OFFICIAL STATEMENT

February 14, 2023

Ratings:
S&P: "AA"
See "OTHER INFORMATION – Ratings" herein

NEW ISSUE - Book-Entry-Only

Interest on the Certificates is not excludable from gross income for federal income tax purposes under existing laws. See "TAX MATTERS" herein.

$13,700,000
CITY OF WEATHERFORD, TEXAS
(Parker County)
TAX AND UTILITY SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2023

Dated Date: as of the Date of Delivery
Interest accrues from Date of Delivery

Due: March 1, as shown on page 2

PAYMENT TERMS. . . Interest on the $13,700,000 City of Weatherford, Texas Tax and Utility System (Limited Pledge) Revenue Certificates of Obligation, Taxable Series 2023 (the "Certificates"), will accrue from the Date of Delivery (anticipated to be March 16, 2023), will be payable March 1 and September 1 of each year, commencing September 1, 2023, until maturity or prior redemption, 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 ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Certificates will be made to the 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" herein. The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, Dallas, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE. . . The Certificates are issued pursuant to the Texas Constitution and the general laws of the State of Texas (the "State"), particularly, Chapter 271, Subchapter C, Texas Local Government Code, as amended, and constitute direct obligations of the City of Weatherford, Texas (the "City"), payable from a combination of (i) the levy and collection of an annual 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 the Net Revenues from the operation of the City's utility system (the "System"), as provided in the ordinance authorizing the issuance of the Certificates (the "Ordinance") (see "THE CERTIFICATES – Authority for Issuance of the Certificates").

PURPOSE. . . Proceeds from the sale of the Certificates will be used for (i) acquiring land for convention center facilities, and (ii) the payment of the costs associated with the issuance of the Certificates.

CUSIP PREFIX: 947100
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY. . . The Certificates are offered for delivery when, as and if issued and received by the underwriter named below (the "Underwriter") of the Certificates and 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"). Certain legal matters will be passed upon for the Underwriter by its counsel, Cantu Harden Montoya LLP, Dallas, Texas.

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on March 16, 2023 ("Date of Delivery").

FROST BANK

CUSIP Prefix: 947100 [1]

MATURITY SCHEDULE

1-Mar Year	Principal Amount	Interest Rate	Initial Yield	CUSIP Suffix[1]
2024	$ 430,000	5.000%	5.260%	TY9
2025	450,000	5.000%	5.360%	TZ6
2026	475,000	5.000%	5.140%	UA9
2027	500,000	5.000%	5.180%	UB7
2028	525,000	5.000%	5.280%	UC5
2029	550,000	5.250%	5.270%	UD3
2030	580,000	5.250%	5.370%	UE1
2031	610,000	5.375%	5.490%	UF8
2032	645,000	5.375%	5.540%	UG6
2033	680,000	5.500%	5.590%	UH4
2034	720,000	5.500%	5.690%	UJ0
2035	760,000	5.500%	5.790%	UK7
2036	805,000	5.750%	5.890%	UL5
2037	855,000	5.750%	5.990%	UM3

$5,115,000 6.000% Term Certificates Due March 1, 2042, Priced to Yield 6.230%, CUSIP Suffix: US0

(Interest to accrue from the Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City, the Financial Advisor, or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after March 1, 2029, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . . The Certificates maturing on March 1, 2042 (the "Term Certificates") are subject to mandatory sinking fund redemption as described herein (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption").

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This Official Statement, which includes the cover page and the 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 representation, promise, or guarantee of the Financial Advisor or the Underwriter. Any information and expressions of opinion herein contained 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 herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

NONE OF THE CITY, ITS FINANCIAL ADVISOR OR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY ("DTC") FOR USE IN THIS OFFICIAL STATEMENT.

TABLE OF CONTENTS

The cover page 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 Weatherford, Texas (the "City") is a political subdivision and home-rule municipal corporation of the State, located in Parker County, Texas. The City covers approximately 24.10 square miles (see "INTRODUCTION - Description of the City").

THE CERTIFICATES .... The $13,700,000 City of Weatherford, Texas, Tax and Utility System (Limited Pledge) Revenue Certificates of Obligation, Taxable Series 2023 are being issued as serial certificates maturing on March 1 in each of the years 2024 through 2037 and as Term Certificates maturing on March 1, 2042 (see "THE CERTIFICATES - Description of the Certificates").

PAYMENT OF INTEREST .... Interest on the Certificates accrues from the date of delivery (anticipated to be March 16, 2023), and is payable commencing September 1, 2023, and each March 1 and September 1 thereafter until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates").

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

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge (not to exceed $1,000) of the Net Revenues from the operation of the City's Utility 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 Certificates having stated maturities on and after March 1, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES - Optional Redemption"). Additionally, the Term Certificates are subject to mandatory sinking fund redemption as more particularly described herein (see "THE CERTIFICATES – Mandatory Sinking Fund Redemption").

TAX EXEMPTION.......................... Interest on the Certificates is **not** excludable from gross income for federal income tax purposes under existing law. See "TAX MATTERS" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Certificates will be used for (i) acquiring land for convention center facilities, and (ii) the payment of the costs associated with the issuance of the Certificates.

RATINGS .... The Certificates and the presently outstanding tax supported debt of the City are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), without regard to credit enhancement (see "OTHER INFORMATION - Ratings").

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 City Population [(1)]	Taxable Assessed Valuation [(2)]	Per Capita Taxable Assessed Valuation	Tax Supported Debt[(3)]	Per Capita Tax Supported Debt	Ratio Tax Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections to Tax Levy
2019	30,654	$2,600,507,084	$84,834	$67,500,000	$ 2,202	2.60%	98.91%
2020	30,854	2,906,976,276	94,217	57,555,000	1,865	1.98%	99.25%
2021	33,547	3,050,121,247	90,921	69,160,000	2,062	2.27%	99.47%
2022	36,997	3,429,131,674	92,687	62,620,000	1,693	1.83%	100.13% [(4)]
2023	35,000	3,655,897,462	104,454	68,170,000 [(5)]	1,948 [(5)]	1.86% [(5)]	N/A

(1) Source: City officials.
(2) As reported by the Parker County Appraisal District on the City's annual State Property Tax Board Report; subject to change during the ensuing year.
(3) Includes self-supporting debt.
(4) Unaudited.
(5) Includes the Certificates.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2022[(1)]	2021	2020	2019	2018
Beginning Balance	$23,313,989	$17,492,740	$15,729,627	$15,431,249	$14,906,203
Total Revenue	41,263,481	38,472,924	34,243,596	31,073,209	29,186,364
Total Expenditures	40,839,486	36,993,613	36,495,178	35,479,446	33,159,127
Other Financing Sources (Uses)	1,713,683	4,341,938	4,014,695	4,704,615	4,497,809
Net Funds Available	2,137,678	5,821,249	1,763,113	298,378	525,046
Ending Balance	$25,451,667	$23,313,989	$17,492,740	$15,729,627	$15,431,249

(1) Unaudited.

For additional information regarding the City, please contact:

City of Weatherford
Brad Burnett
Assistant City Manager - CFO
303 Palo Pinto
Weatherford, Texas 76086
(817) 598-4201

or

Marti Shew
Managing Director
Hilltop Securities Inc.
717 North Harwood, Suite 3400
Dallas, Texas 75201
(214) 953-4000

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Paul Paschall Mayor	3 Years	2025	Insurance Agency Owner
Heidi Wilder Mayor Pro Tem	10 Years	2023	IRS Financial Products Specialist
Jeff Robinson Councilmember	10 Years	2023	Automobile Dealership Fixed Operations Director
Matt Ticzkus Councilmember	2 Years	2024	Regional Director of American Association of Christian Schools
Kevin Cleveland Councilmember	5 Years	2024	Commerical Construction

SELECTED ADMINISTRATIVE STAFF

Name	Length of Service	Position
James Hotopp	3 Years	City Manager
Brad Burnett	7 Years	Assistant City Manager - CFO
Dawn Brooks	2 Years	Director of Finance
Malinda Nowell	12 Years	City Secretary
Rob Allibon	1 Year	City Attorney

CONSULTANTS AND ADVISORS

Certified Public Accountants .... Pattillo, Brown & Hill, L.L.P.
Waco, Texas

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

Financial Advisor .... Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

$13,700,000
CITY OF WEATHERFORD, TEXAS
TAX AND UTILITY SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, TAXABLE SERIES 2023

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $13,700,000 City of Weatherford, Texas, Tax and Utility System (Limited Pledge) Revenue Certificates of Obligation, Taxable Series 2023 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance (defined herein) except as otherwise indicated herein.

There follows in this Official Statement descriptions 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., Dallas, Texas.

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

DESCRIPTION OF THE CITY. . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1858, adopted its Home Rule Charter in 1918 and last amended it in 2014. The City operates under a City Manager form of government and the City Council is comprised of the Mayor and four Councilmembers who are elected to the office for which he or she is a candidate by the qualified voters of the City at large. Each elected office on the City Council will be for a term of three years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and animal control services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2020 Census population for the City was 30,854, while the estimated 2023 population is 35,000. The City covers approximately 24.10 square miles.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES. . . The Certificates are dated as of the Date of Delivery, mature on March 1 in each of the years and in the amounts shown on page 2 hereof. Interest on the Certificates will accrue from the Date of Delivery of the Certificates (anticipated to be March 16, 2023), will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on March 1 and September 1 of each year, commencing September 1, 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 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" herein.

AUTHORITY FOR ISSUANCE. . . The Certificates are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended and an ordinance adopted by the City Council authorizing the issuance of the Certificates (the "Ordinance").

SECURITY AND SOURCE OF PAYMENT. . . The Certificates are payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City. Additionally, the Certificates are payable from a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's combined Utility System (the "System"), such pledge being limited to an amount not in excess of $1,000.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing 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. The Home Rule Charter of the City authorizes the constitutional maximum tax rate of $2.50 per $100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of the $1.50 of the $2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance based on a 90% collection factor.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after March 1, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. 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.

MANDATORY SINKING FUND REDEMPTION . . . The Certificates maturing on March 1, 2042 (the "Term Certificates") are subject to mandatory sinking fund redemption in the amounts and the price of par plus accrued interest to the redemption date of March 1 in the following years:

Term Certificates March 1, 2042	
Year	Amount
2038	$ 905,000
2039	960,000
2040	1,020,000
2041	1,080,000
2042 *	1,150,000

* Maturity.

The particular Term Certificates to be redeemed shall be chosen by the Paying Agent/Registrar at random by lot or other customary method of random selection; provided, however, the principal amount of the Term Certificates of the stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City by the principal amount of any Term Certificates of like stated maturity which, at least fifty (50) days prior to the 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 set forth above 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 will cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Certificate 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 of redemption so mailed will be conclusively presumed to have been duly given irrespective of whether received by the owner of the Certificate. If such notice of redemption is given and if due provision for such payment is made and all other conditions to redemption are satisfied, all as provided above and as further described in the following paragraph, the Certificates or portions thereof which are to be so redeemed thereby automatically will be treated as redeemed prior to their scheduled maturities, and they will not bear interest after the date fixed for redemption, and they will not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

With respect to any optional redemption of the Certificates, unless 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 will, at the option of the City, be conditional 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 or sufficient moneys are not received, 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.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption relating to the Certificates, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, will not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the

Beneficial Owners. Any such selection of Certificates within a maturity to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Certificates for redemption. (See "THE CERTIFICATES - Book-Entry-Only System" herein.)

DEFEASANCE. . . The Ordinance provides 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 the Paying Agent/Registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Government Securities (defined below) which have been certified by an independent accounting firm or other qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any deposited therewith, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. The City has additionally reserved the right in the Ordinance, 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 money in excess of the amount required for such defeasance. The Ordinance provides that "Government Securities" means (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, the principal of and interest on which are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, 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, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (d) any other than authorized securities or obligations under applicable State law that may be used to defease obligations such as the Certificates.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. 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 Ordinance does 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.

After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates that have been defeased to maturity for redemption or take any other action amending the terms of the Certificates that have been defeased to maturity are extinguished; provided, however, the City has the option, to be exercised at the time of the defeasance of the Certificates, to call for redemption at an earlier date those Certificates 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.

AMENDMENTS. . . The City may amend the Ordinance without the consent of or notice to any registered owner in any manner not detrimental to the interest of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding effected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without consent of the registered owners of all of the Certificates outstanding, no such amendment, addition or rescission may (1) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Certificateholders for consent to any such amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM. . . This section describes how ownership of the Certificates are to be transferred and how the principal of, premium, if any and interest on the Certificates are to be paid to and credited by the Depository Trust Company ("DTC") while the Certificates are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City and the Underwriter cannot and do 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 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). One fully-registered certificate will be issued for each maturity of the Certificates in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a "AA+" rating from Standard & Poor's. 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 DTC Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of Certificates ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect 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 transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner 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 described herein 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 affect 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 Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices, as applicable, shall be sent to DTC. If less than all of the Certificates eligible for redemption 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. (nor any other DTC nominee) will consent or vote with respect to the Certificates, unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). 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).

Redemption proceeds and principal and interest 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 date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar 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 Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect 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 or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, securities 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 Advisor or the Underwriter.

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

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar for the Certificates is U.S. Bank Trust Company, National Association, 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, trust company, financial institution 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.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued, the Certificates will be printed and delivered to the registered owners thereof, and thereafter such printed obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. 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 “Book-Entry-Only System” herein 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 called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on 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 for the interest payable on the Certificates on any interest payment date means the close of business on the fifteenth calendar day of the preceding month.

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

REPLACEMENT CERTIFICATES. . . If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and substitution for a Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the Paying Agent/Registrar a certificate to the effect that such Certificate has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

CERTIFICATEHOLDERS' REMEDIES. . . The Ordinance does not establish specific events of default with respect to the Certificates. If the City defaults in the payment of principal, interest, or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates, if there is no other available remedy at law to compel performance of the City's obligations set forth in the Certificates or Ordinance and the City's obligations are not uncertain or disputed. There is no acceleration of maturity 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 bondholders 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 June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W. 3d 325 (Tex. 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 Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on 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. In Tooke, the Court noted the enactment in 2005 of sections 271.151 through .160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services to cities.

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

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

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 or bondholders 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 opinions of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and may be limited by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

SOURCES AND USES OF CERTIFICATE PROCEEDS. . . Proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS	
Par Amount	$ 13,700,000.00
Original Issue Discount	(225,941.50)
TOTAL SOURCES	$ 13,474,058.50
USES OF FUNDS	
Deposit to Project Construction Fund	$ 13,290,000.00
Total Underwriter's Discount	73,062.75
Costs of Issuance	110,995.75
TOTAL USES	$ 13,474,058.50

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 Parker County 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 taxing unit 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 also 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 GOOD 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.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER. . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes, located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. Section 11.35 of the Property Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster and would not apply to purely economic, non-physical damage to property such as economic losses caused by the Pandemic (as defined herein).

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.

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

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 $52,978,200 for the 2022 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.

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.

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 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.

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

PROPERTY ASSESSMENT AND TAX PAYMENT. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process 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 1 of each year and the final installment due on August 1.

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

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

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment of 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, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. 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 $25,000; the disabled are also granted an exemption of $25,000.

The City has not granted an additional exemption of the market value of residence homesteads.

The City has adopted the tax freeze for citizens who are disabled or 65 years of age or older, which the City Council adopted on November 18, 2003 and became effective January 1, 2004.

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

The City does not tax non-business personal property.

The City does not permit split payments of taxes, and discounts for early payment are not allowed, although permitted on a local option basis by State law.

The City does tax freeport property and goods-in-transit.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy.

The Parker County Tax Appraisal District collects taxes for the City.

ECONOMIC DEVELOPMENT PROGRAM AGREEMENTS . . . On May 26, 2015, the City entered into an agreement with Roger Williams Automall. This agreement included a 56,000 square-foot new commercial development in addition to renovations to the existing 24,800 square-feet of commercial space. This is a two-part project – Part A being the new development and Part B being renovations to the existing facility. The total improvement costs for both parts was roughly $11.1 million. The company also agreed to become a Weatherford Electric customer and maintain at least 110 employees. In return for these improvements, the City agreed to refund 50 percent of the annual sales tax generated up to $350,000 for Part A and $100,000 for Part B.

In 2015, the City also entered into an agreement with SP Weatherford Theaters, more commonly known as Film Alley. This project collectively amounted to a $12 million facility, including business and personal property. It also created 75 new jobs. The facility is roughly 72,000 square feet. In return, the City agreed to a tiered sales and property tax abatement. This is a 10-year abatement wherein the City provides an annual payment of a portion of the sales tax generated, equal to: 100 percent in each Year 1 through 6; 90 percent in Year 7; 70 percent in Year 8; and 50 percent in Year 9. The payment will occur until Film Alley has received no more than $850,000 or the agreement expires, whichever comes first. The payment schedule is also used for property tax abatement.

In August 2016, the City entered into an Economic Development Agreement with Weatherford Town Center A&B LLC. This development is located in the Tax Increment Reinvestment Zone No. 1 and includes components that were eligible for TIRZ funding. The location is near Tin Top Rd and West I-20. The City reimbursed the developer for street design costs, transportation improvements, water lines for hydrants and fire lines, sanitary sewer, and storm drainage expenses. In return, Weatherford Town Center A&B LLC dedicated right-of-way, agreed to become a Weatherford Electric customer, and pay all City-mandated development and inspection fees. This site houses Academy Sports + Outdoors as well as Hobby Lobby, both of which received sales tax abatements. Academy receives an annual payment equal to 90 percent of the sales tax revenues generated for four years or up to $1.4 million, whichever comes first. Hobby Lobby receives an annual payment equal to 40 percent of the sales tax revenues generated for eight years or up to $400,000, whichever comes first. This agreement was completed in 2022.

The newest Economic Development Program Agreement is between Gunn Automotive and the City. This is an agreement that was signed in October 2017. This development is part of the Tax Increment Reinvestment Zone No. 1 and facilitated public improvements to this location including transportation, water lines, sanitary sewer, storm drainage, and material testing. One of the most significant enhancements gained from this agreement is the extension of Kaitlyn Drive to connect with I-20. This allows interstate access to the shops and neighborhood located west of Weatherford High School. Gunn agreed to dedicate right-of-way to the City, become a customer of Weatherford Electric and pay City permitting and inspection fees related to development.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2022/23 Market Valuation Established by Parker County Appraisal District (excludes totally exempt property)		$ 3,969,269,873
Less Exemptions/Reductions at 100% Market Value:		
Disabled Persons	$ 2,887,849	
Disabled Veterans	43,346,571	
Over 65	71,628,440	
Productivity Loss	134,703,098	
Value Lost to 10% Cap	14,841,218	
Abatements	22,396,273	
Freeport	18,871,019	
Other	4,697,943	$ 313,372,411
2022/23 Taxable Assessed Valuation		$ 3,655,897,462
Debt Payable from Ad Valorem Taxes (as of 12/1/22)		$ 62,620,000
The Certificates		13,700,000
Total General Obligation Debt		$ 76,320,000
Interest and Sinking Fund (as of 11/1/22)		$ 16,116,333
Ratio Tax Supported Debt to Taxable Assessed Valuation		1.71%

2023 Estimated Population - 35,000
Per Capita Taxable Assessed Valuation - $104,454
Per Capita Funded Debt - $1,789

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2023		2022		2021	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$2,253,897,904	56.78%	$2,131,205,904	56.19%	$1,793,550,775	53.93%
Real, Residential, Multi-Family	283,818,424	7.15%	266,316,010	7.02%	201,873,004	6.07%
Real, Vacant Lots/Tracts	43,496,084	1.10%	50,249,730	1.32%	51,027,426	1.53%
Real, Acreage (Land Only)	135,303,793	3.41%	136,774,610	3.61%	117,506,050	3.53%
Real, Farm and Ranch Improvements	90,840,067	2.29%	91,452,486	2.41%	82,729,051	2.49%
Real, Commercial	806,787,032	20.33%	808,767,096	21.32%	771,210,412	23.19%
Real, Industrial	22,033,200	0.56%	22,033,200	0.58%	21,638,890	0.65%
Real, Oil, Gas & Other Minerals	3,348,644	0.08%	1,297,850	0.03%	2,335,940	0.07%
Real and Tangible Personal, Utilities	39,515,030	1.00%	37,394,940	0.99%	34,345,890	1.03%
Tangible Personal, Commercial	174,351,050	4.39%	167,498,980	4.42%	168,490,672	5.07%
Tangible Personal, Industrial	73,434,892	1.85%	58,754,370	1.55%	61,835,260	1.86%
Tangible Personal, Mobile Homes	2,331,590	0.06%	2,386,150	0.06%	2,426,880	0.07%
Real Property, Inventory, Other	24,530,733	0.62%	6,354,293	0.17%	5,282,450	0.16%
Special Inventory	15,581,430	0.39%	12,647,040	0.33%	11,197,600	0.34%
Total Appraised Value Before Exemptions	$3,969,269,873	100.00%	$3,793,132,659	100.00%	$3,325,450,300	100.00%
Adjustment:	-		-		-	
Less: Total Exemptions	313,372,411		364,000,985		275,329,053	
Taxable Assessed Value	$3,655,897,462		$3,429,131,674		$3,050,121,247	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2020		2019	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$1,740,820,438	53.75%	$1,446,333,102	51.12%
Real, Residential, Multi-Family	192,695,317	5.95%	160,447,377	5.67%
Real, Vacant Lots/Tracts	42,030,906	1.30%	47,868,367	1.69%
Real, Acreage (Land Only)	120,530,945	3.72%	109,121,093	3.86%
Real, Farm and Ranch Improvements	85,730,633	2.65%	71,252,614	2.52%
Real, Commercial	753,169,208	23.25%	691,689,229	24.45%
Real, Industrial	41,991,230	1.30%	41,561,890	1.47%
Real, Oil, Gas & Other Minerals	3,571,640	0.11%	3,778,280	0.13%
Real and Tangible Personal, Utilities	29,138,090	0.90%	25,791,920	0.91%
Tangible Personal, Commercial	153,718,000	4.75%	191,363,430	6.76%
Tangible Personal, Industrial	58,479,900	1.81%	25,755,350	0.91%
Tangible Personal, Mobile Homes	2,407,310	0.07%	1,332,160	0.05%
Real Property, Inventory, Other	6,355,710	0.20%	4,889,294	0.17%
Special Inventory	8,215,120	0.25%	7,850,240	0.28%
Total Appraised Value Before Exemptions	$3,238,854,447	100.00%	$2,829,034,346	100.00%
Adjustment:	-		(110,190)	
Less: Total Exemptions	331,878,171		228,527,262	
Taxable Assessed Value	$2,906,976,276		$2,600,396,894	

NOTE: Valuations shown are certified taxable assessed values reported by the Parker County Appraisal District. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 30-Sep	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding At End Of Year[(3)]	G.O. Tax Debt to Taxable Assessed Valuation	General Obligation Tax Debt Per Capita
2019	30,654	$ 2,600,507,084	$ 84,834	$ 67,500,000	2.60%	$ 2,202
2020	30,854	2,906,976,276	94,217	57,555,000	1.98%	1,865
2021	33,547	3,050,121,247	90,921	69,160,000	2.27%	2,062
2022	36,997	3,429,131,674	92,687	62,620,000	1.83%	1,693
2023	35,000	3,655,897,462	104,454	68,170,000 (4)	1.86% (4)	1,948 (4)

(1) Source: City officials.
(2) As reported by the Parker County Appraisal District on the City's annual State Property Tax Reports; subject to change during the ensuing year.
(3) Includes self-supporting debt.
(4) Includes the Certificates.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 30-Sep	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy	Percent Current Collections	Percent Total Collections
2019	$ 0.4899	$ 0.3343	$ 0.1555	$ 12,250,303	98.91%	98.91%
2020	0.4879	0.3393	0.1486	13,547,575	97.70%	98.30%
2021	0.4829	0.3343	0.1486	14,028,975	99.25%	100.26%
2022	0.4581	0.3245	0.1336	14,858,050	99.43% (1)	100.13% (1)
2023	0.4563	0.3303	0.1260	16,683,469	In process of collection	

(1) Unaudited.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2022/23 Taxable Assessed Valuation	% of Taxable Assessed Valuation
Parker County Hospital	Hospital	$ 44,352,880	1.21%
The Mark at Weatherford	Apartments	36,000,000	0.98%
Tzadik Lone Oak Apartments	Apartments	31,928,160	0.87%
Weatherford Dunhill LLC	Retail	28,224,850	0.77%
Holland Lake Partners	Apartments	25,784,909	0.71%
Brown Southgate Glen LLC	Apartments	21,446,060	0.59%
Weatherford I LLC & Span LLC	Shopping Center	21,000,000	0.57%
Power Service Products	Manufacturing	16,315,956	0.45%
Lowes Home Stores	Retail	14,009,730	0.38%
Home Depot	Retail	13,506,670	0.37%
		$252,569,215	6.91%

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, see "THE CERTIFICATES - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY[(1)]

2023 Net Principal and Interest Requirements	$	8,823,490
$0.24630 Tax Rate at 98% Collection Produces	$	8,824,386
Average Annual Net Principal and Interest Requirements, 2023-2042	$	4,030,989
$0.11260 Tax Rate at 98% Collection Produces	$	4,034,210
Maximum Annual Net Principal and Interest Requirements, 2024	$	9,551,648
$0.26660 Tax Rate at 98% Collection Produces	$	9,551,690

(1) Excludes self-supporting debt. Includes the Certificates.

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	2022/23 Taxable Assessed Value	2022/23 Tax Rate	Total Tax Debt	Estimated % Applicable	City's Overlapping Tax Debt 12/1/2022	Authorized But Unissued Debt as of 12/1/2022
City of Weatherford	$3,655,897,462	$0.45634	$76,320,000 (1)	100.00%	$ 76,320,000 (1)	$ -
Parker County	19,975,593,535	0.24955	139,259,412	19.06%	26,542,844	-
Parker County Junior College District	19,914,879,443	0.12248	1,570,000	19.06%	299,242	-
Aledo ISD	4,929,190,066	1.36790	270,192,278	0.81%	2,188,557	-
Peaster ISD	681,348,749	1.35460	45,097,306	2.44%	1,100,374	3,500,000
Weatherford ISD	6,572,234,731	1.22190	96,784,623	51.57%	49,911,830	-
Total Direct and Overlapping Tax Debt					$156,362,848	
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation					4.28%	
Per Capita Direct and Overlapping Tax Debt					$ 4,467.51	

(1) Excludes self-supporting debt. Includes the Certificates.

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DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year End	Outstanding Debt Service [1]			The Certificates[2]			Less Self Supporting Debt Service[3]	Total Debt Service	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total			
2023	$ 8,150,000	$ 1,767,898	$ 9,917,898	$ -	$ 351,510	$ 351,510	$ (1,445,918)	$ 8,823,490	
2024	7,805,000	1,506,220	9,311,220	430,000	756,181	1,186,181	(945,754)	9,551,648	
2025	7,345,000	1,239,109	8,584,109	450,000	734,181	1,184,181	(945,709)	8,822,582	
2026	8,205,000	955,239	9,160,239	475,000	711,056	1,186,056	(949,645)	9,396,651	
2027	4,075,000	733,575	4,808,575	500,000	686,681	1,186,681	(947,711)	5,047,545	49.05%
2028	3,930,000	594,054	4,524,054	525,000	661,056	1,186,056	(944,916)	4,765,194	
2029	2,110,000	492,229	2,602,229	550,000	633,494	1,183,494	(946,304)	2,839,419	
2030	2,185,000	423,701	2,608,701	580,000	603,831	1,183,831	(946,776)	2,845,756	
2031	2,240,000	361,882	2,601,882	610,000	572,213	1,182,213	(946,557)	2,837,538	
2032	2,295,000	312,215	2,607,215	645,000	538,484	1,183,484	(950,440)	2,840,259	69.58%
2033	2,330,000	268,271	2,598,271	680,000	502,450	1,182,450	(943,409)	2,837,313	
2034	2,085,000	228,195	2,313,195	720,000	463,950	1,183,950	(945,511)	2,551,634	
2035	1,895,000	191,267	2,086,267	760,000	423,250	1,183,250	(946,564)	2,322,953	
2036	1,940,000	154,305	2,094,305	805,000	379,206	1,184,206	(951,736)	2,326,775	
2037	1,340,000	113,988	1,453,988	855,000	331,481	1,186,481	(310,838)	2,329,631	87.15%
2038	1,370,000	82,388	1,452,388	905,000	279,750	1,184,750	(310,338)	2,326,800	
2039	1,085,000	55,550	1,140,550	960,000	223,800	1,183,800	-	2,324,350	
2040	1,105,000	33,650	1,138,650	1,020,000	164,400	1,184,400	-	2,323,050	
2041	1,130,000	11,300	1,141,300	1,080,000	101,400	1,181,400	-	2,322,700	
2042	-	-	-	1,150,000	34,500	1,184,500	-	1,184,500	100.00%
Totals	$62,620,000	$ 9,525,035	$72,145,035	$13,700,000	$ 9,152,876	$22,852,876	$ (14,378,123)	$80,619,788	

(1) "Outstanding Debt" does not include lease/purchase obligations, includes self-supporting debt.
(2) Average life of the Certificates: 11.584 years.
(3) The City's current policy provides for a portion of the current outstanding debt to be paid from Utility System revenues; this policy is subject to change in the future. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligations the City will be required to levy an ad valorem tax to pay such debt service.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION(1)

Net Principal and Interest Requirements, 9/30/23		$ 8,823,490
Budgeted I&S Fund Tax Levy	$ 4,178,284	
Delinquent Taxes & Penalties	41,240	
Interest Income	55,000	
Interest and Sinking Fund Balance, 9/30/22(2)	15,692,221	
Total Available Funds		19,966,745
Estimated Fund Balance, 9/30/23		$ 11,143,255

____

(1) Includes the Certificates.
(2) Unaudited.

TABLE 10 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City has no authorized but unissued general obligation bonds.

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

TABLE 11 – OTHER OBLIGATIONS

Capital Lease Obligation

The City's direct borrowings (capital leases) related to governmental and business-type activities are secured with equipment as collateral. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021 were as follows:

FYE 30-Sep	Governmental Activities	FYE 30-Sep	Business-type Activities
2022	$ 243,999	2022	$ 45,731
2023	197,476	2023	45,731
2024	81,476	2024	45,731
2025	81,476	2025	45,731
2026	81,476	2026	45,731
2027	81,476	2027-2028	45,730
Minimum Lease Payments	$ 767,379	Minimum Lease Payments	$ 274,385
Less Amount Representing Interest	(55,036)	Less Amount Representing Interest	(23,167)
Present Value of Minimum Lease Payments	$ 712,343	Present Value of Minimum Lease Payments	$ 251,218

PENSION FUND

Plan Description – The City participates as one of 890 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (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 (the 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's 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 Provide – 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.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2000, the City granted an annually repeating (automatic basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases on plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2014, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity Increase (to retirees)	50% of CPI Repeating

Employees Covered by Benefit Terms

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	245
Inactive employees entitled to but not yet receiving benefits	197
Active employees	361
Total	803

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 were required to contribute 6% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 13.51% and 13.88% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were $3,217,667, and were equal to the required contributions.

Net Pension Asset/Liability

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

Actuarial Assumptions

Inflation	2.5% per year
Overall payroll growth	2.75% per years
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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.

The 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 postretirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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, GRS 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 arithmetic 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%
None-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%

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 Net Pension Asset (Liability)

	Increase (Decrease) Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2019	$ 129,971,922	$119,810,471	$10,161,451
Changes for the year:			
Service Cost	3,886,319	-	3,886,319
Interest	8,702,274	-	8,702,274
Differences between expected and actual experience	(323,723)	-	(323,723)
Changes of assumptions	-		-
Contributions - employer	-	3,109,625	(3,109,625)
Contributions - employee	-	1,628,022	(1,628,022)
Net investment income	-	9,096,182	(9,096,182)
Benefits payments, including refunds of employee contributions	(5,984,996)	(5,984,996)	-
Administrative expenses	-	(58,847)	58,847
Other change	-	(2,296)	2,296
Net changes	6,279,874	7,787,690	(1,507,816)
Balance at 12/31/2020	$ 136,251,796	$127,598,161	$ 8,653,635

The City's net pension liability is generally liquated by the General Fund and Proprietary Funds.

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability 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	$28,217,338	$ 8,653,635	$ (7,394,377)

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, Deferred Outflows, and Deferred Inflows Related to Pensions

For the year ended September 30, 2021, the City recognized pension expense of $1,612,304. At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 102,519	$ 476,318
Changes in actual assumptions	170,902	-
Difference between projected and actual investment earnings	-	3,395,734
Contributions subsequent to the measurement date	2,325,198	-
Total	$ 2,598,619	$ 3,872,052

$2,325,198 reported as deferred outflows of resources related to pension 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 expenses as follows:

Year Ended	
2022	$ (1,366,525)
2023	22,193
2024	(2,006,655)
2025	(247,644)

SUPPLEMENTAL DEATH BENEFITS FUND

Plan Description

The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	188
Inactive employees entitled to but not yet receiving benefits	47
Active employees	361
Total	596

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.17% for 2021 and 0.17% for 2020, of which 0.04% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2021 were $46,205 representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OBEB Liability

The City's total OPEB liability of $1,489,855 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.5% per annum
Actuarial cost method	Entry age normal
discount rate	2.00%
Projected salary increases	3.5% to 11.5% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

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 for Texas mortality tables. The rates for actives, health 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 are 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 re will be applied for reflect the impairment for younger members who become disabled for males and females. The rates are projected on fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.00% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Discount Rate Sensitivity Analysis – The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.00%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	$ 1,816,082	$ 1,489,854	$ 1,236,225

Changes in the Total OBEB Liability

	Total Pension Liability
Balance at 12/31/2019	$ 1,247,690
Changes for the year:	
Service Cost	46,515
Interest	34,823
Difference between expected and actual experience	(25,869)
Changes of assumptions	195,999
Benefits payments	(9,304)
Net changes	242,164
Balance at 12/31/2020	$ 1,489,854

Changes of assumptions or other inputs reflect a change in the discount rate from 2.75% to 2.00%.

The City's total OPEB liability is generally liquated by the General Fund and Proprietary Funds.

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 $124,238. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 327,760	$ 39,361
Difference between expected and actual experience	28,160	87,709
Contributions subsequent to the measurement date	6,761	-
Totals	$ 362,681	$ 127,070

$6,761 reported a deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2022	$ 52,556
2023	52,556
2024	44,293
2025	41,534
2026	31,107
Thereafter	6,804

RETIREE HEALTH PLAN

Plan Description. The City offers its retired employees health insurance benefits through a single- employer defined benefit OPEB plan, under City policy. This plan is administered by the City and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits and Contributions. After October 2000, the City began paying for 100 percent of the premiums of health, dental, and vision care for employees who retire from fulltime service with the City. On March 1, 2007, the City changed this policy to only pay the medical premiums for those retirees who attain age 55 with 20 years of continuous service before retirement and meet the requirements under TMRS. On September 23, 2008, eligibility was further limited to those employees that were hired regular, fulltime before October 1, 2008.

Therefore, under the existing plan, the City will pay 100% medical, dental, and vision premiums for those retirees who were hired regular fulltime before October 1, 2008, retire after October 1, 2008, and meet the following qualifications:

1. Employed by the City of Weatherford in a fulltime status for a period of at least 20 years continuously prior to retirement;

2. Meet eligibility requirements under TMRS; and

3. Attain minimum age 55 at retirement date.

The City of Weatherford will not pay any portion of medical premiums for retirees hired after October 1, 2008.

Retirement under TMRS is attainment of 20 years of service, any age or five years of service and age 60. Only fulltime employees who attain age 55 with 20 years of continuous service with the City are eligible for health benefits. Employees retiring early under retirement conditions or who terminate employment are not eligible for retiree health benefits. Survivors of employees who die while actively employed are not eligible for retiree health care benefits. Employees who retire under a disability retirement must meet the eligibility requirements stated above to be eligible for health care benefits. Spouses and the dependents of retired employees are eligible to continue health care, dental and vision benefits, or Medicare Supplement with payment of 100% of premiums, until death of retiree. Upon death of retiree, all benefits cease. Retirees are required to enroll in Medicare Supplement policy for retiree. Retirees who decide to opt-out of the health care plan are not eligible to opt back.

Retirees are responsible for payment of premiums for any dependent coverage, and the City pays the retirees premiums. The City's contributions to the OPEB for the year ended September 30, 2021, were $359,670, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	58
Active employees	355
Total	413

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Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Inflation Rate	2%
Salary Increases	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). The standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projects on a fully generational basis using the ultimate mortality improvement rates in teh MP tables to account for future mortability improvements.
Health care cost trend rates	For Pre-65, initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years. For post-65, initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years.
Participation rates	It was assumed that 90% of retirees who are eligible for the City subsidy and 3% of those who are not eligible for the City subsidy would choose to receive health care benefits through the City.
Discount rate	The discount rate changed from 2.75% as of December 31, 2018 to 2.00% as of December 31, 2019.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 2.00% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax- exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Changes in the Total OPEB Liability

The City's total OPEB liability of $18,057,308 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020.

	Total OPEB Liability
Balance at 12/31/2019	$ 19,914,123
Changes for the year:	
Service Cost	524,510
Interest on the total liability	549,365
Changes of benefit terms	(2,284,361)
Difference between expeted and actual experience	(2,253,468)
Changes of assumptions and other inputs	2,006,042
Benefits payments	(398,903)
Net changes	(1,856,815)
Balance at 12/31/2020	$ 18,057,308

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% to 2.00%, and updates to the health care trend assumption. Change of benefit terms reflect changes made by the City to remove spouses from the plan once the member turns 65 and updating the explicit subsidy to the maximum of $600 that the City pays.

The City's total OPEB liability is generally liquated by the General Fund and Proprietary Funds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.00%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (3.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (1.00%)
City's total OPEB Liability	$ 21,315,490	$ 18,057,308	$ 15,452,183

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's total OPEB Liability	$ 15,211,108	$ 18,057,308	$ 21,778,693

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of $1,158,660. At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,001	$ 4,124,911
Changes in actuarial assumptions	4,404,726	-
Contributions subsequent to the measurement date	295,713	-
Totals	$ 4,725,440	$ 4,124,911

$295,713 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2022	$ 51,826
2023	51,826
2024	51,826
2025	51,826
2026	51,826
Thereafter	45,686

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FINANCIAL INFORMATION

TABLE 12 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2022[1]	2021	2020	2019	2018
Revenues:					
Program Revenues:					
Charges for Service	$ 9,692,634	$ 8,426,736	$ 8,310,614	$ 7,572,499	$ 6,714,874
Operating Grants and Contributions	5,934,282	680,452	1,687,189	1,001,330	977,088
Capital Grants and Contributions	3,141,152	3,586,278	3,458,928	2,186,053	1,814,700
General Revenues:					
Sales Taxes	20,844,887	18,323,484	15,633,518	14,571,947	13,634,260
Property Taxes	15,008,227	14,060,034	13,500,599	12,309,376	11,631,462
Other Taxes	2,254,503	1,973,744	1,727,713	1,990,749	1,712,698
Other	2,580,106	484,801	929,940	1,137,974	849,895
Total Revenues	$ 59,455,791	$ 47,535,529	$ 45,248,501	$ 40,769,928	$ 37,334,977
Expenditures:					
General Government	$ 9,590,005	$ 9,565,026	$ 10,495,694	$ 10,158,163	$ 8,106,437
Public Safety	18,351,248	16,518,377	17,682,950	16,763,699	15,398,565
Public Works	9,747,788	9,458,559	8,791,350	7,977,141	8,111,287
Culture and Recreation	6,653,041	1,317,122	2,283,446	5,486,853	5,286,663
Health and Welfare	1,518,001	6,435,632	6,291,294	1,951,690	1,638,085
Interest on Long-Term Debt	1,534,797	1,135,458	2,021,546	1,764,618	2,015,638
Total Expenses	$ 47,394,880	$ 44,430,174	$ 47,566,280	$ 44,102,164	$ 40,556,675
Transfers and Special Items	$ 12,060,911	$ 3,105,355	$ (2,317,779)	$ (3,332,236)	$ (3,221,698)
Transfers	$ 5,952,532	$ 5,711,770	$ 6,878,925	$ 9,049,802	$ 6,466,096
Special Items					
Increase (Decrease) in Net Assets	18,013,443	8,817,125	4,561,146	5,717,566	3,244,398
Beginning Net Assets	92,358,385	83,541,260	78,980,114	73,262,548	70,018,150 [2]
Ending Net Assets	$ 110,371,828	$ 92,358,385	$ 83,541,260	$ 78,980,114	$ 73,262,548

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(1) Unaudited.
(2) Restated.

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TABLE 12A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
REVENUES	2022[(1)]	2021	2020	2019	2018
Taxes	$32,045,106	$28,685,765	$25,598,887	$23,732,734	$22,414,121
Licenses and Permits	1,623,484	1,649,032	1,086,504	740,640	909,230
Intergovernmental	1,498,831	2,639,950	1,639,205	1,115,225	1,217,287
Charges for Services	5,735,771	4,953,610	5,123,391	4,550,374	3,767,349
Fines and Forfeits	346,510	235,381	292,938	417,471	451,181
Investment Earnings	(46,408)	5,823	334,636	394,631	220,724
Miscellaneous	54,565	131,399	129,815	90,017	187,455
Contributions	5,622	171,964	38,220	32,117	19,017
	$41,263,481	$38,472,924	$34,243,596	$31,073,209	$29,186,364
EXPENDITURES					
Current:					
General Government	$ 9,914,509	$ 9,763,043	$ 9,033,144	$ 9,689,517	$ 8,504,547
Public Safety	18,824,948	16,859,973	16,551,943	15,179,467	15,056,086
Public Works	5,364,072	4,972,245	4,652,837	4,219,079	4,583,115
Community/Planning & Development	-	-	-	-	-
Health and Welfare	1,510,652	1,321,268	2,084,826	1,615,864	1,583,140
Capital Outlay	1,201,413	3,442,115	655,439	1,313,227	-
Cultural and Recreational	3,979,601	588,447	3,474,165	3,340,292	3,432,239
Debt Service:					
Principal, Interest & Other	44,291	46,522	42,824	122,000	-
	$40,839,486	$36,993,613	$36,495,178	$35,479,446	$33,159,127
Excess (Deficiency) of Revenues Over Expenditures	$ 423,995	$ 1,479,311	$ (2,251,582)	$ (4,406,237)	$ (3,972,763)
Other Financing Sources & (Uses)	1,713,683	4,341,938	4,014,695	4,704,615	4,497,809
Fund Balances, Beginning of Year	23,313,989	17,492,740	15,729,627	15,431,249	14,906,203
Fund Balances, End of Year	$25,451,667	$23,313,989	$17,492,740	$15,729,627	$15,431,249

____

(1) Unaudited.

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TABLE 13 - 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 of which 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 of the State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. Additionally, the voters of the City approved the imposition of an additional one-half of one percent (½ of 1%) for property tax reduction.

Fiscal Year Ended 9/30	Total [1] [3] Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2018	$ 13,634,260	118.07%	$ 0.5565	$ 454.95
2019	14,571,947	118.95%	0.5604	475.37
2020	15,161,932	111.92%	0.5216	491.41
2021	18,143,987	129.33%	0.5949	540.85
2022	18,767,461 [2]	126.31%	0.5473	507.27

(1) Includes ½% Sales Tax for reduction of property tax.
(2) Unaudited.
(3) City sales on electric utilities system retained by the City and not reported to the state controller.

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, except for unmatured interest on general long-term debt.

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

Fund Balances . . . It is the City's policy that the General Fund Undesignated Fund Balance should be maintained at 90 days. The City's policy regarding fund balances and retained earnings of other operating funds is that they be positive and be maintained in enterprise operating funds at an amount to ensure that sufficient reserves are available for emergencies and revenue shortfalls. In the Municipal Utility Fund and the Solid Waste Enterprise Fund, an operating reserve will be established and maintained at 90 days of the current year's budget established for operations and maintenance (total budget less debt service and capital project expenditures). Special revenue funds such as Hotel/Motel Tax Fund, Chandor Gardens Fund, Public Library Special Revenue Fund, Municipal Court Technology Fund and Municipal Court Building Security Fund should maintain positive fund balances and each respective Board or Council should approve the amount to be retained each year. The City maintains its various debt service funds in accordance with the covenants of the bond ordinances.

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 and shall be used only when capital assets cannot be financed from current revenues or when the useful life of the asset or project exceeds the payout schedule of any debt.

Budgetary Procedures . . . The City Code establishes the fiscal year as the twelve-month period beginning each October 1. Each year between May and July, the City Manager, analyzes and then after review, submits a budget of estimated revenues and expenditures 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 and local statutes. The City Council will adopt a budget prior to September 30. If the Council fails to adopt a budget, the amounts appropriated for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month to month basis with all items in it pro-rated accordingly until such time as the Council adopts a budget for the ensuing fiscal year.

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. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law, including particularly Texas Government Code, as amended, Chapter 2256 (the "PFIA"), 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; 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 securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (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 State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments 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." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 14 - CURRENT INVESTMENTS

As of September 30, 2022, the City's investable general funds were invested in the following categories:

	Market Value	Book Value	% of Portfolio
Local Government Investment Pools	$ 67,270,645	$ 67,270,645	51.55%
U.S. Government Agency Securities	18,084,842	19,067,234	13.86%
Certificates of Deposit	27,684,351	27,684,351	21.22%
Bank Account (Interest Bearing)	17,452,443	17,452,443	13.37%
Total	$ 130,492,281	$ 131,474,673	100.00%

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TAX MATTERS

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Certificates. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Certificates in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the Certificates). The summary is therefore limited to certain issues relating to initial investors who will hold the Certificates as "capital assets" within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and acquire such Certificates for investment and not as a dealer or for resale. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE CERTIFICATES.

PAYMENTS OF STATED INTEREST ON THE OBLIGATIONS . . . The stated interest paid on the Certificates will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

ORIGINAL ISSUE DISCOUNT . . .If a substantial amount of the Certificates of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their stated redemption price at maturity by more than one quarter of one percent times the number of complete years to maturity, the Certificates of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the stated redemption price at maturity of such Certificates over its Issue Price, and the amount of the original issue discount on the Certificates will be amortized over the life of the Certificates using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Certificates, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Certificates that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Certificates each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the Certificates will increase the adjusted tax basis of the Certificates in the hands of such beneficial owner.

PREMIUM . . .If a beneficial owner purchases a Certificate for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Certificate with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Certificate and may offset interest otherwise required to be included in respect of the Certificate during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Certificate held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Certificate. However, if the Certificate may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Certificate. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

MEDICARE CONTRIBUTION TAX . . .Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Holders of the Certificates should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the Certificates as well as gain on the sale of a Certificate.

DISPOSITION OF CERTIFICATES AND MARKET DISCOUNT . . .A beneficial owner of Certificates will generally recognize gain or loss on the redemption, sale or exchange of a Certificate equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner's adjusted tax basis in the Certificates. Generally, the beneficial owner's adjusted tax basis in the Certificates will be the beneficial owner's initial cost, increased by the original issue discount previously included in the beneficial owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner's holding period for the Certificates.

Under current law, a purchaser of a Certificate who did not purchase the Certificates in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the Certificates, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount." Market discount is the amount by which the price paid for the Certificates by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Certificates. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Certificates with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Certificates could have a material effect on the market value of the Certificates.

LEGAL DEFEASANCE . . .If the City elects to defease the Certificates by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Certificates (a "legal defeasance"), under current tax law, a beneficial owner of Certificates may be deemed to have sold or exchanged its Certificates. In the event of such a legal defeasance, a beneficial owner of Certificates generally would recognize gain or loss in the manner described above. Ownership of the Certificates after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Certificates.

BACKUP WITHHOLDING . . .Under section 3406 of the Code, a beneficial owner of the Certificates who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Certificates. This withholding applies if such beneficial owner of Certificates: (i) fails to furnish to payor such beneficial owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Certificates. Beneficial owners of the Certificates should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

WITHHOLDING ON PAYMENTS TO NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS . . .Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the Certificates is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Certificates is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest on the Certificates pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Certificates are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

FOREIGN ACCOUNT TAX COMPLIANCE ACT . . . Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Certificates and sales proceeds of Certificates held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

REPORTING OF INTEREST PAYMENTS . . .Subject to certain exceptions, interest payments made to beneficial owners with respect to the Certificates will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Certificate for U.S. federal income tax purposes.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS. . . The City will provide certain updated financial information and operating data to the MSRB annually. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in and after 2022, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 6 and 8 through 14 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in and after 2022, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become 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 the SEC Rule 15c2-12.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information in the numbered tables above by March 31 in each year and audited financial statements (or unaudited financial statements if audited financial statements are not yet available) by September 30, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

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; (14) appointment of a successor or additional trustee or paying agent/registrar or the change of name of a trustee or paying agent/registrar, if material; (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, 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 clause (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. The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. Additionally, the City intends the words used in clauses (15) and (16) of the preceding paragraph to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885.

AVAILABILITY OF INFORMATION. . . In connection with its continuing disclosure agreement entered into with respect to the Certificates, the City will file all required information and documentation with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS. . . The City has agreed to update information and to provide notices of certain specified 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 respective 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 has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Certificates and the presently outstanding tax supported debt of the City are rated "AA" by S&P, without regard to credit enhancement. 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 rating, or either of them, may have an adverse effect on the market price of the Certificates.

LITIGATION

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

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 and 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. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, 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.

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

LEGAL MATTERS

The City will furnish 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 the Certificates are valid and legally binding obligations of the City, except to the extent that enforcement of the rights and remedies of the registered owners of the Certificates may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. Though it may represent the Financial Advisor and the Underwriter 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 connection with the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions, "THE CERTIFICATES" (exclusive of the subcaptions "Tax Rate Limitation" "Book-Entry-Only System," "Certificateholders' Remedies" and "Sources and Uses of Certificate Proceeds"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Certificates for Sale," "Legal Matters" (exclusive of the last two sentences of the first paragraph thereof) and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" in the Official Statement and such firm is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and such information conforms to the Ordinance. The legal fees to be paid to 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 opinions will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Cantu Harden Montoya LLP, Dallas, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgments of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the 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.

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. Hilltop Securities Inc. will not submit a bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. Hilltop Securities Inc. in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and 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.

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" or the "Pandemic") 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 the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

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 is 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.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Certificates from the City, at an underwriting discount of $73,062.75. The Underwriter will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 authorizing the issuance of the Certificates 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 Underwriter.

PAUL PASCHALL
Mayor
City of Weatherford, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

GENERAL INFORMATION AND POPULATION . . . The City of Weatherford, the county seat of Parker County, is located in the heart of North Central Texas at the western boundary of the Dallas-Fort Worth Metroplex, 26 miles from Fort Worth. The City's 2020 Census population was 30,854, a 18% increase over the 2010 Census population of 25,250. The City estimates its 2023 population at 35,000, a 13% growth since the 2020 Census.

The City is dissected by two major traffic arteries, U.S. Highway 80 and 180, running east and west, and State Highways 51 and 171, (N. and S. Main St.) running north and south. In addition, US Interstate 20 borders the southern edge of the City, providing another important east-west link in the traffic network, and is a significant retail/commercial & residential growth corridor.

ECONOMY AND INDUSTRY . . . Parker County's economy has historically been based on agriculture and manufacturing, but is now well balanced between manufacturing, commercial, retail, services and government sectors. Since 2005 the City has emerged as a regional retail shopping destination with over 850,000 sq. ft. of new retail shopping centers constructed on over 100 acres, at IH 20 and S. Main with a retail demand of $620 to $800 million. The equine industry is a historically based, but now a leading business sector of major proportions in Parker County, of $40 million annual output and impact. Average yearly agriculture income is approximately $67 million, 52% of which is derived from beef cattle and horses. Major agricultural products include peaches, watermelons, peanuts, vegetables and pecans.

The City and its immediate vicinity is the home of many diversified businesses. These include manufacturers of silicon rubber products, chemical milling, aircraft parts, plastic pipe, oil tools, livestock nutritional supplement feed manufacturing and diesel fuel additives. Natural gas drilling, production and service industries in the Barnett Shale of North Texas is a significant new business sector in the county. Several of the major industries are located in one of two of the City's industrial parks, while others are located in various parts of the City.

MEDICAL SERVICES . . . The City's medical community includes a number of general practitioners as well as specialists in cardiology, obstetrics, ophthalmology, orthopedics, anesthesiology, family practice, surgery and others. Weatherford Regional Medical Center, a 99-bed medical facility, offers a fully equipped emergency staff with trauma rooms and life-care monitoring. Both inpatient and outpatient services are available. The Surgery Center at Park City Medical complex is a five-bed outpatient surgery center that opened in November 2006.

TRANSPORTATION . . . The City is served by numerous motor freight lines offering daily pickup and delivery services. Rail and air transportation also speeds delivery to sites around the country. The Union Pacific Railroad provides daily freight service from Fort Worth, and commercial air service to all United States and international destinations is available through the Dallas-Fort Worth International Airport located just 44 miles away and Dallas Love Field, just 60 miles away. Meacham Field in Fort Worth also offer general aviation services to residents of the City. Greyhound Trailways Bus Lines offers scheduled passenger and freight transportation to cities all over the nation, and locally, a recently implemented countywide public transportation project and a local taxi company serve the local transportation needs of the community.

EDUCATION . . . The Weatherford public schools are recognized in the surrounding areas for their excellence, as a TEA "Recognized" school district and in 2009 the WISD School Board was the TASB "State School Board of the Year". The Weatherford Independent School District is comprised of seven elementary schools, grades K – 6th; two middle schools, grades 7th – 8th, one 9th grade school and one high school, grades 10th – 12th.

Weatherford College, a community college with 6,000 to 7,000 local students, is located on 90 acres of rolling hillside and offers a full range of programs leading to associate degrees in liberal arts and applied science, as well as one-year certificate programs in vocational nursing, para medicine and cosmetology. The College was founded in 1868 and is approved by the Texas Colleges and Universities System and accredited by the Southern Association of Colleges and Secondary Schools. Other colleges located within an hour's drive of Weatherford include Texas Christian University in Fort Worth, Tarleton State University in Stephenville, The University of North Texas at Denton, Southern Methodist University in Dallas and the University of Texas at Arlington.

FINANCIAL INSTITUTIONS . . . Currently there are ten banks and two credit unions located in the City.

RECREATION . . . Outdoor activities take precedence in North Texas with its favorable climate, and Lake Weatherford with its 19 miles of scenic shorelines and public parks provides recreational facilities. Around the lake is The Boardwalk, home to the country's longest floating boardwalk, at just under 1 mile. Possum Kingdom Lake and Mineral Wells State Park provide hunting, fishing and camping facilities for a large area of North Texas, and are located within an hour drive of Weatherford. Also available are ten City parks containing 300 acres with a swimming pool, picnic areas, playgrounds, splash pads, nature trails, lighted tennis courts and botanic gardens.

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APPENDIX B

EXCERPTS FROM THE

CITY OF WEATHERFORD, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2021

The information contained in this Appendix consists of excerpts from the City of Weatherford, Texas Annual 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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PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of City Council
City of Weatherford, 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 Weatherford, 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 auditors' 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.

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, budgetary comparison information, and pension and OPEB information 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 4, 2022

MANAGEMENT'S
DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of the City of Weatherford, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Weatherford for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

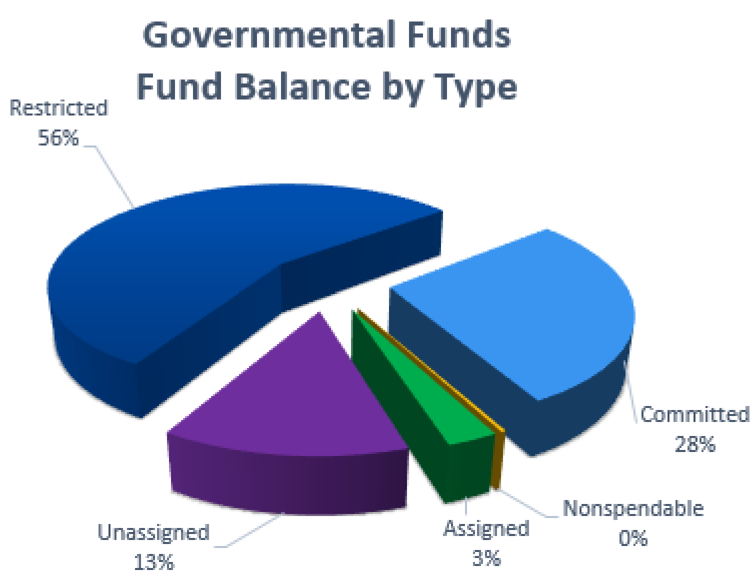
Financial Highlights

- The assets and deferred outflows (a consumption of net assets by the City that is applicable to a future reporting period such as prepaid items and deferred charges) of resources of the City of Weatherford exceeded its liabilities and deferred inflows (an acquisition of net assets by the City that is applicable to a future reporting period such as deferred revenues and advance collections) at the close of the most recent fiscal year by $288,274,274 (net position). Of this amount, $58,659,194 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's change in total net position was an increase by $9,822,120. Net position related to business type activities increased by $1,004,995 primarily due to increased costs related the February 2021 winter storm coupled with increased revenues related to consumption in all four utilities: electric, water, wastewater, and solid waste services. Net position related to governmental activities increased by $8,817,125 primarily due to better than anticipated revenue from property tax and sales tax as well as the receipt of several grants from federal and state governments.

- As of the close of the current fiscal year, the City of Weatherford's governmental funds reported combined ending fund balances of $52,703,331, an increase of $21,076,369 in comparison with the prior year. The significant increase is due to the issuance of $18,220,000 in bonds to fund the construction of a new public safety building which was only partially expended at fiscal year-end. In addition to the issuance of the bonds, governmental revenues experienced an increase in comparison to the prior year as well, primarily property tax and sales tax, increased $3,249,401 from the prior year.

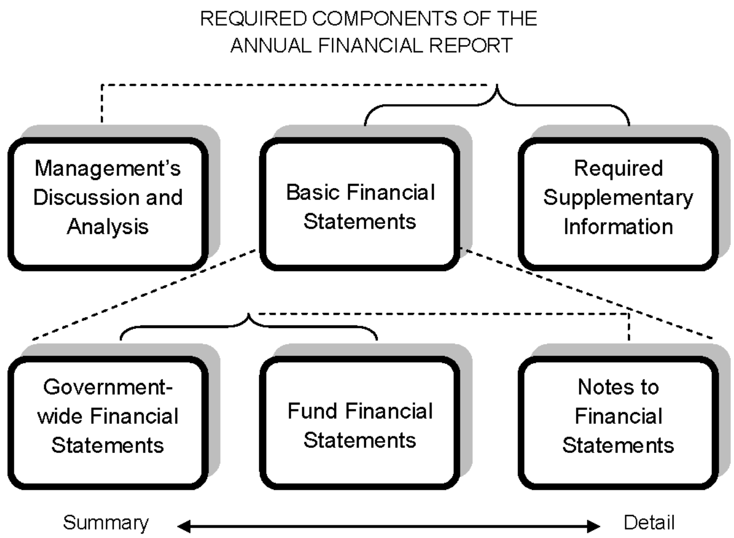
- Approximately 13% of the total balance, $6,901,609, is unassigned, which is made in the general fund. This is approximately 15.5% of total governmental expenditures.



- The City of Weatherford's total debt increased by ($9,026,672) (11%) during the current fiscal year. This increase is primarily attributed to the issuance of $18,220,000 in bonds, Certificates of Obligation, 2021 Series and offset by principal payments of $9.2 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Weatherford's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Weatherford's finances, in a manner similar to private-sector business. The statement of net position presents information on all of the City's assets, deferred outflows (inflows) of resources, and liabilities, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, planning and development, community development, culture and recreation, and health and welfare. The business-type activities of the City include sanitation, storm water and the water, wastewater, and electric utility system (Weatherford Utilities). All governmental and business-type activities included in the government-wide financial statements are functions of the City (known as the primary government).

The government-wide financial statements can be found on pages 13 - 16 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Weatherford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by state and local governments can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Weatherford maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, the tax increment reinvestment zone, and the general capital projects fund which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided in this report to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 - 22 of this report.

Proprietary Funds. Proprietary funds can be further classified into two different types of funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Weatherford uses enterprise funds to account for its combined electric, water and wastewater operations, also for its solid waste collection and storm water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among a government's various functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each one of the enterprise funds. The basic proprietary fund financial statements can be found on pages 23 - 32 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Weatherford's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Weatherford does not hold any resources for the benefit of parties outside the City government and accordingly neither accounts nor reports for any fiduciary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 67 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Weatherford's General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance with a comparative display of budget to actual. This required supplementary information can be found on pages 68 - 72 of this report. Required supplementary information of pension and other post-employment benefit are included on pages 73 - 80.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Weatherford, assets and deferred outflows exceeded liabilities and deferred inflows by $288,274,274 at the close of the most recent fiscal year.

City of Weatherford's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 77,714,288	$ 58,817,621	$ 78,985,945	$ 91,585,832	$ 156,700,233	$ 150,403,453
Capital assets	109,989,817	103,485,983	173,424,330	163,438,707	283,414,147	266,924,690
Total assets	187,704,105	162,303,604	252,410,275	255,024,539	440,114,380	417,328,143
Deferred outflows of resources	5,632,024	4,743,997	2,682,844	2,300,819	8,314,868	7,044,816
Long-term liabilities	85,923,292	75,425,804	49,115,409	54,020,384	135,038,701	129,446,188
Other liabilities	9,081,121	3,184,887	7,911,119	6,693,494	16,992,240	9,878,381
Total liabilities	95,004,413	78,610,691	57,026,528	60,713,878	152,030,941	139,324,569
Deferred inflows of resources	5,973,331	4,895,650	2,150,702	1,700,586	8,124,033	6,596,236
Net position:						
Net investment in capital assets	68,430,458	80,592,434	129,752,852	118,559,092	198,183,310	199,151,526
Restricted	19,349,450	6,815,276	12,082,320	14,791,041	31,431,770	21,606,317
Unrestricted	4,578,477	(3,866,450)	54,080,717	61,560,761	58,659,194	57,694,311
Total net position	$ 92,358,385	$ 83,541,260	$ 195,915,889	$ 194,910,894	$ 288,274,274	$ 278,452,154

By far the largest portion of the City of Weatherford's net position (68.7%) reflects its investment in capital assets (land, building, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Weatherford's net position (10.9%) represents resources that are subject to external restrictions on how they may be used. All restricted assets of the City relating to both governmental activities and business-type activities are being held for purposes established by state and local laws, future construction, and debt service/reserve requirements on the City's outstanding debt. The remaining $58,659,194 (20.4%) balance of net position is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

The City's change in total net position was an increase of $9,822,120. Net position related to business-type activities changed by $1,004,995. Net position related to governmental activities increased by $8,817,125 primarily due to better than anticipated revenue from property tax ($0.6 million) and sale tax ($2.7 million) and unspent bond proceeds of approximately ($10.0M). Net position related to business-type activities primarily due to increased electric sales and solid waste services provided.

City of Weatherford's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 8,426,736	$ 8,310,614	$ 70,692,199	$ 66,521,835	$ 79,118,935	$ 74,832,449
Operating grants and contributions	680,452	1,687,189	295,270	114,058	975,722	1,801,247
Capital grants and contributions	3,586,278	3,458,928	4,890,302	5,511,563	8,476,580	8,970,491
General revenues:						
Sales taxes	18,323,484	15,633,518	-	-	18,323,484	15,633,518
Property taxes	14,060,034	13,500,599	-	-	14,060,034	13,500,599
Other taxes	1,973,744	1,727,713	-	-	1,973,744	1,727,713
Other	484,801	929,940	1,123,744	2,017,484	1,608,545	2,947,424
Total revenues	47,535,529	45,248,501	77,001,515	74,164,940	124,537,044	119,413,441
Expenses:						
General government	9,565,026	10,495,694	-	-	9,565,026	10,495,694
Public safety	16,518,377	17,682,950	-	-	16,518,377	17,682,950
Public works	9,458,559	8,791,350	-	-	9,458,559	8,791,350
Health and welfare	1,317,122	2,283,446	-	-	1,317,122	2,283,446
Culture and recreational	6,435,632	6,291,294	-	-	6,435,632	6,291,294
Interest on long-term debt	1,135,458	2,021,546	-	-	1,135,458	2,021,546
Electric	-	-	54,158,200	33,896,543	54,158,200	33,896,543
Water	-	-	9,114,652	10,519,770	9,114,652	10,519,770
Wastewater	-	-	3,705,901	5,995,632	3,705,901	5,995,632
Solid waste	-	-	2,370,302	2,641,071	2,370,302	2,641,071
Stormwater	-	-	935,695	580,479	935,695	580,479
Total expenses	44,430,174	47,566,280	70,284,750	53,633,495	114,714,924	101,199,775
Increase (decrease) in net position before transfers	3,105,355	(2,317,779)	6,716,765	20,531,445	9,822,120	18,213,666
Transfers	5,711,770	6,878,925	(5,711,770)	(6,878,925)	-	-
Increase in net position	8,817,125	4,561,146	1,004,995	13,652,520	9,822,120	18,213,666
Net position, beginning	83,541,260	78,980,114	194,910,894	181,258,374	278,452,154	260,238,488
Net position, ending	$ 92,358,385	$ 83,541,260	$ 195,915,889	$ 194,910,894	$ 288,274,274	$ 278,452,154

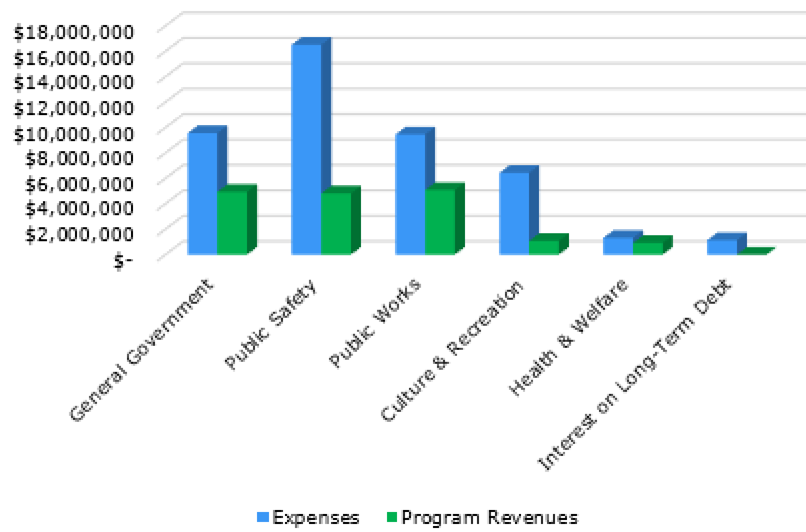
Governmental Activities. The change in the City of Weatherford's total governmental activities net position was $8,817,125. Overall revenues increased by $6,443,266 while overall expenditures decreased $3,136,106. The net change before transfers for the fiscal year was $3,105,355 which is $5,423,134 more than the loss reported in the prior year.

Revenue increases in the current year were mostly attributable to increases in property taxes ($559,435) and sales taxes ($2,689,966), the increases are a reflection of the current economy which is extremely strong with increased consumer spending and increased property transactions and assessed valuations.

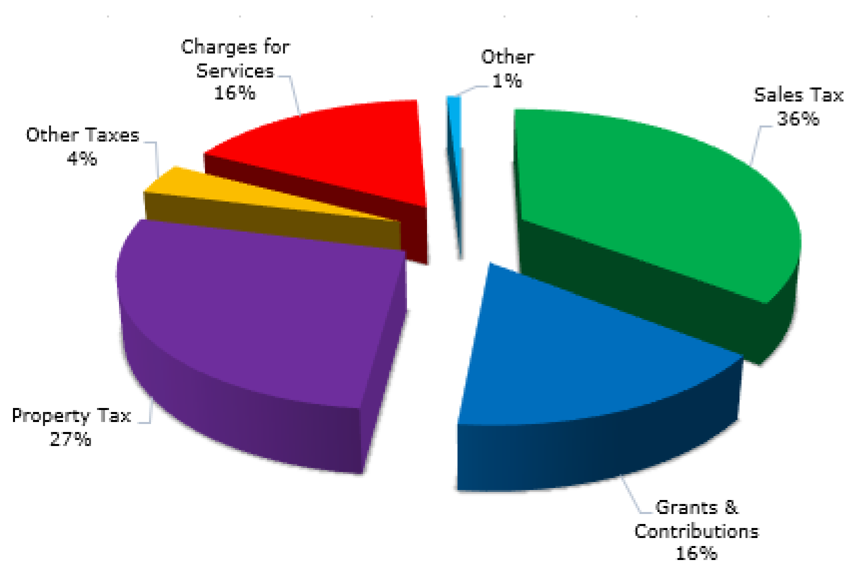
Expenses by function decreased $3,136,106 in comparison to the prior year. The majority of the decreases were in public safety ($1,164,573), general government ($930,668) and health and welfare ($966,324) due to reduction in expenses as well as capital projects completed during the prior year and expenses incurred being capitalized.

The total increase in net position for the current year is also attributed to the Transfers from the Utility Fund $5,711,770, which represents the return-on-investment/gross receipts calculation. The combination of these items, the increase in revenues of $2,287,028, reduction in expenditures of $3,136,106 and the gross receipts/return on investment of $5,711,770, result in an total increase to net position of $8,817,125

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities

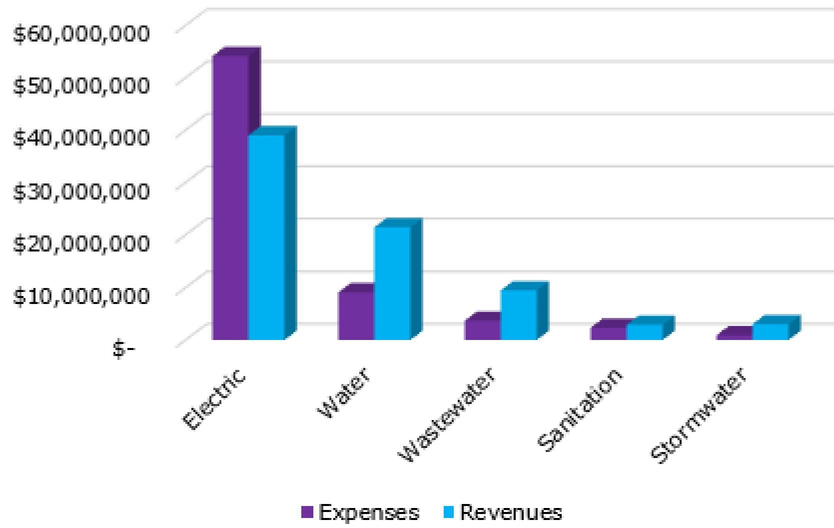


Business-Type Activities. Business-type activities changed the City of Weatherford's net position by $1,004,995. Overall revenues increased by $2,836,573 and expenses also increased by $16,651,253 resulting in a net change before transfers of ($13,814,680) in comparison to prior year's net change.

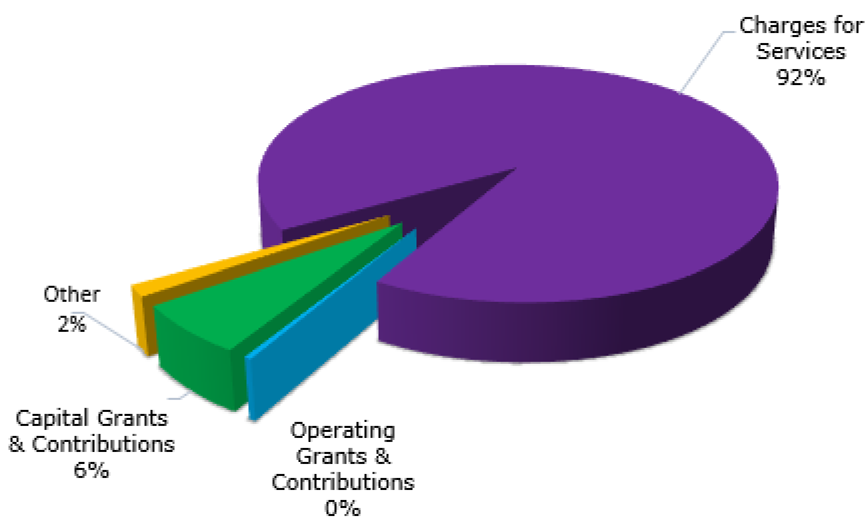
The Revenue increase in the current year, $2,836,573, is attributable to increases in consumer consumption for electric ($2,459,105), water ($446,235), wastewater ($832,741) and solid waste services ($358,371).

The increase in expenses for the current year, $16,651,253, is primarily due to the increased purchased power costs for electric due to the February 2021 winter storm, in which the city incurred increased ancillary net costs of approximately $16.0M.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City of Weatherford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Weatherford's governmental funds reported combined ending fund balances of $52,703,331, an increase of $21,076,369 in comparison with the prior year. The significant increase is due to the issuance of $18,220,000 in bonds to fund the construction of a new public safety building which was only partially expended at fiscal year-end. In addition to the issuance of the bonds, governmental revenues experienced an increase in comparison to the prior year as well, primarily property tax and sales tax, increased $3,249,401 from the prior year. Approximately 65% ($34,056,378) of the fund balances constitutes either committed or unassigned fund balance, of which is available for spending at the government's discretion. Of that amount $6,922,121 (20%) of the total is unassigned. Of the committed funds

$585,246 is designated for OPEB obligation costs to date as detailed in Note 4, $14,379,474 is for capital projects, $592,146 is for parks development, $508,078 is for culture and recreation and $9,628,531 is the desired stabilization fund of 90 days' worth of general fund operation the Council retains for emergencies or unforeseen situations. The other $18,646,953 (35%) of the fund balances are either non-spendable or restricted in use by an outside authority or covenant.

The general fund is the chief operating fund of the City of Weatherford. At the end of the current fiscal year, spendable and unrestricted fund balance of the general fund was $23,230,706, while total fund balance was $23,313,989. The City of Weatherford's financial management policies stipulate that the general fund shall maintain a balance equivalent to 90 days' worth of the average daily operational cost contained in that fund, with a Council preference for 120 days. To determine the average daily cost of operations for the general fund, staff divides all recurring operational funding, less any program costs supported by grants or other explicitly associated revenues, by 365. For fiscal year 2021, this figure was budgeted at $39,049,043 yielding an average daily operations cost of $106,984. Multiplying that figure by 90, the stabilization arrangement as mandated by Weatherford's policy comes out to $9,628,531. As a measure of the general fund's liquidity, it is useful to compare spendable, unreserved fund balance to total fund expenditures. This is equivalent to approximately 217 days' worth of the calculated average daily operational cost.

The fund balance of the City's general fund increased overall by $5,821,249 during the current fiscal year. This increase in fund balance is due primarily to better than anticipated revenue from property tax and sales tax. Spending decreases combined with the revenue overage to yield the fund balance increase.

The debt service fund has a fund balance of $17,742,056, which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was $5,729,994. This increase occurred as a result of Texas Department of Transportation pass-thru toll program funds that were collected in the current year, an increase of $7,534,435 from the prior year.

The TIRZ fund has a total fund balance of ($4,654,026). The net increase in fund balance during the current year was a result of increased property tax values in the tax zone.

The general capital projects fund has a total fund balance of $14,379,474. The net increase in fund balance during the current year was a result of the unspent bond proceeds for the public safety building.

At the end of the fiscal year, the City's 14 active nonmajor special revenue funds (state forfeiture, federal forfeiture, hotel/motel tax, Chandor Gardens, SFX grant, court technology, main street project, court security, library, animal shelter, court juvenile case manager, Heritage Park, court jury and PEG) had combined fund balances totaling $1,279,667, compared to prior year balances of $1,767,112.

The non-major active capital projects funds (park development and CLFRF) had combined fund balances of $592,146 compared to prior year balances of $1,070,891, all of which is restricted for capital projects. The decrease in the capital projects funds is the result of the Lake Weatherford Marina project.

The Doss permanent library fund had an ending fund balance of $50,025, compared to the prior year balance of $51,00. This fund has a non-spendable fund balance of $50,025.

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

Unrestricted net position of the municipal utility fund at the end of the year amounted to $48,741,274, compared to the prior year unrestricted balance of $56,913,473. The total decrease in net position for the municipal utility fund was $1,507,442. Unrestricted net position of the solid waste fund amounted to $1,417,513 compared to $874,934 in the prior year. Unrestricted net position of the storm water fund amounted to $3,921,930 compared to $3,772,344 the prior year.

General Fund Budgetary Highlights

Increasing amendments to the original fiscal year 2021 general fund annual expenditure appropriations netted to $1,101,701 or approximately 2.8% of the original budget. A large portion of that, or $873,224, were to reappropriate unspent funds for the fiscal year 2020 approved projects into fiscal year 2021.

General Fund Budget Comparison

This document's General Fund Budget and Actual summary (found on pages 68 - 71) details differences between budgetary authority and actual spending for the 2021 fiscal year. A review of this schedule yields several significant variances. Overall, the fund left over $1.5 million worth of appropriations unspent as of September 30, 2021. Of that, approximately $1,440,782 came from projects that had to be deferred until the following fiscal year, and those have since been re-appropriated for fiscal year 2022.

Council's formal budgetary level of control is by department, and while most departments remained within their fiscal constraints, the Police department, exceeded their appropriated authority due primarily to additional personnel costs caused by absences and overtime costs due to the COVID pandemic

Capital Asset and Debt Administration

Capital Assets. The City of Weatherford's investment in total capital assets for its governmental and business-type activities as of year-end amounts to $283,414,147 (net of accumulated depreciation) compared to $266,924,690 in the prior year. Investment in capital assets related to governmental activities ($109,989,817) includes land and improvements, city hall, old city hall, public library, police station, animal shelter, fire stations, community centers, swimming pool, public market, other buildings and systems, vehicles, machinery and equipment, park facilities, streets, sidewalks and bridges. The City's investment in capital assets related to business-type activities ($173,424,330) includes land and improvements, electric distribution facilities (substations, poles, wires, transformers, etc.), water supply reservoir, raw water transmission lines and pumping facilities, water purification plant and distribution system, wastewater treatment plant and collection system, utility service center and warehouse, other buildings and systems, vehicles, machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- Completion of design and commencement of construction for the Public Safety Building $8,703,889,
- Completion of Medical Center at the Animal Shelter $827,770,
- Completion of the Boardwalk at Lake Weatherford $2,074,046,
- Construction of reclaimed water pump station and wastewater treatment plan improvements $2,668,068,
- Construction of reclaimed water pipeline $2,076,418, and
- Various system extensions and improvements to the City's water, wastewater, and electric distribution system, as well as equipment purchases, approximated $5.2 million.

City of Weatherford's Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	$ 15,304,554	$ 15,304,554	$ 5,547,431	$ 5,482,939	$ 20,851,985	$ 20,787,493
Buildings and systems	6,920,537	6,758,353	6,632,227	7,110,043	13,552,764	13,868,396
Improvements other than buildings	33,295,526	30,745,997	148,841,474	139,234,656	182,137,000	169,980,653
Machinery and equipment	7,375,447	7,780,056	2,596,988	2,744,026	9,972,435	10,524,082
Infrastructure	38,377,037	38,627,391	-	-	38,377,037	38,627,391
Construction in progress	8,716,716	4,269,632	9,806,210	8,867,043	18,522,926	13,136,675
Total	$ 109,989,817	$ 103,485,983	$ 173,424,330	$ 163,438,707	$ 283,414,147	$ 266,924,690

Additional information on the City of Weatherford's capital assets can be found in Note 3 of this report.

Long-Term Debt. At the end of the current fiscal year the City of Weatherford had total bonded debt outstanding, including a combination of general obligation bonds, certificates of obligation bonds, revenue bonds, tax notes, notes payable, and leases payable of $94,433,561. While $52,535,000 of this carry with it a legal pledge by property tax collections and backed by the full faith and credit of the City, pass-through toll revenues from an interlocal agreement with the Texas Department of Transportation will be sufficient to cover the majority of that debt service over the life of those bonds, rendering those issuances primarily self-supporting, $36,895,000 represents bonds secured solely by revenue from the City's combined electric, water and wastewater utility system, a combined $4,040,000 in tax notes, notes payable and State infrastructure loans payable from the utility system revenues. A total of $963,561 represents leases payable related to governmental and business-type activities and are secured with equipment as collateral.

City of Weatherford's Outstanding Debt

General Obligation Bonds, Certificates of Obligation, Revenue Bonds, and Other Long-Term Payables

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	$ 34,315,000	$ 38,465,000	$ -	$ -	$ 34,315,000	$ 38,465,000
Certificates of obligations	18,220,000	-	-	-	18,220,000	-
Revenue bonds	-	-	36,895,000	40,760,000	36,895,000	40,760,000
Tax notes	4,040,000	5,795,000	-	-	4,040,000	5,795,000
Lease obligations	712,343	97,409	251,218	289,480	963,561	386,889
Total	$ 57,287,343	$ 44,357,409	$ 37,146,218	$ 41,049,480	$ 94,433,561	$ 85,406,889

The City of Weatherford's total debt increased by $9,026,672 (11%) during the current fiscal year as a result normal principal retirement along with the issuance of $18,220,000 Certificates of Obligations.

The City's general obligation bonds and certificates of obligation are rated "Aa3" by Moody's Investors Service and "AA" by Standard and Poor's Corporation at September 30, 2020. The City's combined utility system revenue debt is rated "Aa3" by Moody's Investors Service and "A+" by Standard and Poor's Corporation at September 30, 2021.

City's total property tax rate for 2020-2021 was $0.4829 per $100 of assessed valuation, of which $0.1486 was for annual debt service. As a condition for issuance of additional debt, utility revenue bond covenants require net revenues of the system to be no less than 1.25 the average annual debt requirements and 1.10 times the maximum annual requirements.

Additional information on the City of Weatherford's long-term debt can be found in Note 3 (E) of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Weatherford is currently sitting at 3.2% as of December 2021. This is a decrease is from the prior year rate of 6.6% which was a direct result of the impact on the economy from the COVID pandemic. The current rate of 3.2% compares favorably to national (4.2%) and state averages (4.0%).

- Sales tax collections had another strong year in fiscal year 2021, with actual collections exceeding the original budget by 19.5%, or $3.0 million. Collections also exceeded fiscal year 2020 by 17.2%. For fiscal year 2022, staff has estimated sales tax collections to increase an additional 5.24% due to increased local consumer spending.

- Final total taxable assessed value increased by approximately 11.95% over the previous year, from $2.945 billion to $3.297 billion. This total includes new construction as well as values captured for the TIRZ district.

- As a result of the newly created tax-increment reinvestment zone and its associated projects, we expect increased economic activity over the next several years.

All of the above factors were considered in preparing the City of Weatherford's budget for the 2021-2022 fiscal year. The property tax rate was reduced to $0.4581 per $100 of assessed value, allowing the City to capitalize on value increases while still providing savings to the property owners. Sales tax collections, accounting for approximately 40% of general fund revenues and other financing sources, are anticipated to continue modest gains in fiscal year 2021-2022 receipts after accounting for expected rebates for economic development incentive agreements. Approved non-recurring expenditures for 2021-2022 total $3.8 million, which is projected to leave the General Fund with a balance equating to 166 days of operations, well over the 90-day requirement. A large portion of this balance, totaling $0.6 million, will be dedicated to future costs of compensated absences.

Requests for Information

This financial report is designed to provide a general overview of the City of Weatherford's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, P.O. Box 255, Weatherford, Texas, 76086.

BASIC
FINANCIAL STATEMENTS

CITY OF WEATHERFORD, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 46,144,314	$ 46,195,721	$ 92,340,035
Receivables (net of allowance for uncollectibles):			
Taxes	279,170	-	279,170
Accounts	903,909	9,014,675	9,918,584
Interest	-	20,167	20,167
Other	-	93,887	93,887
Due from other governments	19,367,453	-	19,367,453
Prepaid items	5,793	151,450	157,243
Inventories	77,490	3,100,089	3,177,579
Restricted assets:			
Cash and investments	10,936,159	20,409,956	31,346,115
Capital assets:			
Land	15,304,554	5,547,431	20,851,985
Buildings	14,981,999	18,364,877	33,346,876
Improvements other than buildings	52,532,921	245,729,744	298,262,665
Infrastructure	65,271,543	-	65,271,543
Machinery and equipment	20,184,021	9,935,976	30,119,997
Construction in progress	8,716,716	9,806,210	18,522,926
Less: accumulated depreciation	(67,001,937)	(115,959,908)	(182,961,845)
Total capital assets	109,989,817	173,424,330	283,414,147
Total assets	187,704,105	252,410,275	440,114,380
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	628,128	628,128
Deferred outflow related to pensions	1,945,720	652,899	2,598,619
Deferred outflow related to OPEBs	3,686,304	1,401,817	5,088,121
Total deferred outflows of resources	5,632,024	2,682,844	8,314,868

The accompanying notes are an integral part of these financial statements.

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	$ 2,848,019	$ 4,582,703	$ 7,430,722
Accrued liabilities	644,836	216,325	861,161
Retainage payable	348,259	546,743	895,002
Accrued interest	149,806	18,320	168,126
Due to other governments	17,333	-	17,333
Customer deposits and escrows	916,630	1,519,107	2,435,737
Unearned revenue	4,156,238	925,214	5,081,452
Payable from restricted assets:			
Accrued interest	-	102,707	102,707
Noncurrent liabilities:			
Due within one year:			
Long-term debt payable from restricted assets	-	301,667	301,667
Long-term debt	6,930,571	3,931,940	10,862,511
Total OPEB liability	1,106,375	418,736	1,525,111
Due in more than one year:			
Long-term debt	58,348,020	37,325,705	95,673,725
Net pension liability	6,479,423	2,174,212	8,653,635
Total OPEB liability	13,058,903	4,963,149	18,022,052
Total liabilities	95,004,413	57,026,528	152,030,941
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pensions	2,899,205	972,847	3,872,052
Deferred inflow related to OPEBs	3,074,126	1,177,855	4,251,981
Total deferred inflows of resources	5,973,331	2,150,702	8,124,033
NET POSITION			
Net investment in capital assets	68,430,458	129,752,852	198,183,310
Restricted for:			
Construction	-	3,110,392	3,110,392
Debt service	18,527,836	4,074,608	22,602,444
Rate stabilization	-	4,897,320	4,897,320
Culture and recreation:			
Nonexpendable	50,025	-	50,025
Public safety	185,239	-	185,239
Community development	586,350	-	586,350
Unrestricted	4,578,477	54,080,717	58,659,194
Total net position	$ 92,358,385	$ 195,915,889	$ 288,274,274

The accompanying notes are an integral part of these financial statements.

CITY OF WEATHERFORD, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 9,565,026	$ 3,770,814	$ 1,174,960	$ -
Public safety	16,518,377	1,375,403	(713,020)	-
Public works	9,458,559	1,499,772	-	3,586,278
Health and welfare	1,317,122	774,409	146,728	-
Cultural and recreation	6,435,632	1,006,338	71,784	-
Interest on long-term debt	1,135,458	-	-	-
Total governmental activities	44,430,174	8,426,736	680,452	3,586,278
Business-type activities:				
Electric	54,158,200	38,957,596	-	47,313
Water	9,114,652	19,350,147	295,270	1,798,035
Wastewater	3,705,901	8,039,760	-	1,443,878
Sanitation	2,370,302	2,915,994	-	-
Stormwater utility	935,695	1,428,702	-	1,601,076
Total business-type activities	70,284,750	70,692,199	295,270	4,890,302
Total primary government	$ 114,714,924	$ 79,118,935	$ 975,722	$ 8,476,580

General revenues:
Taxes:
Property
Sales
Other
Investment earnings
Royalties
Miscellaneous
Transfers
Total general revenues and transfers

Change in net position

Net position, beginning

Net position, ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$(4,619,252)	$ -	(4,619,252)
(15,855,994)	-	(15,855,994)
(4,372,509)	-	(4,372,509)
(395,985)	-	(395,985)
(5,357,510)	-	(5,357,510)
(1,135,458)	-	(1,135,458)
(31,736,708)	-	(31,736,708)
-	(15,153,291)	(15,153,291)
-	12,328,800	12,328,800
-	5,777,737	5,777,737
-	545,692	545,692
-	2,094,083	2,094,083
-	5,593,021	5,593,021
$(31,736,708)	$ 5,593,021	$(26,143,687)
14,060,034	-	14,060,034
18,323,484	-	18,323,484
1,973,744	-	1,973,744
174,915	305,655	480,570
5,045	358,702	363,747
304,841	459,387	764,228
5,711,770	(5,711,770)	-
40,553,833	(4,588,026)	35,965,807
8,817,125	1,004,995	9,822,120
83,541,260	194,910,894	278,452,154
$ 92,358,385	$ 195,915,889	$ 288,274,274

The accompanying notes are an integral part of these financial statements.

CITY OF WEATHERFORD, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2021

	General	Debt Service	TIRZ
ASSETS			
Cash and investments	$ 21,252,638	$ 8,245,821	$ 1,361,527
Receivables (net of allowance for uncollectibles of $524,890):			
Taxes	205,194	69,352	4,624
Accounts	690,596	-	494
Due from other governments	3,309,557	15,854,113	200,650
Prepaid	5,793	-	-
Due from other funds	289,174	-	-
Advance to other funds	-	6,000,000	-
Inventories	77,490	-	-
Restricted assets;			
Cash and investments	-	-	-
Total assets	25,830,442	30,169,286	1,567,295
LIABILITIES			
Accounts payable	687,659	-	19,500
Retainage payable	-	-	-
Accrued liabilities	633,697	-	-
Deposits and escrows	779,198	-	-
Due to other governments	17,333	-	-
Due to other funds	-	-	-
Advance from other funds	-	-	6,000,000
Unearned revenue	-	-	-
Total liabilities	2,117,887	-	6,019,500
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	398,566	12,427,230	201,821
Total deferred inflows of resources	398,566	12,427,230	201,821
FUND BALANCES			
Nonspendable:			
Doss library	-	-	-
Prepaid	5,793	-	-
Inventory	77,490	-	-
Restricted for:			
Debt service	-	17,742,056	-
Public safety	-	-	-
Community development	-	-	-
Committed:			
Other post employee benefits	585,246	-	-
Stabilization arrangement	9,628,531	-	-
Capital projects	-	-	-
Park development	-	-	-
Culture and recreation	-	-	-
Assigned:			
Subsequent year appropriations	1,440,782	-	-
Unassigned (deficit)	11,576,147	-	(4,654,026)
Total fund balances	23,313,989	17,742,056	(4,654,026)
Total liabilities, deferred inflows of resources, and fund balances	$ 25,830,442	$ 30,169,286	$ 1,567,295

The accompanying notes are an integral part of these financial statements.

General Capital Projects	Other Governmental	Total Governmental Funds
$ 5,767,022	$ 6,289,632	$ 42,916,640
-	-	279,170
-	82,412	773,502
-	3,133	19,367,453
-	-	5,793
-	-	289,174
-	-	6,000,000
-	-	77,490
10,936,159	-	10,936,159
16,703,181	6,375,177	80,645,381
1,759,894	77,203	2,544,256
348,259	-	348,259
-	11,139	644,836
-	137,432	916,630
-	-	17,333
215,554	71,327	286,881
-	-	6,000,000
-	4,156,238	4,156,238
2,323,707	4,453,339	14,914,433
-	-	13,027,617
-	-	13,027,617
-	50,025	50,025
-	-	5,793
-	-	77,490
-	-	17,742,056
10,936,159	185,239	11,121,398
-	586,350	586,350
-	-	585,246
-	-	9,628,531
3,443,315	309	3,443,624
-	591,837	591,837
-	528,590	528,590
-	-	1,440,782
-	(20,512)	6,901,609
14,379,474	1,921,838	52,703,331
$ 16,703,181	$ 6,375,177	$ 80,645,381

The accompanying notes are an integral part of these financial statements.

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CITY OF WEATHERFORD, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

Total fund balances - governmental funds balance sheet	$ 52,703,331
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.	107,909,685
Certain items are not available to pay for current period expenditures, and, therefore are deferred inflows of resources in the funds.	13,027,617
The assets and liabilities of certain Internal Service Funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	4,909,760
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Also, the loss on refunding of bonds, the premium on issuance of bonds and deferred resource outflow and inflows related to the net pension liability and total OPEB liability are not reported in the funds.	(86,192,008)
Net position of governmental activities - statement of net position	$ 92,358,385

The accompanying notes are an integral part of these financial statements.

CITY OF WEATHERFORD, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General	Debt Service
REVENUES		
Taxes	$ 28,685,765	$ 4,211,804
Licenses and permits	1,649,032	-
Intergovernmental	2,639,950	7,534,435
Charges for services	4,953,610	-
Fines and forfeitures	235,381	-
Contributions	5,823	-
Royalties and rental	-	-
Investment earnings	131,399	15,494
Miscellaneous	171,964	-
Total revenues	38,472,924	11,761,733
EXPENDITURES		
Current:		
General government	9,763,043	1,830
Public safety	16,859,973	-
Public works	4,972,245	-
Health and welfare	1,321,268	-
Cultural and recreation	3,442,115	-
Capital outlay	588,447	-
Debt service:		
Principal	42,165	5,973,169
Interest and other	4,357	1,431,740
Total expenditures	36,993,613	7,406,739
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,479,311	4,354,994
OTHER FINANCING SOURCES (USES)		
Issuance of debt - bonds	-	-
Premiums on bonds issues	-	-
Sale of general capital assets	31,864	-
Insurance recoveries	51,100	-
Transfers in	5,411,770	1,375,000
Transfers out	(1,152,796)	-
Total other financing sources and uses	4,341,938	1,375,000
NET CHANGE IN FUND BALANCES	5,821,249	5,729,994
FUND BALANCES, BEGINNING	17,492,740	12,012,062
FUND BALANCES, ENDING	$ 23,313,989	$ 17,742,056

The accompanying notes are an integral
part of these financial statements.

TIRZ	General Capital Projects	Other Governmental	Total Governmental Funds
$ 524,765	$ -	$ 1,051,923	$ 34,474,257
-	-	-	1,649,032
-	-	-	10,174,385
-	-	565,514	5,519,124
-	-	38,151	273,532
-	-	193,191	199,014
-	5,045	-	5,045
1,080	7,308	1,922	157,203
-	-	2,287	174,251
525,845	12,353	1,852,988	52,625,843
-	413,630	16,025	10,194,528
-	-	38,509	16,898,482
290,599	753	-	5,263,597
-	-	68,168	1,389,436
-	163,419	1,883,697	5,489,231
-	8,408,337	965,550	9,962,334
-	-	-	6,015,334
8,080	-	-	1,444,177
298,679	8,986,139	2,971,949	56,657,119
227,166	(8,973,786)	(1,118,961)	(4,031,276)
-	18,220,000	-	18,220,000
-	1,092,911	-	1,092,911
-	-	-	31,864
-	-	-	51,100
-	925,000	344,198	8,055,968
-	(1,000,000)	(191,402)	(2,344,198)
-	19,237,911	152,796	25,107,645
227,166	10,264,125	(966,165)	21,076,369
(4,881,192)	4,115,349	2,888,003	31,626,962
$(4,654,026)	$ 14,379,474	$ 1,921,838	$ 52,703,331

The accompanying notes are an integral
part of these financial statements.

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CITY OF WEATHERFORD, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Net change in fund balances - total governmental funds:	$ 21,076,369
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost and accumulated depreciation of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,829,627
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	3,554,438
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(116,995)
Court fines	(35,599)
Grant - Texas Department of Transportation	(7,534,435)
Grant - CARES Act Grant	(1,047,916)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(12,975,664)
Internal Service Funds are used by management to charge the costs of certain activities, such as vehicle acquisition and health insurance premiums/claims paid to individual funds. The net revenue (expense) of certain Internal Service Funds is reported with governmental activities.	891,254
Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	2,176,046
Change in net position of governmental activities	$ 8,817,125

The accompanying notes are an integral part of these financial statements.

CITY OF WEATHERFORD, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds	
	Municipal Utility System	Solid Waste
ASSETS		
Current assets		
Unrestricted assets		
Cash and cash equivalents	$ 15,265,043	$ 2,468,723
Investments	24,591,553	-
Receivables:		
Accounts, net of allowances for uncollectible accounts of $1,364	3,626,218	30,880
Earned but unbilled customer accounts	5,033,321	219,816
Interest	20,167	-
Other	93,887	-
Prepaids	151,450	-
Inventory	3,094,204	5,885
Restricted assets		
Cash and cash equivalents	19,904,573	-
Investments	505,383	-
Total current assets	72,285,799	2,725,304
Noncurrent assets		
Capital assets		
Land	4,631,051	-
Construction in progress	9,095,771	-
Buildings and improvements	18,167,268	197,609
Other improvements	231,221,702	10,577
Machinery and equipment	8,337,616	1,577,738
Less: accumulated depreciation	(113,114,369)	(1,350,661)
Total noncurrent assets	158,339,039	435,263
Total assets	230,624,838	3,160,567
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	628,128	-
Deferred outflow related to pensions	562,600	90,299
Deferred outflow related to OPEBs	1,189,243	211,850
Total deferred outflows of resources	2,379,971	302,149

The accompanying notes are an integral part of these financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Storm Water Utility Non-Major	Total	Internal Service Funds
$ 2,862,573	$ 20,596,339	$ 724,464
1,007,829	25,599,382	2,503,210
-	3,657,098	130,407
104,440	5,357,577	-
-	20,167	-
-	93,887	-
-	151,450	-
-	3,100,089	-
-	19,904,573	-
-	505,383	-
3,974,842	78,985,945	3,358,081
916,380	5,547,431	-
710,439	9,806,210	-
-	18,364,877	-
14,497,465	245,729,744	-
20,622	9,935,976	3,436,390
(1,494,878)	(115,959,908)	(1,356,258)
14,650,028	173,424,330	2,080,132
18,624,870	252,410,275	5,438,213
-	628,128	-
-	652,899	-
724	1,401,817	-
724	2,682,844	-

The accompanying notes are an integral part of these financial statements.

CITY OF WEATHERFORD, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds	
	Municipal Utility System	Solid Waste
LIABILITIES		
Current liabilities (payable from current assets):		
Accounts payable	$ 4,201,361	$ 55,949
Accrued wages	182,311	34,014
Retainage payable	483,720	-
Accrued interest	5,665	-
Unearned revenue	925,214	-
Deposits and escrows	1,519,107	-
Due to other funds	-	-
Capital lease payable	39,249	-
Revenue bonds payable	3,318,333	-
Compensated absences	172,084	7,274
Total OPEB liability	355,367	63,074
Current liabilities (payable from restricted assets):		
Accrued interest	102,707	-
Revenue bonds payable- current	301,667	-
Total current liabilities	11,606,785	160,311
Noncurrent liabilities		
Capital lease payable	211,969	-
Revenue bonds payable	31,726,365	-
Compensated absences	758,799	85,699
Net pension liability	1,873,510	300,702
Total OPEB liability	4,210,711	749,758
Total noncurrent liabilities	38,781,354	1,136,159
Total liabilities	50,388,139	1,296,470
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow related to pensions	838,299	134,548
Deferred inflow related to OPEBs	998,679	178,922
Total deferred inflows of resources	1,836,978	313,470
NET POSITION		
Net investment in capital assets	119,956,098	435,263
Restricted for:		
Construction	3,110,392	-
Debt service	4,074,608	-
Rate stabilization	4,897,320	-
Unrestricted	48,741,274	1,417,513
Total net position	$ 180,779,692	$ 1,852,776

The accompanying notes are an integral part of these financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Storm Water Utility Non-Major	Total	Internal Service Funds
$ 325,393	$ 4,582,703	$ 303,763
-	216,325	-
63,023	546,743	-
12,655	18,320	1,926
-	925,214	-
-	1,519,107	-
-	-	2,293
-	39,249	104,732
395,000	3,713,333	-
-	179,358	-
295	418,736	-
-	102,707	-
-	301,667	-
796,366	12,563,462	412,714
-	211,969	115,739
4,542,873	36,269,238	-
-	844,498	-
-	2,174,212	-
2,680	4,963,149	-
4,545,553	44,463,066	115,739
5,341,919	57,026,528	528,453
-	972,847	-
254	1,177,855	-
254	2,150,702	-
9,361,491	129,752,852	1,859,661
-	3,110,392	-
-	4,074,608	-
-	4,897,320	-
3,921,930	54,080,717	3,050,099
$ 13,283,421	$ 195,915,889	$ 4,909,760

The accompanying notes are an integral part of these financial statements.

CITY OF WEATHERFORD, TEXAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds	
	Municipal Utility System	Solid Waste
OPERATING REVENUES		
Electric sales	$ 38,274,884	$ -
Electric services	726,105	-
Water sales	17,942,869	-
Water services	197,004	-
Wastewater services	8,039,760	-
Sanitation services	-	2,917,030
Stormwater fees	-	-
Charges for services	-	-
Other	465,364	-
Total operating revenues	65,645,986	2,917,030
OPERATING EXPENSES		
Personnel services	6,177,523	1,104,025
Contractual services	7,660,800	956,373
Purchased power	39,632,698	-
Materials and supplies	1,917,334	175,078
Claims	-	-
Depreciation	10,412,891	134,826
Total operating expenses	65,801,246	2,370,302
OPERATING INCOME (LOSS)	(155,260)	546,728
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	292,731	2,322
Intergovernmental	295,270	-
Rentals	1,159,866	-
Royalties	-	358,702
Gain (loss) on disposal of assets	33,591	-
Interest and other	(1,176,036)	-
Total nonoperating revenues (expenses)	605,422	361,024
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	450,162	907,752
Capital contributions	3,254,166	-
Transfers out	(5,211,770)	(500,000)
CHANGE IN NET POSITION	(1,507,442)	407,752
NET POSITION, BEGINNING	182,287,134	1,445,024
NET POSITION, ENDING	$ 180,779,692	$ 1,852,776

The accompanying notes are an integral
part of these financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Storm Water Utility Non-Major	Total	Internal Service Funds
$ -	$ 38,274,884	$ -
-	726,105	-
-	17,942,869	-
-	197,004	-
-	8,039,760	-
-	2,917,030	-
1,428,702	1,428,702	-
-	-	5,413,542
-	465,364	253,732
1,428,702	69,991,718	5,667,274
-	7,281,548	-
135,294	8,752,467	363,870
-	39,632,698	-
-	2,092,412	595,284
-	-	3,333,141
641,091	11,188,808	481,464
776,385	68,947,933	4,773,759
652,317	1,043,785	893,515
10,602	305,655	2,688
-	295,270	-
-	1,159,866	-
-	358,702	-
-	33,591	8,245
(159,310)	(1,335,346)	(13,194)
(148,708)	817,738	(2,261)
503,609	1,861,523	891,254
1,601,076	4,855,242	-
-	(5,711,770)	-
2,104,685	1,004,995	891,254
11,178,736	194,910,894	4,018,506
$ 13,283,421	$ 195,915,889	$ 4,909,760

The accompanying notes are an integral
part of these financial statements.

CITY OF WEATHERFORD, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds	
	Municipal Utility System	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 65,542,268	$ 2,917,793
Cash paid to employees for services	(6,793,965)	(1,193,382)
Cash paid to suppliers and service providers	(47,678,730)	(1,140,929)
Net cash provided by operating activities	11,069,573	583,482
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from rentals	1,159,866	-
Cash received from royalties	-	358,702
Cash received from other governments	295,270	-
Transfers to other funds	(5,211,770)	(500,000)
Net cash used by noncapital financing activities	(3,756,634)	(141,298)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from disposal of capital assets	74,709	250
Proceeds from developers for contributions in aid of construction	3,254,166	-
Principal payments on long-term debt	(3,372,300)	-
Acquisition and construction of capital assets	(18,511,067)	(249)
Interest and other charges on debt	(1,533,130)	-
Net cash provided (used) by capital and related financing activities	(20,087,622)	1
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	292,513	2,322
Sale of investments	410,523	201,580
Purchase of investments	-	-
Net cash provided (used) by investing activities	703,036	203,902
NET INCREASE (DECREASE) IN CASH	(12,071,647)	646,087
CASH AND CASH EQUIVALENTS, BEGINNING	47,241,263	1,822,636
CASH AND CASH EQUIVALENTS, ENDING	$ 35,169,616	$ 2,468,723
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS		
Current assets - cash and cash equivalents	$ 15,265,043	$ 2,468,723
Restricted assets - cash and cash equivalents	19,904,573	-
Total cash and cash equivalents	$ 35,169,616	$ 2,468,723

The accompanying notes are an integral part of these financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Storm Water Utility Non-Major	Total	Internal Service Funds
$ 1,426,311	$ 69,886,372	$ 5,574,859
(13,470)	(8,000,817)	-
(135,294)	(48,954,953)	(4,312,285)
1,277,547	12,930,602	1,262,574
-	1,159,866	-
-	358,702	-
-	295,270	-
-	(5,711,770)	-
-	(3,897,932)	-
-	74,959	8,245
-	3,254,166	-
(384,999)	(3,757,299)	(104,732)
(618,063)	(19,129,379)	(601,229)
(160,711)	(1,693,841)	(11,268)
(1,163,773)	(21,251,394)	(708,984)
10,602	305,437	2,688
-	612,103	-
(1,007,829)	(1,007,829)	(102,399)
(997,227)	(90,289)	(99,711)
(883,453)	(12,309,013)	453,879
3,746,026	52,809,925	270,585
$ 2,862,573	$ 40,500,912	$ 724,464
$ 2,862,573	$ 20,596,339	$ 724,464
-	19,904,573	-
$ 2,862,573	$ 40,500,912	$ 724,464

The accompanying notes are an integral part of these financial statements.

CITY OF WEATHERFORD, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Business-type Activities - Enterprise Funds	
	Municipal Utility System	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$(155,260)	$ 546,728
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	10,412,891	134,826
(Increase) decrease in accounts receivable	826,083	763
(Increase) decrease in unbilled accounts	(768,706)	(22,601)
(Increase) decrease in inventory	511,016	6,262
(Increase) decrease in prepaids	136,392	-
(Increase) decrease in deferred outflows for benefits	(363,432)	(64,253)
Increase (decrease) in accounts payable	884,694	6,861
Increase (decrease) in accrued wages payable	10,702	5,336
Increase (decrease) in unearned revenue	(295,270)	-
Increase (decrease) in customer deposits	134,175	-
Increase (decrease) in due to other funds	-	-
Increase (decrease) in compensated absences	(65,924)	(7,659)
Increase (decrease) in deferred inflows for benefits	382,402	82,192
Increase (decrease) in net pension liability	(192,923)	(33,915)
Increase (decrease) in total OPEB liability	(387,267)	(71,058)
Net cash provided by operating activities	$ 11,069,573	$ 583,482
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Contributions of capital assets	$ -	$ -
Change in fair value of investments	(54,594)	(960)

The accompanying notes are an integral part of these financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Storm Water Utility Non-Major	Total	Internal Service Funds
$ 652,317	$ 1,043,785	$ 893,515
641,091	11,188,808	481,464
-	826,846	(92,415)
(2,391)	(793,698)	-
-	517,278	-
-	136,392	-
525	(427,160)	-
-	891,555	(22,283)
-	16,038	-
-	(295,270)	-
-	134,175	-
-	-	2,293
-	(73,583)	-
(14,478)	450,116	-
86	(226,752)	-
397	(457,928)	-
$ 1,277,547	$ 12,930,602	$ 1,262,574
$ 1,601,076	$ 1,601,076	$ -
-	(55,554)	-

The accompanying notes are an integral
part of these financial statements.

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CITY OF WEATHERFORD, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Primary Government

The City of Weatherford, Texas (the City) was incorporated January 2, 1858, and became a home rule city on April 23, 1918. The City operates as a home rule City, under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric and sewer utilities, sanitation, health and social services, parks and recreation, public improvements, planning and zoning, and general administrative services. The City Council consists of an elected Mayor and four Council members. The City of Weatherford Municipal Utility System (the "Utility System") Board of Trustees, consisting of the Mayor, two Council members, and four trustees appointed by the Council, exercises management control of the electric, water, and wastewater systems that serve the City. The setting of rates for user charges and bond issuances authorizations require approval by the Council. The City also retains title to all property of the system.

As required by generally accepted accounting principles, the accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. The following criteria were used in the determination of the blended component unit:

1. The members of the City Council also act as the majority of the governing body of the Tax Increment Reinvestment Zone.
2. The Tax Increment Reinvestment Zone is managed by employees of the City.
3. The City and the Tax Increment Reinvestment Zone are financially interdependent. They provide financial benefit/burden to the City.

Blended Component Unit - Tax Increment Reinvestment Zones (TIRZ).

TIRZ #1 - On March 22, 2016, the City council adopted an Ordinance designating certain real property generally located along Interstate 20 as TIRZ #1. The Parker County Hospital District agreed on March 24, 2016, to participate in TIRZ #1 with the City. The purpose for creation of the TIRZ was to finance and make certain public improvements, under the authority of the Tax Increment Financing Act.

TIRZ #2 - On November 27, 2018, the City council adopted an Ordinance designating certain real property generally located along the Main Street corridor, Fort Worth Highway, and the downtown area as TIRZ #2. The purpose for creation of the TIRZ #2 is focused on improvements necessary for the vitality and sustainability of areas that are central to the community.

TIRZ #1 is governed by a board comprised of the five members on the City Council members and one member appointed by the Board of Directors for the Parker County Hospital District. TIRZ #2 is governed by a board comprised of the five members on the City Council. The Council approves recommendations from the both the TIRZ #1 and TIRZ #2 Boards regarding administration, management, and operation of the TIRZ's, and City's management has operational responsibility for the entities. The TIRZ's are reported as a governmental fund and separate financial reports are available from the City's finance department.

B. <u>Government-wide and Fund Financial Statements</u>

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements; however, interfund services that are provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenues*.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

C. <u>Measurement Focus, Basis of Accounting and Financial Statement Presentation</u>

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 30 days of the end of the current fiscal period. Property taxes availability period is considered to be 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual are property taxes, franchise taxes, sales taxes, interest revenues, and charges for services. All other revenue items are considered to be measurable and available only when cash is received by the City. Unbilled receivables for electric and water utility services are recorded at year-end.

In the governmental funds, the City reports deferred inflows of resources for amounts that have been billed and/or collected and do not meet both the "measurable" and "available" criteria for recognition in the current period. The City reports unearned revenue in the government-wide and fund financial statements for any amounts where an asset was recognized before the earnings process was complete.

The City reports the following major governmental funds:

The ***<u>General Fund</u>*** is the City's primary operating fund. It is utilized to account for all financial resources, except those required to be accounted for in other funds.

The ***<u>Debt Service Fund</u>*** is used to account for financial resources being accumulated for payment of the principal and interest requirements of general obligation bonds and capital leases.

The ***Tax Increment Reinvestment Zone (TIRZ) Fund*** is used to account for financial resources being accumulated for construction projects within both reinvestment zones.

The ***General Capital Projects*** is used to account for capital asset acquisition and construction from committed funds by City Council, bonds, and grants.

The City reports the following major proprietary funds:

The ***Municipal Utility System Fund*** is utilized to account for the operations of the City's electric distribution, water treatment and distribution, and wastewater collection and treatment systems.

The ***Solid Waste Fund*** is utilized to account for the City's solid waste collection and disposal services.

The City reports the following internal service funds:

The ***Internal Service Funds*** are utilized to account for financial resources being accumulated to purchase vehicles for City operations and the City self-insured health insurance plan.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services that are provided and used are not eliminated in the process of consolidation.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash, Cash Equivalents, and Investments

Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined financial statements as cash and investments or restricted cash and investments. The City's cash and investments are considered as cash equivalents as they can be readily converted to cash at their carrying value.

For purposes of the statement of cash flows, the City considers cash and other investments with maturities of three months or less from the date of purchase to be cash and cash equivalents.

2. Property Taxes

Property taxes are levied on October 1, on property values assessed as of January 1. The Parker County Appraisal District bills and collects all property taxes on behalf of the City and establishes appraisal values. Property taxes attach as an enforceable lien on property as of January 1.

Taxes are due on October 1. Full payment can be made prior to February 1, to avoid penalty and interest charges.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2021, was $.4829 per $100 of assessed valuation. The assessed value upon which the completed 2020 levy was based was approximately $3,033,603,779.

3. Restricted assets

Certain resources set aside for repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond ordinances. The rate stabilization restriction is used to report an amount billed to customers to subsidize potential future rate increases due to an unexpected increase in future power costs.

4. Inventory

Inventories in the General Fund and Solid Waste Fund consist of expendable supplies held for consumption and refuse bags, respectively, which are valued at cost using the first-in, first-out method. Cost is recorded as an expenditure at the time inventory is used (consumption method). The Municipal Utility System Fund inventory is valued at cost using the moving average cost method.

5. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets, bridges, sidewalks, curbs, gutters, drainage systems and similar items) are reported in the governmental or business-type activities columns in the government-wide financial statements.

Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Infrastructure	20 - 40
Water, electric and sewer system	40 - 60
Machinery and equipment	5 - 10

Renewals and betterments of property and equipment are capitalized, whereas normal repairs and maintenance are charged to expense as incurred. Individual items with an initial cost greater than $5,000 and with an estimated useful life of at least two years following the date of acquisition are capitalized. Purchased or constructed assets are recorded at historical cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

7. Accumulated Unpaid Vacations, Sick Leave, and Other Employee Benefit Amounts

   Employees are paid for up to 720 hours of unused sick leave upon retirement or annually for one-half of the accumulated sick leave in excess of 720 hours. With the exception of sick leave for employees eligible for retirement, sick leave less than 720 hours is expensed when paid. Vacation is earned in varying amounts. Employees may accrue up to 320 hours of vacation or 480 hours for certified Fire personnel. If the employee reaches the maximum accrual limit future accruals will cease until the vacation leave balance is below the established maximum accrual.

   Full-time status employees hired after March 1, 2017 shall participate in the City's Paid Time Off (PTO) program in lieu of traditional paid vacation and sick leave. Benefits will accrue as follows:

1 month thru 9 years:	13.34 hours/month
10 thru 19 years:	16.67 hours/month
20 years and over:	20.00 hours/month

   Upon termination of employment, an employee who has completed at least six months of continuous service and successful completion of an initiation period will be paid for all unused and accrued PTO up to 480 hours.

   The City has accrued the estimated liability for compensated absences in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

8. Long-term Obligations

   In the government-wide financial statements, and the proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds if material in amount. In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of debt is recorded as other financing sources. Bond premiums and discounts are recorded as other financing sources and uses.

9. Interfund Receivables/Payables

   During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from/to other funds" and "advances to/from other funds" on the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

10. Interfund Services Provided and Used

    Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are recognized as revenues and expenditures (or expenses) in the funds involved just as they would be recognized if the transactions involved organizations outside the governmental unit.

11. Pensions

    For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's 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.

12. Post-Employment Benefits Other Than Pensions (OPEB)

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel Roeder Smith & Company.

13. Deferred Outflows/Inflows of Resources

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

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

14. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

  - City Special Revenue Funds that fall in this category shall maintain a positive restricted fund balance and those same funds that pay any personnel services shall maintain 20% of operating budget in restricted fund balance. This 20% fund balance should only be used in emergency situations where mid-year unanticipated budgetary shortfalls in excess of 10% of fund revenues arise. Should the use reduce the balance below the appropriate level, recommendations will be made to restore the fund balance to its appropriate level within one fiscal year.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by the ordinance of the City Council, the City's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

  - Other Post Employee Benefit – Committed Fund Balance: This amount is annually and formally set aside by the amount appropriated through the budget ordinance for each fund applicable for use to pay current and/or future other post-employment benefits.

  - Stabilization Arrangement for General Fund: It is the goal of the City to achieve and maintain a minimum of committed fund balance for that fiscal year. This amount is annually and formally set aside for use in emergency situations where mid-year unanticipated budgetary shortfalls in excess of 10% of fund revenues arise or an unforeseen event occurs that costs the City more than 5% of budget appropriations. Should the use reduce the balance below the appropriate level of committed funds the balance must be restored within one fiscal year. This arrangement was approved through City Ordinance by City Council.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council has by City Ordinance authorized City Manager to assign fund balance. The Council may also assign fund balance.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

As of year-end, governmental fund balance is composed of the following:

	General	Debt Service	TIRZ	General Capital Projects	Other Governmental	Totals
FUND BALANCE						
Nonspendable:						
Doss library	$ -	$ -	$ -	$ -	$ 50,025	$ 50,025
Prepaids	5,793	-	-	-	-	5,793
Inventory	77,490	-	-	-	-	77,490
Restricted for:						
Debt service	-	17,742,056	-	-	-	17,742,056
Capital projects	-	-	-	-	-	-
Public safety:						
Public safety building constructio	-	-	-	10,936,159	-	10,936,159
Police operations and equipment	-	-	-	-	53,665	53,665
Municipal court technology	-	-	-	-	43,162	43,162
Municipal court security	-	-	-	-	25,780	25,780
Juvenile case manager	-	-	-	-	62,478	62,478
Municipal court jury	-	-	-	-	154	154
Community development:						
Promotion of tourism and hotel industry	-	-	-	-	529,812	529,812
PEG	-	-	-	-	56,538	56,538
Committed:						
Other post employee benefits	585,246	-	-	-	-	585,246
Stabilization arrangement	9,628,531	-	-	-	-	9,628,531
Capital projects	-	-	-	3,443,315	309	3,443,624
Future acquisition of parks	-	-	-	-	591,837	591,837
Culture and recreation:						
Library operations	-	-	-	-	171,362	171,362
Animal shelter improvements	-	-	-	-	253,959	253,959
Heritage park	-	-	-	-	103,269	103,269
Assigned:						
Subsequent year appropriations	1,440,782	-	-	-	-	1,440,782
Unassigned	11,576,147	-	(4,654,026)	-	(20,512)	6,901,609
Totals	$ 23,313,989	$ 17,742,056	$(4,654,026)	$ 14,379,474	$ 1,921,838	$ 52,703,331

15. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net position invested 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 proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

16. Use of Estimates

    The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

17. Concentration of Credit Risk

    The City has property tax receivables due from residents and businesses all of whom are located in the City. Also, the City has utility receivables due from residents and businesses located in the City and the surrounding area.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $86,192,008 difference are as follows:

Bonds payable	$ 52,535,000
Capital lease	491,872
Tax notes	4,040,000
Issuance premium (to be amortized as interest expense)	4,348,487
Accrued interest payable	147,879
Compensated absences	3,642,762
Deferred outflow related to pensions	(1,945,720)
Deferred outflow related to OPEBs	(3,686,304)
Deferred inflow related to pensions	2,899,205
Deferred inflow related to OPEBs	3,074,126
Net pension liability	6,479,423
Total OPEB liability	14,165,278
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$ 86,192,008

B. <u>Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities</u>

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $2,829,627 difference are as follows:

Capital outlay	$ 10,049,589
Depreciation expense	(7,219,962)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 2,829,627

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position." The details of this $3,554,438 are as follows:

Donated capital assets	$ 3,586,278
Disposal of capital assets	(31,840)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 3,554,438

Another element of that reconciliation states, "The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this ($12,975,664) difference are as follows:

Principal repayments	$ 6,015,334
Issuance of long-term debt	(19,312,911)
Accrued interest	(7,745)
Amortization of deferred loss on refunding	(96,197)
Amortization of bond premium	425,855
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$(12,975,664)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $2,176,046 difference are as follows:

Compensated absences	$(168,284)
Pension cost	1,342,710
OPEB cost	1,001,620
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$ 2,176,046

III.STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. <u>Deficit Fund Balance</u>

At year-end the TIRZ fund, a major fund, has a deficit fund balance of $4,654,026. The Debt Service Fund advanced funds to the TIRZ fund for capital projects which resulted in an advance from the Debt Service Fund. As the TIRZ fund expends the cash, expenditures are reported, and fund balance is reduced. Because these funds are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained to make scheduled installments to the Debt Service Fund.

The Chandor Gardens Fund, a non-major fund, has a deficit fund balance of $20,512. The Hotel/Motel fund funds the Chandor Gardens fund with an annual transfer. This deficit will be eliminated in the subsequent fiscal year with an additional transfer.

IV. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. <u>Deposits and Investments</u>

State statutes authorize the City to invest in obligations of the U. S. Treasury, the State of Texas, or its agencies; other states, counties, cities, and state agencies with an "A" rating or equivalent, fully insured or collateralized bank certificates of deposit, and fully collateralized direct repurchase agreements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City's investments at year-end are shown below.

Description	Maturity Date	Fair Value Measurements Used	Carrying Value 09/30/2021	% of Total	Weighted Average Maturity (Months)
Local Government Investment Pools:					
TexPool	N/A	N/A	$ 4,185,337	3.98%	0.00
TexStar	N/A	N/A	4,333,410	4.12%	0.00
Texas Class	N/A	N/A	63,047,986	59.93%	0.00
Total			71,566,733		
Certificates of Deposit:					
Texas Bank	10/21/21	N/A	2,519,573	2.39%	0.70
Texas Bank	10/27/21	N/A	508,648	0.48%	0.90
Texas Bank	11/03/21	N/A	15,029,862	14.29%	1.13
Texas Bank	01/31/22	N/A	5,007,759	4.75%	4.10
Texas Bank	10/21/22	N/A	2,521,885	2.39%	12.87
Texas Bank	10/21/23	N/A	5,048,397	4.79%	25.03
Total			30,636,124		
U. S. Government Securities:					
Fannie Mae [1]	10/07/21	Level 1	3,000,600	2.85%	0.23
Total			3,000,600		
Total investments			$ 105,203,457	100.0%	

The following pricing models were used to value securities:
(1) Documented trade history in exact security.

Interest Rate Risk: In compliance with the City's Investment Policy the City minimizes interest rate risk or the decrease in market value of securities in the City's portfolio due to changes in interest through strong cash flow projections so that market value losses are reduced and through investments in short-term securities with maturity dates that do not exceed five years from the date of purchase with the exception of security purchases related to reserve funds or that are matched to other specific cash flows and by investing operating funds in short-term securities or government investment pools. By doing this, the City avoids the need to sell securities in the secondary market prior to the maturity date.

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

Custodial Credit Risk - Investments: Safety of principal is the primary objective of the City's investment policy. To address this objective the City tries to mitigate credit risk (or default risk) by limiting its investments to only those investments that have been issued one of the top ratings by a nationally recognized credit rating agency. As of September 30, 2021, the City's investment in TexPool, TexStar, and Texas Class were rated AAAm by Standard & Poor's and the U. S. Government Securities were rated AA+ by Standard and Poor's.

Concentration of Credit Risk: In accordance with the City's investment policy, the City of Weatherford limits their exposure of concentration of credit risk by restricting investments in a single security type or financial institute to less than 50% of the City's total investment portfolio with the exception of U. S. Government Securities and authorized pools.

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the Office of the Comptroller of Public Accounts for review. TexPool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The Texas Short-term Asset Reserve Program, TexSTAR, is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. TexSTAR is overseen by a Governing Board consisting of individuals from participating government entities in the pool. The business and affairs of TexSTAR are managed by the Board. J.P. Morgan Investment Management, Inc. provides investment management, fund accounting, transfer agency and custodial services for the pool and Hilltop Securities Inc. provides administrative, marketing and participant services. The fund seeks to maintain a constant dollar objective and fulfills all requirement of the Texas PFIA for local government investment pools. The fund is rated AAAm by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for an individual security.

The Cooperative Liquid Assets Securities System – Texas ("CLASS") is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Chapter 2256, Texas Government Code. CLASS is created under an Amended and Restated Trust Agreement, dated as of May 1, 2001 (the "Agreement") among certain Texas governmental entities investing in the pool (the "Participants"), Municipal Investors Services Corporation ("MBIA-MISC") as program administrator, and Wells Fargo as custodian. CLASS is not SEC-registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with MBIA-MISC to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained by contacting MBIA Asset Management at 815-A Brazos Street, Suite 345, Austin, Texas 78701-9996 or by calling (800) 707-6242. CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

As of September 30, 2021, the City held restricted cash and investments of $31,346,115 for the following purposes:

Governmental activities:	
General capital projects	$ 10,936,159
Business-type activities:	
Revenue bond debt service	1,039,962
Revenue bond reserve	3,439,020
Water impact fee	585,557
Wastewater impact fee	2,542,244
Constructing improvements and extensions to the wastewater and reclaimed water system - TWDB program	7,905,853
Rate stabilization	4,897,320
Total business-type activities	20,409,956
Total restricted cash and investments	$ 31,346,115

B. Interfund Balances and Transfers

Interfund balances as of year-end were as follows:

Due From	Due To	Amount
General Capital Projects	General fund	$ 215,554
Non-Major Funds:		
Chandor Gardens	General fund	65,232
Library	General fund	6,095
Internal Service Fund	General fund	2,293
		$ 289,174

During fiscal year 2021, the General fund temporarily loaned various funds that had negative cash balances. These temporary loans will be repaid in the subsequent fiscal year.

Advance From	Advance To	Amount
Debt service fund	TIRZ fund	$ 6,000,000

During fiscal year 2017, the City issued tax notes to loan funds to the TIRZ (a blended component unit) for certain construction projects. The TIRZ will repay the Debt Service Fund in annual installments through 2023.

Interfund transfers during the year were as follows:

	Transfers In				
	General	Debt Service	General Capital Projects	Other Governmental	Total
Transfers Out:					
General	$ -	$ 375,000	$ 625,000	$ 152,796	$ 1,152,796
General Capital Projects	-	1,000,000	-	-	1,000,000
Municipal utility	5,211,770	-	-	-	5,211,770
Solid waste	200,000	-	300,000	-	500,000
Other governmental	-	-	-	191,402	191,402
Total Transfers	$ 5,411,770	$ 1,375,000	$ 925,000	$ 344,198	$ 8,055,968

Transfers are generally used 1) to transfer franchise fees to the General Fund from the Utility System Fund; 2) to transfer funds from the Utility System Fund to the General Fund for return on investment of the City owned utility system; 3) to transfer funds from the Solid Waste Fund to the General Fund for upkeep of the roads used by Solid Waste during their collection and disposal services; 4) to transfer funds from the General Fund to fund various capital projects; and 5) to subsidize project expenditures with bond resources.

C. Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 15,304,554	$ -	$ -	$ 15,304,554
Construction in progress	4,269,632	8,364,341	(3,917,257)	8,716,716
Total assets not being depreciated	19,574,186	8,364,341	(3,917,257)	24,021,270
Capital assets, being depreciated:				
Buildings and improvements	14,272,663	-	709,336	14,981,999
Infrastructure	61,685,262	3,586,281	-	65,271,543
Other improvements	48,413,492	911,508	3,207,921	52,532,921
Machinery and equipment	19,237,001	1,356,912	(409,892)	20,184,021
Total capital assets being depreciated	143,608,418	5,854,701	3,507,365	152,970,484
Less accumulated depreciation:				
Buildings and improvements	(7,514,310)	(547,152)	-	(8,061,462)
Infrastructure	(23,057,871)	(3,836,635)	-	(26,894,506)
Other improvements	(17,667,495)	(1,569,900)	-	(19,237,395)
Machinery and equipment	(11,456,945)	(1,747,739)	396,110	(12,808,574)
Total accumulated depreciation	(59,696,621)	(7,701,426)	396,110	(67,001,937)
Total capital assets being depreciated, net	83,911,797	(1,846,725)	3,903,475	85,968,547
Governmental activities capital assets, net	$ 103,485,983	$ 6,517,616	$(13,782)	$ 109,989,817

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 5,482,939	$ 64,492	$ -	$ 5,547,431
Construction in progress	8,867,043	10,619,512	(9,680,345)	9,806,210
Total assets not being depreciated	14,349,982	10,684,004	(9,680,345)	15,353,641
Capital assets, being depreciated:				
Buildings and improvements	18,364,877	-	-	18,364,877
Other improvements	225,977,401	9,286,062	10,466,281	245,729,744
Machinery and equipment	9,631,249	1,244,871	(940,144)	9,935,976
Total capital assets being depreciated	253,973,527	10,530,933	9,526,137	274,030,597
Less accumulated depreciation:				
Buildings and improvements	(11,254,834)	(477,816)	-	(11,732,650)
Other improvements	(86,742,745)	(10,145,525)	-	(96,888,270)
Machinery and equipment	(6,887,223)	(561,244)	109,479	(7,338,988)
Total accumulated depreciation	(104,884,802)	(11,184,585)	109,479	(115,959,908)
Total capital assets being depreciated, net	149,088,725	(653,652)	9,635,616	158,070,689
Business-type activities capital assets, net	$ 163,438,707	$ 10,030,352	$(44,729)	$ 173,424,330

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

Governmental activities:	
General government	$ 479,870
Public safety	862,680
Public works	4,516,632
Health and welfare	52,796
Cultural and recreational	1,307,984
Capital assets held by the City's internal service funds are charged to the various functions	481,464
Total depreciation expense - governmental activities	$ 7,701,426
Business-type activities:	
Electric	$ 3,064,999
Water	4,928,398
Wastewater	2,419,494
Solid waste	134,826
Storm water	641,091
Total depreciation expense - business-type activities	$ 11,188,808

D. Deferred Outflows and Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	General	Debt Service	TIRZ	Totals
Delinquent property taxes	$ 142,356	$ 69,352	$ 1,171	$ 212,879
Intergovernmental-grants	122,258	12,357,878	200,650	12,680,786
Court fines	133,952	-	-	133,952
Total - unavailable	$ 398,566	$ 12,427,230	$ 201,821	$ 13,027,617

Amounts are aggregated into a single deferred outflows or inflows of resources for certain columns. Below is the detail of deferred outflows and inflows of resources for governmental and business-type activities.

		Business-type Activities			
	Governmental Activities	Municipal Utility System	Solid Waste	Storm Water Utility	Totals
Deferred outflows:					
Charge on refunding	$ -	$ 628,128	$ -	$ -	$ 628,128
Related to pensions	1,945,720	562,600	90,299	-	2,598,619
Related to OPEB - SDBF	275,009	75,457	11,491	724	362,681
Related to OPEB - Retiree Health Plan	3,411,295	1,113,786	200,359	-	4,725,440
Total deferred outflow	$ 5,632,024	$ 2,379,971	$ 302,149	$ 724	$ 8,314,868
Deferred inflows:					
Related to pensions	$ 2,899,205	$ 838,299	$ 134,548	$ -	$ 3,872,052
Related to OPEB - SDBF	96,353	26,437	4,026	254	127,070
Related to OPEB - Retiree Health Plan	2,977,773	972,242	174,896	-	4,124,911
Total deferred inflow	$ 5,973,331	$ 1,836,978	$ 313,470	$ 254	$ 8,124,033

E. Bonds, Certificates of Obligation and Tax Notes Payable

Bonds, certificates of obligation and tax notes payable at September 30, 2021, consist of the following individual issues:

Governmental activities		
$18,220,000 2021 Certificate of Obligation Bonds, to construcing and equipping public safety facilities, due in annual installments through September 1, 2041, 1.50% - 4.00%.	$	18,220,000
$27,845,000 2020 General Obligation Refunding Bonds, to refund and restructure the City's General Obligation Bonds, Series 2010, and the Combination Tax & Revenue Certificates of Obligation, Series 2011, due in annual installments through March 1, 2034, 2.125% - 4.00%.		27,315,000
$7,345,000 2014 General Obligation Refunding Bonds, to refund and restructure the City's Certificates of Obligation Bonds, Series 2007, due in annual installments through March 1, 2027, 2.00% - 4.00%.		3,995,000
$4,320,000 2018 General Obligation Refunding Bonds, to refund and restructure the City's Certificates of Obligation Bonds, Series 2006 and 2008, due in annual installments through March 1, 2028, 2.57%.		3,005,000
$6,065,000 2016 Tax Notes, to fund TIRZ projects, due in annual installments through March 1, 2023, 1.485%.		1,810,000
$5,060,000 2017 Tax Notes, for radio upgrades and disparch console, and pool repairs and upgrades, due in semi-annual installments through March 1, 2024, 1.77%.		2,230,000
Total governmental activities	$	56,575,000
Business-type activities		
$41,565,000 2015 Utility System Revenue Refunding and Improvement Bonds, to refund the 2005 Utility System Refunding Bonds, to refund a portion of the 2006 Utility System Refunding Bonds and for improvements and extensions to the City's water, wastewater, and electric systems, due in annual installments through September 1, 2035, 2.00% - 5.00%.	$	23,425,000
$2,035,000 2015 Municipal Storm Water Utility System Revenue Bonds, for improvements to the City's storm water system, due in annual installments through September 1, 2025, 2.77%.		885,000
$11,220,000 Tax & Utility System (Surplus Pledge) Revenue Certificates of Obligation, Series 2016 Texas Water Development Board Clean Water SRF Loan, due in semi-annual installments through September 30, 2036.		8,540,000
$4,565,000 Tax and Utility System Certficates of Obligation, Series 2018 for improvements to the Utility System due in semi-annual installments through March 1, 2038, 3.0% - 3.5%.		4,045,000
Total business-type activities	$	36,895,000

Annual debt payment requirements for general obligation and certificates of obligation and tax notes as of September 30, 2021, are as follows:

Governmental Activities:

Fiscal Year	General Obligation Principal	General Obligation Interest	Certificates of Obligation Principal	Certificates of Obligation Interest	Total
2022	3,215,000	1,146,194	$ 520,000	621,587	$ 5,502,781
2023	4,615,000	1,005,719	690,000	415,544	6,726,263
2024	5,040,000	814,181	720,000	423,344	6,997,525
2025	5,285,000	607,681	745,000	394,044	7,031,725
2026	6,085,000	380,281	780,000	363,544	7,608,825
2027-2031	5,845,000	494,406	4,380,000	1,324,519	12,043,925
2032-2036	1,225,000	32,053	4,955,000	749,541	6,961,594
2037-2041	-	-	5,430,000	275,700	5,705,700
	$ 31,310,000	$ 4,480,515	$ 18,220,000	$ 4,567,823	$ 58,578,338

Fiscal Year	Private Placement General Obligation Principal	Private Placement General Obligation Interest	Private Placement Tax Notes Principal	Private Placement Tax Notes Interest	Total
2022	455,000	71,382	1,635,000	53,163	$ 2,214,545
2023	470,000	59,495	1,650,000	26,670	2,206,165
2024	560,000	46,260	755,000	6,682	1,367,942
2025	575,000	31,675	-	-	606,675
2026	585,000	16,769	-	-	601,769
2027-2031	360,000	9,252	-	-	369,252
	$ 3,005,000	$ 234,833	$ 4,040,000	$ 86,515	$ 7,366,348

Business-type Activities:

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Total
2022	3,275,000	1,249,502	$ 4,524,502
2023	2,645,000	1,089,377	3,734,377
2024	2,765,000	960,853	3,725,853
2025	2,900,000	826,428	3,726,428
2026	3,045,000	685,277	3,730,277
2027-2031	6,075,000	2,283,225	8,358,225
2032-2036	6,165,000	836,240	7,001,240
2037-2038	600,000	21,175	621,175
	$ 27,470,000	$ 7,952,077	$ 35,422,077

Fiscal Year	Revenue Bonds-Private Placement Principal	Revenue Bonds-Private Placement Interest	Total
2022	740,000	132,060	$ 872,060
2023	755,000	124,228	879,228
2024	760,000	115,192	875,192
2025	770,000	104,840	874,840
2026	545,000	93,555	638,555
2027-2031	2,820,000	370,739	3,190,739
2032-2036	3,035,000	155,668	3,190,668
	$ 9,425,000	$ 1,096,282	$ 10,521,282

On December 15, 2016, the City issued $11,220,000 Tax & Utility System Revenue Certificates of Obligation, Series 2016 Texas Water Development Board Clean Water SRF Loan. The bonds have a stated interest rate of 0.120%-1.740% and mature on September 1, 2036. The bonds were issued as part of a grant agreement with the Texas Water Development Board to construct improvements and extensions to the City's wastewater and reclaimed water system. As part of the overall grant package, the City was issued an additional $1,550,433 in principal forgiveness from the Clean Water State Revolving Fund Program that does not need to be paid back as long as the grant conditions are met. Proceeds from the loans have been restricted in the financial statements.

During the current year, the City issued Certificate of Obligation Bonds, Series 2021 with a stated interest rate of 1.76%. These bonds were issued in to fund the construction of a public safety building in the amount of $18,220,000

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental activities. These instruments include general obligation bonds, certificates of obligation, and tax notes. These debt obligations are secured by primarily future property tax revenues. In some cases, these bonds are also secured by a pledge of net revenues from the utility system.

Additionally, certain obligations that were marketed as private placements have been separately identified; however, the terms of these obligations are not significantly different than other obligations and do not have substantive acceleration clauses. Should the City default on these bonds, any registered owner of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

The revenue bonds are collateralized by the revenue of the combined utility system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used, first, to pay operating and maintenance expenses of the system and, second, to establish and maintain the revenue bond funds.

Any remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with these financial requirements.

Below is a summary of the various restricted asset accounts required by the bond ordinances along with the actual cash reserved as of September 30, 2021.

	Required	Actual
Reserve fund	$ 3,067,616	$ 3,439,020
Bond fund	$ 404,374	$ 1,039,962

Defeased Debt Outstanding

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. As of September 30, 2021, the City does not have any bonds considered defeased.

F. Capital Lease Obligation

The City's direct borrowings (capital leases) related to governmental and business-type activities are secured with equipment as collateral. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021, were as follows:

	Governmental Activities
2022	243,999
2023	197,476
2024	81,476
2025	81,476
2026	81,476
2027	81,476
Total minimum lease payments	767,378
Less: amount representing interest	(55,036)
Present value of minimum lease payments	$ 712,343

	Business-type Activities
2022	$ 45,731
2023	45,731
2024	45,731
2025	45,731
2026	45,731
2027	45,730
Total minimum lease payments	274,385
Less: amount representing interest	(23,167)
Present value of minimum lease payments	$ 251,218

G. Long-term Liability Activity

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and Certificates of Obligations:					
General obligations	$ 35,020,000	$ -	$ 3,710,000	$ 31,310,000	$ 3,215,000
General obligations-private placement	3,445,000	-	440,000	3,005,000	455,000
Certificates of obligation	-	18,220,000	-	18,220,000	520,000
Issuance premium	3,681,430	1,092,911	425,855	4,348,486	351,872
Totals	42,146,430	19,312,911	4,575,855	56,883,486	4,541,872
Tax notes-private placement	5,795,000	-	1,755,000	4,040,000	1,635,000
Capital lease-direct borrowing	927,409	-	215,066	712,343	222,576
Compensated absences	3,474,477	1,599,595	1,431,310	3,642,762	531,123
Governmental activities long-term liabilities	$ 52,343,316	$ 20,912,506	$ 7,977,231	$ 65,278,591	$ 6,930,571

The General Fund has typically been used to liquidate governmental activities compensated absences and capital lease, and the Debt Service Fund is typically has been used to liquidate tax notes.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue bonds	$ 30,600,000	$ -	$ 3,130,000	$ 27,470,000	$ 3,275,000
Revenue bonds-private placement	10,160,000	-	735,000	9,425,000	740,000
Issuance premium	3,632,688	-	243,449	3,389,239	-
Totals	44,392,688	-	4,108,449	40,284,239	4,015,000
Capital lease-direct borrowing	289,480	-	38,262	251,218	39,249
Compensated absences	1,097,439	356,261	429,845	1,023,855	179,358
Business-type activities long-term liabilities	$ 45,779,607	$ 356,261	$ 4,576,556	$ 41,559,312	$ 4,233,607

H. Net Pension and Total OPEB Liabilities

Amounts are aggregated into a single net pension liability and total OPEB liability for certain columns. Below is the detail of net pension liability and total OPEB liability for governmental and business-type activities.

		Business-type Activities			
	Governmental Activities	Municipal Utility System	Solid Waste	Storm Water Utility	Totals
Net pension liability	$ 6,479,423	$ 1,873,510	$ 300,702	$ -	$ 8,653,635
Total OPEB liability - Due within one year:					
TMRS SDBF	$ 112,492	$ 30,865	$ 4,700	$ 295	$ 148,352
Retiree Health Plan	993,883	324,502	58,374	-	1,376,759
Total due within one year	1,106,375	355,367	63,074	295	1,525,111
Total OPEB liability - Due in more than one year:					
TMRS SDBF	1,017,215	279,105	42,502	2,680	1,341,502
Retiree Health Plan	12,041,688	3,931,605	707,256	-	16,680,549
Total due in more than one year	13,058,903	4,210,710	749,758	2,680	18,022,051
Total OPEB liability	$ 14,165,278	$ 4,566,077	$ 812,832	$ 2,975	$ 19,547,162

Pension and OPEB expense amounts are reported for certain columns. Below is the detail of pension and OPEB expense for governmental and business-type activities.

		Business-type Activities			
	Governmental Activities	Municipal Utility System	Solid Waste	Storm Water Utility	Totals
Pension expense	$(1,379,830)	$(197,404)	$(35,070)	$ -	$(1,612,304)
OPEB expense:					
TMRS SDBF	$ 94,207	$ 25,848	$ 3,936	$ 247	$ 124,238
Retiree Health Plan	(1,096,083)	(357,870)	(64,377)	-	(1,518,330)
Total OPEB expense	$(1,001,876)	$(332,022)	$(60,441)	$ 247	$(1,394,092)

V. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Descriptions. The City participates as one of 890 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (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 (the TMRS Act) as an agency 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's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available 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.

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2000, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2014, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

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
Service retirement eligibility	20 years to any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase to retirees	50% of CPI repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries current receiving benefits	245
Inactive employees entitled to but not yet received benefits	197
Active employees	361
Total	803

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions 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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.51% and 13.88% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were $3,217,667, 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:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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 are 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 will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The 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 healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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, GRS 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	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

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 statue. 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	$ 129,971,922	$ 119,810,471	$ 10,161,451
Changes for the year:			
Service cost	3,886,319	-	3,886,319
Interest	8,702,274	-	8,702,274
Difference between expected and actual experience	(323,723)	-	(323,723)
Contributions - employer	-	3,109,625	(3,109,625)
Contributions - employee	-	1,628,022	(1,628,022)
Net investment income	-	9,096,182	(9,096,182)
Benefits payments, including refunds of employee contributions	(5,984,996)	(5,984,996)	-
Administrative expense	-	(58,847)	58,847
Other change	-	(2,296)	2,296
Net changes	6,279,874	7,787,690	(1,507,816)
Balance at 12/31/2020	$ 136,251,796	$ 127,598,161	$ 8,653,635

The City's net pension liability is generally liquated by the General Fund and Proprietary Funds.

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability 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 in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in in Discount Rate (7.75%)
City's net pension liability	$ 28,217,338	$ 8,653,635	$(7,394,377)

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions. *For* the year ended September 30, 2021, the City recognized pension expense of $1,612,304. At September 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 102,519	$ 476,318
Changes in actuarial assumptions	170,902	-
Difference between projected and actual investment earnings	-	3,395,734
Contributions subsequent to the measurement date	2,325,198	-
Totals	$ 2,598,619	$ 3,872,052

$2,325,198 reported as deferred outflows of resources related to pension 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 expenses as follows:

For the Year Ended September 30,	
2022	$(1,366,525)
2023	22,193
2024	(2,006,655)
2025	(247,644)

B. <u>Postemployment Benefits Other Than Pensions (OPEB) - TMRS Supplemental Death Benefits Fund</u>

Plan Description. The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of $7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	188
Inactive employees entitled to but not yet receiving benefits	47
Active employees	361
Total	596

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.17% for 2021 and 0.17% for 2020, of which 0.04% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2021 were $46,205 representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Total OPEB Liability

The City's total OPEB liability of $1,489,855 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	2.5% per annum
Actuarial cost method	Entry age normal
Discount rate	2.00%
Projected salary increases	3.5% to 11.5% including inflation

Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

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 are 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 will be applied to reflect the impairment for younger members who become disabled for males and females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.00% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.00%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	$ 1,816,082	$ 1,489,854	$ 1,236,225

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2019	$ 1,247,690
Changes for the year:	
Service cost	46,515
Interest	34,823
Difference between expected and actual experience	(25,869)
Changes of assumptions and other inputs	195,999
Benefit payments	(9,304)
Net changes	242,164
Balance at 12/31/2020	$ 1,489,854

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% to 2.00%.

The City's total OPEB liability is generally liquated by the General Fund and Proprietary Funds.

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB. For the year ended September 30, 2021, the City recognized OPEB expense of $124,238. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 28,160	$ 87,709
Changes in actuarial assumptions	327,760	39,361
Contributions subsequent to the measurement date	6,761	-
Totals	$ 362,681	$ 127,070

$6,761 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2022	$ 52,556
2023	52,556
2024	44,293
2025	41,534
2026	31,107
Thereafter	6,804

C. Postemployment Benefits Other Than Pensions (OPEB) – Retiree Health Plan

Plan Description. The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. This plan is administered by the City and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits and Contributions. After October 2000, the City began paying for 100 percent of the premiums of health, dental, and vision care for employees who retire from fulltime service with the City. On March 1, 2007, the City changed this policy to only pay the medical premiums for those retirees who attain age 55 with 20 years of continuous service before retirement and meet the requirements under TMRS. On September 23, 2008, eligibility was further limited to those employees that were hired regular, fulltime before October 1, 2008.

Therefore, under the existing plan, the City will pay 100% medical, dental, and vision premiums for those retirees who were hired regular fulltime before October 1, 2008, retire after October 1, 2008, and meet the following qualifications:

1. Employed by the City of Weatherford in a fulltime status for a period of at least 20 years continuously prior to retirement;
2. Meet eligibility requirements under TMRS; and
3. Attain minimum age 55 at retirement date.

The City of Weatherford will not pay any portion of medical premiums for retirees hired after October 1, 2008.

Retirement under TMRS is attainment of 20 years of service, any age or five years of service and age 60. Only fulltime employees who attain age 55 with 20 years of continuous service with the City are eligible for health benefits. Employees retiring early under retirement conditions or who terminate employment are not eligible for retiree health benefits. Survivors of employees who die while actively employed are not eligible for retiree health care benefits. Employees who retire under a disability retirement must meet the eligibility requirements stated above to be eligible for health care benefits. Spouses and the dependents of retired employees are eligible to continue health care, dental and vision benefits, or Medicare Supplement with payment of 100% of premiums, until death of retiree. Upon death of retiree, all benefits cease. Retirees are required to enroll in Medicare Supplement policy for retiree. Retirees who decide to opt-out of the health care plan are not eligible to opt back.

Retirees are responsible for payment of premiums for any dependent coverage, and the City pays the retirees premiums. The City's contributions to the OPEB for the year ended September 30, 2021, were $359,670, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	58
Active members	355
Total	413

Actuarial Methods and Assumptions

Significant methods and assumptions were as follows:

Actuarial Valuation Date	December 31, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Inflation Rate	2.00%
Salary Increases	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). The standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projects on a fully generational basis using the ultimate mortality improvement rates in teh MP tables to account for future mortability improvements.
Health care cost trend rates	For Pre-65, initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years. For post-65, initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years.
Participation rates	It was assumed that 90% of retirees who are eligible for the City subsidy and 3% of those who are not eligible for the City subsidy would choose to receive health care benefits through the City.
Discount rate	The discount rate changed from 2.75% as of December 31, 2018 to 2.00% as of December 31, 2019.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 2.00% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

Changes in the Total OPEB Liability

The City's total OPEB liability of $18,057,308 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2020.

	Total OPEB Liability
Balance at 12/31/2019	$ 19,914,123
Changes for the year:	
Service cost	524,510
Interest on the total liability	549,365
Changes of benefit terms	(2,284,361)
Difference between expected and actual experience	(2,253,468)
Changes in assumptions and other inputs	2,006,042
Benefit payments	(398,903)
Net changes	(1,856,815)
Balance at 12/31/2020	$ 18,057,308

Changes in assumptions and other inputs reflect a change in the discount rate from 2.75% to 2.00%, and updates to the health care trend assumption. Change of benefit terms reflect changes made by the City to remove spouses from the plan once the member turns 65 and updating the explicit subsidy to the maximum of $600 that the City pays.

The City's total OPEB liability is generally liquated by the General Fund and Proprietary Funds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.00%) in measuring the total OPEB liability.

	1% Decrease in Discount Rate (3.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (1.00%)
City's total OPEB liability	$ 21,315,490	$ 18,057,308	$ 15,452,183

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's total OPEB liability	$ 15,211,108	$ 18,057,308	$ 21,778,693

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of $1,158,660. 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
Differences between expected and actual experience	$ 25,001	$ 4,124,911
Changes in actuarial assumptions	4,404,726	-
Contributions subsequent to the measurement date	295,713	-
Total	$ 4,725,440	$ 4,124,911

$295,713 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date are due to benefit payments the City paid with own assets and will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,		
2022	$	51,826
2023		51,826
2024		51,826
2025		51,826
2026		51,826
Thereafter		45,686

D. Deferred Compensation Plan

The City offers its employees a tax-deferred compensation plan meeting the requirements of Internal Revenue Code Section 457. The plan was established by City ordinance that appointed ICMA Retirement Corporation as plan administrator. The City's fiduciary responsibility is to remit employee deferred compensation to the administrator on a regular basis. The deferred compensation is not available to employees until termination, retirement, death, or emergency.

E. Risk Management

The City is exposed to various risks of loss related to theft or damage of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the City's participation in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for liability, property, and workers' compensation. TMLIRD is a self-sustaining risk pool operated on a state-wide basis for the benefit of several hundred Texas cities and other public entities. The City pays annual premiums to the TMLIRP, which retains risk of loss up to $3,000,000 and obtains independent coverage for losses in excess of that amount.

The City retains no risk except for the deductible amounts as shown below:

Type of Coverage	Limit Per Occurrence	Annual Aggregate	Deductible
General liability	$ 2,000,000	$ 4,000,000	$ 5,000
Law enforcement liability	2,000,000	4,000,000	5,000
Errors and omissions liability	2,000,000	4,000,000	50,000
Auto liability	2,000,000	N/A	5,000
Auto physical damage	ACV*	N/A	1,000
Real and personal property	95,527,342	95,527,342	2,500
Mobile equipment	3,567,150	3,567,150	1,000
Boiler and machinery	11,000,000	N/A	2,500
Sewage backup	50,000	N/A	500

*Actual cash value

There have been no reductions in coverage from the coverage in the prior year, and there have been no settlements that exceeded coverage in the current or past four fiscal years.

The City has a self-insured employee and retiree health plans, effective January 1, 2018. TML Multistate Intergovernmental Employee Benefits Pool (IEBP) is the third-party administrator for the employee and pre-65 retiree health plans. Claims and other plan administration services are performed by TML Multistate IEBP. All participating funds make payments to an Internal Service Fund for their portion of health plan cost.

Financial responsibility in a self-insured funding arrangement is on the City, the risk of losses exceeding an affordable threshold is transferred to an insurance company through the purchase of stop-loss insurance with Companion Life Insurance Company. Stop-loss insurance protects the City from plan claims costs exceeding a specified deductible during the plan year.

The City has specific excess loss insurance to cover specific claims incurred by plan participants. The City has a $125,000 specific deductible for each medical plan member. The City also has coverage for aggregate claims incurred under the self-insured health plan. Under this coverage, aggregate claims in excess of an estimate annual aggregate attachment point of $4,021,127 would be covered up to an aggregate benefit period reimbursement maximum of $1,000,000.

The City establishes the insurance claim liability based on estimates of the ultimate cost of claims reported but unsettled and of claims incurred but not reported. Activity for two years is as follows:

	2021	2020
Claims payable, beginning of year	$ 292,828	$ 96,614
Current year claims and changes in estimates	3,309,759	3,455,227
Payments on claims	(3,333,141)	(3,259,013)
Claims payable at end of year	$ 269,446	$ 292,828

F. <u>Contingencies</u>

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any programs are subject to program compliance audits by the grantors of their representatives. Any liability that may arise as the result of these audits is not believed to be probable.

The City was not involved in litigation as of year-end that in the opinion of City's legal counsel would have a material adverse effect on the financial condition of the City.

G. <u>Commitments</u>

On December 10, 2019, the City Council approved a contract with Brown Reynolds Watford Architects Inc in the amount of $1,663,800 for the design of the Public Safety Building. This project is funded through General Fund revenues. As of September 30, 2021, work in the amount of $1,421,075 was completed.

On August 27, 2020, the Municipal Utility Board approved a contract with Ana Site Construction, LLC in the amount of $2,304,781 for the construction of the Reclaimed Water Pipeline – Part 2 project. The project is funded through the Texas Water Development Boards Clean Water State Revolving Fund. As of September 30, 2021, work in the amount of $1,522,697 was completed.

On August 27, 2020, the Municipal Utility Board approved a contract with BAR Constructors, Inc. in the amount of $5,310,809 for the construction of the Reclaimed Water Pump Station and Wastewater Treatment Plan improvements. The project is funded through the Texas Water Development Boards Clean Water State Revolving Fund. As of September 30, 2021, work in the amount of $1,764,788 was completed.

On August 27, 2020, the Municipal Utility Board approved a contract with Calgon Carbon Corporation in the amount of $576,780 for GAC filter media for the Dr. Paul Phillips Water Purification Plant Taste and Odor Treatment project. The project is funded through utility rate revenues. As of September 30, 2021, work had not yet begun on this project.

On September 24, 2020, the Municipal Utility Board approved a contract with Urban Infraconstruction LLC. in the amount of $8,690,823 for the construction of the Dr. Paul Phillips Water Purification Plant Taste and Odor Treatment project. The project is funded through utility rate revenues. As of September 30, 2021, work in the amount of $2,031,335 was completed.

On April 9, 2021, the City Council approved a contract with Sedalco, Inc. in the amount of $18,994,584 for the construction and project management of the Public Safety Building. This project is funded through bond proceeds from the 2021 Certificates of Obligations. As of September 30, 2021, work in the amount of $7,197,470 was completed.

On May 27, 2021, the City Council approved a contract with Kimley Horn and Associates in the amount of $1,780,000 for the design of the Downtown Bypass Phase 1 project. This project is funded through TIRZ funds and will be reimbursed from North Central Texas Council of Governments. As of September 30, 2021, work in the amount of $181,150 was completed.

H. Tax Abatements

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. This program reduces the assessed property values and refunds sales tax as authorized under Chapter 380 of the Texas Local Government Code.

The City has entered into various agreements that reduce property and sales taxes. Agreements for a reduction of taxable property values on incremental values call for a reduction of 15% to 100% for 5 to 9 years. The agreements for sales tax provide rebates of 15% to 100% for 5 to 9 years. Each agreement requires a developer commitment of $250 thousand to $12 million in improvements and minimum employment requirements. For fiscal year 2021, the City rebated sales taxes of $642,281.

I. Power Wholesale Supplier Agreements and Derivative Instruments

The City owns and operates its own electric distribution system and purchases all of its power from wholesale power suppliers. In an effort to mitigate the financial and market risk associated with the purchase of energy and congestion risk in delivery, the City has established a risk management program. The program was authorized by the Weatherford Municipal Utility Board and is led by a Risk Management Committee. Under this program, the City enters into forward contracts for natural gas and congestion rights for the purpose of reducing exposure to energy and congestion price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. In order to hedge the City's price risk, the City has entered into corresponding power supply agreements with the entity’s wholesale power supplier to hedge against energy price fluctuation in the market.

Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow the City to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, semi-annually and monthly at market value. These CRRs are expected to be settled upon the City taking delivery of the commodity which meet the requirements of a normal purchase of the City. As of September 30, 2021, the City held CRRs with a cost of $151,450, and are reported as prepaid items within the Utility System Fund.

The City has entered into wholesale power supply agreements with Morgan Stanley Capital Group, Inc. Constellation, and Garland Power and Light (GP&L), through 2022, 2023, and 2029, respectively. Under the terms of the agreements, the City purchases its full power requirements for its retail customer base. These contracts are considered normal purchase agreements and are reported when the exchange occurs.

In July 2015, the City entered into an agreement with the City of Garland to invest in energy from a wind turbine electrical generation facility. As a result, the City agrees to purchase power generated by this facility in accordance with the terms of the agreement for fourteen years beginning in December 2016.

In April 2016, the City entered into an agreement with the City of Garland to invest in energy from a solar energy facility. As a result, the City agrees to purchase power generated by this facility in accordance with the terms of the agreement for fifteen years beginning in April 2017.

J. New Accounting Principles

Significant new accounting standards not yet implemented by the City include the following.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective for the City in fiscal year 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. This Statement will become effective for the City in fiscal year 2024.

K. Global Pandemic COVID-19

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to cause market fluctuations. Business continuity and financial markets, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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[CLOSING DATE]

IN REGARD to the authorization and issuance of the "City of Weatherford, Texas, Tax and Utility System (Limited Pledge) Revenue Certificates of Obligation, Taxable Series 2023," dated March 16, 2023, in the principal amount of $13,700,000 (the "Certificates"), we have examined into their issuance by the City of Weatherford, Texas (the "City"), solely to express legal opinions as to the validity of the Certificates, 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 March 1 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 date, 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:

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 utility 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.

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; 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.

Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company.