurst Public Facility Corporation	6,189	200,991	-	-
Conference and meeting center	1,877,996	1,783,144	-	-
Total business-type activities	22,554,304	24,665,623	-	404,716
Total primary government	$ 69,127,590	$ 28,212,748	$ 1,889,171	$ 404,716

General Revenues

Property taxes, penalty and interest

Sales taxes

Franchise taxes

Occupancy taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and

Change in Net Position

Net Position, Beginning of Yea

Net Position, End of Year

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals 2021	Totals 2020
$ (3,531,919)	$ -	$ (3,531,919)	$ (3,763,862)
(22,896,387)	-	(22,896,387)	(23,597,202)
(9,698,898)	-	(9,698,898)	(10,030,130)
(3,285,132)	-	(3,285,132)	(4,139,222)
(1,724,654)	-	(1,724,654)	(1,135,394)
(41,136,990)	-	(41,136,990)	(42,665,810)
-	2,237,817	2,237,817	703,165
-	178,268	178,268	318,592
-	194,802	194,802	-
-	(94,852)	(94,852)	(346,883)
-	2,516,035	2,516,035	674,874
(41,136,990)	2,516,035	(38,620,955)	(41,990,936)
20,519,930	-	20,519,930	18,389,781
21,380,866	-	21,380,866	19,777,236
2,563,184	-	2,563,184	2,669,328
613,169	-	613,169	660,845
136,883	66,223	203,106	1,507,135
983,535	-	983,535	692,722
99,439	(99,439)	-	-
46,297,006	(33,216)	46,263,790	43,697,047
5,160,016	2,482,819	7,642,835	1,706,111
136,256,671	52,630,742	188,887,413	187,181,302
$ 141,416,687	$ 55,113,561	$ 196,530,248	$ 188,887,413

City of Hurst, Texas

Governmental Funds

Balance Sheet

September 30, 2021 With Summarized

Totals for September 30, 2020

		Special Revenue Funds	
	General Fund	HCDC	Anti-Crime
Assets			
Cash and cash equivalents	$ -	$ -	$ -
Investments	21,289,987	4,650,266	7,111,506
Receivables, net			
Taxes	2,178,787	982,600	977,962
Court	1,080,421	-	-
Other	808,783	6,812	53,018
Inventories and other	1,883	-	-
Due from other funds	261,298	-	-
Total assets	$ 25,621,159	$ 5,639,678	$ 8,142,486
Liabilities			
Accounts payable and accrued items	$ 2,955,042	$ 23,824	$ 200,314
Escrow deposits payable and unearned revenue	4,863,748	-	-
Due to other funds	611,399	1,108	230,412
Total liabilities	8,430,189	24,932	430,726
Deferred Inflows of Resources			
Unavailable revenue	1,476,337	-	-
Total deferred inflows of resources	1,476,337	-	-
Fund Balances			
Nonspendable			
Inventory	1,883	-	-
Restricted	6,139,054	5,614,746	7,711,760
Assigned	29,630	-	-
Unassigned	9,544,066	-	-
Total fund balances	15,714,633	5,614,746	7,711,760
Total liabilities, deferred inflows of resources and fund balances	$ 25,621,159	$ 5,639,678	$ 8,142,486

See Notes to Financial Statements

Capital Projects Funds		Nonmajor	Totals	
Special Projects	2019 GO Bond Fund	Governmental Funds	2021	2020
$ 2,296,735	$ 36,265	$ 572,077	$ 2,905,077	$ 5,082,441
17,669,742	923,638	4,088,778	55,733,917	50,140,439
-	-	51,259	4,190,608	2,726,924
-	-	-	1,080,421	979,200
942,498	196	3,413	1,814,720	2,612,660
-	-	-	1,883	1,881
1,395,138	-	-	1,656,436	31,549
$ 22,304,113	$ 960,099	$ 4,715,527	$ 67,383,062	$ 61,575,094
$ 52,540	$ 390,774	$ 215,039	$ 3,837,533	$ 3,348,564
-	-	-	4,863,748	76,733
-	-	29,778	872,697	31,549
52,540	390,774	244,817	9,573,978	3,456,846
-	-	48,228	1,524,565	1,135,141
-	-	48,228	1,524,565	1,135,141
-	-	-	1,883	1,881
-	569,325	4,422,482	24,457,367	27,420,461
22,251,573	-	-	22,281,203	19,975,926
-	-	-	9,544,066	9,584,839
22,251,573	569,325	4,422,482	56,284,519	56,983,107
$ 22,304,113	$ 960,099	$ 4,715,527	$ 67,383,062	$ 61,575,094

CITY OF HURST

TEXAS

City of Hurst, Texas
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities
September 30, 2021

Total governmental fund balances	$	56,284,519
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital assets.		153,126,032
Accrued interest on governmental activities debt is not reported in the funds until paid.		(200,712)
Certain revenue earned but unavailable and long-term receivables are deferred in the funds.		1,524,565
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds that are attributable to governmental activities are included in the government-wide financial statements.		16,681,800
Other postemployment benefits and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		(11,140,276)
Pension related liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		(16,303,059)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(6,255,024)
Tax notes, bonds payable and contractual obligations are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities. Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows in the statement of net position.		(52,301,158)
Net position of governmental activities	$	141,416,687

City of Hurst, Texas

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended September 30, 2021 With Summarized

Totals for Year Ended September 30, 2020

		Special Revenue Funds	
	General	HCDC	Anti-Crime
Revenues			
Taxes, penalty and interest	$ 30,066,333	$ 5,313,250	$ 5,647,809
Licenses/permits	861,307	-	-
Support from governmental entities	1,003,936	-	43,977
Charges for services	1,620,203	-	-
Fines and fees	700,005	-	-
Interest	24,337	9,203	15,609
Miscellaneous	380,361	5,033	15,131
Total revenues	34,656,482	5,327,486	5,722,526
Expenditures			
Current			
General government	3,582,356	-	-
Public safety	18,666,861	-	4,455,437
Culture and recreation	6,186,065	2,897,553	-
Public works	2,453,902	-	-
Capital outlay	-	328,848	108,874
Debt service			
Principal retirement	-	-	-
Interest and fiscal agent fees	-	-	-
Bond issuance costs	-	-	-
Total expenditures	30,889,184	3,226,401	4,564,311
Excess (deficiency) of revenues over (under) expenditures	3,767,298	2,101,085	1,158,215
Other Financing Sources (Uses)			
Proceeds from issuance of debt	-	-	-
Refunding bonds issued	-	-	-
Payment to refunded bonds escrow agent	-	-	-
Transfers in	41,675	-	-
Transfers out	(3,555,423)	(1,229,591)	(17,850)
Total other financing sources (uses)	(3,513,748)	(1,229,591)	(17,850)
Net Change in Fund Balances	253,550	871,494	1,140,365
Fund Balances, Beginning of Year	15,461,083	4,743,252	6,571,395
Fund Balances, End of Year	$ 15,714,633	$ 5,614,746	$ 7,711,760

Capital Projects Funds Special Projects	2019 GO Bond Fund	Nonmajor Governmental Funds	Totals 2021	2020
$ -	$ -	$ 3,951,602	$ 44,978,994	$ 41,476,811
-	-	-	861,307	811,270
841,258	-	-	1,889,171	3,270,198
-	-	-	1,620,203	1,527,628
-	-	-	700,005	1,120,244
48,145	1,920	4,651	103,865	975,831
331,783	-	-	732,308	619,891
1,221,186	1,920	3,956,253	50,885,853	49,801,873
354,311	-	-	3,936,667	4,722,080
19,740	-	-	23,142,038	23,035,269
-	-	-	9,083,618	8,100,441
-	-	-	2,453,902	2,371,726
966,472	4,458,929	819,876	6,682,999	5,706,338
-	-	3,600,000	3,600,000	3,400,000
-	-	1,679,755	1,679,755	2,055,757
-	-	205,774	205,774	-
1,340,523	4,458,929	6,305,405	50,784,753	49,391,611
(119,337)	(4,457,009)	(2,349,152)	101,100	410,262
-	-	-	-	575,000
-	-	13,350,000	13,350,000	-
-	-	(13,404,894)	(13,404,894)	-
2,466,279	-	1,591,791	4,099,745	4,588,565
(41,675)	-	-	(4,844,539)	(4,841,077)
2,424,604	-	1,536,897	(799,688)	322,488
2,305,267	(4,457,009)	(812,255)	(698,588)	732,750
19,946,306	5,026,334	5,234,737	56,983,107	56,250,357
$ 22,251,573	$ 569,325	$ 4,422,482	$ 56,284,519	$ 56,983,107

CITY OF HURST

TEXAS

City of Hurst, Texas
Reconciliation of Changes in Fund Balances of Governmental Funds to Change in Net Position in the Statement of Activities
Year Ended September 30, 2021

Net change in fund balances - total governmental funds	$	(698,588)
Amounts reported for governmental funds in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		389,424
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.		
Capital Outlay		7,130,573
Depreciation		(7,523,021)
Proceeds from debt issuance are an other financing source in the funds, but a debt issuance increases long-term liabilities in the statement of net position.		(13,350,000)
Repayment of long-term debt, including bond refundings, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net		
Annual payments on long-term debt		3,600,000
Payment to escrow agent		13,404,894
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		232,473
Governmental funds report the effect of losses on refundings when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.		(98,666)
Current year change in accrued interest payable required the use of current financial resources; but it is not reported as an expense in the governmental-wide statement.		41,052
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures, and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.		715,387
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures, and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in deferred outflows/inflows of resources balances.		374,997
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore they are not reported as expenditures in governmental funds.		(431,294)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities).		1,372,785
Change in net position of governmental activities	$	5,160,016

City of Hurst, Texas

Proprietary Funds

Statement of Net Position

September 30, 2021 with Summarized Totals for September 30, 2020

	Business-type Activities				Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Nonmajor Hurst Public Facility Corporation	2021	2020
Assets						
Current Assets						
Cash and cash equivalents	$ -	$ 1,074,318	$ 23,741	$ 195,057	$ 1,293,116	$ 1,769,748
Investments	17,468,693	-	2,104,525	-	19,573,218	16,297,828
Accounts receivable (net of allowance for uncollectible accounts of $57,691 in 2021 and $93,583 in 2020)	3,250,731	9,854	147,958	-	3,408,543	3,250,012
Other receivables	329,436	-	5,292	-	334,728	281,692
Due from other funds	-	-	-	-	-	-
Inventory of materials and supplies, at cost	183,529	24,646	-	-	208,175	210,208
Prepaids and other assets	-	6,651	-	-	6,651	34,286
Restricted assets					-	
Cash and cash equivalents	738,007	-	-	-	738,007	965,170
Investments	2,036,070	-	-	-	2,036,070	1,973,344
Total current assets	24,006,466	1,115,469	2,281,516	195,057	27,598,508	24,782,288
Noncurrent Assets						
Capital assets	86,094,352	81,367	5,010,521	-	91,186,240	89,723,664
Accumulated depreciation	(42,193,489)	(81,367)	(1,006,383)	-	(43,281,239)	(41,408,927)
Total noncurrent assets	43,900,863	-	4,004,138	-	47,905,001	48,314,737
Total assets	67,907,329	1,115,469	6,285,654	195,057	75,503,509	73,097,025
Deferred Outflows of Resources						
Deferred pension outflows	325,764	91,178	27,738	-	444,680	522,344
Deferred OPEB outflows	476,581	110,602	42,563	-	629,746	428,622
Deferred loss on bond refunding	265,511	-	-	-	265,511	324,947
Total deferred outflows of resources	1,067,856	201,780	70,301	-	1,339,937	1,275,913
Total assets and deferred outflows of resources	$ 68,975,185	$ 1,317,249	$ 6,355,955	$ 195,057	$ 76,843,446	$ 74,372,938
Liabilities						
Current Liabilities						
Accounts payable and accrued items	$ 1,700,807	$ 90,630	$ 60,196	$ -	$ 1,851,633	$ 1,456,699
Due to other funds	783,739	-	-	-	783,739	-
Unearned revenue	-	397,227	-	-	397,227	417,073
Current liabilities payable from restricted assets						
Accrued bond interest	24,513	-	-	-	24,513	30,092
Customer deposits	1,986,070	-	-	-	1,986,070	1,923,344
Current portion of net OPEB liability	111,893	25,967	9,993	-	147,853	139,477
Current portion of long-term liabilities	1,170,408	35,280	6,363	-	1,212,051	1,364,911
Total current liabilities	5,777,430	549,104	76,552	-	6,403,086	5,331,596
Net pension liability	1,921,078	537,693	163,569	-	2,622,340	2,802,177
Net OPEB liability, net of current portion	2,125,967	493,380	189,868	-	2,809,215	2,650,057
Long-term liabilities, net of current portion	6,354,541	44,178	7,967	-	6,406,686	7,546,235
Total long-term liabilities	10,401,586	1,075,251	361,404	-	11,838,241	12,998,469
Total liabilities	16,179,016	1,624,355	437,956	-	18,241,327	18,330,065
Deferred Inflows of Resources						
Deferred pension inflows	588,714	164,776	50,126	-	803,616	834,819
Deferred OPEB inflows	466,195	108,191	41,635	-	616,021	678,357
Total deferred inflows of resources	1,054,909	272,967	91,761	-	1,419,637	1,513,176
Net Position						
Net investment in capital assets	37,554,110	-	4,004,138	-	41,558,248	42,263,651
Unrestricted (deficit)	14,187,150	(580,073)	1,822,100	195,057	15,624,234	12,266,046
Total net position	51,741,260	(580,073)	5,826,238	195,057	57,182,482	54,529,697
Total liabilities, deferred inflows of resources and net position	$ 68,975,185	$ 1,317,249	$ 6,355,955	$ 195,057	76,843,446	$ 74,372,938
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds					(2,068,921)	
Net position of business-type activities					$ 55,113,561	

See Notes to Financial Statements

Governmental Activities- Internal Service Funds	
2021	2020
$ 2,540,009	$ 1,346,331
11,195,305	10,739,523
-	-
35,900	62,148
-	-
47,477	39,756
165,000	165,000
-	-
-	-
13,983,691	12,352,758
13,500,100	13,844,118
(11,417,801)	(11,302,467)
2,082,299	2,541,651
16,065,990	14,894,409
74,360	87,347
93,514	63,648
-	-
167,874	150,995
$ 16,233,864	$ 15,045,404
$ 434,047	$ 440,222
-	-
-	-
-	-
-	-
21,955	20,712
29,213	25,192
485,215	486,126
438,506	468,579
417,156	393,521
54,252	46,786
909,914	908,886
1,395,129	1,395,012
134,380	139,599
91,476	100,733
225,856	240,332
2,082,299	2,541,651
12,530,580	10,868,409
14,612,879	13,410,060
$ 16,233,864	$ 15,045,404

City of Hurst, Texas

Proprietary Funds

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2021 with Summarized

Totals for Year Ended September 30, 2020

	Business-type Activities					
				Nonmajor	Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Hurst Public Facility Corporation	2021	2020
Operating Revenues						
Water and sewer services	$ 21,131,574	$ -	$ -	$ -	$ 21,131,574	$ 21,516,268
Storm drainage utility fee	-	-	1,106,028	-	1,106,028	1,102,618
Service fees	-	1,783,144	-	-	1,783,144	1,804,763
Other	443,886	-	-	200,991	644,877	263,389
Total operating revenues	21,575,460	1,783,144	1,106,028	200,991	24,665,623	24,687,038
Operating Expenses						
Personnel services	4,102,418	1,213,710	335,219	-	5,651,347	6,161,268
Contractual services	8,059,590	-	-	6,189	8,065,779	8,649,308
Repairs and maintenance	407,669	111,970	127,529	-	647,168	646,727
Materials and supplies	148,073	33,816	5,493	-	187,382	253,597
Depreciation and amortization	1,675,211	12,955	198,635	-	1,886,801	1,908,148
Indirect cost/street rental fees	3,863,405	-	100,000	-	3,963,405	3,776,235
Other	1,161,036	505,545	165,484	-	1,832,065	2,010,945
Total operating expenses	19,417,402	1,877,996	932,360	6,189	22,233,947	23,406,228
Operating income (loss)	2,158,058	(94,852)	173,668	194,802	2,431,676	1,280,810
Nonoperating Revenues (Expenses)						
Interest revenue	58,626	-	7,342	255	66,223	346,862
Interest expense	(150,391)	-	-	-	(150,391)	(266,270)
Gain (loss) on sale of property and equipment	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(91,765)	-	7,342	255	(84,168)	80,592
Income (loss) before contributions and transfers	2,066,293	(94,852)	181,010	195,057	2,347,508	1,361,402
Transfers In	1,639,038	60,000	-	-	1,699,038	1,603,179
Transfers Out	(1,798,477)	-	-	-	(1,798,477)	(1,703,179)
Contributions	400,116	-	4,600	-	404,716	466,764
Change in Net Position	2,306,970	(34,852)	185,610	195,057	2,652,785	1,728,166
Net Position, Beginning of Year	49,434,290	(545,221)	5,640,628	-	54,529,697	52,801,531
Net Position, End of Year	$ 51,741,260	$ (580,073)	$ 5,826,238	$ 195,057	$ 57,182,482	$ 54,529,697
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds					(169,966)	
Change in Net Position of Business-type Activities					$ 2,482,819	

See Notes to Financial Statements

Governmental Activities- Internal Service Funds	
2021	2020
$ -	$ -
-	-
10,144,458	9,860,122
97,477	72,831
10,241,935	9,932,953
7,608,749	7,573,364
215,901	192,034
539,042	558,660
1,111,168	1,069,054
595,257	720,373
-	-
-	-
10,070,117	10,113,485
171,818	(180,532)
33,018	184,442
-	(27,263)
153,750	-
186,768	157,179
358,586	(23,353)
847,401	352,512
(3,168)	-
-	-
1,202,819	329,159
13,410,060	13,080,901
$ 14,612,879	$ 13,410,060

City of Hurst, Texas

Proprietary Funds

Statement of Cash Flows

Year Ended September 30, 2021 with Summarized Totals for Year Ended September 30, 2020

	Business-type Activities					
				Nonmajor	Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Hurst Public Facility Corporation	2021	2020
Cash Flows from Operating Activities						
Receipts from customers and users	$ 21,424,984	$ 1,841,496	$ 1,101,956	$ 200,991	$ 24,569,427	$ 24,772,049
Receipts from interfund services provided	-	-	-	-	-	-
Payments to suppliers	(8,660,813)	(636,261)	(277,046)	(6,189)	(9,580,309)	(11,540,954)
Payments on behalf of employees	(4,272,718)	(1,257,908)	(342,552)	-	(5,873,178)	(5,922,942)
Payments for interfund services used	(3,863,405)	-	(100,000)	-	(3,963,405)	(3,776,235)
Net cash provided by (used in) operating activities	4,628,048	(52,673)	382,358	194,802	5,152,535	3,531,918
Cash Flows from Noncapital Financing Activities						
Transfers to other funds	(1,798,477)	-	-	-	(1,798,477)	(2,524,971)
Transfers from other funds	1,639,038	60,000	-	-	1,699,038	1,603,179
Net cash provided by (used in) noncapital financing activities	(159,439)	60,000	-	-	(99,439)	(921,792)
Proceeds from long-term debt	145,000	-	-	-	145,000	-
Debt principal payments	(1,310,000)	-	-	-	(1,310,000)	(1,250,000)
Interest paid on revenue bonds	(246,484)	-	-	-	(246,484)	(262,269)
Purchases of property and equipment	(1,013,075)	-	(59,274)	-	(1,072,349)	(905,763)
Proceeds from sale of property and equipment	-	-	-	-	-	-
Net cash used in capital and related financing activities	(2,424,559)	-	(59,274)	-	(2,483,833)	(2,418,032)
Cash Flows from Investing Activities						
Proceeds from sale/maturities of investments	12,899,488	-	1,381,698	-	14,281,186	17,247,116
Purchase of investments	(15,810,282)	-	(1,809,020)	-	(17,619,302)	(17,682,610)
Interest received on investments	58,626	-	6,177	255	65,058	352,626
Net cash provided by (used in) investing activities	(2,852,168)	-	(421,145)	255	(3,273,058)	(82,868)
Net increase (decrease) in cash and cash equivalents	(808,118)	7,327	(98,061)	195,057	(703,795)	109,226
Cash and Cash Equivalents, Beginning of Year	1,546,125	1,066,991	121,802	-	2,734,918	2,625,692
Cash and Cash Equivalents, End of Year	738,007	1,074,318	23,741	195,057	2,031,123	2,734,918
Noncash Investing, Capital and Financing Activities						
Capital contributions received in-kind	400,116	-	4,600	-	404,716	466,764
Reconciliation to Statement of Net Position						
Cash and cash equivalents	-	1,074,318	23,741	195,057	1,293,116	1,769,748
Restricted cash and cash equivalents	738,007	-	-	-	738,007	965,170
	$ 738,007	$ 1,074,318	$ 23,741	$ 195,057	$ 2,031,123	$ 2,734,918

	Governmental Activities- Internal Service Funds	
	2021	2020
	$ 117,361	$ 67,495
	10,144,458	9,860,122
	(1,903,805)	(2,202,403)
	(7,610,014)	(7,481,383)
	-	-
	748,000	243,831
	(3,168)	-
	847,401	352,512
	844,233	352,512
	-	-
	-	-
	-	(27,263)
	(135,903)	(800,812)
	153,750	-
	17,847	(828,075)
	9,154,261	8,846,764
	(9,610,043)	(9,969,593)
	39,380	187,584
	(416,402)	(935,245)
	1,193,678	(1,166,977)
	1,346,331	2,513,308
	2,540,009	1,346,331
	-	-
	2,540,009	1,346,331
	-	-
	$ 2,540,009	$ 1,346,331

City of Hurst, Texas

Proprietary Funds

Statement of Cash Flows (Continued)

Year Ended September 30, 2021 with Summarized Totals for Year Ended September 30, 2020

	Business-type Activities					
				Nonmajor	Totals	
	Water & Sewer	Conference & Meeting Center Fund	Stormwater Fund	Hurst Public Facility Corporation	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities						
Operating income (loss)	$ 2,158,058	$ (94,852)	$ 173,668	$ 194,802	$ 2,431,676	$ 1,280,810
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities						
Depreciation and amortization	1,675,211	12,955	198,635	-	1,886,801	1,908,148
Change in assets and deferred outflows						
Accounts receivable	(213,202)	6,872	(4,072)	-	(210,402)	262,676
Inventory of materials and supplies	9,726	(7,693)	-	-	2,033	9,268
Due to/from other funds	783,739	-	-	-	783,739	-
Prepaids and other assets	-	27,635			27,635	(32,705)
Deferred pension outflows	56,894	15,926	4,844	-	77,664	1,126,155
Deferred OPEB outflows	(152,207)	(35,323)	(13,594)	-	(201,124)	(27,310)
Change in liabilities and deferred inflows						
Accounts payable and other	322,090	66,454	28,931	-	417,475	(117,057)
Customer deposits and unearned revenue	62,726	(19,846)	-	-	42,880	(24,038)
Net pension liability	(131,745)	(36,874)	(11,218)	-	(179,837)	(1,559,812)
Net OPEB liability	126,787	29,424	11,323	-	167,534	(660,553)
Deferred pension inflows	(22,859)	(6,398)	(1,946)	-	(31,203)	716,890
Deferred OPEB inflows	(47,170)	(10,953)	(4,213)	-	(62,336)	649,446
Net cash provided by (used in) operating activities	$ 4,628,048	$ (52,673)	$ 382,358	$ 194,802	$ 5,152,535	$ 3,531,918

Governmental Activities Internal Service Funds			
2021		2020	
$	171,818	$	(180,532)
	595,257		720,373
	19,884		(5,336)
	(7,721)		-
	-		(685)
	-		200,568
	12,987		(862)
	(29,866)		-
	5,312		(346,094)
	-		(258,393)
	(30,073)		(98,618)
	24,878		120,106
	(5,219)		93,304
	(9,257)		-
$	748,000	$	243,831

City of Hurst, Texas
Fiduciary Fund
Statement of Fiduciary Net Position
September 30, 2021 with Summarized
Totals for September 30, 2020

	OPEB Trust	
	2021	2020
Assets		
Investments		
Mutual funds - equity	$ 3,633,863	$ 2,813,649
Mutual funds - fixed income	2,525,226	1,955,248
Total assets	$ 6,159,089	$ 4,768,897
Net Position		
Restricted for other postemployment benefits	$ 6,159,089	$ 4,768,897
Total net position	$ 6,159,089	$ 4,768,897

See Notes to Financial Statements

City of Hurst, Texas
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
Year Ended September 30, 2021 with Summarized
Totals for Year Ended September 30, 2020

	OPEB Trust	
	2021	2020
Additions		
Contributions		
Employer	$ 1,511,286	$ 1,433,489
Investment income	674,541	693,401
Less: investment management fees	(19,801)	(15,846)
Total additions	2,166,026	2,111,044
Deductions		
Benefit payments	764,202	682,789
Administrative expenses	11,632	9,189
Total deductions	775,834	691,978
Change in net position	1,390,192	1,419,066
Net Position, Beginning of Year	4,768,897	3,349,831
Net Position, Ending of Year	$ 6,159,089	$ 4,768,897

CITY OF HURST

TEXAS

Note 1: Summary of Significant Accounting Policies

The City of Hurst, Texas (City) Home Rule Charter was adopted December 19, 1956, pursuant to Resolution No. 100, adopted November 13, 1956. The City operates under a Council-Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development and water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. Significant City policies are described below.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, in substance, are part of the City's operations.

The Hurst Community Services Development Corporation (HCDC) was incorporated in 1993 under the provisions of the *Development Corporation Act of 1979*, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended. HCDC operates under a seven-member Board of Directors appointed by the City Council. The purpose of HCDC is to promote and finance projects required or suitable for athletic, entertainment, tourist, conventions, public parks and related purposes. The Board of Directors of HCDC is substantially the same as the City Council and the City will ultimately bear the benefit or burden. HCDC has been incorporated into these basic financial statements as a blended component unit, reported as the HCDC Fund. Separate financial statements for HCDC are not released.

The Hurst Crime Control and Prevention District (HCCPD) was authorized by voter referendum on September 9, 1995, for five years under the provisions of the *Crime Control and Prevention District Act*, Article 2370c-4, Section 3.01, Vernon Civil Statutes, as amended. The district was renewed by voter referendum on August 12, 2000, for ten years and again on May 8, 2010, for twenty years. The HCCPD operates under a seven-member Board of Directors appointed by the City Council. The purpose of the HCCPD is to provide relief to the General Fund for expanded crime prevention and enforcement activities. The Board of Directors of the HCCPD is substantially the same as the City Council and the City will ultimately bear the benefit or burden. The HCCPD has been incorporated into these basic financial statements as a blended component unit, reported as the Anti-crime Fund. Separate financial statements for HCCPD are not released.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. These financial statements include the financial activities of the overall government except the fiduciary fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (GASB 34) in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department, and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Net position should be reported as restricted when constraints placed on asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their asset use. Separate financial statements are provided for governmental funds, proprietary funds, internal service funds and fiduciary fund. Major individual governmental funds and the major enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues susceptible to accrual as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, fines, interest, and charges for services. Licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The major governmental funds are:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to another fund are accounted for in this fund. General operating and capital expenditures not paid through other funds are paid from the General Fund.

HCDC Fund: To account for the sales and use tax levied by the City on behalf of HCDC.

Anti-crime Fund: To account for the sales and use tax levied by the City on behalf of HCCPD.

Special Projects Fund: To account for the purchase or construction of building improvements, computer equipment, and office machinery and equipment. Financing is provided primarily by transfers from the General Fund.

2019 G.O. Bond Capital Projects Fund: To account for the financing and construction of voter approved projects and is designated as a major fund. Financing was provided by general obligation bond proceeds.

Internal Service Funds

The internal service funds account for the financing of goods or services provided by one department to other departments of the City on a user charge basis.

Fleet Service Fund: To account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of vehicles. Operations are financed by charges to the user departments based on vehicle usage.

The Loss Reserve Fund: To account for the City's partially self-insured health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

Information Services Fund: To account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Water & Sewer Fund: To account for providing water and sewer to residential and commercial users and is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Conference & Meeting Center Fund: To account for the operations of the City's conference and meeting center and is designated as a major fund. Fees are charged for use of the center. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Stormwater Fund: to account for revenues received from a fee charged for the development of the City's storm sewer drainage system. This fund is designated as a major fund.

Fiduciary Fund

The other postemployment benefit (OPEB) trust fund is used to report assets held for beneficiaries to fund future postemployment benefits other than pensions. The City utilizes a trust to hold required contributions for OPEBs. Plan trustees must act in accordance with the specific purposes and terms of the OPEB plan. The accompanying statement of fiduciary net position and statement of changes in fiduciary net position are presented as of and for the year ended December 31, 2020, the Plan's year-end, in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74).

Cash and Cash Equivalents

For purposes of reporting cash flows, the City considers cash and investments with an initial maturity of less than three months as cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

Investments

Certificates of deposit are stated at cost with interest accrued as earned for government-wide presentation. Investments in external investment pools are carried at either net asset value or amortized cost, as determined by each pool's individual investment valuation method and whether there is a readily determinable fair value of the pool as of the City's fiscal year end. In instances where pools transact at amortized cost, no readily determinable fair value is deemed available.

Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method).

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure such as roads, bridges, drainage systems and lighting systems are reported at historical cost. Donated capital assets, donated works of art and similar items are reported at acquisition value on the date donated. The minimum capitalization threshold is any item with a total cost greater than $5,000 and a life greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	
Buildings	10 – 40 Years
Furniture & Fixtures	4 – 10 Years
Improvements OTB	5 – 40 Years
Machinery & Equipment	2 – 30 Years
Streets	15 – 30 Years
Vehicles	2 – 15 Years
Water System	4 – 50 Years
Sewer System	5 – 50 Years
Stormwater System	4 – 40 Years

Compensated Absences

Vested vacation leave (unpaid to employees terminated before year-end) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The long-term portion of compensated absences for governmental funds is reflected in the statement of net position. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvested accumulating rights to receive sick pay benefits.

Defined Benefit Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68).

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

Defined Benefit Other Postemployment Benefit Plan

The City has a single employer defined benefit other postemployment (benefit) OPEB plan (Plan). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Fund allocation of related balances is determined by individual employee assignment. This assignment is uniform with regard to liquidation of the liability.

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. There is no interest charged between funds for these advances.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable fund balance, is employed by the City. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. The City allows encumbrances to lapse leaving no reservation of fund balance at September 30, 2021.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred loss on refunding – A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.
- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.
- Experience difference – Pensions –These amounts represent the differences between expected and actual pension experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Assumption changes – Pensions and OPEB –These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has the following items that qualify for reporting in this category.

- Deferred gain on refunding – A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or refunding debt.
- Unavailable revenue – This amount represents uncollected property taxes and municipal court fees. This amount is deferred and recognized once payments are received in the following fiscal year.
- Experience difference – Pensions and OPEB – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Assumption changes – OPEB –These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.
- Investment difference – Pensions and OPEB– These amounts represent the difference in projected and actual earnings on pension and OPEB plan assets. These differences are deferred and amortized over a closed five-year period.

Minimum Fund Balance

City management must institute a plan to achieve and maintain an unassigned fund balance in the general fund equal to no less than 90 days of operating expenditures. The City considers a balance of less than 90 days of operating expenditures to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the City will enact its fiscal management plan. The fiscal management plan provides specific language to guide expenditure reduction and/or revenue enhancement actions.

Fund Balance Classifications and Uses

Fund balances are classified as nonspendable, restricted, committed, assigned or unassigned in governmental funds. Nonspendable fund balance cannot be spent, either because it is not in spendable form or because of legal or contractual requirements. Restricted fund balances have constraints for specific purposes which are externally imposed by providers, such as creditors, grantors or other governments; or by enabling legislation of the City Council. Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction. Unassigned fund balances include residual positive fund balances within the General Fund that had not been classified within the other mentioned categories. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those specific purposes.

A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2021 and 2020, follows:

	2021							2020
	General Fund	HCDC	Anti-Crime	Special Projects	2019 GO Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds	Total Governmental Funds
Nonspendable	$ 1,883	$ -	$ -	$ -	$ -	$ -	$ 1,883	$ 1,881
Restricted for								
Capital projects	-	-	-	-	569,325	3,288,285	3,857,610	9,130,854
Community development	23,642	5,614,746	-	-	-	-	5,638,388	4,766,894
Public safety	368,088	-	7,711,760	-	-	-	8,079,848	6,998,646
Debt service	-	-	-	-	-	1,134,197	1,134,197	1,130,217
Municipal court	510,633	-	-	-	-	-	510,633	543,148
Parks	448,837	-	-	-	-	-	448,837	689,524
Traffic safety	470,195	-	-	-	-	-	470,195	484,574
Tourism, convention center, arts	1,887,275	-	-	-	-	-	1,887,275	1,859,780
Urban transit	2,271,317	-	-	-	-	-	2,271,317	1,693,925
Other	159,067	-	-	-	-	-	159,067	122,899
Assigned					-			
Capital and special projects	-	-	-	22,251,573	-	-	22,251,573	19,946,306
Other	29,630	-	-	-	-	-	29,630	29,620
Unassigned	9,544,066	-	-	-	-	-	9,544,066	9,584,839
Total fund balance	$ 15,714,633	$ 5,614,746	$ 7,711,760	$ 22,251,573	$ 569,325	$ 4,422,482	$ 56,284,519	$ 56,983,107

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent debt proceeds. 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, or laws or regulations of other governments.

Prior-Year Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended September 30, 2020.

Adoption of New Accounting Standards

The GASB Statement No. 84 ("GASB 84"), *Fiduciary Activities*, established criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries. Implementation of GASB 84 had no material impact on the City.

GASB Statement No. 97 ("GASB 97), *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Implementation of GASB 97 had no material impact on the City.

Statement No. 98 ("GASB 98"), *The Annual Comprehensive Financial Report.* This statement establishes the new term annual comprehensive financial report and the acronym ACFR. The adoption had no impact on the City's net position.

Future Adoption of Accounting Principles

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to September 30, 2021.

Statement No.	Title	Adoption Required
87	Leases	September 30, 2022
91	Conduit Debt Obligations	September 30, 2022
94	Public-Private and Public-Public Partnerships and Availability Payment Agreements	September 30, 2022
96	Subscription-Based Information Technology Agreements	September 30, 2023

Note 2: Budgetary Data and Stewardship

The City is required to annually adopt budgets for the General, Special Revenue and Debt Service Funds on a basis consistent with GAAP. Budgeted amounts are originally adopted by the City Council for the 2020-2021 budget. The City follows these procedures in establishing budgetary data reflected in the basic financial statements.

1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2) Public hearings are conducted to obtain taxpayer comments.

3) Prior to September 30, the budget is legally enacted through passage of an ordinance.

4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings.

5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Debt Service Funds.

6) Budgetary data for the Capital Projects Funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

Note 3: Deposits and Investments

The City's deposit and investment policies are governed by State statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions and depositories must fully collateralize all deposits in excess of FDIC insurance limits. At September 30, 2021, the City's deposits were entirely insured or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name; as a result, the City's deposits were not exposed to custodial credit risk.

External Investment Pools: The City's pool investments as of September 30, 2021, were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

During the year, the City invested in two public fund investment pools, including TexSTAR and TexPool. Each pool's governing body is comprised of individuals who are employees, officers or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds.

Federated Investors is the full-service provider for the TexPool program. As the provider, the responsibilities include managing the assets, providing participant services, and arranging for all custody and other functions in support of the operations under a contract with the State Comptroller of Public Accounts. JPMorgan Investment Management (JPMIM) and Hilltop Securities, Inc. (HSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMIM serves as an investment advisor to TexSTAR, while HSAM provides administrative participant support and marketing services.

TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. TexPool and TexSTAR are investment pools that have been organized in conformity with the Chapters 791, Interlocal Cooperation Act, and 2256, Public Funds Investment Act, of the Texas Government Code.

Investments in TexPool are carried at amortized cost, while TexSTAR is carried at net asset value.

Investments: The City's investments, excluding OPEB trust fund investments discussed on the following page, are registered or held by the City or its agent in the City's name at September 30, 2021, and are as follows:

	Value	Weighted Average
Certificates of deposit	$ 46,000,000	0.81
Investment pools	10,864,569	2.58
U.S. Treasury Obligations	17,023,776	0.31
Federal Agency Securities	14,650,165	0.29
Portfolio weighted average maturity	$ 88,538,510	0.99

Interest Rate Risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk: Statutes authorize the City to invest in obligations of the United States of America, it's agencies and instrumentalities, in obligations of the State of Texas and related agencies, in obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's or Moody's, repurchase agreements and designated investment pools. The City's investment in TexPool and TexSTAR are both rated AAA by Standard & Poor's.

Custodial Credit Risk: The City invests in certificates of deposit at a bank with initial maturities greater than three months. These certificates of deposit are collateralized by securities held in the City's name by pledging financial institutions.

OPEB Trust Fund Investments: The City has contracted with Public Agency Retirement Services (PARS) for trust administration and Union Bank serves as the trustee for all investments of the OPEB Trust Fund. PARS provides its participants a range of investment strategies, and the City has selected the PARS Balanced HighMark Plus Portfolio. The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay present and future obligations to the Plan. The Balanced Portfolio's goal is to provide growth of both principal and income. The Plan's underlying investments are allocated between equity, fixed income securities and cash. The OPEB Plan does not have a formal policy for custodial credit risk. As of December 31, 2020, all investments are registered in the name of the OPEB Plan's custodian established through a master trust custodial agreement. The OPEB Trust Fund investments are carried at fair value of $6,159,089 as of December 31, 2020. The investment in master trust is classified in Level 3 of the fair value hierarchy using quoted market prices of the mutual funds owned by the trust, allocated among members. The Trust's funds are invested in a mutual fund that is invested in equity and fixed income mutual funds. The investment strategy of the OPEB Trust Fund is to provide current income with capital appreciation. The credit rating and weighted average maturity is not available for the pool.

Fair Value of Assets: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Securities	$ 17,023,776	$ 17,023,776	$ -	$ -
U.S. Agency Securities	14,650,165	-	14,650,165	-
Investment in Master Trust	6,159,089	-	-	6,159,089
Total investments by fair value level	37,833,030	$ 17,023,776	$ 14,650,165	$ 6,159,089
Investments Measured at Net Asset Value – TexSTAR	5,423,213			
Investments Measured at Amortized Cost – TexPool	5,441,356			
Non-negotiable Certificates of Deposit	46,000,000			
Total investments	$ 94,697,599			

Certain investments that are measured using the net asset value per share (or its equivalent) or amortized cost have not been classified in the fair value hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 4: Property Tax

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located in the City. The total assessed value upon which the fiscal 2021 levy is based is approximately $4,390,038,414. Such assessed value is computed based on 100% appraised values.

General property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by the City's Home Rule Charter to $1.50 per $100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2021, is $0.625159 per $100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Current tax collections for the year ended September 30, 2021, are approximately 99% of the tax levy.

Note 5: Net Receivables

Net receivables consist of the following at September 30, 2021 and 2020:

	2021	2020
Governmental Activities		
Taxes receivable	$ 4,190,608	$ 2,726,924
Contract receivables	-	-
Charges to users	1,080,421	979,200
Interest	98,044	286,751
Other	1,752,576	2,388,057
Total governmental activities net receivables	7,121,649	6,380,932
Business-type Activities		
Charges to users	3,408,543	3,148,180
Interest	42,180	101,832
Other	292,548	281,692
Total business-type activities net receivables	3,743,271	3,531,704
Total net receivables	$ 10,864,920	$ 9,912,636

Note 6: Capital Assets

A summary of changes in governmental activities capital assets is as follows:

	Balance October 1, 2020	Additions	Disposals/ Reclassifications	Balance September 30, 2021
Capital Assets Not Being Depreciated				
Land	$ 59,579,846	$ -	$ -	$ 59,579,846
Construction in progress	7,835,590	7,194,513	(1,126,088)	13,904,015
	67,415,436	7,194,513	(1,126,088)	73,483,861
Capital Assets Being Depreciated				
Buildings and improvements	93,904,702	-	-	93,904,702
Improvements other than buildings	164,323,111	670,827	-	164,993,938
Machinery and equipment	33,439,507	527,287	(492,440)	33,474,354
Total depreciable	291,667,320	1,198,114	(492,440)	292,372,994
Less Accumulated Depreciation for				
Buildings and improvements	(44,106,164)	(3,038,280)	-	(47,144,444)
Improvements other than buildings	(131,873,693)	(3,593,882)	-	(135,467,575)
Machinery and equipment	(27,042,768)	(1,486,177)	492,440	(28,036,505)
Total accumulated depreciation	(203,022,625)	(8,118,339)	492,440	(210,648,524)
Total depreciable - net	88,644,695	(6,920,225)	-	81,724,470
Governmental activities capital assets, net	$ 156,060,131	$ 274,288	$ (1,126,088)	$ 155,208,331

	Balance October 1, 2019	Additions	Disposals/ Reclassifications	Balance September 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 59,407,854	$ 171,992	$ -	$ 59,579,846
Construction in progress	7,520,864	5,958,501	(5,643,775)	7,835,590
	66,928,718	6,130,493	(5,643,775)	67,415,436
Capital Assets Being Depreciated				
Buildings and improvements	92,861,482	1,043,220	-	93,904,702
Improvements other than buildings	160,159,516	4,163,595	-	164,323,111
Machinery and equipment	32,567,582	875,565	(3,640)	33,439,507
Total depreciable	285,588,580	6,082,380	(3,640)	291,667,320
Less Accumulated Depreciation for				
Buildings and improvements	(41,017,496)	(3,088,668)	-	(44,106,164)
Improvements other than buildings	(127,944,394)	(3,929,299)	-	(131,873,693)
Machinery and equipment	(25,219,427)	(1,826,981)	3,640	(27,042,768)
Total accumulated depreciation	(194,181,317)	(8,844,948)	3,640	(203,022,625)
Total depreciable - net	91,407,263	(2,762,568)	-	88,644,695
Governmental activities capital assets, net	$ 158,335,981	$ 3,367,925	$ (5,643,775)	$ 156,060,131

Depreciation is charged to functions as follows:

	2021	2020
Governmental Activities		
General government	$ 1,618,280	$ 2,522,048
Public safety	1,871,607	1,598,448
Culture and recreation	2,241,086	2,335,791
Public works	2,387,366	2,388,661
Total governmental activities depreciation expense	$ 8,118,339	$ 8,844,948

Depreciation on capital assets held by the City's Internal Service Funds, which are predominantly related to governmental activities, is charged to various functions based on their usage of the assets and included in the amounts above.

Construction in progress consists of the following at September 30, 2021:

	Project Authorization	Expended Through September 30, 2021	Committed September 30, 2021
Community Services Improvements	$ 3,479,340	$ 2,892,773	$ 586,567
Street Improvements	2,663,747	1,775,562	888,185
Other	11,302,747	9,235,680	2,067,067
Total	$ 17,445,834	$ 13,904,015	$ 3,541,819

The "project authorization" and "committed" amounts above are based on City estimates of total project costs.

A summary of changes in business-type capital assets follows:

	Balance October 1, 2020	Additions	Disposals/ Reclassifications	Balance September 30, 2021
Capital Assets Not Being Depreciated				
Land	$ 564,612	$ -	$ -	$ 564,612
Construction in progress	160,825	1,072,620	(74,701)	1,158,744
	725,437	1,072,620	(74,701)	1,723,356
Capital Assets Being Depreciated				
Utility plant in service	84,041,376	435,820	-	84,477,196
Buildings and improvements	755,227	-	-	755,227
Machinery and equipment	4,201,624	43,599	(14,760)	4,230,463
Total depreciable	88,998,227	479,419	(14,760)	89,462,886
Less Accumulated Depreciation for				
Utility plant in service	(37,981,055)	(1,656,985)	-	(39,638,040)
Buildings and improvements	(325,674)	(25,174)	-	(350,848)
Machinery and equipment	(3,102,471)	(204,642)	14,760	(3,292,353)
Total accumulated depreciation	(41,409,200)	(1,886,801)	14,760	(43,281,241)
Total depreciable - net	47,589,027	(1,407,382)	-	46,181,645
Business-type activities capital assets, net	$ 48,314,464	$ (334,762)	$ (74,701)	$ 47,905,001

	Balance October 1, 2019	Additions	Disposals/ Reclassifications	Balance September 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 564,612	$ -	$ -	$ 564,612
Construction in progress	2,785,921	851,398	(3,476,494)	160,825
	3,350,533	851,398	(3,476,494)	725,437
Capital Assets Being Depreciated				
Utility plant in service	80,435,782	3,605,594	-	84,041,376
Buildings and improvements	509,262	245,965	-	755,227
Machinery and equipment	4,055,559	146,065	-	4,201,624
Total depreciable	85,000,603	3,997,624	-	88,998,227
Less Accumulated Depreciation for				
Utility plant in service	(36,372,251)	(1,608,804)	-	(37,981,055)
Buildings and improvements	(275,282)	(50,392)	-	(325,674)
Machinery and equipment	(2,853,246)	(249,225)	-	(3,102,471)
Total accumulated depreciation	(39,500,779)	(1,908,421)	-	(41,409,200)
Total depreciable - net	45,499,824	2,089,203	-	47,589,027
Business-type activities capital assets, net	$ 48,850,357	$ 2,940,601	$ (3,476,494)	$ 48,314,464

Construction in progress consists of the following at September 30, 2021:

	Project Authorization	Expended Through September 30, 2021	Committed as September 30, 2021
Water	$ 783,052	$ 300,756	$ 482,296
Sewer	3,068,523	759,123	2,309,400
Other	2,696,396	98,865	2,597,531
Total	$ 6,547,971	$ 1,158,744	$ 5,389,227

Note 7: Long-term Liabilities

The following is a summary of changes in long-term liabilities of the City for the years ended September 30, 2021 and 2020:

	October 01, 2020	Additions	Reductions	September 30, 2021	Current Portion
Governmental Activities					
Bonds payable and premiums					
General obligation bonds	$ 38,435,000	$ 13,350,000	$ (15,180,000)	$ 36,605,000	$ 2,635,000
Certificates of obligation	13,885,000	-	(810,000)	13,075,000	715,000
Loan from Direct Borrowing	575,000	-	(80,000)	495,000	80,000
Tax Notes	695,000	-	(170,000)	525,000	170,000
Premium	3,659,665	-	(1,130,079)	2,529,586	227,051
Total long-term debt	57,249,665	13,350,000	(17,370,079)	53,229,586	3,827,051
Compensated absences	5,895,708	2,502,995	(2,060,214)	6,338,489	2,535,396
Governmental Activities Long-term liabilities	$ 63,145,373	$ 15,852,995	$ (19,430,293)	$ 59,568,075	$ 6,362,447

	October 01, 2019	Additions	Reductions	September 30, 2020	Current Portion
Governmental Activities					
Bonds payable and premiums					
General obligation bonds	$ 40,890,000	$ -	$ (2,455,000)	$ 38,435,000	$ 2,540,000
Certificates of obligation	14,665,000	-	(780,000)	13,885,000	810,000
Sales tax revenue bonds	-	575,000	-	575,000	80,000
Tax Notes	860,000	-	(165,000)	695,000	170,000
Premium	3,947,087	-	(287,422)	3,659,665	286,052
Total long-term debt payable	60,362,087	575,000	(3,687,422)	57,249,665	3,886,052
Capital lease	-	-		-	-
Compensated absences	6,101,327	2,070,379	(2,275,998)	5,895,708	2,408,968
Governmental Activities Long-term liabilities	$ 66,463,414	$ 2,645,379	$ (5,963,420)	$ 63,145,373	$ 6,295,020

City of Hurst, Texas
Notes to Basic Financial Statements
September 30, 2021

	October 01, 2020	Additions	Reductions	September 30, 2021	Current Portion
Business-type Activities					
Bonds payable and premiums					
General obligation bonds	$ 5,820,000	$ 145,000	$ (990,000)	$ 4,975,000	$ 925,000
Certificates of obligation	2,360,000	-	(320,000)	2,040,000	115,000
Premium	428,153	-	(92,882)	335,271	52,849
Total bonds payable	8,608,153	145,000	(1,402,882)	7,350,271	1,092,849
Compensated absences	302,993	190,092	(224,619)	268,466	119,202
Business-type Activities Long-term liabilities	$ 8,911,146	$ 335,092	$ (1,627,501)	$ 7,618,737	$ 1,212,051

	October 01, 2019	Additions	Reductions	September 30, 2020	Current Portion
Business-type Activities					
Bonds payable and premiums					
General obligation bonds	$ 6,760,000	$ -	$ (940,000)	$ 5,820,000	$ 855,000
Certificates of obligation	2,670,000	-	(310,000)	2,360,000	115,000
Premium	493,730	-	(65,577)	428,153	65,577
Total bonds payable	9,923,730	-	(1,315,577)	8,608,153	1,035,577
Compensated absences	281,874	409,448	(388,329)	302,993	124,334
Business-type Activities Long-term liabilities	$ 10,205,604	$ 409,448	$ (1,703,906)	$ 8,911,146	$ 1,159,911

Substantially all vacation and sick leave is paid by the General Fund and Enterprise Funds. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due at year-end. The General Fund is the governmental fund which primarily is responsible for liquidating the net pension and other postemployment liabilities for the governmental activities.

Governmental Activities

	Outstanding	Due Next Year
Tax Notes		
$1,180,000 Series 2017 Tax Notes due in annual installments of of $160,000 to $180,000 through August 2024, plus interest at 1.790%	$ 525,000	$ 170,000

	Outstanding	Due Next Year
Tax and Water and Sewer (Limited Pledge) Certificates of Obligation		
$7,355,000 Series 2014 Certificates of Obligation due in annual installments of $265,000 to $495,000 through August 2034, plus interest at 3.00% to 3.75%	$ 5,260,000	$ 330,000
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $95,000 to $185,000 through August 2035, plus interest at 2.00% to 4.00%	2,020,000	110,000
$4,905,000 Series 2016 Certificates of Obligation due in annual installments of $175,000 to $345,000 through August 2036, plus interest at 2.00% to 4.00%	3,990,000	200,000
$1,950,000 Series 2019 Certificates of Obligation due in annual installments of $70,000 to $125,000 through August 2038, plus interest at 3.00%	1,805,000	75,000
Certificates of obligation	$ 13,075,000	$ 715,000

	Outstanding	Due Next Year
Tax and Water and Sewer (Limited Pledge)		
General Obligation		
$2,960,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $125,000 to $350,000 through August 2022, plus interest at 2.00% to 4.00%	$ 125,000	$ 125,000
$15,565,000 Series 2012 General Obligation Improvement Bonds due in annual installments of $255,000 to $870,000 through August 2042, plus interest at 2.00% to 3.375%	385,000	385,000
$1,810,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $205,000 through August 2023, plus interest at 2.00% to 4.00%	195,000	195,000
$5,705,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $290,000 to $585,000 through August 2026, plus interest at 2.00% to 3.50%	2,710,000	540,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $10,000 to $370,000 through August 2027, plus interest at 2.00% to 4.00%	2,055,000	310,000
$1,345,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $5,000 to $160,000 through September 2028, plus interest at 2.00% to 4.00%	985,000	125,000
$4,945,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $15,000 to $340,000 through September 2038, plus interest at 2.00% to 4.00%	4,385,000	190,000
$4,950,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $15,000 to $340,000 through September 2038, plus interest at 2.00% to 4.00%	4,385,000	190,000
$1,500,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $15,000 to $190,000 through August 2029, plus interest at 2.190%	1,315,000	170,000
$7,225,000 Series 2019 General Obligation Bonds due in annual installments of $250,000 to $470,000 through August 2039, plus interest at 2.5% to 4.5%	6,715,000	275,000
$13,350,000 Series 2021 General Obligation Bonds due in annual installments of $130,000 to $800,000 through September 2042, plus interest at .22% to 2.83%	13,350,000	130,000
General obligation	$ 36,605,000	$ 2,635,000

Business-type Activities

	Outstanding	Due Next Year
Certificates of Obligation		
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $40,000 to $80,000 through August 2035, plus interest at 2.00% to 4.00%	$ 870,000	$ 50,000
$1,360,000 Series 2018 Certificates of Obligation due in annual installments of $60,000 to $75,000 through August 2038, plus interest at 0.13% to 1.53%	1,170,000	65,000
Total certificates of obligation	$ 2,040,000	$ 115,000
General Obligation Refunding Bonds		
$2,395,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $40,000 to $285,000 through August 2022, plus interest at 2.00% to 4.00%	$ 130,000	$ 130,000
$1,215,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $135,000 through August 2023, plus interest at 2.00% to 4.00%	125,000	125,000
$2,125,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $160,000 to $315,000 through August 2026, plus interest at 2.00% to 3.50%	760,000	180,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $5,000 to $160,000 through August 2027, plus interest at 2.00% to 4.00%	850,000	130,000
$1,070,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $90,000 to $125,000 through September 2028, plus interest at 2.00% to 4.00%	790,000	100,000
$2,350,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $25,000 to $285,000 through August 2029, plus interest of 2.190%	2,175,000	255,000
$145,000 Series 2021 General Obligation Bonds due in annual installments of $5,000 to $140,000 through September 2023, plus interest at 0.22% to 0.32%	145,000	5,000
Total general obligation bonds	$ 4,975,000	$ 925,000

Certain bond issues contain a provision that allows the City to prepay or call the bonds at no premium.

The annual requirements including interest to amortize all long-term debt outstanding at September 30, 2021, follow:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2022	$ 3,600,000	$ 1,605,698	$ 1,040,000	$ 196,106
2023	3,620,000	1,448,586	950,000	163,864
2024	3,505,000	1,346,918	815,000	138,947
2025	3,430,000	1,241,144	855,000	114,296
2026	3,395,000	1,134,837	665,000	88,134
2027-2031	13,035,000	4,322,871	1,880,000	203,215
2032-2036	12,535,000	2,309,695	660,000	57,507
2037-2041	6,780,000	605,834	150,000	3,420
2042-2046	800,000	22,640	-	-
Total	$ 50,700,000	$ 14,038,223	$ 7,015,000	$ 965,489

Loan from Direct Borrowing

During 2020, the City entered into a loan agreement with First National Bank of Texas for $575,000, Series 2020 Public Property Finance Contractual Obligation. The loan is due in annual installments of $75,000 to $90,000 through 2027, plus interest of 2.75%. Balance due as of September 30, 2021 is $495,000.

Debt Refunding

During the current fiscal year, the City refunded $12,775,000 of governmental general obligation (GO) bonds by issuing $13,495,000 in a taxable refunding issuance entitled GO Refunding Bonds, Taxable Series 2021. No additional proceeds were received, and the City paid $204,841 in issuance costs and underwriter discounts from the Debt Service Fund. As a result of the taxable refunding, the City reduced its total debt service requirements by $1,807,039, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $1,405,000.

Note 8: Defined Benefit Pension Plans

Plan Description: The City participates as one of approximately 900 plans in the nontraditional, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the *TMRS Act*, Subtitle G, Title 8, Texas Government Code (TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided: TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options.

Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to Employee):	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees*	30% of CPI-U

*TMRS allows cities to calculate Cost of Living Adjustments (COLAs) for retirees on an annual or ad hoc basis. The City has opted for the ad hoc basis calculation.

At the December 31, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	295
Inactive employees entitled to but not yet receiving benefits	242
Active employees	357
	894

Contributions: The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the City matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hurst were 11.87% and 11.22% in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were $3,029,768 and were equal to the required contributions.

Net Pension Liability: The City's net pension liability (NPL) was measured as of December 31, 2020, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Inflation	2.50%
Overall payroll growth	2.75% per year, adjusted down for population declines, if any

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	30.00%	5.30%
Core fixed income	10.00%	1.25%
Non-core fixed income	20.00%	4.14%
Real return	10.00%	3.85%
Real estate	10.00%	4.00%
Absolute return	10.00%	3.48%
Private equity	10.00%	7.75%
Total	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at October 1, 2020	$ 181,973,735	$ 163,379,326	18,594,409
Changes for the year			
Service cost	4,355,601	-	4,355,601
Interest	12,112,003	-	12,112,003
Difference between expected and actual experience	(484,413)	-	(484,413)
Changes of assumptions	-	-	-
Contributions – employer	-	2,999,772	(2,999,772)
Contributions – employee	-	1,871,652	(1,871,652)
Net investment income	-	12,388,487	(12,388,487)
Benefit payments, including refunds of employee contributions	(9,428,922)	(9,428,922)	-
Administrative expense	-	(80,247)	80,247
Other changes	-	(3,131)	3,131
Net changes	6,554,269	7,747,611	(1,193,342)
Balance at September 30, 2021	$ 188,528,004	$ 171,126,937	$ 17,401,067

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability (asset)	$ 42,271,311	$ 17,401,067	$ (3,206,558)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended September 30, 2021, the City recognized pension expense of $2,152,474.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 549,863	$ 691,523
Changes of assumptions	165,509	-
Net difference between projected and actual earnings on pension plan investments	-	4,641,030
Contributions subsequent to the measurement date	2,235,387	-
Total	$ 2,950,759	$ 5,332,553

$2,235,387 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Outflows/ (Inflows) of Resources
2022	$ (1,684,161)
2023	168,478
2024	(2,761,707)
2025	(339,791)
Total	$ (4,617,181)

Note 9: Interfund Balances

Interfund Due To/Due From balances are primarily related to balances of working capital loans made between the funds listed below, which are expected to be collected in the subsequent year. At September 30, 2021, the respective interfund balances follow:

	Due From	Due To
General Fund	$ 261,298	$ 611,399
HCDC Special Revenue Fund	-	1,108
Anti-crime Special Revenue Fund	-	230,412
Special Projects Capital Projects Fund	1,395,138	-
Water and Sewer Enterprise Fund	-	783,739
Nonmajor Governmental funds	-	29,778
	$ 1,656,436	$ 1,656,436

A summary of interfund transfers for the year ended September 30, 2021, follows:

	Transfers In	Transfers Out
General Fund	$ 41,675	$ 3,555,423
HCDC Special Revenue Fund	-	1,229,591
Anti-crime Special Revenue Fund	-	17,850
Special Projects Capital Projects Fund	2,466,279	41,675
Water & Sewer Enterprise Fund	1,639,038	1,798,477
Conference & Meeting Center Fund	60,000	-
Nonmajor governmental funds	1,591,791	-
Internal service funds	847,401	3,168
	$ 6,646,184	$ 6,646,184

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The HCDC Special Revenue Fund transferred funds to the HCDC Debt Service Fund so that required debt service payments are funded.

The General Fund transferred an excess of revenues over expenditures to the Special Projects Fund for economic development, emergency reserves and unfunded needs.

The General Fund transferred funds to the Internal Service Fund for IT project upgrades.

Note 10: Indirect Cost/Street Rental Fees

The General Fund provides certain general and administrative services and use of the City's streets to the proprietary fund types. Charges for such services totaled $5,365,449 in 2021 and $5,158,279 in 2020 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

Note 11: Water and Sewer Contracts

On May 9, 2018, the City entered into a 20-year contract with the City of Fort Worth for the transportation, treatment and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. Sewer charges for 2021 under this contract were approximately $2,050,000.

On November 16, 2010, the City entered into a 20-year contract with the City of Fort Worth for the purchase of water. The City is obligated to pay varying amounts based on annual consumption and new rates established under the terms of the contract. During 2021, water purchases under the contract cost approximately $4,250,000.

In 1969, the City entered into a 30-year contract with the Trinity River Authority of Texas (Authority) for the transportation, treatment and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. The Authority wastewater transportation contracts expired January 1, 2000; however, operations continued under the previous agreement by mutual consent pending development of a new contract, which was executed in October 2001 and amended in October 2017. The new contract and its amendments will remain in effect while any related Authority bonds are outstanding.

In 1975, the City entered into another contract expiring in 2023 with the Authority for the construction of a wastewater collection point on the Authority's system. The contract enables the City to utilize the Authority's system for disposal of wastewater. Under the terms of the contract, the City is obligated to share in the cost of the operation and maintenance of the system based on sewage actually discharged. Wastewater treatment charges incurred during 2021 under the 1969 and 1975 contracts with the Authority approximates $1,800,000.

Note 12: Contingent Liabilities

Grant Programs

The City participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's legal counsel and management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position. The amount of ultimate loss, if any, could differ materially.

Note 13: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To transfer some of the financial risk that would occur from these exposures, the City carries general, law enforcement, errors and omissions, and automobile liability insurance. The City also carries real and personal, flood and earthquake, boiler and machinery, and mobile equipment property insurance. Coverage amounts and deductibles vary. Property losses are insured on an "all-risk" basis with a basic $10,000 deductible. The City also purchased fidelity bonds and insurance to protect the City from employee dishonesty and theft by others.

The City established a Loss Reserve Fund (an internal service fund) to account for and finance its uninsured risks of loss for the City's largest uninsured category, employee health care benefits. Under this program, the fund pays for medical claims and administrative costs to the health care provider. The administrative costs include an annual amount for coverage of claims exceeding $150,000 per covered person, a cost for potential claims after an attachment point of approximately $5,400,000 per year and costs of administering the program, about $1,500 per employee. During the course of the program, the attachment point for aggregate claims has never been reached.

All operating funds of the City make payments to the Loss Reserve Fund based on estimates of the amounts needed to pay prior and current year claims and to adjust a reserve for catastrophic losses. A consulting firm provides an analysis. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Accrued claims payable, including claims that are incurred but not reported, are recorded as fund liabilities. The provision for claims is determined by estimating the amount which will ultimately be paid based on the City's experience.

Changes in the Funds' claims liability amount and administrative service amounts in fiscal years 2021 and 2020 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates		Claims Payments	End of Fiscal Year Liability
Loss Reserve Fund					
2019-2020	$ 384,424	$ 6,398,246	Claims	$ 5,171,500	$ 328,000
			ASO	$ 1,283,170	
2020-2021	$ 328,000	$ 6,599,222	Claims	$ 5,228,175	$ 339,792
			ASO	$ 1,359,255	
General Fund – General Liability					
2019-2020	$ 100,000	$ -		$ -	$ 100,000
2020-2021	$ 100,000	$ -		$ -	$ 100,000

Note 14: Other Postemployment Benefit (OPEB) Plan

Plan Description

The City offers retired employees and their dependents the option to retain health and dental insurance coverage under the City's plan through a single employer defined benefit OPEB plan administered by the City of Hurst Post-Retirement Health Care Plan Trust. Public Agency Retirement Services (PARS) is the Trust Administrator. The governing body of the Trust is composed of a coalition of member public agencies. Each member public agency appoints its individual plan administrator to serve as a member of the governing body. Certain provisions of the Trust may be changed by a two-thirds vote of the members of the governing body. A more detailed description of the plan is as follows:

Eligibility

The benefit is available to retirees and their spouses.

An employee must resign and satisfy the requirements for service retirement under the TMRS with at least 10 years of consecutive full-time service with the City immediately prior to retirement or, effective April 1, 2002, have a minimum of 25 years of full-time service with the City including a minimum of eight consecutive years of full-time service with the City immediately prior to retirement.

A retiree or his/her spouse is INELIGIBLE for coverage if he or she is eligible for any other group coverage through employment and will be required to certify this information.

A retiree/spouse who is not eligible when the employee retires is not eligible to rejoin at a later date. If an eligible retiree/spouse waives coverage at any time, they are not eligible for reinstatement in the future.

Benefits Provided

AFTER AGE 65 – Enroll in Medicare Advantage Plan, currently Humana. For each qualified retiree/spouse the City will contribute to the cost of a Group Medicare Advantage Plan for the eligible retiree/spouse in lieu of coverage through the City of Hurst Retiree Health Plan (retiree/spouse must be eligible to enroll). Eligible participating retirees and spouses age 65+ have the option to select a supplementary Medigap policy or another Medicare Advantage plan of their choice, and the City will reimburse the retiree and/or spouse what the City would have contributed for the retiree and/or spouse to the currently provided Medicare Advantage plan with documentation of the retiree's and/or spouse's monthly payment for the alternative policy/plan. The retiree and/or spouse will be responsible for the remainder of the premium. Eligible retirees/spouses must enroll in Medicare once eligible and pay the Medicare premiums.

BEFORE AGE 65 – Enroll in the City's Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree's years of consecutive full-time service to the City immediately prior to TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the AFTER AGE 65 options listed above.

Surviving Dependents

If an eligible retiree and his/her eligible dependents are covered by the City of Hurst Retiree Health Plan and the retiree dies:

The surviving spouse may continue as a survivor under the plan up to age 65. He/she may continue eligible dependent coverage with the City's plan by paying the applicable retiree/dependent cost based on the retiree's years of consecutive service with the City of Hurst immediately prior to the eligible retiree's TMRS service retirement. Surviving spouses/dependents must continue to meet eligibility requirements.

At age 65, the surviving spouse may be covered by the City's Medicare Advantage plan in effect at the time by paying 100% of the Medicare Advantage premium as long as he/she continues to meet eligibility requirements. Retiree reimbursement option is not available to surviving spouses.

Life Insurance

Effective for employees retiring October 1, 1997, or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective October 1, 2011, the maximum retiree life insurance is $75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

Dental

Eligible retirees may continue the dental coverage they had for themselves and their eligible dependents on their date of retirement by paying 100% of the premium. There is no City contribution.

IMPORTANT NOTICE: THE CITY RESERVES THE RIGHT TO AMEND, MODIFY, AND/OR TERMINATE ITS PARTICIPATION WITH RETIREE COVERAGE AT ANY TIME. NO PERSON SHALL BE VESTED IN ANY RIGHT UNDER THIS POLICY OF RETIREE COVERAGE.

A measurement date of December 31, 2020, was used for the September 30, 2021, liability and expense. The information that follows was determined as of a valuation date of December 31, 2020.

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	150
Active employees	352
Total employees	502

The City Manager has the authority to establish and amend the benefit terms of the OPEB plan. Though the City has established a trust under the OPEB plan, the City employs a pay-as-you-go method for funding annually required benefit payments.

Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the Asset Class table below.

Investment Policy

The plan's policy in regard to the allocation of invested assets is established by the City. The current asset allocation policy at the end of 2021 is as follows:

Asset Class	Target Allocation
Equity	60.00%
Fixed Income	35.00%
Cash	5.00%
Total	100.00%

Concentrations

All of the Plan's investments are held with Public Agency Retirement Services in the Balanced Strategy Growth Fund.

Rate of Return

For the year ended December 31, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 13.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability: The City's net OPEB liability of $14,588,396 ($11,631,328 governmental activities and $2,957,068 business-type activities) was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions: The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	4.44% as of December 31, 2020 (5.05% as of December 31, 2019)
Inflation	2.50%
Salary Increase	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Participation Rates	Participation rates vary based on years of City service. For employees with over 20 years of City service, participation rates vary from 35% to 95%.

Discount Rate: Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects: (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of developing the single discount rate, the City's future contributions were based on a 30-year, open amortization. Based on this funding policy, the last year in the single discount rate projection period for which projected benefit payments were fully funded was 2049.

For the purpose of the December 31, 2020, valuation, the expected rate of return on OPEB plan investments is 6.50%; the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 4.44%.

Changes in the Net OPEB Liability:

Change in the Net OPEB Liability	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2020	$ 18,530,781	$ 4,768,897	$ 13,761,884
Changes for the year:			
Service cost	682,587	-	682,587
Interest	933,744	-	933,744
Difference between expected and actual experience	(10,073)	-	(10,073)
Changes of assumptions	1,374,648	-	1,374,648
Contributions – employer	-	1,511,286	(1,511,286)
Net investment income	-	654,740	(654,740)
Benefit payments	(764,202)	(764,202)	-
Administrative expense	-	(11,632)	11,632
Net changes	2,216,704	1,390,192	826,512
Balance at December 31, 2021	$ 20,747,485	$ 6,159,089	$ 14,588,396

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates: The net OPEB liability of the City has been calculated using a discount rate of 4.44%. The following presents the net OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease in Discount Rate (3.44%)	Current Discount Rate Assumption (4.44%)	1% Increase in Discount Rate (5.44%)
Net OPEB liability	$ 17,127,173	$ 14,588,396	$ 12,396,907

The net OPEB liability of the City has been calculated using the assumed health care cost trend rates of 7.00% decreasing to 4.15%. The following presents the net OPEB liability using health care cost trend rates 1.00% higher and 1.00% lower than the current health care cost trend rates.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	$ 12,738,125	$ 14,588,396	$ 16,814,108

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2021, the City recognized OPEB expense of $1,010,151. At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 2,618,859
Changes of assumptions	1,915,001	34,307
Net difference between projected and actual earnings on OPEB investments	-	385,915
Contributions subsequent to the measurement date	1,191,784	-
Total	$ 3,106,785	$ 3,039,081

Contributions subsequent to the measurement date and before fiscal year-end will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2022.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,		Net Deferred Outflows/(Inflows) of Resources
2022		(271,088)
2023		(225,448)
2024		(305,326)
2025		(286,015)
2026		(235,169)
Thereafter		198,966
Total	$	(1,124,080)

Note 15: Defined Contribution Plan – 457(b) Plan

The City maintains a voluntary defined contribution plan covering substantially all employees. The defined contribution plan is a 457(b) plan and is administered by Inwest Retirement Solutions. The Plan provisions and contribution requirements are established and may be amended by the Plan administrator. Nationwide Trust Company is the trustee of the plan. The City does not contribute to this plan.

Note 16: Tax Abatement Disclosures

As of September 30, 2021, the City offers tax incentives under Chapter 380 of the Texas Local Government Code. Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services to promote state and local economic development and to stimulate business and commercial activity. There are no other economic development programs that provide for tax incentives currently offered by the City of Hurst.

In 1987, Texas voters approved a constitutional amendment allowing for public expenditures to support economic development activities. The amendment explicitly provides for programs that use public funds for the purposes of development and diversification of the state's economy. Then in 1989, Chapter 380 of the Local Government code greatly expanded this by enabling municipalities to also engage in using public funds to support economic development. Chapter 380 agreements do not require a year limit and allows municipalities to provide monies, loans, city personnel and city services for the promotion and encouragement of economic development.

Although Chapter 380 provides for broad use of city resources, the City closely evaluates each proposed 380 agreement on a case-by-case basis. While the City typically places a hard cap on years and financial support, whichever occurs first, we do have one agreement that does not cap the number of years and only expires when the total financial support is met. The year and financial caps are negotiated in each distinct agreement.

The City has six active 380 agreements covering retail, hospitality, and entertainment. In each case a combination of tax incentives was used in the negotiations, including property, sales and hotel occupancy tax. Under the 380 agreements, tax incentives are considered a "tax sharing" agreement. This means that no taxes are actually abated, rather all taxes must be paid in full to the City and the City will provide a payment to the entity each year equal to the amount authorized in their respective contracts. Through sharing revenue under chapter 380, the City is able to verify that the entity has completed their requirements as outlined in their contract.

In FY 21, the City of Hurst rebated (abated) $1,144,326 in property and sales taxes. The table below summarizes the tax sharing agreements in place for FY 21.

Company	% of Property Taxes Abated	% of Sales Taxes Abated	% of Hotel Occupancy Taxes Abated	Total Taxes Abated	
Simon Properties	N/A	65%	N/A	$	806,657
Hurst One, LLC	50%	70%	N/A	$	122,195
Sky Group Investments	40%	0%	N/A	$	8,361
CN Churchill IV LLC	90%	0%	85%	$	207,113

Of the six active 380 agreements, the City did not rebate any taxes to EREP Sprouts Crossing I, LLC or to Phillips Edison as they did not meet their performance requirements.

Required Supplementary Information

CITY OF HURST

TEXAS

City of Hurst, Texas

Required Supplementary Information

Schedule of Changes in The City's Net Pension Liability and Related Ratios – TMRS

Last 10 Years*

(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total Pension Liability							
Service cost	$ 3,237,732	$ 3,659,696	$ 3,973,289	$ 4,106,510	$ 4,141,532	$ 4,294,773	$ 4,355,601
Interest (on the Total Pension Liability)	9,694,314	10,074,733	10,295,405	10,751,911	11,221,017	11,603,397	12,112,003
Difference between expected and actual experience	(1,004,246)	(346,324)	502,382	764,482	(778,214)	635,990	(484,413)
Change of assumptions	-	2,268,583	-	-	-	286,317	-
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,870,568)	(7,556,886)	(8,592,383)	(8,789,026)	(9,203,080)	(9,428,922)
Net Change in Total Pension Liability	5,389,943	8,786,120	7,214,190	7,030,520	5,795,309	7,617,397	6,554,269
Total Pension Liability - Beginning	140,140,256	145,530,199	154,316,319	161,530,509	168,561,029	174,356,338	181,973,735
Total Pension Liability - Ending (a)	145,530,199	154,316,319	161,530,509	168,561,029	174,356,338	181,973,735	188,528,004
Plan Fiduciary Net Position							
Contributions - employer	2,402,228	2,450,163	2,376,553	2,687,273	2,806,311	2,942,019	2,999,772
Contributions - employee	1,570,083	1,688,782	1,727,426	1,789,807	1,810,318	1,879,028	1,871,652
Net investment income	7,524,651	201,292	9,037,883	19,293,284	(4,620,014)	22,463,670	12,388,487
Benefit payments, including refunds of employee contributions	(6,537,857)	(6,870,568)	(7,556,886)	(8,592,383)	(8,789,026)	(9,203,080)	(9,428,922)
Administrative expense	(78,569)	(122,612)	(102,096)	(100,013)	(89,337)	(127,039)	(80,247)
Other	(6,459)	(6,056)	(5,503)	(5,069)	(4,667)	(3,817)	(3,131)
Net Change in Plan Fiduciary Net Position	4,874,077	(2,658,999)	5,477,377	15,072,899	(8,886,415)	17,950,781	7,747,611
Plan Fiduciary Net Position - Beginning	131,549,606	136,423,683	133,764,684	139,242,061	154,314,960	145,428,545	163,379,326
Plan Fiduciary Net Position - Ending (b)	136,423,683	133,764,684	139,242,061	154,314,960	145,428,545	163,379,326	171,126,937
City's Net Pension Liability - Ending (a) - (b)	$ 9,106,516	$ 20,551,635	$ 22,288,448	$ 14,246,069	$ 28,927,793	$ 18,594,409	$ 17,401,067
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.74%	86.68%	86.20%	91.55%	83.41%	89.78%	90.77%
Covered Payroll	$ 22,349,232	$ 23,504,794	$ 24,663,496	$ 25,553,888	$ 25,836,133	$ 26,842,333	$ 26,737,880
City's Net Pension Liability as a Percentage of Covered Payroll	40.75%	87.44%	90.37%	55.75%	111.97%	69.27%	65.08%

Other Information:
The discount rate changed from 7.00% to 6.75% for the 2016 valuation; there were no other changes in assumptions.

*The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Hurst, Texas
Required Supplementary Information
Schedule of City Contributions – TMRS
Last 10 Years*
(Unaudited)

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Actuarially determined contribution	$ 2,462,235	$ 2,468,088	$ 2,604,026	$ 2,736,709	$ 2,904,605	$ 2,910,714	$ 3,029,768
Contributions in relation to the actuarially determined contribution	2,472,612	2,472,131	2,615,694	2,760,558	2,904,605	2,946,295	3,029,768
Contribution Deficiency (Excess)	$ (10,377)	$ (4,043)	$ (11,668)	$ (23,849)	$ -	$ (35,581)	$ -
Covered Payroll	$ 23,982,153	$ 25,292,040	$ 25,399,155	$ 25,632,597	$ 26,565,856	$ 26,356,739	$ 26,288,728
Contributions as a Percentage of Covered Payroll	10.31%	9.77%	10.30%	10.77%	10.93%	11.18%	11.52%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	25 years
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
Other Information:	
Notes	Granted 30% ad hoc COLA.

*The information in this schedule has been determined for the fiscal year end of the City and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

City of Hurst, Texas

Required Supplementary Information

Schedule of Changes in The City's Net OPEB Liability and Related Ratios

Last 10 Years*

(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability				
Service cost	$ 689,481	$ 768,566	$ 792,053	$ 682,587
Interest (on the Total OPEB Liability)	981,235	1,004,827	1,061,546	933,744
Difference between expected and actual experience	-	(67,845)	(3,560,217)	(10,073)
Change of assumptions	644,834	(58,439)	599,659	1,374,648
Benefit payments, including refunds of employee contributions	(849,310)	(680,984)	(682,789)	(764,202)
Net Change in Total OPEB Liability	1,466,240	966,125	(1,789,748)	2,216,704
Total OPEB Liability - Beginning	17,888,164	19,354,404	20,320,529	18,530,781
Total OPEB Liability - Ending (a)	19,354,404	20,320,529	18,530,781	20,747,485
Plan Fiduciary Net Position				
Employer contributions	877,112	1,073,668	1,433,489	1,511,286
Net investment income	413,998	(171,374)	677,555	654,740
Benefit payments	(849,310)	(680,984)	(682,789)	(764,202)
Administrative expense	(7,175)	(7,904)	(9,189)	(11,632)
Net Change in Plan Fiduciary Net Position	434,625	213,406	1,419,066	1,390,192
Plan Fiduciary Net Position - Beginning	2,701,800	3,136,425	3,349,831	4,768,897
Plan Fiduciary Net Position - Ending (b)	3,136,425	3,349,831	4,768,897	6,159,089
City's Net OPEB Liability - Ending (a) - (b)	$ 16,217,979	$ 16,970,698	$ 13,761,884	$ 14,588,396
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	16.21%	16.48%	25.74%	29.69%
Covered Employee Payroll	$ 25,094,883	$ 25,064,769	$ 26,261,996	$ 26,373,442
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	64.63%	67.71%	52.40%	55.31%

Notes to schedule:

Changes of assumptions reflect the effect of changes in the discount rate each period. The following are the discount rates used in each period: 2020 - 4.44%, 2019 - 5.05%, 2018 - 5.21%, 2017 - 5.18%, 2016 - 5.51%

*The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions, only periods for which such information is available are presented.

City of Hurst, Texas
Required Supplementary Information
Schedule of City Contributions – OPEB
Last 10 Years*
(Unaudited)

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Actuarially determined contribution	$ 1,044,493	$ 1,308,968	$ 1,348,237	$ 1,388,684
Contribution in relation to the actuarially determined contribution	1,103,792	1,512,327	1,350,433	1,489,582
Contribution Deficiency (Excess)	$ (59,299)	$ (203,359)	$ (2,196)	$ (100,898)
Covered Payroll	$ 26,669,986	$ 27,538,631	$ 26,767,738	$ 26,689,275
Contributions as a Percentage of Covered Payroll	4.14%	5.49%	5.05%	5.58%

Notes to Schedule:

Valuation Date:	December 31, 2020
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay
Amortization Period	Open, 30-years
Asset Valuation Method	Fair value
Inflation	2.5%
Healthcare Cost Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.00% after 15 years
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.85%, net of investment expense, including inflation
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

*The information in this schedule has been determined for the fiscal year end of the City and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provisions, only periods for which such information is available are presented.

City of Hurst, Texas

Required Supplementary Information
Schedule of Investment Returns – OPEB
Last 10 Years*
(Unaudited)

Plan Year	Annual Money-Weighted Rate of Return
2017	15.64 %
2018	(4.66) %
2019	19.90 %
2020	13.48 %

*The information in this schedule has been determined as of the measurement date (December 31) of the City's net OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision, only periods for which such information is available are presented.

City of Hurst, Texas

Required Supplementary Information

General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – GAAP Basis

Year Ended September 30, 2021 with Comparative Actual for Year Ended September 30, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Revenues					
Taxes					
Property taxes	$ 16,195,768	$ 16,195,768	$ 16,385,592	$ 189,824	$ 15,147,257
Penalties and interest	65,000	65,000	84,581	19,581	90,266
City sales taxes	8,024,735	8,024,735	10,901,645	2,876,910	9,913,411
Mixed beverage taxes	153,000	153,000	131,331	(21,669)	125,599
Franchise taxes	2,733,000	2,733,000	2,563,184	(169,816)	2,669,328
	27,171,503	27,171,503	30,066,333	2,894,830	27,945,861
Licenses and Permits					
Building inspection	840,000	840,000	831,192	(8,808)	790,736
Paving inspection	5,000	5,000	3,131	(1,869)	1,104
Other	13,000	13,000	26,984	13,984	19,430
	858,000	858,000	861,307	3,307	811,270
Intergovernmental					
Grants	413,198	413,198	1,003,936	590,738	3,024,057
	413,198	413,198	1,003,936	590,738	3,024,057
Fines and Fees					
Municipal court	1,117,200	1,117,200	689,366	(427,834)	1,110,342
Library	19,490	19,490	10,639	(8,851)	9,902
	1,136,690	1,136,690	700,005	(436,685)	1,120,244
Charges for Services					
Recreational activity fees	899,300	738,300	504,129	(234,171)	491,416
Aquatic fees	283,600	283,600	339,245	55,645	1,411
Ambulance fees	700,000	700,000	656,930	(43,070)	933,854
Other	-	130,800	119,899	(10,901)	100,947
	1,882,900	1,852,700	1,620,203	(232,497)	1,527,628
Miscellaneous					
Interest income	100,000	100,000	24,337	(75,663)	326,074
Miscellaneous	328,317	328,317	380,361	52,044	342,307
	428,317	428,317	404,698	(23,619)	668,381
	$ 31,890,608	$ 31,860,408	$ 34,656,482	$ 2,796,074	$ 35,097,441

City of Hurst, Texas

Required Supplementary Information

General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – GAAP Basis (Continued)

Year Ended September 30, 2021 with Comparative Actual for Year Ended September 30, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Expenditures					
General Government					
City Council	$ 15,366	$ 15,366	$ 7,324	$ 8,042	$ 9,534
City Secretary	305,239	305,239	292,799	12,440	283,622
Administration (City Manager)	366,730	366,730	389,493	(22,763)	494,101
Judicial (municipal court)	689,102	689,102	603,776	85,326	641,159
Development	490,636	490,636	456,587	34,049	480,056
Personnel	335,727	335,727	348,059	(12,332)	314,501
Accounting (finance)	244,249	244,249	263,276	(19,027)	246,441
Nondepartmental	935,102	935,102	859,228	75,874	1,459,451
Information systems	-	-	11,041	(11,041)	62,438
Building maintenance	462,788	462,788	350,773	112,015	295,386
Total general government	3,844,939	3,844,939	3,582,356	262,583	4,286,689
Public Safety					
Ambulance	1,391,371	1,391,371	1,563,749	(172,378)	1,464,509
Police	9,978,517	9,978,517	9,696,800	281,717	10,058,083
Fire	7,173,071	7,173,071	7,406,312	(233,241)	7,219,739
Total public safety	18,542,959	18,542,959	18,666,861	(123,902)	18,742,331
Culture and Recreation					
Administration	243,125	243,125	256,403	(13,278)	262,905
Recreation	1,358,527	1,358,527	1,136,030	222,497	1,146,696
Aquatics	285,020	285,020	195,013	90,007	73,585
Parks	2,368,129	2,368,129	2,610,784	(242,655)	2,076,108
Library	1,657,297	1,657,297	1,502,607	154,690	1,494,124
Senior citizens	568,101	568,101	485,228	82,873	479,226
Total culture and recreation	6,480,199	6,480,199	6,186,065	294,134	5,532,644
Public Works					
Streets	1,776,857	1,776,857	1,652,691	124,166	1,566,032
Engineering community development	151,214	151,214	146,878	4,336	156,372
Code enforcement	756,139	756,139	654,333	101,806	649,322
Total public works	2,684,210	2,684,210	2,453,902	230,308	2,371,726
Total Expenditures	$ 31,552,307	$ 31,552,307	$ 30,889,184	$ 663,123	$ 30,933,390
Excess (Deficiencies) of Revenues Over (Under) Expenditures	$ 338,301	$ 308,101	$ 3,767,298	$ 3,459,197	$ 4,164,051

City of Hurst, Texas

Required Supplementary Information

General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – GAAP Basis (Continued)

Year Ended September 30, 2021 with Comparative Actual for Year Ended September 30, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Variance	Actual
Other Financing Sources (Uses)					
Transfers in	$ -	$ -	$ 41,675	$ 41,675	$ 50,000
Transfers out	-	-	(3,555,423)	(3,555,423)	(3,564,112)
Total other financing uses	-	-	(3,513,748)	(3,513,748)	(3,514,112)
Net Change in Fund Balance	338,301	308,101	253,550	(54,551)	649,939
Fund Balance, Beginning of Year	15,461,083	15,461,083	15,461,083	-	14,811,144
Fund Balance, End of Year	$ 15,799,384	$ 15,769,184	$ 15,714,633	$ (54,551)	$ 15,461,083

City of Hurst, Texas

Required Supplementary Information

Major Special Revenue Funds – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – GAAP Basis

Year Ended September 30, 2021 with Comparative Actual for Year Ended September 30, 2020

	HCDC				
	Original Budget	Final Budget	2021 Actual	Variances	2020 Actual
Revenues					
Sales taxes	$ 4,173,090	$ 4,173,090	$ 5,313,250	$ 1,140,160	$ 4,816,339
Support from governmental entities	-	-	-	-	-
Interest	19,000	19,000	9,203	(9,797)	72,034
Miscellaneous	-	-	5,033	5,033	5,957
Total revenues	4,192,090	4,192,090	5,327,486	1,135,396	4,894,330
Expenditures					
Public safety	-	-	-	-	-
Culture and recreation	3,041,420	3,137,449	2,897,553	239,896	2,567,797
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	328,848	(328,848)	324,268
Total expenditures	3,041,420	3,137,449	3,226,401	(88,952)	2,892,065
Excess of revenues over expenditures	1,150,670	1,054,641	2,101,085	1,046,444	2,002,265
Other Financing Uses					
Transfers in	-	-	-	-	-
Transfers out	-	-	(1,229,591)	(1,229,591)	(1,226,940)
Total other financing uses	-	-	(1,229,591)	(1,229,591)	(1,226,940)
Net Change in Fund Balance	1,150,670	1,054,641	871,494	(183,147)	775,325
Fund Balance, Beginning of Year	4,743,252	4,743,252	4,743,252	-	3,967,927
Fund Balance, End of Year	$ 5,893,922	$ 5,797,893	$ 5,614,746	$ (183,147)	$ 4,743,252

City of Hurst, Texas

Required Supplementary Information

Major Special Revenue Funds – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – GAAP Basis (Continued)

Year Ended September 30, 2021 with Comparative Actual for Year Ended September 30, 2020

	Anti-Crime				
	Original Budget	Final Budget	2021 Actual	Variances	2020 Actual
Revenues					
Sales taxes	$ 4,337,204	$ 4,337,204	$ 5,647,809	$ 1,310,605	$ 4,921,887
Support from governmental entities	178,000	178,000	43,977	(134,023)	131,702
Interest	38,500	38,500	15,609	(22,891)	122,298
Miscellaneous	7,411	7,411	15,131	7,720	22,615
Total revenues	4,561,115	4,561,115	5,722,526	1,161,411	5,198,502
Expenditures					
Public safety	5,566,615	5,570,795	4,455,435	1,115,360	4,282,943
Culture and recreation	-	-	-	-	-
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	108,874	(108,874)	81,213
Total expenditures	5,566,615	5,570,795	4,564,309	1,006,486	4,364,156
Excess (Deficiencies) of Revenues Over (Under) Expenditures	(1,005,500)	(1,009,680)	1,158,217	2,167,897	834,346
Other Financing Uses					
Transfers in	-	-	-	-	4,282
Transfers out	-	-	(17,850)	(17,850)	(50,000)
Total other financing uses	-	-	(17,850)	(17,850)	(45,718)
Net Change in Fund Balance	(1,005,500)	(1,009,680)	1,140,367	2,150,047	788,628
Fund Balance — Beginning of Year	6,571,399	6,571,399	6,571,399	-	5,782,771
Fund Balance — End of Year	$ 5,565,899	$ 5,561,719	$ 7,711,766	$ 2,150,047	$ 6,571,399

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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NORTON ROSE FULBRIGHT

[Closing Date]

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IN REGARD to the authorization and issuance of the "City of Hurst, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2022," dated June 15, 2022, in the principal amount of $1,975,000 (the "Certificates"), we have examined into their issuance by the City of Hurst, Texas (the "City"), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Certificates mature on August 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's Waterworks and Sewer System in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

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2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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