HTSContinuingDisclosureServices
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated June 11, 2019

Ratings:
Fitch: "AA"
Moody's: "Aa1"
S&P: "AA+"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

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

FORT WORTH

$93,290,000*
CITY OF FORT WORTH, TEXAS
(Tarrant, Denton, Parker, Johnson and Wise Counties, Texas)
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019

Dated Date: June 1, 2019 **Due: February 15, as shown below**
Interest Accrues from Delivery Date

PAYMENT TERMS . . . Interest on the $93,290,000* City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2019 (the "Bonds") will accrue from the Delivery Date (defined below) and will be payable on February 15, 2020, and on each August 15 and February 15 thereafter, 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 Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the constitution and general laws of the State of Texas, particularly Chapters 1371 and 1502, Texas Government Code, as amended, the terms of a Master Ordinance (the "Master Ordinance") adopted on December 10, 1991, by the City Council of the City of Fort Worth (the "City") establishing the City's Water and Sewer System Revenue Financing Program, and a Thirty-Fourth Supplemental Ordinance to the Master Ordinance, adopted on May 7, 2019, authorizing the issuance of the Bonds (the "Thirty-Fourth Supplement") in which the City Council delegated to certain authorized representatives of the City authority to complete the sale of the Bonds through a competitive sale. The Master Ordinance and the Thirty-Fourth Supplement are collectively referred to herein as the "Ordinance". The Bonds are special obligations of the City payable, both as to principal and interest, solely from and, together with the Previously Issued Parity Bonds (defined herein), secured by a first lien on and pledge of the Pledged Revenues, as defined in the Master Ordinance, of the City's Water and Sewer System (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "The Bonds - Authority for Issuance" and "The Bonds - Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) fund improvements and extensions to the System and (ii) pay the costs associated with the issuance of the Bonds.

MATURITY SCHEDULE, INTEREST RATES,
INITIAL REOFFERING YIELDS, AND CUSIP NUMBERS

See Schedule on page 2

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

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on July 16, 2019 (the "Delivery Date").

SEALED BIDS DUE JUNE 12, 2019, AT 11:00 AM, CDT**

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* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" in the Notice of Sale.

** Place and Time of Bid Opening . . . The City may choose to accept bids for the sale of the Bonds on a business day during the period beginning June 12, 2019 and initially ending June 26, 2019. At least 12 hours prior to the sale of the Bonds, Hilltop Securities Inc. ("HilltopSecurities"), as Co-Financial Advisor to the City, will communicate, through Parity and Bloomberg, the date and time for submission of bids. HilltopSecurities, acting on behalf of the City, shall accept bids up to the time specified in the notice described above.

*** The Initial Purchaser is the entity from whom the City accepts its bid in response to the City's request for competitive bids for the Bonds.

MATURITY SCHEDULE* **CUSIP Prefix (1): 349515**

Amount	Maturity February 15	Interest Rate	Yield/ Price	CUSIP Suffix (1)	Amount	Maturity February 15	Interest Rate	Yield/ Price	CUSIP Suffix (1)
$ 1,325,000	2020				$ 3,055,000	2035			
1,695,000	2021				3,150,000	2036			
1,780,000	2022				3,245,000	2037			
1,870,000	2023				3,345,000	2038			
1,970,000	2024				3,445,000	2039			
2,070,000	2025				3,570,000	2040			
2,175,000	2026				3,715,000	2041			
2,285,000	2027				3,865,000	2042			
2,405,000	2028				4,025,000	2043			
2,515,000	2029				4,185,000	2044			
2,615,000	2030				4,360,000	2045			
2,710,000	2031				4,535,000	2046			
2,790,000	2032				4,720,000	2047			
2,875,000	2033				4,915,000	2048			
2,965,000	2034				5,115,000	2049			

(Accrued Interest from the Delivery Date)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the City, the Co-Financial Advisors or the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds – Optional Redemption").

[The remainder of this page intentionally left blank.]

* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" in the Notice of Sale.

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.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the City and other sources considered to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Co-Financial Advisors. 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.

Neither the City nor its Co-Financial Advisors make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

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

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

THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

PRELIMINARY 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 Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY .... The City of Fort Worth, Texas (the "City") is a political subdivision and municipal corporation of the State, located in Tarrant, Denton, Parker, Johnson and Wise Counties, Texas. The City covers approximately 345 square miles (see "Introduction - Description of the City").

THE BONDS .... The $93,290,000* Water and Sewer System Revenue Bonds, Series 2019 will mature serially on February 15 in the years 2020 through 2049 (see "The Bonds - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the Delivery Date, and is payable February 15, 2020, and each August 15 and February 15 thereafter until maturity or prior redemption (see "The Bonds - Description of the Bonds").

AUTHORITY FOR ISSUANCE.......... The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapters 1371 and 1502, Texas Government Code, as amended, the Master Ordinance, and the Thirty-Fourth Supplemental Ordinance in which the City Council delegated to certain authorized representatives of the City authority to complete the sale of the Bonds. The Master Ordinance and the Thirty-Fourth Supplemental Ordinance are collectively referred to herein as the "Ordinance" (see "The Bonds - Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds constitute special obligations of the City, payable, both as to principal and interest, solely from and, together with the Previously Issued Parity Bonds (defined herein), secured by a first lien on and pledge of the Pledged Revenues, as defined in the Master Ordinance, of the City's Water and Sewer System (the "System"). **The City has neither covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "The Bonds - Security and Source of Payment").

OPTIONAL REDEMPTION .... The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, within a maturity, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds – Optional Redemption").

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

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used to (i) fund improvements and extensions to the System; and (ii) pay the costs associated with the issuance of the Bonds.

RATINGS .... The Bonds and the presently outstanding water and sewer revenue debt of the City are rated "AA" by Fitch Ratings ("Fitch"), "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P Global Ratings, a business unit of Standard and Poor's Financial Services LLC ("S&P") (see "Other Information - Ratings").

BOOK-ENTRY-ONLY SYSTEM...... The definitive Bonds 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 Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the Beneficial Owners ("Beneficial Owner") thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds (see "The Bonds - Book-Entry-Only System").

PAYMENT RECORD .... The City has never defaulted on payment of its revenue bonds.

* Preliminary, subject to change. See the Notice of Sale and Bidding Instructions.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population [(2)]	Water Usage (Million Gallons) [(1)] Average Day Usage	Peak Day Usage	Total Water Pumped	Net Revenue Available For Debt Service	Annual Debt Service Requirements [(3)]	Coverage of Parity Debt
2014	781,100	122.6	240.3	44,760.4	141,980,000	$ 79,567,107	1.78
2015	792,720	122.9	281.9	44,841.0	157,207,574	80,678,282	1.95
2016	806,380	120.4	191.0	43,953.7	165,674,000	80,673,399	2.05
2017	815,430	119.9	263.3	43,751.1	189,622,000	86,636,339	2.19
2018	829,560	119.5	359.8	43,622.5	218,462,000	89,144,594	2.45

(1) Inside City limits. Does not include wholesale customer usage.
(2) Source: North Central Texas Council of Governments ("NCTCOG").
(3) Does not include Subordinate Lien Bonds (defined herein). See “The Bonds – Security and Source of Payment”.

For additional information regarding the City, please contact:

Kevin Gunn
Interim Chief Financial Officer/
Director of Financial Management Services
City of Fort Worth
200 Texas Street
Third Floor, Southwest
Fort Worth, Texas 76102
(817) 392-8500

or

Laura Alexander
Adam LanCarte
Hilltop Securities Inc.
777 Main Street, Suite 1200
Fort Worth, Texas 76102
(817) 332-9710

or

U.S. Williams
Tania Askins
Estrada Hinojosa & Company, Inc.
1717 Main St., Suite 4740
Lockbox 47
Dallas, Texas 75201
(214) 658-1670

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CITY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS [1]

City Council	Term Expires	Occupation
Betsy Price Mayor, Place 1	May 2021	Mayor
Carlos E. Flores Councilmember, Place 2	May 2021	Engineer
Brian Byrd Councilmember, Place 3	May 2021	Physician
Cary Moon Councilmember, Place 4	May 2021	Financial Services; Developer
Gyna Bivens Councilmember, Place 5	May 2021	President and Executive Director of North Texas LEAD
Jungus Jordan Councilmember, Place 6	May 2021	Retired Air Force/ Economist/ Cook Children's
Dennis Shingleton Councilmember, Place 7	May 2021	Retired Army Colonel; Retired Senior Associate Dean at the UNT
Kelly Allen Gray Councilmember, Place 8	May 2021	Councilmember
Ann Zadeh Councilmember, Place 9	May 2021	Councilmember

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

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service in Present Position	Length of Service With City
David Cooke	City Manager	5 Years	5 Years
Susan Alanis	Assistant City Manager	8 Years	19 Years
Fernando Costa	Assistant City Manager	10 Years	19 Years
Jay Chapa	Assistant City Manager	4 Years	22 Years
Valerie Washington	Assistant City Manager	4 Years	4 Years
Kevin Gunn [1]	Interim Chief Financial Officer	7 Months	4 Years
Sarah Fullenwider	City Attorney	8 Years	20 Years
Mary J. Kayser	City Secretary	7 Years	7 Years
Chris Harder	Director of Water Department	1 Year	19 Years

(1) Kevin Gunn will step down as Interim Chief Financial Officer and Reginald Zeno will become the new Chief Financial Officer on _July 8, 2019.

CONSULTANTS, ADVISORS, AND INDEPENDENT AUDITORS

Independent Auditors.. Weaver and Tidwell, LLP
Fort Worth, Texas

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

Kelly Hart & Hallman LLP
Fort Worth, Texas

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

Estrada Hinojosa & Company, Inc.
Fort Worth and Dallas, Texas

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

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$93,290,000*
CITY OF FORT WORTH, TEXAS
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019

INTRODUCTION

This Official Statement, which includes the cover page and Appendices hereto, provides certain information regarding the issuance of $93,290,000* City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2019 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance establishing the revenue financing program for the System (the "Master Ordinance") and an ordinance adopted on May 7, 2019 authorizing the issuance of the Bonds (the "Thirty-Fourth Supplement" and, together with the Master Ordinance, the "Ordinance") except as otherwise indicated herein. In the Thirty-Fourth Supplement, as permitted by the provisions of Chapter 1371, Texas Government Code, as amended, the City Council delegated the authority to certain authorized representatives of the City to effect the sale of the Bonds. The Ordinance further authorized the City Manager and Interim Chief Financial Officer/Director of Financial Management Services of the City to approve, for and on behalf of the City, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the use of this Official Statement by the Initial Purchaser of the Bonds (see "Other Information – Initial Purchaser of the Bonds") in connection with the public offering and the sale of the Bonds. Reference is made to "Certain Selected Provisions of the Master Ordinance and the Thirty-Fourth Supplemental Ordinance" which contains defined terms and selected provisions of the Ordinance that are summarized under "The Bonds."

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

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

The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City home rule charter (defined below). The City was incorporated in 1873 and first adopted its home rule charter in 1924 (the "City Charter"). The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Councilmembers. The term of office for the Mayor and the eight Councilmembers is two 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), streets, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) fund improvements and extensions to the System; and (ii) pay the costs associated with the issuance of the Bonds.

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

Sources of Funds		
Par Amount of Bonds	$	-
Cash Premium Bid		-
Total Sources of Funds	$	-
Uses of Funds		
Deposit to Project Fund	$	-
Cost of Issuance		-
Total Uses of Funds	$	-

* Preliminary, subject to change. See the Notice of Sale and Bidding Instructions.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated June 1, 2019, and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the Delivery Date as defined on the cover page, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15, 2020 and on each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Bonds 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 Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1371 and 1502, Texas Government Code, as amended, and the terms of the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are Parity Obligations, and will constitute special obligations of the City and, together with the Previously Issued Parity Bonds (defined below), will be secured by and, payable solely from a first lien on and pledge of the net revenues of the System and certain other funds that may be pledged to the payment of the Parity Obligations (the "Pledged Revenues") (see "Certain Selected Provisions of the Master Ordinance and the Thirty-Fourth Supplemental Ordinance"). The Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund and the Reserve Fund to the extent provided in the Ordinance (See "Reserve Fund" below). Operation and maintenance expenses include the purchase of water, sewer, and to the extent permitted by law, drainage services from other entities and related expenses, and to the extent permitted by law, may include payments made or in respect of obtaining and maintaining any Credit Agreement or Credit Facility. **The holders of the Bonds shall never have the right to demand payment thereof out of any funds raised or to be raised by taxation, or from any source whatsoever, other than Pledged Revenues. The City does not intend to create or fund a reserve fund for the Bonds (see "Reserve Fund").**

The City has outstanding parity bonds payable from a first lien of and pledge of Pledged Revenues (the "Previously Issued Parity Bonds") as follows:

Outstanding Parity Bonds [1]	Issue Description
$ 46,965,000	Water & Sewer Revenue Bonds, Series 2018
55,525,000	Water & Sewer Revenue Bonds, Series 2017B
99,285,000	Water & Sewer System Revenue Refunding & Improvement Bonds, Series 2017A
15,095,000	Water & Sewer System Revenue Bonds, Series 2017
65,785,000	Water & Sewer System Revenue Refunding & Improvement Bonds, Series 2016
9,855,000	Water & Sewer System Revenue Bonds, Series 2015B
107,185,000	Water & Sewer System Revenue Refunding & Improvement Bonds, Series 2015A
31,660,000	Water & Sewer System Revenue Bonds, Series 2015
111,990,000	Water & Sewer System Revenue Refunding & Improvement Bonds, Series 2014
18,700,000	Water & Sewer System Revenue Refunding Bonds, Series 2012
92,830,000	Water & Sewer System Revenue Refunding & Improvement Bonds, Series 2011
29,385,000	Water & Sewer System Revenue Bonds, Series 2010C
16,515,000	Water & Sewer System Revenue Bonds, Series 2010B
23,540,000	Water & Sewer System Revenue Bonds, Series 2010A
5,550,000	Water & Sewer System Revenue Refunding Bonds, Series 2010
8,845,000	Water & Sewer System Revenue Bonds, Series 2009
$ 738,710,000	

(1) As of April 1, 2019.

The City also has outstanding obligations secured by a lien on and pledge of the Pledged Revenue subordinate in all respects to the lien on and pledge of the Pledged Revenues for the Parity Obligations (collectively, the "Subordinate Lien Bonds"). The City has outstanding Subordinate Lien Bonds as follows:

Dated Date	Issue Amount	Outstanding Subordinate Lien Bonds (1)(2)(3)	Issue Description
9/1/2007	$33,560,000	$ 15,860,000	Water & Sewer System Subordinate Lien Revenue Bonds, Series 2007A
9/1/2007	49,865,000	24,095,000	Water & Sewer System Subordinate Lien Revenue Bonds, Series 2007B
		$ 39,955,000	

(1) As of April 1, 2019.
(2) Both Series of the outstanding Subordinate Lien Bonds were sold to the Texas Water Development Board.
(3) Each Series matures serially on March 1 in each of the years 2020 through 2027, inclusive.

RESERVE FUND . . . The City reserved the right in the Master Ordinance to fund a reserve fund for Parity Obligations in accordance with the terms of a Supplement. See "Certain Selected Provisions of the Master Ordinance and the Thirty-Fourth Supplemental Ordinance – Selected Provisions of the Master Ordinance - Definitions (see definition of Required Reserve Amount) and - Reserve Fund". The Series 2009 Bonds, Series 2010A Bonds, Series 2010B Bonds, Series 2015B Bonds, and Series 2017B Bonds are the only outstanding Parity Obligations that are secured by the Reserve Fund. **The Bonds offered by this Official Statement will not be secured by the Reserve Fund.** The City reserves the right in the future to fund the Reserve Fund for the benefit of the Bonds, either with cash or with a Credit Facility (see " Debt Service Reserve Fund Surety Bond"), such that the amount on deposit therein is at least equal to the Required Reserve Amount, taking into account the Annual Debt Service Requirements for the Bonds at the time the City determines to secure the Bonds with the Reserve Fund.

Pursuant to the Master Ordinance, the Required Reserve Amount, if funded, shall be in an amount equal to the greater of fifty percent (50%) of the average Annual Debt Service Requirements on all outstanding Parity Obligations secured by the Reserve Fund, or thirty-seven and one-half percent (37.5%) of the Annual Debt Service Requirements of the Parity Obligations secured by the Reserve Fund to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are the greatest. The Required Reserve Amount may be funded with cash, Eligible Investments, any Credit Facility (which may consist of a policy of insurance, a surety bond or a letter or line of credit), or any combination of the foregoing. Reimbursement to an issuer of a Credit Facility from Pledged Revenues is subordinate to the payment of principal of and interest on the Parity Obligations and to the curing of a deficiency in the Required Reserve Amount (see "Debt Service Reserve Fund Surety Bond").

Upon the issuance of additional Parity Obligations, the City will determine in the Supplement authorizing their issuance whether to fund a reserve fund. **In the Thirty-Fourth Supplement, the City has determined that it will not fund a reserve fund in connection with the issuance of the Bonds, and therefore the Bonds will not be secured by the Reserve Fund and the Required Reserve Amount will not be affected by the issuance of the Bonds offered by this Official Statement.** If the City does determine to fund a reserve fund, the City will increase, if necessary, the amount to be deposited to the Reserve Fund. The City shall deposit revenues from System operations to the credit of the Reserve Fund, in approximately equal monthly installments, amounts equal to no less than 1/24 of the Required Reserve Amount, until such time as such amounts, together with other amounts, if any, in the Reserve Fund, equal the Required Reserve Amount. For so long as the funds on deposit in the Reserve Fund are equal to the Required Reserve Amount, no additional deposits need to be made therein, but should the Reserve Fund at any time contain less than the Required Reserve Amount, then, subject and subordinate to making the required deposits to the Debt Service Fund, commencing with the month during which such deficiency occurs, the City shall correct such deficiency in the Reserve Fund by the deposit of Reserve Fund Obligations into the Reserve Fund in monthly installments of not less than 1/12 of the amount of the deficiency in the Required Reserve Amount. The money on deposit in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Obligations or paying the principal of and interest on the Parity Obligations at any time there are not sufficient moneys on deposit in the Debt Service Fund for such purpose. The City may, at its option, withdraw all surplus in the Reserve Fund over the Required Reserve Amount and deposit the same in the System Fund.

To the extent so provided, the City maintains separate Reserve Funds for its Parity Obligations and Subordinate Lien Bonds.

DEBT SERVICE RESERVE FUND SURETY BOND . . . The Master Ordinance permits the substitution of a Credit Facility (such as a surety bond or letter or line of credit) for the cash and investments on deposit in the respective Reserve Funds for its Parity Obligations and Subordinate Lien Bonds. The City has previously drawn down the cash balances of such Reserve Funds to make debt service payments, and has substituted in lieu thereof surety bonds that are held in the respective Reserve Funds to provide for payment to the Paying Agent/Registrar of amounts necessary to pay the debt service obligations of the City with respect to certain Parity Obligations (and with respect to Subordinate Lien Bonds), outstanding as of the date of delivery of the Bonds in the event there are insufficient amounts on deposit in the Debt Service Fund to make such payments. Such drawdowns of the Reserve Funds were scheduled draws made for the purpose of substituting such cash with surety bonds and were not unscheduled draws made as a result of financial difficulties or the inability to pay such debt service. See "Table 13 – Coverage and Fund Balances" herein.

None of the Parity Obligations secured by the Reserve Fund are secured by a Credit Facility.

PLEDGED REVENUES . . . The Bonds and the outstanding Parity Obligations are equally and ratably secured by a first lien on and pledge of the Pledged Revenues. The Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund as provided in the Thirty-Fourth Supplement.

RATES . . . The City will fix, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Gross Revenues and other Pledged Revenues sufficient (i) to pay all current Operating Expenses, (ii) to produce Net Revenues for each Fiscal Year at least equal to the Annual Debt Service Requirements during such Fiscal Year of the then outstanding Parity Obligations, and (iii) to pay all other financial obligations of the System reasonably anticipated to be paid from Gross Revenues.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, within a maturity, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

NOTICE OF REDEMPTION . . . At least 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar. If a Bond (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed. Since Cede & Co. will be the sole registered owner of the Bonds while the Bonds are in Book-Entry-Only form (see "Book-entry-Only System"), notices of redemption will be mailed to DTC.

ADDITIONAL PARITY OBLIGATIONS . . . Pursuant to the provisions of the Ordinance, and in addition to the right to issue Special Facilities Debt and Subordinated Debt without limitation, the City reserves the right to issue additional Parity Obligations for any purpose authorized by law and the Ordinance. The additional Parity Obligations shall be secured by and payable from a first lien on and pledge of the Pledged Revenues, and all Parity Obligations shall in all respects be on a parity and of equal dignity as to lien and right. Parity Obligations shall not be issued unless and until the following conditions have been met: (i) the City has secured from a Designated Financial Officer a certificate stating that, to the best knowledge of the Designated Financial Officer, the City is in compliance with all covenants contained in the Master Ordinance and any Supplement, is not in default in the performance and observance of any of the terms, provisions, and conditions thereof, and the Funds and Accounts securing the Parity Obligations then Outstanding, as established in the Master Ordinance and in any Supplement, contain the amounts then required to be on deposit; and (ii) the City has secured from an Accountant a certificate showing the Net Revenues for either the next preceding Fiscal Year, or any consecutive twelve (12) calendar month period ending not more than ninety (90) days prior to the date of the proposed Parity Obligations, are at least equal to (a) 1.25 times the average Annual Debt Service Requirements of the Parity Obligations to be Outstanding and (b) 1.10 times the Annual Debt Service Requirements of the Parity Obligations to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest, after the issuance of the then proposed Parity Obligations. If the proposed Parity Obligations are issued to refund less than all of the Parity Obligations then Outstanding, the Accountant's certificate required by clause (ii) above shall give effect to the issuance of the proposed refunding Parity Obligations, and shall not give effect to the Parity Obligations being refunded following their cancellation or provision being made for their payment. The Bonds constitute Parity Obligations for the purposes of the Master Ordinance.

Pursuant to the terms of the Master Ordinance, the City is authorized to issue or incur Parity Obligations issued in the form of commercial paper in an amount not in excess of the greater of (i) 25% of the Outstanding Funded Debt secured by the Pledged Revenues of the System or (ii) $75,000,000. As used in this paragraph, Outstanding Funded Debt includes Subordinated Debt that matures by its terms, or that is renewable at the City's option to a date, more than one year after the original creation thereof by the City. The City currently does not intend to issue commercial paper notes on a parity with the Parity Obligations.

Payments to be made under a Credit Agreement may be treated as Parity Obligations if the City Council determines that, based upon findings contained in a certificate executed and delivered by a Designated Financial Officer, the City will have sufficient funds to meet the financial obligations of the System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the System and the financial obligations of the City relating to the System after giving effect to the treatment of the Credit Agreement as a Parity Obligation. The City currently is not a party to a Credit Agreement, the payment obligations under which are treated as a Parity Obligation.

In determining Net Revenues for any purposes described under this sub-caption, an Accountant may take into consideration a change in the rates and charges for services and facilities offered by the System that became effective at least 30 days prior to the last day for the period for which Net Revenues are determined and, for purposes of satisfying the Net Revenues test described in the Master Ordinance, make a pro forma determination of the Net Revenues for the System for the period of time covered by the Accountant's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

COMMERCIAL PAPER PROGRAM . . . In January 2018, the City established a water and sewer system commercial paper note program, pursuant to which the City may issue from time to time, and have outstanding at any one time, up to $150,000,000 in commercial paper notes (the "Notes"). The Notes are not secured by a lien on or pledge of Pledged Revenues. The Notes may be issued to pay costs of improving and extending the System, to refund existing Notes, and for other lawful purposes relating to the System. The City adopted the Thirty-Second Supplemental Ordinance to the Master Ordinance (the "Thirty-Second Supplement") to provide authority to issue bonds, in an aggregate principal amount not to exceed $150,000,000, for the purpose of refunding outstanding Notes. Any refunding bonds issued under the Thirty-Second Supplement would be issued as Parity Obligations under the terms of the Master Ordinance. Currently, no Notes are outstanding, and the City does not anticipate issuing Notes in the current fiscal year. Concurrently with the adoption of the Thirty-Fourth Supplement, the City Council adopted an amended and restated Thirty-Second Supplement for the purpose of extending the authority to issue bonds to refund Notes, to May 29, 2020.

DEFEASANCE . . . The Ordinance provides that any Bond will be deemed paid and no longer outstanding when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof, shall have been provided by the City irrevocably depositing in trust with a paying agent (1) money sufficient to make such payment or (2) Government Obligations (defined below), certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of such paying agent. As used above, "Government Obligations" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations for the Government Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. Upon such deposit as described above, such defeased Bonds shall no longer be regarded to be outstanding obligations payable from Pledged Revenues, but will be payable only from the funds and defeasance securities deposited in escrow and will not be considered debt of the City for purposes of applying any limitation on the City's ability to issue Parity Obligations for any other purpose.

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

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Initial Purchaser of the Bonds consider the source of such information to be reliable, but neither takes any responsibility for the accuracy or completeness thereof.*

The City and the Initial Purchaser of the Bonds cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, 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 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount thereof and will be deposited with DTC.

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

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

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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Payment of principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond 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, Bonds 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 Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

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

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

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

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, Bond certificates will be printed and delivered to the registered owners thereof, and thereafter, the Bonds 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. Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds 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 Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds 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 Bonds 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 Bonds surrendered for exchange or transfer. So long as the Bonds are held in the book-entry-only system of DTC, the sole registered owner of the Bonds will be Cede & Co. (DTC's partnership nominee) or such other nominee of DTC. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. In any circumstance, neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days.

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond to be paid on the Special Payment Date that appears on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Bondholders' Remedies . . . The Thirty-Fourth Supplement establishes "events of default" (see "Certain Selected Provisions of the Master Ordinance and the Thirty-Fourth Supplemental Ordinance – Default and Remedies"). The Thirty-Fourth Supplement provides that the bondholders are entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in the Ordinance. Under State law there is no right to the acceleration of maturity of the Bonds upon the failure of the City to observe any covenant under the Ordinance. Although a registered owner of Bonds could presumably obtain a judgment against the City if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the City. Such registered owner's only practical remedy, if a default occurs, is to seek to enforce the covenants of the City through an action for specific performance or mandamus. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued," in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Because it is not clear that the Texas Legislature has effectively waived the City's immunity from suit for money damages, any holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or the Ordinance. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

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

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

The Ordinance does not provide for the appointment of a trustee to represent the interests of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Gross Revenues, and 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 would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Co-Bond Counsel will note that the opinion relative to the enforceability of the Bonds is qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

AMENDMENT OF ORDINANCE . . . Under certain circumstances as set forth in the Ordinance, it may be amended without the consent of the Registered Owners of the Bonds. See "Certain Selected Provisions of the Master Ordinance and the Thirty-Fourth Supplemental Ordinance – Amendment of Thirty-Fourth Supplement".

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THE SYSTEM

BACKGROUND . . . The City's Water Department (the "Department") provides water and wastewater services to residential, commercial, industrial and wholesale customers. The Department serves a growing population of approximately 1.3 million people within the City of Fort Worth and 32 surrounding communities. The annual average water usage by the customer base is approximately 194 million gallons per day. The annual average daily flow of wastewater collected and treated by the Department is approximately 117 million gallons per day. The Department consists of three separate functions: Water, Wastewater and Reclaimed Water, each of which has several divisions responsible for specific areas. The Water Department is responsible for providing safe, clean drinking water to City residents and customer cities. The Wastewater Department collects, monitors, treats and processes domestic and industrial waterborne waste from the City and other contracting communities. The Reclaimed Water Department provides highly treated effluent from the City's water reclamation facility to wholesale and retail reclaimed water customers for non-potable uses such as irrigation and industrial water cooling towers.

The System operates as an enterprise fund. Revenues collected from the provision of water, wastewater and reclaimed water services are used to pay operating expenses and debt service costs. Water, wastewater and reclaimed water services are billed separately to more accurately capture the cost of each service. However, the Department shares administrative staff and many of the employees are partially expensed to the Water and Wastewater Departments.

WATER SUPPLY

The City obtains all of its raw water from the Tarrant Regional Water District (the "District"), which is a water control and improvement district and a political subdivision of the State of Texas. The District is the supplier of raw water used by municipal and non-municipal entities located within and adjacent to Tarrant County. The District's supply consists of lakes located north of the City, on the West Fork of the Trinity River; Cedar Creek, located southeast of the City in Henderson and Kaufman Counties; and Richland Chambers, located southeast of the City in Freestone and Navarro Counties. Among the major municipal customers of the District are the Cities of Arlington and Mansfield, the Trinity River Authority of Texas ("TRA") and the City. The District estimates their water supply system is adequate to meet its customers' projected water requirements under drought conditions until the year 2040, based upon the completion of the $1.41 billion integrated pipeline project (the "Integrated Pipeline Project"). The Integrated Pipeline Project is to be financed by the District in accordance with (a) an agreement between the District and the City of Dallas entered into on November 16, 2010 (the "IPP Agreement") in respect to components of the Integrated Pipeline Project that benefit the City of Dallas and (b) the Revised Water Contract (defined below) in respect to components of the Integrated Pipeline Project other than those that benefit the City of Dallas. Under the IPP Agreement, certain costs associated with the City of Dallas component of the Integrated Pipeline Project will be financed through the issuance by the District of contract revenue obligations that are to be paid solely from the revenues of the City of Dallas' combined waterworks and sewer system (the "Dallas Bonds"). Such payments by the City of Dallas are to be treated as an operation and maintenance expense of the City of Dallas' combined waterworks and sewer system. Under the IPP Agreement, the City of Dallas' estimated share of the Integrated Pipeline Project is approximately $936 million. The City of Dallas is solely responsible for the payment of debt service on the Dallas Bonds and, therefore, the City has no liability with respect to the payment of debt service on any Dallas Bonds issued pursuant to the IPP Agreement. The parties to the Revised Water Contract with the District, including the City, will pay their proportionate share of the debt service on all bonds issued by the District for costs of the Integrated Pipeline Project other than those financed with the Dallas Bonds. The City will pay its proportionate share of the debt service on the District's bonds issued pursuant to the terms of the Revised Water Contract as an operation and maintenance expense of the System. It is currently anticipated that the District will issue bonds over a 10 to 15 year period to pay the total capital cost of the Integrated Pipeline Project. The first series of such bonds were $17,835,000 Series 2010A and $83,785,000 Series 2010B Tarrant Regional Water District Water Revenue Bonds, then $131,935,000 Tarrant Regional Water District Water Transmission Facilities Contract Revenue Bonds (City of Dallas Project), Series 2012, and $150,375,000 Tarrant Regional Water District Water Revenue Refunding and Improvement Bonds, Series 2012, were issued in March 2012. The District issued $318,750,000 in March 2014 which included approximately $300 million for the Integrated Pipeline Project. It also issued $202,130,000 for the City of Dallas for the Integrated Pipeline Project in March 2014. In 2015, the District issued $300,000,000 in Water Revenue Bonds and $140,000,000 for the City of Dallas in Contract Revenue Bonds, for the Integrated Pipeline Project. In March 2016, the District issued $28,530,000 in Water Revenue Bonds.

The District has previously issued bonds for the purpose of providing funds to finance the acquisition and construction of an additional water supply source and to refund certain of its previously outstanding bonds. The District has constructed a dam and reservoir at Richland Chambers, Cedar Creek, and two dams and reservoirs on the West Fork of the Trinity River, and has also completed construction on certain transmission and related facilities. Effective September 1, 1982, the District entered into a revised water supply contract ("Revised Water Contract") with the City, the Cities of Arlington and Mansfield, and TRA. Under the Revised Water Contract, the City is required to purchase all of its raw water needs from the District (with certain limited exceptions), and the District is obligated to provide those needs by developing additional water supply sources, subject to force majeure and the ability of the District to obtain suitable financing and a determination of feasibility. If the District is unable to supply the City's raw water requirements or if it should become apparent that the District will become unable to supply such requirements, the Revised Water Contract provides a procedure by which the City would be permitted to develop or obtain a supplemental water supply to meet its needs. The City depends upon the District to meet its full raw water needs under the Revised Water Contract and at the present time the City has no assurance of the availability of a supplemental water supply, and currently does not have a contingency plan in place, if the District should fail to meet such needs.

Under the terms of the Revised Water Contract, the City pays to the District an amount equal to the City's proportionate share of the District's "Annual Requirement". The Annual Requirement includes the costs of operation and maintenance of the District's raw water supply facilities, debt service on the District's bonds and any future bonds it might issue, including deposits to any special or reserve fund established in the District's bond resolutions. Based upon the projected usage of the City for the 2018-2019 fiscal year, the monthly purchase price to be paid by the City for water under the Revised Water Contract is $7,249,846, which is calculated on a rate of $1.26220 per 1,000 gallons for inside District customers and $1.26520 for outside District customers. Such amount is subject to adjustment as provided in the Revised Water Contract. The minimum amount of water the City shall be deemed to have used shall be calculated at an amount equal to the greater of 43.28 million gallons of water per day (M.G.D.) or the average (defined below) actually used by the City during the period of the immediately preceding five consecutive annual periods (excluding the sale by the City of treated water to certain customer cities). The City currently anticipates that the Integrated Pipeline Project will increase the purchase price of water under the Revised Water Contract, and that water rate increases may be required and will be approved by the City Council as necessary to pay the City's share of the District's portion of the debt service on any debt issued pursuant to the Integrated Pipeline Project. Notwithstanding such potential rate increases, District officials currently estimate that the District will save approximately $400 million in capital costs by building the pipeline with the City of Dallas and up to $1 billion in operation and maintenance costs over the life of the pipeline, which in turn would provide long-term benefits to the City and other users.

The Revised Water Contract provides that all payments to be made under said contract shall constitute reasonable and necessary operating expenses of the System, and thus the requirements to make such payments from the revenues of the System shall have a priority over any obligation to make payments from such revenues, including payment of principal and interest on the City's outstanding Parity Obligations (including the Bonds) and the Subordinate Lien Bonds.

WATER FACILITIES

WATER TREATMENT . . . Water for the City and its wholesale water customers is presently treated at the five City-owned water treatment plants: the North Holly Water Treatment Plant, the South Holly Water Treatment Plant, the Rolling Hills Water Treatment Plant, the Eagle Mountain Water Treatment Plant, and the Westside Water Treatment Plant. The five plants can deliver a dependable supply of treated water totaling 462 M.G.D., and a peak day production of 500 M.G.D. The City anticipates water treatment capacity to be adequate to handle all of its customers and obligations to the year 2028, at which time a 35 M.G.D. expansion is anticipated to be completed at the Eagle Mountain Water Treatment Plant to increase the total system capacity to 535 M.G.D. The water treated by the City meets all applicable State and Federal requirements. Future plant expansions are planned to coincide with growth to provide capacity through 2035.

RAW WATER TRANSMISSION . . . Two raw water pipelines of 60 and 72 inches with a combined capacity of 120 M.G.D. connect the North and South Holly Water Treatment Plants with Lake Worth, located on the West Fork of the Trinity River. A raw water pump station on the Clear Fork of the Trinity River provides an additional 90 M.G.D. to the South Holly Water Treatment Plant. A 78-mile, 90-inch pipeline links Richland Chambers Reservoir ("Richland Chambers") to the Rolling Hills Water Treatment Plant and Lake Arlington. A 68-mile, 72-inch raw water line connects Cedar Creek Lake ("Cedar Creek") with the Rolling Hills Water Treatment Plant. These two pipelines tie together at the 150 million gallon balancing reservoir southeast of the City, resulting in a blended raw water mixture. A 10-mile, 90-inch pipeline links the raw water pipelines at the Rolling Hills Water Treatment Plant to the Benbrook Reservoir. In 2009 the District constructed an 18-mile, 90-inch pipeline with a 120 million gallon balancing reservoir, connecting the east Texas raw water sources with Eagle Mountain Lake. In 2011 a 54-inch raw water pipeline was installed by the City, connecting the new Westside Water Treatment Plant to the District's 90-inch pipeline, thereby linking the new plant to Richland Chambers, Cedar Creek, and Benbrook Reservoir raw water sources. Two Eagle Mountain Lake raw water pump stations supply the Eagle Mountain Water Treatment Plant with raw water, pumping through two pipelines of 54-inch and 72-inch diameter, with a total capacity of 70 M.G.D. and 140 M.G.D., respectively.

PUMPING AND STORAGE . . . Seven high service pump stations pump from water treatment plant clearwells into the water distribution system, including two each at the Rolling Hills and Eagle Mountain Water Treatment Plants, and one each at the North Holly, South Holly and Westside Water Treatment Plants. Total capacity of the seven high service pump stations is approximately 850 M.G.D. Total storage in the ten water plant clearwells is 49 million gallons.

The potable water transmission and distribution system consists of approximately 3,565 miles of water mains varying in size from 2 inches to 72 inches. The distribution system consists of 11 pressure zones. Potable water can be transferred from one pressure zone to another as demands dictate, using 19 remotely operated booster pump stations with a total pumping capacity of approximately 350 M.G.D., as well as remotely operated gravity transfers. Water storage within the distribution system consists of fifteen ground storage tanks and twelve elevated storage tanks with a combined capacity of 90 million gallons.

RECENT EVENTS . . . **SCADA System Replacement –** The Department is currently assessing replacement options for the current Supervisory Control and Data Acquisition ("SCADA") system used in its five water treatment plants and Remote Terminal Units ("RTUs") used in 130 remote sites in the distribution system. The current system has been in place since 1987 and is reaching the end of its useful life. The project scope will be to replace the HSQ SCADA system in the water plants and to replace all HSQ RTUs in remote sites. The assessment will be completed in 2019. Engineering/design is expected to begin in Fiscal Year 2020 with construction in Fiscal Years 2021 through 2023.

Installation Policy and Design Criteria for Water, Wastewater and Reclaimed Water - The Department recently updated the Installation Policy for Water and Wastewater, which was last updated in 1999. The purpose of this manual is to bring together the updated policies and procedures governing facilities, as well as the design criteria for water, wastewater, and reclaimed water systems to assist engineers in preparing designs for the construction of these facilities. Major revisions in the 2019 policy and design criteria include consolidation of the installation policy and the design criteria into one document, additional annexation requirements prior to obtaining water and wastewater service, incorporation of new criteria of shared utility easements for high density infill development, inclusion of reclaimed water design criteria, and a formalized variance process for design and policy decisions.

Northside II 48-Inch Water Main, Phase I – This project installs a Northside II 48-inch Water Main from the intersection of Alta Vista Road and Old Denton Road to the intersection of Harman Road and Heritage Trace Parkway. The design started in March 2013 and construction for Part 1 started in May 2014 and was completed in 2017; the construction for Part 2 started in April 2015 was completed in May 2018.

Northside II 48-Inch Water Main, Phase II – This project installs a Northside II 48-inch Water Main from the intersection of Harman Road and Heritage Trace Parkway to the existing water main at the intersection of Longhorn Drive and Old Decatur Road. The design started in December 2014 and construction of Part 1 began in 2017; completion expected in October 2019. Construction of Part 2 started in 2016 with completion expected in August 2019.

Rolling Hills Water Treatment Plant High Service Pump Station Switchgear Replacement – This project replaced the main plant switchgear installed in 1971 and expanded in the 1980s serving most of the main plant and central laboratory, along with associated transformers and electrical cables. The design started in December 2014 and was completed in 2016, with construction completed in February 2019.

WATER CONSERVATION PLAN

On July 28, 1987, the City Council adopted by resolution the Fort Worth Conservation Plan (the "Conservation Plan"), which has been amended periodically as required by law, most recently in April 2019, instructing the Director of the Water Department to utilize the Conservation Plan when required in its submissions to state agencies. The City's goals and steps taken regarding Conservation Plan are:

- To continue Conservation Best Management Practices to achieve the "average conservation water use" level of 140 gallons per capita per day by 2024;
- To maintain and enhance the availability of raw water supply;
- To use internal programs to minimize water loss;
- To reduce peak and baseline water demands; and
- To continue and expand the public education and water conservation programs.

The City staff believes the Conservation Plan meets the State guidelines including a drought contingency component with staged, escalating water use restrictions.

DROUGHT CONTINGENCY & EMERGENCY WATER MANAGEMENT PLAN

On April 9, 2019, the City Council adopted an ordinance implementing the City's Drought Contingency & Emergency Water Management Plan (the "Drought Plan"). The City's goals with respect to the Drought Plan are:

- To conserve the available water supply in times of drought and emergency;
- To maintain supplies for domestic water use, sanitation, and fire protection;
- To protect and preserve public health, welfare, and safety;
- To minimize the adverse impacts of water supply shortages; and
- To minimize the adverse impacts of emergency water supply conditions.

The Drought Plan is composed of three stages (Stage 1 – Water Watch, Stage 2 – Water Warning, and Stage 3 – Emergency Water Use). Each stage is triggered under discrete conditions and implements escalating water-use reduction goals.

TABLE 1 - HISTORICAL WATER CONSUMPTION DATA (INSIDE CITY LIMITS)

Fiscal Year Ending 9/30	Meters in Service	Total Water Pumped, M.G.	Average Pumped Daily, M.G.D.	Maximum Day's Pumpage, M.G.D.	Average GPD Per Meter	Ratio Maximum Day to Average Day
2014	240,710	44,760.4	122.6	240.30	509	1.96x
2015	244,162	44,841.0	122.9	281.90	503	2.29x
2016	245,842	43,953.7	120.4	191.00	490	1.59x
2017	252,460	43,751.1	119.9	263.30	475	2.20x
2018	258,408	43,622.5	119.5	359.80	463	3.01x

Source: City's Water Department.

TABLE 2 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)

Customer	Total 2018 Consumption (Gallons)	Revenue	% of Total Water Usage
Miller Brewing Company	783,304,403	$ 2,627,010	1.29%
Alcon Laboratories	438,234,350	1,749,257	0.72%
Fort Worth ISD	257,921,171	1,437,054	0.42%
Tarrant County	254,225,827	1,041,038	0.42%
Texas Christian University	237,714,699	1,194,563	0.39%
Lockheed Martin Tactical A/S	223,397,082	753,472	0.37%
Texas Health Resources	222,804,890	1,016,483	0.37%
Premium WC Inc.	176,696,524	604,176	0.29%
Zoological Assn	162,259,825	628,925	0.27%
Bell Helicopter Textron	159,130,792	577,129	0.26%
	2,915,689,563	$ 11,629,107	4.80%

Source: City's Water Department.

TABLE 3 - ALL WATER SOLD BY CATEGORY (MILLION GALLONS, BY FISCAL YEAR)

Year Ending 9/30	Residential	Commercial	Industrial	Wholesale Customers	Yard Meters	Total Water Sales
2014	17,553.3	10,078.0	2,746.3	21,416.0	3,244.2	55,037.8
2015	17,149.1	9,874.2	2,611.1	21,056.0	3,245.4	53,935.8
2016	17,325.5	10,257.3	3,129.2	20,146.0	3,482.0	54,340.0
2017	17,198.2	11,040.9	3,317.1	20,975.4	3,514.6	56,046.2
2018	19,653.7	11,442.7	3,248.3	22,262.7	4,273.4	60,880.8

Source: City's Water Department.

TABLE 4 - TREATED WATER PUMPED (MILLION GALLONS)

Fiscal Year	Inside City Limits	Outside City Limits	Total Water Pumped
2014	44,760.4	20,723.9	65,484.3
2015	44,841.0	20,278.0	65,119.0
2016	43,953.7	19,208.2	63,161.9
2017	43,751.1	21,066.1	64,817.2
2018	43,622.5	27,446.9	71,069.4

Source: City's Water Department.

TABLE 5 - MONTHLY WATER RATES (EFFECTIVE JANUARY 1, 2018) (1)

Monthly Service Charge: Based on the size of meter serving the customer.

A monthly service charge in the following amount shall be charged based on the size of the meter serving the customers (2):

Inside City Limits		Outside City Limits	
Meter Size	Monthly Service Charge	Meter Size	Monthly Service Charge
5/8" x 3/4"	$ 12.10	5/8" x 3/4"	$ 15.13
3/4" x 3/4"	12.35	3/4" x 3/4"	15.44
1"	25.55	1"	31.94
1 1/2"	48.00	1 1/2"	60.00
2"	75.00	2"	93.75
3"	198.40	3"	248.00
4"	339.80	4"	424.75
6"	721.45	6"	901.81
8"	1,260.20	8"	1,575.25
10"	1,888.75	10"	2,360.94
12"	N/A	12"	N/A

(1) Source: City's Water Department.
(2) Rates for outside-the-city-limit customers have a 1.25x multiplier (as shown above).

TABLE 6 - MONTHLY WATER RATES (VOLUME CHARGE ONLY) (1)

Volume Charge: Based on volume of water used (Effective January 1, 2018) (2)

Inside City Limits

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 600	$2.12 per 100 Cu. Ft.	First 5,000	$2.99 per 100 Cu. Ft.	All	$5.85 per 100 Cu. Ft.
Next 1,200	2.97 per 100 Cu. Ft.	Next 5,000	3.40 per 100 Cu. Ft.		
Next 1,200	3.79 per 100 Cu. Ft.	Over 10,000	4.25 per 100 Cu. Ft.		
Over 3,000	4.56 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate		Super User	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
All	$2.54 per 100 Cu. Ft.	All	$2.50 per 100 Cu. Ft.	All	$2.48 per 100 Cu. Ft.

Outside City Limits

Residential Customers Rate		Irrigation Rate		Gas Well Driller Rate	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
First 600	$2.65 per 100 Cu. Ft.	First 5,000	$3.74 per 100 Cu. Ft.	All	$7.31 per 100 Cu. Ft.
Next 1,200	3.71 per 100 Cu. Ft.	Next 5,000	4.25 per 100 Cu. Ft.		
Next 1,200	4.74 per 100 Cu. Ft.	Over 10,000	5.31 per 100 Cu. Ft.		
Over 3,000	5.70 per 100 Cu. Ft.				

Commercial Rate		Industrial Rate		Super User	
Cubic Feet	Rate	Cubic Feet	Rate	Cubic Feet	Rate
All	$3.18 per 100 Cu. Ft.	All	$3.13 per 100 Cu. Ft.	All	$3.10 per 100 Cu. Ft.

(1) Source: City's Water Department and the City Code, as amended.
(2) Rates for outside-the-city-limit customers have a 1.25x multiplier (as shown above).

Raw Water Service
(Effective October 1, 2018)

All use per month	$1.26220 per 1,000 gallons inside Tarrant Regional Water District
All use per month	$1.26520 per 1,000 gallons outside Tarrant Regional Water District

Rates for Wholesale Water Service
(Effective October 1, 2018)

The City has a contract for raw water supply with the "District"). The contract allows the District to proceed with operation of Richland Chambers, West Fork and Cedar Creek Reservoirs. See "—Water Supply."

Prior to October 1 of each year, the District will establish its operating budget and will advise the City of the charge for raw water. This amount can vary each year, and if the revenue does not equal the expenditures, the rate can and will be adjusted to recover additional costs.

Charges to the City for water sold to wholesale customers inside the District include a raw water component, plus a street rental charge of 5% and a system loss charge of 4% which increases the raw water cost to wholesale customers inside the District to $1.37580 per 1,000 gallons. The Volume Charge is made up of two components: (1) the total raw water cost to the wholesale customer of $1.37580 per 1,000 gallons; and (2) the cost of treatment, pumping, etc. to deliver water to the wholesale customer's meter at $1.0712 per 1,000 gallons. The total volume charge will be $2.4470 per 1,000 gallons.

1. Monthly charges are based on the greater of either $1,000 or a sum equal to the Volume Charge for the actual volume of water taken plus 1/12 of the sum of the estimated Rate of Use Charges and a $25 per meter charge. For purposes of estimating the rate of use payments, the current rate of use charges will be derived from the prior Fiscal Year's Maximum Day Demand, Maximum Hour Demand and Average Daily Use.

Computations for the monthly charge based on the water used and for the Rate of Use Charge shall be made in accordance with the following rates:

	Inside District	Outside District
Volume Charge, per 1,000 Gallons	$ 2.44700	$ 2.45027
Excess Maximum Day Demand		
(per MGD of daily demand in excess of average day demand)	$ 156,337	$ 156,337
Excess Maximum Hour Demand		
(annual charge per MGD of hourly demand in excess of maximum day demand)	$ 50,407	$ 50,407
Service Charge per Meter per Month	$ 25	$ 25

2. Annual payments will be the greater of the following:
    a. The charges calculated by applying the current Volume Charge to annual consumption, the appropriate meter reading and billing charge, and the Rate of Use Charge for the current fiscal year; or

    b. The current fiscal year volume charge, the appropriate meter reading and billing charge, and the current Fiscal Year Rate of Use Charge applied to the average of the Maximum Day Demand above Average Daily Use and the average of the Maximum Hour Demand above Maximum Day Demand for the most recently completed three Fiscal Years, which include the current Fiscal Year; or

    c. If no water is taken during the year, a stand-by charge applies.

Wastewater System

COLLECTIONS AND TREATMENT . . . The City presently has in service approximately 3,508 miles of sanitary sewer pipelines ranging in size from 2.5 inches to 96 inches in diameter. These pipelines convey wastewater from Fort Worth and 23 surrounding communities to either the Village Creek Water Reclamation Facility ("VCWRF" or "Village Creek"), which is owned and operated by the City, or to one of two wastewater treatment plants operated by the TRA.

The bulk of the sanitary sewer wastewater is delivered to the VCWRF, which treats an average flow of approximately 117 million gallons per day ("M.G.D."). Village Creek has a permitted treatment capacity of 166 M.G.D. and utilizes an activated sludge process with anaerobic digesters and multimedia filtration. In 2018, and for the 28th consecutive year, Village Creek received the Peak Performance Award from the National Association of Clean Water Agencies. This award is presented annually to facilities that have one hundred percent compliance with the National Pollutant Discharge Elimination System ("NPDES") program.

Solids that are produced from the wastewater treatment process are commonly referred to as "biosolids". This material is nutrient rich and can be utilized by farmers and ranchers as a soil amendment and fertilizer. Privatization of the biosolids program began in 1990 with a one-year trial phase to determine overall feasibility. The project was successful and was continued for a second and third year. In 1993 a decision was made to privatize one hundred percent of the daily production of biosolids, and a five-year privatization contract was awarded in 1994. The agreement has been extended to 2020 through multiple contract renewals. In 2005 the biosolids program was certified by the National Biosolids Partnership ("NBP") for having a "Platinum Level" environmental management system ("EMS"). Fort Worth was the first city in Texas and seventh nationally to receive NBP certification. For 13 consecutive years Village Creek has maintained this certification, which is awarded to facilities implementing biosolids management practices that promote sustainability and continued program improvement.

On October 28, 1987, the City participated, along with the Cities of Roanoke and Haslet, and on April 27, 1988 along with the City of Southlake and the Lake Turner Municipal Utility District No. 1, in a contract with TRA for the Denton Creek Regional Wastewater Treatment System (the “Treatment System”) for the purpose of constructing facilities to enable TRA to supply wastewater treatment to the contracting parties. Also on October 28, 1987, the City, Roanoke and Haslet became contracting parties with TRA for the Denton Creek Wastewater Interceptor System (the "Interceptor System") for the purpose of constructing a wastewater interceptor to collect wastewater generated by the portions of the three contracting cities that lie within the Denton Creek Watershed. The contracting parties agreed to pay to TRA its cost of operation and maintenance and bond debt. The Interceptor System consists of approximately 219,369 linear feet of pipe with the concept of the project prepared on the basis of a twenty-year development of the service area. The current Treatment System has a plant capacity of 11.5 M.G.D. TRA issued bonds in the amount of $2,430,000 in 1995, which were refunded in 2005, for the expansion of the Treatment System to treat peak flows from the Texas Motor Speedway and additional development in the Alliance Airport area. TRA issued additional bonds in the amount of $4,177,227 in 2013 and had a refunding series in 2015 in the amount of $7,285,000. Additional bonds were issued in March 2016 in the amount of $6,395,000 to accommodate increasing flows and regulatory requirements. On May 31, 2017, TRA issued $35,735,000 par of refunding bonds. On May 16, 2019, the TRA issued revenue bonds with a par amount of $25,475,000 for capacity and facility improvements in the treatment plant and collection system. TRA currently has outstanding debt on the Denton Creek Regional Wastewater System in the amount of $141,505,000.

Such payments to TRA are to be treated as reasonable and necessary operating expenses of the System, and thus the requirements to make such payments from the revenues of the System shall have priority over any obligation to make payments from such revenues, including payment of principal and interest on the City's outstanding Parity Obligations (including the Bonds) and the Subordinate Lien Bonds.

RECENT EVENTS . . . **Biosolids Processing** – The Department is currently evaluating options for constructing a new biosolids dewatering, drying and processing facility at the Village Creek Water Reclamation Facility. The Department currently utilizes a contract, which expires in March 2020, to dewater digested municipal sludge using belt filters to transport and land apply to farmland within North Central Texas. While the exact process to be recommended is still under evaluation, the goal of the proposed processing facility will be to produce Class "A" biosolids with minimal odor that can be beneficially utilized in a variety of applications. This type of product will increase the number of interested vendors and make for a more marketable product. The Department has been invited to apply for Clean Water State Revolving Funds which would be used to fund the design, construction and inspection portion of the project. The Department anticipates using a Request for Proposals process for a design-build-operate (DBO) model that will allow a vendor to operate the biosolids processing facility and assume responsibility for marketing the finished product for a twenty year period.

Big Fossil Creek Parallel Relief Improvements - this project will construct a parallel sewer line to the existing sewer collector main in the Big Fossil drainage area. The parallel line is required for growth in north Fort Worth and will allow the abandonment of the Tarrant County Water Supply Corporation ("TCWSC") sewer line serving North Richland Hills, Richland Hills, and Hurst, which is in severely deteriorated condition; and the Haltom City sewer outfall line, which routinely fails during wet weather events. The design began in 2010 based on a system study partially funded by the Texas Water Development Board and established cost sharing between North Richland Hills, Richland Hills, Hurst and Fort Worth. Part 1, which will allow abandonment of the south half of the TCWSC main, and Part 3, which will allow the abandonment of the Haltom City outfall line, began construction in August 2016 with completion anticipated in 2020. Part 2, which will allow the abandonment of the north half of the TCWSC main, is projected to begin construction in 2020 with completion anticipated in 2021.

Upper Clear Fork Drainage Basin Parallel Interceptor Improvements – this project will replace severely deteriorated portions of the sanitary sewer main at ten locations within the Upper Clear Fork Drainage Basin and provide the route analysis and conceptual design for the Upper Clear Fork Drainage Basin Parallel Interceptor. The design started in February 2015 with construction anticipated to begin in 2019 with completion by 2020.

Sycamore Creek Drainage Basin Parallel Interceptor Improvements – this project replaces the severely deteriorated portions of the City's Sanitary Sewer Main 275 at ten locations within the Sycamore Creek Basin and provides a route analysis and conceptual design for the Sycamore Creek Drainage Basin Parallel Interceptor. The design of Part 1 started in November 2013 and construction started in 2018 with completion estimated in 2019. Part 2 design began in 2017 with construction anticipated to start in 2020.

Marine Creek Drainage Basin Parallel Interceptor Improvements – this project installs a parallel sewer main for Sanitary Sewer Main 365 within the Marine Creek Drainage Basin. The design of Part 1started in June 2014 and construction began in 2018 with completion expected in 2019.

Village Creek Water Reclamation Facility Switchgear Replacements – This project is the first of a three-phase project to replace aging and corroded electrical equipment and switchgear at the Village Creek facility. Phase I focuses on electrical equipment replacement in the primary clarifier and primary effluent pump station areas. The design started in February 2015.Construction began in 2016 and should be completed in 2019.

Clearfork Lift Station and Force Main – This project consists of a wet weather lift station and force main designed to convey peak flows from the existing hydraulic bottleneck located near IH-30 and University Drive to the existing gravity sewer lines west of downtown near the confluence of the Clear Fork and West Fork basins. The design will start in 2018 with construction to be completed in 2021.

Crowley Parallel Line in the Village Creek Basin – This project will extend a parallel relief sewer through the City of Crowley to the west city limit boundary, where Fort Worth developments such as Tarleton/Rock GLO will make connections. This project also consists of two new wholesale meter stations as well as the permanent abandonment of two existing sanitary sewer lift stations. The design started in August 2016 with construction to be completed in 2021.

Reclaimed Water System

Staff developed the Fort Worth Reclaimed Water Priority and Implementation Plan (the "Reclamation Plan") in 2007. The goal of this project was to construct a reclaimed water pump station at the VCWRF and approximately 11 miles of 20-inch to 36-inch reclaimed water main from the VCWRF to the southern edge of the DFW International Airport and to establish reclaimed water rates and contracts. The design work for the Village Creek Reclaimed Water Delivery System was awarded in August 2008 as the first phase of the Reclamation Plan. The pump station and three reclaimed water main construction projects were awarded in December 2009 and construction was completed in July 2011. A UV disinfection system was constructed between October 2011 and August 2012, at which time the reclaimed water system became operational. A further extension for an additional wholesale customer was completed in October 2013.

The reclaimed water system provides highly treated effluent reclaimed water from the City's water reclamation facility to three wholesale customers as well as retail reclaimed water customers for non-potable uses such as irrigation and industrial water cooling towers. As constructed, the system can pump 6 M.G.D. of filtered, UV disinfected reclaimed water with the potential to expand to 18 M.G.D.

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STATUS OF CONTRACTS - WHOLESALE CUSTOMERS

Entity	Contract Expiration Date Water	Wastewater	Reclaimed Water
Aledo	9-30-2031	(2)	(3)
Arlington	(1)	(2)	2-02-2030
Benbrook	9-30-2031	9-30-2037	(3)
Bethesda Water Supply	9-30-2031	9-30-2037	(3)
Blue Mound	(1)	9-30-2037	(3)
Burleson	9-30-2031	9-30-2037	(3)
Crowley	9-30-2031	9-30-2037	(3)
Dalworthington Gardens	9-30-2031	(2)	(3)
DFW Airport	9-30-2031	(2)	2-02-2030
Edgecliff Village	9-30-2031	9-30-2037	(3)
Euless	(1)	(2)	2-02-2030
Everman	9-30-2031	9-30-2037	(3)
Forest Hill	9-30-2031	9-30-2037	(3)
Grand Prairie	9-30-2031	(2)	(3)
Haltom City	9-30-2031	9-30-2037	(3)
Haslet	9-30-2031	(2)	(3)
Hudson Oaks	9-30-2031	(2)	(3)
Hurst	9-30-2031	9-30-2037	(3)
Keller	9-30-2031	(2)	(3)
Kennedale/D. Strickland	9-30-2031	9-30-2037	(3)
Lake Worth	9-30-2031	9-30-2037	(3)
Northlake	9-30-2031	(2)	(3)
North Richland Hills	9-30-2031	9-30-2037	(3)
Pantego	(1)	9-30-2037	(3)
Richland Hills	9-30-2031	9-30-2037	(3)
River Oaks	9-30-2031	9-30-2037	(3)
Roanoke	9-30-2031	(2)	(3)
Saginaw	9-30-2031	9-30-2037	(3)
Sansom Park	9-30-2031	9-30-2037	(3)
Southlake	9-30-2031	(2)	(3)
Trinity River Authority of Texas (Emergency Water Supply)	2/28/2039	(2)	(3)
Trinity River Authority	(1)	9-30-2037	(3)
Trophy Club Municipal Utility District No. 1	9-30-2031	(2)	(3)
Watauga	(1)	9-30-2037	(3)
Westlake	9-30-2031	(2)	(3)
Westover Hills	9-30-2031	9-30-2037	(3)
Westworth Village	9-30-2031	9-30-2037	(3)
White Settlement	9-30-2031	9-30-2037	(3)
Willow Park	9-30-2031	(2)	(3)

(1) The City does not supply water to this entity.
(2) The City does not treat wastewater from this entity.
(3) The City does not supply reclaimed water to this entity.
Source: City's Water Department.

TABLE 7 - TEN LARGEST WASTEWATER CUSTOMERS

Customer	Total 2018 Usage (Gallons)	Revenue	% of Total Wastewater Usage
Miller Brewing Company	493,513,555	$ 2,738,881	1.37%
Alcon Laboratories	260,740,952	1,036,077	0.72%
Tarrant County	226,536,557	1,309,971	0.63%
Fort Worth ISD	174,289,236	1,074,912	0.48%
Texas Health Resources	172,281,604	1,023,119	0.48%
Lockheed Martin Tactical A/S	104,582,742	440,954	0.29%
Texas Christian University	92,302,377	561,110	0.26%
Bell Helicopter Textron	91,352,395	370,384	0.25%
Cott Beverages USA	84,928,294	412,176	0.24%
Dannon Company Inc.	83,065,707	664,200	0.23%
	1,783,593,419	$ 9,631,784	4.95%

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Note: These accounts represent retail (inside City) customers only. Source: City's Water Department.

TABLE 8 - WASTEWATER SALES BY CUSTOMER CLASS FROM FISCAL YEAR 2018 BILLING RECORDS (1)

Customer Class	Number of Accounts	Volume Billed MG	Sales
Residential	227,948	11,959.9	$ 80,166,841
Commercial	13,832	9,388.5	56,650,321
Commercial Monitored (2)	892	494.9	1,908,415
Industrial	163	85.6	540,810
Industrial Monitored (2)	174	998.0	3,539,439
Municipalities	23	12,033.9	28,983,929
Effluent	6	1,045.0	3,806,894
Total	243,038	36,005.8	$ 175,596,649

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(1) Source: City's Water Department.
(2) Monitored customers are broken out separately as they are also charged for their Bio-chemical Oxygen Demand and Total Suspended Solids.

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TABLE 9 - WASTEWATER RETAIL SERVICE RATES (EFFECTIVE JANUARY 1, 2018)

Rates for Sewerage Service Only

The following schedule of rates per month, or fraction thereof, shall be the charges to all residential and nonresidential customers for furnishing sewerage service to such customers located within the City.

Monthly Service Charge for Sewerage Service Only

Inside City Limits		Outside City Limits (1)	
Meter Size (inches)	Monthly Charge	Meter Size (inches)	Monthly Charge
5/8 x 3/4	$ 6.50	5/8 x 3/4	$ 8.13
3/4 x 3/4	6.80	3/4 x 3/4	8.50
1	10.80	1	13.50
1-1/2	18.75	1-1/2	23.44
2	28.30	2	35.38
3	72.15	3	90.19
4	122.35	4	152.94
6	257.80	6	322.25
8	449.00	8	561.25
10	672.15	10	840.19
12	840.19	12	1,050.24

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(1) Rates for outside-the-city-limit customers have a 1.25x multiplier.

The residential monthly volume charge for sewerage service shall be the charges to the residential class for furnishing sewerage service to residential sewer customers located within the City. The nonresidential monthly volume charge for sewerage service shall be the charges to the nonresidential customer class for furnishing sewerage service to nonresidential sewer customers located within the City.

Monthly Volume Charge for inside city limits for Sewerage Service Only

A monthly volume charge shall also be charged to residential customers in the amount of three dollars and ninety-four cents ($3.94) per one hundred (100) cubic feet of water used, and to nonresidential/non-monitored customers in the amount of four dollars and fourteen cents ($4.14) per one hundred (100) cubic feet of water used, or wastewater produced, as more specifically set forth hereinafter.

The monthly volume charges for residential class customers will be based on the individual customer's average monthly water use during the preceding winter quarter months of December, January, and February. The volumes used to compute these charges are based on the amount of water used by the residential class customer as measured by a meter. Where no preceding winter quarter average is available from records, the director shall estimate a volume to be used for this monthly volume charge.

The monthly charges to the nonresidential/non-monitored customers will be based on total water use as measured by appropriate meters, with the provision that if a customer can prove, to the satisfaction of the director, that a significant portion of the metered water usage does not enter the sanitary sewers, the customer will be charged for only that volume entering the sewers, as determined by a method approved by the director.

A monthly volume charge shall be charged to monitored customers in the amount of two dollars and fifty-seven cents ($2.57) per one hundred (100) cubic feet of water used. The Bio-chemical Oxygen Demand ("BOD") strength charge shall be $0.2750 per pound of BOD, the suspended solids strength charge shall be $0.1816 per pound of suspended solids and the dissolved solids strength charge will be $0.0420 per pound of dissolved solids (applicable to gas well drillers). Monitoring and pretreatment charge will be equal to the actual cost incurred.

Rates for Wholesale Wastewater Service
(Effective October 1, 2018)

A monthly volume charge shall be charged to wholesale wastewater customers in the amount of $1.3710 per 1,000 gallons. The BOD strength charge shall be $0.4162 per pound of BOD, and the suspended solids strength charge shall be $0.2737 per pound. A monthly service charge of $75.00 shall also be charged.

DEBT INFORMATION

TABLE 10 – PRO FORMA WATER AND SEWER SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Parity Obligations		The Series 2019 Bonds [1]		Total Outstanding Parity Obligations	Plus: Outstanding Subordinate Lien Obligations	Total Debt Service Obligations	% of Principal Retired
	Principal	Interest	Principal	Interest				
2019	$ 55,415,000	$ 30,364,879	$ -	$ -	$ 85,779,879	$ 5,570,355	$ 91,350,234	
2020	54,195,000	27,889,672	1,325,000	3,890,967	87,300,638	5,571,293	92,871,931	
2021	52,720,000	25,692,785	1,695,000	3,522,925	83,630,710	5,566,978	89,197,687	
2022	51,150,000	23,569,573	1,780,000	3,436,050	79,935,623	5,568,359	85,503,982	
2023	50,150,000	21,531,457	1,870,000	3,344,800	76,896,257	5,573,856	82,470,114	30.46%
2024	50,065,000	19,496,519	1,970,000	3,248,800	74,780,319	5,567,074	80,347,393	
2025	50,530,000	17,429,760	2,070,000	3,147,800	73,177,560	5,568,934	78,746,494	
2026	44,840,000	15,522,747	2,175,000	3,041,675	65,579,422	5,570,344	71,149,765	
2027	46,660,000	13,708,037	2,285,000	2,930,175	65,583,212	5,567,490	71,150,702	
2028	36,620,000	12,072,403	2,405,000	2,812,925	53,910,328	-	53,910,328	57.46%
2029	38,010,000	10,686,787	2,515,000	2,702,500	53,914,287	-	53,914,287	
2030	39,360,000	9,238,057	2,615,000	2,599,900	53,812,957	-	53,812,957	
2031	31,440,000	7,838,734	2,710,000	2,506,950	44,495,684	-	44,495,684	
2032	25,595,000	6,685,527	2,790,000	2,424,450	37,494,977	-	37,494,977	
2033	21,805,000	5,732,352	2,875,000	2,339,475	32,751,827	-	32,751,827	76.59%
2034	22,695,000	4,814,604	2,965,000	2,251,875	32,726,479	-	32,726,479	
2035	12,890,000	4,121,927	3,055,000	2,161,575	22,228,502	-	22,228,502	
2036	7,515,000	3,785,057	3,150,000	2,068,500	16,518,557	-	16,518,557	
2037	7,745,000	3,555,206	3,245,000	1,972,575	16,517,781	-	16,517,781	
2038	7,990,000	3,314,561	3,345,000	1,873,725	16,523,286	-	16,523,286	84.99%
2039	8,260,000	3,042,146	3,445,000	1,771,875	16,519,021	-	16,519,021	
2040	8,560,000	2,738,240	3,570,000	1,648,800	16,517,040	-	16,517,040	
2041	8,880,000	2,421,365	3,715,000	1,503,100	16,519,465	-	16,519,465	
2042	9,215,000	2,092,180	3,865,000	1,351,500	16,523,680	-	16,523,680	
2043	9,570,000	1,750,071	4,025,000	1,193,700	16,538,771	-	16,538,771	92.10%
2044	9,950,000	1,392,749	4,185,000	1,029,500	16,557,249	-	16,557,249	
2045	10,345,000	1,019,457	4,360,000	858,600	16,583,057	-	16,583,057	
2046	10,750,000	631,123	4,535,000	680,700	16,596,823	-	16,596,823	
2047	8,520,000	270,268	4,720,000	495,600	14,005,868	-	14,005,868	
2048	2,685,000	53,700	4,915,000	302,900	7,956,600	-	7,956,600	99.42%
2049	-	-	5,115,000	102,300	5,217,300	-	5,217,300	100.00%
Total	$ 794,125,000	$ 282,461,940	$ 93,290,000	$ 63,216,217	$ 1,233,093,156	$ 50,124,681	$ 1,283,217,837	

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(1) Average life of the issue – 17.872 years. Interest on the Bonds has been calculated at an all-in rate of 3.19% for purposes of illustration. Preliminary, subject to change.

TABLE 11 - AUTHORIZED BUT UNISSUED REVENUE BONDS (1)

Purpose of Authorization	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Water Improvements	2/7/1978	$ 20,000,000	$ 16,500,000	$ 3,500,000
Sewer Improvements	2/7/1978	24,000,000	10,000,000	14,000,000
Water Improvements	4/14/1983	25,250,000	6,000,000	19,250,000
Sewer Improvements	4/14/1983	12,300,000	8,000,000	4,300,000
Totals		$ 81,550,000	$ 40,500,000	$ 41,050,000

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(1) The City has adopted a policy whereby, consistent with the laws of the State of Texas and the City Charter, an election is no longer required for the City to issue Water and Sewer System Revenue Bonds supported by a lien on and pledge of the Pledged Revenues of the City's System. The City does not anticipate issuing any of the "Authorized But Unissued Revenue Bonds" described above.

ANTICIPATED ISSUANCE OF ADDITIONAL REVENUE BONDS . . . The City anticipates additional bond sales of approximately $100 million in 2020 and $100 million in 2021. In addition, the City anticipates an additional sale of $78.5 million to the Texas Water Development Board in fiscal year 2020.

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FINANCIAL INFORMATION

TABLE 12 – WATER AND SEWER CONDENSED STATEMENT OF OPERATIONS (000'S OMITTED) [(1)]

	Fiscal Year Ended September 30,				
Revenues	2018	2017	2016	2015	2014
Charges for Services	$ 466,462	$ 424,078	$ 415,125	$ 389,188	$ 361,853
Other Operating Revenue	1,709	1,537	2,174	17	126
Interest on Investments	7,645	3,649	2,170	2,020	2,681
Miscellaneous Revenue	-	-	2,250	3,135	4,039
Total Revenues	$ 475,816	$ 429,264	$ 421,719	$ 394,360	$ 368,699
Expenses [(2)]					
Personnel Services	$ 72,765 [(3)]	$ 67,799 [(4)]	$ 69,882 [(5)]	$ 68,112 [(6)]	$ 68,702
Supplies and Materials	25,149	24,024	23,077	21,412	20,711
Contractual Services	159,440	147,819	163,086	147,628	137,306
Total Expenses	$ 257,354	$ 239,642	$ 256,045	$ 237,152	$ 226,719
Net Available for Debt Service	$ 218,462	$ 189,622	$ 165,674	$ 157,208	$ 141,980
Water Accounts [(7)]	253,736	246,988	241,124	238,274	234,376
Sewer Accounts [(7)]	243,038	236,649	231,204	228,554	224,785

(1) Sources for 2014-2018 are Comprehensive Annual Financial Reports for the corresponding fiscal year, City of Fort Worth
(2) Expenses exclude depreciation (a non-cash expense).
(3) For 2018, Personnel Services excludes non-cash expenses. See page 165 of the City's Fiscal Year End 2018 CAFR.
(4) For 2017, Personnel Services excludes non-cash expenses. See page 169 of the City's Fiscal Year End 2017 CAFR.
(5) For 2016, Personnel Services excludes non-cash expenses. See page 178 of the City's Fiscal Year End 2016 CAFR.
(6) For 2015, Personnel Services excludes the non-cash pension expense of $15.962 million associated with Governmental Accounting Standards Board ("GASB") 68.
(7) Actual number of accounts, not in thousands.

TABLE 13 - COVERAGE AND FUND BALANCES

Average Annual Principal and Interest Requirements, 2019 - 2049 [(1)]	$ 41,394,124
Coverage of Average Annual Requirements by 9/30/18 Net Available for Debt Service	5.28x
Maximum Principal and Interest Requirements, 2020 [(1)]	$ 92,871,931
Coverage of Maximum Requirements by 9/30/18 Net Available for Debt Service	2.35x
Water and Sewer System Revenue Bonds Outstanding, 4/1/19 [(1)]	$ 871,955,000
Parity Obligations	
Interest and Sinking Fund, 4/1/19 [(2)]	$ 11,959,302
Reserve Fund Balance, 4/1/19	$ 6,980,449 [(3)]
Subordinate Lien Bonds	
Interest and Sinking Fund, 4/1/19 [(2)]	$ 499,710
Reserve Fund Balance, 4/1/19	$ - [(4)]

(1) Includes the Bonds, outstanding Parity Obligations and the Subordinate Lien Bonds. Preliminary, subject to change.
(2) Figures furnished by City staff. Shown on a cash basis, excluding accruals.
(3) Required Reserve funded with cash. Amount shown is cash balance. The Bonds are not secured by the Reserve Fund.
(4) Required Reserve Amount funded with AGM surety policies.

Annual Cost of Service Review

The Department conducts cost of service studies annually to determine the need for adjustment in rates for the different customer classes. An informal Retail Rate Structure Stakeholder group, comprised of customers representing the various retail customer classes (residential, commercial, industrial, irrigation and super users) is charged with ensuring equity among customer classes and making recommendations on how costs are distributed within established rate structures. This stakeholder group has recommended that small to moderate annual increases, as necessary, are preferable to larger infrequent adjustments. Based on preliminary estimates, the City anticipates single-digit annual system wide cost of service increases for each of the fiscal years 2020-2024. No assurances can be given that annual rate increases will be approved by the City Council.

Table 14 - Schedule of Water and Sewer Fund Equity (000's Omitted) (1)

	Fiscal Year Ended September 30,				
	2018	2017	2016	2015	2014
Cash and Investments	$ 110,312	$ 93,996	$ 81,786	$ 68,451	$ 61,929
Receivables, Inventories and Prepaid Expenses	56,162	53,041	57,422	68,146	53,651
Restricted Assets	531,236	428,586	346,294	290,721	290,176
Property, Plant and Equipment, Net (2)	2,646,754	2,559,289	2,463,437	2,439,273	2,383,537
Total Resources	$ 3,344,464	$ 3,134,912	$ 2,948,939	$ 2,866,591	$ 2,789,293
Less: Revenue Bonds and Other Obligations	$ 1,405,921	$ 1,343,522	$ 1,172,446	$ 1,116,472 (3)	$ 948,548
Water and Sewer Equity	$ 1,938,543	$ 1,791,390	$ 1,776,493	$ 1,750,119	$ 1,840,745
Equity as Percentage of Assets	57.96%	57.14%	60.24%	61.05%	65.99%

(1) For more information on the Systems Net Position, see the City's Comprehensive Annual Financial Report, State of Net Position – Proprietary Funds.
(2) Includes capitalized bond issue cost and prepaid insurance.
(3) Due to GASB Statement 68, FY 2015 includes pension liabilities that previously were not required to be reported.

Capital Improvement Program . . . The need for and specific nature of capital improvements are dependent on the characteristics and growth of future customer demand, as well as upon standards of service quality established by State and Federal authorities.

The City finances its System operations completely through fees for services. Larger capital projects are funded with long-term debt in combination with current revenues to allow the Department to improve and expand infrastructure related to growth, replace aging infrastructure in older portions of the System, and upgrade treatment technology. As a result, debt service costs will continue to increase in the coming years.

The City’s current five-year capital improvement plan, commencing on October 1, 2019 and ending on September 30, 2024, includes improvements to both the water system and the wastewater system. The City currently anticipates undertaking capital improvements totaling approximately $1,081,094,496 during such timeframe. Current budgeted projections for this five-year period indicate that approximately 63% of such amount will be funded with future and existing debt and approximately 37% will be funded from current revenues. The planned capital improvement projects may require the City Council to implement annual rate increases; however, no assurances are given that such rate increases will be required or implemented, or that the projected capital improvements will commence as described above.

Financial Policies

Basis of Accounting . . . The City’s accounting records of the revenues and expenditures are recognized on the modified accrual basis for governmental funds. 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. The System is considered a "Proprietary Fund" and is subject to the full accrual basis.

Reserves . . . It is the City’s policy to target a minimum level of working capital in Enterprise Funds equal to three months (25%) of regular, on-going operating expenses (including transfers out). This calculation does not include non-recurring items. The City also has a goal of having a minimum level of working capital in Enterprise Funds equal to three months (25%) of the amount being paid in debt service payments for the subsequent fiscal year. Last, the City will target a minimum reserve of 62 days cash on hand with a goal of 250 days cash on hand.

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

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

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

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

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by the explicit full faith and credit of the United States, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) interest bearing banking deposits that are guaranteed by the FDIC or the National Credit Union Share Insurance Fund ("NCUSIF") or their respective successors, (8) depository certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in Texas and are guaranteed or insured by the FDIC or the NCUSIF, or are secured as to principal by bonds described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State, (10) bankers' acceptances with a stated maturity of 270 days or less from the date of its issuance, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less from the date of its issuance that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that comply with Securities and Exchange Commission Rule 2a-7, (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities, (14) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or AAA-m, or its equivalent, that complies with section 2256.016 of the PFIA, and (15) a brokered certificate of deposit security invested through a Texas broker approved by the City Council in which the broker or depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity in an amount insured by the United States or an instrumentality of the United States. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the PFIA

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

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

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

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

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

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

On December 6, 2016, the City entered into an agreement with Public Trust Advisors, LLC (PTA) for a one-year term with three additional one-year renewal options. The City has renewed its contract and under the original agreement and currently receives non-discretionary investment consulting and advisory services from PTA. Under the Texas Public Funds Investment Act, PTA is required to acknowledge receipt and understanding of the City's investment policy and is contractually obligated to monitor our investment portfolios to ensure not only compliance with the state law, but also the City's policies.

In 2009, the PFIA was amended to permit municipalities receiving revenues from the development of minerals (oil, gas, and other minerals) on lands owned by the municipality to invest those revenues in a separate and distinct portfolio under provisions of the Texas Trust Code. Exercising the care of a prudent person, the revenues so received may be invested in any investment deemed prudent by the municipality. The City does receive revenues from the extraction of minerals on lands owned by the City, and as of April 1, 2019 the City currently estimates the market value of that portfolio to be $75.977 million. The City has adopted an investment policy specific to the segregated mineral rights funds taking advantage of the authority granted by statute. The adopted policy authorizes investments in addition to those described in the first paragraph under "Legal Investments" above including (1) intermediate bond mutual growth and income funds with a maximum weighted average maturity of five (5) years and a minimal Morningstar rating of four stars and a maximum management fee of 1% and (2) domestic or international equity mutual growth and income funds with a minimum Morningstar rating of four stars and a maximum management fee of 1%. The maximum maturity of these mineral rights funds is 20 years. The City's current policy provides that only income (which is defined as current return generated by investments and realized net gains from sale of trust assets) from the trust may be utilized as an available financing source leaving the corpus available to grow on an annual basis to provide an income stream for future generations. Changing this policy would require amending the trust instrument, which involves a public-input process that is estimated would occur over a six to nine month period.

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

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

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

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

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

Maturity	Liquid Cash	to 1 Year	to 2 Years	to 3 Years	to 4 Years	to 5 Years
% Portfolio	10	30	15	15	15	15

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

TABLE 15 - CURRENT INVESTMENTS

As of April 1, 2019, the City's investable funds were invested in the following categories:

Description	Percent of Total Market Value	Book Value	Market Value
Federal Agency Coupon Securities	36.21%	$ 513,493,543	$ 511,511,116
Treasuries Coupon Securities	23.94%	338,609,069	338,166,330
Municipal Obligations	0.68%	9,891,916	9,617,761
JP Morgan High Yield Savings Account	0.04%	585,123	585,123
JP Morgan Money Market Account	18.26%	257,979,487	257,979,487
Texas Class (LGIP)	15.50%	218,971,192	218,971,192
Wells Fargo Bank	5.38%	74,016,369	75,977,738
	100.00%	$ 1,413,546,699	$ 1,412,808,747

The City has entered into a securities lending agreement with Citibank, N.A., pursuant to which the City loans to Citibank, N.A., securities of the nature permitted by the PFIA. Collateral is provided by Citibank, N.A. in a manner consistent with the requirements of the PFIA. As of the date of this Official Statement, for the fiscal year of the City ended September 30, 2018, the City has received $1,252,536 as a result of the agreement to lend securities to Citibank, N.A. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

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RETIREMENT OBLIGATIONS

The City contributes to the Employees' Retirement Fund of the City of Fort Worth Texas (the "Retirement Fund" or "Fund"). The Retirement Fund is comprised of two separate defined benefit plans: the benefit plan for City employees (the "City Plan" or the "Plan") and the benefit plan for the staff of the Retirement Fund (the "Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945, and, effective June 15, 2007, are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i). The Staff Plan was established through Administrative Rules in 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan, and both plans are administered by the thirteen-member Retirement Fund Board of Trustees ("Board").

With respect to the City Plan, the Board is solely responsible for managing assets and administering benefit payments; for the Staff Plan, the Board is responsible for defining benefits, setting contribution rates, funding contributions, and all other financial components. Defining benefits, setting contribution rates, funding contributions, and all other financial components of the City Plan are administered by the Mayor and City Council. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. Therefore, assets of each plan are legally separate and cannot pay benefits of the other. With only eighteen active members currently, the assets and obligations of the Staff Plan are negligible as compared to the City Plan and the Retirement Fund overall. Therefore, all further references to the Plan and information provided in the Notes and Required Supplementary Information about the City Plan are strictly limited to information about the City employees (comprised of General Employees, Police Officers, and Firefighters).

PENSION PLAN . . . The City Plan provides retirement, disability, and death benefits to employees of the City. The term employee does not include elected officers, non-salaried appointed members of administrative boards and commissions, or part-time, temporary or contract employees. The term employee also does not include any employees paid in part by another governmental agency, but the City currently has no such positions or employees. The City Plan was established under the legal authority of the City Charter in accordance with state law, and it is administered by the Board. The primary authority to define or amend employer and employee contribution rates or benefits is given to the Mayor and the Fort Worth City Council (City Council) although the Board can call an election for members to consider increasing their contributions. Effective June 15, 2007, the City Plan became subject to article 6243i of the Texas Revised Civil Statutes ("Article 6243i"), which changed the structure of the Board and how benefits could be changed by the City as Plan sponsor. Article 6243i also permitted the Board to create administrative rules that govern the City Plan. The administrative rules govern the administration and benefits of the City Plan. The Board may change the administrative operation of the City Plan without the City's approval, while any increases to the benefit structure must be approved by the City, following an actuarial assessment. A reduction in benefits must be proposed by the City, and the City must notify the Board 90 days in advance of such benefit reduction.

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

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

For service through July 19, 2019, sworn Police Officers are required to contribute 8.73% of their annual earnings while all other City employees are required to contribute 8.25% of their annual earnings. For service through December 21, 2018, the City contributes 20.46% for sworn Police Officers and 19.74% for all other City employees.

Contribution rate increases for the City and for all member groups were adopted by the City Council in December 2018 and ratified by member vote in accordance with state law. As a result of those actions, for service on or after July 20, 2019, all members will experience contribution increases, with sworn Police Officers and sworn Firefighters increases being phased in over multiple years, and for service on or after December 22, 2018 (the January 11, 2019 paycheck), the City is required to contribute 24.96% for sworn Police Officers and 24.24% for all other City employees. Because the staff of the Fund needed time to make adjustments to their systems to account for new rates and because the City's contribution increase was contingent on approval by members of their contribution increases, the increases will be included on an on-going basis beginning with the August 9, 2019 paycheck (the pay period beginning July 20, 2019), and the City will make a lump sum payment to reflect its increased contributions for the period from December 22 through July 19. The current and increased rates and their phasing are described in more detail in the "**Contribution Increases**" section below.

Approximately 11.00% of the Plan's assets and total Pension Liability is attributable to the City's Water and Sewer System.

Plan Benefits . . . Prior to changes described below, the plan formula included: a rule of 80 (retirement eligibility when age plus years of service equal 80); an exception to the rule of 80 for Police Officers allowing them to retire on the earlier of (i) when they reach 25 years of service or (ii) when they reach rule of 80; an annual multiplier of 3.0%; a compensation base of "High-3"; inclusion of overtime in compensation base for determining retirement benefits; annual cost-of-living adjustments of either 2% guaranteed or ad hoc up to 4% depending on the health of the Fund; and survivor and disability benefits as outlined in the following sentences. Survivor Benefit: Upon the death of a retired member, the surviving spouse receives a monthly pension equal to 75% of the amount being paid to the retired member. If a vested or non-vested member dies in-the-line-of-duty, the surviving spouse receives a monthly pension equal to 75% of the retirement benefits that would have accrued had the member worked to the normal retirement date. If a vested member dies before retirement, not-in-the-line-of-duty, the surviving spouse receives a monthly pension equal to 75% of the member's accrued pension, subject to certain minimum benefits. If a non-vested member dies before retirement, not-in-the-line-of-duty, the designated beneficiary/estate receives a refund of the member's contribution, plus interest. Disability Benefit: An active employee who becomes totally disabled while in-the-line-of-duty is eligible to receive annual disability benefits based on a reduced multiplier and is credited with the years of service that would have accrued had the member worked to the normal retirement date. A vested member who becomes totally disabled while not-in-the-line-of-duty is eligible to receive disability benefits based on a reduced multiplier and the credited years of service the member has actually accumulated as of the date of disability retirement. A non-vested member who becomes totally disabled not-in-the-line-of-duty receives a refund of contributions, plus interest.

March 2011 Council Actions . . . To protect the long-term sustainability of the Plan, the City Council modified the Plan for employees (excluding Police Officers and Firefighters) hired after July 1, 2011. Notable changes include creating a minimum regular retirement age of 55; changing the compensation base from "High-3" to "High-5"; eliminating overtime from the compensation base for determining retirement benefits; establishing an overtime cash balance account that an employee can access after retirement; lowering the annual multiplier from 3.0% to 2.5% for normal pension benefits; lowering the multiplier for disability pension benefits and vested termination pension benefits from 2.75% to 2.25%; eliminating the cost of living adjustment on all retirement related benefits; and creating a voluntary, actuarially neutral survivor benefit for either a spouse or a designated beneficiary in which a member can opt to receive a lower retirement benefit in order to provide a survivor benefit for the designated beneficiary.

October 2012 and September and October 2014 Council Actions. . . On October 23, 2012, the City Council adopted Ordinance No. 20471-10-2012, an "Ordinance Repealing Article VI, "Retirement" of Chapter 2, "Administration" of the Code of Fort Worth and Creating a New Chapter 2.5 "Retirement" to Govern the City of Fort Worth Retirement System and Modify the Pension Benefits for Police Officers and General Employees". The ordinance includes plan changes for new Police Officers consistent with the changes adopted for General employees on March 22, 2011, except for the eligible retirement age. The cash-balance account for overtime was eliminated for non-civil-service ("General") employees under this action. The ordinance adopted on October 23, 2012 also reduced benefit accrual for future service of existing Police Officers and General employees. The changes are consistent with the 2011 changes for the new General employees and new Police Officers employees except that existing employees retained a 75% survivor benefit, have no minimum retirement age, and retain cost-of-living adjustments. On September 16, 2014, the City Council adopted Ordinance No. 21459-09-2014, an "Ordinance Amending Chapter 2.5 Retirement, Article I, Employees' Retirement Fund, of the City Code to Modify Pension Benefits for Firefighters Hired On or After January 10, 2015." The ordinance amendments include plan changes for new Firefighters consistent with the changes adopted for General employees in 2011 and new Police Officers in 2012, except that "Built-In Overtime" resulting from the Fire Department's use of 24-hour shifts is included in compensation base for determining retirement benefits for Firefighters, and there is no minimum retirement age. On October 21, 2014, the City Council adopted Ordinance No. 21510-10-2014, an "Ordinance Amending Chapter 2.5, Retirement, Article I, Employees' Retirement Fund, of the City Code to Modify Pension Benefits for Firefighters Hired Prior to January 10, 2015." The ordinance amendments included plan changes that reduced pension benefit accruals for future service of Firefighters hired prior to January 10, 2015. The changes are consistent with the plan changes made for Firefighters hired after January 10, 2015, except that Firefighters hired prior to January 10, 2015 retain a 75% survivor benefit and cost-of-living adjustments.

Most Recent Pension Actuarial and Investment Data . . As of January 1, 2019, pension plan membership consisted of the following:

- Total Inactive Members – 4,958
- Active Employees - 6,589

Of the total inactive members, 4,583 are inactive employees or beneficiaries currently receiving benefits, and 375 are inactive employees entitled to but not yet receiving benefits.

Results from the Plan's September 30, 2017 measurement date as calculated using the Governmental Accounting Standards Board (GASB) Statement 68 include the following key findings that appear below.

Actuarial valuations are completed on a calendar year basis, and census data was not collected as of September 30, 2018 (measurement date). It is assumed that the population remains constant between December 31 and September 30.

As of the date of the most recent report, the City was contributing 19.74% of retirement-eligible wages to the Employees Retirement Fund for General Employees and Firefighters and 20.46% for Police Officers. General employees and Firefighters were contributing 8.25% of retirement-eligible wages, and Police Officers 8.73%..

- The components of the net pension liability of the Retirement Fund at the measurement date of September 30, 2017 were as follows:

Total Pension Liability	$5,422,613,892
Fund Fiduciary Net Position	$2,324,335,575
City's Net Pension Liability	$3,098,278,317
Fund Fiduciary Net Position as a Percentage of the Total Pension Liability	42.86%

- The blended discount rate of 5.35% was used to measure the Total Pension Liability as of September 30, 2018. This blended discount rate was based on an expected rate of return on pension plan investments of 7.75% and a municipal bond rate of 3.83%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2042. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2042 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

- The Schedule of the City's Contributions to the Retirement Fund for the last three years are as follows:

Year Ended September 30*	Actuarially Determined Contributions	Actual Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
2016	$101,339,917	$84,746,991	$16,592,926	$424,371,512	19.97%
2017	112,185,281	89,408,134	22,777,147	448,313,028	19.98%
2018	131,766,357	93,504,064	38,262,293	467,754,197	19.99%

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

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

    - Actuarial Cost Method: Entry age
    - Amortization method: Level percent of payroll, open
    - Remaining amortization period: 30 years as of January 1, 2018
    - Asset valuation method: Five-year smoothed market.
    - Investment rate of return: 7.75%, including inflation, net of all expenses
    - Inflation Rate: 2.75%
    - Projected salary increases: 2.75%-16.00%
    - Cost of living adjustment: 0.00% - 2.00%, assumed for all members in the guaranteed COLA program, no COLA's are assumed for members participating in the ad-hoc COLA program.
    - Payroll growth rate: 3.00% of annum, used to amortize actuarial accrued liabilities.

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

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

Experience Study and Changes to Plan Assumptions

The assumptions and methods used for the pension actuarial study were approved by the Board based on a three-year experience study for the period ended December 31, 2017. As a result of this study, changes were made to the mortality tables, generational projection scales, line of duty death rates, investment returns, administration expense assumptions, inflation assumptions, payroll growth rates, salary tables, retirement rates, among others. At its April 2019 meeting, the Board was presented with the results of an experience study and acted to lower the assumed rate of return from 7.50% to 7.00%. Since Article 6243i requires the City be given 30 days' notice before such a change becomes effective, the new rate is expected to become officially effective following formal vote at the June 2019 meeting.

Plan Changes

Article XVI, Section 66 of the Texas Constitution prohibits the City from reducing accrued benefits and makes the City jointly responsible with the Plan for ensuring accrued benefits are not reduced or impaired, resulting in the City being a functional guarantor of the Plan. To the extent additional funding is needed to meet the City's pension obligations, those funds would primarily come from property taxes within the General Fund and charges for service within the City's Enterprise Funds. The City's current property tax rate of $0.785 is well below the maximum rate of $1.90 per $100 allowed by the City's Charter. "

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

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

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

Recent Changes

On December 11, 2018, the City Council approved pension modifications and called a member election for February 2019 to consider employee contribution increases. The contribution increases and changes were approved by the member vote in accordance with the requirements of Article 6243i. Of the 6,589 active members eligible to vote, 4,907 participated in the election. Of those who voted, 3,920 voted to approve the contribution changes, representing almost 80% of those who voted and more than 59% of all eligible voters.

Pension Modifications

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

The Variable COLA would apply only to service credits earned or purchased through July 19, 2019 for eligible individuals, which can generally be described as current General employees who started working for the City prior to 2011, Police Officers who started working for the City prior to 2013, and Firefighters who started working for the City prior to 2015. The Board may, subject to ratification by the City Council, award a Variable COLA to all eligible individuals in an amount equal to no more than 4% of each member's base pension attributable to service credits through July 19, 2019 but *only if* an actuary determines that (i) the combined City and member contributions (excluding any automatic risk-sharing-based contributions) for the two preceding years are equal to or greater than the actuarially determined contribution (ADC) for each of those years, with the actuarial calculations based on a closed thirty-year amortization period and a rate of return that is the average of the reported rates of two national sources that are agreed to by the City and the Fund; and (ii) adding the Variable COLA for all eligible members and service as proposed by the Board would not cause the ADC to exceed the combined City and member contributions for the coming year.

According to a January 2019 report from the Fund's actuary, implementation of just the pension modifications will reduce the unfunded accrued actuarial liability by $144.3 million. See "Contribution Increases" below.

CONTRIBUTION INCREASES

The contribution increases proposed by the City Council in December 2018 were approved by members, with the results of the election canvassed at the February 27, 2019 meeting of the Board. The contribution increases consist of both a fixed and variable element as described below.

Fixed Contribution Increase

On-going fixed contribution increases for the City and for members in all three employee groups –Police Officers, Firefighters, and General (all others) – will start being implemented with the pay period that starts on July 20, 2019 (August 9 paycheck). Increases for Police Officers and Firefighters are being phased in, with the Firefighters subject to an additional increase in 2020, and Police Officers experiencing increases in 2020 and 2021.

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

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

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

Group	Current Contribution Rate	Rate Starting July 20, 2019	Rate Starting with First Paycheck of 2020	Rate Starting with First Paycheck of 2021
City for Police Officers[1]	20.46%	24.96%	24.96%	24.96%
City for All Others[1]	19.74%	24.24%	24.24%	24.24%
Police Officers[2]	8.73%	10.53%	12.53%	13.13%
Firefighters	8.25%	10.05%	12.05%	12.05%
General with 3% Multiplier[3]	8.25%	10.05%	10.05%	10.05%
General without 3% Multiplier	8.25%	9.35%	9.35%	9.35%

[1]City will make a lump sum payment so that City increases are effective with first paycheck issued in 2019

[2]Unlike any other group, Police Officers can retire with full benefits following 25 years of service; contribution rate is higher to reflect greater benefit level.

[3]A General employee will only contribute at this rate for a period of time equal to the number of months that are subject to a 3% multiplier, after which the 0.7% surcharge will cease.

Variable Increase (Automatic Risk Sharing Mechanism)

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

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

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

The total, cumulative automatic additional contribution rate under this mechanism is capped at 4.0% of payroll. The actual rate under this mechanism will be (i) a total rate required to generate difference between the ADC and the then-current combined contributions, (ii) allocated on a 60-40 basis as between the City and the members, and (iii) subject to year-over-year increase limits as described in the following sentence. A member's contribution rate under this mechanism may not represent an increase of more than 0.8% over the member's contribution rate during the immediately preceding year, meaning the City's contribution rate under this mechanism would represent an increase of no more than 1.2% over the immediately preceding year.

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

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

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

According to a January 2019 report from the Fund's actuary, implementation of just the pension modifications will reduce the Fund's unfunded actuarially accrued liability (UAAL) by $147.4 million, and the implementation of both the modifications and the member-approved contribution increases was projected to eliminate the UAAL entirely as early as 2050 but no later than 2061, assuming a discount rate of 7.50%. With the Board lowering the assumed rate of return to 7.00%, the amortization period is increased to 44 years instead of the 29-year period projected based on a 7.50% rate. While the amortization period is longer than original projections, it is no longer infinite as had been the case in actuarial valuations prior to the pension modifications and contribution increases.

POTENTIAL LEGISLATIVE CHANGES

The 86th Texas Legislature adjourned on May 27, 2019, and the City is unaware of any legislation that was enacted that would have a material impact on the structure or contribution rates of the Fund as described above.

ADDITIONAL INFORMATION

For further details regarding the most recent City-audited financial information for City's retirement plan, please refer to Note I of the City's 2018 Comprehensive Annual Financial Report, incorporated by reference herein, which can be found at https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/ES973113.

More up-to-date financial information regarding the Plan and its investments can be found on the Retirement Fund's website at https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/ES973113 and http://www.fwretirement.org. NOTE: Information on the Retirement Fund's website has not been independently verified by the City, and although the City believes such information to be reliable, it does not take any responsibility for the accuracy or completeness thereof.

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

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits to its retirees and their dependents. The City offers the pre-65 retirees the same choice of two medical plans as the actives (Basic Plan and Consumer Choice Plan). The post-65 retirees are offered a fully-insured Medicare Advantage PPO plan. To be eligible for benefits, an employee must meet either the Municipal/Fire requirements (Age 65 and 5 years of service or Rule of 80) or the Police requirements (25 years of service) for normal retirement. The City pays for all or a major portion of the total health insurance cost for retirees and between 30% to 50% for their dependents depending on the date of hire and the length of service the retiree had with the City. Those with more than 25+ years of service or hired prior to October 5, 1988 will receive the City's full premium subsidy for the retiree's portion but will need to contribute to cover dependents. Those with less the 25 years of service will receive less than the City's full premium. Employees hired on or after January 1, 2009 are no longer eligible for The City's subsidy and will pay the full premium rates. Thus, we have assumed that there is no medical liability for anyone hired on or after January 1, 2009. Also, this is a closed group whose liability should decrease to zero over time.

The City also provides a $5,000 lump sum death benefit for beneficiaries of retired employees who retired on or after January 1, 1970 which is 100% subsidized by The City. To date, this benefit has not been eliminated for new hires and is thus an on-going liability.

The City recognizes the cost of providing these benefits as payroll expenses/expenditures in each operating fund. The estimated pay-as-you-go cost of providing these benefits for approximately 3,030 retirees and surviving spouses during fiscal year 2018 was $19.9 million. During the prior year for approximately 2,898 retirees and beneficiaries the cost was $26.1 million.

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

The following information summarizes the City's OPEB liability as calculated under GASB 75 as of September 30, 2017, the actuarial valuation date:

- As of September 30, 2018, the OPEB Plan's membership consisted of 3,030 inactive employees or beneficiaries currently receiving benefits.

- During Fiscal Year 2018, the cost of health care benefits for retirees, dependents, and surviving spouses was $19,521,000 and the death benefit payments totaled $398,000.

- The actuary estimated the City's total OPEB liability to be $952,159,000. This estimate is based upon a 3.53% discount rate. The City had funded 7.2% of its total OPEB liability.

- In 2009, the City created a trust fund for the purpose of prefunding/paying down unfunded OPEB liability. As of the close of fiscal year 2018, the OPEB trust had an actuarial value of $76.254 million.

- At September 30, 2018, the Net OPEB Liability was $883,331,000, of which $753,076,000 was associated with governmental activities and $130,255,000 for business-type activities.

- The City's OPEB expense was $30.062 million.

- The percentage of Annual OPEB Cost contributed was 82.4% for the healthcare plan and 64.2% for the death benefit.

- For more information on the City's OPEB benefits see Note J1 in the City's 2018 Comprehensive Annual Report and for a copy of the City's Final Actuarial OPEB Report (September 30, 2018 Reporting Date), please visit www.fortworthtexasbonds.com.

CERTAIN SELECTED PROVISIONS OF THE MASTER ORDINANCE AND THE THIRTY-FOURTH SUPPLEMENTAL ORDINANCE

The following statements summarize certain provisions of the Master Ordinance and the Thirty-Fourth Supplement. These statements do not purport to be comprehensive or definitive and are qualified in their entirety to the Master Ordinance and the Thirty-Fourth Supplement. Copies of the Master Ordinance and the Thirty-Fourth Supplement are available for examination at the office of the Interim Chief Financial Officer/ Director of Financial Management Services.

SELECTED PROVISIONS OF THE MASTER ORDINANCE

DEFINITIONS. "Account" means any account created, established and maintained under the terms of any Supplement.

"Accountant" means a nationally recognized independent certified public accountant, or an independent firm of certified public accountants.

"Annual Debt Service Requirements" means, for any Fiscal Year, the principal of and interest on all Parity Obligations coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

Committed Take Out. If the City has entered into a Credit Agreement constituting a binding commitment within normal commercial practice, from any bank, savings and loan association, insurance company, or similar institution to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein and throughout this Exhibit A as "Balloon Debt"), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

Consent Sinking Fund. In the case of Balloon Debt, if a Designated Financial Officer shall deliver to the City a certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the City has elected to apply the rule set forth in clause (2) above;

Prepaid Debt. Principal of and interest on Parity Obligations, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

Variable Rate. As to any Parity Obligation that bears interest at a variable interest rate which cannot be ascertained at the time of calculation of the Annual Debt Service Requirement then, at the option of the City, either (1) an interest rate equal to the average rate borne by such Parity Obligations (or by comparable debt in the event that such Parity Obligations have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, or (2) an interest rate equal to the 30-year Tax-Exempt Revenue Bond Index (as most recently published in The Bond Buyer), shall be presumed to apply for all future dates, unless such index is no longer published in The Bond Buyer, in which case an index of tax-exempt revenue bonds with maturities of at least 20 years which is published in a financial newspaper or journal with national circulation may be used for this purpose;

Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement, from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (1) through (6) above and any payments otherwise included above under (1) through (6) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation. With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

"Bond Counsel" means Messrs. McCall, Parkhurst & Horton L.L.P. and Messrs. Kelly Hart & Hallman LLP.

"City" and "Issuer" mean the City of Fort Worth, Texas.

"Code" means the Internal Revenue Code of 1986, as amended.

"Credit Agreement" means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Obligations, purchase or sale agreements, interest rate swap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Obligations and on a parity therewith.

"Credit Facility" means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Parity Obligations would rate the Parity Obligations fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Parity Obligations would rate the Parity Obligations in its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Obligations and the interest thereon.

"Credit Provider" means any bank, financial institution, insurance company, surety bond provider, or other institution which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

"Debt" of the City payable from Pledged Revenues means all:

(1) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the System that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet; and

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise.

For the purpose of determining the "Debt" payable from the Pledged Revenues of the System, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements of the City in prior Fiscal Years.

"Debt Service Fund" means the "City of Fort Worth, Texas Water and Sewer System Parity Obligations Debt Service Fund" established pursuant to Section 6 of the Master Ordinance.

"Designated Financial Officer" shall mean the City Manager, the Director of Fiscal Services, or such other financial or accounting official of the City so designated by the governing body of the City.

"Eligible Investments" means those investments in which the City is now or hereafter authorized by law, including, but not limited to, the Public Funds Investment Act of 1987 (Chapter 2256, Texas Government Code), as amended, to purchase, sell and invest its funds and funds under its control.

"Fiscal Year" means the fiscal year of the City which currently ends on September 30 of each calendar year.

"Fund" means any fund created, established and maintained under the terms of the Master Ordinance and any Supplement.

"Funded Debt" of the System means all Parity Obligations (and, for purposes of Section 8(b) of the Master Ordinance, all Subordinated Debt) created or assumed by the City and payable from Pledged Revenues that mature by their terms (in the absence of the exercise of any earlier right of demand), or that are renewable at the option of the City to a date, more than one year after the original creation or assumption of such Debt by the City.

"Government Obligations" means direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Gross Revenues" means all revenues, income, and receipts derived or received by the City from the operation and ownership of the System, including the interest income from the investment or deposit of money in any Fund created by the Master Ordinance or a Supplement or maintained by the City in connection with the System, other than those amounts subject to payment to the United States of America as rebate pursuant to section 148 of the Code. The term "Gross Revenues", however, does not include impact fees charged by the System under authority of Chapter 395, Texas Local Government Code, for the construction of capital improvements or facility expansions pursuant to a capital improvement plan prepared in accordance with the provisions of Chapter 395, Texas Local Government Code.

"Holder" or "Bondholder" or "owner" means the registered owner of any Parity Obligation registered as to ownership and the holder of any Parity Obligation payable to bearer.

"Maturity" when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

"Net Revenues" and "Net Revenues of the System" means all Gross Revenues less Operating Expenses.

"Operating Expenses" means the expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service, provided, however, that only such repairs and extensions, as in the judgment of the City, reasonably and fairly exercised by the passage of appropriate ordinances, are necessary to render adequate service, or such as might be necessary to meet some physical accident or condition which would otherwise impair any Parity Obligations. Operating Expenses shall include the purchase of water, sewer, and, to the extent permitted by law, drainage services as received from other entities and the expenses related thereto, and, to the extent permitted by law, Operating Expenses may include payments made on or in respect of obtaining and maintaining any Credit Agreement or Credit Facility. Depreciation shall never be considered as expenses of operation and maintenance.

"Opinion of Counsel" means a written opinion of counsel which shall be acceptable to the City.

"Ordinance" means the Master Ordinance establishing the Water and Sewer System Revenue Financing Program.

"Outstanding" when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations theretofore delivered under the Master Ordinance and any Supplement, except:

(1) Parity Obligations theretofore cancelled and delivered to the City or delivered to the Paying Agent or the Registrar for cancellation;

(2) Parity Obligations deemed paid pursuant to the provisions of Section 9 of the Master Ordinance or any comparable section of any Supplement;

(3) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to the Master Ordinance and any Supplement; and

(4) Parity Obligations under which the obligations of the City have been released, discharged, or extinguished in accordance with the terms thereof;

Provided, that, unless the same is acquired for purposes of cancellation, Parity Obligations owned by the City shall be deemed to be Outstanding as though it was owned by any other owner.

"Outstanding Principal Amount" means, with respect to all Parity Obligations or to a series of Parity Obligations, the outstanding and unpaid principal amount of such Parity Obligations paying interest on a current basis and the outstanding and unpaid principal and compounded interest on such Parity Obligations paying accrued, accreted, or compounded interest only at maturity as of any Record Date established by a Registrar in connection with a proposed amendment of the Ordinance or any Supplement.

"Parity Obligations" means all Debt of the City which may be issued or assumed in accordance with the terms of the Master Ordinance and a Supplement, and secured by a first lien on and pledge of the Pledged Revenues.

"Paying Agent" means each entity designated in a Supplement as the place of payment of a series or issue of Parity Obligations.

"Pledged Revenues" means

(1) the Net Revenues, plus

(2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged to the payment of the Parity Obligations.

"Prudent Utility Practice" means any of the practices, methods and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method or act at the exclusion of all others, but rather is a spectrum of possible practices, methods or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. In the case of any facility included in the System which is owned in common with one or more other entities, the term "Prudent Utility Practice", as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

"Rating Agency" means any nationally recognized securities rating agency which has assigned a rating to the Parity Obligations.

"Registrar" means each entity designated in a Supplement as the registrar of a series or issue of Parity Obligations.

"Required Reserve Amount" means an amount equal to the greater of (a) 50% of the average Annual Debt Service Requirements of the Parity Obligations then Outstanding or (b) 37½% of the Annual Debt Service Requirements of the Parity Obligations to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest, to the extent such Parity Obligations are to be secured by the Reserve Fund in accordance with the terms and provisions of Section 7 of the Master Ordinance and any Supplement.

"Reserve Fund" means the "City of Fort Worth, Texas Water and Sewer System Parity Obligations Reserve Fund" established pursuant to Section 7 of the Master Ordinance.

"Reserve Fund Obligations" means cash, Eligible Investments, any Credit Facility, or any combination of the foregoing.

"Stated Maturity" when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

"Subordinated Debt" means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Obligations then Outstanding or subsequently issued.

"Supplement" or "Supplemental Ordinance" means an ordinance supplemental to, and authorized and executed pursuant to the terms of, the Master Ordinance.

"System" means and includes the City's existing combined water and sewer system, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage, and all replacements thereof; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not include any water, sewer, or, if applicable, drainage facilities which are declared by the City not to be a part of the System and which are hereafter acquired or constructed by the City with the proceeds from the issuance of "Special Facilities Debt", which term is hereby defined as being special revenue obligations of the City which are not secured by or payable from the Pledged Revenues, but which are secured by and payable solely from special contract revenues, or payments received from the City or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Debt".

"System Fund" means the "City of Fort Worth, Texas Water and Sewer System Revenue Fund" established pursuant to Section 5 of the Master Ordinance.

"Term of Issue" means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or the "maximum maturity date" in the case of commercial paper ("maximum maturity date" having the meaning given to said term in any Supplement authorizing the issuance of commercial paper) or (ii) twenty-five years.

"Value of Investment Securities" and words of like import shall mean the amortized value thereof, provided, however, that all United States of America, United States Treasury Obligations--State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable. The computations made under this paragraph shall include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition "amortized value", when used with respect to a security purchased at par means the purchase price of such security.

PLEDGE. The Parity Obligations are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues, including such revenues within the System Fund created by the Master Ordinance, in accordance with the terms of this Ordinance and any Supplement; and the Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund as provided in accordance with the terms of the Master Ordinance and the Funds and Accounts as provided in accordance with the terms of any Supplement. The Parity Obligations are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the System. The owners of the Parity Obligations shall never have the right to demand payment out of funds raised or to be raised by taxation, or from any source other than specified in the Master Ordinance or any Supplement.

RATE COVENANT. The City will fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Gross Revenues and other Pledged Revenues sufficient (1) to pay all current Operating Expenses, (2) to produce Net Revenues for each Fiscal Year at least equal to the Annual Debt Service Requirements during such Fiscal Year of the then outstanding Parity Obligations, and (3) to pay all other financial obligations of the System reasonably anticipated to be paid from Gross Revenues.

GENERAL COVENANTS. While any of the Parity Obligations is Outstanding, the City further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) PERFORMANCE. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Master Ordinance and any Supplement; it will promptly pay or cause to be paid the principal amount of and interest on every Parity Obligation, on the dates and in the places and manner prescribed in a Supplement and such Parity Obligations; and it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Funds and Accounts as provided in accordance with the Master Ordinance and any Supplement; and any owner of any Parity Obligation may require the City, its officials and employees to carry out, respect or enforce the covenants and obligations of the Master Ordinance, or any Supplement, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials and employees.

(b) CITY'S LEGAL AUTHORITY. It is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to issue the Parity Obligations; that all action on its part for the issuance of the Parity Obligations has been duly and effectively taken, and that the Parity Obligations in the hands of the owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) OPERATION AND MAINTENANCE. It shall at all times use its best efforts to operate or cause to be operated the System properly and in an efficient manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the System may be properly and advantageously conducted.

(d) TITLE. It has or will obtain lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures and facilities constituting the System, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, for the benefit of the owners of the Parity Obligations, against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Parity Obligations in the manner prescribed herein, and has lawfully exercised such rights.

(e) LIENS. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(f) NO FREE SERVICE. No free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value shall be made by the City out of funds from sources other than the revenues of the System, unless made from surplus or excess Pledged Revenues as permitted in Section 10(b) of the Master Ordinance.

(g) FURTHER ENCUMBRANCE. It will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance and any Supplement in connection with Parity Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance and any Supplement; but the right of the City to issue Subordinated Debt payable in whole or in part from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(h) SALE, LEASE OR DISPOSAL OF PROPERTY. No part of the System shall be sold, leased, mortgaged, demolished, removed or otherwise disposed of, except as follows:

(1) To the extent permitted by law, the City may sell or exchange at any time and from time to time any property or facilities constituting part of the System only if (A) it shall determine such property or facilities are not useful in the operation of the System, or (B) the proceeds of such sale are $250,000, or less, or it shall have received a certificate executed by a Designated Financial Officer stating, in the opinion thereof, that the fair market value of the property or facilities exchanged is $250,000 or less, or (C) if such proceeds or fair market value exceeds $250,000 it shall have received a certificate executed by a Designated Financial Officer stating, in the opinion thereof, that the sale or exchange of such property or facilities will not impair the ability of the City to comply during the current or any future Fiscal Year with the covenant of the City set forth in Section 3 of the Master Ordinance. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith, at the option of the City, (i) be used to redeem or purchase Parity Obligations, (ii) otherwise be used to provide for the payment of Parity Obligations or (iii) be used for any other lawful purpose.

(2) To the extent permitted by law, the City may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right (A) does not impede the operation of the System by the City and (B) does not in any manner impair or adversely affect the rights or security of the owners of the Parity Obligations under the Master Ordinance and any Supplement; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement or other right is in excess of $500,000, the City shall have received a certificate executed by a Designated Financial Officer that the action of the City with respect thereto does not result in a breach of the conditions under this clause (2). Any payments received by the City under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Gross Revenues.

(i) BOOKS, RECORDS AND ACCOUNTS. It shall keep proper books, records and accounts separate and apart from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the System and the City shall cause said books and accounts to be audited annually as of the close of each Fiscal Year by the Accountant.

(j) INSURANCE. (1) Except as otherwise permitted in clause (2) below, it shall cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the Holders and their representatives at all reasonable times during regular business hours. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(i) for the redemption prior to maturity of the Parity Obligations, ratably in the proportion that the Outstanding Principal Amount of each series of Parity Obligations bears to the total Outstanding Principal Amount of all Parity Obligations, provided that if on any such occasion the principal of any such series is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(ii) if none of the outstanding Parity Obligations is subject to redemption, then for the purchase on the open market and retirement of said Parity Obligations in the same proportion as prescribed in the foregoing clause (i), to the extent practicable; provided that the purchase price for any Parity Obligation shall not exceed the redemption price of such Parity Obligation on the first date upon which it becomes subject to redemption; or

(iii) to the extent that the foregoing clauses (i) and (ii) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the City, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (i) and/or (ii) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(1) In lieu of obtaining policies for insurance as provided above, the City may self-insure against risks, accidents, claims or casualties described in clause (1) above.

(2) The annual audit hereinafter required shall contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the City is self-insuring, all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(k) AUDITS. After the close of each Fiscal Year while any of the Parity Obligations is Outstanding, an audit will be made by the Accountant of the books and accounts relating to the System and the Pledged Revenues. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding Fiscal Year shall be mailed to the Municipal Advisory Council of Texas and to any owner of the then outstanding Parity Obligations who shall so request in writing. Such annual audit reports shall be open to the inspection of the owners of the Parity Obligations and their agents and representatives at all reasonable times during regular business hours.

(l) GOVERNMENTAL AGENCIES. It will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

(m) NO COMPETITION. To the extent it legally may, it will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a material substitute for the System's facilities, and, to the extent that it legally may, the City will prohibit any such competing facilities.

(n) RIGHTS OF INSPECTION. The owner of $100,000 in Outstanding Principal Amount of Parity Obligations shall have the right at all reasonable times during regular business hours to inspect the System and all records, accounts and data of the City relating thereto, and upon request the City shall furnish to such owner, at the cost of such owner, such financial statements, reports and other information relating to the City and the System as such owner may from time to time reasonably request.

SYSTEM FUND. There is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the System Fund. All Gross Revenues shall be credited to the System Fund immediately upon receipt. All Operating Expenses shall be paid from the Gross Revenues credited to the System Fund as a first charge against same.

DEBT SERVICE FUND. (a) For the sole purpose of paying the principal amount of, premium, if any, and interest on, and other payments (other than Operating Expenses) incurred in connection with Parity Obligations, there is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the Debt Service Fund. Moneys in the Debt Service Fund shall be deposited and maintained in an official depository bank of the City.

(b) The terms and conditions with respect to the deposit of moneys into the Debt Service Fund, and the amounts to be deposited from time to time to the credit of the Debt Service Fund, shall be contained in the Supplement. In addition, the City reserves the right in any Supplement to establish within the Debt Service Fund various Accounts to facilitate the timely payment of Parity Obligations as the same become due and owing.

RESERVE FUND. (a) There is hereby created and there shall be established and maintained on the books of the City a separate fund designated as the Reserve Fund. Except as provided in subsection (g) below, the Reserve Fund shall be maintained for the benefit of the owners of the Parity Obligations. There shall be deposited into the Reserve Fund any Reserve Fund Obligations so designated by the City. Reserve Fund Obligations in the Reserve Fund shall be deposited and maintained in an official depository bank of the City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Obligations as they become due or paying principal of and interest on the Parity Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. The Reserve Fund shall be maintained in an amount equal to the Required Reserve Amount. The City may, at its option, withdraw and transfer to the System Fund all surplus in the Reserve Fund over the Required Reserve Amount.

(b) The City may replace or substitute a Credit Facility for cash or Eligible Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, cash or Eligible Investments on deposit in the Reserve Fund which, taken together with the face amount of any existing Credit Facilities, are in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the System Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer.

(c) If the City is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the City shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or Eligible Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

(d) In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, after making required deposits to the Debt Service Fund in accordance with the terms of this Ordinance and any Supplement, satisfy the Required Reserve Amount by depositing Reserve Fund Obligations into the Reserve Fund in monthly installments of not less than 1/12 of the Required Reserve Amount on or before the 10th day of each month following such deficiency, termination or expiration.

(e) In the event of the redemption or defeasance of any of the Parity Obligations, any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to the System Fund, as a result of (i) the redemption of the Parity Obligations, or (ii) funds for the payment of the Parity Obligations having been deposited irrevocably with the paying agent or place of payment therefor in the manner described in this Ordinance and any Supplement, the result of such deposit being that such Parity Obligations no longer are deemed to be Outstanding under the terms of the Master Ordinance.

(f) In the event there is a draw upon the Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Pledged Revenues, however, such reimbursement from Pledged Revenues shall be subject to the provisions of Section 7(d) of the Master Ordinance and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Obligations.

(g) For the purpose of this Section, the Reserve Fund shall not secure Parity Obligations issued in the form of commercial paper, or any Credit Agreement issued in support of such Parity Obligations issued in the form of commercial paper, except as otherwise may be provided in any Supplement.

ISSUANCE OF ADDITIONAL OBLIGATIONS. (a) Parity Obligations. The City reserves and shall have the right and power to issue or incur Parity Obligations for any purpose authorized by law pursuant to the provisions of the Master Ordinance and a Supplement (other than the Supplement adopted concurrently with this Ordinance) to be hereafter authorized. The City may issue, incur, or otherwise become liable in respect of any Parity Obligations if (i) a Designated Financial officer shall deliver to the City a certificate stating that, to the best of his or her knowledge, the City is in compliance with all covenants contained in the Master Ordinance and any Supplement, is not in default in the performance and observance of any of the terms, provisions and conditions hereof and thereof, and the Funds and Accounts securing the Parity Obligations then Outstanding as established in accordance with the terms of the Master Ordinance and any Supplement contain the amount then required to be therein; and (ii) an Accountant signs a written certificate to the effect that, in the opinion thereof, during either the next preceding Fiscal Year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Parity Obligations, the Net Revenues were at least equal to (A) 1.25 times the average Annual Debt Service Requirements of the Parity Obligations to be Outstanding and (B) 1.10 times the Annual Debt Service Requirements of the Parity Obligations to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest, after the issuance of the then proposed Parity Obligations. For purposes of this subsection (a), if Parity Obligations are issued to refund less than all of the Parity Obligations then Outstanding, the Accountant's certificate required by clause (ii) above shall give effect to the issuance of the proposed refunding Parity Obligations (and shall not give effect to the Parity Obligations being refunded following their cancellation or provision being made for their payment).

(b) Short-Term Parity Obligations. The City may not issue or incur Parity Obligations issued in the form of commercial paper in an amount in excess of the greater of (i) 25% of the Outstanding Funded Debt secured by the Pledged Revenues of the System or (ii) $75,000,000. For purposes of this subsection, the term "Outstanding Funded Debt" shall include Subordinated Debt that matures by its terms, or that is renewable at the option of the City to a date, more than one year after the original creation thereof by the City. The terms and conditions pertaining to the issuance of Parity Obligations in the form of commercial paper, including, without limitation, the security and reserves which may be necessary to support such issuance, shall be set forth in the Supplement authorizing the issuance of Parity Obligations in the form of commercial paper.

(c) Special Facilities Debt and Subordinated Debt. Special Facilities Debt and Subordinated Debt may be incurred by the City without limitation.

(d) Credit Agreements. Payments to be made under a Credit Agreement may be treated as Parity Obligations if the governing body of the City makes a finding in the Supplement authorizing the treatment of the obligations of the City incurred under a Credit Agreement as a Parity Obligation that, based upon the findings contained in a certificate executed and delivered by a Designated Financial Officer, the City will have sufficient funds to meet the financial obligations of the System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the System and the financial obligations of the City relating to the System after giving effect to the treatment of the Credit Agreement as a Parity Obligation.

(e) Determination of Net Revenues. In making a determination of Net Revenues for any of the purposes described in this Section, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least 30 days prior to the last day of the period for which Net Revenues are determined and, for purposes of satisfying the Net Revenues test described above, make a pro forma determination of the Net Revenues of the System for the period of time covered by the Accountant's certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

FINAL DEPOSITS; GOVERNMENT OBLIGATIONS. (a) Any Parity Obligation shall be deemed to be paid, retired and no longer Outstanding within the meaning of the Master Ordinance, and the Supplement pursuant to which it was issued, when payment of the principal amount of, redemption premium, if any, on such Parity Obligation, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise) either shall have been (i) made in accordance with the terms thereof or (ii) provided for by irrevocably depositing with, or making available to, a Paying Agent (or escrow agent) therefor, in trust and irrevocably set aside exclusively for such payment, in accordance with the terms and conditions of an agreement between the City and said Paying Agent (or escrow agent), (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation, to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such Paying Agent pertaining to the Parity Obligation with respect to which such deposit is made shall have been paid or the payment thereof provided for (and irrevocable instructions shall have been given by the City to such Paying Agent to give notice of such redemption in the manner required by the Supplement authorizing the issuance of such Parity Obligation) to the satisfaction of such Paying Agent. Such Paying Agent shall give notice to each owner of any Parity Obligation that such deposit as described above has been made, in the same manner as required with respect to the redemption of such Parity Obligation, all in accordance with the terms of the Supplement pursuant to which such Parity Obligation was issued. In addition, in connection with a defeasance, such Paying Agent shall give notice of redemption, if necessary, to the owners of any Parity Obligation in the manner described in such Parity Obligation and as directed in the redemption instructions delivered by the City to such Paying Agent. At such time as a Parity Obligation shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of the Master Ordinance or the Supplement pursuant to which it was issued or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) That any moneys so deposited with a Paying Agent (or escrow agent) may, at the direction of the City, also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the Paying Agent pursuant to this Section which is not required for the payment of the principal of the Parity Obligations, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City for deposit to the credit of the System Fund.

(c) Except as provided in clause (b) of this Section, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of Parity Obligations, the redemption premium, if any, and interest thereon, shall be applied solely to and used solely for the payment of such Parity Obligations, the redemption premium, if any, and interest thereon.

AMENDMENT OF MASTER ORDINANCE. (a) The owners of a majority in Outstanding Principal Amount of the Parity Obligations shall have the right from time to time to approve any amendment to the Master Ordinance which may be deemed necessary or desirable by the City, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in the Master Ordinance or in the Parity Obligations so as to:

(1) Make any change in the maturity of any of the outstanding Parity Obligations;
(2) Reduce the rate of interest borne by any of the outstanding Parity Obligations;
(3) Reduce the amount of the principal payable on the outstanding Parity Obligations;
(4) Modify the terms of payment of principal of, premium, if any, or interest on the outstanding Parity Obligations or impose any conditions with respect to such payment;
(5) Affect the rights of the owners of less than all of the Parity Obligations then outstanding;
(6) Amend this subsection (a) of this Section; or
(7) Change the minimum percentage of the principal amount of Parity Obligations necessary for consent to any amendment;

Unless such amendment or amendments be approved by the owners of all of the Parity Obligations then Outstanding.

(b) That if at any time the City shall desire to amend the Master Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of each Paying Agent or Registrar, as the case may be, for the Parity Obligations for inspection by all Holders of Parity Obligations. Such publication is not required, however, if notice in writing is given to each owner of Parity Obligations.

(c) That whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Parity Obligations then Outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with each Paying Agent or Registrar, as the case may be, for the Parity Obligations, the governing body of the City may pass the amendatory ordinance in substantially the same form.

(d) That upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under the Master Ordinance of the City and all the owners of the then outstanding Parity Obligations and all future Parity Obligations shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) That any consent given by the owner of a Parity Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Parity Obligation during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent or Registrar, as the case may be, for such Parity Obligation and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the then outstanding Parity Obligations as determined in accordance with this Section have, prior to the attempted revocation, consented to and approved the amendment.

(f) The foregoing provisions of this Section notwithstanding, the City by action of its governing body may amend the Master Ordinance for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in the Master Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Parity Obligations or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Master Ordinance, or in regard to clarifying matters or questions arising under the Master Ordinance, as are necessary or desirable and not contrary to or inconsistent with the Master Ordinance and which shall not adversely affect the interests of the owners of the Parity Obligations then outstanding;

(3) To modify any of the provisions of the Master Ordinance in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Parity Obligations outstanding at the date of the adoption of such modification shall cease to be outstanding, and (ii) such modification shall be specifically referred to in the text of all Parity Obligations issued after the date of the adoption of such modification;

(4) To make such amendments to the Master Ordinance as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(5) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Parity Obligations to thereafter avail themselves of a book-entry system for payments, transfers and other matters relating to the Parity Obligations, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of the Master Ordinance and which shall not adversely affect the interests of the owners of the Parity Obligations;

(6) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Parity Obligations by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(7) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Parity Obligations.

Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

(g) Ownership. For the purpose of this Section, the ownership and other matters relating to all Parity Obligations shall be determined as provided in each Supplement.

(h) Amendments of Supplements. Each Supplement shall contain provisions governing the ability of the City to amend such Supplement; provided, however, that no amendment may be made to any Supplement for the purpose of granting to the owners of outstanding Parity Obligations under such Supplement a priority over the owners of any other outstanding Parity Obligations.

DEFICIENCIES; EXCESS PLEDGED REVENUES. (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Funds and Accounts established in accordance with this Ordinance and any Supplement, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other source available for such purpose.

(b) Subject to making the required deposits to the credit of the Funds and Accounts established in accordance with this Ordinance and any Supplement, when and as required by this Ordinance and any Supplement, the excess Pledged Revenues may be used by the City for any lawful purpose.

FUNDS SECURED. Moneys in all Funds and Accounts created in accordance with this Ordinance and any Supplement shall be secured in the manner prescribed by law for securing funds of the City.

INVESTMENTS. Moneys in any Fund or Account established pursuant to this Ordinance and any Supplement may, at the option of the City, be placed or invested in Eligible Investments. The value of any such Fund or Account shall be established by adding any money therein to the Value of Investment Securities. The value of each such Fund or Account shall be established no less frequently than annually during the last month of each Fiscal Year. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Fund or Account from which moneys used to acquire such investment shall have come.

SELECTED PROVISIONS OF THE THIRTY-FOURTH SUPPLEMENT

The City Council adopted the Thirty-Fourth Supplement authorizing the Bonds, selected provisions of which are shown below.

DEFINITIONS.

"Bonds" means the Series 2019 Bonds.

"Business Day" means a day other than a Sunday, Saturday, a legal holiday, or a day on which banking institutions in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

"Commercial Paper Notes" means the City of Fort Worth, Texas Water and Sewer System Commercial Paper Notes, Callable CP Series, to be outstanding at any one time and from time to time in an aggregate principal amount not to exceed $150,000,000, as authorized by Ordinance 23028-12-2017.

"Designated Trust Office" means the Dallas, Texas office of BOKF, NA.

"Eighteenth Supplement" means the ordinance authorizing the issuance of the Series 2010 Bonds.

"MSRB" means the Municipal Securities Rulemaking Board.

"Nineteenth Supplement" means the ordinance authorizing the issuance of the Series 2010A Bonds.

"Paying Agent/Registrar" means BOKF, NA, or the successor thereto as appointed under the terms of the Thirty-Fourth Supplement.

"Previously Issued Parity Bonds" means the Series 2009 Bonds, the Series 2010 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds, the Series 2011 Bonds, the Series 2012 Bonds, the Series 2014 Bonds, the Series 2015 Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016 Bonds, the Series 2017 Bonds, the Series 2017A Bonds, the Series 2017B Bonds and the Series 2018 Bonds.

"Registration Books" shall have the meaning given said term in Section 5(a) of the Thirty-Fourth Supplement.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Series 2009 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2009, authorized by the Seventeenth Supplement.

"Series 2010 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Refunding Bonds, Series 2010, authorized by the Eighteenth Supplement.

"Series 2010A Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2010A, authorized by the Nineteenth Supplement.

"Series 2010B Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2010B, authorized by the Twentieth Supplement.

"Series 2010C Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2010C, authorized by the Twenty-First Supplement.

"Series 2011 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2011, authorized by the Twenty-Second Supplement.

"Series 2012 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Refunding Bonds, Series 2012, authorized by the Twenty-Third Supplement.

"Series 2014 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2014, authorized by the Twenty-Fourth Supplement.

"Series 2015 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2015, authorized by the Twenty-Fifth Supplement.

"Series 2015A Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2015A, authorized by the Twenty-Sixth Supplement.

"Series 2015B Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2015B, authorized by the Twenty-Seventh Supplement.

"Series 2016 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2016, authorized by the Twenty-Eighth Supplement.

"Series 2017 Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2017, authorized by the Twenty-Ninth Supplement.

"Series 2017A Bonds" means the City of Fort Worth, Texas Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2017A, authorized by the Thirtieth Supplement.

“Series 2017B Bonds” means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2017B, authorized by the Thirty-First Supplement.

“Series 2018 Bonds” means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2018, authorized by the Thirty-Third Supplement.

“Series 2019 Bonds” means the City of Fort Worth, Texas Water and Sewer System Revenue Bonds, Series 2019, authorized by the Thirty-Fourth Supplement.

"Seventeenth Supplement" means the ordinance authorizing the issuance of the Series 2009 Bonds.

"Thirtieth Supplement" means the ordinance authorizing the issuance of the Series 2017A Bonds.

"Thirty-First Supplement" means the ordinance authorizing the issuance of the Series 2017B Bonds

"Thirty-Second Supplement" means the ordinance authorizing the issuance of City of Fort Worth, Texas Water and Sewer System Revenue Refunding Bonds, within certain designated parameters and in one or more Series designations to be determined, as needed to effect the refunding of Commercial Paper Notes.

“Thirty-Third Supplement” means the ordinance authorizing the issuance of the Series 2018 Bonds.

"Thirty-Fourth Supplement" means the ordinance authorizing the issuance of the Bonds.

"Twentieth Supplement" means the ordinance authorizing the issuance of the Series 2010B Bonds.

"Twenty-First Supplement" means the ordinance authorizing the issuance of the Series 2010C Bonds.

"Twenty-Second Supplement" means the ordinance authorizing the issuance of the Series 2011 Bonds.

"Twenty-Third Supplement" means the ordinance authorizing the issuance of the Series 2012 Bonds.

"Twenty-Fourth Supplement" means the ordinance authorizing the issuance of the Series 2014 Bonds.

"Twenty-Fifth Supplement" means the ordinance authorizing the issuance of the Series 2015 Bonds.
"Twenty-Sixth Supplement" means the ordinance authorizing the issuance of the Series 2015A Bonds.

"Twenty-Seventh Supplement" means the ordinance authorizing the issuance of the Series 2015B Bonds.

"Twenty-Eighth Supplement" means the ordinance authorizing the issuance of the Series 2016 Bonds.

"Twenty-Ninth Supplement" means the ordinance authorizing the issuance of the Series 2017 Bonds.

ESTABLISHMENT OF FINANCING PROGRAM AND ISSUANCE OF PARITY OBLIGATIONS. That by adoption of the Master Ordinance the City has established the City of Fort Worth, Texas Water and Sewer System Revenue Financing Program for the purpose of providing a financing structure for revenue supported indebtedness of the System. The Master Ordinance is intended to establish a master plan under which revenue supported debt of the System can be incurred. The Thirty-Fourth Supplement provides for the authorization, issuance, sale, delivery, form, characteristics, provisions of payment and redemption, and security of the Bonds, which are a series of Parity Obligations. The Master Ordinance is incorporated herein by reference and as such made a part hereof for all purposes, except to the extent modified and supplemented hereby, and the Bonds are hereby declared to be Parity Obligations under the Master Ordinance. The City hereby determines that it will have sufficient funds to meet the financial obligations of the System, including sufficient Pledged Revenues to satisfy the Annual Debt Service Requirements of the System and to meet all financial obligations of the City relating to the System.

PLEDGE. (a) That the Bonds are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues; and the Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund, and to the Reserve Fund to the extent hereinafter provided. The Bonds are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any properties, whether real, personal, or mixed, constituting the System.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

DEBT SERVICE FUND ACCOUNTS. That with respect to the Bonds no special account need be established to facilitate the payment of debt service on the Bonds.

RESERVE FUND. That no deposits shall be made to the credit of the Reserve Fund.

INVESTMENTS. That to the extent a reserve fund for the Bonds is created after their delivery, money in the Reserve Fund created under the Thirty-Fourth Supplement shall not be invested in securities with an average aggregate weighted maturity of greater than seven years. The value of the Reserve Fund, in addition to the annual determination described in the Master Ordinance, shall be established at the time or times withdrawals are made therefrom. Investments shall be sold promptly when necessary to prevent any default in connection with the Bonds. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Fund or Account from which moneys used to acquire such investment shall have come.

FLOW OF FUNDS. That all monies in the System Fund not required for paying Operating Expenses during each month shall be applied by the City, on or before the 10th day of the following month, commencing during the months and in the order of priority with respect to the Funds and Accounts that such applications are hereinafter set forth in this Section.

(a) Debt Service Fund - To the credit of the Debt Service Fund, in the following order of priority, to-wit:

(1) such amounts, deposited in approximately equal monthly installments, commencing during the month in which the Bonds are delivered, or the month thereafter if delivery is made after the 10th day thereof, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the interest scheduled to come due on the Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments, commencing during the month which shall be the later to occur of, (i) the twelfth month before the first maturity date of the Bonds, or (ii) the month in which the Bonds are delivered, or the month thereafter if delivery is made after the 10th day thereof, as will be sufficient, together with other amounts, if any, in the Debt Service Fund available for such purpose, to pay the principal (including mandatory sinking fund redemption payments, if any) scheduled to mature or come due on the Bonds on the next succeeding principal payment date or mandatory sinking fund redemption date, as the case may be.

(b) Reserve Fund. Acting in accordance with the provisions of the Master Ordinance, specifically, without limitation, Section 7 thereof, it is not necessary for the Bonds to be secured by the Reserve Fund established for the benefit of the owners of Parity Obligations, and therefore the City may, but shall not be required to, make deposits to the credit of the Reserve Fund with respect to the Bonds.

PAYMENT OF BONDS. That on or before the first scheduled interest payment date, and on or before each interest payment date and principal payment date thereafter while any Bond is Outstanding and unpaid, the City shall make available to the Paying Agent/Registrar, out of the Debt Service Fund (and the Reserve Fund, if necessary) monies sufficient to pay such interest on and such principal amount of the Bonds, as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The Paying Agent/Registrar shall destroy all paid Bonds and furnish the City with an appropriate certificate of cancellation or destruction.

AMENDMENT OF THIRTY-FOURTH SUPPLEMENT. (a) That the owners of a majority in Outstanding Principal Amount of the Bonds shall have the right from time to time to approve any amendment to the Thirty-Fourth Supplement which may be deemed necessary or desirable by the City, provided, however, that nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in the Thirty-Fourth Supplement or in the Bonds so as to:

(1) Make any change in the maturity of any of the Outstanding Bonds;
(2) Reduce the rate of interest borne by any of the Outstanding Bonds;
(3) Reduce the amount of the principal payable on the Outstanding Bonds;
(4) Modify the terms of payment of principal of, premium, if any, or interest on the Outstanding Bonds or impose any conditions with respect to such payment;
(5) Affect the rights of the owners of less than all of the Bonds then Outstanding;
(6) Amend this clause (a) of this Section; or
(7) Change the minimum percentage of the principal amount of Bonds necessary for consent to any amendment;
unless such amendment or amendments shall be approved by the owners of all of the Bonds then Outstanding.

(b) That if at any time the City shall desire to amend the Thirty-Fourth Supplement under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in the City of New York, New York, and a newspaper of general circulation in the City, once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of the Bonds. Such publication is not required, however, if notice in writing is given to each owner of the Bonds.

(c) That whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the owners of at least a majority in Outstanding Principal Amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council of the City may pass such amendment in substantially the same form.

(d) That upon the passage of any such amendment pursuant to the provisions of this Section, the Thirty-Fourth Supplement shall be deemed to be amended in accordance with such amendment, and the respective rights, duties and obligations under the Thirty-Fourth Supplement of the City and all the owners of then Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendment.

(e) That any consent given by the owners of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing written notice thereof with the Paying Agent/Registrar and the City, but such revocation shall not be effective if the owners of at least a majority in Outstanding Principal Amount of the Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) The foregoing provisions of this Section notwithstanding, the City by action of the City Council may amend the Thirty-Fourth Supplement without the consent of any owner of the Bonds or any other Parity Obligations, solely for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in the Thirty-Fourth Supplement contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to the owners of the Bonds or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in the Thirty-Fourth Supplement, or in regard to clarifying matters or questions arising under the Thirty-Fourth Supplement, as are necessary or desirable and not contrary to or inconsistent with the Thirty-Fourth Supplement and which shall not adversely affect the interests of the owners of the Bonds then Outstanding;

(3) To modify any of the provisions of the Thirty-Fourth Supplement in any other respect whatever, provided that such modification shall be, and be expressed to be, effective only after the Bonds Outstanding at the date of the adoption of such modification shall cease to be Outstanding;

(4) To make such amendments to the Thirty-Fourth Supplement as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(5) To make such changes, modifications or amendments as may be necessary or desirable in order to allow the owners of the Bonds to thereafter avail themselves of a book-entry system for payments, transfers and other matters relating to the Bonds, which changes, modifications or amendments are not contrary to or inconsistent with other provisions of this Thirty-Fourth Supplement and which shall not adversely affect the interests of the owners of the Bonds;

(6) To make such changes, modifications or amendments as are permitted by Section 18(c)(v) of the Thirty-Fourth Supplement;

(7) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Bonds by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility issued in support of the Bonds; and

(8) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Bonds, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Bonds.

Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

(g) Ownership of the Bonds shall be established by the Registration Books maintained by the Paying Agent/Registrar, in its capacity as registrar and transfer agent for the Bonds.

CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. (i) That the City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2019, financial information and operating data with respect to the City of the general type described in Exhibit C to the Thirty-Fourth Supplement, and (2) if not provided as part of the financial information and operating data, annual financial statements of the City, when and if available. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit C to the Thirty-Fourth Supplement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within twelve (12) months after the end of each fiscal year ending in or after 2019. If audited financial statements are not available by the end of the twelve (12) month period, then the City shall provide notice that the audited financial statements are not available, shall provide unaudited financial information containing the information described in the tables referenced in Exhibit C to the Thirty-Fourth Supplement under the heading "Annual Financial Statements and Operating Data" by the required time, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audited financial statements become available.

(ii) If the City changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. Filings shall be made electronically, in such format as is prescribed by the MSRB.

(b) Disclosure Event Notices. The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

(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 Bonds, or other material events affecting the tax status of the Bonds;
(7) Modifications to rights of holders of the Bonds, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the City;
(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
(15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, and of which reflect financial difficulties.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by subsection (a).

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

As used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time; and the term "Obligated Person" means the City.

(c) Limitations, Disclaimers, and Amendments. (i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with the Thirty-Fourth Supplement or applicable law that causes Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under the Thirty-Fourth Supplement for purposes of any other provision of the Thirty-Fourth Supplement. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and State securities laws.

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation in accordance with the Rule as amended.

(vi) The provisions of this Section may be amended by the City 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, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Thirty-Fourth Supplement that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

THIRTY-FOURTH SUPPLEMENT TO CONSTITUTE A CONTRACT; EQUAL SECURITY. That in consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, the Thirty-Fourth Supplement shall be deemed to be and shall constitute a contract between the City and the Holders from time to time of the Bonds and the pledge made in this Thirty-Fourth Supplement by the City and the covenants and agreements set forth in the Thirty-Fourth Supplement to be performed by the City shall be for the equal and proportionate benefit, security, and protection of all Holders, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by the Thirty-Fourth Supplement.

DEFAULT AND REMEDIES. (a) Events of Default. That each of the following occurrences or events for the purpose of the Thirty-Fourth Supplement is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of any of the Bonds when the same becomes due and payable; or

(ii) except as provided in Section 18(c)(iv) of this Thirty-Fourth Supplement (see " – Continuing Disclosure Undertaking" above) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with the Thirty-Fourth Supplement, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any registered owner to the City.

(b) Remedies for Default.

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

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all registered owners of Bonds then Outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of the Thirty-Fourth Supplement, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under the Thirty-Fourth Supplement.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Thirty-Fourth Supplement, such registered owner agrees that the certifications required to effectuate any covenants or representations contained in the Thirty-Fourth Supplement do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the registered owners with any liability, or be held personally liable to the registered owners under any term or provision of the Thirty-Fourth Supplement, or because of any Event of Default or alleged Event of Default under the Thirty-Fourth Supplement.

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TAX MATTERS

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

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

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

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

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

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bond and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bond.

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

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

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

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

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

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

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

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

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 Bonds (see "Certain Selected Provisions of the Master Ordinance and the Thirty-Fourth Supplemental Ordinance – Selected Provisions of the Thirty-Fourth Supplement – Continuing Disclosure Undertaking"). The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB") which will make such information available to the general public, without charge, through its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via EMMA at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 15 within six months after the end of each fiscal year ending in and after 2019. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2019. If the audit of such financial statements is not complete within such period, then the City shall provide notice that the audited financial statements are not available, shall provide unaudited financial information described in tables 1 through 15 of the Official Statement within such period, and shall provide audited financial statements for the applicable Fiscal Year to the MSRB, when and if the audit report on such statements becomes available.

Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified above or filed with the United States Securities and Exchange Commission (the "SEC'), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in Tables 1 through 15 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) as described above. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

DISCLOSURE EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds: (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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;(14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, and of which reflect financial difficulties. (Neither the Bonds nor the Thirty-Fourth Supplement make any provision for debt service reserves or liquidity enhancement.) The term "Business Day" means a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the designated payment office of the Paying Agent/Registrar is located (currently, the designated payment office of the Paying Agent/Registrar is in Dallas, Texas).

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and official or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. As used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii), however, the term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time; and the term "Obligated Person" means the City.

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

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

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

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

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding water and sewer revenue debt of the City are rated "AA" by Fitch, "Aa1" by Moody's and "AA+" by S&P. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such rating companies and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any one or all of such rating companies, if in the judgment of any one or more companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

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.

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

RECENT EVENTS AFFECTING THE CITY

As noted in recent news reports, in May 2019 two terminated former City employees filed whistleblower lawsuits containing a number of allegations related to the City's cybersecurity, including that hackers diverted more than $515,000.00 from City accounts to offshore accounts. In a May 21, 2019 public presentation to the Fort Worth City Council, the City's Chief Technology Officer refuted the allegations and advised the City Council that (i) one employee committed human error by falling victim to a "phishing" scheme and violated City policy by not following identity-confirmation protocols, resulting in the employee changing a vendor's bank account information and causing a loss of nearly $700,000.00, and (ii) another six employees also committed human error and unknowingly disclosed their login credentials in response to a different "phishing" attack, resulting in their bank account information getting changed and a single payroll run totaling approximately $16,000.00 being paid to a fraudulent recipient. In response to these errors, the City strengthened its process for verifying the identities of its vendors and implemented additional personal verification requirements for the changing of any employee's banking data. The May 21 public presentation also highlighted the City's on-going, ever-changing, and improving efforts to protect its computer data and systems, noting enhancements that include increased funding over multiple years, upgrades to systems and software, and deployment of leading-edge technology, training, and policy solutions.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds 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 Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations.

For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the PFIA, the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such Bonds are eligible investments for sinking funds and other public funds. The City has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS

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

Certain legal matters will be passed upon for the City by West & Associates L.L.P., Disclosure Counsel to the City.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

USE OF AUDITED FINANCIAL STATEMENTS

Weaver and Tidwell, LLP, the City's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the fiscal year 2018 financial statements addressed in that report. Weaver and Tidwell, LLP also has not performed any procedures relating to this Official Statement.

CO-FINANCIAL ADVISORS

HilltopSecurities and Estrada Hinojosa & Company, Inc. are employed as Co-Financial Advisors to the City. HilltopSecurities and Estrada Hinojosa & Company, Inc. have relied on the opinion of Co-Bond Counsel and have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Co-Financial Advisors may, individually or collectively, from time to time sell investment securities to the City for the investment of bond proceeds or other funds of the City upon the request of the City.

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

INITIAL PURCHASER OF THE BONDS

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

CERTIFICATION OF THE OFFICIAL STATEMENT

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The Thirty-Fourth Supplement authorized the City Manager and Interim Chief Financial Officer/Director of Financial Management Services of the City to approve, for and on behalf of the City, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the use of this Official Statement by the Initial Purchaser of the Bonds in connection with the public offering and the sale of the Bonds.

____
AUTHORIZED REPRESENTATIVE
City of Fort Worth, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION AND HISTORY . . . Fort Worth, seat of Tarrant County, Texas, is located in Tarrant, Denton Parker, Johnson and Wise Counties in North Central Texas at 97° 55' west longitude and 32° 36' north latitude. Situated on the Trinity River, Fort Worth is approximately 75 miles south of the Oklahoma state line and 270 miles northwest of the Gulf of Mexico. The city is a cultural gateway into the American West and covers nearly 345 square miles.

Fort Worth was established as a frontier army post in 1849 by Major Ripley Arnold and named after General William Jenkins Worth, who distinguished himself in the War with Mexico. The outpost became a stopping place on the famous Old Chisholm Trail and a shipping point for the great herds of Longhorn cattle being driven to northern markets. Progressive City leadership brought the first of nine railroads to Fort Worth in 1876 and with the subsequent West Texas oil boom, guided the City into a metropolitan county of more than 1.8 million people. Fort Worth's economy has always been associated with cattle, oil, finance and manufacturing. Since World War II, Fort Worth has also become an aerospace, education, high-tech, transportation and industry service center.

GOVERNMENT . . . Fort Worth operates under the Council-Manager form of Municipal Government. A Mayor chosen at-large by popular vote and an eight-member, single-district council are elected to two-year terms. In turn, the Mayor and City Council appoint the City Manager who is the Chief Administrative and Executive Officer of the City. The City Council is also responsible for the appointment of the City Attorney, Municipal Judges, the City Secretary and the City Auditor.

AREA AND POPULATION . . . According to the most recent U.S. Census Bureau data since April, 2000, Fort Worth was the fastest growing large city of more than 500,000 in the nation between 2000 and 2010. Since the 2000 Census, Fort Worth's population has increased at a faster rate than it did during the 1990s. The 2010 Census population for Fort Worth was 741,206. From 2000 to 2010, Fort Worth's total population is estimated to have increased by 206,512 persons. This represents an annual growth rate of approximately 3.9 percent per year. The estimated 2019 population is 848,860. The Dallas-Fort Worth Metropolitan Statistical Area is split into two separate divisions: the Fort Worth-Arlington Metropolitan Division and the Dallas-Plano-Irving Metropolitan Division. The Fort Worth-Arlington Division includes Johnson, Parker, Tarrant, and Wise Counties.

TRANSPORTATION . . . The Dallas/Fort Worth International Airport (the "Airport" or "DFW") is the third busiest airport in the world in terms of logistical operations and ranks 9th in the world based on passengers. The Airport is the principal air carrier facility serving the Dallas/Fort Worth metropolitan area. First opened on January 13, 1974, the Airport is located halfway between the cities of Dallas and Fort Worth, Texas. DFW International offers 1,850 flights per day and serves more than 63 million passengers per year. DFW provides non-stop service to 149 domestic and 56 international destinations worldwide. For seven consecutive years, DFW has ranked in the top ten for customer service among large airports worldwide in surveys conducted by Airports Council International.

In addition, the City owns three general aviation airports, each with all-weather capability. Meacham International Airport is centrally located 5 miles from downtown Fort Worth and is equipped with parallel runways, the longest of which is a 7,500 ft. runway. Fort Worth Spinks Airport, a general aviation airport located along I-35 in the south portion of the City is equipped with a 6,000 ft. runway. Alliance Airport is located on I-35 to the north, serves the needs of industrial, business and general aviation users, and is equipped with a 11,000 ft. runway.

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

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

EDUCATION . . . The Fort Worth Independent School District serves a major portion of Fort Worth. The 143 schools in the District operate on the 5-3-4 plan in which the elementary schools (82) teach grades 1-5; middle schools and sixth-grade centers (29), grades 6-8; and senior high schools (21), grades 9-12. The District also has 16 special campuses. The Fort Worth School District employs 5,770 classroom teachers (full-time equivalents) to instruct over 86,234 students. Special education programs are provided for the blind, handicapped, mentally disabled, brain-injured, emotionally disturbed and those who require speech and hearing therapy in seven special schools. Vocational training is provided at the secondary level for the educable mentally disabled. Bilingual programs are also offered at the primary and secondary level. While Fort Worth is served primarily by Fort Worth Independent School District, it is also serviced by 16 other districts. Aledo ISD serves the new Walsh development in west Fort Worth, and the Mary D. and F. Howard Walsh Elementary school opened in August 2017.

Tarrant County has 21 college and university campuses with an enrollment of more than 100,000 students in both undergraduate and graduate programs. Included in these colleges and universities are: Southwestern Baptist Theological Seminary; Tarleton State University-Fort Worth Campus; Tarrant County College- Trinity River, South, Northeast, Southeast, and Northwest Campuses; Texas Christian University; Texas Wesleyan University; Texas A&M University School of Law; the University of Texas at Arlington; and the University of North Texas Health Science Center. The TCU and UNTHSC School of Medicine is scheduled to open in July 2019 and will have classes on both university campuses.

HEALTH SERVICES . . . With award-winning medical care and community-wide wellness programs, Fort Worth offers the full spectrum of health options and medical care. Fort Worth's Medical District houses the region's single largest concentration of medical jobs. Each of the award-winning six major hospitals in Fort Worth functions as a lead institution for a network of health care facilities, providing the full range from acute care to neighborhood clinics and affiliated physicians. Fort Worth hospitals have received awards and recognition for their specialties, from the Level 1 Trauma Center and Comprehensive Level 1 Stroke Center at John Peter Smith Hospital; to the award winning general services offered by Texas Health Harris Methodist Hospital, ranked number 5 in the Dallas-Fort Worth region overall by US News and World Report 2018-2019 Hospital Rankings; to the specialized care offered by Cook Children's, with top rankings for children's cancer treatment, cardiology, neurology, and orthopedics.

Throughout Tarrant County there are approximately 49 conveniently located hospitals with nearly 6,354 beds, including one children's hospital licensed for 457 beds and four public hospitals.

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

THE ECONOMY. . . Fort Worth is consistently ranked among the top places in the nation to live, work, and play. With a growing workforce, top educational facilities, low cost of doing business, high quality of life, prime location, and climate, the City is an attractive choice for companies looking to expand their operations.

Major employers in Fort Worth include AMR/American Airlines, Lockheed Martin, JPS Health Network, Cook Children's Healthcare System, Tarrant County, NAS Fort Worth Joint Reserve Base, Fort Worth Independent School District, Texas Health Fort Worth Hospital, Alcon Laboratories, City of Fort Worth, Bell, and FedEx Supply Chain. Manufacturing and distribution remains an important part of the Fort Worth economy. The list of companies in distribution and manufacturing operations include Acme Brick, Alcon Labs, Allied Electronics, ATC Logistics & Electronics, Haggar Clothing, Federal Express, J.C. Penney's, Mother Parker's Tea and Coffee, Coca-Cola Enterprises, Ben E. Keith Co., Miller Coors LLC, Williamson-Dickie, Pratt Industries USA, Inc., NGC Renewables, LLC, Carolina Beverage Group, LLC, GE Manufacturing Solutions, and Danone North America.

A released economic impact study by The Perryman Group credits oil and natural gas exploration for adding $11.8 billion in gross product per year and more than 107,650 permanent jobs to the North Texas region. Oil and gas production, driven by the Barnett Shale, has provided a number of economic benefits from exploration, drilling and related activity. Covering approximately 5,000 square miles and 25 counties the annual tax impact is about $480.6 million to municipalities, counties and other governmental entities, as well as $644.7 million to the state of Texas. The Barnett Shale has yielded over 15 trillion cubic feet of natural gas with about 18,000 wells in the shale since 2001. That's 66 percent more than the 9 trillion cubic feet in 2011 and despite only 19 rigs operating in the Barnett as of September 1, 2014. The study credited almost 40 percent of the region's incremental growth since 2001 as a direct result of Barnett Shale activity. Despite tepid pricing for natural gas and the 2018 decision by XTO to consolidate their Fort Worth offices in new facilities in The Woodlands (Houston area), the energy industry remains a strong and important segment of the local and regional economy.

The City's industry clusters remain diverse with trade, transportation, and utilities making up the largest percentage of the Fort Worth-Arlington Metropolitan Division (MD) industry composition at 24%. Since 2010 trade, transportation, and utilities companies have grown considerably adding over 41,500 jobs to the area. Healthcare, Manufacturing, Hospitality and Tourism, Transportation and Warehousing, and Oil and Gas make up the five established sectors that play a key role in the Fort Worth economy. As a group, these five established sectors account for more than a third of employment in Fort Worth with over 149,000 people employed. Emerging economic sectors include aerospace manufacturing and design, life sciences delivery and innovation, geotechnical engineering, international business, corporate and regional headquarters, professional services, financial services, and transportation innovation.

There are over 36,405 registered business firms in the City of Fort Worth. About 89% of these businesses are small to mid-size firms that employ anywhere from one to 249 individuals. The remaining 11% of businesses are firms that employ greater than 250 employees (Reference USA).

The Fort Worth-Arlington MD boasts a strong labor force of 1.2 million that continues to grow. The Fort Worth-Arlington MD has experienced positive annual employment growth since summer 2010. The unemployment rate of 3.6% is still less than the 3.9% state unemployment rate and the 3.9% national unemployment rate through August 2018.

TOURISM . . . Tourism is an important contributor to the local economy. More than 6.5 million people visit each year for business and leisure, generating a $1.6 billion annual economic impact, according to the Fort Worth Convention & Visitors Bureau (FWCVB). This activity supports more than 143,000 jobs in the local hospitality industry. Tax revenue generated by visitor spending contributes to city projects, saving the average household approximately $840 per year. The City has seen significant growth in the number of visitors from within the region and from other nations through DFW International Airport. In addition to conventions, visitors are drawn here by authentic experiences, western heritage, performing and visual arts, dynamic food scene and quality of life. The City's neighborhoods and districts drawing high interest include downtown and Sundance Square, the Cultural District, Near Southside, Panther Island and the Stockyards National Historic District. The Stockyards features the Fort Worth Herd, the world's only twice-daily cattle drive owned and operated by the Fort Worth Convention and Visitors Bureau. In response to growing demand for conventions and leisure visits, Fort Worth is planning to add more than 1,400 hotel rooms downtown in the next five years.

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

The Alliance Texas development in far north Fort Worth continued its growth by adding more than 2,400 jobs over the past 12 months, one of its largest increases since the recession. Employment at the 18,000-acre development, which includes a substantial logistics park, residential subdivisions, shopping centers and the Circle T Ranch (a 2,500-acre master planned mixed use community), topped 37,000 in 2014.

CITY DEVELOPMENTS . . . Dickies Arena, which is scheduled to open November 2019, is under construction on the Will Rogers Memorial Center campus. The arena will attract a wide variety of high-quality entertainment options to the Fort Worth area including concerts, sporting events and family shows, as well as host the month-long Fort Worth Stock Show and Rodeo. In addition to exciting entertainment and sporting events, Dickies Arena will have the capacity to accommodate conventions, exhibit events, business meetings and private receptions with flexible meeting and event spaces ranging in size from 685 square feet to 91,315 square feet.

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

Fort Worth Heritage Development, LLC will construct a mixed-use redevelopment and new development project located in the historic Fort Worth Stockyards. The project will comprise approximately one million square feet of space consisting of a hotel, retail, restaurants, office and residential apartment units among other uses. The development will be constructed in three phases completing by December 2025.

Clearfork is a 270 acre, multi-phase development project that ultimately will incorporate 2 million square feet of office space, 1.2 million square feet of retail, dining and entertainment, and 2,500 multifamily residential units at completion. The first phase of development is complete with construction ongoing for subsequent phases.

Rock Creek Ranch continued with development on their 1,755-acres in southwest Fort Worth off the Chisholm Trail Parkway. The development will include commercial, mixed use and residential, as well as a new 80-acre campus for Tarleton State University. The campus is anticipated to open in Fall 2019 and is expected to have 2,500 students.

Walsh Ranch is a 7,267-acre development that will eventually feature as many as 15,000 homes. The first phase opened in April 2017 with an anticipated 587 homes across 1,700 acres. Walsh Elementary, a two-story, 100,000-square-foot campus on 14-acres, opened in the Fall 2017. The development is anticipated to have a build-out cost of $1.6 Billion over 12 to 15 years.

The City of Fort Worth's Local Development Corp. completed a five-story, mixed-use Pinnacle Bank Place downtown. The ground floor consists of bank offices and retail. The four floors above have 130 apartments. In addition, the project includes a parking garage on the back of the project. The building, located on West Lancaster Avenue between Jennings and Throckmorton streets, opened in early 2017 and has already brought significant activity to the area with the addition of the property's residents.

Facebook recently opened a large $1 billion plus data center in Fort Worth. The data center is located in the Alliance Corridor, in north Fort Worth. The new data center is located at the corner of Park Vista Blvd. and State Highway 170 and ultimately consist of five 250,000-square-foot buildings on a 110-acre site. Construction on the first phase was recently completed and the development of future phases has been accelerated.
Smith & Nephew Inc. has leased a 55,000-square-foot building at Chisholm Trail Parkway and Clearfork Main Street. The firm has made Fort Worth the U.S. headquarters of its Advanced Wound Management division. The London-based maker of wound care and surgical products agreed to add 80 positions to its local staff by Dec. 31, 2021, pushing total staffing to 250, with an $85,000 average salary for all full-time employees.

Tanger Outlets constructed a 350,000 square foot shopping center in north Fort Worth across from Texas Motor Speedway. Tanger planned to invest $70 million to build the shopping center. Tanger Outlets anticipate 350 full time employees by December 31, 2019.

Detroit-based Title Source, the largest independent provider of title insurance, property valuations and settlement services in the nation, will move its Denton office to a new location in Fort Worth. The new, 10,000-square-foot office is located at Hillwood Commons 1, 9800 Hillwood Parkway in north Fort Worth.

Construction is completed on Frost Tower at 640 Taylor Street downtown. The $115 million, 25-story office tower will have ground-floor retail space and 15 floors of parking, including 4 underground. It will have an additional 14 floors of office, residential and restaurant space. It will be the new headquarters for Fort Worth-based oil and gas company Jetta Operating and a regional financial center for Frost Bank, with remaining space leased to other tenants.

Downtown Fort Worth's historic Sinclair Building is being transformed into an upscale 165-room Marriott Autograph Collection hotel, and the empty and former Hilton Annex will be made over into corporate apartments. Also under redevelopment by the same development group, the adjacent Sanger Bros. Building recently completed a full refurbishment and updating of existing office space and is readying the first two floors of the building to house CVS Pharmacy. Additional improvements to the building include facade and streetscape improvements, ground-floor retail, one floor of meeting and banquet space that connects to the hotel by sky bridge, a spa, and potentially office remodeling, conversion of some empty space to house data centers, and conversion of more space for hotel services.

Catalyst Urban Development plans to construct a 240-unit apartment project near Lancaster Avenue and Cherry St., to be known as the Burnett Lofts. The project, anticipated to involve at least $34 million in investment will also feature 6,000 SF of retail.

Niles City Resorts recently announced plans to invest $21 million for the construction of a minimum 140-room 4-star hotel in the Fort Worth Stockyards. Located on the historic site of the former Armour packing plant, the project will be known as the Armour Hotel.

The City of Fort Worth recently completed the preparation of an economic development strategic plan that is designed to guide City economic development priorities for the coming five years and beyond. The plan delivered key insights into the competitiveness of Fort Worth compared to other regions across the United States and abroad and provided focused recommendations on industry targets and tactical measures aimed at increasing the economic vitality and industrial strength of Fort Worth and the surrounding region.

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

The Fort Worth Public Library system consists of a Central Library, 12 branch libraries, one job education center and two satellite libraries that are located in public housing developments. Additionally, the City has inter-local agreements with six of the surrounding suburban communities to share library resources and services. The Central Library, open 52 hours and seven days a week, is the flagship of the system. Branches operate 40 hours each week including Saturdays.

In December 2011, the City Council adopted the ***20/20 Vision Master Plan*** for the Library which charts future facility and service needs. Service priorities for FY2017 are early childhood learning and school readiness; improving use of technology to include online card registration; improve services to Spanish-speaking communities; improving customer service; and moving forward with construction of two new libraries funded in the 2014 bond program. The Library's 5 Year Vision is to be recognized as a premier organization and first choice for materials to support pleasure/recreation, learning and information, and to showcase the diversity and rich history of Fort Worth through materials, programs and exhibits. The library system circulates more than 3.8 million library materials annually; provides computers at all facilities with informational databases and the Internet; answers questions; supports a website with downloadable audios, videos, e-books, and other online services; offers educational, cultural, and early literacy programming; and serves as a gathering place and destination for local neighborhoods.

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

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

CITY OF FORT WORTH BUILDING PERMITS

Year Ended 12-31	Number of Building Permits by Type		
	Residential	Commercial	Total Permits
2014			

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APPENDIX B

CITY OF FORT WORTH, TEXAS

FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

The information contained in this Appendix consists of the City of Fort Worth, Texas Audited Financial Statements for the Year Ended September 30, 2018.

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Austin | Conroe | Dallas | Fort Worth | Houston
Los Angeles | Midland | New York City | San Antonio

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Worth, Texas (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Employees' Retirement Fund of the City of Fort Worth, which represent 97 percent, 99 percent, 97 percent and 91 percent, respectively, of the assets, liabilities, net position, and additions to net position of the fiduciary trust funds of the City. We did not audit the financial statements of the Fort Worth Housing Finance Corporation, which represent 10 percent, 5 percent, 9 percent and 1 percent of the assets, liabilities, fund balance, and revenues of the nonmajor governmental funds of the City. We did not audit the financial statements of Terrell Homes, Ltd., which represents 100 percent of the assets, liabilities, net position, and revenues of the discretely presented component unit of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Employees' Retirement Fund of the City of Fort Worth, the Fort Worth Housing Finance Corporation and Terrell Homes, Ltd., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Employee' Retirement Fund of the City of Fort Worth were not audited in accordance with *Government Auditing Standards*.

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

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905 | Fax: 817.429.5936
CPAs AND ADVISORS | WEAVER.COM

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Fort Worth, as of September 30, 2018, 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.

Emphasis of Matter

As discussed in Note A.17 and J to the financial statements, the City adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

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

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

The combining and individual fund financial statements and schedules and the other supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

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

procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules and other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2019 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
February 14, 2019

FORT WORTH®

Management's discussion and analysis (MD&A) provides a narrative overview of the financial activities and changes in the financial position of the City of Fort Worth, Texas (City), for the fiscal year ended September 30, 2018 (FY2018). The MD&A is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the Introductory Section of this Comprehensive Annual Financial Report (CAFR).

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2018, by $1,465,828,000 (net position). For FY2018, the City reported an unrestricted net deficit of $2,428,156 which was an increase in unrestricted net deficit of $559,635,000 compared to the previous fiscal year. This increase was primarily due to an increase in deferred inflows for net Other Than Pension Benefits (OPEB) of $62,245,000 and an increase in Net OPEB liability of $283,152,000 due to the implementation of GASB Statement No. 75. In addition, deferred inflows related to the Pension increased $324,704,000, which was offset by a decrease in net pension liability of $136,412,000.

The City's total net position decreased by $426,842,000 in comparison with the amount in FY2017. This decrease can be attributed to increases in deferred inflows and in net OPEB liability that was offset, in part, by revenues generated in the enterprise funds as well as increases in property tax revenue, and sales tax revenue for governmental activities.

At September 30, 2018, the City's governmental funds reported combined ending fund balances of $823,339,000, a decrease of $89,336,000 in comparison with FY2017. Approximately 49.6 percent of ending fund balance of $408,339,000 is available for spending at the government's discretion, as follows: $161,173,000 of committed fund balance; $140,650,000 of assigned fund balance; and $106,516,000 of unassigned fund balance.

The City's total long-term liabilities increased by $147,505,000 in comparison with FY2017. The key factors in this increase occurred for Net OPEB Liability of $283,151,000, the issuance of $62,220,000 of General Obligations, $12,590,000 of Tax Notes, $5,155,000 of Special Assessment Debt, and $19,106,000 of additional Tarrant Regional Water District loans. During the year, long-term liabilities were reduced by principal payments of $84,868,000 in governmental activities and $72,859,000 in business-type activities. Additionally, the City issued $110,475,000 of revenue bonds for business-type activities and cash defeased $16,435,000 of existing governmental activity debt. Net pension liability decreased $136,412,000 for the City ($118,735,000 for governmental activity and $17,677,000 for business-type activity).

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

The City of Fort Worth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and are used to report more detailed information about the City's most significant activities. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Fund Financial Statements (continued)

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

The City maintains twenty-one individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation.

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment services, capital project services, group health and life insurance, and risk financing. As of September 30, 2018, the Information Systems Fund was incorporated into the General Fund and Capital Projects Fund.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and the Stormwater Utility Funds, which are considered to be the major proprietary funds of the City. The nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports one Trust Fund which accounts for the assets of the City's pension plan and postemployment healthcare plan. Separate audited financial statements are available for the City's pension plan. The pension plan's statements can be obtained by contacting the Plan at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

Notes to the Financial Statements

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

(000's omitted in tables)

Government-Wide Financial Analysis

At September 30, 2018, total assets of the City were $7,369,522,000 and deferred outflows were $1,234,838,000 while total liabilities were $6,683,264,000 and deferred inflows were $455,268,000, resulting in a net position of $1,465,828,000.

The City's net investment in capital assets was $3,730,485,000. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports net investment in capital assets, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, $163,499,000 represents resources that are subject to external restrictions on how they may be used. The City has an unrestricted net deficit of $2,428,156,000.

Condensed Schedule of Net Position (Deficit)

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and Other Assets	$ 1,131,161	$ 1,042,449	$ 767,883	$ 890,051	$ 1,899,044	$ 1,932,500
Capital Assets	2,160,710	2,218,391	3,110,083	3,218,631	5,270,793	5,437,022
Total Assets	3,291,871	3,260,840	3,877,966	4,108,682	7,169,837	7,369,522
Deferred Outflows	1,140,342	1,064,881	182,998	169,957	1,323,340	1,234,838
Other Liabilities	180,388	186,144	72,306	70,602	252,694	256,746
Long-term Liabilities Outstanding	4,710,841	4,807,016	1,568,172	1,619,502	6,279,013	6,426,518
Total Liabilities	4,891,229	4,993,160	1,640,478	1,690,104	6,531,707	6,683,264
Deferred Inflows	57,494	393,213	11,306	62,055	68,800	455,268
Net Position (Deficit):						
Net Investment in Capital Assets	1,392,113	1,451,492	2,242,924	2,278,993	3,635,037	3,730,485
Restricted	86,980	88,734	39,174	74,765	126,154	163,499
Unrestricted (Deficit)	(1,995,603)	(2,600,878)	127,082	172,722	(1,868,521)	(2,428,156)
Total Net Position (Deficit)	$ (516,510)	$ (1,060,652)	$ 2,409,180	$ 2,526,480	$ 1,892,670	$ 1,465,828

At September 30, 2018, the City of Fort Worth is able to report positive balances in net position for the government as a whole and business-type activities. Governmental activities report a deficit net position at year-end. There was an increase in restricted net position reported in the City's governmental activities of $1,754,000, which resulted from the increase in impact fees collected for future development. The governmental activities' unrestricted net deficit balance increased by $605,275,000, mostly due to increases in pension and OPEB deferred inflows, net OPEB liability, new debt issuances, and the liability for Tarrant Regional Water District.

(000's omitted in tables)

Government-Wide Financial Analysis (continued)

Condensed Schedule of Changes in Net Position (Deficit)

	Governmental Activities		Business -Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program Revenues:						
Charges for Services	$ 85,983	$ 92,053	$ 530,142	$ 578,765	$ 616,125	$ 670,818
Operating Grants and Contributions	54,497	65,082	-	-	54,497	65,082
Capital Grants and Contributions	123,816	97,698	121,769	101,120	245,585	198,818
General Revenues:						
General Property Taxes	452,357	486,418	-	-	452,357	486,418
Sales Taxes	218,937	231,899	-	-	218,937	231,899
Other Local Taxes	31,732	34,580	-	-	31,732	34,580
Franchise Fees	50,078	51,934	-	-	50,078	51,934
Gas Leases and Royalties	9,063	9,267	6,504	4,754	15,567	14,021
Investment Income	7,239	8,902	5,240	7,270	12,479	16,172
Other	38,160	13,358	7,406	6,349	45,566	19,707
Total revenues	1,071,862	1,091,191	671,061	698,258	1,742,923	1,789,449
Expenses:						
General Government	152,609	149,942	-	-	152,609	149,942
Public Safety	698,059	687,036	-	-	698,059	687,036
Highways and Streets	157,108	158,652	-	-	157,108	158,652
Culture and Recreation	174,426	284,181	-	-	174,426	284,181
Health and Welfare	11,076	11,104	-	-	11,076	11,104
Urban Redevelopment and Housing	76,190	92,183	-	-	76,190	92,183
Interest and Service Charges	31,636	30,844	-	-	31,636	30,844
Water and Sewer	-	-	376,755	375,603	376,755	375,603
Stormwater Utility	-	-	30,238	29,690	30,238	29,690
Municipal Airports	-	-	14,628	18,694	14,628	18,694
Municipal Parking	-	-	6,699	6,744	6,699	6,744
Solid Waste	-	-	59,292	57,654	59,292	57,654
Total expenses	1,301,104	1,413,942	487,612	488,385	1,788,716	1,902,327
Excess (Deficiency) of Revenues Over (Under) Expenses	(229,242)	(322,751)	183,449	209,873	(45,793)	(112,878)
Transfers	33,629	37,681	(33,629)	(37,681)	-	-
Changes in Net Position (Deficit)	(195,613)	(285,070)	149,820	172,192	(45,793)	(112,878)
Net Position (Deficit), Beginning of Year as Restated (Note A.17.)	(320,897)	(775,582)	2,259,360	2,354,288	1,938,463	1,578,706
Net Position (Deficit), End of Year	$ (516,510)	$ (1,060,652)	$ 2,409,180	$ 2,526,480	$ 1,892,670	$ 1,465,828

Government-Wide Financial Analysis (continued)

Overall, the governmental activities change in net deficit was $285,070,000 as a result of current fiscal year activity. Factors that contributed to the governmental activities net deficit increase were expenses of $1,413,942,000, exceeding revenues of $1,091,191,000 and transfers from business-type activities of $37,681,000.

Governmental activities expenses increased by $112,838,000 when compared to FY2017. This increase was primarily in Culture and Recreation of $109,755,000 (which included increased contributions for the multi-purpose arena) and Urban Redevelopment and Housing of $15,993,000. These increases were offset by reduced spending for General Government of $2,667,000 and Public Safety of $11,203,000.

Business-type activities net position increased $172,192,000 during the current fiscal year which is $22,372,000 higher than the previous year's increase. The major factors that contributed to the business-type activities net position increase were increases of $48,623,000 in charges for services and decreases of $20,649,000 in capital grants and contributions. This was offset by an increase in operating expenses of $773,000.

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of $823,339,000. Approximately 18.5 percent or $152,701,000 constitutes the General Fund's fund balance. As of September 30, 2018, the General Fund's nonspendable fund balance includes $2,153,000 for inventories, $1,844,000 for advances to other funds, and $1,032,000 for prepaids, deposits, and other. The General Fund's restricted fund balance includes $8,895,000 for park improvements, and $1,600,000 is related to other purposes. The committed fund balance includes amounts of $6,011,000 for repayment of State loans, $3,741,000 for other purposes, and $17,608,000 for public events and facilities. The assigned fund balance of $2,545,000 was for other purposes. As of September 30, 2018, the General Fund had an unassigned fund balance of $107,272,000. The General Fund's fund balance increased by $17,252,000 when compared to FY2017. This increase is primarily due to an increase in property tax assessed values offset by a decrease in the City's property tax rate resulting in an increase in property tax revenues of $26,175,000, increase in sales tax revenues of $9,004,000, and increases in transfers in from other funds of $6,437,000. These increases were offset by increases in expenditures in General Government of $3,781,000 and Public Safety of $24,279,000.

The Nonmajor Governmental Funds' fund balance of $152,966,000 is 18.6 percent of total governmental fund balance and includes nonspendable fund balance of $5,189,000, restricted fund balance of $92,287,000, committed fund balance of $2,690,000, assigned fund balance of $53,556,000, and an unassigned deficit of $756,000. Nonmajor Governmental Fund's fund balance increased by $34,526,000 when compared to FY2017. This increase is primarily due to increases in revenues: property tax ($2,866,000); sales tax ($3,958,000); other taxes ($2,522,000); revenue from money and property ($2,172,000); intergovernmental revenue ($9,048,000); and other revenue ($6,492,000). In addition, expenditures for General Government were reduced by $19,150,000, but this was offset by expenditure increases for Culture and Recreation of $4,771,000, Urban Redevelopment and Housing of $24,118,000, and loan principal payments of $17,550,000. Construction loan proceeds decreased by $7,531,000 and proceeds from disposal of property increased by $23,840,000.

Financial Analysis of the Government's Funds (continued)

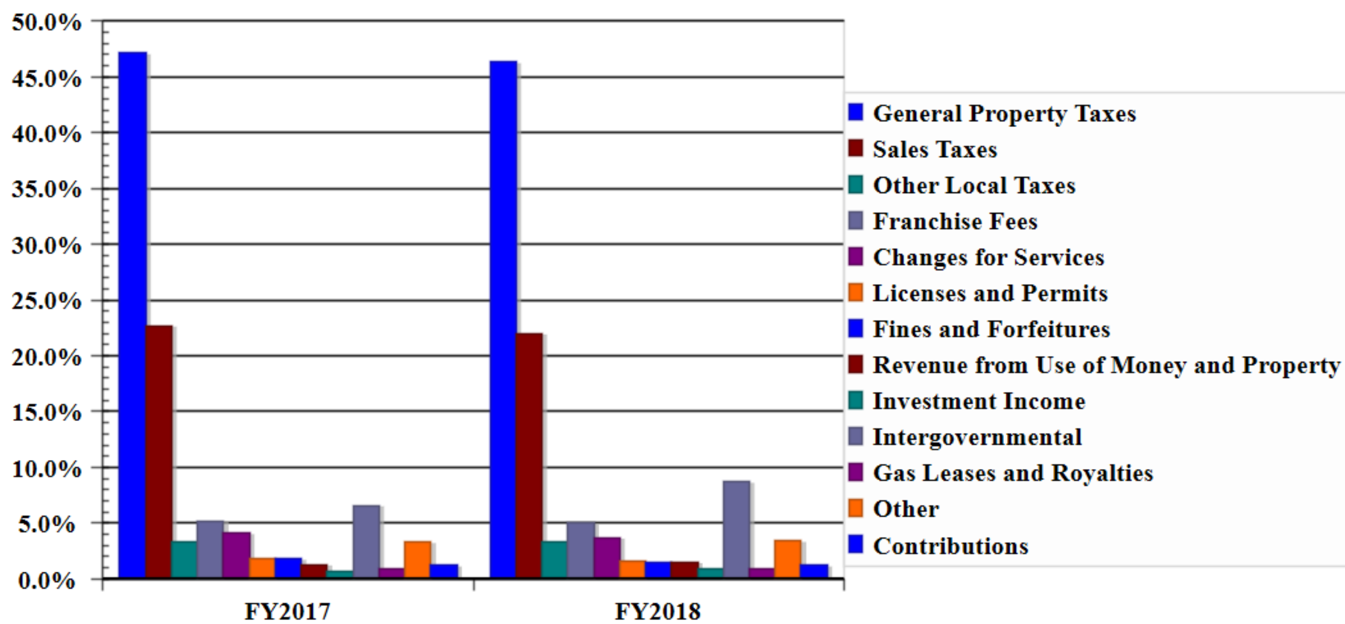
The Debt Service Fund has a fund balance of $50,967,000 or 6.2 percent of total governmental fund balance of which $29,250,000 is restricted fund balance, $8,602,000 is committed fund balance, and $13,115,000 is assigned fund balance. Debt Service Fund's fund balance decreased by $1,329,000 when compared to FY2017. This decrease in fund balance was due to primarily increased debt service payments offset by increased property tax revenue and investment income.

The Capital Projects Fund has a fund balance of $466,705,000 or 56.7 percent of total governmental fund balance of which $382,000 is nonspendable fund balance, $272,368,000 is restricted fund balance, $122,521,000 is committed fund balance, and $71,434,000 is assigned fund balance. The Capital Projects Fund's fund balance decreased by $139,785,000 when compared to FY2017. This decrease in fund balance was due to increased spending for General Government of $1,935,000, Public Safety of $10,069,000, Highways and Streets of $4,302,000, Culture and Recreation of $109,792,000, and capital outlay of $16,581,000. This spending was offset by increased intergovernmental revenue of $17,436,000 and decreased in other revenue of $3,086,000.

As shown in the following charts (on the next page) for governmental funds for FY2017 and FY2018, general property taxes and sales taxes were the primary sources of revenue for both years, while public safety and capital outlay were the largest expenditures by function. The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was $152,701,000. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of $107,272,000, represents 17.4 percent of total General Fund expenditures. The total fund balance of $152,701,000 represents 24.8 percent of total General Fund expenditures. Fund balance in the General Fund increased by $17,252,000, over the previous fiscal year.

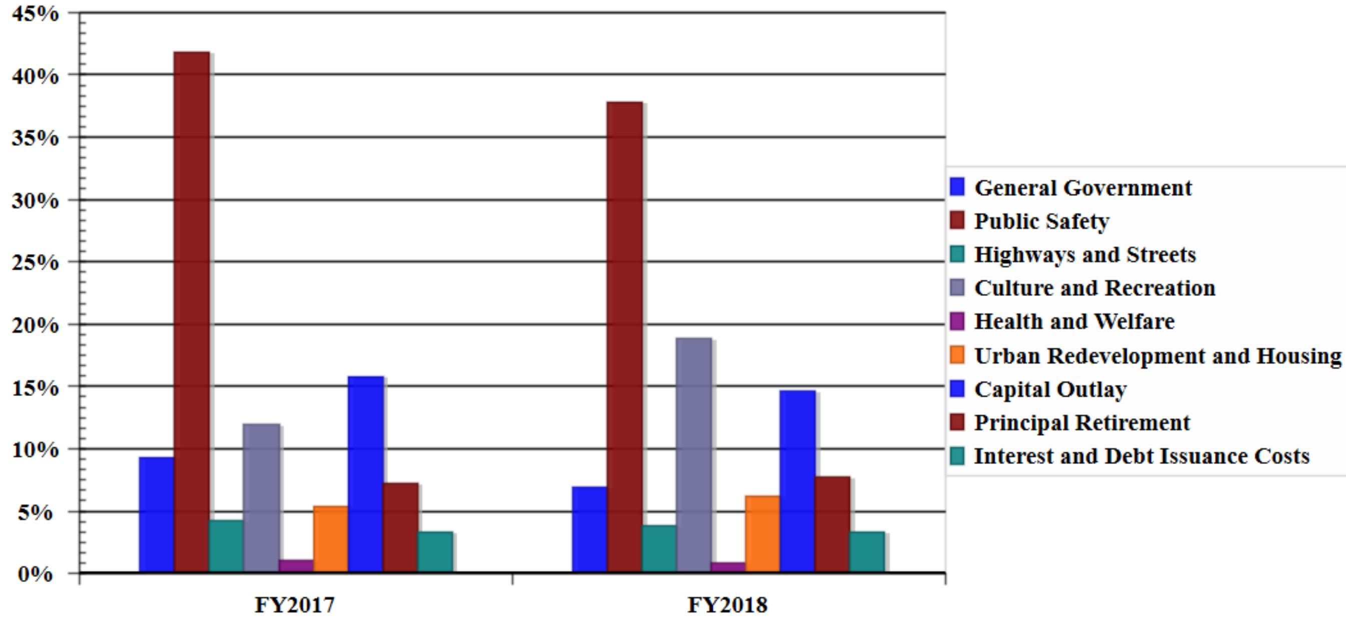
Revenues and Expenditures – Governmental Funds

Revenues by Source – Governmental Funds



Revenues and Expenditures – Governmental Funds (continued)

Expenditures by Function - Governmental Funds



Financial Analysis of the Proprietary Funds

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

Total net position in the Water and Sewer Fund increased $96,106,000 when compared to FY2017. This increase is primarily due to charges for services increasing $42,384,000 and contract expenses (mainly water purchases) increased $10,801,000 during unseasonably dry summer months. Also, capital contributions from impact fees increased $6,415,000 and restatement of beginning net position from implementation of GASB Statement No. 75 accounted for a decrease of $49,021,000. Normal operations provided an additional $58,108,000. Unrestricted net position for the Water and Sewer Fund is $102,209,000, an increase of $57,481,000 when compared to FY2017. This increase was due to increased emphasis on reserve requirements.

Total net position in the Stormwater Utility Fund increased by $10,583,000 when compared to FY2017. This increase in net position is primarily due to the restatement of net position from implementation of GASB Statement No. 75 which accounted for $5,500,000 restatement of the beginning balance and $5,083,000 from normal operations.

Financial Analysis of the Proprietary Funds (continued)

Nonmajor Enterprise Funds activities increased the City's net position by $10,611,000 when compared to FY2017. For the Municipal Airport Fund, net position increased by $12,716,000. This increase was due primarily to operating and non-operating revenues and expenses resulting in change of net position of $14,425,000 and a reduction in beginning net position from the implementation of GASB Statement No. 75 of $1,709,000. For Municipal Parking Fund, net position increased by $11,493,000. This increase was due primarily to the capital contribution of a parking garage of $8,988,000 and an increase in beginning net position from the implementation of GASB Statement No. 75 of $662,000. For the Solid Waste Fund, net position decreased by $13,598,000. This decrease was due primarily to operating and non-operating revenues and expenses resulting in change in net position of a decrease of $3,274,000 and a restatement of beginning net position from the implementation of GASB Statement No. 75 of $10,324,000.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget resulted in a $5,076,000 increase in appropriations and is briefly summarized as follows:

- Significant activities which necessitated these increases included: $1,800,000 for fees and revenues associated with a contract to collect delinquent court fines; $1,700,000 to reflect the appropriations needed for overage police officer positions that was funded by a transfer from the Crime Control and Prevention District Fund; $1,339,000 to fund payments for an energy conservation loan that was funded through transfers from other funds; and $291,000 to fund programs that arose during the fiscal year which were funded through Neighborhood Empowerment Zones, Public Improvement District admin fees, or program refunds.

The City also increased a transfer to the Golf Fund to address the fund deficit at year end in the amount of $13,442, funded through reducing other unused appropriations.

Capital Assets and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2018, amounted to $5,437,022,000 (net of accumulated depreciation/amortization). This investment in capital assets includes land/right of way, construction in progress, intangibles, buildings, vehicles, machinery and equipment, infrastructure, and amortizable intangibles. The total increase in the City's capital assets for the current fiscal year was $166,229,000 (3.2 percent). Major capital assets events during the current fiscal year included the following:

- The acquisition of assets and development of governmental projects throughout the City added $190,440,857 to capital assets, while governmental capital contributions were $62,803,939.
- The acquisition of assets and development of water and sewer projects throughout the City added $107,578,465 to capital assets, while water and sewer capital contributions were $47,113,126.
- The acquisition of assets and development of drainage projects throughout the City added $10,092,505 to capital assets.
- These additions were offset by depreciation/amortization of $240,434,000 and retirements during the year.

(000's omitted in tables)

Capital Assets and Debt Administration (continued)

Capital Assets, net of Accumulated Depreciation/Amortization

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land/Right of Way	$ 234,985	$ 251,519	$ 201,718	$ 207,562	$ 436,703	$ 459,081
Construction in Progress	298,738	337,787	355,514	305,017	654,252	642,804
Intangibles	24,270	32,096	-	1,525	24,270	33,621
Buildings	268,762	256,362	101,632	103,208	370,394	359,570
Vehicles, Machinery and Equipment	99,817	84,479	129,267	121,521	229,084	206,000
Infrastructure	1,206,136	1,238,570	2,321,952	2,479,322	3,528,088	3,717,892
Amortizable Intangibles	28,002	17,578	-	476	28,002	18,054
Total	$ 2,160,710	$ 2,218,391	$ 3,110,083	$ 3,218,631	$ 5,270,793	$ 5,437,022

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

Long-term Liabilities – At the end of the current fiscal year, the City had total long-term liabilities of $6,426,518,000. Of this amount, $680,285,000 comprises debt backed by the full faith and credit of the government, and $1,487,379,000 represents self-supported debt issues.

Long-Term Liabilities Outstanding

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
General Obligation Bonds	$ 452,570	$ 475,520	$ 37,365	$ 35,580	$ 489,935	$ 511,100
Revenue Bonds	-	-	910,685	953,415	910,685	953,415
Certificates of Obligation	201,945	167,785	2,515	1,400	204,460	169,185
Special Tax Revenue Debt	226,880	226,550	-	-	226,880	226,550
Special Assessment Debt	12,685	17,840	-	-	12,685	17,840
Tax Notes	26,130	35,010	-	-	26,130	35,010
HUD Installment Obligations	2,000	1,368	-	-	2,000	1,368
Lone Star Local Government Corp Obligation	31,617	31,617	-	-	31,617	31,617
State Obligation - City	6,476	6,011	-	-	6,476	6,011
State Obligation - CCPD	2,516	2,335	-	-	2,516	2,335
TRWD Obligation	171,391	186,654	-	-	171,391	186,654
State Energy Conservation Loan Phase III	397	-	-	-	397	-
ESPC Phase VII	15,474	14,302	-	-	15,474	14,302
Capital Leases	1,167	837	-	-	1,167	837
Southwest Bank Loan (LDC SW Building)	1,477	1,099	-	-	1,477	1,099
Lancaster Corridor Construction Loan	16,500	-	-	-	16,500	-
Trinity River Authority Oblig.	-	-	3,600	2,930	3,600	2,930
ESPC Phase V	-	-	8,955	7,411	8,955	7,411
Net Unamortized Bond Premium/Discount	69,218	55,951	69,036	52,814	138,254	108,765
Compensated Absences	119,622	120,527	14,727	15,411	134,349	135,938
Risk Management Estimated Claims Payable	33,377	32,441	-	-	33,377	32,441
Arbitrage	-	-	7	12	7	12
Landfill Closure and Postclosure Liability	-	-	8,331	8,724	8,331	8,724
Pollution Remediation Liability	5,636	4,781	5,945	685	11,581	5,466
Net OPEB Liability*	803,500	753,076	137,284	130,254	940,784	883,330
Net Pension Liability	2,792,047	2,673,312	428,543	410,866	3,220,590	3,084,178
Total	$ 4,992,625	$ 4,807,016	$ 1,626,993	$ 1,619,502	$ 6,619,618	$ 6,426,518

* *The balances at October 1, 2017 were restated to reflect the City's implementation of GASB Statement No. 75. See Note A.17.*

Capital Assets and Debt Administration (continued)

Long-term Liabilities (continued)

The City’s total long-term liabilities increased by $147,255,000 when compared to FY2017, mainly due to the issuance of bonds and notes in excess of principal payments made during the year. Due to implementation of GASB Statement No. 75, the beginning balance for Net OPEB Liability was increased by $340,605,000 and resulted in an overall decrease in total long-term liabilities by $193,100,000 during FY2018. Key changes for the year include: Net Pension Liability decreased by $136,412,000, the City’s Net OPEB Liability decreased by $57,454,000, new issues of Tax Notes of $12,590,000, and Special Assessment Debt of $5,155,000. The City also added a net $15,263,000 to the loan from Tarrant Regional Water District, and the Water and Sewer Fund issued $110,475,000 Revenue Bonds. For governmental activities, the City made payments of principal balances for bonded debt of $39,270,000 and $17,725,000 on its General Obligation Bonds and Certificates of Obligation, respectively. The City also cash defeased $16,435,000 of existing Certificates of Obligation. For business-type activities, the City made payments of principal for revenue bond debt of $63,285,000 for Water and Sewer Revenue Bonds and $4,460,000 for Stormwater Revenue Bonds.

In FY2018, Moody’s Investors Services (Moody’s), S&P Global Rating Services (S&P), Fitch Rating Services (Fitch), and Kroll Bond Rating Agency (Kroll) have all assigned ratings to the City of Fort Worth’s outstanding debt. The City’s general obligation bonds are rated “Aa3” by Moody’s, “AA” by S&P, and “AA+” by both Fitch and Kroll. The City’s water and sewer system revenue bonds are not rated by Kroll, and are rated “Aa1” by Moody’s, “AA+” by S&P, and “AA” by Fitch. The City’s drainage utility system revenue bonds are not rated by Moody’s or Kroll, and are rated “AA+” by both S&P and Fitch. The City’s special tax revenue bonds are not rated by S&P or Kroll, and are rated “A1” and “AA+” by Moody’s and Fitch, respectively.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to 1.90 per $100 of assessed valuation for general governmental services including the payment of principal and interest on the general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 1.14 percent (Statistical Section on Table 14).

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

Economic Factors and Next Year's Budgets and Rates

The overall economic outlook for the City remains positive. Sales taxes have climbed steadily since the recession ended in late 2010. Declining unemployment rates and continued population growth suggest these trends should continue well into 2019. Existing households are likely to continue spending at current rates, while new residents will add to the City’s sales tax base. Population growth and steady strides in the residential real estate market support improved property tax revenues in the future while the increasing volume of building permits continues to increase the overall tax base. Demand for existing homes supports the rising growth in values, which has allowed the City to reduce the property tax rates. Property tax revenues are characteristically slower to materialize than sales taxes, as homes built in 2018 are added to the tax roll in 2019 and do not begin paying taxes until 2020. However, this revenue growth is more certain than other sources, as the lagging nature of the revenue buffers property tax revenue from short-term economic trends.

The FY2019 adopted budget reduced the City’s property tax rate to $0.7850 per $100 net taxable valuation. The total appraised value of the City’s property tax roll increased $7.6 billion or 9.2 percent from the July 2017 certified roll to the July 2018 certified roll. Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased $6.6 billion or 10.9 percent in the same period across all properties within the City. Adjusted Net Taxable Value is the basis for the City’s property tax revenue calculation.

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

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

For FY2019, the City estimates a 98.5% collection rate of its property tax levy. Based on the M&O levy rate of $0.6300 per $100 of assessed valuation, the General Fund portion of the property tax rate is expected to yield approximately $396 million in revenue for FY2019. The debt service levy rate of $0.1550 per $100 of assessed valuation is expected to yield approximately $97.4 million, which will allow the repayment of all current and proposed general obligation debt.

Revenue from the City's one percent of the sales tax, excluding the one-half percent special use tax for the Crime Control and Prevention District Fund, is projected to equal $163.2 million, an increase of $8.6 million or 5.5 percent from the FY2018 budget. This revenue is dependent on the level of wholesale and retail sales. Over the past ten years, the City's sales tax collection grew from $100 million in 2010 to the anticipated amount of $163 million in 2018. This represents a 63.3% growth over the last ten years.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018
(in 000's)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash, Cash Equivalents, & Investments	$ 857,086	$ 153,539	$ 1,010,625	$ 62
Receivables, Net of Allowance for Uncollectible:				
Taxes	7,537	-	7,537	-
Grants and Other Governments	52,330	-	52,330	-
Loans	16,410	-	16,410	-
Interest	1,880	526	2,406	-
Accounts and Other	37,513	63,320	100,833	2
Internal Balances	(6,163)	6,163	-	-
Inventories (at Cost)	7,822	3,538	11,360	-
Prepaids, Deposits, and Other	1,613	128	1,741	576
Long-Term Loans Receivable	13,733	-	13,733	-
Restricted Assets:				
Cash, Cash Equivalents, & Investments	4,858	584,965	589,823	267
Cash, Cash Equivalents, & Investments Held by Trustees	47,542	68,805	116,347	-
Grants Receivable	-	8,001	8,001	-
Interest Receivable	-	898	898	-
Prepaid Bond Insurance	288	168	456	-
Capital Assets, Net of Accumulated Depreciation:				
Non-Depreciable	621,402	514,104	1,135,506	-
Depreciable	1,596,989	2,704,527	4,301,516	7,465
Total Assets	3,260,840	4,108,682	7,369,522	8,372
Deferred Outflows of Resources	1,064,881	169,957	1,234,838	-
Total Assets and Deferred Outflows of Resources	4,325,721	4,278,639	8,604,360	8,372
LIABILITIES, DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	31,397	15,755	47,152	13
Escrow Accounts Payable	11,874	3,371	15,245	-
Accrued Payroll	18,696	2,915	21,611	-
Other	933	-	933	-
Unearned Revenue	57,382	-	57,382	-
Payables from Restricted Assets:				
Construction Payable	40,502	19,371	59,873	-
Customer Deposits	-	19,887	19,887	16
Accrued Interest Payable	25,360	4,803	30,163	56
Unearned Revenue	-	4,500	4,500	-
Long-Term Liabilities:				
Due Within One Year	154,454	76,209	230,663	25
Due in More Than One Year	4,652,562	1,543,293	6,195,855	3,246
Total Liabilities	4,993,160	1,690,104	6,683,264	3,356
Deferred Inflows of Resources	393,213	62,055	455,268	-
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	1,451,492	2,278,993	3,730,485	-
Restricted for:				
Debt Service	25,609	46,026	71,635	-
Capital Projects	63,125	28,739	91,864	-
Partnership Equity	-	-	-	5,016
Unrestricted (Deficit)	(2,600,878)	172,722	(2,428,156)	-
Total Net Position (Deficit)	$ (1,060,652)	$ 2,526,480	$ 1,465,828	$ 5,016

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Function/Program Activities				
Primary Government:				
Governmental Activities:				
General Government	$ 149,942	$ 14,850	$ 1,781	$ 4,769
Public Safety	687,036	11,488	16,328	781
Highways and Streets	158,652	12,244	963	75,154
Economic Opportunity	-	-	2,000	-
Culture and Recreation	284,181	28,657	9,809	16,331
Health and Welfare	11,104	-	11,302	-
Urban Redevelopment and Housing	92,183	24,814	22,899	663
Interest and Service Charges	30,844	-	-	-
Total Governmental Activities	1,413,942	92,053	65,082	97,698
Business-Type Activities:				
Water and Sewer	375,603	466,462	-	71,887
Stormwater Utility	29,690	38,621	-	-
Municipal Airports	18,694	7,359	-	20,245
Municipal Parking	6,744	8,577	-	8,988
Solid Waste	57,654	57,746	-	-
Total Business-Type Activities	488,385	578,765	-	101,120
Total Primary Government	$ 1,902,327	$ 670,818	$ 65,082	$ 198,818
Discretely Presented Component Unit:				
Terrell Homes, Ltd.	$ 858	$ 545	$ -	$ -
Total Discretely Presented Component Unit	$ 858	$ 545	$ -	$ -

Changes in Net Position (Deficit):
General Revenues:
Taxes:
General Property Taxes
Other Local Taxes:
Sales Taxes
Hotel/Motel Taxes
Other Taxes
Franchise Fees
Gas Leases and Royalties
Investment Income
Other
Transfers
Total General Revenues and Transfers
Changes in Net Position (Deficit)
Net Position (Deficit), Beginning of Year as Restated (Note A.17.)
Net Position (Deficit), End of Year

See accompanying notes to the basic financial statements.

Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
Net (Expenses) Revenues and Changes in Net Position (Deficit)			
Primary Government			
$ (128,542)		$ (128,542)	
(658,439)		(658,439)	
(70,291)		(70,291)	
2,000		2,000	
(229,384)		(229,384)	
198		198	
(43,807)		(43,807)	
(30,844)		(30,844)	
(1,159,109)		(1,159,109)	
	$ 162,746	162,746	
	8,931	8,931	
	8,910	8,910	
	10,821	10,821	
	92	92	
	191,500	191,500	
(1,159,109)	191,500	(967,609)	
			$ (313)
			(313)
486,418	-	486,418	-
231,899	-	231,899	-
29,515	-	29,515	-
5,065	-	5,065	-
51,934	-	51,934	-
9,267	4,754	14,021	-
8,902	7,270	16,172	-
13,358	6,349	19,707	12
37,681	(37,681)	-	-
874,039	(19,308)	854,731	12
(285,070)	172,192	(112,878)	(301)
(775,582)	2,354,288	1,578,706	5,317
$ (1,060,652)	$ 2,526,480	$ 1,465,828	$ 5,016

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018
(in 000's)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS					
Cash, Cash Equivalents, & Investments	$ 103,877	$ 46,132	$ 505,890	$ 144,557	$ 800,456
Cash, Cash Equivalents, & Investments					
Held by Trustees	32,042	3,547	9,085	140	44,814
Receivables, Net of Allowance for Uncollectible:					
Taxes	5,846	1,691	-	-	7,537
Grants and Other Governments	28,387	-	2,927	21,016	52,330
Loans	-	-	-	16,410	16,410
Interest	64	1,061	177	433	1,735
Accounts and Other	15,394	-	872	21,247	37,513
Inventories (at Cost)	2,153	-	-	5,191	7,344
Advances to Other Funds	1,844	-	-	-	1,844
Prepaids, Deposits, and Other	1,032	-	382	188	1,602
Long-Term Loans Receivable	-	-	-	13,733	13,733
Total Assets	$ 190,639	$ 52,431	$ 519,333	$ 222,915	$ 985,318
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 11,871	$ -	$ -	$ 15,740	$ 27,611
Construction Payable	-	-	40,403	99	40,502
Escrow Accounts Payable	3,653	-	4,559	3,662	11,874
Accrued Payroll	16,025	-	-	2,020	18,045
Other	837	-	-	96	933
Advances from Other Funds	-	-	4,693	1,844	6,537
Unearned Revenue	429	-	755	34,360	35,544
Total Liabilities	32,815	-	50,410	57,821	141,046
Deferred Inflows of Resources	5,123	1,464	2,218	12,128	20,933
Fund Balances (Deficit):					
Nonspendable	5,029	-	382	5,189	10,600
Restricted	10,495	29,250	272,368	92,287	404,400
Committed	27,360	8,602	122,521	2,690	161,173
Assigned	2,545	13,115	71,434	53,556	140,650
Unassigned (Deficit)	107,272	-	-	(756)	106,516
Total Fund Balances	152,701	50,967	466,705	152,966	823,339
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 190,639	$ 52,431	$ 519,333	$ 222,915	$ 985,318

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018
(in 000's)

Total fund balances--governmental funds		$ 823,339
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets (including internal service fund assets of $2,898) consist of:		
Land/right of way	$ 251,519	
Construction in progress	337,787	
Intangibles	32,096	
Buildings	487,519	
Vehicles, machinery and equipment	230,896	
Infrastructure	3,219,038	
Amortizable intangibles	42,955	
Accumulated depreciation/amortization	(2,383,419)	
Total capital assets	2,218,391	2,218,391
Some revenues in the governmental funds are not recognized because they are not collected within the prescribed period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.		20,933
Internal service funds are used by management to charge the costs of certain activities, such as; equipment services, information systems, capital project services, group health and life insurance, and risk financing to individual funds. A portion of the net position of the internal service funds is included in governmental activities in the Statement of Net Position (amount is net of capital assets of $2,898 and compensated absences of ($2,428)).		26,502
Deferred outflows of resources are not reported in the governmental funds related to:		
Pension (See Note I for detailed breakdown)	1,033,287	
Other postemployment benefits (See Note J for detailed breakdown)	22,440	
Deferred charges on debt refundings	9,154	
Total deferred outflows of resources	1,064,881	1,064,881
Some long-term assets and liabilities are not due and payable in the current period and therefore are not reported in the funds. Those assets and liabilities (including allocated internal service fund compensated absences of $2,428) consist of:		
Prepaid bond insurance	288	
Long-term compensated absences	(120,527)	
Pollution remediation liability	(4,781)	
Other postemployment benefits obligation	(753,076)	
Net pension liability	(2,673,312)	
Accrued interest payable	(25,360)	
Long-term debt, including premium/discount	(1,222,879)	
Total long-term liabilities	(4,799,647)	(4,799,647)
Unearned revenues are resources received in advance and should be reported as liabilities until the period of the exchange. This liability consists of a long-term land lease entered into by a blended component unit of the City.		(21,838)
Deferred inflows of resources are not reported in the governmental funds related to:		
Pension (See Note I for detailed breakdown)	(340,147)	
Other postemployment benefits (See Note J for detailed breakdown)	(53,066)	
Total deferred inflows of resources	(393,213)	(393,213)
Net position (deficit) of governmental activities		$ (1,060,652)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
REVENUES:					
General Property Taxes	$ 371,832	$ 94,646	$ -	$ 19,481	$ 485,959
Sales Taxes	157,369	-	-	73,884	231,253
Other Local Taxes	5,065	-	-	29,515	34,580
Franchise Fees	51,934	-	-	-	51,934
Charges for Services	18,185	-	5,099	15,656	38,940
Licenses and Permits	17,029	-	-	16	17,045
Fines and Forfeitures	6,317	-	-	9,741	16,058
Revenue from Use of Money and Property	588	99	1,776	13,032	15,495
Investment Income (Loss)	(870)	9,170	613	273	9,186
Intergovernmental	1,779	-	29,206	59,876	90,861
Gas Leases and Royalties	2,084	-	6,231	952	9,267
Other	2,902	-	12,307	20,340	35,549
Contributions	164	-	10,502	2,205	12,871
Total Revenues	634,378	103,915	65,734	244,971	1,048,998
EXPENDITURES:					
Current:					
General Government	63,718	-	10,607	15,566	89,891
Public Safety	419,515	-	13,093	63,625	496,233
Highways and Streets	32,946	-	10,783	6,131	49,860
Culture and Recreation	60,911	-	137,983	47,428	246,322
Health and Welfare	82	-	-	10,009	10,091
Urban Redevelopment and Housing	35,921	-	60	45,614	81,595
Capital Outlay	-	-	185,338	5,103	190,441
Debt Service:					
Principal Retirement	1,789	77,470	632	20,832	100,723
Interest and Debt Issuance Costs	384	40,955	744	1,046	43,129
Total Expenditures	615,266	118,425	359,240	215,354	1,308,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,112	(14,510)	(293,506)	29,617	(259,287)
OTHER FINANCING SOURCES (USES):					
Issuance of Long-Term Debt	-	-	62,220	-	62,220
Issuance of Special Assessment Debt	-	940	4,170	45	5,155
Issuance of Tax Notes	-	-	12,590	-	12,590
Construction Loans	-	-	-	19,106	19,106
Premium on Issuance	-	1,071	3,345	-	4,416
Proceeds from Disposal of Property	-	-	398	25,614	26,012
Transfers In	50,465	11,170	72,421	10,292	144,348
Transfers Out	(52,325)	-	(1,423)	(50,148)	(103,896)
Total Other Financing Sources (Uses)	(1,860)	13,181	153,721	4,909	169,951
Net Change in Fund Balances	17,252	(1,329)	(139,785)	34,526	(89,336)
Fund Balances, Beginning of Year	135,449	52,296	606,490	118,440	912,675
Fund Balances, End of Year	$ 152,701	$ 50,967	$ 466,705	$ 152,966	$ 823,339

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

Net change in fund balances--total governmental funds		$ (89,336)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other transactions that impact capital assets in the current period.		
Contributed assets	$ 55,797	
Capital outlay expenditures	190,441	
Depreciation and amortization expense (excluding internal service fund depreciation of $291)	(142,667)	
Net adjustment	103,571	103,571
In the Statement of Activities, the gain on sale of capital assets is reported. In the governmental funds, the proceeds from the disposal of assets were reported as another financing source. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets.		(52,895)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in "unavailable" revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period; accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year.		3,748
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Debt issued:		
General obligation bonds	(62,220)	
Special assessment debt	(5,155)	
Tax notes	(12,590)	
Other obligations	(19,106)	
Total proceeds	(99,071)	
Premium on debt issued	(4,416)	
Repayments:		
To bondholders	100,723	
Amortization of premiums and discounts	17,683	
Amortization of prepaid bond insurance	(11)	
Net adjustment	14,908	14,908
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in accrued interest on long-term liabilities	(2,322)	
Decrease in net pension liability	118,735	
Decrease in other postemployment benefits obligation	50,424	
Increase in compensated absences liability (excluding internal service fund decrease of $1,933)	(2,838)	
Decrease in pollution remediation liability	855	
Net adjustment	164,854	164,854

(continued)

CITY OF FORT WORTH, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

Governmental funds report pension and OPEB contributions as expenditures when made. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and OPEB, the investment experience, and changes in actuarial assumptions.		
Deferred outflows of resources	$ (95,109)	
Deferred inflows of resources	(335,719)	
Net adjustment	(430,828)	$ (430,828)
Internal service funds are used by management to charge the costs of certain activities, such as: equipment services, information systems, capital project services, group health and life insurance, and risk financing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(1,155)
Revenue on the Statement of Activities includes current recognition of unearned revenues related to a long-term land lease entered into by a component unit of the City. This amount is combined with an adjustment to increase sales tax revenue on the Statement of Activities for a liability on the Statement of Net Position for the State Tax Agreement.		5,127
Governmental funds report the amount of refinance debt as a current resource and do not calculate a gain or loss on the defeasance of the extinguished debt. This adjustment represents the amount of amortization for the current year of the deferred outflow of refunding loss.		(3,064)
Change in net position (deficit) of governmental activities		$ (285,070)

(concluded)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Current Assets:					
Cash, Cash Equivalents, & Investments	$ 110,312	$ 16,859	$ 26,368	$ 153,539	$ 56,630
Interest Receivable	429	44	53	526	145
Accounts and Other Receivables, Net of Allowance for Uncollectible	52,195	3,882	7,243	63,320	-
Inventories (at Cost)	3,538	-	-	3,538	478
Prepaids, Deposits, and Other	118	-	10	128	11
Restricted Assets:					
Cash & Cash Equivalents	41,886	2,389	7,657	51,932	-
Total Current Assets	208,478	23,174	41,331	272,983	57,264
Noncurrent Assets:					
Restricted Assets:					
Cash & Cash Equivalents	459,653	44,882	28,498	533,033	4,858
Cash, Cash Equivalents, & Investments Held by Trustees	27,801	-	41,004	68,805	2,728
Grants and Other Receivables	1,243	35	6,723	8,001	-
Interest Receivable	653	112	133	898	-
Total Restricted Assets	489,350	45,029	76,358	610,737	7,586
Advances to Other Funds	-	-	4,693	4,693	-
Prepaid Bond Insurance	168	-	-	168	-
Capital Assets (at Cost):					
Land/Right of Way	28,472	13,689	165,401	207,562	1,123
Buildings	67,543	8,409	89,554	165,506	4,656
Infrastructure	3,154,096	138,469	344,315	3,636,880	1,039
Vehicles, Machinery and Equipment	356,617	12,782	9,094	378,493	4,395
Construction in Progress	263,843	29,798	11,376	305,017	251
Intangibles - Depreciable	-	-	510	510	-
Intangibles - Non-Depreciable	-	-	1,525	1,525	-
Accumulated Depreciation	(1,223,985)	(41,820)	(211,057)	(1,476,862)	(8,566)
Net Capital Assets	2,646,586	161,327	410,718	3,218,631	2,898
Total Noncurrent Assets	3,136,104	206,356	491,769	3,834,229	10,484
Total Assets	3,344,582	229,530	533,100	4,107,212	67,748
Deferred Outflows of Resources	133,668	15,402	20,887	169,957	-
Total Assets and Deferred Outflows of Resources	$ 3,478,250	$ 244,932	$ 553,987	$ 4,277,169	$ 67,748

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Liabilities					
Current Liabilities:					
Accounts Payable	$ 10,236	$ 287	$ 5,232	$ 15,755	$ 3,786
Accrued Payroll	2,292	265	358	2,915	651
Current Portion of Long-Term Liabilities	67,353	5,167	3,689	76,209	18,131
Payables from Restricted Assets:					
Construction Payable	14,213	1,814	3,344	19,371	-
Escrow Accounts Payable	3,371	-	-	3,371	-
Customer Deposits	18,951	-	936	19,887	-
Accrued Interest Payable	4,091	575	137	4,803	-
Unearned Revenue	1,260	-	3,240	4,500	-
Total Current Liabilities	121,767	8,108	16,936	146,811	22,568
Long-Term Liabilities:					
Long-Term Liabilities Due in More Than One Year	1,284,154	152,966	106,173	1,543,293	16,738
Total Long-Term Liabilities	1,284,154	152,966	106,173	1,543,293	16,738
Total Liabilities	1,405,921	161,074	123,109	1,690,104	39,306
Deferred Inflows of Resources	47,624	4,967	9,464	62,055	-
NET POSITION					
Net Investment in Capital Assets	1,852,552	58,199	368,242	2,278,993	2,897
Restricted for:					
Debt Service	41,205	3,463	1,358	46,026	-
Capital Projects	28,739	-	-	28,739	-
Unrestricted	102,209	17,229	51,814	171,252	25,545
Total Net Position	$ 2,024,705	$ 78,891	$ 421,414	$ 2,525,010	$ 28,442
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				1,470	
Net Position of Business-Type Activities				$ 2,526,480	

(concluded)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	$ 466,462	$ 38,621	$ 73,682	$ 578,765	$ 169,588
Other	1,709	29	4,611	6,349	10,984
Total Operating Revenues	468,171	38,650	78,293	585,114	180,572
OPERATING EXPENSES					
Personnel Services	107,618	12,965	13,660	134,243	34,960
Supplies and Materials	25,036	838	1,387	27,261	11,142
Contractual Services	158,620	6,144	53,075	217,839	127,971
Landfill Closure and Postclosure Cost	-	-	393	393	-
Depreciation	75,238	8,651	13,587	97,476	291
Total Operating Expenses	366,512	28,598	82,102	477,212	174,364
Operating Income (Loss)	101,659	10,052	(3,809)	107,902	6,208
NONOPERATING REVENUES (EXPENSES)					
Investment Income	5,232	333	1,705	7,270	(289)
Gain (Loss) on Sale of Property and Equipment	146	26	20	192	(4,303)
Interest and Service Charges	(9,237)	(1,118)	(1,010)	(11,365)	-
Gas Leases and Royalties	1,053	-	3,701	4,754	-
Total Nonoperating Revenues (Expenses)	(2,806)	(759)	4,416	851	(4,592)
Income (Loss) Before Transfers and Contributions	98,853	9,293	607	108,753	1,616
Transfers In	3,690	24	89	3,803	8,400
Transfers Out	(29,303)	(4,234)	(7,947)	(41,484)	(11,171)
Capital Contributions	54,916	-	29,233	84,149	-
Capital Contributions - Impact Fees	16,971	-	-	16,971	-
Changes in Net Position	145,127	5,083	21,982	172,192	(1,155)
Total Net Position, Beginning of Year, as Restated (Note A.17.)	1,879,578	73,808	399,432	2,352,818	29,597
Total Net Position, End of Year	$ 2,024,705	$ 78,891	$ 421,414	$ 2,525,010	$ 28,442

See accompanying notes to the basic financial statements.

FORT WORTH®

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from Customers	$ 465,794	$ 37,904	$ 73,231	$ 576,929	$ -
Receipts from Other Funds	-	-	-	-	170,705
Receipts from Other Operating Sources	1,709	29	4,611	6,349	10,984
Payments to Employees	(72,390)	(7,865)	(11,002)	(91,257)	(37,253)
Payments to Vendors	(186,459)	(7,181)	(53,891)	(247,531)	(45,717)
Payments for Benefits	-	-	-	-	(98,148)
Net Cash Provided by (Used for) Operating Activities	208,654	22,887	12,949	244,490	571
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	3,690	24	89	3,803	8,400
Transfers Out to Other Funds	(29,303)	(4,234)	(7,947)	(41,484)	(11,171)
Due from Other Funds	66	-	316	382	-
Advances to Other Funds	-	-	3,520	3,520	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(25,547)	(4,210)	(4,022)	(33,779)	(2,771)
Cash Flows from Capital and Related Financing Activities:					
Bond Principal Received	110,475	-	-	110,475	-
Bond Premium Received	3,127	-	-	3,127	-
Proceeds from Sale of Property and Equipment	552	24	59	635	8
Contributions	9,105	-	22,249	31,354	-
Contributions - Impact Fees	16,971	-	-	16,971	-
Acquisition and Construction of Capital Assets	(109,101)	(11,961)	(24,561)	(145,623)	(1,752)
Principal Paid on Long-Term Debt	(65,499)	(4,460)	(2,900)	(72,859)	-
Interest Paid on Long-Term Obligations	(31,721)	(4,680)	(1,701)	(38,102)	-
Bond Issuance Cost Paid	(1,287)	-	-	(1,287)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(67,378)	(21,077)	(6,854)	(95,309)	(1,744)
Cash Flows from Investing Activities:					
Receipts from Gas Leases and Royalties	1,053	-	3,701	4,754	-
Purchases of Investments	(1,936)	-	(9,525)	(11,461)	-
Sales of Investments	1,528	-	7,908	9,436	-
Investment Income Received	5,019	333	1,694	7,046	(281)
Net Cash Provided by (Used for) Investing Activities	5,664	333	3,778	9,775	(281)
Net Increase (Decrease) in Cash and Cash Equivalents	121,393	(2,067)	5,851	125,177	(4,225)
Cash and Cash Equivalents, Beginning of Year	511,398	66,197	64,863	642,458	68,441
Cash and Cash Equivalents, End of Year	$ 632,791	$ 64,130	$ 70,714	$ 767,635	$ 64,216

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	**Stormwater Utility**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	$ 101,659	$ 10,052	$ (3,809)	$ 107,902	$ 6,208
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	75,238	8,651	13,587	97,476	291
Changes in Assets and Liabilities:					
Accounts and Other Receivables	(2,770)	(744)	17	(3,497)	521
Inventories	(284)	-	-	(284)	(44)
Prepaids, Deposits, and Other Assets	(118)	27	(10)	(101)	596
Deferred Outflows of Resources (Pension)	12,019	1,472	1,425	14,916	-
Deferred Outflows of Resources (OPEB)	317	32	-	349	-
Accounts Payable	2,741	(199)	571	3,113	(3,772)
Escrow Accounts Payable	912	-	-	912	-
Accrued Payroll and Compensation	852	158	189	1,199	(2,293)
Customer Deposits	1,308	-	23	1,331	-
Accrued Benefits	-	-	-	-	(936)
Landfill Closure and Postclosure Liability	-	-	393	393	-
Pollution Remediation Costs	(5,260)	-	-	(5,260)	-
Net Pension Liability	(13,802)	(1,675)	(2,201)	(17,678)	-
Net OPEB Liability	(4,809)	971	1,132	(2,706)	-
Deferred Inflows of Resources (Pension)	32,763	3,983	5,305	42,051	-
Deferred Inflows of Resources (OPEB)	7,888	159	(3,192)	4,855	-
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)	-
Total Adjustments	106,995	12,835	16,758	136,588	(5,637)
Net Cash Provided by (Used for) Operating Activities	$ 208,654	$ 22,887	$ 12,949	$ 244,490	$ 571
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:					
Current - Cash, Cash Equivalents, & Investments	$ 110,312	$ 16,859	$ 26,368	$ 153,539	$ 56,630
Current Restricted - Cash & Cash Equivalents	41,886	2,389	7,657	51,932	-
Noncurrent Restricted - Cash & Cash Equivalents	459,653	44,882	28,498	533,033	4,858
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	27,801	-	41,004	68,805	2,728
Less: Gas Well Investments Held by Trustees	(6,861)	-	(32,813)	(39,674)	-
Total Cash and Cash Equivalents	$ 632,791	$ 64,130	$ 70,714	$ 767,635	$ 64,216
Noncash Investing, Capital, and Financing Activities:					
Capitalized Interest	$ 8,084	$ 2,300	$ -	$ 10,384	$ -
Capital Asset Contributions from Developers	48,774	-	10,384	59,158	-
Capital Asset Transfers from Government	12	-	-	12	-
Amortization of Bond Premium/Discount	17,211	1,270	868	19,349	-
Amortization of Bond Defeasement Loss	(1,489)	(28)	(187)	(1,704)	-
Change in Fair Value on Pooled Investments	(2,478)	(637)	(764)	(3,879)	(1,224)
Change in Fair Value on Non-Pooled Investments	65	-	373	438	-

(concluded)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2018
(in 000's)

	Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	$ 150	$ 704	$ 854
Cash & Investments Held by Trustees:			
Asset and Mortgage Backed Obligations	59,089	-	59,089
Corporate Obligations	164,626	23,161	187,787
Government Agency Obligations	121,463	8,406	129,869
International Obligations	13,541	3,357	16,898
Securities Lending Collateral	135,483	-	135,483
U.S. Treasuries	77,904	12,569	90,473
Short-Term Mutual Fund Investments	71,535	27,421	98,956
Corporate Stock	436,588	-	436,588
Alternative Investments	602,122	-	602,122
Commingled Funds	848,883	-	848,883
Total Cash & Investments Held by Trustees	2,531,234	74,914	2,606,148
Prepaids	32	-	32
Accrued Income	5,023	387	5,410
Other Receivables	5,039	-	5,039
Due from Broker Securities Sold	288,468	-	288,468
Total Current Assets	2,829,946	76,005	2,905,951
Capital Assets (at Cost):			
Land	404	-	404
Buildings	3,498	-	3,498
Machinery and Equipment	292	-	292
Accumulated Depreciation	(1,125)	-	(1,125)
Net Capital Assets	3,069	-	3,069
Total Assets	2,833,015	76,005	2,909,020
LIABILITIES			
Current Liabilities:			
Accrued Liabilities	192	280	472
Obligations Under Securities Lending	135,483	-	135,483
Due to Broker Securities Purchased	373,004	-	373,004
Total Current Liabilities	508,679	280	508,959
NET POSITION			
Net Position Held in Trust for Pension and Other Employee Benefits:			
Restricted for Pensions	2,324,336	-	2,324,336
Postemployment Healthcare Plan	-	75,725	75,725
Total Net Position	$ 2,324,336	$ 75,725	$ 2,400,061

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)

	Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ADDITIONS			
Interest, Dividend, and Securities Lending Income	$ 28,032	$ 2,519	$ 30,551
Less: Investment Management Fees and Interest Expense	(6,230)	(228)	(6,458)
Net Gain (Loss) in Fair Value of Investments	104,973	(383)	104,590
Other Income	14,107	963	15,070
Employer Contributions	93,504	25,297	118,801
Employee/Retiree Contributions	37,618	-	37,618
Total Additions	272,004	28,168	300,172
DEDUCTIONS			
Benefit Payments	212,541	19,919	232,460
Refunds	5,261	-	5,261
Administrative Expenses	4,915	1,352	6,267
Total Deductions	222,717	21,271	243,988
Change in Net Position	49,287	6,897	56,184
Net Position, Beginning of Year	2,275,049	68,828	2,343,877
Net Position, End of Year	$ 2,324,336	$ 75,725	$ 2,400,061

See accompanying notes to the basic financial statements.

Note A: Summary of Significant Accounting Policies

Note B: Cash, Cash Equivalents, & Investments

Note C: Receivables and Interfund Balances

Note D: Fund Equity

Note E: Restricted Assets

Note F: Capital Assets

Note G: Debt Obligations

Note H: Landfill Closure and Postclosure Care Costs

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

Note J: Employee Benefits

Note K: Commitments and Contingencies

Note L: Segment Financial Information

Note M: Fort Worth Multi-Purpose Arena

Note N: Subsequent Events

Note O: New Accounting Standards

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Fort Worth, Texas (the City) as reflected in the accompanying financial statements for the year ended September 30, 2018, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City's significant accounting policies applied in the preparation of the accompanying financial statements follows.

A.1. FINANCIAL REPORTING ENTITY

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

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

Blended Component Units

Blended component units, although legally separate entities are reported as part of the primary government because they meet the criteria above, and are so intertwined with the City that they are, in substance, the same as the City. In Fiscal Year 2018 (FY2018), most of the blended component units prepared and published separate financial statements, copies of which are available by contacting the respective parties noted in the following paragraphs. The nine blended component units below are reported as part of the primary government:

Crime Control and Prevention District - The Crime Control and Prevention District (CCPD) was created in March 1995 by a vote of local residents, and renewed in 2000, 2005, 2010 and 2014 for subsequent five-years periods and expires at the end of fiscal year 2020. The CCPD is supported by a ½ cent sales tax which serves a role in providing the necessary resources to effectively implement crime control strategies. Although it is legally separate from the City, the members of the Board of the CCPD and members of the City Council are substantially the same. The City has financial accountability, and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the CCPD has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Fort Worth Housing Finance Corporation - The Fort Worth Housing Finance Corporation (FWHFC) was created by the City in 1979 pursuant to the Texas Housing Finance Corporations Act. The FWHFC was formed for the purpose of financing the cost of residential development for persons of low and moderate income, including multifamily and single-family housing. Although it is legally separate from the City, the members of the Board of the FWHFC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the FWHFC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. FWHFC is the sole member of the following Texas Limited Liability Corporations ("LLCs"): Decatur Angle GP, LLC; Enclave Westport GP, LLC; Race Streets Lofts GP, LLC; Reserve at Quebec GP, LLC; Mercantile Apartments GP, LLC; The Broadmoor at Western Hills GP, LLC; Enclave Park GP, LLC; Riverside Senior Development GP, LLC; and Terrell Homes GP, LLC. These LLCs are limited partners with 0.005% to 0.01% respective interest of the following Texas limited partnerships and one limited liability company: Decatur Angle Ltd; Enclave Westport, LP; Race Streets Lofts, Ltd; Reserve at Quebec, LLC; Mercantile Apartments Ltd; The Broadmoor at Western Hills, Ltd; Enclave Park, LP; Riverside Senior Investments, LP and Terrell Homes, Ltd. Terrell Homes, Ltd. is included in the FWHFC financial statements as a discretely presented component unit, which is discussed under the discretely presented component unit section. Separate FWHFC financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

Fort Worth Local Development Corporation - The Fort Worth Local Development Corporation (FWLDC) is a 501(c)(3) organization and a Texas nonprofit corporation formed in 1987 by the City Council. The original purpose of the FWLDC was to administer a low-interest rate program for business development in and around the Stockyards area in accordance with the Economic Development Administration Block Grant Program. However, the articles of incorporation are broad enough to allow involvement in almost any kind of city-wide economic development activities. Although it is legally separate entity from the City, the members of the Board of the FWLDC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the FWLDC has been blended in the City's basic financial statements as a Nonmajor Capital Project Fund. Included in FWLDC is its component unit: Lancaster Corridor Redevelopment, LLC as noted in the following paragraph below. Separate financial statements can be obtained by contacting the Fort Worth Local Development Corporation at 1150 South Freeway, Fort Worth, Texas 76104.

Lancaster Corridor Redevelopment, LLC - Lancaster Corridor Redevelopment, LLC (the Company), a Texas limited liability company, was created as a subsidiary of FWLDC pursuant to the Texas Limited Liability Company Act for the purpose of aiding, assisting, and acting on behalf of the City in the construction of the mixed-use redevelopment along the Lancaster Corridor. The financial information of the Company is blended into that of the FWLDC in the separate financial statements noted above; however, the Company has been blended into the City's basic financial statements as a Nonmajor Capital Project Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Lancaster Corridor Redevelopment, LLC at 1150 South Freeway, Fort Worth, Texas 76104.

Alliance Airport Authority, Inc. - The Alliance Airport Authority, Inc. (the Authority) was created in 1989. It is an industrial development corporation created to benefit the City and to, among other things, issue bonds, promote and develop new and expanded business enterprises in the City, promote and encourage employment, and otherwise to benefit the public in accordance with the Development Corporation Act of 1979. Although it is legally separate entity from the City, the members of the Board of the Authority and members of the City Council are substantively the same. The City has financial accountability and a financial benefit/burden relationship exists which allows the City to impose its will. Therefore, the Authority has been blended into the City’s basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Alliance Airport Authority, Inc. at 1150 South Freeway, Fort Worth, Texas 76104.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Fort Worth Sports Authority, Inc. - The Fort Worth Sports Authority, Inc. (Sports Authority) was created pursuant to the provisions of Section 4B, Article 5190.6, Vernon's Texas Civil Statues, which authorizes the Sports Authority to jointly assist and act on behalf of the City and to engage in activities in furtherance of the purposes for its creation. The Sports Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in the construction of projects on behalf of the City. The Sports Authority financed the purchase of the Texas Motor Speedway (Speedway) and the infrastructure in and around that property; however, it does not operate the Speedway. Although it is legally separate from the City, the members of the Board of the Sports Authority and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. Due to the Sports Authority benefiting and providing services almost exclusively to the City, the Sports Authority has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Fort Worth Sports Authority, Inc. at 1201 Houston Street, Fort Worth, TX 76102.

Lone Star Local Government Corporation - The Lone Star Local Government Corporation (LSLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code, and Chapter 394 of the Texas Local Government Code. The LSLGC is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing of projects on behalf of the City. Although it is legally separate from the City, the members of the Board of the LSLGC and members of the City Council are substantively the same. The City has financial accountability and a financial benefit/burden relationship exists, which allows the City to impose its will. Therefore, the LSLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units).

Fort Worth Central City Local Government Corporation - The Fort Worth Central City Local Government Corporation (FWCCLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code. The FWCCLGC is organized for the purpose of aiding, assisting and acting on behalf of the City in the exercise of its powers to accomplish any government purpose of the City and in promotion of the common good and general welfare of the City. Although it is legally separate from the City, the members of the Board of the FWCCLGC and members of the City Council are substantively the same. The City has financial accountability, and a financial benefit/burden relationship exists, which allows the City to impose its will. The FWCCLGC has been blended in the City's basic financial statements as a Nonmajor Capital Project Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Fort Worth Central City Local Government Corporation at 1150 South Freeway, Fort Worth, Texas 76104.

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Discretely Presented Component Unit

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

Terrell Homes, Ltd. - Terrell Homes, Ltd. ("Partnership") is a Texas limited partnership formed on December 9, 2011, to construct, develop and operate 54 single-family houses, known as the Terrell Homes I Apartments located on scattered sites. The houses are rented to low-income tenants and operated in a manner necessary to qualify for federal low-income housing tax credits as provided in Internal Revenue Code Section 42. For the calendar year ended December 31, 2017, the Partnership's financial information is presented in a separate column in the government-wide financial statements. Separate audited financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

Pension and Retiree Healthcare Trust Funds

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

Retiree Healthcare Trust Fund of the City of Fort Worth - The single-employer defined benefit retirement health care trust was established under the legal authority of the City Charter and is administered by the City. Retiree Healthcare Trust Fund of the City of Fort Worth is reported in the City's basic financial statements as a Fiduciary fund.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Related Entities

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

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

Event Facilities Fort Worth—Events Facilities Fort Worth (EFFW) is an independent organization, which has a scope of public service to hold agricultural fairs and encourage agricultural pursuits within the geographic boundaries of the City. The City of Fort Worth and EFFW entered into an agreement to construct a first-class state-of-the-art facility, the new Fort Worth Multi-Purpose Arena (Dickies Arena) as discussed in Note M.

Dallas/Fort Worth International Airport—Dallas/Fort Worth International Airport (D/FW Airport) was created by contract and agreement between the City of Fort Worth and the City of Dallas for the purpose of developing and operating an airport as a jointly governed organization between the two Cities. The D/FW Airport is governed by a 12-member board comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member chosen from the neighboring cities of Irving, Grapevine, Euless, and Coppell. The Board must submit an expenditure budget for each fiscal year to the City Manager of each city by July 15. The governing body of each city must approve the budget by September 1. The City is a member of the Revenue Sharing Agreement, as originally adopted on May 1, 2001. Total revenue for the year ended September 30, 2018, was $6,169,105 from this agreement. Financial statements of the Airport are not included in the City's financial statements because the Airport is not under the sole control of the Fort Worth City Council and the City has no ongoing financial interest or responsibility for the airport. Separate audited financial statements, which are publicly available, can be obtained by contacting the Airport at 2400 Aviation Drive, P.O. Box 619428, DFW Airport, Texas 75261-9428.

Fort Worth Housing Solutions—Fort Worth Housing Solutions ("Housing Solutions"), the assumed name of the Housing Authority of the City of Fort Worth is an independent agency organized by the City in 1938 pursuant to the Texas Housing Authorities Act. It is a public body, corporate and political, which has a scope of public service within the City's geographic boundaries. By Texas State Law, the responsibility for the administration and operations of Housing Solutions is vested solely with its Board of Commissioners. Housing Solutions is dependent on Federal funds from the U.S. Department of Housing and Urban Development ("HUD") and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits it incurs and has no fiscal management control. Separate financial statements for the Housing Solutions can be obtained by contacting the Department of Administrative Services, Housing Solutions, 1201 E. 13th Street, Fort Worth, Texas 76102.

Trinity Metro (formerly Fort Worth Transportation Authority)—Trinity Metro is an independent organization that provides public transportation services for Tarrant County and the North Central Texas region. Under Texas State Statutes, the responsibility for the administration and operations of the Trinity Metro is vested solely with the Trinity Metro's Board of Directors, which is comprised of eleven members appointed by the Fort Worth City Council and Tarrant County Commissioners Court. Trinity Metro is dependent on State and Federal funds and user fees. As a result, the City is not responsible for any deficits incurred and has no fiscal management control. The audited financial statement for the Trinity Metro can be obtained by contacting: The Chief Financial Officer, 801 Cherry Street, Suite 850, Fort Worth, Texas 76102.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION

Government-Wide Statements

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

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

The government-wide financial statements also present the calendar year (December 31, 2017) financial information of the City's Discretely Presented Component Unit: Terrell Homes, Ltd.

Fund Financial Statements

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

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

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

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

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Governmental Funds

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

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

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

Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on long-term obligations paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures.

Capital Projects Fund accounts for the City's purchase or construction of major capital facilities and equipment using various types of financing resources.

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

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Proprietary Funds

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

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

Enterprise Funds

The City reports the following major enterprise funds:

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

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

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

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has four internal service funds, which include: Equipment Services, Capital Project Services, Group Health and Life Insurance, and Risk Financing. As of September 30, 2018, the Information Systems Fund, previously reported as an internal service fund, was incorporated into the General Fund and Capital Projects Fund.

Fiduciary Funds

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

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

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.3. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

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

A.4. PROPERTY TAXES

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

Property taxes levied for 2018 have been recorded as receivables, net of allowance for refunds and uncollectible amount. The net receivables collected during 2018 and those considered "available" at FY2018, (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2018. The remaining receivables have been reflected as deferred inflows of resources. In the government-wide financial statements, tax revenue is recognized in the year in which the taxes are levied.

The State Constitution limits the tax rate to $2.50 per $100 of assessed valuation including debt service. However, the City Charter further limits the tax rate to $1.90 per $100 or $19.00 per $1,000 of assessed valuation including debt service. The property tax rate levied in fiscal year 2018 was $0.8050 per $100 of valuation.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.5. CASH, CASH EQUIVALENTS, & INVESTMENTS

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

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

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

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

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

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

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

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

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Valuation of Investments — Investments are stated at fair value. Investments that do not have quoted market prices are priced from information received from the external manager. This information includes audited financial statements, quarterly valuation statements, adjustments for cash receipts, cash disbursements and securities distributions through September 30, 2018. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date (date usually two days prior to the record date).

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

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

Due to/from Broker — The balance due to broker securities purchased and due from broker securities sold in FY2018 represents trades pending settlement and amounts due on foreign currency contracts.

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

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

Investments and broker accounts denominated in foreign currencies outstanding at September 30, 2018, were converted to the City Plan's functional currency at the foreign exchange rates quoted at September 30, 2018. These foreign exchange gains and losses are included in a change to net gain (loss) in fair value of investments in the accompanying Statement of Changes in Fiduciary Net Position.

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

Valuation of Investments — Investments are stated at fair value as of September 30, 2018, for both reporting and actuarial purposes. The Retiree Healthcare Trust Fund is charged with receiving employee and employer contributions, paying medical and dental claims, and prudently investing money in the fund not immediately needed to pay claims.

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.6. INVENTORIES

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

A.7. CAPITAL ASSETS

Capital assets, which include land, buildings, infrastructure, vehicles, machinery and equipment, intangibles, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at original cost. The donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period for proprietary capital assets.

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

a) Land must be capitalized regardless of the value or cost;
b) Buildings must be capitalized regardless of the cost;
c) Infrastructure and intangible assets must be capitalized when the useful life is at least three years and the cost is $100,000 or more;
d) Betterments, improvements, machinery and equipment must be capitalized when the useful life is at least two years and the cost is $25,000 or more; and
e) Vehicles must be capitalized when the useful life is 4 years or greater, the cost is $5,000 or greater and it meets both criteria:

- Self-propelled
- Primary use is on public streets and the unit is street legal

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

Water and Sewer Meters and Equipment	5-30 years
Water and Sewer Infrastructure	25-60 years
Buildings (Includes Portable Structures)	20-40 years
Machinery and Equipment	2-20 years
Runways and Taxiways	20-30 years
Infrastructure	20-60 years
Vehicles	4-8 years

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.8. INTERFUND TRANSACTIONS

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

A.9. COMPENSATED ABSENCES

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

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

A.10. RISK FINANCING

A.10.A. RISK FINANCING

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

All funds of the City participate in the program and make payments to the Risk Financing internal service fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Since the City is primarily self-insured, settlement amounts have not exceeded coverage in any of the prior three fiscal years. An accrual for unpaid claims and claims incurred but not reported is reflected in the internal service funds and government-wide financial statements as estimated claims payable. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on City experience since the inception of the insurance programs. In accordance with GAAP, the estimated claims payables are based on the estimated ultimate cost of settling the claims. The total estimated claims payable includes estimates of allocated loss adjustment expenses. A discount rate of 3% has been applied to some estimated claims payable. The undiscounted total estimated claims payable is $36,155,770.

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK FINANCING (CONTINUED)

A.10.A. RISK FINANCING (CONTINUED)

The total discounted estimated claims payable for the Group Health and Life Insurance Fund and the Risk Financing Fund at September 30, 2018, is $32,190,973, of which $13,776,986 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the Internal Service Funds statements.

	Balance at October 1, 2016	Additions	Deletions	Balance at September 30, 2017	Additions	Deletions	Balance at September 30, 2018
Judgments and Claims	$ 34,386	$ 78,288	$ (79,297)	$ 33,377	$ 74,187	$ (75,123)	$ 32,441

A.10.B. LIABILITY INSURANCE

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

A.10.C. PROPERTY AND CASUALTY INSURANCE

An “all risk” property policy is provided by multiple commercial insurance companies for losses in excess of $250,000 per occurrence for all covered perils. The City self-insures most property losses less than $250,000. Boiler and machinery insurance, and crime insurance are also maintained on a commercial insurance basis. There were no significant changes in coverage limits for property and casualty insurance.

A.10.D. WORKERS' COMPENSATION

The City largely self-funds the risk for workers' compensation claims. Catastrophic loss protection for workers’ compensation is provided by a commercial insurer on a policy with a self-insured retention limit of $2,250,000 per occurrence for Police Officers and Firefighters and $1,500,000 for any single occurrence for all other employees. Coverage limits for workers’ compensation are the statutory limits required by the Texas Workers’ Compensation Act.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK FINANCING (CONTINUED)

A.10.E. GROUP HEALTH AND LIFE INSURANCE

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

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

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

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

A.10.F. UNEMPLOYMENT COMPENSATION

The City is a reimbursing agency for Unemployment Compensation. The Texas Workforce Commission (TWC) sends quarterly reports to a third party administrator who then forwards to the City concerning claims paid on behalf of the City to eligible former employees. A third party administrator reviews the claims but responds to TWC based on information the City provides. There were no significant changes in coverage levels for unemployment compensation.

A.11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position presents a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to debt refunding, pension, and the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as described below:

The City reports $9,154,182 as a deferred outflow of resources for unamortized loss on debt refunding in the governmental activities and $8,719,282 in the business-type activities in the Statement of Net Position. The unamortized loss on debt refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City recorded total pension-related deferred outflows of resources of $1,190,945,000 as of September 30, 2018, in accordance with GAAP. These deferred outflows are detailed in Note I.

The City recorded total other postemployment benefit-related deferred outflows of resources of $26,020,000 as of September 30, 2018, in accordance with GAAP. These deferred outflows are detailed in Note J.

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In addition to liabilities, the Statement of Net Position presents a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources in the governmental funds result from the City's unavailable revenue which are receivables for revenue that are not considered available to liquidate liabilities in the current period. Deferred inflows of resources reported in the government-wide and proprietary fund's Statement of Net Position relate to a service concession arrangement (SCA), pension, and the implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, as described below:

In 2003, the City entered into an agreement with Allied Waste Systems (D/B/A Trinity Waste Services) to operate the City's Southeast Landfill. As part of this agreement, Allied Waste Systems is compensated by third party users of the landfill. The City owns the land for the landfill and retains ownership (residual interest) in the land at the end of the 20-year agreement. In 2003, Allied Waste Systems made an initial payment of $9,600,000 to the City. This upfront payment is being amortized over the 20-year contract term. As of September 30, 2018, the City recognized deferred inflows of resources in the amount of $2,164,049 in the Solid Waste Fund.

The City recorded total pension-related deferred inflows of resources of $390,859,000 as of September 30, 2018, in accordance with GAAP. These deferred inflows are detailed in Note I.

The City recorded total other postemployment benefit-related deferred inflows of resources of $62,245,000 as of September 30, 2018, in accordance with GAAP. These deferred outflows are detailed in Note J.

	Governmental Funds				
	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
Deferred Inflows of Resources:					
Property Tax	$ 4,952	$ 1,464	$ -	$ -	$ 6,416
Accounts Receivable	-	-	-	5,592	5,592
Grants and Other Governments	-	-	2,218	3,074	5,292
Other	171	-	-	3,462	3,633
Total	$ 5,123	$ 1,464	$ 2,218	$ 12,128	$ 20,933

		Business-Type Activities			
	Governmental Activities	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total
Deferred Outflows of Resources:					
Unamortized Loss on Debt Refunding	$ 9,154	$ 5,941	$ 442	$ 2,336	$ 17,873
Pension Related	1,033,287	124,667	14,924	18,067	1,190,945
OPEB Related	22,440	3,060	36	484	26,020
Total	$ 1,064,881	$ 133,668	$ 15,402	$ 20,887	$ 1,234,838
Deferred Inflows of Resources:					
Service Concession Arrangement	$ -	$ -	$ -	$ 2,164	$ 2,164
Pension Related	340,147	39,736	4,808	6,168	390,859
OPEB Related	53,066	7,888	159	1,132	62,245
Total	$ 393,213	$ 47,624	$ 4,967	$ 9,464	$ 455,268

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION

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

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

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

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

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

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

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

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

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

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

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

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

General Fund and Debt Service Funds

General Fund

The City will maintain a minimum unassigned fund balance in the General Fund equivalent to ten percent (10%) of regular ongoing operating expenditures, with a goal of two months (16.67%) of regular ongoing operating expenditures.

Debt Service Fund

The City will maintain a minimum level of restricted, committed, and assigned fund balance in the Debt Service Fund between two (16.67%) to three (25%) months of the highest projected debt service over the succeeding debt service forecast. Amounts used in this calculation shall not include any amounts allocated for other purposes by the City Council.

While the reserves for the General Fund and Debt Service Fund are calculated separately, the resulting individual reserve requirements will be combined into one figure to be compared with the General Fund and Debt Service Fund's fund balance.

Capital Projects Fund

The City will maintain a reserve in the Capital Projects Funds that will not exceed the amount needed to fully fund the approved projects outlined in the five-year Capital Improvement Plan.

Special Revenue Funds

The City will maintain the following minimum restricted and assigned fund balances:

- A minimum fund balance in Special Revenue Funds equivalent to two months (16.67%) of regular, on-going operating expenditures (including transfers out). This calculation shall not include non-recurring items.
- A minimum fund balance in Special Revenue Funds equivalent to two months (16.67%) of the amount being paid in debt service payments for the subsequent fiscal year.
- The applicable cumulative total of all above requirements will be the minimum reserve requirement for each Special Revenue Fund.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Enterprise Funds

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

- A goal of a minimum level of Working Capital in Enterprise Funds equivalent to three (25%) months of regular, on-going operating expenses (including operating transfers out). This calculation shall not include non-recurring items.
- A goal of a minimum level of Working Capital in Enterprise Funds equivalent to three (25%) months of the amount being paid in debt service payments for the subsequent fiscal year.
- Days Cash on Hand:
  - Water and Sewer Fund— A minimum reserve of 62 days Cash on Hand with a goal of 250 days Cash on Hand.
  - All Other Enterprise Fund— A minimum reserve of 62 days Cash on Hand with a goal of 150 days Cash on Hand.
- In addition, no Enterprise Fund shall have a negative unrestricted net position.

Internal Service Funds—Insurance Funds (Insurance Funds)

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

- A minimum level of Working Capital in Insurance Funds between two (16.67%) and three (25%) months of regular, on-going operating expenses (including transfers out). This calculation shall not include non-recurring items.
- In addition, no Insurance Fund shall have a negative unrestricted net position.

Internal Service Funds—Non-Insurance Funds (Non-Insurance Funds)

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

- A minimum level of Working Capital in Non-Insurance Funds equivalent to three percent (3%) of regular, on-going operating expenses (including transfers out). This calculation does not include non-recurring items.
- In addition, no Non-Insurance Fund shall have a negative unrestricted net position.

When Reserves are not met:

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Excess of Reserves:

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

General Fund, Special Revenue Funds, and Enterprise Funds

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

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

Capital Projects Fund

- Appropriated to lower the amounts of bonds or increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
- To pay for non-routine and one-time expenditures such as land and building purchases, construction and maintenance projects with at least a 10-year life, feasibility, design, and engineering studies related to such projects, capital equipment, and vehicles with at least a 10-year life, and technology improvements with at least a 5-year life.

Internal Service Funds— Insurance and Non-Insurance Funds

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

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund Balance Categories and Classifications

Fund Balance	General	Debt Service	Capital Projects*	Nonmajor Governmental Funds**	Total Fund Balance
Nonspendable					
Inventory	$ 2,153	$ -	$ -	$ 5,003	$ 7,156
Advances	1,844	-	-	-	1,844
Prepaids, Deposits, and Other	1,032	-	382	186	1,600
Total Nonspendable	5,029	-	382	5,189	10,600
Restricted					
Park Improvements	8,895	-	-	-	8,895
Debt Service	-	29,250	-	-	29,250
Crime Control and Prevention	-	-	-	9,936	9,936
Environmental Management	-	-	-	1,382	1,382
Construction of Multi-Purpose Arena	-	-	37,042	8,357	45,399
Red Light Enforcement Program	-	-	-	3,320	3,320
Southside Medical Dist. Development	-	-	-	13,926	13,926
North Tarrant Parkway Development	-	-	-	11,369	11,369
Lancaster Corridor Development	-	-	-	12,734	12,734
Fort Worth Downtown Development	-	-	-	3,335	3,335
Maintenance Facility Relocation	-	-	7,223	-	7,223
Hemphill Street Project	-	-	17,252	-	17,252
Fire Apparatus Replacement	-	-	7,495	-	7,495
Parker - Henderson Road Project	-	-	6,115	-	6,115
Rock Creek Sewer Project	-	-	7,611	-	7,611
2014 Bond Program	-	-	39,253	-	39,253
Transportation Impact Fees	-	-	19,552	-	19,552
Other	1,600	-	130,825	27,928	160,353
Total Restricted	10,495	29,250	272,368	92,287	404,400

(continued)

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance Categories and Classifications

Fund Balance	General	Debt Service	Capital Projects*	Nonmajor Governmental Funds**	Total Fund Balance
Committed					
Public Events and Facilities	$ 17,608	$ -	$ -	$ -	$ 17,608
Debt Service	-	8,602	-	-	8,602
ERP IT Project	-	-	5,801	-	5,801
Police Vehicle Replacement	-	-	5,810	-	5,810
Police Facility Renovation	-	-	7,824	-	7,824
Streets & Highways	-	-	11,994	-	11,994
Evans/Rosedale Section	-	-	7,637	-	7,637
Construction of Multi-purpose Arena	-	-	5,892	-	5,892
State Sales Tax Agreement	6,011	-	-	2,335	8,346
Other	3,741	-	77,563	355	81,659
Total Committed	27,360	8,602	122,521	2,690	161,173
Assigned					
Debt Service	-	13,115	-	-	13,115
Culture and Tourism	-	-	-	15,230	15,230
Alliance Maintenance Facility	-	-	-	4,403	4,403
Urban Redevelopment and Housing	-	-	-	8,591	8,591
Lake Worth Trail - Phase 1	-	-	5,529	-	5,529
Other	2,545	-	65,905	25,332	93,782
Total Assigned	2,545	13,115	71,434	53,556	140,650
Unassigned (Deficit)	107,272	-	-	(756)	106,516
Total Fund Balance	$ 152,701	$ 50,967	$ 466,705	$ 152,966	$ 823,339

(concluded)

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

The City sets aside funds restricted for retiree health benefits as identified in the Collective Bargaining Agreement between the City and the Fort Worth Professional Firefighters Association. These funds are restricted but are not yet deposited into a formal trust. The amount set aside as of September 30, 2018, was $1,600,000 and is presented as restricted for general administration purposes.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.13. LONG-TERM OBLIGATIONS

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

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

A.14. USE OF ESTIMATES

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

A.15. TAX ABATEMENTS

As of September 30, 2018, the City provides tax abatements through three programs: Tax Abatement Agreements (Texas Tax Code 312), Economic Development Program Grant Agreements (Texas Local Government Code Chapter 380), and Neighborhood Empowerment Zones (Texas Tax Local Government Code Chapter 378). The table below and on the following pages explain each program and the numbers represented are not in thousands:

	Tax Abatement Agreements	Economic Development Program Grant Agreements	Neighborhood Empowerment Zones (NEZ)
1) Purpose of Program	Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the City to grant a Tax Abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in this Policy. In order for the City to participate in Tax Abatement, the City is required to establish guidelines and criteria governing Tax Abatement agreements.	This program is grant based and the purpose of these City grants is to reimburse private developers for the range of expenses that may otherwise contribute to a financing gap, yielding projects financially infeasible. A city may provide a Chapter 380 grant in the form of a municipal sales or property tax rebate. In addition, various amendments to state law have permitted temporary hotel/motel tax rebates to help finance convention center-related hotel facilities.	This program allows for owners of residential, multi-family, commercial, industrial, mixed-use, and community facilities development projects located in a NEZ area to apply for a tax abatement.
2) Tax being abated:	Real Property, & Business Personal Property	Real Property, Business Personal Property, Sales Tax, & Hotel Occupancy Tax	Property Tax
3) Authority under which abatement agreements are entered into:	Tax abatements are authorized under Chapter 312 of the Texas Tax Code.	Grants are authorized under Texas Local Government Code Chapter 380.	Tax abatements are authorized under Chapter 378 of the Texas Local Government Code. (continued)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.15. TAX ABATEMENTS (CONTINUED)

	Tax Abatement Agreements	Economic Development Program Grant Agreements	Neighborhood Empowerment Zones (NEZ)
4) Criteria to be eligible to receive abatement:	A Tax Abatement can only be granted to persons or entities eligible for Tax Abatement pursuant to Section 312.204(a) of the Texas Tax Code, which persons or entities as of the effective date of this policy are the owner of taxable real property located in a Tax Abatement reinvestment zone; or the owner of a leasehold interest in real property located in a Tax Abatement reinvestment zone.	A business or entity shall be eligible to participate in the Chapter 380 Economic Development Program on terms and conditions established by the City Council on a case-by-case basis if: (a) the business or entity enters into a binding contract with the City under which (i) the business or entity is required to make specific and verifiable employment and other commitments that serve the public purposes overseen by the City's Economic Development Department and that the City Council deems appropriate under the circumstances and (ii) the City is able to cease and/or recapture payment of Chapter 380 incentives or to terminate the contract in the event that the public purposes specified in the contract are not met; or (b) the business or entity enters into a binding contract with the City under which (i) the business or entity commits to conduct or sponsor, in whole or in part, an event to which the general public has access, including, but not limited to, sporting events; events that focus on the history of the City and the region; and events that promote instrumental and vocal music, dance, drama, folk art, creative writing, architecture, design and allied fields, painting, sculpture, photography, and graphic and craft arts, and (ii) as part of such event and as specified in the contract, the business or entity is required to promote and publicize the City and attractions within the City in a manner that is likely to attract visitors from locations outside the City.	Municipal property tax abatements, fee waivers and release of city liens are available to property owners who build or rehabilitate property within a NEZ.
5) How recipients' taxes are reduced:	1. The property tax abatement is refunded after the taxpayer pays the property tax. 2. The business personal tax abatement is refunded after the taxpayer pay the business personal tax.	1. The property tax due is net of the abated amount, or the property tax may be paid by the taxpayer and subsequently refunded by the city. 2. All other taxes to be abated are refunded after the taxpayer pays the associated tax.	The property tax due is net of the abated amount. (continued)

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.15. TAX ABATEMENTS (CONTINUED)

	Tax Abatement Agreements	Economic Development Program Grant Agreements	Neighborhood Empowerment Zones (NEZ)
6) How amount of abatement is determined:	The taxes may be abated up to 100 percent of the property tax paid depending on the type of agreements.	The taxes may be abated up to 100 percent of the property, sale, and hotel occupancy tax paid depending on the type of agreements.	The taxes may be abated up to 100 percent of the property tax paid depending on the type of agreements.
7) Provisions for recapturing abated taxes:	If the recipient of a Chapter 312 Tax Abatement breaches any of the terms or conditions of the Tax Abatement Agreement and fails to cure such breach in accordance with the Tax Abatement Agreement, the City shall have the right to terminate the Tax Abatement Agreement.	If the recipient of a Chapter 380 award breaches any of the terms or conditions of the Economic Development Program Agreement and fails to cure such breach in accordance with the Economic Development Program Grant Agreement, the City shall have the right to terminate the Agreement.	If the recipient of a Chapter 378 Tax Abatement breaches any of the terms or conditions of the Tax Abatement Agreement and fails to cure such breach in accordance with the Tax Abatement Agreement, the City shall have the right to terminate the Tax Abatement Agreement.
8) Types of commitments made by the City other than to reduce taxes:	No additional commitments were made by the City as part of these agreements.	No additional commitments were made by the City as part of these agreements.	No additional commitments were made by the City as part of these agreements.
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement:	Real Property $ 390,676 B/P* Property 1,271,146 Total $ 1,661,822 **B/P = Business Personal*	Real Property $ 5,234,688 B/P* Property 3,063,873 Sales 3,855,860 Hotel Occupancy 3,696,939 Total $ 15,851,360	Real Property $ 228,199 (concluded)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.16. IMPLEMENTATION OF NEW GASB STATEMENTS

During the year, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* GASB No. 85, *Omnibus 2017,* and GASB No. 86, *Certain Debt Extinguishment Issues.* Additional information on the implementation of these statements are noted below:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*: This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. The purpose of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Information provided by state and local government employers about financial support for OPEB is provided by other entities will also be improved. See Note A.17. and Note J for current year disclosures.

GASB Statement No. 85, *Omnibus 2017*: The objective of this Statement is to address practice issues that have been identified during implementation of certain GASB Statements. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. This Statement addresses various miscellaneous accounting issues related to blending component units, fair value measurement, and postemployment benefits.

Specifically, this Statement addresses the following topics as it relates to the City:

- **Blending Component Units** - A primary government that has a business-type activity that presents its activities in a single column on financial statements may present a component unit as blended if it meets the blending criterion described in paragraph 53 of GASB Statement No. 14, T*he Financial Reporting Entity*.
- **Fair Value Measurement and Application** - This Statement requires a real estate held by an insurance entity to be classified as an "investment" if it meets the definition of an investment supplied in Statement No. 72, *Fair Value Measurement and Application*; otherwise, it should classify as a "capital asset." Furthermore, money-market investments and participating interest-earning investment contracts may be measured at amortized cost if they have a remaining maturity of one year or less at the time of purchase.
- **Postemployment Benefits** - This Statement clarifies and addresses modifications to GASB Statement Nos. 72, 74, 75, 78, and 82 for post-employment benefits. The timing of the measurement of pension and other post-employment benefit (OPEB) liabilities and expenditures are recognized in financial statements prepared using the current financial resources measurement focus. Additionally, it is simplifying certain parts of the OPEB alternative measurement method as well as identified on-behalf payments for pensions within employer financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*: The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Earlier application is encouraged. See Note G.2 for current year disclosure.

(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.17. RESTATEMENT

As a result of implementing GASB Statement 75, the City restated its beginning net position to reflect the impact of implementation as summarized below:

	Government-wide Statement of Activities		Fund Level		
	Governmental Activities	Business-Type Activities	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds
Net Position (Deficit), September 30, 2017 as originally reported	$ (516,510)	$ 2,409,180	$ 1,928,599	$ 68,308	$ 410,803
Implementation of GASB 75:					
Recording of Net OPEB Liability 9/30/17	(803,500)	(137,284)	(116,756)	(1,283)	(19,245)
Deferred Outflows of Resources for Contributions Made After the Measurement Date	22,712	3,929	3,377	68	484
Write off of Previously Recorded Net OPEB Obligation	521,716	78,463	64,358	6,715	7,390
Net Position (Deficit), September 30, 2017 as restated	$ (775,582)	$ 2,354,288	$ 1,879,578	$ 73,808	$ 399,432

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS

B.1. POOLED CASH AND INVESTMENTS

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

Pooled Portfolio

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

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

(000's omitted in tables)

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

The City, as authorized by the City Council, engages in securities lending through a contract with Citibank whereby all of the U.S. Treasury securities and agency securities are available to be lent to an authorized dealer. All loans can be terminated on demand by either party. The State law indirectly addresses reinvestment of collateral through the reverse repurchase agreement requirements. The law requires that reinvestment of the funds received “must mature not later than the expiration date” of the loan (Section 2256.011d of the Public Funds Investment Act). The City receives defined collateral of at least 102 percent of fair value. At no time is ownership of the underlying securities transferred to the primary dealer. The City does not have the ability to pledge or sell collateral securities outside of borrower default. Therefore, in accordance with GAAP, collateral securities are not presented on the City financial statements. As of September 30, 2018, the carrying and fair value of securities on loan were $391,998,727 and the fair value of collateral held against the loaned securities was $399,813,128.

The Public Funds Investment Act, Chapter 2256, Texas Government Code (the PFIA) directs authorized investments of the City. State statutes and the Policy require all time and demand deposits to be fully FDIC insured or collateralized. As of September 30, 2018, the City’s demand and time deposits totaled $399,432,873. Of the $399,432,873 bank balance, $250,000 in each bank account was insured by FDIC deposit insurance with the remainder collateralized with pledged securities held by an independent custodian. As of September 30, 2018, all funds were insured or collateralized as required under state law.

As of September 30, 2018, the City’s investment portfolios (Portfolio) (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) were held by the City’s custodians in the City's name under written agreements. The City’s custodians are Citibank (securities lending) and JP Morgan Chase.

The City generally holds all pooled investments to maturity for investment and income, not speculation. For the year ended September 30, 2018, interest earned of $4,599,722 on investments in the Capital Projects Fund was assigned to and reported as investment income in the Debt Service Fund for future debt service payments.

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

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

Maturity	Cash to 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4+ years
Targeted Portfolio %	40.00	15.00	15.00	15.00	15.00
Actual %	54.63	13.06	12.64	7.95	11.72

As of September 30, 2018, the Portfolio included:

- no holdings with a stated maturity date beyond August 15, 2027;
- holdings maturing beyond one year represented 45.37 percent; and
- the WAM was 565 days or 1.5 years.

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

Interest Rate Risk (continued)

The Portfolio invests in agency debentures which are based on the credit of the agency. The Portfolio does not invest in any agency mortgage-backed securities. Certain debentures have embedded call options which are exercised dependent upon the type of call creating a unique "structure" for that security. Calls are normally scheduled on a one-time, quarterly, or continuous call basis. As of September 30, 2018, the Portfolio contained U.S. Government notes (debentures) with various callable structures totaling $347,000,000. The callable debentures included $277,000,000 in quarterly callable notes, $18,000,000 in continuously callable notes, and $52,000,000 in step-up callable notes. The step-up callable notes will increase in coupon rate if not redeemed on the call date.

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

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

The Policy restricts investments in commercial paper to dual rated, A1/P1 commercial paper. The Policy also states maximum maturity for commercial paper is 270 days.

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

As of September 30, 2018, the Portfolio consisted of:

- U.S. Treasury Notes and Bills represented 38.01%;
- U.S. Obligations represented 57.83%; and
- Municipal Obligations represented 4.16%

See Note B.3. for a detailed listing of investments as of September 30, 2018.

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

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

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

(000's omitted in tables)

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

Custodial Credit Risk (continued)

As of September 30, 2018, the Portfolio contained no certificates of deposit and no repurchase agreements.

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

Gas Lease Portfolio

Section 2256.0202 of the PFIA authorizes municipal funds from the management and development of mineral rights to be invested in accordance with Texas Trust Code (Subtitle B, Title 9, Property Code). Texas Trust Code allows any security that a “Prudent Investor” would be willing to utilize. City Council has adopted a separate Gas Lease Investment Policy (GLI Policy) statement for these funds. The GLI Policy defines authorized investments and sets the objectives of security, liquidity, and diversification. In addition to the authorized investments allowed under the Investment Policy and Strategy, the GLI Policy authorizes: investments in municipal obligations rated A or better; prime banker’s acceptances; domestic and international bond mutual funds with a Morningstar rating of at least two stars; domestic and international equity, and preferred stock mutual funds; domestic and international stocks; real assets; real estate; complementary strategies (currently hedge funds); and corporate and asset-backed securities rated A or better. The fair value and cost basis of this Gas Lease Portfolio were $69,520,000 and $64,347,579, respectively.

The GLI Policy sets maximum maturity limits for each authorized investment type. The maximum stated maturity for fixed income securities is 20 years. As of September 30, 2018, no holdings have a stated maturity date beyond March 1, 2027. The following schedule details fair values and maturities for fixed income securities and mutual funds:

Fixed Income Securities	Less Than 1 Year	1 - 5 Years	6 - 10 Years	Total
Government Obligations	$ 473	$ 2,851	$ 310	$ 3,634
Mortgage Backed Securities	86	693	821	1,600
Municipal Bonds	50	200	-	250
Corporate Obligations	1,198	8,603	-	9,801
Domestic Mutual Funds	1,620	-	-	1,620
International Mutual Funds	3,901	-	-	3,901
Total Fixed Income Securities	$ 7,328	$ 12,347	$ 1,131	$ 20,806

(000's omitted in tables)

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

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

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

B.3. CASH, CASH EQUIVALENTS, & INVESTMENTS

Below are the City's investments measured at fair value as of September 30, 2018:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Investments Managed by the City				
Federal Farm Credit Bank (FFCB)	$ 47,583	$ -	$ 47,583	$ -
Federal Home Loan Bank (FHLB)	36,361	-	36,361	-
Federal Home Loan Mortgage Corporation (FHLMC)	134,445	-	134,445	-
Federal National Mortgage Association (FNMA)	270,606	-	270,606	-
U.S. Treasury Notes	321,469	321,469	-	-
Municipal Obligations - Short Term	35,142	-	35,142	-
Total Investments Managed by the City	845,606	321,469	524,137	-
Investments Held by Trustees for the City				
Gas Lease Revenue - Fixed Income	15,285	-	15,285	-
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	5,521	5,521	-	-
Gas Lease Revenue - Equities	3,270	3,270	-	-
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	28,167	28,167	-	-
Gas Lease Revenue - Real Assets Funds	7,787	7,787	-	-
Gas Lease Revenue - Complementary Strategies Funds	9,490	9,490	-	-
Total Investments Held by Trustees for the City	69,520	54,235	15,285	-
Total Investments by Fair Value Level	$ 915,126	$ 375,704	$ 539,422	$ -

(000's omitted in tables)

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

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

The City held the following cash, cash equivalents, & investments as of September 30, 2018:

	Fair Value	WAM by Days	Moody's Credit Rating
Pooled Cash, Cash Equivalents, & Investments Managed by the City			
Cash	$ 732,797	N/A	N/A
Cash in Bank - Blended Component Units	22,045	N/A	N/A
Federal Farm Credit Bank (FFCB)	47,583	455	Aaa
Federal Home Loan Bank (FHLB)	36,361	1,975	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	134,445	633	Aaa
Federal National Mortgage Association (FNMA)	270,606	771	Aaa
U.S. Treasury Notes	321,469	1,059	Aaa
Municipal Obligations - Short Term	35,142	1,158	Aa1
Total Cash, Cash Equivalents, & Investments Managed by the City	1,600,448		
Cash, Cash Equivalents, & Investments Held by Trustees for the City			
Gas Lease Revenue - Cash	4,239	N/A	N/A
Gas Lease Revenue - Fixed Income	15,285	N/A	Note B.1.
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	5,521	N/A	Note B.1.
Gas Lease Revenue - Equities	3,270	N/A	N/A
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	28,167	N/A	N/A
Gas Lease Revenue - Real Assets Funds	7,787	N/A	N/A
Gas Lease Revenue - Complementary Strategies Funds	9,490	N/A	N/A
Cash Held by Trustee - United Healthcare	1,928	N/A	N/A
Cash Held by Trustee - York	800	N/A	N/A
Cash Held by Trustee - TWDB 2017B SWIRF	1,547	N/A	N/A
Cash Held by Trustee - Rock Creek	12,190	N/A	N/A
Cash Held by Trustee - CWSRF2015	4,324	N/A	N/A
Cash Held by Trustee - CWSRF2017	14,765	N/A	N/A
Cash Held by Trustee - HUD 108 Loan Fund (Evans/Rosedale/Mercado)	555	N/A	N/A
Cash Held by Trustee - Southeast Landfill	6,479	N/A	N/A
Total Cash, Cash Equivalents, & Investments Held by Trustees for the City	116,347		
Total Cash, Cash Equivalents, & Investments - Primary Government	$ 1,716,795		
Cash & Cash Equivalents Managed by the Employees' Retirement Fund			
Cash in Bank	150	N/A	N/A
Investments Managed by the Employees' Retirement Fund			
Investments	2,531,234	See Note B.5.	
Total Cash, Cash Equivalents, & Investments - Employees' Retirement Fund	2,531,384		
Cash & Cash Equivalents Managed by the Retiree Healthcare Trust Fund			
Cash in Bank	704	N/A	N/A
Investments Managed by the Retiree Healthcare Trust Fund			
Investments	74,914	See Note B.4.	
Total Cash, Cash Equivalents, & Investments - Retiree Healthcare Trust Fund	75,618		
Cash & Cash Equivalents Managed by the Discretely Presented Component Unit			
Cash in Bank	329	N/A	N/A
Total Cash & Cash Equivalents - Discretely Presented Component Unit	329		
Total Cash, Cash Equivalents, & Investments	$ 4,324,126		

(000's omitted in tables)

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

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

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

Cash, Cash Equivalents, & Investments, per Note		
Primary Government	$	1,716,795
Employees' Retirement Fund		2,531,384
Retiree Healthcare Trust Fund		75,618
Discretely Presented Component Unit		329
Total, per Note	$	4,324,126
Cash, Cash Equivalents, & Investments, per Basic Financial Statements		
Statement of Net Position - Primary Government	$	1,010,625
Statement of Net Position - Primary Government Restricted		706,170
Statement of Net Position - Discretely Presented Component Unit		329
Statement of Fiduciary Net Position - Cash and Cash Equivalents		854
Statement of Fiduciary Net Position - Cash and Investments Held by Trustees		2,606,148
Total, per Basic Financial Statements	$	4,324,126

(000's omitted in tables)

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

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

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

Custodial Credit Risk — As of September 30, 2018, all investments are registered in the name of the City of Fort Worth PARS Post-Retirement Health Care Plan Trust in a master trust custodial agreement.

Credit Risk of Debt Securities — The OPEB Trust investments as of September 30, 2018, are shown below:

Investment Type	Rating	Fair Value*
Issues:		
US Government Issues	N/A	$ 20,824
Corporate Issues	N/A	23,161
Foreign Issues	N/A	3,357
Municipal Issues	N/A	151
Total Issues		47,493
Fixed Income Mutual Funds:		
Vanguard Short-Term Investment Grade	N/A	3,387
Pimco Total Return II Instl	N/A	236
Total Fixed Income Mutual Funds	N/A	3,623
Equity Mutual Funds:		
Ishares S&P 500 ETF	N/A	7,082
Ishares S&P 500 Growth ETF	N/A	2,242
Ishares S&P 500 Value ETF	N/A	3,154
Ishares Msci Eafe ETF	N/A	3,028
Ishares Russell Midcap Value ETF	N/A	2,312
Ishares Russell 2000 Value Index ETF	N/A	2,253
Ishares Russell 2000 Growth ETF	N/A	1,692
Vanguard Emerg Mkt	N/A	1,433
Vanguard Reit ETF	N/A	602
Total Equity Mutual Funds	N/A	23,798
Total Investments		$ 74,914

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

Concentration of Credit Risk — The OPEB Trust Investment Guideline addresses concentration limits on a manager basis. As of September 30, 2018, the OPEB Trust's investments were all registered in the Trust's name.

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

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

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND

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

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

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

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

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

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

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

Absolute Return Funds — This category consists of several different styles of funds, as well as different liquidity structures. Directional funds include investments in three funds that invest in a directional nature based on their views of markets, at times these funds may invest without directional bias. Equity Long/Short funds include investments in five funds with two of these funds currently in redemption consisting of 1% of assets in this category. Equity Long/Short funds maintain some level of market exposure by investing in U.S. or global equities both long and short with the level of exposure varying over time. One fund of this type, consisting of 34% of assets in this category, allows quarterly liquidity received 1/4 of assets each subsequent quarter. Event-driven funds include investments in eight (8) funds with three (3) of those funds currently in redemption consisting of 1% of assets in this category. These funds seek to gain an advantage from pricing inefficiencies that may arise based on corporate actions or events which may change the nature of the underlying investment. The nature of event-driven investments often restricts the liquidity of those investments. In this category, 17% of the assets may only be redeemed in three (3) year intervals, while 21% may only be redeemed on an annual basis. The remaining 62% of assets may be redeemed either quarterly receiving 1/4 of assets each subsequent quarter. Multi-Strategy funds include investments in five (5) funds with all funds currently in redemption. Multi-Strategy funds invest in multiple strategies in order to diversify risks and reduce volatility. All funds in this category have been redeemed. The remaining assets are either audit holdback, or side-pocketed assets waiting for liquidation. Relative Value funds include investments in three (3) funds in this category with one of these funds in redemption. Relative Value funds seek returns by identifying mispricing of related securities or financial instruments. The redeemed fund in this category representing 19% of assets in this category has quarterly liquidity with a limit of 1/6 of assets being redeemed at one time; the fund has received its four installments with the reminder to be returned over the next 6 months.

Alternative Assets — This category consists of limited partnership structures that invest in companies or real estate which allow for limited or no liquidity for the investor. Private Equity partnerships consist of funds that invest in buyouts, growth equity, venture capital, special situations, mezzanine and distressed debt. There are 85 partnerships in this category, and these partnerships are typically structured with life from 7-10 years and are considered illiquid. As investments are sold out of the partnerships assets are returned to the investors. These funds fair value are determined using net asset values one (1) quarter in arrears and adjusted for cash flows of the most recent quarter. Real Estate - Core partnerships invest in highly leased lower leverage properties that provide consistent income to the investors. These funds allow quarterly liquidity to the investors. There are three (3) partnerships in this category. Real Estate – Non-Core partnerships invest in properties that require some development or improvements to improve the position of the property. There are 24 partnerships in this category, and these partnerships are typically structured with life from 7-10 years and are considered illiquid. As properties are sold out of the partnership assets are returned to the investors. These funds fair value are determined using net asset values one (1) quarter in arrears and adjusted for cash flows of the most recent quarter.

(000's omitted in tables)

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

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

Below are the Plan's investments and derivative instruments measured at fair value as of September 30, 2018:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Short Term Securities	$ 207,479	$ -	$ 205,486	$ 1,993
Debt Securities				
Collateralized Debt Obligations	46,406	-	34,558	11,848
Commercial Mortgage-Backed Securities	12,571	-	12,571	-
Corporates	161,092	-	161,089	3
Debt Other	114,682	110,781	3,901	-
Municipals	5,912	-	5,912	-
Non U.S. Government	13,280	-	13,280	-
U.S. Government Agencies	116,356	-	107,069	9,287
U.S. Treasuries	78,078	78,078	-	-
Total Debt Securities	548,377	188,859	338,380	21,138
Equity Securities				
Communication Services	12,980	12,980	-	-
Consumer Discretionary	42,638	42,638	-	-
Consumer Staples	20,220	20,220	-	-
Energy	59,780	59,780	-	-
Equity Other	12,072	12,072	-	-
Financials	47,519	47,519	-	-
Health Care	30,198	30,198	-	-
Industrials	58,092	58,092	-	-
Information Technology	42,128	42,128	-	-
Materials	21,684	21,684	-	-
Real Estate	43,593	43,593	-	-
Utilities	4,414	4,414	-	-
Total Equity Securities	395,318	395,318	-	-
Investments Measured at Net Asset Value*				
Equity Investments				
Commingled Global Equity Fund	$ 501,267			
Commingled Emerging Market Equity Fund	42,244			
Total Equity Investments	543,511			
Absolute Return	322,714			
Alternative Investments				
Private Equity	280,749			
Real Estate - Core	110,880			
Real Estate	127,845			
Total Alternative Investments	519,474			
Total Investments Measured at Net Asset Value	$ 1,385,699			
Total Investments by Fair Value Level	$ 2,536,873	$ 584,177	$ 543,866	$ 23,131
Less: Investments in Non-City Funded Staff Plan	(5,639)			
Total Investments by Fair Value Level in City Plan	$ 2,531,234			
Investment Derivative Instruments				
Forward Contracts	1,592	-	1,592	-
Swap Agreements	205	-	205	-
Options	(5)	-	(5)	-
Total Investment Derivative Instruments	$ 1,792	$ -	$ 1,792	$ -

**Investments measured at Net Asset Value have total Unfunded Commitments of $215,323,727, the Plan's investments at NAV offer redemption frequencies ranging from daily to three (3) years on redeemable investments; with a total of $408,594,567 of alternative*

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

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

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

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

Custodial Credit Risk — Custodial credit risk is the risk that in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of September 30, 2018, all investments are registered in the name of the Employees' Retirement Fund of the City of Fort Worth or in the name of the Plan's custodian, established through a master trust custodial agreement, except investments in alternative investments and commingled funds.

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

(000's omitted in tables)

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

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

Credit Risk of Debt Securities—The Plan's investments as of September 30, 2018, are shown below:

Credit Risk of Debt Securities (continued)

Investment Type	S&P Rating	Fair Value
Asset & Mortgage Backed Obligations	AAA	$ 31,806
Asset & Mortgage Backed Obligations	AA	5,202
Asset & Mortgage Backed Obligations	A	6,126
Asset & Mortgage Backed Obligations	BBB	1,533
Asset & Mortgage Backed Obligations	BB	1,309
Asset & Mortgage Backed Obligations	B	1,961
Asset & Mortgage Backed Obligations	CCC	1,406
Asset & Mortgage Backed Obligations	NR	9,878
Total Asset & Mortgage Backed Obligations		59,221
Corporate Obligations	AAA	3,719
Corporate Obligations	AA	9,681
Corporate Obligations	A	50,085
Corporate Obligations	BBB	52,442
Corporate Obligations	BB	18,317
Corporate Obligations	B	22,243
Corporate Obligations	CCC	4,821
Corporate Obligations	CC	293
Corporate Obligations	NR	3,392
Total Corporate Obligations		164,993
Government Agency Obligations	AAA	115,591
Government Agency Obligations	AA	3,101
Government Agency Obligations	A	2,165
Government Agency Obligations	NR	875
Total Government Agency Obligations		121,732
International Obligations	AAA	3,871
International Obligations	AA	1,633
International Obligations	A	292
International Obligations	BBB	1,390
International Obligations	BB	2,831
International Obligations	B	127
International Obligations	NR	3,428
Total International Obligations		13,572
Securities Lending Collateral	AAA	1,759
Securities Lending Collateral	AA	72,567
Securities Lending Collateral	A	60,895
Securities Lending Collateral	NR	563
Total Securities Lending Collateral		135,784
Total Fixed Income Subject to Credit Risk		495,302
U.S. Treasuries (Not Subject to Credit Risk)		78,078
Short-Term Marketable Securities		71,695
Corporate Stock		437,562
Alternative Investments		603,463
Commingled Funds		850,773
Less: Investments in Non-City Funded Staff Plan		(5,639)
Total Investments in City Plan		$ 2,531,234

(000's omitted in tables)

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

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

Concentration of Credit Risk — Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. As of September 30, 2018, the Plan did not have any investments, where the underlying assets were registered in the Plan's name that totaled more than 5% of assets of the Plan.

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

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

Investment Type	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total Fair Value
Asset & Mortgage Backed Obligations	$ 569	$ 13,614	$ 7,120	$ 37,918	$ 59,221
Corporate Obligations	8,005	96,168	39,900	20,920	164,993
Government Agency Obligations	-	2,198	1,129	118,405	121,732
International Obligations	127	3,331	5,997	4,117	13,572
Securities Lending Collateral	135,784	-	-	-	135,784
Short-term Fixed Income	71,695	-	-	-	71,695
U.S. Treasuries	-	28,515	17,225	32,338	78,078
Total Interest Rate Risk Debt Securities	$ 216,180	$ 143,826	$ 71,371	$ 213,698	$ 645,075

(000's omitted in tables)

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

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

Foreign Currency Risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan has no formal investment policy with regard to foreign currency risk as it is considered an intrinsic risk associated with the investment strategy. The Plan's exposure to foreign currency risk at September 30, 2018, is presented below:

Currency	Debt	Equity	Total
Argentine Peso	$ 384	$ -	$ 384
Australian Dollar	1,323	3,828	5,151
Brazilian Real	40	3,242	3,282
British Pound Sterling	6,772	11,058	17,830
Canadian Dollar	23	11,293	11,316
Czech Koruna	2,020	-	2,020
Chilean Peso	2,834	-	2,834
Danish Krone	(22)	1,056	1,034
Euro Currency Unit	49,494	46,578	96,072
Hong Kong Dollar	-	15,140	15,140
Indian Rupee	3,751	-	3,751
Indonesian Rupiah	2,485	404	2,889
Japanese Yen	1,283	32,155	33,438
Mexican New Peso	3	-	3
New Taiwan Dollar	-	6,950	6,950
Norwegian Krone	1,349	343	1,692
Philippine Peso	-	262	262
Polish Zloty	39	766	805
Russian Ruble	4,748	-	4,748
Singapore Dollar	-	410	410
South African Rand	2,886	-	2,886
South Korean Won	2,031	4,404	6,435
Swedish Krona	1,341	4,113	5,454
Swiss Franc	14	12,479	12,493
Thai Baht	3	-	3
Total Securities Subject to Foreign Currency Risk	$ 82,801	$ 154,481	$ 237,282

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

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

FOREIGN CURRENCY EXCHANGE TRANSACTIONS

To manage the foreign currency exchange risks associated with foreign investments, the Plan enters into forward currency contracts. The Plan had a net foreign currency contracts with a fair value of approximately $1,592,432 at September 30, 2018, which contractually obligates the Plan to deliver currencies at a specified date. The Plan could be exposed to the risk of loss if the counterparty is unable to meet the terms of a contract or if the value of currency changes unfavorably. At September 30, 2018, the fair value of these contracts is included in due to/from broker.

DERIVATIVE FINANCIAL INSTRUMENTS

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

The Plan was in possession of the following types of derivatives at September 30, 2018:

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

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

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

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

(000's omitted in tables)

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

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

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

The Investment Derivatives schedule listed below reports the fair value, changes in fair value, and notional amounts of derivatives outstanding as of September 30, 2018, classified by type:

	Changes in Fair Value		Fair Value	
Derivative Type	**Classification**	**Amount**	**Amount**	**Notional**
Fiduciary Funds				
Investment Derivatives				
Futures Contracts	*Investment Income*	$ (9)	$ -	$ 140,899
Forward Contracts	*Investment Income*	2,271	1,592	114,047
Swap Agreements	*Investment Income*	(149)	205	134,393
Options	*Investment Income*	(5)	(5)	2,000
Rights and Warrants	*Investment Income*	(3)	-	-
	Total	$ 2,105	$ 1,792	$ 391,339

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

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of the Plan's investment derivatives by type, as of September 30, 2018. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security or netting arrangement. The schedule displays the fair value of the investments by credit rating in increasing magnitude of risk. Investments are classified by S&P rating. If the investment does not have an S&P rating, the Moody's rating that corresponds to the S&P rating is used.

As of September 30, 2018, the Plan's credit risk to these statements is disclosed in the following table:

Derivative Type	AA	A	BBB	Not Rated	Total Fair Value
Forward Contracts	$ (1)	$ (24)	$ -	$ 1,617	$ 1,592
Swap Agreements	-	(38)	-	243	205
Options	-	-	-	(5)	(5)
Total	$ (1)	$ (62)	$ -	$ 1,855	$ 1,792

(000's omitted in tables)

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

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

Interest Rate Risk — The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2018, are disclosed in the following table:

Derivative Type	Total Notional Value	Total Fair Value
Interest Rate Swaps	$ 129,393	$ 238
Swaptions	5,000	(33)
Total	$ 134,393	$ 205

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

The net exposure column of the schedule below indicates the Plan's net foreign currency risk related to derivatives as of September 30, 2018:

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	$ (12)	$ -	$ (12)
Brazilian Real	1,037	(21)	1,016
British Pound Sterling	(2)	133	131
Canadian Dollar	5	44	49
Chilean Peso	52	-	52
Colombian Peso	(20)	-	(20)
Czech Koruna	(35)	-	(35)
Danish Krone	52	-	52
Euro Currency Unit	64	(48)	16
Japanese Yen	370	(52)	318
Indian Rupee	(101)	-	(101)
Indonesian Rupiah	45	-	45
Mexican Peso	83	-	83
Norwegian Krone	17	-	17
Russian Ruble	(3)	-	(3)
South African Rand	(2)	-	(2)
South Korean Won	14	-	14
Swedish Krona	28	-	28
Total	$ 1,592	$ 56	$ 1,648

The values shown are for the positions that the Plan holds directly. The Plan may also have indirect exposure to derivatives via its commingled funds and its alternative investments. The Plan owns an interest in commingled and alternative investment funds which in turn holds the actual positions. Indirect exposures via these types of investments are not shown here.

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

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

SECURITIES LENDING

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

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper, and asset-backed securities. The contract with Northern Trust specifies guidelines for allowable investments, maturities, and diversification. The Plan cannot pledge or sell collateral securities without borrower default. The amount of collateral held exceeds the value of the assets on loan at September 30, 2018.

The Plan earns income from fees paid by the borrowers and interest earned from investing the cash collateral. The contract requires the custodian bank to purchase any loaned securities with collateral provided, however, if the collateral is insufficient to cover the loss, the Plan is liable for the loss. The cash collateral received on each loan was invested in the collateral pool at Northern Trust. Because the loans are terminable at will, their duration generally did not match the duration of the investments made with cash collateral. In addition, the Plan had no credit risk exposure to borrowers. As of September 30, 2018, the value of the collateral held was $135,784,423 and the value of securities on loan at September 30, 2018, was $132,238,671. The Plan earned $645,550, net, on its securities lending activity for the fiscal year ended September 30, 2018.

(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES

C.1. RECEIVABLES

Receivables at September 30, 2018, for governmental activities of the City's major funds and nonmajor funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes	$ 30,558	$ 8,841	$ -	$ -	$ -	$ 39,399
Grants and Other Governments	28,387	-	2,927	21,016	-	52,330
Levied, Unbilled Assessments	-	-	2,082	-	-	2,082
Loans	-	-	-	17,025	-	17,025
Long-Term Loans	-	-	-	13,733	-	13,733
Interest	64	1,061	177	433	145	1,880
Accounts and Other	35,266	-	872	21,259	559	57,956
Total Gross Receivables	94,275	9,902	6,058	73,466	704	184,405
Less Allowance for Uncollectible Accounts:						
Taxes	(24,712)	(7,150)	-	-	-	(31,862)
Levied, Unbilled Assessments	-	-	(2,082)	-	-	(2,082)
Loans	-	-	-	(615)	-	(615)
Accounts and Other	(19,872)	-	-	(12)	(559)	(20,443)
Total Allowance	(44,584)	(7,150)	(2,082)	(627)	(559)	(55,002)
Total Receivables, Net	$ 49,691	$ 2,752	$ 3,976	$ 72,839	$ 145	$ 129,403

Receivables at September 30, 2018, for business-type activities of the City's major enterprise funds and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total Business-Type Activities
Interest	$ 429	$ 44	$ 53	$ 526
Accounts and Other	53,275	4,654	7,476	65,405
Grants and Other - Restricted	1,243	35	6,723	8,001
Interest - Restricted	653	112	133	898
Total Gross Receivables	55,600	4,845	14,385	74,830
Less Allowance for Uncollectible Accounts:				
Accounts and Other	(1,080)	(772)	(233)	(2,085)
Total Allowance	(1,080)	(772)	(233)	(2,085)
Total Receivables, Net	$ 54,520	$ 4,073	$ 14,152	$ 72,745

(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.1. RECEIVABLES (CONTINUED)

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

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

Description	Unavailable	Unearned
Property Taxes	$ 6,448	$ -
Grants and Other Governments	14,346	4,982
Long-Term Loans	-	30,087
Other	139	475
	$ 20,933	35,544
Total Unavailable / Unearned Revenues		$ 56,477

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

Description	Water and Sewer	Nonmajor Enterprise Funds	Total Business-Type Activities
Deposits and Rents	$ 1,260	$ -	$ 1,260
Grants and Other	-	3,240	3,240
Total Unearned Revenues	$ 1,260	$ 3,240	$ 4,500

C.2. ADVANCES

Advances from/to other funds at September 30, 2018, were as follows:

Receivable Fund	Payable Fund	Total
General	Nonmajor Governmental	$ 1,844
Nonmajor Enterprise	Capital Projects	4,693
Total:		$ 6,537

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

The $1,844,000 payable to the General Fund from the Nonmajor Governmental Funds is an advance to the Grants Operating Federal Fund to cover a construction grant cash deficit that will be repaid by the granting agency.

The $4,693,000 payable to the Nonmajor Enterprise Funds from the Capital Projects Fund is due from the Public Safety Training Facility Fund to the Solid Waste Fund for construction costs associated with a new Public Safety Training Center. The loan is reimbursed from Crime Control and Prevention District Fund, and the remaining balance is payable in a series of three payments commenced in FY2018.

(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.3. TRANSFERS

Transfers made during the year were as follows:

	Transfers In:								
	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Internal Service Funds	Total
Transfers Out:									
General	$ -	$ -	$ 38,599	$ 9,552	$ 186	$ -	$ 60	$ 3,928	$ 52,325
Capital Projects	506	4	-	572	-	24	-	317	1,423
Nonmajor Governmental Funds	10,227	10,961	23,877	43	1,383	-	29	3,628	50,148
Water and Sewer	29,140	-	120	43	-	-	-	-	29,303
Stormwater Utility	3,104	-	-	82	1,003	-	-	45	4,234
Nonmajor Enterprise Funds	6,435	-	-	-	1,118	-	-	394	7,947
Internal Service Funds	1,053	205	9,825	-	-	-	-	88	11,171
Total	$ 50,465	$ 11,170	$ 72,421	$ 10,292	$ 3,690	$ 24	$ 89	$ 8,400	$ 156,551

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

Significant transfers included the following:

The General Fund transferred $38,599,000 to the Capital Projects Fund, of which $33,976,000 was for the Capital Improvement Plan and $4,622,000 to fund current city-wide capital projects.

The General Fund transferred $9,552,000 to the Nonmajor Governmental Funds, of which $5,014,000 was to the Culture and Tourism Fund for the purposes of operating the Fort Worth Convention Center, the Will Rogers Memorial Complex, and the Cowtown Coliseum, funding a contract with the Fort Worth Convention and Visitors Bureau, and to pay costs associated with construction and debt-financing of the Dickies Arena. The General Fund transferred $2,851,000 to Botanic Garden Special Revenue Fund for the overall administration, operations, and maintenance of the Botanic Garden. The Golf Fund received a subsidy in the amount of $615,000 from the General Fund to assist with the operational costs. The Fort Worth Public Improvement Districts (PID) received $766,000 in lieu of services and assessments.

The General Fund transferred $3,928,000 to the Internal Service Funds to fund information technology advancements and computer replacement administered through the Information Systems Fund.

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.3. TRANSFERS (CONTINUED)

The Nonmajor Governmental Funds transferred $10,227,000 to the General Fund, of which $4,006,000 was from the Crime Control and Prevention District Fund for the Civil Service Pay Plan and $3,970,000 from the Red Light Enforcement Fund for administered and maintenance the photographic traffic signal enforcement system governed by Texas Transportation Code Chapter 707 and used for traffic safety programs. The General Fund received $1,169,000 from the Culture and Tourism Fund for energy savings debt service. The General Fund also received $213,000, $361,000, and $207,000 respectively from Fort Worth Public Improvement Districts Fund, Taxing Increment Reinvestment Zones Fund, and Fort Worth LDC for management and administration.

The Nonmajor Governmental Funds transferred $10,961,000 to the Debt Service Fund, of which $8,013,000 was from the Culture and Tourism Fund, and $2,948,000 was from the Crime Control and Prevention District Fund to pay for 2011 Tax Notes debt service.

The Nonmajor Governmental Funds transferred $23,877,000 to the Capital Projects Fund, of which $13,196,000 was made from the Crime Control and Prevention District Fund for construction commitments relating to facility renovation and maintenance, 6th Patrol Division's new facility, transportation maintenance, and community partnerships per the capital improvement plan. The Culture and Tourism Fund transferred $3,171,000 to the Culture and Tourism Capital Projects Fund for the public events capital improvement plan. The Culture and Tourism Capital Projects Fund also received a transfer of $650,000 from the Culture and Tourism Fund for support of the Venue Project that includes the Multi-Purpose Arena (see Note M) adjacent to the Will Rogers Memorial Center. The Culture and Tourism Fund also transferred $4,130,000 to the Culture and Tourism DFW Revenue Share Capital Project Fund per the capital improvement plan. The Special Purpose Fund transferred $1,000,000 to the General Capital Projects Fund per the capital improvement plan. The Taxing Increment Reinvestment Zone #7 North Tarrant Parkway transferred $1,190,000 to the Specially Funded Projects Fund to pay for interfund loan for North Riverside Drive and Old Denton Road from Golden Triangle projects.

The Nonmajor Governmental Funds transferred $3,628,000 to the Internal Service Funds to fund information technology advancements and computer replacement administered through the Information System Fund.

The Water and Sewer Fund transferred $29,140,000 to the General Fund, which $22,977,000 was for Street Rental Fees and $6,129,000 for Payment in Lieu of Taxes (PILOT).

The Stormwater Utility Fund transferred $3,104,000 to the General Fund, which $2,925,000 was for Street Rental Fees and $162,000 was for PILOT. The Stormwater Utility Fund also transferred $17,000 to the Water and Sewer Fund for billing services.

The Nonmajor Enterprise Funds transferred $6,435,000 to the General Fund, of which the Solid Waste Fund transferred for $2,887,000 Street Rental Fees and $1,825,000 for PILOT. The General Fund also received $1,219,000 from the Solid Waste Fund for program services. The Nonmajor Enterprise Funds also transferred $503,000 to the Water and Sewer Fund for billing services.

The Internal Service Funds transferred $9,825,000 to the Capital Projects Fund and $1,053,000 to the Capital Projects Fund related to the closure of the Information System Fund in FY2018. See Note A.2 for additional information.

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

(000's omitted in tables)

NOTE D: FUND EQUITY

D.1. FUND DEFICITS & UNASSIGNED FUND BALANCE

Grants Fund, a nonmajor governmental fund, current year has a fund deficit of $84,000, a reduction of the deficit of $491,000 from the previous year, and an unassigned fund balance deficit of $654,000, due to reimbursement timing differences, as of September 30, 2018. Also, revenues were unavailable (collectible during the current period or soon after) to be used to pay liabilities of the current period. Reimbursement for federal, state, and local grant expenditures are expected to offset this fund deficit future fiscal years. In compliance with the City’s Special Revenue Fund Reserve Policy, the City has taken action to decrease this deficit.

Golf Fund, a nonmajor governmental fund, has an unassigned fund balance deficit of $102,000, a decrease of $5,000 from the previous fiscal year. In compliance with the City’s Special Revenue Fund Reserve Policy, this deficit will be offset by revenues in future years.

NOTE E: RESTRICTED ASSETS

Restricted assets in certain funds are held for specific purposes in accordance with bond ordinances or other legal restrictions as follows:

	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Internal Service Funds	Total
Debt Service:					
Cash and Cash Equivalents	$ 44,085	$ 3,926	$ 1,464	$ -	$ 49,475
Cash and Cash Equivalents Held by Trustees	617	-	-	-	617
Interest Receivable	570	112	31	-	713
	45,272	4,038	1,495	-	50,805
Capital Improvements:					
Cash and Cash Equivalents	435,849	43,345	21,539	977	501,710
Cash and Cash Equivalents Held by Trustees	20,020	-	-	-	20,020
Grants and Other Receivables	1,195	35	6,090	-	7,320
Interest Receivable	70	-	-	-	70
	457,134	43,380	27,629	977	529,120
Customer Deposits:					
Cash and Cash Equivalents	18,951	-	936	-	19,887
	18,951	-	936	-	19,887
Other Restrictions:					
Cash and Cash Equivalents	2,654	-	12,216	3,881	18,751
Cash and Cash Equivalents Held by Trustees	7,164	-	41,004	2,728	50,896
Grants and Other Receivables	48	-	633	-	681
Interest Receivable	13	-	102	-	115
	9,879	-	53,955	6,609	70,443
Total	$ 531,236	$ 47,418	$ 84,015	$ 7,586	$ 670,255

(000's omitted in tables)

NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2018, was as follows:

	Balance at October 1, 2017	Increases	Decreases	Balance at September 30, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	$ 234,985	$ 22,127	$ (5,593)	$ 251,519
Construction in Progress	298,738	180,108	(141,059)	337,787
Intangibles	24,270	7,826	-	32,096
Total Capital Assets, Not Being Depreciated	557,993	210,061	(146,652)	621,402
Capital Assets, Being Depreciated:				
Buildings	488,714	28,526	(29,721)	487,519
Vehicles, Machinery and Equipment	261,238	42,056	(72,398)	230,896
Infrastructure	3,078,952	150,975	(10,889)	3,219,038
Intangibles	49,690	700	(7,435)	42,955
Total Capital Assets, Being Depreciated	3,878,594	222,257	(120,443)	3,980,408
Less Accumulated Depreciation/Amortization for:				
Buildings	219,952	14,434	(3,229)	231,157
Vehicles, Machinery and Equipment	161,421	17,176	(32,180)	146,417
Infrastructure	1,872,816	107,659	(7)	1,980,468
Intangibles	21,688	3,689	-	25,377
Total Accumulated Depreciation and Amortization	2,275,877	142,958	(35,416)	2,383,419
Total Capital Assets, Being Depreciated, Net	1,602,717	79,299	(85,027)	1,596,989
Governmental Activities Capital Assets, Net	$ 2,160,710	$ 289,360	$ (231,679)	$ 2,218,391

Capital asset activity for Business-Type Activities for the year ended September 30, 2018, was as follows:

	Balance at October 1, 2017	Increases	Decreases	Balance at September 30, 2018
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	$ 201,718	$ 10,660	$ (4,816)	$ 207,562
Construction in Progress	355,514	143,370	(193,867)	305,017
Intangibles	-	1,525	-	1,525
Total Capital Assets, Not Being Depreciated	557,232	155,555	(198,683)	514,104
Capital Assets, Being Depreciated:				
Buildings	160,367	7,664	(2,525)	165,506
Vehicles, Machinery and Equipment	377,216	4,482	(3,205)	378,493
Infrastructure	3,401,541	236,991	(1,652)	3,636,880
Intangibles	-	510	-	510
Total Capital Assets, Being Depreciated	3,939,124	249,647	(7,382)	4,181,389
Less Accumulated Depreciation/Amortization for:				
Buildings	58,735	6,056	(2,493)	62,298
Vehicles, Machinery and Equipment	247,949	12,199	(3,176)	256,972
Infrastructure	1,079,589	79,187	(1,218)	1,157,558
Intangibles	-	34	-	34
Total Accumulated Depreciation and Amortization	1,386,273	97,476	(6,887)	1,476,862
Total Capital Assets, Being Depreciated, Net	2,552,851	152,171	(495)	2,704,527
Business-Type Activities Capital Assets, Net	$ 3,110,083	$ 307,726	$ (199,178)	$ 3,218,631

(000's omitted in tables)

NOTE F: CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged as follows for the year ended September 30, 2018:

	Depreciation and Amortization Expense
Governmental Activities	
General Government	$ 15,424
Public Safety	11,159
Highways and Streets	99,408
Culture and Recreation	14,637
Urban Redevelopment and Housing	2,330
Total Governmental Depreciation and Amortization	142,958
Major Business-Type Activities	
Water and Sewer	75,238
Stormwater Utility	8,651
Nonmajor Business-Type Activities	
Municipal Airports	11,098
Municipal Parking	1,990
Solid Waste	499
Total Business-Type Depreciation and Amortization	97,476
Total Depreciation and Amortization Expense	$ 240,434

The governmental activities depreciation and amortization expense above includes $291,000 of depreciation expense from the Internal Service Funds.

The City capitalizes interest during the construction period in proprietary fund capital projects. For the year ended September 30, 2018, interest was capitalized in the Water and Sewer Fund and Stormwater Utility Fund in the amounts of $8,083,969 and $2,300,055, respectively.

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2018:

	Balance at October 1, 2017	Increases	Decreases	Balance at September 30, 2018	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 452,570	$ 62,220	$ 39,270	$ 475,520	$ 61,570
Certificates of Obligation	201,945	-	34,160	167,785	15,040
Special Tax Revenue Debt	226,880	-	330	226,550	435
Special Assessment Debt	12,685	5,155	-	17,840	-
Tax Notes	26,130	12,590	3,710	35,010	5,275
HUD Installment Obligations	2,000	-	632	1,368	666
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
State Obligation - City	6,476	-	465	6,011	465
State Obligation - CCPD	2,516	-	181	2,335	181
TRWD Obligation	171,391	19,106	3,843	186,654	-
State Energy Conservation Loan Phase III	397	-	397	-	-
ESPC Phase VII	15,474	-	1,172	14,302	1,652
Capital Leases	1,167	-	330	837	361
Southwest Bank Loan (LDC SW Building)	1,477	-	378	1,099	389
Lancaster Corridor Construction Loan	16,500	-	16,500	-	-
Net Unamortized Bond Premium/Discount	69,218	4,416	17,683	55,951	-
Compensated Absences	119,622	52,518	51,613	120,527	51,603
Pollution Remediation Liability	5,636	-	855	4,781	-
Risk Management Estimated Claims Payable	33,377	74,187	75,123	32,441	16,817
Net OPEB Liability*	803,500	-	50,424	753,076	-
Net Pension Liability	2,792,047	-	118,735	2,673,312	-
Total Governmental Activities	4,992,625	230,192	415,801	4,807,016	154,454
Business-Type Activities:					
Water and Sewer - Revenue Bonds	791,315	110,475	63,285	838,505	59,840
Water and Sewer - Trinity River Authority Oblig.	3,600	-	670	2,930	690
Water and Sewer - ESPC Phase V	8,955	-	1,544	7,411	1,580
Stormwater Utility - Revenue Bonds	119,370	-	4,460	114,910	4,640
Municipal Parking - General Obligation Bonds	33,850	-	1,315	32,535	1,380
Municipal Parking - Certificate of Obligation	2,515	-	1,115	1,400	1,170
Solid Waste - General Obligation Bonds	3,515	-	470	3,045	460
Net Unamortized Bond Premium/Discount	69,036	3,127	19,349	52,814	-
Compensated Absences	14,727	7,133	6,449	15,411	6,449
Landfill Closure and Postclosure Liability	8,331	393	-	8,724	-
Arbitrage	7	5	-	12	-
Pollution Remediation Liability	5,945	352	5,612	685	-
Net OPEB Liability*	137,284	-	7,030	130,254	-
Net Pension Liability	428,543	-	17,677	410,866	-
Total Business-Type Activities	1,626,993	121,485	128,976	1,619,502	76,209
Total Long-Term Liabilities	$ 6,619,618	$ 351,677	$ 544,777	$ 6,426,518	$ 230,663

**The balances at October 1, 2017 were restated to reflect the City's Implementation of GASB Statement No. 75. See Note A.17.*

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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

Governmental Activities long-term debt is summarized as follows:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General Obligation Bonds:					
Series 2009	2.5-5.0	2009	2019	$ 85,180	$ 4,260
Series 2010	2.0-4.0	2010	2030	20,590	12,360
Series 2011 Refunding	2.0-5.0	2011	2023	46,680	24,005
Series 2012 Refunding	2.0-5.0	2012	2032	135,485	109,945
Series 2013 Refunding	2.0-4.5	2013	2033	37,130	20,080
Series 2014 Refunding	2.2	2014	2023	35,480	19,700
Series 2015 Refunding	2.33	2015	2025	3,955	2,700
Series 2015A Refunding	3.25-5.0	2015	2035	127,725	105,950
Series 2016 Refunding	3.0-5.0	2016	2036	130,500	114,300
Series 2018	3.0-5.0	2018	2038	62,220	62,220
Total General Obligation Bonds					475,520
Certificates of Obligation:					
Series 2009	3.0-4.375	2009	2029	55,585	5,850
Series 2010	2.0-4.25	2010	2031	34,685	25,490
Series 2010A	3.0-5.0	2010	2030	40,640	20,365
Series 2012	3.0-5.0	2012	2032	85,790	58,935
Series 2013A	2.0-5.0	2013	2033	46,095	33,455
Series 2013B	2.0-4.99	2013	2033	11,140	9,015
Series 2013C	3.0-5.0	2013	2034	19,270	14,675
Total Certificates of Obligation					167,785
Special Tax Revenue Debt:					
Series 2017A	2.0-5.25	2017	2043	86,170	86,170
Series 2017B	1.719-4.238	2017	2047	140,710	140,380
Total Special Tax Revenue Debt					226,550
Special Assessment Debt:					
Series 2017 (Rock Creek)	5.0-5.125	2017	2037	12,685	12,685
Series 2018 (Rock Creek)	5.0	2018	2047	5,155	5,155
Total Special Assessment Debt				17,840	17,840
Tax Notes:					
Series 2016	1.44	2017	2023	9,525	6,910
Series 2017	1.97	2017	2024	23,080	15,510
Series 2018	4.0-5.0	2018	2025	12,590	12,590
Total Tax Notes					35,010

(continued)

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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

Governmental Activities long-term debt is summarized as follows:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
HUD Installment Obligations:					
Series 2005	4.46-6.8	2005	2020	7,500	1,368
Lone Star Local Government Corp Obligation	4.75	2006	2024	31,617	31,617
State Obligation - City	0.0	2014	2031	9,307	6,011
State Obligation - CCPD	0.0	2014	2031	3,616	2,335
TRWD Obligation	0.0	2010	2031	226,000	186,654
ESPC Phase VII	2.236	2013	2026	18,443	14,302
Capital Leases	2.539-3.59	2010	2022		837
Southwest Bank Loan (LDC SW Building)	2.93	2014	2021	2,689	1,099
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	N/A	55,951
Compensated Absences	N/A	N/A	N/A	N/A	120,527
Pollution Remediation Liability	N/A	N/A	N/A	N/A	4,781
Risk Management Estimated Claims Payable	N/A	N/A	N/A	N/A	32,441
Net OPEB Liability	N/A	N/A	N/A	N/A	753,076
Net Pension Liability	N/A	N/A	N/A	N/A	2,673,312
Total Governmental Activities Long-Term Debt					$ 4,807,016

(concluded)

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

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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

Business-Type long-term debt is summarized as follows:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Water and Sewer:					
Revenue Bonds:					
Series 2007A TWDB*	1.75-3.0	2007	2027	$ 33,560	$ 17,640
Series 2007B TWDB*	2.2-3.0	2007	2027	49,585	26,740
Series 2009 TWDB*	0.0	2009	2030	16,265	9,660
Series 2010 Refunding	4.0-5.0	2010	2020	98,855	13,590
Series 2010A TWDB*	0.36-2.62	2010	2030	40,000	25,430
Series 2010B TWDB*	0.15-2.85	2010	2030	28,000	17,830
Series 2010C	4.0-5.25	2010	2030	45,870	31,405
Series 2011 Refunding	2.0-5.0	2011	2031	151,160	101,435
Series 2012 Refunding	2.0-5.0	2012	2025	31,155	21,365
Series 2014 Refunding	2.0-5.0	2014	2034	171,415	118,065
Series 2015 Revenue (Clean Water SRF) TWDB*	0.0-2.04	2015	2035	39,000	33,495
Series 2015A Refunding	3.125-5.0	2015	2035	126,615	115,135
Series 2015B Refunding TWDB*	0.19-2.20	2016	2030	13,000	10,680
Series 2016 Refunding	2.0-5.0	2016	2046	75,890	69,595
Series 2017 Revenue (Clean Water SRF) TWDB*	0.0-1.7	2017	2047	16,045	15,570
Series 2017A Refunding	3.125-5.0	2017	2047	111,600	103,890
Series 2017B Revenue TWDB*	0.58-2.05	2018	2032	63,000	59,505
Series 2018	3.25-5.0	2018	2048	47,475	47,475
Total Revenue Bonds					838,505
Trinity River Authority Obligation:					
Series 2011 Refunding	2.0-4.0	2011	2022	6,795	2,930
ESPC Phase V	2.34	2012	2023	15,365	7,411
Total Water and Sewer					848,846
Stormwater Utility:					
Revenue Bonds:					
Series 2009	2.0-4.3	2009	2035	45,190	35,225
Series 2011	2.0-5.0	2011	2036	78,325	62,955
Series 2016 Refunding	2.0-5.0	2016	2033	17,505	16,730
Total Stormwater Utility					114,910
Municipal Parking:					
General Obligation Bonds:					
Series 2016 Refunding	4.0-5.0	2016	2033	34,445	32,535
Certificates of Obligation:					
Series 2009	5.0-5.25	2009	2019	27,135	950
Series 2010A	3.0-5.0	2010	2020	1,955	450
Total Certificates of Obligation					1,400
Total Municipal Parking					33,935
Solid Waste:					
General Obligation Bonds:					
Series 2015 Refunding	2.33	2015	2025	4,465	3,045
Net Unamortized Bond Premium/Discount	N/A	N/A	N/A	N/A	52,814
Compensated Absences	N/A	N/A	N/A	N/A	15,411
Landfill Closure and Postclosure Liability	N/A	N/A	N/A	N/A	8,724
Arbitrage	N/A	N/A	N/A	N/A	12
Pollution Remediation Liability	N/A	N/A	N/A	N/A	685
Net OPEB Liability	N/A	N/A	N/A	N/A	130,254
Net Pension Liability	N/A	N/A	N/A	N/A	410,866
Total Business-Type Long-Term Debt					$ 1,619,502

**Texas Water Development Board*

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.2. GOVERNMENTAL ACTIVITIES' DEBT

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

General Obligation Bonds and Certificates of Obligation indentures require the City to levy the tax required to fund interest and principal at maturity or at least 2 percent of the outstanding principal, whichever is greater. At September 30, 2018, the Debt Service Fund held $36,834,126 and $9,298,219 of cash and investments to service General Obligation Bonds/Certificates of Obligation and for Special Tax Revenue Debt, respectively, for governmental activities.

On June 22, 2018, the City issued $5,155,000 of Special Assessment Revenue Debt, Series 2018 for Fort Worth Public Improvement District No. 17 Roadway Improvement Project. The bonds will mature on September 1 of each year from 2021 to 2037 in installments ranging from $195,000 to $440,000. Interest is payable on March 1 and September 1 of each year commencing March 1, 2019, with interest rates equal to 5.0 percent.

On July 10, 2018, the City issued $12,590,000 of Tax Notes, Series 2018 for the purchase of fire trucks and equipment, construction of roads, and a community center. These notes will mature beginning March 1 of each year from 2019 to 2025 in installments ranging from $1,490,000 to $2,085,000. Interest is payable on March 1 and September 1 of each year commencing March 2019, with interest rates ranging from 4.0 to 5.0 percent.

On July 10, 2018, the City issued $62,220,000 of General Obligation Bonds, Series 2018 for funding projects within the 2014 bond program to include: transportation; parks, recreation and community centers; library system; fire safety; municipal court improvements; and animal care and control. These bonds will mature beginning March 1 of each year from 2019 to 2038 in installments ranging from $2,245,000 to $19,495,000. Interest is payable on March 1 and September 1 of each year commencing March 2019 with interest rates ranging from 3.0 to 5.0 percent.

On July 11, 2018, the City had a partial cash defeasance of Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2009 of $16,435,000. The City utilized excess debt service fund balance to establish an escrow account for the outstanding tax supported debt. The cash defeasance resulted in an economic gain of $2,036,619 and a book loss of $443,635. At September 30, 2018, $5,850,000 remains outstanding.

On August 9, 2018, the Lancaster Corridor construction loan was paid in full with proceeds from the sale of a building.

In FY2011, Taxing Increment Reinvestment Zone No. 9 (TIRZ #9) entered into an agreement with the Tarrant Regional Water District (TRWD) for the work related to the Trinity River Vision project. This agreement stipulates that the City's total liability is capped at $320,000,000, but this liability cannot exceed $226,000,000 during any given year. During FY2018, TIRZ #9 borrowed an additional $19,106,000 from TRWD.

As of September 30, 2018, the following bonds were authorized but not issued:

General Obligation Bonds	Date Authorized	Amount Authorized	Amount Unissued
2014 Bond Program	5/10/2014	$ 292,075	$ 84,725
2018 Bond Program	5/5/2018	399,500	399,500
Total		$ 691,575	$ 484,225

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.3. COMMERCIAL PAPER PROGRAM

On December 5, 2017, the City authorized the ordinance and related agreements allowing the implementation of a replacement liquidity program offered through J.P. Morgan Securities LLC. In conjunction with the execution of the commercial paper (CP) program, a supplement ordinance authorized Water and Sewer System CP Notes with a maximum aggregate principal amount of $150,000,000. The callable CP may be issued without the need for bank liquidity support and is structured in a manner that upon initial issuance, the callable CP will have an original call date between three and 120 business days. As is customary for commercial paper products, the maturity date will not be greater than 270 days from the date of issuance. The current intent is to utilize the CP program as appropriation authority only. No commercial paper was issued during the fiscal year ended September 30, 2018.

G.4. ENTERPRISE DEBT

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

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. At September 30, 2018, $50,793,978 of cash and investments was available for payments of principal and interest on all Enterprise Fund debt. The Water and Sewer Fund has substituted surety bonds in the amount of $2,784,705 that are also held in reserve to provide for the payment of debt service obligations in the event there are insufficient amounts on deposit to make debt service payments.

On November 28, 2017, the City issued $63,000,000 of Water and Sewer System Revenue Bonds, Series 2017B to fund the second phase of the Advanced Metering Infrastructure (AMI) Project along with an automated leak detection system. The planned project comes under the authority of the Texas Water Development Board's State Water Implementation Revenue Fund for Texas (SWIRFT) Program. The bonds will mature on February 15 of each year from 2018 to 2032 and are payable in installments ranging from $3,495,000 to $4,675,000. Interest is payable on February 15 and August 15 of each year commencing in February 2018, with interest rates ranging from 0.58 to 2.05 percent.

On June 27, 2018, the City issued $47,475,000 of Water and Sewer System Revenue and Improvement Bonds, Series 2018 to fund improvements and extensions to the Water and Sewer System. The bonds will mature on February 15 of each year from 2019 to 2048 in installments ranging from $510,000 to $2,685,000. Interest is payable on February 15 and August 15 of each year commencing February 2019, with interest rates ranging from 3.25 to 5.0 percent.

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.4. ENTERPRISE DEBT (CONTINUED)

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

For the year ended September 30, 2018, net pledged revenue by fund was as follows:

Fund	2018 Net Pledged Revenues	2018 Debt Service	Purpose of Debt
Water and Sewer Fund	$ 218,462	$ 94,714	*Extending and improving water and sewer system*
Stormwater Utility Fund	24,920	9,138	*Improvements to storm drains, roadways, and erosion protection*
Municipal Parking Fund	5,371	4,054	*Construction of City-owned parking garages*
Solid Waste Fund	7,433	546	*Improvements to the eastside landfill*
Total	$ 256,186	$ 108,452	

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

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

The City is responsible for environmental cleanup of Riverside Park funded by the Water and Sewer Fund. The City is required to report the estimated liability for pollution remediation activities in accordance with GAAP. During FY2018, the City identified and recorded $352,046 for pollution remediation.

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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

The annual requirements to amortize all Governmental Activities bonded and contractual debt outstanding as of September 30, 2018, is as follows:

Governmental Activities:

Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Special Tax Revenue Debt		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 61,570	$ 20,350	$ 15,040	$ 6,715	$ 435	$ 9,672	$ -	$ 948
2020	44,070	17,780	14,810	6,095	440	9,662	-	898
2021	44,135	15,770	14,060	5,476	5,325	9,599	675	898
2022	42,470	13,781	12,790	4,879	5,480	9,445	710	865
2023	40,115	11,880	12,650	4,312	5,660	9,269	750	829
2024-2028	151,055	35,127	55,025	13,924	31,640	42,982	4,370	3,542
2029-2033	65,385	10,416	42,495	3,882	38,835	35,781	5,640	2,329
2034-2038	26,720	1,709	915	20	48,125	26,284	5,695	743
2039-2043	-	-	-	-	59,750	13,839	-	-
2044-2047	-	-	-	-	30,860	2,685	-	-
	$ 475,520	$ 126,813	$ 167,785	$ 45,303	$ 226,550	$ 169,218	$ 17,840	$ 11,052

Governmental Activities: (continued)

Year Ending September 30,	Tax Notes		HUD Installment Obligations		State Obligation - City		State Obligation - CCPD	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 5,275	$ 1,014	$ 666	$ 75	$ 465	$ -	$ 181	$ -
2020	5,510	792	702	39	465	-	181	-
2021	5,650	655	-	-	465	-	181	-
2022	5,810	505	-	-	465	-	181	-
2023	5,985	340	-	-	465	-	181	-
2024-2028	6,780	233	-	-	2,327	-	904	-
2029-2033	-	-	-	-	1,359	-	526	-
	$ 35,010	$ 3,539	$ 1,368	$ 114	$ 6,011	$ -	$ 2,335	$ -

Governmental Activities: (concluded)

Year Ending September 30,	ESPC Phase VII		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2019	$ 1,652	$ 306	$ 85,284	$ 39,080
2020	1,689	269	67,867	35,535
2021	1,727	231	72,218	32,629
2022	1,766	192	69,672	29,667
2023	1,806	152	67,612	26,782
2024-2028	5,662	196	257,763	96,004
2029-2033	-	-	154,240	52,408
2034-2038	-	-	81,455	28,756
2039-2043	-	-	59,750	13,839
2044-2047	-	-	30,860	2,685
	$ 14,302	$ 1,346	$ 946,721	$ 357,385

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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

The Lone Star Local Government Corporation (a blended component unit) entered into an agreement with Cabela's Fort Worth facility to finance the public Museum facilities and certain other public work and improvement projects near the site. Annual payments are made from property tax increment revenues from Taxing Increment Reinvestment Zone #10. Lone Star Local Government Corporation is obligated for tax increment revenues collected through 2024, with the total principal payment price not to exceed $31,617,000. The obligation is payable solely from the incremental taxes. Incremental taxes were projected to produce 100 percent of the debt service requirements over the life of the contract. The total remaining principal on the contract is $31,617,000 and a total compounded interest as of September 31, 2018, is $21,893,451 payable through 2024. The interest rate for this agreement is 4.75 percent.

The annual requirements to amortize all Major Fund Business-Type Activities bonded and contractual debt outstanding as of September 30, 2018, is as follows:

Major Business-Type Activities:

Year Ending September 30,	Water and Sewer Revenue Bonds		Water and Sewer Trinity River Auth.		Water and Sewer ESPC Phase V		Stormwater Utility Revenue Bonds		Total Major Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 59,840	$ 31,510	$ 690	$ 77	$ 1,580	$ 160	$ 4,640	$ 4,498	$ 66,750	$ 36,245
2020	58,735	28,921	720	55	1,618	122	4,855	4,283	65,928	33,381
2021	57,375	26,605	745	34	1,656	84	5,090	4,048	64,866	30,771
2022	55,930	24,358	775	12	1,695	45	5,320	3,803	63,720	28,218
2023	55,065	22,190	-	-	862	8	5,545	3,577	61,472	25,775
2024-2028	249,780	79,438	-	-	-	-	31,280	14,650	281,060	94,088
2029-2033	156,210	40,182	-	-	-	-	38,160	7,929	194,370	48,111
2034-2038	58,835	19,592	-	-	-	-	20,020	1,122	78,855	20,714
2039-2043	44,485	12,044	-	-	-	-	-	-	44,485	12,044
2044-2048	42,250	3,367	-	-	-	-	-	-	42,250	3,367
	$ 838,505	$ 288,207	$ 2,930	$ 178	$ 7,411	$ 419	$ 114,910	$ 43,910	$ 963,756	$ 332,714

The annual requirements to amortize all Nonmajor Fund Business-Type Activities bonded and contractual debt outstanding as of September 30, 2018, is as follows:

Nonmajor Business-Type Activities:

Year Ending September 30,	Municipal Parking General Obligation Bonds		Municipal Parking Certificates of Obligation		Solid Waste General Obligation Bonds		Total Nonmajor Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 1,380	$ 1,457	$ 1,170	$ 42	$ 460	$ 66	$ 3,010	$ 1,565
2020	1,590	1,383	230	5	450	55	2,270	1,443
2021	1,675	1,302	-	-	440	45	2,115	1,347
2022	1,760	1,216	-	-	435	34	2,195	1,250
2023	1,850	1,125	-	-	430	24	2,280	1,149
2024-2028	10,795	4,100	-	-	830	19	11,625	4,119
2029-2033	13,485	1,391	-	-	-	-	13,485	1,391
	$ 32,535	$ 11,974	$ 1,400	$ 47	$ 3,045	$ 243	$ 36,980	$ 12,264

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.6. ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2018, the liability for a rebate of arbitrage was $11,664 for business-type activities. This amount is included in the "Long-Term Liabilities Due in More Than One Year" on the Statement of Net Position. Currently, the City does not have an arbitrage liability for governmental activities.

G.7. LEASES

The City is also committed under capital leases for the acquisitions of one municipal building and heavy equipment. These capital leases are recorded on the government-wide statements as well as their related amortizations are included in depreciation expense. The leased building and heavy equipment had an original cost totaling $1,484,000 and $575,000, respectively.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2018:

Capital Lease Obligation, October 1, 2017	$	1,167
Principal Payments		330
Capital Lease Obligation, September 30, 2018	$	837

Future minimum lease payments for the leases are as follows:

Year Ending September 30,		Lease Payments
2019	$	397
2020		292
2021		124
2022		77
Less: Amount Representing Interest		(53)
Present Value of Minimum Leased Payments	$	837

The following schedule provides an analysis of the City's investment in capital assets under the lease arrangement as of September 30, 2018:

Building	$	1,484
Equipment		575
Less: Accumulated Depreciation		(1,503)
Total Net Book Value of Leased Assets	$	556

(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.7. LEASES (CONTINUED)

The City entered into operating lease agreements for the utilization of computers and related equipment, office space, vehicles, golf carts, and red light camera equipment. The lease terms range from 12 to 226 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2018:

Year Ending September 30,		
2019	$	6,639
2020		5,860
2021		5,551
2022		5,294
2023		3,592
2024 - 2028		8,650
Total Future Minimum Rental Payments Required	$	35,586

The total rental expense for the year ended September 30, 2018, was $7,538,000.

G.8. DEFEASANCE OF PRIOR DEBT

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

At September 30, 2018, the following outstanding bonds are considered defeased:

General Obligation Bonds and Certificates of Obligation	$	80,495

G.9. DISCRETELY PRESENTED COMPONENT UNIT DEBT

On June 2, 2014, Terrell Homes, Ltd. (fiscal year ends December 31) obtained mortgage financing of $2,000,000 for permanent financing of properties. The mortgage bears an interest rate of 7.0 percent. This mortgage requires monthly payments of principal and interest of $13,306 based on a thirty-year amortization period and matures on June 2, 2029, at which time the entire unpaid principal balance and accrued interest will become due and payable. During 2017, interest expense was $138,001. As of December 31, 2017, the unpaid principal balance was $1,888,498, and there was no accrued interest.

In 2013, Terrell Homes, Ltd. entered into a loan agreement with the City of Fort Worth for $900,000 for the construction and development of the 54 single-family houses (See Note A.1). The loan has a 20-year term. The loan bears a fixed interest rate of 1.0 percent. The loan will be repaid from available cash flow. During 2017, interest expense was $9,000. As of December 31, 2017, the outstanding principal balance was $900,000, and there was the accrued interest of $56,426.

NOTE H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

The City reported $8,723,998 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2018. This represents the cumulative amount reported to date based on the use of 41.5 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of $12,284,499 as the remaining estimated capacity is filled. The City expects to close the landfill in 29 years from the end of the current fiscal year, or the year 2047. The total closure and postclosure cost is an estimate and is subject to changes resulting from inflation, deflation, technology changes, or changes in applicable laws and regulations.

Furthermore, at September 30, 2018, the City reported cash and cash equivalents of $2,244,843 as restricted assets for closure and postclosure care and has $6,479,155 in a trust instrument for these costs provided from its contractor (Allied Waste, Inc. (Allied)). The City expects that future closure and postclosure care costs and inflation costs will be entirely covered by the trust instrument, in accordance with the contractual agreement with Allied. Allied will operate and close the landfill once it has reached capacity, and maintain and monitor the landfill during the postclosure care period.

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

Plan Description

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

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

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

The City has received a favorable letter of determination from the Internal Revenue Service on December 8, 2014, that its Plan is qualified under Section 401(a) of the Internal Revenue Code. This letter of determination is valid for five years, through January 31, 2019.

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

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

Plan Description (continued)

As of January 1, 2018, the Plan's membership consisted of the following members (numbers in the following table are not in thousands):

Employees covered by benefit terms:

Pension plan membership consisted of the following:	January 1, 2018
Inactive employees or beneficiaries currently receiving benefits	4,391
Inactive employees entitled to, but not yet receiving benefits	375
Total Inactive Members	4,766
Active members	6,579
Total	11,345

Actuarial valuations are completed on a calendar year basis, and census data was not collected as of September 30, 2017 (measurement date). It is assumed that the population remains constant between December 31 and September 30.

Contributions

The City contributes 19.74% of retirement-eligible wages to the Employees' Retirement Fund for General employees and Firefighters and 20.46% for Police Officers. General employees and Firefighters contribute 8.25% of retirement-eligible wages, and Police Officers contribute 8.73%.

(000's omitted in tables)

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

Summary of Plan Provisions

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

Plan Year: **Fiscal Year:** **Plan Status:**	*January 1 through December 31* *October 1 through September 30* *Ongoing*
Categories of Employees:	
Tier I	*General Employees hired prior to July 1, 2011* *Police Officers hired prior to January 1, 2013* *Firefighters hired prior to January 10, 2015*
Tier II	*General Employees hired on or after July 1, 2011* *Police Officers hired on or after January 1, 2013* *Firefighters hired on or after January 10, 2015*
Categories of Benefits/Service:	
Blue	*Earned prior to October 1, 2013 for Tier I General Employees and Police Officers* *Earned prior to January 10, 2015 for Tier I Firefighters*
Orange	*Earned on or after October 1, 2013 for Tier I General Employees and Police Officers* *Earned on or after January 10, 2015 for Tier I Firefighters* *All service for Tier II Employees*
Normal Retirement:	
Age and Service Requirements	*Age 65 and five years of Credited Service, or age plus years of Credited Service equal to 80 points ("Rule of 80"). Tier II General Employees have a minimum retirement age of 55.* *Police Officers are also eligible at any age with 25 years of Credited Service.*
Amount	*3.00% of Final Average Compensation multiplied by years of Blue Credited Service plus* *2.50% of Final Average Compensation multiplied by years of Orange Credited Service*
Final Average Compensation	Blue: *Average of member's highest three calendar years' earnings, including overtime* Orange: *Average of member's highest five calendar years' earnings, excluding overtime except for "built-in" overtime for Firefighters on 56-hour schedules*
Early Retirement:	
Age and Service Requirements	*Age 50 (Age 55 for Tier II General Employees) and five years of Credited Service*
Amount	*2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus* *2.25% of Final Average Compensation multiplied by years of Orange Credited Service*
Reduction	*5/12% for each month the commencement date proceeds the member's projected Normal Retirement date*

(000's omitted in tables)

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

Disability (in the line of duty):	
Age and Service Requirements	*None*
Amount	Tier I: *2.75% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date*
	Tier II: *2.25% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date*
Minimum	*$250 per month*
Disability (not in the line of duty):	
Age and Service Requirements	*Five years of credited service*
Amount	*2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of Final Average Compensation multiplied by years of Orange Credited Service*
Minimum	*None*
Vesting:	
Age Requirement	*None*
Service Requirement	*Five years of Credited Service*
Amount	*Normal pension accrued, based on Credited Service at termination*
Normal Retirement Age	*Age 65, or age plus years of Credited Service projected to Normal Retirement date equal to 80 points*
Termination Benefits:	
Age and Service Requirements	*None*
Amount	*A member with fewer than five years of Credited Service who withdraws from the plan is eligible to receive a refund of contributions accumulated with 5.25% interest, compounded annually while an active member. A member who terminates with five or more years of Credited Service is entitled to a Vested Pension but may receive a refund of contributions with 5.25% interest, compounded annually while an active member, instead of the Vested Pension.*
Spouse's Pre-Retirement Death Benefit (death in the line of duty):	
Age and Service Requirements	*None*
Amount	Tier I: *75% of the Normal Retirement benefit, based on a 3.00% multiplier and with years of Credited Service projected to the member's Normal Retirement Date.*
	Tier II: *75% of the Normal Retirement benefit, based on a 2.50% multiplier and with years of Credited Service projected to the member's Normal Retirement Date.*
Minimum	*$250 per month*
Child Benefits	*Each dependent child under 18 receives $100 per month; if there is no surviving spouse, the children share equally in the 75% survivor amount (not less than $250 per child)*

(000's omitted in tables)

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

Spouse's Pre-Retirement Death Benefit (death not in the line of duty):	
Age and Service Requirements	*Five years of Credited Service*
Amount	Tier I: *75% of the accrued benefit at death, calculated as 2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of the Final Average Compensation multiplied by years of Orange Credited Service* Tier II: *75% of the accrued benefit at death, calculated as 2.25% of the Final Average Compensation Base multiplied by years of Credited Service*
Minimum	*$150 per month*
Child Benefits	*Each dependent child under 18 receives $100 per month; if there is no surviving spouse, the children share equally in the 75% survivor amount (not less than $150 per child)*
Post-Retirement Death Benefit:	*If married, pension benefits are paid in the form of a 75% joint and survivor annuity unless this form is rejected by the participant and spouse. For Tier II, if the member elects a joint survivor benefit, the retirement benefit is actuarially reduced to reflect the joint and survivor coverage.*
Contributions:	
Member contributions	*8.25% of retirement-eligible compensation for General Employees and Firefighters* *8.73% of retirement-eligible compensation for Police Officers*
City contributions	*19.74% of retirement-eligible compensation for General Employees and Firefighters* *20.46% of retirement-eligible compensation for Police Officers* *The City contributes to overtime earnings for Tier I employees. Employees do not contribute to overtime, except for Tier I Firefighters who contribute on built-in overtime only.*
Overtime Contribution Account:	*Only available for General Employees hired after July 1, 2011, and prior to January 1, 2013. Member contributions made for overtime worked in that period are credited to the Overtime Contribution Account. Upon retirement, the member is entitled to a refund of this account with 5.25% interest, compounded annually. The City will match 100% of the balance of the account. Upon termination, the member is entitled to a refund of this account with 5.25% interest, compounded annually.*

(000's omitted in tables)

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

<table>
<tr><td>Cost-of-Living Adjustments (COLA):
Ad-Hoc COLA Program</td><td>In general, pensioners and vested members who elected the Ad-Hoc COLA Program, nonvested members as of January 1, 2008, and Tier I members who were hired after January 1, 2008, are participants in the Ad-Hoc COLA program. However, a one-time election was available to Ad-Hoc COLA program participants to switch to a 2% guaranteed COLA. The election window for General Employees, Police Officers and Firefighters not included in the 2010 bargaining agreement was in the fourth quarter of 2013. The election window for remaining Firefighters was in the fourth quarter of 2014.

Participants in the program who retire prior to September 30 of the preceding year may receive a compound COLA on Blue service benefits. The amount of the COLA is determined based on the prior year's valuation results. The initial COLA percentage is determined by selecting the appropriate percentage from the following table based on the Fund's Funding Period:

<table><tr><th>Tier</th><th>Funding Period</th><th>COLA Percentage Increase</th></tr><tr><td>#1</td><td>28.1 or greater</td><td>0.0%</td></tr><tr><td>#2</td><td>24.1 to 28.0</td><td>2.0%</td></tr><tr><td>#3</td><td>18.1 to 24.0</td><td>3.0%</td></tr><tr><td>#4</td><td>18.0 or less</td><td>4.0%</td></tr></table>
Next, the initial COLA percentage is applied to the benefits of the participants of the program to determine the increase in the liability. Using the new liability the Funding Period is re-calculated. If the tier of the Funding Period does not change, then the initial COLA percentage will be the proposed percentage for the following January 1. However, if the tier does change, then the COLA percentage is changed to the percentage shown in the new tier. Then the liability and Funding periods are recalculated to check that the tier does not change. This process is repeated until the proposed COLA percentage does not change the Tier of the Funding Period.</td></tr>
<tr><td>2% Guarantee</td><td>Vested members hired before January 1, 2008, who elected the 2% Guaranteed COLA, and also those who elected to opt out of the Ad-Hoc COLA program, receive a simple COLA of 2% of their Base Pension Amount every January 1. All Orange service benefits of Tier I employees also receive a 2% simple COLA.</td></tr>
<tr><td>None</td><td>Tier II participants are not eligible for a COLA.</td></tr>
<tr><td>Deferred Retirement Option Program (DROP):
Eligibility</td><td>Participants eligible for Normal Retirement may elect to enroll in DROP.</td></tr>
<tr><td>DROP Enrollment</td><td>A member may participate in DROP for up to 60 months. There is no minimum length of time a member must stay in the DROP. A member who elects a DROP must stay in the DROP for at least two years to be eligible for a retroactive cost-of-living increase at the time of actual retirement.</td></tr>
<tr><td>Amount</td><td>Enrollment in DROP freezes a member's Credited Service and Final Average Compensation for purposes of calculating the monthly annuity. The DROP provides a lump sum payment for the number of months enrolled based on the monthly annuity calculated at the member's DROP enrollment date.</td></tr>
<tr><td>Contributions</td><td>Member and employer contributions continue during the DROP period but are not credited to the member's DROP account.</td></tr>
<tr><td>Changes in Plan Provisions:</td><td>There have been no changes in plan provisions since the last valuation.</td></tr>
</table>

(000's omitted in tables)

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

Summary of Plan Provisions (continued)

If a member continues to work after the normal retirement date, the member is required to make contributions to the Plan until the date of actual retirement. Members continue to accrue credited service until they retire.

In September 2007, the Board voted to allow multiple payment options for members that entered the Deferred Retirement Option Program (DROP). Members must select from the following options upon retirement for their DROP balances:

- A total or partial distribution of their DROP balance made directly to the member or via a rollover to a qualified plan or IRA.
- Annuitize a partial amount or the full amount into a monthly annuity. Annuity payments are determined using the actuarial assumptions for the plan at the time of the annuity selection and the member's demographics. If an annuity is selected the DROP balance is no longer available to the member and the monthly annuity is added to the member's monthly pension benefit.
- Leave the total balance or the remaining balance, after selecting one of the above options, with the City Plan. The member earns the same gains and losses as the City Plan. When selecting this option, the member may elect to receive monthly payments from the Plan or receive up to two lump-sum payments per year. All distributions made to the member are deducted from their DROP balance until the full amount (inclusive of gains and losses from the Plan investment performance) has been distributed to the member.

Obligation to Contribute to the Plan

The City contributes to the City Plan an amount equal to 19.74% (20.46% for sworn Police Officers) of the retirement eligible earnings of members. The City Council, through its budget appropriation, has the right to contribute an additional amount over and above the members' contributions, in accordance with state law, plus the cost of administration of the City Plan. No additional contributions were made during FY2018. Eligible employees of the City, as a condition of employment, commencing on the effective date of their membership in the Plan, shall contribute 8.25% (8.73% for sworn Police Officers) of their eligible earnings to the Plan until the date of their actual retirement or earlier termination of employment. The employer and employee contribution rates are not used when the actuary determines the required annual contributions to the City Plan.

Funding Policy

The Plan's actuary conducts an annual valuation for each plan to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the plans, and to analyze changes in the Plan's condition. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability. Employer contributions are recognized as additions in the period in which employee services are performed. The City's actuarially determined contribution, contributions, and contribution rates are as follows:

Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	$ 112,185	$ 89,408	$ 22,777	$ 448,313	19.9%

(000's omitted in tables)

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

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2017, actuarial valuation:

Valuation date	*January 1, 2017*
Actuarial cost method	*Entry Age Normal*
Amortization method	*Level Percentage of Payroll, Open*
Remaining amortization period	*30 years as of January 1, 2017*
Asset valuation method	*Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.*
Actuarial assumptions:	
Investment rate of return	*7.75% , including inflation, net of all expenses*
Inflation rate	*2.75%*
Projected salary increases	*2.75% - 16.00%*
Cost-of-living adjustments	*0.00% - 2.00%**
Payroll growth rate	*3.00% per annum, used to amortize unfunded actuarial accrued liabilities*
Retirement rates	*The retirement rates were set by the Fund's actuary based on a study of experience for 2013-2015. The rates for all employees are age-related. General employees have some assumed probability of retirement prior to eligibility for an unreduced pension, whereas the public safety employees are assumed to wait until full benefits are payable.*
Mortality	*Healthy mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table, with rates set forward three years for males and females. Generational mortality improvements using Scale MP-2015 are projected from the year 2014.*

**A 2% cost-of-living adjustment (COLA) is assumed for all members in the guaranteed COLA Program, no COLAs are assumed for members participating in the ad-hoc COLA program.*

(000's omitted in tables)

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

Actuarial Methods and Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Global Equity	39%	5.40%
Fixed income	19%	1.53%
Real return	6%	4.24%
Real estate	13%	5.26%
Absolute return	12%	3.75%
Private equity	10%	7.50%
Cash	1%	-0.25%
Total	100%	

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

Discount Rate

The blended discount rate used to measure the total pension liability is 5.13%. The projection of cash flows used to determine the discount rate assumed City and plan member contributions will be made at the current contribution rates: 19.74% from the City and 8.25% from the members for General employees and Firefighters, and 20.46% from the City and 8.73% from the members for Police Officers. The City is assumed to continue to contribute for Tier I employees on total pay, including overtime. City contributions for Tier II employees are on base pay, which excludes overtime other than built-in overtime for Firefighters. All members are assumed to contribute as a percentage of base pay. Based on these assumptions, the Retirement Fund's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The long-term expected rate of return on Retirement Fund investments was applied to projected benefit payments through the 2043 fiscal year, and a 3.5% municipal bond rate was applied for all periods thereafter, to determine the total pension liability. The 3.5% municipal bond rate is the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index". The rate is as of the last date available on or before the measurement date of September 30, 2017.

(000's omitted in tables)

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

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

The Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources related to pensions are allocated to the funds based on each fund's contributions to the pension plan during the annual measurement period. Contributions to the pension plan for employees whose salaries are paid from internal service funds are expected to be paid primarily from resources received from the general government; therefore, the related Net Pension Liability, Pension Expense, and related Deferred Outflows/Inflows of Resources for these funds are reported in the government-wide financial statements under governmental activities and not reported in the financial statements of the individual internal service funds.

Pension Expense for the year ended September 30, 2018, was as follows:

Service cost	$	123,793
Interest on total pension liability (TPL)		251,646
Employee contributions		(35,963)
Administrative expenses		4,867
Expected return on assets		(159,546)
Expensed portion of current year period differences between expected and actual experience in TPL		31,142
Expensed portion of current year period assumption changes		(54,548)
Expensed portion of current year period differences between projected and actual investment earnings		(18,273)
Current year recognition of deferred inflows and outflows established in prior years		248,227
Total pension expense	$	391,345

For the year ended September 30, 2018, the City reported the following Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension Liability related to pensions. The following amounts have been allocated to Governmental Activities and Business-Type Activities on the Statement of Net Position, see the table below:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources			
Pension contributions made after the measurement date	$ 81,326	$ 12,322	$ 93,648
Differences between expected and actual experience	137,948	20,549	158,497
Net difference between projected and actual earnings on pension plan investments	65,151	9,940	75,091
Changes in assumptions	748,862	114,847	863,709
Total Deferred Outflows of Resources	$ 1,033,287	$ 157,658	$ 1,190,945
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 35,689	$ 5,370	$ 41,059
Net difference between projected and actual earnings on pension plan investments	67,061	9,999	77,060
Changes in assumptions	237,397	35,343	272,740
Total Deferred Inflows of Resources	$ 340,147	$ 50,712	$ 390,859
Net Pension Liability	$ 2,673,312	$ 410,866	$ 3,084,178

(000's omitted in tables)

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

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

$93,648,000 reported as a Deferred Outflows for pension contributions made after the measurement date will be recognized as a deduction of the net pension liability in the year ending September 30, 2019. Other amounts reported as Deferred Outflows/(Inflows) of Resources related to pensions will be recognized in pension expense as follows:

					Deferred Outflows/(Inflows) Recognized in Future Years				
	Year Established	Outstanding Balance at October 1, 2017	Amount Recognized During FYE September 30, 2018	Outstanding Balance at September 30, 2018	2019	2020	2021	2022	2023
Fiscal Year Outflows									
Investment	2016	$ 112,637	$ 37,545	$ 75,092	$ 37,546	$ 37,546	$ -	$ -	$ -
Assumptions	2016	242,996	60,749	182,247	60,749	60,749	60,749	-	-
Experience Loss	2017	3,482	697	2,785	696	696	696	697	-
Assumptions	2017	851,827	170,365	681,462	170,365	170,365	170,366	170,366	-
Experience Loss	2018	-	31,142	155,711	31,142	31,142	31,142	31,142	31,143
Total Outflows		1,210,942	300,498	1,097,297	300,498	300,498	262,953	202,205	31,143
Fiscal Year Inflows									
Investment	2015	(537)	(269)	(268)	(268)	-	-	-	-
Experience Gain	2015	(53,476)	(17,826)	(35,650)	(17,825)	(17,825)	-	-	-
Experience Gain	2016	(7,211)	(1,802)	(5,409)	(1,803)	(1,803)	(1,803)	-	-
Investment	2017	(4,931)	(1,232)	(3,699)	(1,233)	(1,233)	(1,233)	-	-
Investment	2018	-	(18,273)	(73,093)	(18,273)	(18,273)	(18,273)	(18,274)	-
Assumptions	2018	-	(54,548)	(272,740)	(54,548)	(54,548)	(54,548)	(54,548)	(54,548)
Total Inflows		(66,155)	(93,950)	(390,859)	(93,950)	(93,682)	(75,857)	(72,822)	(54,548)
Total		$ 1,144,787	$ 206,548	$ 706,438	$ 206,548	$ 206,816	$ 187,096	$ 129,383	$ (23,405)

Note: In accordance with Paragraph 71 of GASB Statement No. 68, the difference between projected and actual earnings on investments is recognized over a closed five-year period. Assumption changes and the difference between expected and actual total pension liability experience are each recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. For FY2018, the period is six years (rounded).

(000's omitted in tables)

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

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	$ 5,318,307	$ 2,097,717	$ 3,220,590
Changes for the year:			
Service cost	123,793	-	123,793
Interest	251,646	-	251,646
Differences between expected and actual experience	186,854	-	186,854
Changes of assumptions	(327,288)	-	(327,288)
Contributions - employer	-	89,408	(89,408)
Contributions - employee	-	35,963	(35,963)
Net investment income	-	250,913	(250,913)
Benefit payments, including refunds of employee contributions	(198,612)	(198,612)	-
Administrative expenses	-	(4,867)	4,867
Net changes	36,393	172,805	(136,412)
Balances at September 30, 2018	$ 5,354,700	$ 2,270,522	$ 3,084,178

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

The following presents the Net Pension Liability of the City Plan, calculated using the discount rate of 5.13%, as well as what the City Plan's Net Pension Liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.13%) or one-percentage-point higher (6.13%) than the current discount rate:

1% Decrease (4.13%)	Current Discount Rate (5.13%)	1% Increase (6.13%)
$ 3,917,921	$ 3,084,178	$ 2,415,765

Note: The balances as of September 30, 2017, constitute measurements of the Net Pension Liability for the fiscal year ended September 30, 2018.

NOTE J: EMPLOYEE BENEFITS

J.1. POSTEMPLOYMENT BENEFITS

Plan Descriptions

In addition to the pension benefits described in Note I, the City provides postemployment health care benefits, established under the legal authority of the City Charter and administered by the City. The single employer plan coverage is offered to all employees who retire from the City in accordance with criteria listed in Note I. However, some retirees elect not to continue the health coverage during their retirement. The City also provides a $5,000 lump sum death benefit single-employer plan for beneficiaries of retired employees who retired on or after January 1, 1970. Neither of these plans issues stand-alone financial statements. Due to the insignificant nature of the death benefit assets and net OPEB liability compared to the Retiree Healthcare Trust Fund's assets, information provided in Note J and required supplementary information about the OPEB Plan are for both plans combined (herein after referred to as the "OPEB Plan")

A retiree who is either (i) receiving, or (ii) in the process to receive City of Fort Worth retirement benefits at the time of termination, is eligible for medical coverage through the City. At this time, retired employees hired prior to October 5, 1988, have afforded to them at least one group health care plan option for which the City pays 100% of the retiree premium equivalent rate for coverage, but may need to contribute to obtain benefits above the City specified plan or to cover any dependents. Retired employees with less than 25 years of credited service hired on or after October 5, 1988, and before January 1, 2009, will be required to contribute towards the cost of their group health care benefits at a cost established by the City of Fort Worth; those with 25 years or more of credited service will be afforded the same City premium subsidy as the retiree hired prior to October 5, 1988. Retired employees hired on or after January 1, 2009, are not eligible for a City of Fort Worth retiree premium subsidy but may enroll for coverage at retirement and pay the full premium for coverage for themselves and eligible dependents.

Retiree health care benefits cannot be accessed until the employee retires. However, for employees who terminated on or before September 30, 2014, and are vested in the City's retirement plan, health care benefits may continue, until the employee retires, by paying the full cost of coverage. For employees who terminated on or after October 1, 2014, and are vested in the City's retirement plan, health care benefits are only covered if the employee retires/begins receiving retirement benefits at the time of separation from the City (with exceptions noted above based on hire date). For all other employees who terminate without retirement, health care benefits continue for one month after termination. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting Postemployment Benefits Other Than Pensions*, the City will perform actuarial studies each year. The actuarial information presented in Note J and the required supplementary information represent the September 30, 2017 valuation.

As of September 30, 2018, the OPEB Plan's membership consisted of the following members (numbers in the following table are not in thousands):

Employees covered by benefit terms:

OPEB plan membership consisted of the following:	September 30, 2017	
	Medical	Death Benefit
Inactive employees or beneficiaries currently receiving benefits	3,030	3,030
Active members	3,517	6,464
Total	6,547	9,494

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policies

For the health care benefits and the death benefit, contractual requirements for the City are established and may be amended by the City Council. City contributions to the Retiree Healthcare Trust Fund are not legally or statutorily required. During FY2018, retirees' health insurance was provided with separate plan designs depending on whether the retiree was eligible for Medicare. The City paid for a major portion or all of the total health insurance cost for retirees depending on the retiree’s date of employment or length of service and the retiree’s coverage election. The City paid 30 to 50 percent of the cost for coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium was paid by the retirees for their dependents or by the surviving spouse. Expenditures for postemployment health care are recognized as claims or premiums when paid. During FY2018, the cost of health care benefits for retirees, dependents, and surviving spouses was $19,521,000 and the death benefit payments totaled $398,000.

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the September 30, 2017, actuarial valuation:

Actuarial Valuation Date	*September 30, 2017*
Actuarial Cost Method	*Entry Age Normal*
Amortization Method	*Level Percent of Payroll, Open*
Remaining Amortization Period	*30 years as of September 30, 2017*
Asset Valuation Method	*Market Value*
Actuarial Assumptions:	
Investment rate of return	*7.75%, including inflation, net of all expenses*
Healthcare cost trend rate	*4.50 - 8.00%*
Inflation rate	*2.75%*
Payroll growth rate	*3.00%*
Retirement rates	*The retirement rates were set by the Fund’s actuary based on a study of experience for 2013-2015. The rates for all employees are age-related. General employees have some assumed probability of retirement prior to eligibility for an unreduced pension, whereas the public safety employees are assumed to wait until full benefits are payable.*
Mortality	*Mortality rates were based on the RP-2014 Dynamic Table using the MP-2014 projection scale.*

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (continued)

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2017, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Equities	30%	10.85%
Fixed Income	65%	2.53%
Cash and Cash Equivalents	5%	2.03%
Total	100%	

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

Discount Rate

The blended discount rate used to measure the total OPEB liability is 3.53%. The projection of cash flows used to determine the discount rate assumed City contributions equal to benefit payments as they are incurred. Based on these assumptions, the Retiree Healthcare Trust Fund’s fiduciary net position was projected to be available to make projected future benefit payments for current plan members for 2.5 years. The long-term expected rate of return on Retiree Healthcare Trust Fund's investments was applied to the first 2.5 years of projected benefit payments and a 3.5% municipal bond rate was applied for all periods thereafter to determine the total OPEB liability. The 3.5% municipal bond rate is the rate for Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index". The rate is as of the last date available on or before the measurement date of September 30, 2017.

Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources related to OPEB

The Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources related to OPEB are allocated to the funds based on each fund's contributions to the Retiree Healthcare Fund during the annual measurement period. Contributions to the Retiree Healthcare Trust Fund from internal service funds are expected to be paid primarily from resources received from the general government; therefore, the related Net OPEB Liability, OPEB Expense, and related Deferred Outflows/Inflows of Resources for these funds are reported in the government-wide financial statements under governmental activities and not reported in the financial statements of the individual internal service funds.

OPEB Expense for the year ended September 30, 2018, was as follows:

Service cost	$	33,369
Interest on total OPEB liability (TOL)		30,961
Administrative expenses		1,351
Expected return on assets		(5,201)
Expensed portion of current year period differences between expected and actual experience in TOL		(9,500)
Expensed portion of current year assumption changes		(21,261)
Expensed portion of current year period differences between projected and actual investment earnings		343
	$	30,062

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources related to OPEB (continued)

For the year ended September 30, 2018, the City reported the following Deferred Outflows of Resources, Deferred Inflows of Resources, and Net OPEB Liability related to OPEB. The following amounts have been allocated to Governmental Activities and Business-Type Activities on the Statement of Net Position, see the table below:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources			
OPEB contributions made after the measurement date	$ 21,272	$ 3,378	$ 24,650
Net difference between projected and actual earnings on OPEB plan investments	1,168	202	1,370
Total Deferred Outflows of Resources	$ 22,440	$ 3,580	$ 26,020
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 16,399	$ 2,837	$ 19,236
Changes in assumptions	36,667	6,342	43,009
Total Deferred Inflows of Resources	$ 53,066	$ 9,179	$ 62,245
Net OPEB Liability	$ 753,076	$ 130,254	$ 883,330

$24,650,00 reported as a Deferred Outflows for OPEB contributions made after the measurement date will be recognized as a deduction of the Net OPEB Liability in the year ending September 30, 2019. Other amounts reported as Deferred Outflows/(Inflows) of Resources will be recognized in OPEB expense as follows:

					Deferred Outflows/(Inflows) Recognized in Future Years			
	Year Established	Outstanding Balance at October 1, 2017	Amount Recognized During FYE September 30, 2018	Outstanding Balance at September 30, 2018	2019	2020	2021	2022
Fiscal Year Outflows								
Investment	2018	$ 1,713	$ 343	$ 1,370	$ 343	$ 343	$ 343	$ 341
Fiscal Year Inflows								
Experience Gain	2018	(28,736)	(9,500)	(19,236)	(9,500)	(9,501)	(118)	(117)
Assumptions	2018	(64,270)	(21,261)	(43,009)	(21,261)	(21,262)	(243)	(243)
Total Inflows		(93,006)	(30,761)	(62,245)	(30,761)	(30,763)	(361)	(360)
Total		$ (91,293)	$ (30,418)	$ (60,875)	$ (30,418)	$ (30,420)	$ (18)	$ (19)

Note: In accordance with Paragraph 43 of GASB Statement No. 75, the difference between projected and actual earnings on investments is recognized over a closed five-year period. Assumption changes and the difference between expected and actual total OPEB liability experience are each recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB Plan (active employees and inactive employees), determined as of the beginning of the measurement period. For FY2018, the period is 3 years for healthcare benefits and 5 years for death benefits (rounded).

(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in Net OPEB Liability

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2017	$ 1,007,898	$ 67,114	$ 940,784
Changes for the year:			
Service cost	33,369	-	33,369
Interest	30,961	-	30,961
Differences between expected and actual experience	(28,736)	-	(28,736)
Change in assumptions	(64,270)	-	(64,270)
Contributions - employer	-	26,641	(26,641)
Net investment income	-	3,488	(3,488)
Benefit payments	(27,064)	(27,064)	-
Administrative expense	-	(1,351)	1,351
Net changes	(55,740)	1,714	(57,454)
Balances at September 30, 2018	$ 952,158	$ 68,828	$ 883,330
Money-weighted rate of return			5.13 %
Plan Fiduciary Net Position as a % of the Total Pension Liability			7.23 %

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the Net OPEB Liability of the City, calculated using the discount rate of 3.53%, as well as what the City's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower (2.53%) or one percentage point higher (4.53%) than the current discount rate:

1% Decrease (2.53%)	Current Discount Rate (3.53%)	1% Increase (4.53%)
$ 1,063,692	$ 883,330	$ 746,422

The following presents the Net OPEB Liability of the City, calculated using the healthcare cost trend rates of 8.0% decreasing to 4.5%, as well as what the City's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower (7.0% decreasing to 3.5%) or one percentage-point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

1% Decrease (7.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (8.0% decreasing to 4.5%)	1% Increase (9.0% Decreasing to 5.5%)
$ 742,437	$ 883,330	$ 1,039,205

Note: The balances as of September 30, 2017, constitute measurements of the Net OPEB Liability for the fiscal year ended September 30, 2018.

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.2. DEFERRED COMPENSATION PLAN

The City offers its employees a Deferred Compensation Plan (DCP) created in accordance with Internal Revenue Code Section 457. The City's DCP, available to all regular full-time City employees, permits the deferral of income based upon guidelines published by the Internal Revenue Service. The City's DCP is administered by the Teachers Insurance and Annuity Association (TIAA). The City's DCP investments include mutual funds whose focus is on stocks, bonds, money-market-type investments, or a combination of these. Deferred compensation investments are held by outside trustees for the exclusive benefit of eligible employees and their beneficiaries and are not included in these financial statements. The deferred compensation funds are not available for employee distribution until termination, retirement, death, or unforeseeable emergency. Employees can take loans from their individual accounts of up to 50% of their account balances not to exceed $50,000 at a fixed interest of prime rate plus 1%. The City has no responsibility for investment losses of the DCP, but does have the fiduciary responsibilities usual to the sponsor of any retirement plan.

NOTE K: COMMITMENTS AND CONTINGENCIES

The City has executed a long-term supply agreement with Tarrant Regional Water District (District) for all of its raw water needs whereby the City makes monthly payments to fund its water purchases. The FY2018 payments to the District under the agreement were $81,712,681. Future payments will be a direct result of future water usage.

The City is subject to extensive and rapidly changing Federal and State environmental regulations governing wastewater discharges, solid and hazardous waste management, and site remediation and restoration activities. The City’s policy is to accrue environmental and related remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. As discussed in Note G.2. and Note G.4., as of September 30, 2018, the City has recorded pollution remediation liabilities in the amounts of $4,781,000 and $685,000 in the Environmental Protection Capital Projects Fund and the Water and Sewer Fund, respectively, as required by GAAP. No other liabilities have been specifically identified, and no such costs have been accrued other than those disclosed.

The City has received Federal and State financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management, such disallowances will not have a material impact on the financial statements.

The City has outstanding construction commitments of $217,075,851 as of September 30, 2018, excluding the arena commitment described below.

Various other claims and lawsuits are pending against the City. After consultation with legal counsel, the City had potential losses from pending litigation that are reasonably possible totaling $3,767,470 as of September 30, 2018.

The City adopted a resolution committing an amount not to exceed $225,000,000 for the construction of the new Fort Worth Multi-Purpose Arena (Dickies Arena) at the intersection of Harley Avenue and Gendy Street. The construction of the Dickies Arena began in FY2017, and the City has expended $161,958,034 to date ($134,850,014 during FY2018) leaving $36,936,166 committed as of September 30, 2018. See Note M for additional information on this project.

(000's omitted in tables)

NOTE L: SEGMENT FINANCIAL INFORMATION

Segment financial information for the City's Municipal Parking Fund and Solid Waste Fund are presented below:

	Municipal Parking Fund	Solid Waste Fund
Condensed Statement of Net Position		
Assets		
Current Assets	$ 3,846	$ 25,274
Other Assets	1,576	19,087
Advances to Other Funds	-	4,693
Capital Assets	54,010	16,500
Deferred Outflows of Resources	3,679	13,686
Total Assets and Deferred Outflows of Resources	63,111	79,240
Liabilities		
Other Current Liabilities	3,986	6,617
Other Noncurrent Liabilities	39,710	54,622
Total Liabilities	43,696	61,239
Deferred Inflows of Resources	421	7,650
Net Position (Deficit)		
Net Investment in Capital Assets	17,923	13,434
Restricted	707	651
Unrestricted (Deficit)	364	(3,734)
Total Net Position	$ 18,994	$ 10,351
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues	$ 8,741	$ 62,084
Depreciation Expense	1,990	499
Other Operating Expenses	3,820	57,116
Operating Income	2,931	4,469
Nonoperating Revenues (Expenses):		
Investment Income (Loss)	(33)	(135)
Gain (Loss) on Sale of Property and Equipment	-	37
Interest and Service Charges	(934)	(76)
Gas Leases and Royalties	-	98
Transfers Out	(121)	(7,667)
Capital Contributions	8,988	-
Change in Net Position	10,831	(3,274)
Beginning Net Position, as restated (Note A.17.)	8,163	13,625
Ending Net Position	$ 18,994	$ 10,351
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	5,474	6,492
Noncapital Financing Activities	(121)	(5,337)
Capital and Related Financing Activities	(4,104)	(524)
Investing Activities	(29)	(42)
Net Increase (Decrease)	1,220	589
Beginning Cash and Cash Equivalents	4,179	36,841
Ending Cash and Cash Equivalents	$ 5,399	$ 37,430

NOTE M: FORT WORTH MULTI-PURPOSE ARENA

The new Fort Worth Multi-Purpose Arena (Dickies Arena) being constructed near the City's Will Rogers complex will be a state-of-the-art venue for concerts, sports, family entertainment and the Stock Show Rodeo. The Dickies Arena is the result of a pioneering partnership between the City of Fort Worth and the private sector, led by Event Facilities Fort Worth, a non-profit 501(c)(3). The expected completion date is in 2019. Upon completion, this facility is anticipated to be donated to the City of Fort Worth. Construction costs of $376,127,668 have been incurred as of the end of FY2018, of which the City contributed $188,063,834. As the City does not own the facility during construction, the City's contributions are expensed as incurred. See Note K for additional information.

NOTE N: SUBSEQUENT EVENTS

On May 1, 2018, the City authorized amendments to the Collective Bargaining Agreement between the City and the Fort Worth Professional Firefighters Association, International Association of the Fire Fighters Local 440 (the Association). These amendments allow the Association to establish, manage, and administer a separately administered and funded healthcare plan for the benefit of firefighter recruits, active fire fighters and pre-Medicare fire fighter retirees, plus their spouses and dependents, beginning in January 2019. The Association intends to create and administer a tax-exempt trust (the Trust) for the purpose of funding a healthcare plan. The City has set aside funds of $1,600,000 restricted for retiree health benefits as identified in the Collective Bargaining Agreement to be deposited in the Trust. See Note A.12. for details.

NOTE O: NEW ACCOUNTING STANDARDS

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance within this Statement. This Statement also establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires the following:

- That recognition occurs when the liability is both incurred and reasonably estimable;
- The measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred;
- The current value of a government's AROs should be adjusted for the effects of general inflation or deflation at least annually; and
- Disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

This Statement is effective for the City's financial periods beginning October 1, 2018.

NOTE O: NEW ACCOUNTING STANDARDS (CONTINUED)

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify the fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement is effective for the City's financial periods beginning October 1, 2019.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for the City's financial periods beginning October 1, 2020.

NOTE O: NEW ACCOUNTING STANDARDS (CONTINUED)

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement establishes new note disclosure requirements for long-term debt, including direct borrowings and placements. In addition, this Statement requires that a government should disclose in the notes to financial statements summarized information about the following items: (1) amount of unused lines of credit, (2) assets pledged as collateral for debt, and (3) terms specified in debt agreements with finance-related consequences such as: (a) events of default, (b) termination events, and (c) subjective acceleration clauses. This Statement also requires that disclosures for direct borrowings and placements be distinct from other debt disclosures. This Statement is effective for the City's financial periods beginning October 1, 2018.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period including all interest that previously was accounted for in accordance with Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The purpose of this Statement is to: (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. This Statement is effective for the City's financial periods beginning October 1, 2020.

In August 2018, GASB issued Statement No. 90*, Majority Equity Interests (an Amendment of GASB Statements No. 14 and No. 61)*. This Statement provides guidance for reporting a component unit if a government acquires a 100 percent equity interest of another legally separate entity. The objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and improve the relevance of financial statement information for certain component units. This Statement is effective for the City's financial periods beginning October 1, 2019.

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

FORT WORTH®

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(in 000's)
(Unaudited)

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	$ 371,236	$ 371,236	$ 371,671	$ 435
Sales Taxes	154,573	154,573	157,369	2,796
Other Local Taxes	54,831	54,831	57,161	2,330
Charges for Services	26,698	28,553	27,240	(1,313)
Licenses and Permits	16,137	16,082	16,972	890
Fines and Forfeitures	6,091	6,091	6,302	211
Revenue from Use of Money and Property	634	634	749	115
Intergovernmental	369	451	1,975	1,524
Other	2,633	2,733	2,917	184
Total Revenues	633,202	635,184	642,356	7,172
Other Financing Sources:				
Transfers In - Other Funds	45,748	48,897	50,270	1,373
Total Revenues and Other Financing Sources	678,950	684,081	692,626	8,545
Expenditures:				
Departmental:				
City Attorney's Office	6,855	6,961	6,961	-
City Auditor's Office	1,845	1,763	1,737	26
City Manager's Office	9,089	9,396	9,390	6
City Secretary's Office	1,592	1,831	1,773	58
Code Compliance	20,210	19,680	19,500	180
Financial Management Services	11,576	11,728	11,725	3
Fire	145,163	147,259	147,259	-
Housing and Economic Development	21,606	18,818	17,640	1,178
Human Resources	4,551	5,142	4,717	425
Library	20,797	21,029	20,900	129
Municipal Court	15,910	17,037	16,011	1,026
Neighborhood Services	9,007	9,161	8,913	248
Non-Departmental	22,968	12,228	9,460	2,768
Park and Recreation	47,307	47,464	47,138	326
Performance and Budget	6,158	6,233	5,984	249
Planning and Development	16,966	16,294	16,181	113
Police	239,817	253,654	253,654	-
Property Management	15,219	16,648	16,320	328
Communication and Public Engagement	4,064	4,016	3,946	70
Transportation and Public Works	58,233	57,667	56,823	844
Total Expenditures	678,933	684,009	676,032	7,977
Contribution to / (Use of) Fund Balance	$ 17	$ 72	$ 16,594	$ 16,522

Explanation of Differences Between Budgetary Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance

Contribution to / (Use of) Fund Balance (Budgetary Basis)	$ 16,594
Differences - Budgetary to GAAP	
Current year non-budgeted transfers treated as revenues for financial reporting purposes but not as budgetary inflows.	3,278
Current year non-budgeted transfers treated as expenditures for financial reporting purposes but not as budgetary outflows.	(1,585)
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.	(953)
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes (due to perspective difference) but not as budgetary outflows.	(82)
Net Change in Fund Balance (GAAP Basis)	$ 17,252

See accompanying notes to the required supplementary information.

ADOPTED BUDGET

The City's framework for financial decision making is a comprehensive set of Financial Management Policy Statements. As required by the City's Charter, the City adopts an annual balanced budget for most funds (as more fully described below) which the legal level of control is at the departmental/fund level. Departments may not exceed their appropriations within any specific fund.

The City adopts annual budgets for most governmental funds, including the General Fund, the Debt Service Fund, the Crime Control and Prevention District Fund (CCPD), the Culture and Tourism Fund, the Environmental Management Fund, the Other Special Revenue Fund, the Public Improvement Districts Fund, the Golf Fund, the Botanic Gardens Fund, and the Fort Worth Tourism Public Improvement District Corporation, using the modified accrual basis of accounting except for certain revenues, expenditures, other financing sources, administrative costs, indirect costs, and transfers. Therefore, a reconciliation is presented on the Budgetary Comparisons Schedules to reconcile the Budgetary Basis Contribution to/Use of Fund Balance to the GAAP Basis Net Change in Fund Balance. Specific information on the budget for each of these funds is included as supplementary information in the Combining and Individual Fund Financial Statements and Schedules section.

Multi-year project length budgets are adopted for the City's governmental Capital Projects Fund and the Grants Fund in accordance with the City's *Capital Project Improvement Program* and are not presented within this document. Other multi-year budgets have been established for the Special Projects Fund, the Taxing Increment Reinvestment Zones Funds, Fort Worth Housing Finance Corporation, Fort Worth Local Development Corporation, Fort Worth Sports Authority, Lone Star Local Development Corporation, Central City Local Government Corporation, Lancaster Corridor LLC, and Alliance Airport Authority. Budgets for the Grants Fund are established pursuant to the terms of the related Federal, State, and local grant awards and are therefore considered a legally adopted budget once the specific appropriation is approved.

Prior to action taken by City Council, the CCPD Board of Directors (Board) must approve the original budget for this fund. Also, the Board, as well as the City Council, must approve any supplement or transfer of appropriation balances or portions thereof from one department to another for this fund.

The City also adopts an annual budget for most of the proprietary funds, including enterprise funds and internal service funds. Internal service funds are maintained to account for services provided primarily to departments within the City. Budgets for proprietary funds are prepared on the full accrual basis of accounting with the following exceptions:

- Changes in the fair value of investments are not treated as adjustments to revenue in the annual operating budget;
- Debt service and capital lease principal payments are treated as expenses in the annual operating budget;
- Depreciation expense is not recognized in the annual operating budget; and
- Capital purchases are recognized as expense in the annual operating budgets.

At the close of each fiscal year the appropriated balance for annually adopted budgets lapse.

BUDGETARY CONTROL

Budgetary controls begin with the City Charter requirements that the City adopt an annual balanced budget for appropriated funds by formal action. Each department is responsible for administering their respective programs and operations within the financial constraints described by the adopted budget.

The City's budget ordinance is deemed balanced when the sum of estimated revenues and appropriated fund balance/net position is equal to expenditure/expense appropriations and contributions to fund balance/net position. Operating revenues and other financing sources must fully cover operating expenditures/expenses, including debt service and other financing uses. Operating expenditures/expenses to balance the annual budget shall include that year's contribution to capital funds required to maintain existing assets. Furthermore, operating expenditures/expenses shall include the portion of funds required to maintain the viability of internal service funds or the purposes in which they were created. Finally, minimum reserve levels as outlined in the Financial Management Policy Statements must be maintained unless reserves are being used in accordance with the purposes permitted by the City's policy.

The overall budget appropriation may be increased via a supplemental appropriation ordinance that allocates funds that are certified as being in excess of those included in the budget and as being otherwise unencumbered. These amendments shall be considered and adopted by the City Council at formal business meetings, except for specific adjustments when limited authority has been delegated to the City Manager as prescribed within the adopted budget ordinance.

The City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, division, or section upon compliance with such conditions as the City Council has established. Upon request of the City Manager, the City Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department to another. No such transfers shall be made of revenues or earnings of any non-tax supported public entity to any other purpose.

For the General Fund, supplemental appropriations of $5,076,000 were approved by the City Council. The reported budgetary data includes amendments made during the year. At the close of each fiscal year, any appropriated balance in the General Fund lapses to fund balance. Multi-year project length budget appropriations are automatically carried over into the next fiscal year.

BUDGET PROCESS

The City adheres to the following procedures for establishing the operating budget:

On or before August 15 of each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearing is conducted. The budget is legally enacted by the City Council through the passage of appropriations and the tax levying ordinances prior to September 30 and is published under a separate cover.

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS TO THE RETIREMENT FUND – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2018
(in 000's)

Year Ended September 30,	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2009	(Historical information prior to implementation of GASB 67/68 is not required)				
2010					
2011					
2012					
2013					
2014	$ 82,938	$ 78,165	$ 4,773	$ 390,128	20.0%
2015	93,563	80,821	12,742	403,772	20.0%
2016	101,340	84,747	16,593	422,977	20.0%
2017	112,185	89,408	22,777	448,313	19.9%
2018	131,766	93,504	38,262	468,803	19.9%

**The Actuarially Determined Contribution is equal to the total calculated contribution rate in the prior actuarial valuation, minus the portion expected to be covered by employee contributions, multiplied by the covered payroll. City and Member rates are established by ordinance.*
***Covered payroll is the actual payroll on which contributions are based.*

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2018
(in 000's)

	2017	2016	2015	2014	2013*	2012*
Total Pension Liability						
Service Cost	$ 123,793	$ 98,173	$ 85,593	$ 92,189		
Interest	251,646	252,240	246,293	234,701		
Change of Benefit Terms	-	-	(1,828)	110,188		
Differences Between Expected and Actual Experience	186,854	4,178	(10,817)	(106,951)		
Change of Assumptions	(327,288)	1,022,193	364,494	-		
Benefit Payments, Including Refunds of Employee Contributions	(198,612)	(185,820)	(167,066)	(161,159)		
Net Change in Total Pension Liability	36,393	1,190,964	516,669	168,968		
Total Pension Liability - Beginning	5,318,307	4,127,343	3,610,674	3,441,706		
Total Pension Liability - Ending (a)	$ 5,354,700	$ 5,318,307	$ 4,127,343	$ 3,610,674		
Plan Fiduciary Net Pension						
Contributions - Employer	$ 89,408	$ 84,747	$ 80,820	$ 78,165		
Contributions - Employee	35,963	33,977	32,542	31,929		
Net Investment Income	250,913	166,306	(20,635)	159,994		
Benefit Payments, Including Refunds of Employee Contributions	(198,612)	(185,820)	(167,066)	(161,159)		
Administrative Expense	(4,867)	(4,522)	(3,823)	(3,739)		
Other	-	(241)	(143)	(130)		
Net Change in Plan Fiduciary Net Position	172,805	94,447	(78,305)	105,060		
Plan Fiduciary Net Position - Beginning	2,097,717	2,003,270	2,081,575	1,976,515		
Plan Fiduciary Net Position - Ending (b)	$ 2,270,522	$ 2,097,717	$ 2,003,270	$ 2,081,575		
Net Pension Liability - Ending (a) - (b)	$ 3,084,178	$ 3,220,590	$ 2,124,073	$ 1,529,099		
Plan Fiduciary Net Position as a % of the Total Pension Liability	42.40%	39.44%	48.54%	57.65%		
Covered Payroll	$ 448,313	$ 422,977	$ 403,772	$ 390,128		
Net Pension Liability as a % of Covered Payroll	687.95%	761.41%	526.06%	391.95%		

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

Notes to Schedule:
Changes of assumptions each year include the change in the blended discount rate. The blended discount rates for 2014, 2015, 2016, and 2017 were 6.98%, 6.25%, 4.71%, and 5.13%, respectively.

Benefits changes:
FY2014 - The benefits for Municipal Employees hired before July 1, 2011, and Police Officers hired before January 1, 2013 (Groups I and III) were bifurcated effective October 1, 2013. Prospectively, the benefit multiplier changed from 3.00% to 2.50% for standard pension benefits and from 2.75% to 2.25% for early retirement, non-duty death, and non-duty disability benefits. The compensation base was extended from the highest three years to the highest five years, and overtime earnings are now excluded. Benefits earned on or after October 1, 2013, are subject to an annual 2.00% simple COLA, rather than an ad-hoc COLA.
FY2015 - The benefits for Firefighters hired before January 10, 2015 (Group II) were bifurcated effective January 10, 2015. Prospectively, the benefit multiplier changed from 3.00% to 2.50% for standard pension benefits and from 2.75% to 2.25% for early retirement, non-duty death and non-duty disability benefits. The compensation base was extended from the highest three years to the highest five years, and overtime earnings are now excluded (except built-in overtime, assumed to be 6.50% of base pay). Benefits earned on or after January 10, 2015, are subject to an annual 2.00% simple COLA, rather than an ad-hoc COLA.

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2018
(in 000's)

Notes to Schedule: (continued)

FY2016 - A comprehensive Actuarial Experience Review, covering the period January 1, 2013, through December 31, 2015, was completed in March 2016. As a result of that study, the following assumption changes were approved by the Retirement Board:

- The mortality assumption for active and inactive vested participants was changed from the RP-2000 Combined Healthy Mortality Table, set forward one year to the RP-2014 Employee Mortality Table.
- The post-retirement mortality assumption for healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table, set forward one year to the RP-2014 Healthy Annuitant Mortality Table, set forward three years.
- Coordinating with the mortality assumption for healthy lives, the mortality assumption for disabled retirees was changed from the RP-2000 Disabled Retiree Mortality Table, reduced by 20% for males and loaded by 50% for females to the RP-2014 Disabled Retiree Mortality Table.
- The generational projection scale was changed from Scale AA to the MP-2015 improvement scale.
- The assumption for deaths in the line of duty for Police Officers was reduced from 25% to 10% of all active deaths.
- The investment return assumption was lowered from 8.00% to 7.75%.
- An administrative expense assumption of $3,000,000 was introduced.
- The inflation assumption was lowered from 3.00% to 2.75%.
- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.25% to 3.00%.
- While maintaining the existing service-based tables, the salary scale was adjusted to better match observed experience. The inflation component was lowered from 3.50% per year for all to 3.00% per year for General Employees and Firefighters and lowered to 2.75% per year for Police Officers.
- The retirement rates for General Employees who retire early with reduced benefits were adjusted to match observed experience.
- The unreduced retirement rates were restructured to be based on eligibility for Normal Retirement for all groups and the assumed retirement rates for non-DROP participants were updated.
- A retirement assumption for DROP participants was introduced to reflect that all DROP participants will enter at first eligibility and retire at the end of the assumed DROP period.
- The DROP utilization assumption was lowered from 90% to 85% for Police Officers.
- The current disability rates were lowered by 50%.
- The gender-distinct five-year select-and-ultimate turnover tables were modified for General Employees with increased rates for non-vested and vested males only. The service-based withdrawal rates for Police Officers and Firefighters were lowered to reflect observed experience.
- The assumed marriage percentage assumption was lowered from 90% to 80% for males and to 60% for females.
- The spousal age difference was changed from assuming females are three years younger than males to the spouse being four years younger for male participants and the same age for female participants.
- The overtime and other payloads (applied to Blue benefits only) were lowered for Police Officers from 8.00% to 7.00% and from 18.00% to 16.75% for Firefighters.
- The load on final average salary for General Employees was eliminated. The load for Police Officers was lowered from 2.75% to 2.00% while the load for Firefighters was increased from 4.00% to 5.00%.
- The sick leave service conversion load for General Employees and Firefighters was increased from 3.25% to 3.75% and 1.50% to 2.50%, respectively.

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
-LAST TEN FISCAL YEARS
SEPTEMBER 30, 2018
(in 000's)

	2017	2016*	2015*	2014*	2013*
Total OPEB Liability					
Service Cost	$ 33,369				
Interest	30,961				
Differences Between Expected and Actual Experience	(28,736)				
Change of Assumptions	(64,270)				
Benefit Payments, Including Refunds of Employee Contributions	(27,064)				
Net Change in Total OPEB Liability	(55,740)				
Total OPEB Liability - Beginning	1,007,898				
Total OPEB Liability - Ending (a)	$ 952,158				
OPEB Plan Fiduciary Net Position					
Contributions - Employer	$ 26,641				
Net Investment Income	3,488				
Benefit Payments, Including Refunds of Employee Contributions	(27,064)				
Administrative Expense	(1,351)				
Net Change in Plan Fiduciary Net Position	1,714				
OPEB Plan Fiduciary Net Position - Beginning	67,114				
OPEB Plan Fiduciary Net Position - Ending (b)	$ 68,828				
Net OPEB Liability - Ending (a) - (b)	$ 883,330				
Plan Fiduciary Net Position as a % of the Total OPEB Liability	7.23 %				
Covered Employee Payroll	$ 302,434				
Net OPEB Liability as a % of Covered Employee Payroll	292.07 %				

**Historical infomation prior to implementation of GASB 74/75 is not required.*

Notes to Schedule:
Changes of assumptions each year include the change in the blended discount rate. The blended discount rates for measurement dates September 30, 2016 and September 30, 2017 were 3.12% and 3.53%, respectively.

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APPENDIX C

FORM OF CO-BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Co-Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman LLP, co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF FORT WORTH, TEXAS
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2019
$___________

AS CO-BOND COUNSEL for the City of Fort Worth, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the record of proceedings relating to the issuance of the Bonds, which Bonds are issued in the aggregate principal amount of $____________. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the master ordinance establishing the Water and Sewer System revenue financing system (the "Master Ordinance"), and the Thirty-Fourth Supplemental Ordinance to the Master Ordinance of the City authorizing the issuance of the Bonds (the "Thirty-Fourth Supplement", and together with the Master Ordinance, the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the Constitution and statutes of the State of Texas, the Charter of said City, certified copies of the proceedings of the City Council of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. R-1).

IN OUR OPINION, under existing laws, such record of proceedings shows lawful authority for the issuance and sale of the Bonds in accordance with the provisions, terms and conditions of the Ordinance, which was duly adopted by the City. We are further of the opinion that, under existing laws, the Ordinance and the Bonds constitute valid and legally binding special obligations of the City, and, except as may be limited by laws applicable to the City relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, that the interest on and principal of the Bonds, together with outstanding Parity Obligations, are payable from, and secured by a first lien on and pledge of, the Pledged Revenues, which include the Net Revenues of the System. The Bonds are secured ratably by such pledge of revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. The holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by taxation.

THE CITY has reserved the right, subject to certain restrictions, to issue additional Parity Obligations in all things on a parity with the Bonds and payable from and equally secured by a first lien on and pledge of the Pledged Revenues.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed or refinanced therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the availability and sufficiency of the Pledged Revenues.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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