



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended
September 30, 2012
CITY OF FORT WORTH, TEXAS



Fort Worth's contributions to our national defense

In the words of President John F. Kennedy:

Three years ago last September I came here, with the Vice President, and spoke at Burke Burnett Park, and I called, in that speech, for a national security policy and a national security system which was second to none, a position which said not first, but, if, when and how, but first. That city responded to that call as it has through its history. And we have been putting that pledge into practice ever since.

And I want to say a word about that pledge here in Fort Worth, which understands national defense and its importance to the security of the United States. During the days of the Indian War, this city was a fort.

During the days of World War I, even before the United States got into the war, Royal Canadian Air Force pilots were training here. During the days of World War II, the great Liberator bombers, in which my brother flew with his co-pilot from this city, were produced here.

The first nonstop flight around the world took off and returned here, in a plane built in factories here. The first truly intercontinental bomber, the B-36, was produced here. The B-58, which is the finest weapons system in the world today, ... is a Fort Worth product.

So wherever the confrontation may occur, and in the last 3 years it has occurred on at least three occasions, in Laos, Berlin, and Cuba, and it will again-wherever it occurs, the products of Fort Worth ... provide us with a sense of security.

These excerpted remarks are part of a speech made at the Fort Worth Chamber Of Commerce Breakfast at Hotel Texas in Fort Worth on November 22, 1963.

The images depicted in the following pages provide an historical perspective on only a few of the many "products of Fort Worth" that President Kennedy was so proud of. They are also a tribute to the grit and tenacity of Fort Worth citizens who continue to make our national defense a top priority.

Cover Photograph: The USS Fort Worth (LCS 3) is pictured as it deftly glides through sea trials. (Picture courtesy of Lockheed Martin)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2012

CITY OF FORT WORTH, TEXAS

ELECTED OFFICIALS

2012 CITY COUNCIL

Betsy Price, Mayor

Salvador Espino
W.B. "Zim" Zimmerman
Danny Scarth
Frank Moss

Jungus Jordan
Dennis Shingleton
Kelly Allen Gray
Joel Burns

CITY MANAGER

Thomas Higgins

CHIEF FINANCIAL OFFICER

Horatio Porter

INDEPENDENT AUDITORS

Deloitte & Touche LLP

Prepared by the Financial Management Services Department



Major General William Jenkins Worth (1794–1849) was second in command during the Mexican–American War in 1846. After the war, Worth was placed in command of the Department of Texas in 1849. In January 1849 Worth proposed a line of ten forts to mark the western Texas frontier from Eagle Pass to the confluence of the West Fork and Clear Fork of the Trinity River. One month later Worth died from cholera. On June 6, 1849, a camp on the bank of the Trinity River was named Camp Worth in honor of the late General Worth. In August 1849, “Fort Worth” was relocated to the north-facing bluff which overlooked the mouth of the Clear Fork of the Trinity River.

CITY OF FORT WORTH, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2012
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INTRODUCTORY SECTION



March 19, 2013

Honorable Mayor, City Council and Citizens
City of Fort Worth, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Fort Worth, Texas (the City or Fort Worth), for the year ended September 30, 2012, is submitted. The City Charter Chapter X, Section 11 requires that an annual audit of all accounts of the City be made by an independent certified public accountant and an annual financial report be published by the City. This report is published to fulfill that requirement for the fiscal year ended September 30, 2012.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Deloitte & Touche LLP has issued an unqualified (“clean”) opinion on the City’s financial statements for the year ended September 30, 2012. The independent auditors’ report is located in the beginning of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with the basic financial statements.

City of Fort Worth Profile

Fort Worth, incorporated in 1873, is a political subdivision and municipal corporation of the State of Texas, located in Tarrant, Denton, Parker, and Wise Counties. The City covers approximately 350 square miles and serves a population of 757,810.

Fort Worth operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members. The Mayor is elected at large, and eight Council members are elected from single-member districts. Both the Mayor and Council members serve two-year terms. In turn, the Mayor and City Council appoint the City Manager, City Attorney, City Secretary, City Auditor, and the municipal judges.

Services provided by the City under general governmental functions include public safety (police and fire protection), municipal courts, housing and economic development, planning and development, engineering, street maintenance, traffic control, code compliance, parks operation and maintenance, recreation, library services, public events, and general administrative services.

Water and sewer services, solid waste collection, golf courses, airports, city owned parking garages, and storm water utility services are provided under an enterprise fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments of outstanding debt. In

FINANCIAL MANAGEMENT SERVICES DEPARTMENT

CITY OF FORT WORTH * 1000 THROCKMORTON STREET * FORT WORTH, TEXAS 76102
817-392-8500 * Fax 817-392-8502

addition, the City provides water and wastewater treatment for several neighboring jurisdictions. Equipment maintenance, office services, temporary labor, information systems, and engineering services are provided through internal service funds.

As required by generally accepted accounting principles (GAAP) in the United States of America, the financial reporting entity includes all funds of the primary government (the City), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable. During Fiscal Year 2012, there were seven blended component units and twenty-one discretely presented component units.

The fiscal year of the City shall begin on the first day of October and shall end on the last day of September. On or before the fifteenth day of August of each year, the City Manager shall submit to the City Council a proposed budget for the ensuing fiscal year. The budget shall provide a complete financial plan of all city funds and activities for the ensuing fiscal year. The budget is prepared by fund, organization unit or department, program, purpose or activity, and object. The City Manager may transfer resources within a department. Transfers between departments, however, require approval from the City Council.

Local Economy

Fort Worth is a Sunbelt city marked by its steady growth and diverse economy. Relocation of major firms to the greater Fort Worth area, renovation of many historical landmarks, shopping areas, and a host of public-private cooperative development ventures comprise Fort Worth's economic past. For the future, the ground has already been broken for ambitious commercial, retail, and residential developments. Fort Worth is one of two major cities in the Dallas/Fort Worth metropolitan area. The Dallas/Fort Worth metropolitan area contains a population of more than 6.7 million.

Fort Worth continues to be a strong draw for new residents and businesses as shown by being named one of the country's fastest-growing cities according to 2010 census figures released by the United States (U.S.) Census Bureau. Fort Worth grew 38.6% to 741,206 residents from 2000 to 2010. The estimated population in January 2012 was 757,810. 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, and prime location and climate, the City is an attractive choice for companies looking to expand their operations. According to the U.S. Census Bureau, the median family income of Fort Worth was \$54,404; Texas was \$56,607, while the United States was \$61,082.

The Fort Worth-Arlington Metropolitan Division (MD) boasts a strong labor force of over one million that continues to grow. Although the recession has slowed much growth across the United States, the Fort Worth-Arlington MD has experienced positive annual employment growth since the summer of 2010. The unemployment rate of 6.4% is still less than the 6.9% unemployment rate of Texas, and the 7.9% unemployment rate of the United States.

There are over 36,000 registered business firms in the Fort Worth-Arlington MD. Almost 50% of these businesses are small to mid-size firms that employ anywhere from 1 to 249 individuals which highlights the continued importance of small business development. Large business firms with over 1,000 employees make up 30% of the area's workforce.

Manufacturing and distribution remains an important part of the Fort Worth economy. Oil and gas production, driven by the Barnett Shale, has provided a number of economic benefits from exploration, drilling, and related activity. Emerging economic sectors include financial services, semiconductor manufacturing, communications equipment manufacturing, corporate offices, and distribution. The City's industry clusters remain diverse with trade, transportation, and utilities making up the largest percentage

of the Fort Worth-Arlington MD industry composition at 24%. Since 2010, trade, transportation, and utility companies have grown by 1.9%, adding over 3,800 jobs to the area. Government, education and health services, professional and business services, and leisure and hospitality are also large sectors, comprising 14%, 13%, and 11% of the workforce respectively. Tourism is an important contributor to the local economy with over 5.5 million visitors per year. Coordinated efforts by Sundance Square and Downtown Fort Worth, Inc. have resulted in new entertainment, housing, and retail facilities throughout downtown Fort Worth. 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.

Due to a strong and healthy local economy and improved financial reporting, Fort Worth was upgraded in 2010 to Aa1 from Moody's Investor Service, Inc. and AA+ by Fitch Ratings, and has continued to maintain those high marks.

Long-term Financial Planning and Major Initiatives

Annually in June the Fort Worth City Council begins priority planning – a process to deal proactively with the many opportunities and challenges facing the community. This planning helps guide the activities of citizens, council and staff for the next five years. From this a guide has been developed that we call “Fort Worth Strategic Goals.”

The Mayor and Council strategic goals are:

- Make Fort Worth the nation's **safest major city**
- Improve **mobility** and **air quality**
- Create and maintain a **clean, attractive city**
- Strengthen the **economic base**, develop the **future workforce** and create quality **job opportunities**
- Promote **orderly** and **sustainable development**

The City continues to focus major efforts on the City Council's strategic goals. These goals drive decision-making and help the City Council identify the City's mission and vision, and then translate that vision into an action plan. The City's limited resources are then prioritized to achieve that plan. The City's actions to implement the established strategic goals and address community issues are numerous and varied. However, the City continually addresses community issues through the best, most appropriate methods available.

Unrestricted fund balance (the total of the assigned, and unassigned components of fund balance) in the General Fund at year end was \$94.5 million or 17.7% of total General Fund expenditures. This amount was higher than the policy guidelines set by the City Council (10% of the expenditures).

As part of the comprehensive plan, the City Council envisions... “By the year 2020, Fort Worth will be commonly recognized as the most livable city in Texas. Residents will be able to enjoy Fort Worth's friendly atmosphere and the opportunities that are associated with a growing economy and diverse community. Fort Worth's public schools will produce well-rounded citizens and a skilled workforce to fill high-paying jobs in local businesses. Fort Worth's environmental quality will also be superior, meeting the highest national standards.”

Several values were identified that refine the City vision. These values are preserved as part of the 2012 Comprehensive Plan: *Preservation of western heritage, a friendly small town atmosphere, quality and ethnic diversity of cultural life, the arts, neighborhood vitality, preservation of historic buildings and districts, efficiency and equity in delivery of quality public services, educational and economic opportunity, aviation history and technology, can-do attitude promotion of free enterprise, protection of*

property rights, mobility, children and youth, conservation of natural resources, and inclusiveness and cooperation: “The Fort Worth Way.”

In developing the 2012 Comprehensive Plan to reflect these common values and to help the City realize its vision, five major themes emerged: promoting economic growth, meeting the needs of an expanding population, revitalizing the central city, developing multiple growth centers, and celebrating the Trinity River. These five themes, which influence various elements of the comprehensive plan, can guide the City in its decisions about the future.

The City develops a multi-year blueprint annually for planning the City’s future capital expenditures that coordinates and integrates community planning, development and financial capacity. This blueprint is the Capital Improvement Plan (CIP) and the goal is to plan and program high priority, high quality capital improvements necessary to address infrastructure issues related to the City’s growth, facility age and condition, level of service deficiencies, efficiency improvements, or risk issues. This strategic capital plan ensures that infrastructure needs projected over the next 20 years are identified, prioritized and addressed as funds or other business opportunities are available, and that the variety of planning documents and master plans developed in the various departments/funds are integrated to the maximum extent possible.

For fiscal year 2013, over \$1.2 billion in capital projects were budgeted. The top four areas include: Water/Wastewater \$460 million, Regional Thoroughfare & Arterial Projects \$275 million, Storm Drainage Project \$120 million, and Aviation \$119 million.

Relevant Financial Policies

The City has adopted a comprehensive set of Financial Management Policy Statements to help ensure that the City’s financial resources are managed in a prudent manner. The City shall strive to maintain the General Fund unassigned fund balance at 10% of the current year’s budget appropriation for operations and maintenance. After completion of the annual audit, if the unassigned fund balance exceeds 10%, the excess must be specifically assigned for subsequent year expenditures or transferred to the Capital Projects Fund. The use of the Capital Projects Fund shall be guided by the Capital Expenditures and Improvements Policy Statements.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2011. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both U.S. GAAP and applicable program requirements.

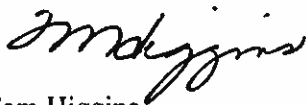
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2012. To qualify for the Distinguished Budget Presentation Award, the City’s budget document had to be judged proficient as a policy document, a financial plan, operations guide, and a communications device.

Acknowledgements

The preparation of this report could not have been accomplished without the full support and involvement of all City departments for providing the information and analyses on past, current, and future economic conditions. Very special thanks to the staff of the Financial Management Services Department for their dedicated service to the City and to the citizens of Fort Worth. In addition, we acknowledge the thorough, professional, and timely manner in which our independent auditors, Deloitte & Touche LLP, conducted the audit. Finally, we express appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standard and professionalism in the management of the City's finances.

Sincerely,



Tom Higgins
City Manager



Horatio Porter
Chief Financial Officer

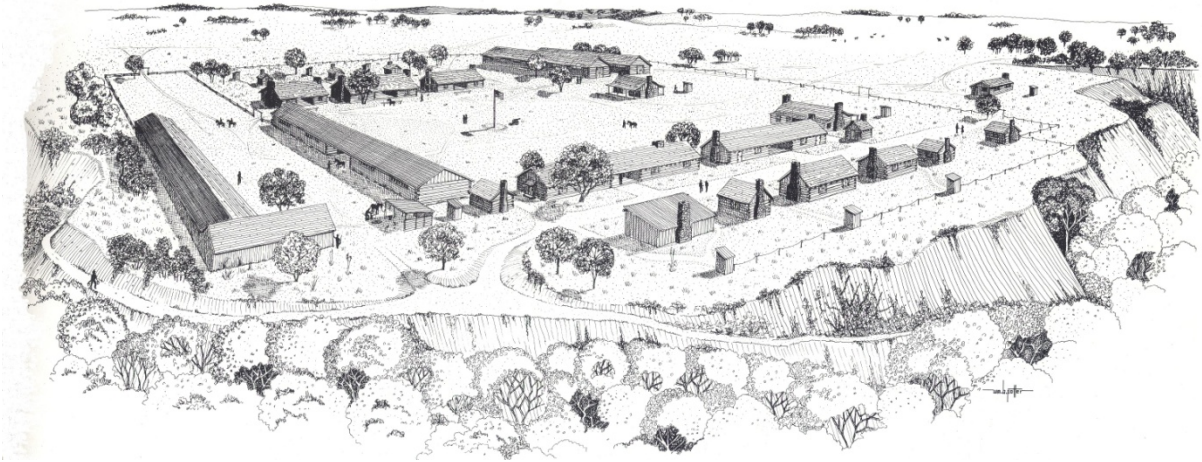


Illustration of “Fort Worth” located on the bluff overlooking the Trinity River, circa 1849 by artist William B. Potter. The drawing was recreated from documents in the National Archives for the book **THE FORT THAT BECAME A CITY**.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Worth
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

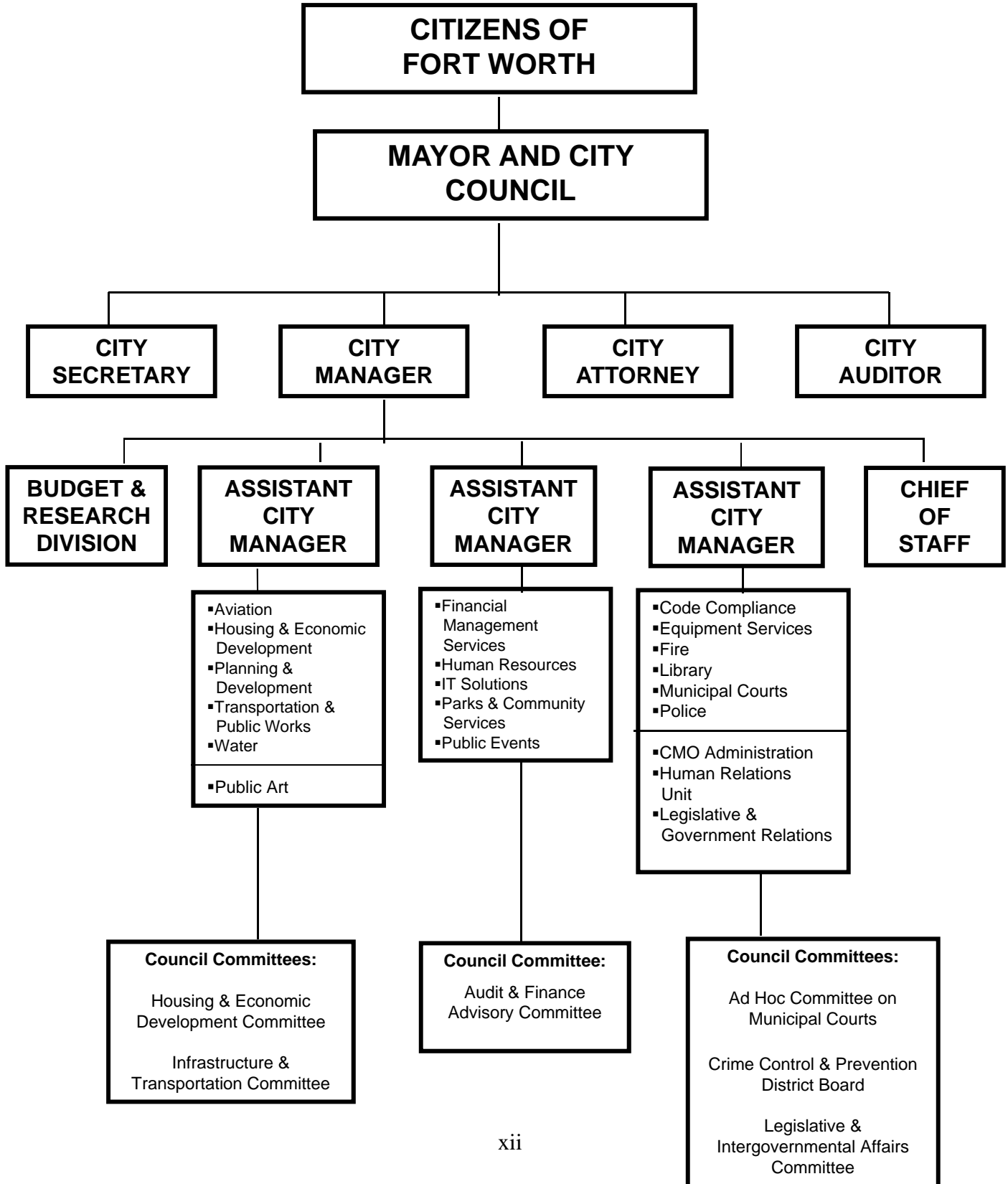
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell
President

Jeffrey R. Egan
Executive Director

**CITY OF FORT WORTH, TEXAS
ORGANIZATION OF CITY GOVERNMENT
September 30, 2012**



**Elected Officials
City of Fort Worth, Texas
Mayor and Council Members for Fiscal Year 2012**



**Betsy Price
Mayor**



**Salvador Espino
Council District 2**



**W.B. Zimmerman
Council District 3**



**Danny Scarth
Council District 4**



**Frank Moss
Council District 5**



**Jungus Jordan
Council District 6**



**Dennis Shingleton
Council District 7**



**Kelly Allen Gray
Council District 8**



**Joel Burns
Council District 9**



On July 18, 1917, construction of Camp Bowie began for the purpose of training the 36th Infantry Division. Located approximately three miles west of downtown Fort Worth, the camp was named for Alamo hero James Bowie. Although classified as a tent camp, during October 1917 more than 30,000 soldiers were in residence. In April 1918, the 36th Infantry Division conducted a parade down Main Street to thank the citizens of Fort Worth for their support and hospitality.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Fort Worth, Texas (the "City"), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Employees' Retirement Fund of the City of Fort Worth as of and for the year ended September 30, 2012, (which comprises 99% of the net assets of the trust funds of the City). Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Employees' Retirement Fund of the City of Fort Worth, are based solely on the report of the other auditors. We also did not audit the financial statements of the Villas of Eastwood Terrace LLC, a blended component unit of the Fort Worth Housing Finance Corporation, a blended component unit of the City, as of and for the year ended December 31, 2011, (which comprises approximately 1% of assets, fund balance and revenues of the non-major governmental funds of the City). Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Villas of Eastwood Terrace LLC, are 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. The financial statements of the Employees' Retirement Fund of the City of Fort Worth were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City, as of September 30, 2012, and the respective changes in financial position and respective cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2013, 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 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison schedule for the General Fund, the Schedule of Funding Progress for the Employees' Retirement Fund of the City of Fort Worth and the Schedule of Funding Progress for Other Postemployment Benefits 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules listed in the foregoing table of contents are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the City's respective financial statements that collectively comprise the City's basic financial statements. The introductory section and statistical section as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements for the City. This information is the responsibility of the City's management. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

March 19, 2013

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012
(in 000's)
(unaudited)**

Management's discussion and analysis (MD&A) provides a narrative overview of the financial activities and changes in the financial position of the City of Fort Worth, Texas (City), for the fiscal year ended September 30, 2012. 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.

Financial Highlights

The assets of the City of Fort Worth exceeded its liabilities at September 30, 2012, by \$3,025,744 (net assets). Of this amount, \$208,305 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$37,927. This increase can be attributed to increases in property tax revenue, other local taxes, capital grants and contributions, franchise fees, and charges for water and sewer services. These were offset by a decrease in operating grants and contributions, and gas lease and royalty revenue.

At September 30, 2012, the City's governmental funds reported combined ending fund balances of \$808,347, an increase of \$134,176 in comparison with 2011. Approximately 49.6% of this amount, \$392,909 is available for spending at the government's discretion (\$213,664 committed fund balance, \$123,485 assigned fund balance and \$55,760 unassigned fund balance).

The City's total long-term liabilities increased by \$230,063 during the current fiscal year. The key factors in this increase were an increase in Other Post Employment Benefits Obligation of \$71,441, the issuance of \$85,790 of certificates of obligation, \$135,485 of general obligation bonds, and \$109,480 of revenue bonds. The City also made authorized draws on revenue bonds of \$20,200 during fiscal year 2012. During the year, long-term liabilities were reduced by principal payments of \$122,818. The City issued the \$135,485 of general obligation bonds to refund \$50,780 of existing debt and the \$31,155 of revenue bonds to refund \$33,230 of existing debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus 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 four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Assets 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 Assets presents information on all of the City's assets and liabilities, including capital assets and long-term obligations. The difference between the two is reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2012
(in 000's)
(unaudited)
(continued)

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 assets 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 Assets and the Statement of Activities divide the City's activities into two types:

Governmental activities – Most of the City's basic services are reported here, including general administration, debt service, public safety, municipal courts, transportation and public works, parks and community services, public library, public events and facilities, planning and development, finance, and housing and economic development. 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, municipal airports, solid waste collection and disposal, municipal parking, municipal golf courses, and stormwater utility.

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 may be used to find 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.

The focus of the governmental funds 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.

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The City maintains twenty-four 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. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, municipal airports, solid waste, municipal parking, municipal golf courses, and stormwater utility. 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 office services, equipment services, temporary labor pool, information systems and engineering services.

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water and sewer operation and the stormwater utility, 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 post employment healthcare plan. Separate audited financial statements are available for the City's pension plan.

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 Supplemental Information in this report.

Government-Wide Financial Analysis

Total assets of the City at September 30, 2012, were \$5,823,952 while total liabilities were \$2,798,208 resulting in a net asset balance of \$3,025,744.

The largest portion of the City's net assets, \$2,721,408 or 89.9%, reflects its investment in capital assets (land and improvements, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these

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assets are not available for future spending. Although the City reports its capital assets net of related debt, 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 assets, \$96,031 or 3.1 %, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$208,305 may be used to meet the City's ongoing obligations to citizens and creditors.

Condensed Schedule of Assets, Liabilities and Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Current and other assets	\$ 825,028	\$ 966,522	\$ 706,577	\$ 683,011	\$ 1,531,605	\$ 1,649,533
Capital assets	1,536,636	1,586,628	2,474,113	2,587,791	4,010,749	4,174,419
Total assets	<u>2,361,664</u>	<u>2,553,150</u>	<u>3,180,690</u>	<u>3,270,802</u>	<u>5,542,354</u>	<u>5,823,952</u>
Long-term liabilities						
outstanding	1,254,172	1,449,570	1,044,905	1,079,570	2,299,077	2,529,140
Other liabilities	106,551	124,384	148,909	144,684	255,460	269,068
Total liabilities	<u>1,360,723</u>	<u>1,573,954</u>	<u>1,193,814</u>	<u>1,224,254</u>	<u>2,554,537</u>	<u>2,798,208</u>
Net assets:						
Invested in capital assets, net of related debt	1,015,491	1,005,900	1,569,470	1,715,508	2,584,961	2,721,408
Restricted	18,296	26,397	89,871	69,634	108,167	96,031
Unrestricted	(32,846)	(53,101)	327,535	261,406	294,689	208,305
Total net assets	<u>\$ 1,000,941</u>	<u>\$ 979,196</u>	<u>\$ 1,986,876</u>	<u>\$ 2,046,548</u>	<u>\$ 2,987,817</u>	<u>\$ 3,025,744</u>

At September 30, 2012, the City of Fort Worth is able to report positive balances in net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. There was an increase in restricted net assets reported in the City's governmental activities of \$8,101 that was the result of increased debt service property tax revenue of \$5,272 and developer impact fees of \$4,532. The decrease in the restricted net assets of the business-type activities of \$20,237 was due to expenses for various restricted water and sewer capital projects. The governmental activities' unrestricted net asset balance decreased by \$20,255 due to operating expenditures and transfers exceeding revenues by \$21,745 during the year.

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Condensed Schedule of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 73,119	\$ 68,572	\$ 443,056	\$ 443,358	\$ 516,175	\$ 511,930
Operating grants and contributions	56,825	47,644	-	-	56,825	47,644
Capital grants and contributions	54,686	55,075	18,846	27,578	73,532	82,653
General revenues:						
Property taxes	341,820	351,277	-	-	341,820	351,277
Other local taxes	179,802	188,884	-	-	179,802	188,884
Franchise Fees	45,178	47,190	-	-	45,178	47,190
Gas Lease and Royalties	23,506	15,758	11,298	7,440	34,804	23,198
Investment income	8,601	7,793	5,283	6,666	13,884	14,459
Gain (Loss) disposal of capital assets	3,508	-	-	-	3,508	-
Other	13,744	16,595	7,070	5,936	20,814	22,531
<i>Total revenues</i>	<u>800,789</u>	<u>798,788</u>	<u>485,553</u>	<u>490,978</u>	<u>1,286,342</u>	<u>1,289,766</u>
Expenses:						
General Administration	118,104	108,632	-	-	118,104	108,632
Public Safety	407,601	422,626	-	-	407,601	422,626
Transportation and Public Works	128,611	133,691	-	-	128,611	133,691
Parks and Community Service	57,815	60,089	-	-	57,815	60,089
Public Library	22,348	22,102	-	-	22,348	22,102
Public Events and Facilities	32,844	33,152	-	-	32,844	33,152
Planning and Development	13,534	13,156	-	-	13,534	13,156
Housing and Economic Development	35,699	24,382	-	-	35,699	24,382
Interest and Service Charges	31,472	31,130	-	-	31,472	31,130
Water & Sewer	-	-	288,452	306,476	288,452	306,476
Municipal Airport	-	-	13,356	14,912	13,356	14,912
Solid Waste	-	-	44,247	46,415	44,247	46,415
Municipal Parking	-	-	5,851	6,580	5,851	6,580
Municipal Golf	-	-	5,864	7,723	5,864	7,723
Stormwater Utility	-	-	18,972	20,773	18,972	20,773
<i>Total expenses</i>	<u>848,028</u>	<u>848,960</u>	<u>376,742</u>	<u>402,879</u>	<u>1,224,770</u>	<u>1,251,839</u>
Excess (Deficiency) of Revenues Over						
(Under) Expenditures	(47,239)	(50,172)	108,811	88,099	61,572	37,927
Transfers	<u>47,169</u>	<u>28,427</u>	<u>(47,169)</u>	<u>(28,427)</u>	<u>-</u>	<u>-</u>
Changes in net assets	(70)	(21,745)	61,642	59,672	61,572	37,927
Net assets - Beginning of Year	<u>1,001,011</u>	<u>1,000,941</u>	<u>1,925,234</u>	<u>1,986,876</u>	<u>2,926,245</u>	<u>2,987,817</u>
Net assets - End of Year	<u>\$ 1,000,941</u>	<u>\$ 979,196</u>	<u>\$ 1,986,876</u>	<u>\$ 2,046,548</u>	<u>\$ 2,987,817</u>	<u>\$ 3,025,744</u>

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Overall, the governmental activities net assets decreased by \$21,745 during the current fiscal year, which is a \$21,675 additional decrease than fiscal year 2011. Factors that contributed to the governmental activities net asset decrease from the prior year were decreases in operating grants and contributions, gas lease and royalties, investment income, and transfers from the business type activities of \$36,478. Operating grants and contributions decreased largely due to \$16,887 of closed grants or grant projects nearing completion in fiscal year 2012. Gas lease and royalties decreased mainly due to a Lake Worth Zone 3A Bonus of \$10,678 that was received in fiscal year 2011, but not in fiscal year 2012. These decreases were offset by increases in revenue from property taxes and other local taxes of \$18,539. The property tax revenue increase of \$9,457 was due to the timing of collections, while the increase in other local taxes was due to increased state sales taxes revenue of \$5,389.

Business-type activities increased \$59,672 during the current fiscal year, which is \$1,970 less than the increase in fiscal year 2011. The major factors that contributed to the business-type activities net asset increase were an \$8,732 increase in capital grants and contributions and \$18,742 decrease in transfers to the governmental activities. The increase in capital grants is due to an increase in Airport grants money received for several projects in fiscal year 2012. This increase in business type activities revenue was offset by an increase in expenses of \$26,137. A majority of the expense increase was due to increased rates for Water and Sewer contractual services.

Financial Analysis of the Government's Funds

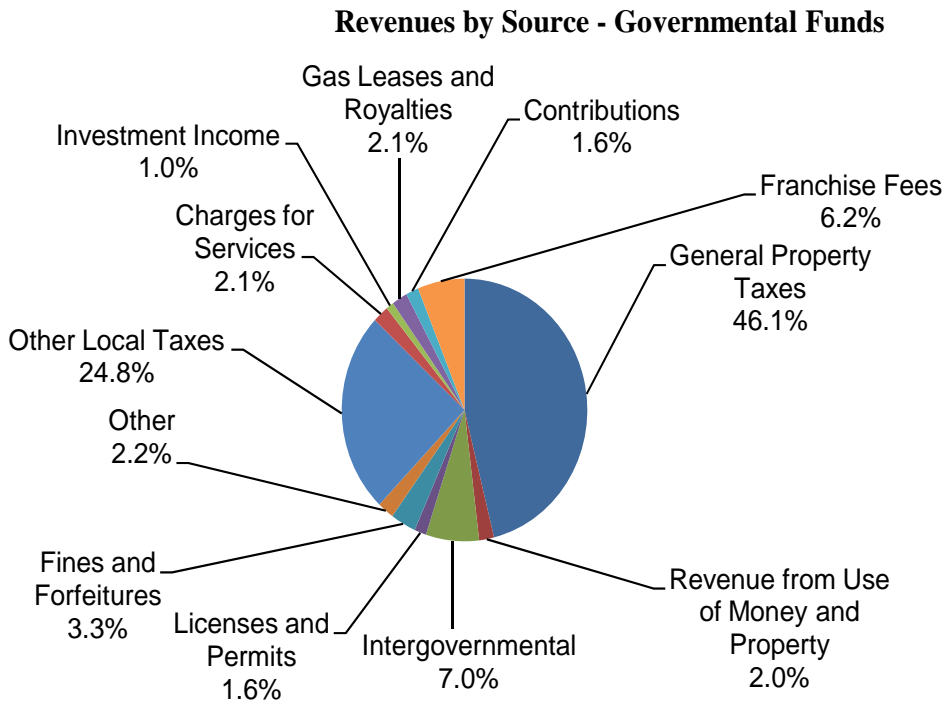
Governmental Funds – The focus of the City of Fort Worth's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a 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 \$808,347. Approximately 20.8 % or \$168,425 constitutes the General Fund balance. As of September 30, 2012 the General Fund's nonspendable fund balance includes \$7,762 for advance to other funds, \$3,146 for inventories, and \$2 for prepaids, deposits, and other. The restricted fund balance includes \$2,660 of certificates of obligation proceeds restricted for the purchase of fire equipment and construction of a new public safety training facility. The committed fund balance includes amounts for risk financing of \$53,273, \$187 for purchase of new equipment, and \$6,771 for funding purchases in the next fiscal year. As of September 30, 2012, the General Fund had an unassigned fund balance of \$55,760.

Nonmajor governmental fund balance of \$117,178 or 14.5 % of total governmental fund balance includes nonspendable fund balance of \$2,854, restricted fund balance of \$45,153, committed fund balance of \$20,674 and an assigned fund balance of \$48,497. The Debt Service fund has a fund balance of \$23,088 or 2.9 % of total governmental fund balance of which \$16,890 is restricted fund balance, \$6,106 is committed fund balance and \$92 is assigned fund balance. The Capital Projects fund has a fund balance of \$499,656 or 61.8 % of total governmental fund balance of which \$314 is nonspendable fund balance, \$336,582 is restricted fund balance, \$126,653 is committed fund balance and \$36,107 is assigned fund balance.

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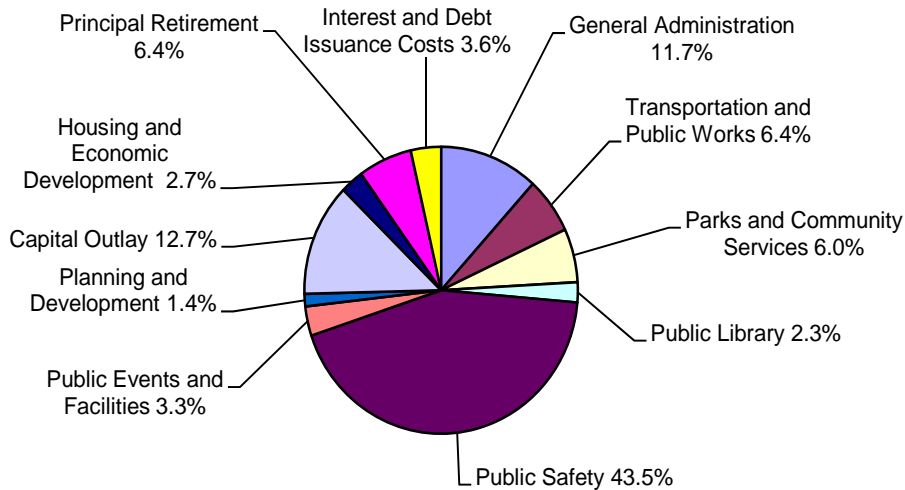
Revenues and Expenditures – Governmental Funds



The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$168,425. 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 \$55,760, represents 10.4 % of total General Fund expenditures. The total fund balance of \$168,425 represents 31.4 % of total General Fund expenditures. Fund balance in the General Fund increased by \$4,818 despite increases in general administration, public safety, and transportation and public works expenses. The significant change in General Fund revenue was an increase in other local taxes of \$5,052, or 4.6%, due to an increase in sales tax.

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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.

Unrestricted net assets for the City's major Proprietary Funds, the Water and Sewer Fund and Stormwater Utility Fund, were \$175,041 and \$21,092, respectively, the end of the fiscal year. Total net assets in the Water and Sewer Fund increased \$40,083. The increase in net assets from operations was primarily due to water charges for services of \$345,373, which exceeded operating expenses by \$61,272. Total net assets in the Stormwater Utility Fund increased \$10,746. The increase in net assets from operations was primarily due to utility charges for services of \$32,615, which exceeded operating expenses by \$12,596. Other business-type activities increased the City's net assets by \$9,404.

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General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a \$13,317 increase in appropriations and can be briefly summarized as follows:

- Budget carryforwards of encumbrances resulted in an \$5,515 increase. Significant increases included \$3,193 in Transportation and Public Works, \$449 in Code Compliance, \$291 in Parks and Community Services, \$171 in Fire, \$149 in Police, \$138 in Internal Audit, \$137 in Municipal Court and \$622 in Nondepartmental.
- Other appropriation increases to the original budget were made in the amount of \$5,804 during the fiscal year. Significant activities which necessitated these increases included \$2,000 for delinquent fines and forfeiture collection efforts, \$1,721 in Transportation and Public Works for concrete restoration projects, \$490 for public arts funding, \$448 for satellite pet adoption centers, and \$202 for continuation of cold case investigative work by the Police Department.
- At fiscal year end, \$1,998 of budget increases was approved for departments which had an excess of actual expenditures over their approved budget.

The City also increased budgeted revenues by \$2,000 for increased fines and forfeiture revenues, \$2,711 increased operating transfers in and \$279 for other revenues for a total increase of \$4,990 for estimated revenues and operating transfers in.

There were no significant variances between the final amended budget and actual expenditures. Actual expenditures were \$15,035, or 2.63 % less than the final amended budget primarily due to salary savings.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2012, amounted to \$4,174,419 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress. The total increase in the City's capital assets for the current fiscal year was \$163,670 (4.0%). Major capital assets events during the current fiscal year included the following:

- The completion of various street and drainage projects throughout the City added \$66,863 to capital assets, while governmental capital contributions were \$36,844.
- Construction in progress in business-type activities increased due to the continued expansion and enhancements of utilities throughout the City.
- Several street projects were initiated during the fiscal year that contributed to the increase in governmental construction in progress.

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Capital Assets, net of Accumulated Depreciation

	Governmental activities		Business-type activities		Total	
	2011	2012	2011	2012	2011	2012
Land/Right of Way	\$ 124,878	\$ 156,910	\$ 74,559	\$ 101,209	\$ 199,437	\$ 258,119
Construction in Progress	278,769	271,713	399,392	425,045	678,161	696,758
Buildings	203,462	201,001	72,721	71,123	276,183	272,124
Machinery and Equipment	56,550	55,954	190,972	179,787	247,522	235,741
Infrastructure	872,977	901,050	1,736,469	1,810,627	2,609,446	2,711,677
Total	\$ 1,536,636	\$ 1,586,628	\$ 2,474,113	\$ 2,587,791	\$ 4,010,749	\$ 4,174,419

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 of Fort Worth had total long-term liabilities of \$2,529,140. Of this amount, \$762,435 comprises debt backed by the full faith and credit of the government, and \$1,057,609 represents self-supported debt issues.

Long-Term Liabilities Outstanding

	Governmental activities		Business-type activities		Total	
	2011	2012	2011	2012	2011	2012
General Obligation Bonds	\$ 371,760	\$ 458,800	\$ -	\$ -	\$ 371,760	\$ 458,800
Revenue Bonds	-	-	855,310	884,010	855,310	884,010
Certificates of Obligation	202,880	247,600	57,560	56,035	260,440	303,635
Installment Obligation	4,405	3,770	-	-	4,405	3,770
HUD Installment Obligation	6,761	6,034	-	-	6,761	6,034
Equipment Notes Payable	58,005	54,450	2,049	750	60,054	55,200
Service Center	20,030	19,515	-	-	20,030	19,515
Fort Worth Housing Corp	9,161	9,073	-	-	9,161	9,073
Fort Worth Sports Authority	15,337	8,476	-	-	15,337	8,476
Lone Star Local Govt Corp	31,617	31,617	-	-	31,617	31,617
Central City Local Govt Corp	1,376	872	-	-	1,376	872
State Energy Conserv Loan I & II	2,580	1,925	-	-	2,580	1,925
State Energy Conserv Loan III	3,598	3,102	-	-	3,598	3,102
ESPC Phase IV	8,352	7,820	-	-	8,352	7,820
Wells Fargo Loan	144	78	-	-	144	78
Beechwood Bridge Obligation	333	-	-	-	333	-
Capital Leases	4,319	4,096	-	-	4,319	4,096
Trinity River Authority	-	-	7,150	6,656	7,150	6,656
ESPC Phase V	-	-	15,365	15,365	15,365	15,365
Unamort. Bond Discounts, Refundings, Premiums, net	17,600	39,703	32,919	33,583	50,519	73,286
Retainage Payable	-	2,104	-	-	-	2,104
Compensated Absenses	113,268	114,926	9,884	9,923	123,152	124,849
Claims Payable	38,284	37,528	-	-	38,284	37,528
Landfill Postclosure Cost	-	-	3,404	4,164	3,404	4,164
Pollution Remediation Liability	-	-	8,751	6,939	8,751	6,939
Other Post Employment Benefits Obligation	284,823	346,447	44,097	53,914	328,920	400,361
Net Pension Obligation	59,539	51,634	8,416	8,231	67,955	59,865
Total	\$1,254,172	\$1,449,570	\$1,044,905	\$1,079,570	\$2,299,077	\$2,529,140

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The City's indebtedness increased by \$230,063 during FY 2012 mainly due to the issuance of bonds, notes, and leases in excess of principal payments made during the year. Also, the City's Other Post Employment Benefits Obligation increased \$71,441. For governmental activities, the City made payments of principal balances for bonded debt of \$26,095 and \$12,640 on its Certificates of Obligation.

The City issued revenue bonds for \$98,525 for stormwater and water and sewer projects and \$31,155 for refunding water and sewer debt. For business-type activities, the City made payments of principal balances for bonded debt of \$68,244.

In FY 2012, the outstanding ad valorem tax supported debts of the City of Fort Worth are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"). The water and sewer system revenue debts are rated "Aa1" by Moody's and "AA+" by Fitch.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 1.68%.

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

Economic Factors and Next Year's Budgets and Rates

Unlike many other parts of the country, the North Texas economy is slowly growing with both property tax revenue and fee income improving. Fort Worth shows positive results on many economic fronts, while the nation is generally flat. Retail sales are growing and hotel occupancy tax collections also have steady growth. Additionally, building permit volume has returned to a more sustainable level. Building permits for FY2012 were 10% higher than the same period in FY2011 but still low compared to the housing boom from 2006-2008. The housing recovery is real, with foreclosures hitting a 4 year low and builder confidence rising. The overall economic outlook for Fort Worth is encouraging. Revenue growth continues and should have a direct, positive impact on the City.

National unemployment has decreased, with the national unemployment rate at 7.9% in September. This is down from 8.8% in September 2011. In this annual cycle, only April posted a lower rate. Texas unemployment rate (unadjusted) has dropped to a new record low for the year at 6.9%. The state unemployment rate hasn't been this low since 2008. This is exceptional news for the state's overall economy. Texas is staying well below the National rate.

The FY2013 adopted budget maintains the City's property tax rate to \$0.8550 per \$100 net taxable valuation. The total appraised value of the City's property tax roll increased \$1.7 billion or 3 percent from the July 2011 certified roll to the July 2012 certified roll. Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased \$1 billion or 2.4 percent in the same time period. Adjusted Net Taxable Value is the basis for the City's property tax revenue calculation.

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In an effort to address the growing deficiency in capital budgeting, the decision was made to shift an additional one and one half cents (\$0.015) from the operating & maintenance (O&M) rate to the interest & sinking (I&S) rate, which supports long-term debt. This will result in a shift of \$6.1M in revenue from O&M to I&S for FY2013.

As a result of this allocation decision and the small increase in values, the City is projected to collect \$2.3M more in General Fund property tax revenue (which includes delinquent, penalty, and interest) than in FY2012. The increase in property tax revenue from FY2012 is primarily due to a 2.4% growth in the adjusted net taxable value from the Tarrant County Appraisal District for FY2012.

Revenue from the City's one percent of the sales tax, exclusive of the one-half percent special use tax for the Crime Control and Prevention District Fund, is budgeted at \$108,798,434 an increase of \$6,539,238, or 6.4 percent from the FY2012 budget. This revenue is dependent on the level of wholesale and retail sales. Over the past ten years the City of Fort Worth sale tax collection grew from \$72M in 2003 to the anticipated amount of \$108M in 2012. This represents a 50% growth over the last ten years.

The increase from FY2012 is primarily due to improving economic conditions demonstrated by actual receipts reported by the State Comptroller's Office. Re-estimate, as of July 2012, shows an additional \$7.2M in sales tax revenue realized over budgeted amount. Projections for FY2013 apply the same rate of collection experienced in the first nine months of FY2012 to FY2013. This rate of collection is expected to generate approximately \$6.5M in additional sales tax receipts above the FY2012 budget. Current data suggest substantial collection growth in retail and wholesale trade are driving the growth.

In Fort Worth, new single family home permits are up 4% over the same quarter in FY2011. This is a good sign for the housing market. Building permits for the four quarters of FY2012 were 10% higher than the same period in FY2011 but still low compared to historical levels. However, the housing recovery is real in DFW with increased demand and restricted supply, according to the Metro Study report. Home price appreciation has also re-emerged in the market. According to the Metro Study report, realtors are reporting multiple offers on houses and in isolated instances the prices getting bid are above the asking prices. National and regional reports show US Home prices with consistent 12 month gains. According to Standard & Poor's/Case Shiller index, the last quarter of FY2012 saw home prices rise in comparison. The steadiness of the price increases is helping bolster a housing recovery that began early in the year. Between foreclosures hitting a 4 year low and builder confidence rising, more consumers will be inclined to put their houses up for sale. That could further energize the market, which was hampered by a low supply of available homes.

Requests for Information

This financial report is designed to provide a general overview of the City of Fort Worth's finances for all those with an 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, 1000 Throckmorton Street, 3rd Floor Finance Department, Fort Worth, Texas 76102.

BASIC FINANCIAL STATEMENTS

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012
(in 000's)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash, Cash Equivalents and Investments	\$ 840,573	\$ 107,189	\$ 947,762	\$ 33,803
Receivables, net of allowance for uncollectibles:				
Taxes	3,427	-	3,427	-
Grants and Other Governments	43,430	-	43,430	-
Loans	6,234	-	6,234	-
Interest	1,291	200	1,491	66
Accounts and Other	18,278	57,323	75,601	42
Internal Balances	(15,229)	15,229	-	-
Inventories (at cost)	5,010	3,304	8,314	-
Prepays, Deposits, and Other	1,316	5	1,321	-
Long-Term Loans Receivables	12,679	-	12,679	-
Restricted Assets:				
Cash, Cash Equivalents and Investments	39,553	445,076	484,629	-
Cash and Cash Equivalents Held by Trustees	5,708	44,340	50,048	-
Grants Receivables	-	12	12	-
Interest Receivable	-	738	738	-
Deferred Bond Issue Costs	4,252	9,595	13,847	-
Capital Assets, Net of Accumulated Depreciation:				
Non-depreciable	428,623	526,254	954,877	-
Depreciable	1,158,005	2,061,537	3,219,542	-
Total Assets	<u>2,553,150</u>	<u>3,270,802</u>	<u>5,823,952</u>	<u>33,911</u>
Liabilities				
Accounts Payable	27,403	11,630	39,033	1,822
Escrow Accounts Payable	6,634	2,904	9,538	-
Accrued Payroll	10,301	1,706	12,007	-
Other	272	-	272	-
Unearned Revenue	39,360	7,136	46,496	-
Construction Payable	25,721	20,727	46,448	-
Accrued Interest Payable	14,693	5,266	19,959	-
Payable from Restricted Assets:				
Customer Deposits	-	13,212	13,212	-
Unearned Revenue	-	82,103	82,103	-
Long-term Liabilities:				
Due Within One Year	119,733	70,967	190,700	-
Due in More Than One Year	1,329,837	1,008,603	2,338,440	22,674
Total Liabilities	<u>1,573,954</u>	<u>1,224,254</u>	<u>2,798,208</u>	<u>24,496</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,005,900	1,715,508	2,721,408	-
Restricted for:				
Debt Service	9,047	29,919	38,966	-
Capital Projects	17,350	39,715	57,065	-
Unrestricted	(53,101)	261,406	208,305	9,415
Total Net Assets	<u>\$ 979,196</u>	<u>\$ 2,046,548</u>	<u>\$ 3,025,744</u>	<u>\$ 9,415</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Administration	\$ 108,632	\$ 5,436	\$ 1,956	\$ 715
Public Safety	422,626	22,722	9,167	2,345
Transportation and Public Works	133,691	14,738	4,848	41,541
Parks and Community Services	60,089	3,165	9,830	5,816
Public Library	22,102	670	122	153
Public Events and Facilities	33,152	8,822	-	-
Planning and Development	13,156	10,336	879	2,103
Housing and Economic Development	24,382	2,683	20,842	2,402
Interest and Service Charges	31,130	-	-	-
Total Governmental Activities	848,960	68,572	47,644	55,075
Business-type Activities:				
Water and Sewer	306,476	345,373	-	13,971
Municipal Airports	14,912	4,755	-	13,537
Solid Waste	46,415	48,502	-	-
Municipal Parking	6,580	7,725	-	-
Municipal Golf	7,723	4,388	-	70
Stormwater Utility	20,773	32,615	-	-
Total Business-type Activities	402,879	443,358	-	27,578
Total Primary Government	\$ 1,251,839	\$ 511,930	\$ 47,644	\$ 82,653
Component units:				
Public Improvement Districts	\$ 5,531	\$ -	\$ -	\$ -
Taxing Increment Reinvestment Zones	34,794	-	-	-
Total Component Units	\$ 40,325	\$ -	\$ -	\$ -

Changes in Net Assets:

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
Change in Net Assets
Net Assets - Beginning of Year
Net Assets - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (100,525)		\$ (100,525)	
(388,392)		(388,392)	
(72,564)		(72,564)	
(41,278)		(41,278)	
(21,157)		(21,157)	
(24,330)		(24,330)	
162		162	
1,545		1,545	
(31,130)		(31,130)	
<u>(677,669)</u>		<u>(677,669)</u>	
	\$ 52,868	52,868	
	3,380	3,380	
	2,087	2,087	
	1,145	1,145	
	(3,265)	(3,265)	
	11,842	11,842	
	<u>68,057</u>	<u>68,057</u>	
<u>(677,669)</u>	<u>68,057</u>	<u>(609,612)</u>	
			\$ (5,531)
			<u>(34,794)</u>
			<u>(40,325)</u>
351,277	-	351,277	19,614
161,247	-	161,247	-
19,987	-	19,987	-
7,650	-	7,650	-
47,190	-	47,190	-
15,758	7,440	23,198	-
7,795	6,666	14,461	388
16,593	5,936	22,529	5,176
28,427	(28,427)	-	-
<u>655,924</u>	<u>(8,385)</u>	<u>647,539</u>	<u>25,178</u>
(21,745)	59,672	37,927	(15,147)
1,000,941	1,986,876	2,987,817	24,562
<u>\$ 979,196</u>	<u>\$ 2,046,548</u>	<u>\$ 3,025,744</u>	<u>\$ 9,415</u>

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012
(in 000's)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash, Cash Equivalents and Investments	\$ 156,719	\$ 22,957	\$ 528,606	\$ 122,219	\$ 830,501
Cash and Cash Equivalents Held by Trustees	75	-	228	5,405	5,708
Receivables, net of allowance for uncollectibles:					
Taxes	2,643	784	-	-	3,427
Grants and Other Governments	20,244	-	-	23,186	43,430
Loans	-	-	-	6,234	6,234
Interest	316	605	156	197	1,274
Accounts and Other	11,126	-	439	6,662	18,227
Due From Other Funds	565	-	-	-	565
Inventories (at cost)	3,146	-	-	839	3,985
Advances to Other Funds	7,762	-	-	-	7,762
Prepays, Deposits, and Other	2	-	314	1,000	1,316
Long-Term Loans Receivable	-	-	-	12,679	12,679
Total Assets	<u>\$ 202,598</u>	<u>\$ 24,346</u>	<u>\$ 529,743</u>	<u>\$ 178,421</u>	<u>\$ 935,108</u>
Liabilities and Fund Balance					
Accounts Payable	\$ 18,375	\$ 410	\$ -	\$ 4,639	\$ 23,424
Construction Payable	-	-	8,515	5,135	13,650
Escrow Accounts	5,354	-	-	1,280	6,634
Accrued Payroll	8,542	-	39	1,087	9,668
Accrued Interest	40	408	186	18	652
Due to Other Funds	-	-	-	300	300
Other	200	-	-	72	272
Advances from Other Funds	-	-	21,347	-	21,347
Deferred Revenue	1,662	440	-	48,712	50,814
Total Liabilities	<u>34,173</u>	<u>1,258</u>	<u>30,087</u>	<u>61,243</u>	<u>126,761</u>
Fund Balances:					
Nonspendable	10,910	-	314	2,854	14,078
Restricted	2,735	16,890	336,582	45,153	401,360
Committed	60,231	6,106	126,653	20,674	213,664
Assigned	38,789	92	36,107	48,497	123,485
Unassigned (deficit)	55,760	-	-	-	55,760
Total Fund Balance	<u>168,425</u>	<u>23,088</u>	<u>499,656</u>	<u>117,178</u>	<u>808,347</u>
Total Liabilities and Fund Balances	<u>\$ 202,598</u>	<u>\$ 24,346</u>	<u>\$ 529,743</u>	<u>\$ 178,421</u>	<u>\$ 935,108</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012
(in 000's)

Total fund balances--governmental funds \$ 808,347

Amounts reported for governmental activities in the Statement of Net Assets 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 \$8,071) consist of:

Land	\$	156,910	
Construction in progress		271,713	
Buildings		379,639	
Machinery and equipment		197,319	
Infrastructure		2,336,106	
Accumulated depreciation		<u>(1,755,059)</u>	
Total capital assets		<u>1,586,628</u>	1,586,628

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

11,454

Internal service funds are used by management to charge the costs of certain activities, such as office services, equipment services, temporary labor, information systems and engineering services, to individual funds. A portion of the net assets of the internal service funds are included in governmental activities in the statement of net assets.

32,126

Some long-term liabilities and related assets 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 \$3,934) consist of:

Long-term claims payable		(37,528)	
Long-term compensated absences		(114,926)	
Net pension obligation		(51,634)	
Other post employment benefits obligation		(346,447)	
Accrued interest payable		(14,041)	
Unamortized bond issue costs		4,252	
Long-term debt, including premium/discount/loss on refunding		<u>(899,035)</u>	
Total long-term liabilities		<u>(1,459,359)</u>	(1,459,359)

Net assets of governmental activities \$ 979,196

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, 2012
(in 000's)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
General Property Taxes	\$ 287,896	\$ 63,311	\$ 333	\$ -	\$ 351,540
Other Local Taxes	113,793	-	-	75,091	188,884
Franchise Fees	47,190	-	-	-	47,190
Charges for Services	9,124	-	825	6,026	15,975
Licenses and Permits	12,011	-	-	-	12,011
Fines and Forfeitures	16,833	-	-	8,765	25,598
Revenue from Use of Money and Property	1,191	191	322	13,284	14,988
Investment Income	2,063	3,638	864	1,130	7,695
Intergovernmental	468	-	1,455	51,431	53,354
Gas Leases and Royalties	939	-	5,027	9,792	15,758
Other	7,814	-	5,441	3,299	16,554
Contributions	871	-	7,566	4,196	12,633
Total Revenue	<u>500,193</u>	<u>67,140</u>	<u>21,833</u>	<u>173,014</u>	<u>762,180</u>
Expenditures:					
Current:					
General Administration	94,790	-	1,303	3,019	99,112
Public Safety	324,838	-	-	43,386	368,224
Transportation and Public Works	31,064	-	6,641	16,117	53,822
Parks and Community Services	36,952	-	4	14,080	51,036
Public Library	19,087	-	-	122	19,209
Public Events and Facilities	-	-	-	28,058	28,058
Planning and Development	11,441	-	19	405	11,865
Housing and Economic Development	4,985	-	-	18,173	23,158
Capital Outlay	9,072	-	79,289	19,264	107,625
Debt Service:					
Principal Retirement	1,659	42,925	333	9,008	53,925
Interest and Debt Issuance Costs	906	27,809	95	1,467	30,277
Total Expenditures	<u>534,794</u>	<u>70,734</u>	<u>87,684</u>	<u>153,099</u>	<u>846,311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(34,601)</u>	<u>(3,594)</u>	<u>(65,851)</u>	<u>19,915</u>	<u>(84,131)</u>
Other Financing Sources (Uses):					
Proceeds from Long-Term Debt Issued	4,000	652	166,318	-	170,970
Proceeds from Refunding Bonds Issued	-	50,305	-	-	50,305
Premium on Issuance	-	13,716	19,240	-	32,956
Payment to Refunding Bond Escrow Agent	-	(60,437)	-	-	(60,437)
Proceeds from Disposal of Property	131	-	152	3	286
Transfers In	51,132	8,343	403,589	7,399	470,463
Transfers Out	(15,844)	(3,367)	(23,792)	(403,233)	(446,236)
Total Other Financing Sources (Uses)	<u>39,419</u>	<u>9,212</u>	<u>565,507</u>	<u>(395,831)</u>	<u>218,307</u>
Net Change in Fund Balance	4,818	5,618	499,656	(375,916)	134,176
Fund Balance, Beginning of Year	163,607	17,470	-	493,094	674,171
Fund Balance, End of Year	<u>\$ 168,425</u>	<u>\$ 23,088</u>	<u>\$ 499,656</u>	<u>\$ 117,178</u>	<u>\$ 808,347</u>

See accompanying notes to the basic financial statements.

**CITY OF FORT WORTH, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)**

Net change in fund balances--total governmental funds \$ 134,176

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	\$ 36,845	
Capital outlay expenditures	106,239	
Transfer from internal service funds	15,765	
Transfer to enterprise funds	(1,973)	
Transfer to internal service funds	(244)	
Depreciation expense	(104,876)	
Net adjustment	51,756	51,756

In the statement of activities, the loss on sale of capital assets is reported, whereas in the governmental funds, the proceeds of the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets. (1,793)

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. (473)

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 assets. 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 assets. 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	(135,485)	
Certificates of Obligation	(85,790)	
Total proceeds	(221,275)	
Premium on debt issued	(32,956)	
Bond issuance costs	822	
Repayments:		
To bondholders	53,925	
To escrow for refunding	60,437	
Total repayments	114,362	
Amortization of refunding, premiums, discounts and issue costs	1,314	
Net adjustment	(137,733)	(137,733)

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 general obligation bonds & certificates of obligation	(2,049)	
Decrease in net pension obligation	7,905	
Increase in other post employment benefits obligation	(61,624)	
Decrease in estimated claims obligations	756	
Increase in compensated absences liability	(1,654)	
Net adjustment	(56,666)	(56,666)

Internal service funds are used by management to charge the costs of certain activities, such office services, equipment services, temporary labor, information systems and engineering services, to individual funds. A portion of the net revenue (expense) of the internal service funds is reported with governmental activities. (11,012)

Change in net assets of governmental activities \$ (21,745)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012
(in 000's)

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	
ASSETS					
Current Assets:					
Cash, Cash Equivalents and Investments	\$ 52,506	\$ 24,108	\$ 30,575	\$ 107,189	\$ 10,072
Interest Receivable	109	45	46	200	17
Accounts and Other Receivables, net of allowance for uncollectibles	47,072	2,963	7,288	57,323	51
Inventories, at Cost	3,196	-	108	3,304	1,025
Prepays, Deposits, and Other	-	-	5	5	-
Restricted Assets:					
Cash and Cash Equivalents	12,400	-	82,915	95,315	-
Total Current Assets	115,283	27,116	120,937	263,336	11,165
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	205,677	108,552	35,532	349,761	39,553
Cash and Cash Equivalents Held by Trustees	41,933	-	2,407	44,340	-
Grants Receivables	12	-	-	12	-
Interest Receivable	348	189	201	738	-
Total Restricted Assets	247,970	108,741	38,140	394,851	39,553
Advances to Other Funds	-	-	24,202	24,202	-
Deferred Bond Issue Costs	8,201	488	906	9,595	-
Capital Assets (at cost):					
Land	21,388	5,932	73,889	101,209	1,123
Buildings	41,209	63	65,686	106,958	5,250
Improvements Other than Buildings	2,334,440	16,386	208,918	2,559,744	1,081
Machinery and Equipment	362,187	9,736	9,997	381,920	18,064
Construction in Progress	331,236	53,204	40,605	425,045	2,183
Accumulated Depreciation	(819,640)	(9,294)	(158,151)	(987,085)	(19,630)
Net Capital Assets	2,270,820	76,027	240,944	2,587,791	8,071
Total Noncurrent Assets	2,526,991	185,256	304,192	3,016,439	47,624
Total Assets	2,642,274	212,372	425,129	3,279,775	58,789

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012
(in 000's)

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 5,536	\$ 1,250	\$ 4,844	\$ 11,630	\$ 3,979
Escrow Accounts Payable	2,904	-	-	2,904	-
Accrued Payroll	1,308	140	258	1,706	633
Due to Other Funds	-	-	265	265	-
Unearned Revenue	1,365	-	5,771	7,136	-
Construction Payable	15,774	2,996	1,957	20,727	12,071
Current Portion of Long-Term Liabilities	64,088	4,075	2,804	70,967	1,460
Accrued Interest Payable	4,145	872	249	5,266	-
Payable from Restricted Assets:					
Customer Deposits	12,400	-	812	13,212	-
Unearned Revenue	-	-	82,103	82,103	-
Total Current Liabilities	<u>107,520</u>	<u>9,333</u>	<u>99,063</u>	<u>215,916</u>	<u>18,143</u>
Long-Term Liabilities:					
Advances from Other Funds	-	2,859	7,048	9,907	710
Long-Term Liabilities Due in More Than One Year	796,340	144,466	67,797	1,008,603	2,474
Total Long-Term Liabilities	<u>796,340</u>	<u>147,325</u>	<u>74,845</u>	<u>1,018,510</u>	<u>3,184</u>
Total Liabilities	<u>903,860</u>	<u>156,658</u>	<u>173,908</u>	<u>1,234,426</u>	<u>21,327</u>
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	1,495,931	33,632	185,945	1,715,508	8,071
Restricted for:					
Debt Service	27,727	990	1,202	29,919	-
Capital Projects	39,715	-	-	39,715	39,553
Unrestricted	175,041	21,092	64,074	260,207	(10,162)
Total Net Assets	<u>\$ 1,738,414</u>	<u>\$ 55,714</u>	<u>\$ 251,221</u>	<u>2,045,349</u>	<u>\$ 37,462</u>

Adjustment to Reflect the Consolidation of Internal Service
Funds Activities Related to Enterprise Funds 1,199
Net Assets of Business-type Activities \$ 2,046,548

(concluded)

See accompanying notes to the basic financial statements.



Picture courtesy of Lockheed Martin

The airfield was established as Tarrant Field in 1932 and renamed in 1942 as the Fort Worth Army Airfield. In 1948 the base was renamed in honor of Major Horace S. Carswell Jr. who was awarded the Medal of Honor by attempting to save a crew member whose parachute had been destroyed by flak. He remained at the controls and died while crash landing his crippled B-24 Liberator near Tungchen, China. In October 1994 the base was designated as Naval Air Station, Joint Reserve Base Fort Worth – Carswell Field.

**CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)**

	Enterprise Funds				Internal Service Funds
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES					
Charges for Services	\$ 345,373	\$ 32,615	\$ 65,370	\$ 443,358	\$ 66,030
Other	71	28	5,837	5,936	-
Total Operating Revenues	<u>345,444</u>	<u>32,643</u>	<u>71,207</u>	<u>449,294</u>	<u>66,030</u>
OPERATING EXPENSES					
Personnel Services	69,249	7,537	10,676	87,462	30,240
Supplies and Materials	19,989	1,254	1,640	22,883	16,340
Contractual Services	128,740	9,138	47,640	185,518	20,872
Landfill Closure and Postclosure Cost	-	-	760	760	-
Depreciation	66,123	2,090	12,187	80,400	1,061
Total Operating Expenses	<u>284,101</u>	<u>20,019</u>	<u>72,903</u>	<u>377,023</u>	<u>68,513</u>
Operating Income (Loss)	<u>61,343</u>	<u>12,624</u>	<u>(1,696)</u>	<u>72,271</u>	<u>(2,483)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	3,400	1,457	1,809	6,666	100
Gain (Loss) on Sale of Property and Equipment	(42)	30	38	26	22
Interest and Service Charges	(21,772)	(784)	(2,765)	(25,321)	-
Gas Leases and Royalties	268	-	7,172	7,440	-
Intra-Govt. Capital Asset Contributions	-	-	-	-	(15,765)
Other Revenue	-	-	-	-	39
Total Nonoperating Revenues (Expenses)	<u>(18,146)</u>	<u>703</u>	<u>6,254</u>	<u>(11,189)</u>	<u>(15,604)</u>
Income Before Transfers and Contributions	<u>43,197</u>	<u>13,327</u>	<u>4,558</u>	<u>61,082</u>	<u>(18,087)</u>
Transfers In	15,363	209	545	16,117	7,852
Transfers Out	(32,448)	(2,790)	(11,279)	(46,517)	(1,679)
Capital Contributions	6,781	-	15,580	22,361	341
Capital Contributions - Impact Fees	7,190	-	-	7,190	-
Change in Net Assets	40,083	10,746	9,404	60,233	(11,573)
Total Net Assets - Beginning	<u>1,698,331</u>	<u>44,968</u>	<u>241,817</u>	<u>1,985,116</u>	<u>49,035</u>
Total Net Assets - Ending	<u>\$ 1,738,414</u>	<u>\$ 55,714</u>	<u>\$ 251,221</u>	<u>\$ 2,045,349</u>	<u>\$ 37,462</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				(561)	
Change in Net Assets of Business-type Activities				<u>\$ 59,672</u>	

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	Business-type Activities--				Internal Service Funds
	Enterprise Funds				
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 346,791	\$ 33,635	\$ 66,370	\$ 446,796	\$ 66,052
Receipts from Other Operating Sources	71	28	5,837	5,936	-
Receipts from Gas Leases and Royalties	268	-	7,172	7,440	-
Other Receipts	-	-	-	-	39
Payments to Employees	(61,357)	(6,539)	(9,514)	(77,410)	(30,118)
Payments to Suppliers	(19,934)	(1,254)	(1,627)	(22,815)	(16,136)
Payments for Contractual Services	(131,142)	(8,979)	(47,394)	(187,515)	(19,260)
Net Cash Provided by Operating Activities	<u>134,697</u>	<u>16,891</u>	<u>20,844</u>	<u>172,432</u>	<u>577</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	15,363	209	545	16,117	22
Receipts from (Repayments to) Other Funds	-	-	(202)	(202)	-
Advances from Other Funds	-	(641)	929	288	113
Transfers Out to Other Funds	(32,448)	(2,790)	(11,279)	(46,517)	(1,679)
Advances to Other Funds	-	-	(19,303)	(19,303)	-
Net Cash Used for Noncapital Financing Activities	<u>(17,085)</u>	<u>(3,222)</u>	<u>(29,310)</u>	<u>(49,617)</u>	<u>(1,544)</u>
Cash Flows from Capital and Related Financing Activities:					
Bond Principal Received	20,200	78,325	-	98,525	-
Refunding Principal Received	31,155	-	-	31,155	-
Bond Premium Received	4,760	1,920	-	6,680	-
Governmental Bond Proceeds	-	-	-	-	7,830
Proceeds from Sale of Capital Assets	251	30	57	338	22
Contributions	1,208	-	11,240	12,448	97
Contributions - Impact Fees	7,190	-	-	7,190	-
Acquisition and Construction of Property, Plant and Equipment	(120,538)	(31,154)	(22,779)	(174,471)	(2,568)
Principal Paid on Long-Term Debt	(64,385)	(3,860)	(2,824)	(71,069)	-
Principal Paid to Escrow Agent	(33,230)	-	-	(33,230)	-
Interest Paid on Long-Term Obligations	(33,880)	(5,175)	(3,054)	(42,109)	-
Cost Paid at Bond Issuance	(2,612)	(180)	-	(2,792)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(189,881)</u>	<u>39,906</u>	<u>(17,360)</u>	<u>(167,335)</u>	<u>5,381</u>
Cash Flows from Investing Activities:					
Investment Income Received	3,608	1,471	2,093	7,172	114
Net Cash Provided by Investing Activities	<u>3,608</u>	<u>1,471</u>	<u>2,093</u>	<u>7,172</u>	<u>114</u>
Net Increase (Decrease) in Cash and Cash Equivalents					
Cash and Cash Equivalents, Beginning of Year	381,177	77,614	175,162	633,953	45,097
Cash and Cash Equivalents, End of Year	<u>\$ 312,516</u>	<u>\$ 132,660</u>	<u>\$ 151,429</u>	<u>\$ 596,605</u>	<u>\$ 49,625</u>

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	Business-type Activities-- Enterprise Funds			Total	Internal Service Funds
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ 61,343	\$ 12,624	\$ (1,696)	\$ 72,271	\$ (2,483)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	66,123	2,090	12,187	80,400	1,061
Gas Leases and Royalties Receipts	268	-	7,172	7,440	-
Other Receipts	-	-	-	-	39
Change in Assets and Liabilities:					
Accounts and Other Receivables	1,607	(380)	667	1,894	22
Inventories	55	-	13	68	204
Prepays, Deposits, and Other Assets	-	1,400	286	1,686	-
Accounts Payable	(590)	159	246	(185)	1,612
Escrow Accounts Payable	(727)	-	-	(727)	-
Accrued Compensation	7,892	998	1,162	10,052	122
Customer Deposits	538	-	47	585	-
Landfill Closure Costs	-	-	760	760	-
Pollution Remediation Costs	(1,812)	-	-	(1,812)	-
Total Adjustments	<u>73,354</u>	<u>4,267</u>	<u>22,540</u>	<u>100,161</u>	<u>3,060</u>
Net Cash Provided by Operating Activities	<u>\$ 134,697</u>	<u>\$ 16,891</u>	<u>\$ 20,844</u>	<u>\$ 172,432</u>	<u>\$ 577</u>
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:					
Current - Cash, Cash Equivalents and Investments	\$ 52,506	\$ 24,108	\$ 30,575	\$ 107,189	\$ 10,072
Current Restricted - Cash and Cash Equivalents	12,400	-	82,915	95,315	-
Noncurrent Restricted - Cash and Equivalents	205,677	108,552	35,532	349,761	39,553
Noncurrent Restricted - Cash Held by Trustees	41,933	-	2,407	44,340	-
Total Cash and Cash Equivalents	<u>\$ 312,516</u>	<u>\$ 132,660</u>	<u>\$ 151,429</u>	<u>\$ 596,605</u>	<u>\$ 49,625</u>
Noncash Investing, Capital, and Financing Activities:					
Capital Asset Contributions from Developers	\$ 5,545	\$ -	\$ -	\$ 5,545	\$ -
Intra-Government Net Capital Assets Transfers	-	-	1,973	1,973	(15,521)

See accompanying notes to the basic financial statements.

(concluded)

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012
(in 000's)

	Pension and Other Employee Benefits Trust Funds
	<u> </u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,793
Cash and Investments Held by Trustees:	
Asset & Mortgage Backed Obligations	32,784
Corporate Obligations	101,714
Government Agency Obligations	86,603
International Obligations	80,430
Securities Lending Collateral	144,609
US Treasuries	29,553
Short Term Mutual Fund Investments	125,074
Corporate Stock	595,547
Alternative Investments	491,076
Commingled Funds	320,272
Less: Investments in Non-City Funded Staff Plan	(1,635)
Total Cash and Investments Held by Trustees	<u>2,006,027</u>
Prepaid	14
Other Receivables	10,979
Due from Broker Securities Sold	136,921
Total Current Assets	<u>2,156,734</u>
Capital Assets (at cost):	
Land	405
Buildings	3,422
Machinery and Equipment	268
Accumulated Depreciation	(460)
Net Capital Assets	<u>3,635</u>
Total Assets	<u>2,160,369</u>
LIABILITIES	
Current Liabilities:	
Accrued Payable	71
Obligations Under Securities Lending	144,490
Due to Broker Securities Purchased	167,720
Total Current Liabilities	<u>312,281</u>
NET ASSETS	
Net Assets Held in Trust for Pension and Other Employee Benefits:	
Benefit Pension Plans	1,823,955
Postemployment Healthcare Plans	24,133
Total Net Assets	<u>\$ 1,848,088</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ADDITIONS	
Interest and Dividend Income	\$ 35,040
Less: Investment Management Fees and Interest Expense	(6,437)
Net Gain in Fair Value of Investments	174,130
Other Income	7,094
Employer Contributions	106,685
Employee Contributions	32,716
Total Additions	<u>349,228</u>
DEDUCTIONS	
Benefit Payments	160,209
Refunds	4,026
Administrative Expenses	3,549
Total Deductions	<u>167,784</u>
CHANGE IN NET ASSETS	
Benefit Pension Plans	172,639
Postemployment Healthcare Plans	8,805
Total Change in Net Assets	<u>181,444</u>
NET ASSETS - BEGINNING OF YEAR	
Benefit Pension Plans	1,651,316
Postemployment Healthcare Plans	15,328
Total Beginning Net Assets	<u>1,666,644</u>
NET ASSETS - END OF YEAR	
Benefit Pension Plans	1,823,955
Postemployment Healthcare Plans	24,133
Total Ending Net Assets	<u>\$ 1,848,088</u>

See accompanying notes to the basic financial statements.



Picture courtesy of Lockheed Martin

B-24 “transition” training school at the Fort Worth Army Airfield trained over four thousand pilots (circa 1943).

City of Fort Worth, Texas
Notes to the Basic Financial Statements
September 30, 2012
(in 000's)

Note A:	Summary of Significant Accounting Policies
Note B:	Cash, Cash Equivalents and 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:	D/FW International Airport
Note J:	Employees' Retirement Plan of the City of Fort Worth, Texas
Note K:	Employee Benefits
Note L:	Commitments and Contingencies
Note M:	Condensed Financial Information for Component Units and Nonmajor Enterprise Funds
Note N:	Subsequent Events
Note O:	New Accounting Standards



Picture courtesy of Lockheed Martin

Amon G. Carter, prominent Fort Worth businessman and newspaper publisher, christens the *City of Fort Worth*, a B-24 Liberator.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Fort Worth, Texas (City) as reflected in the accompanying financial statements for the year ended September 30, 2012, 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. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Organizations are included if they are financially accountable to the City, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete. Inclusion is determined 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.

Blended Component Units

Blended component units, although legally separate entities, are reported as part of the primary government because they meet the criteria above, as well as serve or benefit the City exclusively. The following blended component units 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 and 2010. The next renewal will be in 2015. The City funds this program with sales taxes. Although it is legally separate from the City, the members of the board of the CCPD and the members of the City Council are substantively the same. Therefore, the CCPD has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund.

Fort Worth Housing Finance Corporation – The Fort Worth Housing Finance Corporation (FWHFC) was created pursuant to the Texas Housing Finance Corporations Act. The FWHFC was organized for the purpose of financing the cost of residential ownership and development of single-family dwellings for persons of low and moderate income. Although it is legally separate from the City, the members of the Board of the FWHFC and the members of the City Council are substantively the same. Therefore, the FWHFC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. Included in the FWHFC are its component units, The Villas of Eastwood Terrace, LLC and FW City Construction Company, LLC.

The Villas of Eastwood Terrace, LLC – The Villas of Eastwood Terrace, LLC (the Company), a Texas limited liability company, acting pursuant to Article 3.09 of the Texas Limited Liability Company Act, is owned solely by the Fort Worth Housing Finance Corporation. The Company was organized to provide decent, safe and affordable housing to very low-income, low-income and moderate income residents of the City, by developing, owning, leasing, operating, renovating, financing and disposing of the Eastwood Terrace senior housing project, and doing all things incident to the ownership of the project. The Company has a December 31 year-end and its financial information as of the previous December 31 is

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

included in this document. Separate financial statements can be obtained by contacting the Villas of Eastwood Terrace at 4700 E. Berry St, Fort Worth, Texas 76105.

FW City Construction Company, LLC – The FW City Construction Company, LLC (FWCCC), a Texas limited liability company, was created by the Fort Worth Housing Finance Corporation pursuant to the Texas Limited Liability Company Act for the purpose of conducting community development and urban renewal activities under Chapters 373 and 374 of the Texas Local Government Code. FWCCC Articles of Organization were certified by the Office of the Secretary of State for the State of Texas on December 16, 2005 under Filing Number 800585108. Separate financial statements are not available.

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 proposed 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 from the City, the members of the board of the FWLDC and the members of the City Council are substantively the same. Therefore, the FWLDC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund.

Service Center Relocation, Inc. – The Service Center Relocation, Inc. was established under the provision of Chapter 431, Texas Transportation Code, and the general laws of the State of Texas, to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain project costs in connection with the undertaking of certain public improvements within specified geographical areas of the City in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the City. Although it is legally separate from the City, the members of the board of the Service Center and the members of the City Council are substantively the same. Therefore, the Service Center 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 Sports Authority, Inc. – The Fort Worth Sports Authority, Inc. (Sports Authority) was created pursuant to the provisions Section 4B of Article 5190.6, Vernon's Texas Civil Statutes, which authorizes the Sports Authority to jointly assist and act on behalf of the City and to engage in activities in furtherance of the purposes for its creation. The Sports Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in the construction of projects on behalf of the City. The Sports Authority financed the purchase of the Texas Motor Speedway (Speedway) and the infrastructure in and around that property, however it does not operate the Speedway. Due to the Sports Authority 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).

Lone Star Local Government Corporation – The Lone Star Local Government Corporation 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 Lone Star Local Government Corporation 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 Lone Star Local Government Corporation and the members of the City Council are substantively the same. Therefore, the Lone Star Local

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

Government Corporation 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 implementation of project plans for the Magnolia Green Development, including the construction of a parking garage to support the development of the area. Although it is legally separate from the City, the members of the board of the FWCCLGC and the members of the City Council are substantively the same. Therefore, the FWCCLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units).

Discretely Presented Component Units

The following legally separate entities are reported as discretely presented component units of the City in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City, but for which the City is financially accountable and whose relationships with the City are such that exclusion would be misleading or incomplete. They are each designed to benefit the citizens of Fort Worth in specific areas but do not function as an integral part of the primary government.

Fort Worth Public Improvement District No. 1 – The Fort Worth Public Improvement District No. 1 was created by resolution of the City Council pursuant to Texas Local Government Code, Chapter 372. In June 2004, the City Council approved the re-establishment of the District to include an area to the west of the District in addition to the area of District No. 10 which is to the east of downtown District No. 1. The purpose of the re-establishment of the District is to furnish additional security, landscaping, marketing and promotion of the District. Special assessments are levied on property within the District to pay for these improvements and services. Fort Worth Public Improvement District No. 10 is now accounted for with District No. 1.

Fort Worth Public Improvement District No. 6 – The Fort Worth Public Improvement District No. 6 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide supplemental improvements and services, including security patrol services in the Park Glen area. Special assessments are levied on property within the District to pay for these services.

Fort Worth Public Improvement District No. 7 – The Fort Worth Public Improvement District No. 7 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide supplemental improvements and services, including security patrol services in the Heritage area. Special assessments are levied on property within the District to pay for these services.

Fort Worth Public Improvement District No. 8 – The Fort Worth Public Improvement District No. 8 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The District is just outside the Cultural District along the Camp Bowie Boulevard corridor. It is a nine-mile commercial stretch along Camp Bowie Boulevard from University Drive to Loop 820 South. Funds are utilized for marketing and promotion of special events and communication and information programs, planned coordination of capital improvements, clean up and beautification.

Fort Worth Public Improvement District No. 11 – The Fort Worth Public Improvement District No. 11 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide maintenance and landscaping, promotions and marketing, security, transportation and parking, street and sidewalk sweeping, etc. for the Stockyards area.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

Fort Worth Public Improvement District No. 12 – The Fort Worth Public Improvement District No. 12 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The district known as the Chapel Hill area includes 1,358.02 acres bounded by West Bonds Ranch Road, Business Highway 287 North and Boat Club Road. The purpose of the district is to provide additional services and improvements in this area to include maintenance, landscaping, promotions, marketing, security, transportation, parking, and street sweeping.

Fort Worth Public Improvement District No. 14 – The Fort Worth Public Improvement District No. 14 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide management and improvement services for Trinity Bluff. Initial improvements and services to be provided include a maintenance program, a security enhancement program and a district management program.

Taxing Increment Reinvestment Zone No. 2A – The Taxing Increment Reinvestment Zone Number Two A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of the Zone is to promote the development of the Texas Motor Speedway.

Taxing Increment Reinvestment Zone No. 2B – The Taxing Increment Reinvestment Zone Number Two B was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. It is contiguous to the original speedway Tax Increment Financing (TIF). The purpose of the Zone is to promote the development of the Texas Motor Speedway.

Taxing Increment Reinvestment Zone No. 3 – The Taxing Increment Reinvestment Zone Number Three was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was previously Taxing Increment Reinvestment Zone Number One from January 1995 until December 1995 which was dissolved due to a lack of fiscal activity. The purpose of the Zone is to finance public improvements to the downtown area such as construction of an underground parking garage and central park, as well as streetscape improvements along heavily traveled pedestrian corridors.

Taxing Increment Reinvestment Zone No. 3A – The Taxing Increment Reinvestment Zone Number Three A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone is an expansion of Taxing Increment Reinvestment Zone No. Three. The purpose of the Zone is to finance public improvements to the downtown area such as construction of an underground parking garage and central park, as well as streetscape improvements along heavily traveled pedestrian corridors.

Taxing Increment Reinvestment Zone No. 4 – The Taxing Increment Reinvestment Zone Number Four was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of the Zone is to promote the development of the Southside Medical District.

Taxing Increment Reinvestment Zone No. 6 – The Taxing Increment Reinvestment Zone Number Six was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone encompasses the property that is home to Tarrant County College and the Tarrant County Courthouse. The purpose of the Zone is to provide infrastructure support for Tarrant County College and other private investment in this Riverfront TIF area.

Taxing Increment Reinvestment Zone No. 7 – The Taxing Increment Reinvestment Zone Number Seven was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

amended. The purpose of this Zone is to support the completion of the North Tarrant Parkway interchange, ramps, frontage roads and extension to Rainy Lake Road.

Taxing Increment Reinvestment Zone No. 8 – The Taxing Increment Reinvestment Zone Number Eight was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of this Zone is to provide support for redevelopment efforts along the Lancaster Corridor in the southern portion of downtown.

Taxing Increment Reinvestment Zone No. 9 – The Taxing Increment Reinvestment Zone Number Nine was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to provide infrastructure support for the Trinity River Vision, which is a plan for redevelopment of the portion of the Trinity River in the downtown area into an urban lake.

Taxing Increment Reinvestment Zone No. 9A – The Taxing Increment Reinvestment Zone Number Nine A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. It is contiguous to the original development in Tax Increment Financing No. 9. This Zone was created to provide infrastructure support for the Trinity River Vision, which is a plan for redevelopment of the portion of the Trinity River in the downtown area into an urban lake.

Taxing Increment Reinvestment Zone No. 10 – The Taxing Increment Reinvestment Zone Number Ten was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to provide infrastructure and public space support for a private investment by Cabela's Retail, Inc. mega store.

Taxing Increment Reinvestment Zone No. 10A – The Taxing Increment Reinvestment Zone Number Ten A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. It is contiguous to the original development in Tax Increment Financing No. 10. This Zone was created to provide infrastructure and public space support for a private investment by Cabela's Retail, Inc. mega store.

Taxing Increment Reinvestment Zone No. 12 – The Taxing Increment Reinvestment Zone Number Twelve was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to provide infrastructure improvements (e.g. water, sewer, drainage, roads, sidewalks, etc.) associated with new development and redevelopment projects for the East Berry Renaissance along the East Berry Street corridor.

Taxing Increment Reinvestment Zone No. 13 – The Taxing Increment reinvestment Zone Number Thirteen was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This zone was created to help fund infrastructure improvements (e.g. water, sewer, drainage, roads, sidewalks, etc.) associated with new development and redevelopment projects in the Woodhaven Area.

No separate audited financial statements are available for these component units. Unaudited financial statements for the individual component units may be obtained at the City's offices.

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Pension and Retire Healthcare Trust Funds

Employees' Retirement Pension Trust Fund of the City of Fort Worth – The single-employer defined benefit retirement system was established under legal authority of the City Charter and is administered by the City. As disclosed in Note J, 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 system was established under legal authority of the City Charter and is administered by the City. No separate audited financial statements are available for this fiduciary fund of the City.

Other entities for which there are no significant current year activity or balances, but which may have conduit debt balances (see Note G.10) include Alliance Airport Authority, Fort Worth Higher Education Finance Corporation, Stockyards Improvement Authority, Inc., Sunbelt Industrial Development Authority, Lone Star Airport Improvement Authority, Inc., and Trinity Housing Finance Corporation.

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: 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:

Dallas/Fort Worth International Airport – Dallas/Fort Worth International Airport (DFW Airport) is a local government located between the cities of Fort Worth and Dallas. DFW 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 from each of the neighboring cities of Irving, Grapevine, Euless, and Coppell. Refer to further information in Note I regarding the City's initial contribution to the infrastructure of the DFW Airport.

Fort Worth Housing Authority – The Fort Worth Housing Authority (Authority) is an independent organization, which has a scope of public service within the geographic boundaries of the City. Under Texas State Statutes, the responsibility for the administration and operations of the Authority is vested solely with the Authority's Board of Commissioners. The Authority is dependent on Federal funds from the 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 incurred and has no fiscal management control.

Fort Worth Transportation Authority – The Fort Worth Transportation Authority (Transportation Authority) 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 Transportation Authority is vested solely with the Authority's Board of Directors which is composed nine-members appointed by the Fort Worth City Council and Tarrant County Commissioners Court. The Transportation Authority 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.

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A. 2. BASIS OF PRESENTATION

Government-Wide Statements

The two government-wide financial statements, the Statement of Net Assets 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 clearly 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 properly excluded from program revenues are reported as general revenues.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are prescribed for governmental activities and for 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 Administration, Public Safety, Transportation and Public Works, 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.

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. 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.

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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, which are not financed by other funds. During the fiscal year ended September 30, 2012, the City collapsed all of its Capital Projects Funds into one Capital Projects Fund.

In addition to the major funds mentioned above, the City uses the following governmental fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds – The Capital Projects Funds are used to account for the City's purchase or construction of major capital facilities, which are not financed by other funds. For the year ended September 30, 2012 all Capital Projects Funds were collapsed into one Capital Projects Funds described above as a major fund.

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 and liabilities are included in the Statement of Net Assets. The City reports the following major proprietary funds:

Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City. Activities of the funds include administration, billing and collection activities, and the operations, maintenance, and construction of the systems. The fund also accounts for the accumulation of resources for and the payment of long-term principal and interest for the water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if 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 in order to reduce stormwater related pollutants from entering the City's waterways.

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

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.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all enterprise funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However,

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from that date forward, enterprise funds have the option of either: 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The City has chosen not to apply future FASB standards.

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 five internal service funds, which include: Office Services Fund, Equipment Services Fund, Temporary Labor Fund, Information Systems Fund, and Engineering Services Fund.

Fiduciary Funds

The Trust Funds 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 fund type:

Pension and Other Employee Benefit Trust Funds - For accounting measurement purposes, Pension and Other Employee Benefit Trust Funds are accounted for in essentially the same manner as proprietary funds. The Pension and Other Employee Benefit Trust Funds account for the assets of the City's retirement and post employment healthcare benefit plans. The Fort Worth Employees' Retirement Fund issues separately audited financial statements. Those statements can be obtained by contacting the Fort Worth Employee's Retirement Fund, 3801 Hulen St., Suite 101, Fort Worth, Texas, 76107.

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 assets for governmental activities as shown on the government-wide statement of net assets is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability 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 assets 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 expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

A. 3. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

The government-wide statements of net assets and statements 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 and liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. 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

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receiving or giving equal value in exchange, include, for example, sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes are 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 in accordance with 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 fiscal period. Revenues from taxes are generally 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 generally 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 generally 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 GASB Interpretation No. 6.

A. 4. PROPERTY TAXES

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

Property taxes levied for 2012 have been recorded as receivables, net of allowance for refunds and uncollectible amount. The net receivables collected during 2012 and those considered "available" at September 30, 2012 (i.e., property taxes collected within 60 days of year end) have been recognized as revenues in 2012. The remaining receivables have been reflected as deferred revenue. In the government-wide financial statements, tax revenue is recognized in the year in which 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 (amounts are not in thousands).

A. 5. A. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City pools cash from all funds (excluding the Pension and Other Employee Benefit Trust Funds) for the purpose of increasing income through investment activities. Investments are carried at fair value based on quoted market prices in accordance with GASB No. 31. Interest earnings are allocated based on cash and investment amounts in individual funds in a manner consistent with budgetary and legal requirements.

Investments purchased with pooled cash are classified as cash, cash equivalents and investments in the accompanying balance sheet and statement of net assets. 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

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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 to "cash, cash equivalents and investments," as all investments of the fund 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.

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

Valuation of Investments - Investments are stated at fair value. Quoted market prices are used to value investments. 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, 2012. 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.

The Plan's investment in limited partnerships are valued at estimated fair value based on the Plan's proportionate share of the partnerships' fair value as recorded in the partnerships' audited financial statements. 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 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, securities lending 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 2012 represents trades pending settlement and amounts due to foreign currency contracts.

Foreign Currency Transactions – The 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 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. Notional, face, or contract amounts often are used to express the volume of these transactions, but the amounts potentially subject to credit risk are smaller.

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the 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 statements of changes in plan net assets and are included in net investment income. The 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, 2012 were converted to the Plan's functional currency at the foreign exchange rates quoted at September 30, 2012. These foreign exchange gains and losses are included in net appreciation in fair value of investments in the accompanying statements of changes in net assets.

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

Valuation of Investments - Investments are stated at fair value. Quoted market prices are used to value investments.

A. 6. INVENTORIES

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

A. 7. CAPITAL ASSETS

Capital assets, which include land, buildings, infrastructure, vehicles, machinery and equipment 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 or estimated fair market value as of the date of donation for contributed assets. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period for proprietary capital assets.

Assets capitalized have an original cost of \$5 or more and a useful life of more than three years. Depreciation is recorded on each class of depreciable property using the straight-line method over estimated useful lives of the assets. Estimated useful lives are as follows:

Water and Sewer Meters and Equipment	5-20 years
Water and Sewer Infrastructure	25-75 years
Buildings	30-60 years
Vehicles, Machinery and Equipment	2-20 years
Runways and Taxiways	20-30 years
Infrastructure	10-40 years

Included with the City's equipment capital assets, the City has capitalized an intangible asset, computer software. The City follows the same capitalization policy and estimated useful life for its intangible asset as it does for its equipment capital assets. The City also amortizes the intangible asset utilizing the straight-line method.

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

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and sick leave is accrued when incurred in the government-wide statement of net assets, 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 GASB Interpretation No. 6. For accrued amounts that are paid through proprietary funds, an expense and liability for the total future liability is 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 General Fund.

A. 10. A. RISK MANAGEMENT

The General Fund accounts for the administration of risk management activities and programs in accordance with GASB Statement No. 10. These 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 General 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. The budgeted premiums are recognized as reductions of claim expenditures in the General Fund and as expenditures or expenses in the governmental and proprietary funds, as appropriate under requirements of GASB Statement No. 10. However, if the total amount charged to the other funds exceeds total expenditures and liabilities, the excess amounts are reported as transfers. An accrual for unpaid claims and claims incurred but not reported is reflected in the government-wide financial statements as estimated claims payable. Claims expenditures 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 GASB Statement No. 10, the estimated claims payables are based on the estimated ultimate cost of settling the claims.

The total estimated claims payable at September 30, 2012, is \$37,528, of which \$24,075 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the government-wide financial statements.

	Balance at October 1, 2010	Additions	Deletions	Balance at September 30, 2011	Additions	Deletions	Balance at September 30, 2012
Judgments and Claims	\$ 42,724	\$ 80,104	\$ (84,544)	\$ 38,284	\$ 93,078	\$ (93,834)	\$ 37,528

Provisions under each type of insurance are presented below:

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: aircraft and airport liability, liquor liability, pollution legal liability, and general liability. There were no significant changes in coverage limits for liability insurance.

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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 per occurrence for all covered perils. The City self-insures most property losses less than \$250. 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 \$750 for any single occurrence. Coverage limits for workers' compensation are the statutory limits required by the Texas Workers' Compensation Act. In addition, the policy provides Employer's Liability coverage with limits of insurance set at \$1,000 per occurrence. The policy also provides General Liability coverage with limits of insurance set at \$1,000 per occurrence and an aggregate limit of \$3,000.

A. 10. E. GROUP HEALTH AND LIFE INSURANCE

The City maintains a group health insurance plan for active and retired employees and their eligible dependents through a self-insured POS II (Point of Service) or a self-insured indemnity-type plan of benefits. Contributions to the fund are provided by both the City and participating employees. The group life insurance plan only covers active employees and is provided by a commercial carrier. The specific stop loss insurance assumes the risk for claims on any individual in excess of \$400 paid during a calendar year.

A. 10. F. UNEMPLOYMENT COMPENSATION

The City is a reimbursing agency for Unemployment Compensation. The Texas Workforce Commission (TWC) sends quarterly reports to the City concerning claims paid on behalf of the City to eligible former employees. A third party administrator reviews the claims and files reports to TWC accordingly. There were no significant changes in coverage levels for unemployment compensation.

A. 11. FUND BALANCE/NET ASSETS

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, and
 - 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):
 - Limitation 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.

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- 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),
 - Intended use is established by official designated for that purpose. For the City, the City Manager is the designated official.
- 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
 - Excess of nonspendable, restricted and committed fund balance over total fund balance.

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

The City's Financial Management Policy Statements, dated March 20, 2012, establishes and documents the City's policies concerning maintaining the fund balance and net assets of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from emergencies. The policy provides for the following:

A. General Fund Unassigned Fund Balance

The City shall strive to maintain the General Fund unassigned fund balance at 10 percent of the current year's budget appropriation for operations and maintenance. After completion of the annual audit, if the unassigned fund balance exceeds 10 percent, the excess must be specifically designated for subsequent year expenditures or transferred to the Capital Projects Reserve Fund. (The use of the Capital Projects Reserve Fund shall be guided by the Capital Expenditures and Improvements Policy Statements.)

B. Net Assets of Enterprise Operating Funds

In enterprise operating funds, the City shall strive to maintain positive net asset positions to provide sufficient reserves for emergencies and revenue shortfalls. Specifically, in the Water and Sewer Enterprise Fund, an operating reserve will be established and maintained at 20 percent of the current year's budget appropriation for operation and maintenance, which is defined as the total budget less debt service and capital project expenditures.

C. Use of Fund Balance/Net Assets

Fund Balance/Net Assets shall be used only for emergencies, non-recurring expenditures, or major capital purchases that cannot be accommodated through current year savings. Should such use reduce the balance below the appropriate level set as the objective for that fund, restoration recommendations will accompany the decision to utilize said balance.

D. Net Assets of Internal Service Funds

The City shall not regularly maintain positive net assets in excess of 20 percent of the current year's operation and maintenance expense in an internal service fund. Normally, when an internal service fund's net assets exceed 20 percent, the City shall reduce the charges for services provided by the internal service fund to other City operating funds.

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(continued)

E. Culture and Tourism Fund Unassigned Fund Balance

The City shall strive to maintain the Culture and Tourism Fund unassigned fund balance at 20 percent of the current year's budget appropriation, which is defined as the total budget less the annual transfer to the debt service funds, to pay for operations and maintenance costs during that fiscal year. If the unassigned balance exceeds 20 percent, the excess shall be designated exclusively for improvements and maintenance to the Public Events Department Venues and related Public Events Department responsibilities in either the current or any future fiscal year.

F. Debt Service Funds

The City shall maintain sufficient reserves in its debt service funds, which shall equal or exceed the requirements dictated by its bond ordinances.

G. Benefit and Insurance Funds

The City shall seek to maintain reserves in its benefit and insurance funds at the following levels:

1. Risk Management Fund – 25 percent of projected annual operating expenditures.
2. Worker's Compensation Fund – 25 percent of projected annual operating expenditures.
3. Group Health and Life Insurance Fund – 20 percent of projected annual operating expenditures.
4. Unemployment Compensation Fund – 25 percent of projected annual operating expenditures.

Please see the following table for 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 is also shown.

Fund Balance Categories and Classification					
Fund Balance	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Fund Balance
Nonspendable					
General Administration	\$ 10,910	\$ -	\$ 314	\$ -	\$ 11,224
Transportation and Public Works	-	-	-	1	1
Public Events and Facilities	-	-	-	903	903
Housing and Economic Development	-	-	-	1,950	1,950
Total Nonspendable	10,910	-	314	2,854	14,078
Restricted					
General Administration	75	16,890	112,287	1,113	130,365
Public Safety	2,660	-	881	26,028	29,569
Transportation and Public Works	-	-	206,430	11,862	218,292
Parks and Community Services	-	-	5,056	1,603	6,659
Public Library	-	-	508	152	660
Public Events and Facilities	-	-	11,420	285	11,705
Planning and Development	-	-	-	3,528	3,528
Housing and Economic Development	-	-	-	582	582
Total Restricted	2,735	16,890	336,582	45,153	401,360

continued

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

(continued)

Fund Balance Categories and Classification					
Fund Balance	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Fund Balance
Committed					
General Administration	\$ 54,864	\$ 6,106	\$ 39,231	\$ 1,251	\$ 101,452
Public Safety	876	-	139	520	1,535
Transportation and Public Works	3,911	-	60,114	720	64,745
Parks and Community Services	580	-	25,545	8,034	34,159
Public Library	-	-	247	967	1,214
Public Events and Facilities	-	-	1,377	35	1,412
Planning and Development	-	-	-	7,751	7,751
Housing and Economic Development	-	-	-	1,396	1,396
Total Committed	60,231	6,106	126,653	20,674	213,664
Assigned					
General Administration	38,789	92	14,907	4,914	58,702
Public Safety	-	-	195	5,400	5,595
Transportation and Public Works	-	-	15,226	2,933	18,159
Parks and Community Services	-	-	5,554	1,496	7,050
Public Library	-	-	25	1,117	1,142
Public Events and Facilities	-	-	200	13,952	14,152
Planning and Development	-	-	-	164	164
Housing and Economic Development	-	-	-	18,521	18,521
Total Assigned	38,789	92	36,107	48,497	123,485
Unassigned					
General Administration	55,760	-	-	-	55,760
Total Unassigned	55,760	-	-	-	55,760
Total Fund Balance	\$ 168,425	\$ 23,088	\$ 499,656	\$ 117,178	\$ 808,347

(concluded)

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(continued)

A. 12. LONG-TERM OBLIGATIONS

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

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 average bond balance method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are deferred and amortized on a straight-line basis over the term of the related debt. In addition, gains and losses on bond refundings are amortized over the term of the lesser of the new bonds or the refunded bonds life using the straight-line method. In governmental funds, all bond related items are recognized in the current period.

A. 13. 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.

NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS

B. 1. POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the Employees' Retirement Fund and OPEB Trust Fund. Each fund's portion of this pool is displayed on the statement of net assets as "Cash, Cash Equivalents and Investments". The cash and investments of the Employees' Retirement Fund and the OPEB Trust Fund are managed and accounted for separately from those of the City.

The investment policies of the City (exclusive of the Employees' Retirement Fund and Retiree Healthcare Fund) are governed by State statute and a Council adopted City Investment Policy, which includes depository contract provisions and custodial contract provisions. Major controls stipulated in the Investment Policy include: depository limitations require FDIC insurance or full 100 percent collateralization; depositories are limited to Texas banking institutions; repurchase agreements are restricted to primary dealers; all collateral for repurchase agreements and deposits is held by independent third party trustees; all settlement is delivery versus payment; all authorized investments are defined; and diversification guidelines are set as are maximum maturity and maximum weighted average maturity.

The City, as authorized by the City Council, engages in a securities lending contract with Citi Bank whereby all of the U.S. Treasury securities and certain benchmark agency securities are available to be lent to an authorized primary dealer. The City receives defined collateral of at least 100 percent of market value of the underlying securities. At no time is ownership on underlying securities transferred to the dealer. The City does not have the ability to pledge or sell collateral securities without borrower default. Therefore, in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions* securities on loan are not presented on the City's financial statements. As of September 30, 2012, the fair value of securities on loan was \$835,598 and the fair value of collateral held against the loaned securities was \$852,571.

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

(continued)

State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2012, the carrying amount of the City's demand and time deposits and cash on hand was \$538,548. Of the \$528,908 bank balance, \$250 of each interest bearing account and the entire balance of each non-interest bearing account was covered by FDIC deposit insurance with the remainder being collateralized with securities pledged by the City's agent in the City's name. As of September 30, 2012, the City had no funds which were uninsured or uncollateralized.

State statutes and the City's Policy authorize investment in obligations of the U.S. Government, its agencies and instrumentalities, repurchase agreements, A1/P1 commercial paper, AAA-rated public funds investment pools, and SEC-registered money market mutual funds. State statutes require that securities underlying repurchase agreements be limited to federal government securities having a market value of at least 102 percent of the cost of the repurchase agreement.

As of September 30, 2012, the City's investment portfolio and discretely presented component units' investment portfolios (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) are held by the City's custodians in the City's name under written agreements. The City's custodians are Citi Bank (securities lending) and JP Morgan Chase.

The money market mutual funds and pools are invested in a Wells Fargo 100 percent Treasury Money Fund (\$47,016), and Deutsche Bank Money Market Select Fund (\$584). All these funds strive to maintain a one dollar net asset value. The funds are rated AAA by Standard and Poor's. As of September 30, 2012, the total fair value of the City's investments in the Wells Fargo 100 percent Treasury Money Fund and Deutsche Bank Money Market Treasury Select Fund totaled \$47,600 or 4.68 percent of the total investment portfolio.

All security investments are reported monthly at fair value priced by an independent source. Investments in local government investment pools and money market funds are reported at book value. The City generally holds all investments to maturity for investment and income, not speculation.

Interest Rate Risk – In order to limit interest and market rate risk from changes in interest rates, the City's adopted Investment Policy sets general guidelines for maximum maturity dates and maximum weighted average maturity limits. The weighted average maturity (WAM) of the total City investment portfolio is targeted to be a maximum weighted average maturity of two years. The targeted maximum stated maturity of any security is five (5) years.

<u>Maturity</u>	<u>Cash to 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>3 - 4 years</u>	<u>4 - 5 years</u>
Day Range	0-364	365-730	731-1,095	1,096-1,460	1,461-1,825
Targeted Portfolio %	43.00	14.25	14.25	14.25	14.25
Actual %	32.86	17.29	17.63	15.14	17.08

As of September 30, 2012, in the Total Overall Investment Portfolio:

- no holding had a stated maturity date beyond April, 27 2017,
- holdings maturing beyond one year represented 67.14 percent of the total investment portfolio, and
- the weighted average of the combined investment portfolio was 759 days on the total investment portfolio.

As of September 30, 2012, the investment portfolio managed by the City contained structured notes totaling \$263,723 as follows:

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

(continued)

<u>Security</u>	<u>Coupon Range</u>	<u>Call Date Range</u>	<u>Maturity Date Range</u>	<u>Structure</u>	<u>Fair Value</u>	<u>WAM*</u>
Discretely callable securities:						
Federal Home Loan Mortgage Corp (FHLMC)	0.93% - 1.40%	1/13/2013-2/3/2013	2/3/2016-1/13/2017	Quarterly, One-Time Call	\$ 60,319	44
Federal National Mortgage Assoc. (FNMA)	0.70% - 1.875%	11/15/2012-4/12/2013	5/15/2015-4/12/2017	Quarterly, One-Time Call	121,159	43
Continuously callable securities:						
Federal Farm Credit Bank (FFCB)	0.48% - 1.30%	2/21/2013-3/20/2013	9/17/2015-3/20/2017	Continuous	32,096	46
Federal Home Loan Bank (FHLB)	1.05%	2/23/2013	2/23/2017	Continuous	10,000	53
Federal Home Loan Mortgage Corp (FHLMC)	0.625% - 1.00%	11/1/2012-11/25/2012	11/1/2013-11/25/2015	Continuous	40,149	25
Total Structured Notes					<u>\$ 263,723</u>	

* Weighted Average Maturity by Months

Credit Risk – The primary stated objective of the City of Fort Worth’s adopted Investment Policy is the safety of principal and avoidance of principal loss.

Credit risk within the City’s investment portfolio among the authorized investments approved by the City’s adopted Investment Policy is represented only in time and demand deposits, repurchase agreements, and commercial paper. All other investments are rated AAA by Moody’s and Fitch. Investments are made primarily in obligations of the US Government, its agencies or instrumentalities.

State statutes and the City of Fort Worth's adopted Investment Policy restrict both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full FDIC insurance or collateralization from these depositories. Certificates of deposit are limited to a stated maturity of five years. Collateral with a 100 percent margin is required and collateral is limited to obligations of the US Government, its agencies or instrumentalities with less than ten years to maturity. Independent safekeeping at the Federal Reserve is required with monthly reporting. Securities are priced at market value on a daily basis as a contractual responsibility of the bank.

State statutes and the City’s adopted Investment Policy limit repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer (as defined by the Federal Reserve). The agreements require an industry standard, written master repurchase agreement and a minimum 100 percent margin on collateral as well as delivery versus payment settlement and independent safekeeping.

State statutes and the City’s adopted Investment Policy restrict investment in commercial paper to dual rated, A1/P1 commercial paper. The City’s Investment Policy also states that the maximum maturity for commercial paper is not to exceed 270 days.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating agency. The City Policy restricts investment in pools to AAA-rated local government investment pools.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

As of September 30, 2012 in the Primary Government and Discretely Presented Component Units investment portfolio:

- investment in one AAA-rated local government investment pool represented less than 0.01 percent of the total investment portfolio,
- investment in six AAAM-rated, SEC-registered money market funds managed by the City and held with Trustee represented 4.68 percent of the total investment portfolio,
- investment in collateralized certificates of deposit represented 3.93 percent of the investment portfolio, and
- the remainder of the investment portfolio (91.39 percent) was in United States Government or United States Government Agency securities rated AAA by Moody's and Fitch. On August 5, 2011 Standard and Poors, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term US and government sponsored entities sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists.

Investment pools are money market equivalents and rated 'AAA' meet the highest credit quality standards for underlying assets, diversification, management, and operational capabilities. The investment portfolio's volatility rating reflects a low market risk potential and a strong capacity to return stable principal values to meet cash flow requirements, even in severely adverse interest rate environments.

See note B.3 for a listing of investments held by the City with weighted average maturity and credit rating information as of September 30, 2012.

Concentration of Credit Risk – The City of Fort Worth recognizes over-concentration of assets by market sector or maturity as a risk to the investment portfolio. The City's adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits and strategy percentage directives for all authorized investment types 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. A policy defined maturity diversification schedule serves as a general guideline for making investment decisions. In this way, the investment portfolio will be able to take advantage of rising interest rates by re-investing maturing securities at higher yields. In falling rate environments, it will profit from having investments that were made at higher interest rates.

Custodial Credit Risk – To control custody and safekeeping risk, State statutes and the City adopted Investment Policy require collateral for all time and demand deposits, as well as collateral for repurchase agreements and security lending positions, be transferred delivery versus payment and held by an independent party approved by the City and held in the City of Fort Worth's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value for both type transactions. All repurchase agreements and deposits must be collateralized to 102 percent (with the exception of collateral under one year at 101 percent) and agreements must be executed in writing. Depository agreements are executed under the terms of Financial Institutions Resource and Recovery Enforcement Act. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of September 30, 2012, the investment portfolio contained certificates of deposit (\$40,000) but no repurchase agreements. All pledged bank collateral for demand deposits was held by the Federal Reserve and all positions in the security lending program were held at Citi Bank.

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

(continued)

B. 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS HELD BY TRUSTEES

Reserve Fund Investments - Water and Sewer Reserve Fund assets are insured and registered with the securities held by the City's agent in the City's name.

B.3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City held the following cash, cash equivalents, and investments as of September 30, 2012:

Pooled Cash, Cash Equivalents and Investments Managed by the City	Fair Value	Weighted Average Maturity by Days	Credit Rating
Cash	\$ 478,399	N/A	N/A
Cash in Bank - Blended Component Units	2,101	N/A	N/A
Federal Farm Credit Bank (FFCB)	114,407	730	AAA
Federal Home Loan Bank (FHLB)	161,862	418	AAA
Federal Home Loan Mortgage Corp. (FHLMC)	195,017	1,013	AAA
Federal National Mortgage Assoc. (FNMA)	309,393	973	AAA
U. S. Treasury Notes	115,608	220	AAA
Certificates of Deposits	40,000	573	N/A
Local Government Investment Pools	4	N/A	AAA
Total Cash, Cash Equivalents and Investments Managed by the City	1,416,791		
Cash, Cash Equivalents and Investments Held by Trustees for the City			
Gas Well Revenue - Cash	715	N/A	N/A
Texas Department of Transportation - Cash	15,677	N/A	N/A
Department of Justice Grant - Cash	1,656	N/A	N/A
Water and Sewer Reserve Fund - Money Market Mutual Funds	14,978	N/A	AAAm
2010B City of Fort Worth Escrow - Money Market Mutual Funds	23,802	N/A	AAAm
2007B City of Fort Worth Escrow - Money Market Mutual Funds	2,533	N/A	AAAm
Texas Acquisition Fund - Money Market Mutual Funds	584	N/A	AAAm
Fort Worth Local Development Corp - Money Market Mutual Funds	3,435	N/A	AAAm
SE Landfill - Money Market Mutual Funds	2,268	N/A	AAAm
Total Cash and Cash Equivalents Held by Trustees for the City	65,648		
Total Cash, Cash Equivalents and Investments - Primary Government	1,482,439		
Cash and Cash Equivalents Managed by the Employees' Retirement Fund			
Cash in Bank	377	N/A	N/A
Investments Managed by the Employees' Retirement Fund			
Investments	1,984,332	see Note B.5	
Total Cash, Cash Equivalents and Investments - Employees' Retirement Fund	1,984,709		
Cash and Cash Equivalents Managed by the Retiree Healthcare Fund			
Cash in Bank	2,416	N/A	N/A
Investments Managed by the Retiree Healthcare Fund			
Investments	21,695	N/A	see Note B.4
Total Cash, Cash Equivalents and Investments - Retiree Healthcare Fund	24,111		(continued)

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

(continued)

Cash Equivalents and Investments – Discretely Presented Component Units			
Federal Farm Credit Bank (FFCB)	\$ 4,953	730	AAA
Federal Home Loan Bank (FHLB)	7,009	418	AAA
Federal Home Loan Mortgage Corp. (FHLMC)	8,444	1,013	AAA
Federal National Mortgage Assoc. (FNMA)	13,397	973	AAA
Total Cash Equivalents and Investments – Discretely Presented Comp. Units	<u>33,803</u>		
Total Cash, Cash Equivalents, and Investments	<u>\$ 3,525,062</u>		(concluded)

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

Cash, Cash Equivalents, and Investments, per note B.3	
Primary Government	\$ 1,482,439
Employees' Retirement Fund	1,984,709
Retiree Healthcare Fund	24,111
Discretely Presented Component Units	33,803
Total, per note	<u>\$ 3,525,062</u>
Cash, Cash Equivalents, and Investments, per Basic Financial Statements	
Statement of Net Assets - Primary Government	\$ 947,762
Statement of Net Assets - Primary Government Restricted	534,677
Statement of Net Assets - Discretely Presented Component Units	33,803
Statement of Fiduciary Net Assets - Cash and Cash Equivalents	2,793
Statement of Fiduciary Net Assets - Cash and Investments Held by Trustees	2,006,027
Total, per Basic Financial Statements	<u>\$ 3,525,062</u>

B. 4. INVESTMENTS OF THE RETIREE HEALTHCARE FUND (THE “OPEB PLAN”)

INVESTMENTS

Substantially all of the OPEB Plan’s investments are held by its trustee/custodian. The City of Fort Worth authorizes U.S. Bank to manage investments within certain policies as set forth by the City Council through the City’s Investment Policy. These policies mandate a diversified portfolio, which includes investments, either directly or in commingled accounts, in real estate, fixed income securities, and equity securities.

Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures – an amendment to GASB Statement No. 3* (GASB 40), addresses common deposit and investment risks including custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below:

Custodial Credit Risk – Custodial credit risk is the risk that in the event of failure of the counterparty, the OPEB Plan would not be able to recover the value of its investments. The OPEB Plan does not have a formal policy for custodial credit risk. As of September 30, 2012, all investments are registered in the name of the City of Fort Worth PARS Post-Retirement Health Care Plan or in the name of the OPEB Plan’s custodian established through a master trust custodial agreement.

Credit Risk of Debt Securities – Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Below are the OPEB Plan’s investments as of September 30, 2012:

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

(continued)

<u>Investment Type</u>	<u>Rating</u>	<u>Fair Value</u>
Fixed Income Mutual Funds:		
Barclays B Fund	A	\$ 11,154
Vanguard Short-Term Investment	BBB	3,321
Total Fixed Income Mutual Funds		<u>14,475</u>
Equity Mutual Funds:		
Cohen & St Realty	N/A	241
MSCI Eafe Idx	N/A	720
MSCI Emerg Mkt	N/A	722
TR Russell MCP GR	N/A	241
TR Russell MCP VL	N/A	422
S&P SMLCP Grow	N/A	300
S&P SMLCP Value	N/A	601
S&P 500 Index	N/A	1,323
S&P 500 Value	N/A	1,505
S&P 500 Grow	N/A	1,145
Total Equity Mutual Funds		<u>7,220</u>
Total Investments		<u>\$ 21,695</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The OPEB Plan’s investment policy addresses concentration limits on a manager basis. As of September 30, 2012 the OPEB Plan did not have any investments in commingled funds, where the underlying assets were not registered in the Fund’s name that totaled more than 5% of assets of the Fund.

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 OPEB 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.

B.5. INVESTMENTS OF THE EMPLOYEES’ RETIREMENT FUND (THE “PLAN”)

INVESTMENTS

Substantially all of the Plan’s investments are held by its trustee/custodian. The Retirement Fund Board of Directors authorizes various portfolio 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.

Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures – an amendment to GASB Statement No. 3* (GASB 40), addresses common deposit and investment risks including custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below:

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, 2012 all investments are registered in the name of the Employees’ Retirement Fund of the City of Fort Worth or in the name of the Plan’s custodian established through a master trust custodial agreement, with the exception of investments in Alternative Investments and Commingled Funds.

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

(continued)

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

Below are the Plan’s investments as of September 30, 2012:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>
Asset & Mortgage Backed Obligations	AAA	\$ 19,467
Asset & Mortgage Backed Obligations	AA	1,060
Asset & Mortgage Backed Obligations	A	3,678
Asset & Mortgage Backed Obligations	BBB	3,292
Asset & Mortgage Backed Obligations	BB	1,068
Asset & Mortgage Backed Obligations	B	1,013
Asset & Mortgage Backed Obligations	CCC	2,301
Asset & Mortgage Backed Obligations	CC	485
Asset & Mortgage Backed Obligations	NR	420
Total Asset & Mortgage Backed Obligations		<u>32,784</u>
Corporate Obligations	AAA	4,884
Corporate Obligations	AA	9,335
Corporate Obligations	A	22,600
Corporate Obligations	BBB	43,625
Corporate Obligations	BB	10,293
Corporate Obligations	B	7,748
Corporate Obligations	CCC	1,473
Corporate Obligations	CC	223
Corporate Obligations	D	110
Corporate Obligations	NR	1,423
Total Corporate Obligations		<u>101,714</u>
Government Agency Obligations	AAA	76,583
Government Agency Obligations	AA	5,396
Government Agency Obligations	A	2,644
Government Agency Obligations	BBB	924
Government Agency Obligations	B	81
Government Agency Obligations	NR	975
Total Government Agency Obligations		<u>86,603</u>
International Obligations	AAA	30,068
International Obligations	AA	8,772
International Obligations	A	18,887
International Obligations	BBB	17,921
International Obligations	BB	1,613
International Obligations	NR	3,169
Total International Obligations		<u>80,430</u>

(continued)

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

(continued)

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>
Securities Lending Collateral	AAA	\$ 24,474
Securities Lending Collateral	AA	43,770
Securities Lending Collateral	A	65,648
Securities Lending Collateral	BBB	10
Securities Lending Collateral	BB	25
Securities Lending Collateral	NR	10,682
Total Securities Lending Collateral		144,609
Total Fixed Income Subject to Credit Risk		446,140
US Treasuries (Not Subject to Credit Risk)		29,553
Short Term Marketable Securities		103,379
Corporate Stock		595,547
Alternative Investments		491,076
Commingled Funds		320,272
Less: Investments in Non-City Funded Staff Plan		(1,635)
Total Investments		\$ 1,984,332
		(concluded)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the Plan’s investment in a single issuer. The Plan’s investment policy addresses concentration limits on a manager basis. As of September 30, 2012 the Plan did not have any investments in commingled funds, where the underlying assets were not registered in the Fund’s name that totaled more than 5% of assets of the Fund.

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:

<u>Investment Type</u>	<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>	<u>Total Fair Value</u>
Asset & Mortgage					
Backed Obligations	\$ -	\$ 7,825	\$ 750	\$ 24,209	\$ 32,784
Corporate Obligations	841	44,117	36,360	20,396	101,714
Government Agency Obligations	-	1,441	2,240	82,922	86,603
International Obligations	5,757	35,832	13,671	25,170	80,430
Securities Lending Collateral	144,609	-	-	-	144,609
Total Interest Rate Risk Debt Securities	\$ 151,207	\$ 89,215	\$ 53,021	\$ 152,697	\$ 446,140

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, 2012 is presented below:

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Currency	Debt	Equity	Total
Australian Dollar	\$ 1,735	\$ 5,326	\$ 7,061
Brazilian Real	8,040	3,925	11,965
British Pound Sterling	8,852	36,406	45,258
Canadian Dollar	8,129	8,411	16,540
Chinese Peso	1,530	-	1,530
Danish Krone	-	5,118	5,118
Euro Currency Unit	2,334	60,975	63,309
Hong Kong Dollar	25	14,234	14,259
Hungarian Forint	954	-	954
Indian Rupee	1,509	-	1,509
Japanese Yen	1	18,810	18,811
Mexican New Peso	13,893	1,138	15,031
Malaysian Ringgit	1,979	-	1,979
New Zealand Dollar	680	-	680
Norwegian Krone	506	3,060	3,566
Philippine Peso	775	401	1,176
Polish Zloty	2,806	-	2,806
Singapore Dollar	-	1,091	1,091
South African Rand	1,784	523	2,307
South Korean Won	2,795	2,745	5,540
Swedish Krona	3	2,770	2,773
Swiss Franc	5	16,295	16,300
Russian Ruble	1,855	-	1,855
Thai Baht	7	243	250
Turkish Lira	1,935	-	1,935
Total securities subject to foreign currency risk	<u>\$ 62,132</u>	<u>\$ 181,471</u>	<u>\$ 243,603</u>

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 Fund'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 Standard & Poor's (S&P) and Moody's respectively. Substitution and risk control are the only strategies permitted; speculation is strictly prohibited. Derivatives are carried as assets when the fair value is positive and as liabilities 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. For financial reporting purposes, all Fund derivatives are classified as investment derivatives. The Fund was in possession of the following types of derivatives at September 30, 2012:

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

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date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

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

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

The Investment Derivatives schedule listed below reports the fair value and changes in fair value and notional amounts of derivatives outstanding as of September 30, 2012, classified by type:

Derivative Type	Changes in Fair Value		Fair Value	
	Classification	Amount	Amount	Notional
Fiduciary Funds				
Investment Derivatives				
Forward Contracts	Investment Income	\$ (2,600)	\$ (280)	\$ 90,082
Swap Agreements	Investment Income	320	767	83,746
Rights and Warrants	Investment Income	61	61	38
	Totals	<u>\$ (2,219)</u>	<u>\$ 548</u>	<u>\$ 173,866</u>

Credit Risk – The Fund 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 and swap agreements. To minimize credit risk exposure the Fund’s managers monitor the credit ratings of the counterparties. Should there be a counterparty failure, the Fund 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 Fund with a right of setoff in the event of bankruptcy or default by the counterparty. The Fund would be exposed to loss of collateral provided to the counterparty. Collateral provided by the counterparty reduces the Fund’s credit risk exposure.

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of the Fund’s investment derivatives by type, as of September 30, 2012. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security or netting arrangement. The schedule displays the fair value of the investments by credit rating in increasing magnitude of risk. Investments are classified by S&P rating. If the investment does not have an S&P rating, the Moody’s rating that corresponds to the S&P rating is used.

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As of September 30, 2012 the Fund has a net exposure to credit risk of \$548.

Derivative Type	AA	A	Not Rated	Total Fair Value
Forward Contracts	\$ -	\$ -	\$ (280)	\$ (280)
Rights and Warrants	-	-	61	61
Swap Agreements	177	(16)	606	767
Total	<u>\$ 177</u>	<u>\$ (16)</u>	<u>\$ 387</u>	<u>\$ 548</u>

Interest Rate Risk – The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2012, are disclosed on the following table.

Derivative Type	Notional Amount	Total Fair Value
Interest Rate Swaps	\$ 51,346	\$ 945
Swaptions	32,400	(178)
Total	<u>\$ 83,746</u>	<u>\$ 767</u>

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

The net exposure column of the schedule below indicates the Fund's net foreign currency risk related to derivatives as of September 30, 2012.

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	\$ (134)	\$ -	\$ (134)
Brazilian Real	(8)	222	214
British Pound Sterling	-	403	403
Canadian Dollar	130	-	130
Chinese Yuan Renminbi	47	-	47
Euro Currency Unit	(350)	200	(150)
Mexican Peso	(114)	118	4
New Zealand Dollar	(16)	-	(16)
Totals	<u>\$ (445)</u>	<u>\$ 943</u>	<u>\$ 498</u>

The values shown are for the positions that the Fund holds directly. The Fund may also have an indirect exposure to derivatives via its commingled funds and its alternative investments. The Fund owns an interest in the commingled and alternative investment funds which in turn holds the actual positions. Indirect exposures via these types of investments are not shown here.

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SECURITIES LENDING

The Plan is authorized to contractually lend securities to borrowers in accordance with policy established by the Board of Trustees. 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 does not have the ability to pledge or sell collateral securities without borrower default. The amount of collateral held exceeds the value of the assets on loan at September 30, 2012.

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, 2012 the value of the collateral held was \$145,521 and the value of securities out on loan at September 30, 2012 was \$141,630. The Plan earned \$621 (prior to payment for collateral losses discussed below) on its securities lending activity for the fiscal year ended September 30, 2012.

FOREIGN CURRENCY EXCHANGE TRANSACTIONS

To manage the foreign currency exchange risks associated with foreign investments, the Plan enters into forward currency contracts. The Plan had net foreign currency contracts with fair value of approximately -\$280 at September 30, 2012, which contractually obligates the Plan to deliver currencies at a specified date. The Plan could be exposed to 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, 2012, the fair value of these contracts is included in due to/from broker.

NOTE C: RECEIVABLES AND INTERFUND BALANCES

C.1. RECEIVABLES

Receivables at September 30, 2012 for governmental activities of the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

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<u>Receivables</u>	Debt		Capital	Nonmajor	Internal	Total
	General	Service	Projects	Governmental	Service	Governmental Activities
Taxes	\$ 17,615	\$ 5,116	\$ -	\$ -	\$ -	\$ 22,731
Grants and Other Governments	20,244	-	-	23,186	-	43,430
Levied, Unbilled Assessments	-	-	2,082	-	-	2,082
Loans	-	-	-	6,234	-	6,234
Long-term Loans	-	-	-	12,679	-	12,679
Interest	316	605	156	197	17	1,291
Accounts and Other	51,150	-	439	6,766	51	58,406
Total Gross Receivables	89,325	5,721	2,677	49,062	68	146,853
Less Allowance for Doubtful Accounts:						
Taxes	(14,972)	(4,332)	-	-	-	(19,304)
Levied, Unbilled Assessments	-	-	(2,082)	-	-	(2,082)
Accounts and Other	(40,024)	-	-	(104)	-	(40,128)
Total Allowance	(54,996)	(4,332)	(2,082)	(104)	-	(61,514)
Total Receivables, Net	\$ 34,329	\$ 1,389	\$ 595	\$ 48,958	\$ 68	\$ 85,339

Receivables at September 30, 2012 for business-type activities of the City's individual major enterprise funds and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<u>Receivables</u>	Water and Sewer	Stormwater Utility	Nonmajor Enterprise	Total Business-type Activities
Interest	\$ 109	\$ 45	\$ 46	\$ 200
Accounts and Other	48,233	3,572	7,610	59,415
Grants - Restricted	12	-	-	12
Interest - Restricted	348	189	201	738
Total Gross Receivables	48,702	3,806	7,857	60,365
Less Allowance for Doubtful Accounts:				
Accounts and Other	(1,161)	(609)	(322)	(2,092)
Total Allowance	(1,161)	(609)	(322)	(2,092)
Total Receivables, Net	\$ 47,541	\$ 3,197	\$ 7,535	\$ 58,273

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition 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:

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<u>Description</u>	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes	\$ 1,895	\$ -
Grants and Other Governments	9,559	20,168
Loans	-	6,234
Long-term Loans	-	11,664
Other	-	1,294
Total Unavailable / Unearned Revenues	<u>\$ 11,454</u>	<u>39,360</u>
Total Deferred Revenue for Governmental Funds		<u><u>\$ 50,814</u></u>

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

<u>Description</u>	Water and Sewer	Nonmajor Enterprise	Total Business-type Activities
Deposits and Rents	\$ 1,365	\$ 5,771	\$ 7,136
Grants	-	82,103	82,103
Total Unearned Revenues	<u>\$ 1,365</u>	<u>\$ 87,874</u>	<u>\$ 89,239</u>

C.2. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2012, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General Fund	Nonmajor Governmental	\$ 300
General Fund	Nonmajor Enterprise	265
Total:		<u><u>\$ 565</u></u>

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

The \$300 receivable in the General Fund from the Nonmajor Governmental Funds is due from the Grants Special Revenue Fund for interim financing for the Low Income Housing Energy Assistance Program Grant Project.

The \$265 receivable in the General Fund from the Non-major Enterprise Funds is due from the Municipal Golf Fund for interim financing for golf turf maintenance.

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C.3. ADVANCES

Advances from/to other funds at September 30, 2012, are as follows:

Receivable Fund	Payable Fund	Total
General	Nonmajor Enterprise	\$ 7,048
General	Internal Service	710
General	Capital Projects	4
Nonmajor Enterprise	Capital Projects	21,343
Nonmajor Enterprise	Stormwater Utility	2,859
Total:		<u>\$ 31,964</u>

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

The \$7,048 payable to the General Fund from the Nonmajor Enterprise Funds is due from the Municipal Golf Fund to cover a cash deficit. This advance will be repaid from future operating revenues.

The \$710 payable to the General Fund from the Internal Service Funds consists of an advance to the Office Services fund to cover cash deficits. This advance will be repaid from future operating revenues.

The \$21,343 payable to the Nonmajor Enterprise Funds from the Capital Projects Fund consists of a \$10,820 advance from the Municipal Airports Fund and a \$10,523 advance from the Solid Waste Fund for major street reconstruction projects.

The \$2,859 payable to the Nonmajor Enterprise Funds from the Stormwater Utility Fund consists of an advance from the Municipal Airports Fund for the construction of storm drain improvements. This advance will be repaid from future operating revenues.

C. 4. TRANSFERS

Transfers made during the year are as follows:

	Transfers In:								
	General Fund	Debt Service	Capital Projects	Nonmajor Gov't	Water and Sewer	Stormwater Utility	Nonmajor Enterprise	Internal Service	Total
Transfers Out:									
General Fund	\$ -	\$ -	\$ 15,366	\$ 351	\$ 116	\$ -	\$ 8	\$ 3	\$ 15,844
Debt Service	-	-	-	-	-	-	537	2,830	3,367
Capital Projects	3,457	-	-	5,039	15,177	119	-	-	23,792
Nonmajor									
Governmental Funds	12,126	7,250	377,525	1,260	-	53	-	5,019	403,233
Water & Sewer Fund	23,863	-	8,505	43	-	37	-	-	32,448
Stormwater Utility	1,951	-	436	333	70	-	-	-	2,790
Nonmajor									
Enterprise Funds	9,149	-	1,757	373	-	-	-	-	11,279
Internal Service Funds	586	1,093	-	-	-	-	-	-	1,679
Total	<u>\$ 51,132</u>	<u>\$ 8,343</u>	<u>\$ 403,589</u>	<u>\$ 7,399</u>	<u>\$ 15,363</u>	<u>\$ 209</u>	<u>\$ 545</u>	<u>\$ 7,852</u>	<u>\$ 494,432</u>

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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, 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 \$15,367 to the Capital Projects Fund to finance street maintenance programs.

The Debt Service Fund transferred \$2,830 of bond proceeds to an Internal Service Fund for project costs.

The Capital Projects Fund transferred \$3,457 to the General Fund, of which \$1,721 was for various concrete and brick payment repairs.

The Capital Projects Fund transferred \$5,039 to Nonmajor Governmental Funds for various special capital projects.

The Capital Projects Fund transferred \$15,177 to the Water and Sewer Fund, of which \$14,786 was for dredging and improvements to Lake Worth.

The Nonmajor Governmental Funds transferred \$12,126 to the General Fund. Part of the total amount transferred included \$10,198 from the Crime Control and Prevention District Fund to finance the civil service pay plan.

The Nonmajor Governmental Funds transferred \$7,250 to the Debt Service Fund to pay principal and interest on Convention Center Debt.

The Nonmajor Governmental Funds transferred \$377,525 to the Capital Project Fund, of which \$365,804 was to close individual Capital Projects Funds into a single Capital Project Fund and \$10,000 was a transfer from the Crime Control and Prevention District Fund to finance the new Police Training Facility.

The Nonmajor Governmental Funds transferred \$5,019 to the Internal Service Funds for upgrading the City's Public Safety Communications System.

The Water and Sewer Fund transferred \$23,863 to the General Fund of which \$16,593 was for street rentals and \$5,036 for the PILOT (Payments in Lieu of Taxes) program.

The Water and Sewer Fund transferred \$8,505 to the Capital Projects Fund for funding of special capital projects.

Nonmajor Enterprise Funds transferred \$9,149 to the General Fund, of which \$3,282 was from parking fines and meters, and \$2,193 was for funding of special capital projects.

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

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NOTE D: FUND EQUITY

D.1 FUND DEFICITS

Office Services Internal Services Fund – Current year decrease in net assets of \$75 resulted in an increase in the deficit to \$664. This deficit will be offset by user fee increases in future years.

Municipal Golf Fund – Current year decrease in net assets of \$2,696 increased the deficit from \$3,060 to \$5,756. This deficit will be offset by revenues in future years.

Discretely Presented Component Units, Taxing Increment Reinvestment Zone No. 9 – Current year decrease in net assets of \$16,469 was due to an inter-local agreement with Tarrant Regional Water District to fund work performed on the Trinity River Vision project and resulted in a deficit of \$22,648. This deficit will be offset by property tax revenues received in future years.

D.2 GENERAL FUND BALANCE

The City has implemented GASB Statement No. 54 which identifies the portions of fund balance that are recognized as Nonspendable, Restricted, Committed, Assigned, and Unassigned. As of September 30, 2012 the General Fund's nonspendable fund balance includes \$7,762 for advance to other funds, \$3,146 for inventories, and \$2 for prepaids, deposits, and other. The restricted fund balance includes \$2,660 of certificates of obligation proceeds restricted for the purchase of equipment. The committed fund balance includes amounts for risk financing of \$53,273, \$187 for purchase of new fire equipment, and \$6,771 for funding purchases in the next fiscal year. As of September 30, 2012, the General Fund has an unassigned fund balance of \$55,760.

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NOTE E: RESTRICTED ASSETS

Restricted assets in certain funds are held for specific purposes in accordance with bond ordinances or other legal restrictions as follows:

	Water and Sewer	Storm Water Utility	Nonmajor Enterprise Funds	Internal Service Funds	Total
Debt Service:					
Cash and Cash Equivalents	\$ 31,868	\$ 1,706	\$ 977	\$ -	\$ 34,551
Cash and Cash Equivalents Held by Trustees	90	-	-	-	90
Interest Receivable	208	5	14	-	227
	<u>32,166</u>	<u>1,711</u>	<u>991</u>	<u>-</u>	<u>34,868</u>
Capital Improvements:					
Cash and Cash Equivalents	170,087	106,846	114,762	39,553	431,248
Cash and Cash Equivalents Held by Trustees	41,259	-	139	-	41,398
Grant Receivables	12	-	-	-	12
Interest Receivable	134	184	187	-	505
	<u>211,492</u>	<u>107,030</u>	<u>115,088</u>	<u>39,553</u>	<u>473,163</u>
Customer Deposits:					
Cash and Cash Equivalents	12,400	-	812	-	13,212
	<u>12,400</u>	<u>-</u>	<u>812</u>	<u>-</u>	<u>13,212</u>
Other Restrictions:					
Cash and Cash Equivalents	3,722	-	1,896	-	5,618
Cash and Cash Equivalents Held by Trustees	584	-	2,268	-	2,852
Interest Receivable	6	-	-	-	6
	<u>4,312</u>	<u>-</u>	<u>4,164</u>	<u>-</u>	<u>8,476</u>
Total	<u>\$ 260,370</u>	<u>\$ 108,741</u>	<u>\$ 121,055</u>	<u>\$ 39,553</u>	<u>\$ 529,719</u>

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NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2012 was as follows:

	Beginning Balance October 1, 2011	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30, 2012
Total Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 124,878	\$ 33,294	\$ (1,262)	\$ 156,910
Construction in progress	278,769	145,622	(152,678)	271,713
Total capital assets, not being depreciated	<u>403,647</u>	<u>178,916</u>	<u>(153,940)</u>	<u>428,623</u>
Capital assets, being depreciated:				
Buildings	373,540	7,601	(1,502)	379,639
Vehicles, machinery and equipment	189,562	17,176	(9,419)	197,319
Infrastructure	2,228,939	108,698	(1,531)	2,336,106
Total capital assets, being depreciated	<u>2,792,041</u>	<u>133,475</u>	<u>(12,452)</u>	<u>2,913,064</u>
Less accumulated depreciation for:				
Buildings	170,078	9,411	(851)	178,638
Vehicles, machinery and equipment	133,012	17,365	(9,012)	141,365
Infrastructure	1,355,962	79,179	(85)	1,435,056
Total accumulated depreciation	<u>1,659,052</u>	<u>105,955</u>	<u>(9,948)</u>	<u>1,755,059</u>
Total capital assets, being depreciated, net	<u>1,132,989</u>	<u>27,520</u>	<u>(2,504)</u>	<u>1,158,005</u>
Governmental activities capital assets, net	<u><u>\$ 1,536,636</u></u>	<u><u>\$ 206,436</u></u>	<u><u>\$ (156,444)</u></u>	<u><u>\$ 1,586,628</u></u>

Capital asset activity for Business-Type Activities for the year ended September 30, 2012 was as follows:

	Beginning Balance October 1, 2011	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30, 2012
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 74,559	\$ 26,650	\$ -	\$ 101,209
Construction in progress	399,392	183,563	(157,910)	425,045
Total capital assets, not being depreciated	<u>473,951</u>	<u>210,213</u>	<u>(157,910)</u>	<u>526,254</u>
Capital assets, being depreciated:				
Buildings	105,828	1,219	(89)	106,958
Vehicles, machinery and equipment	377,911	5,827	(1,818)	381,920
Infrastructure	2,425,305	135,306	(867)	2,559,744
Total capital assets, being depreciated	<u>2,909,044</u>	<u>142,352</u>	<u>(2,774)</u>	<u>3,048,622</u>
Less accumulated depreciation for:				
Buildings	33,107	2,797	(69)	35,835
Vehicles, machinery and equipment	186,938	17,003	(1,808)	202,133
Infrastructure	688,837	60,687	(407)	749,117
Total accumulated depreciation	<u>908,882</u>	<u>80,487</u>	<u>(2,284)</u>	<u>987,085</u>
Total capital assets, being depreciated, net	<u>2,000,162</u>	<u>61,865</u>	<u>(490)</u>	<u>2,061,537</u>
Business-Type activities capital assets, net	<u><u>\$ 2,474,113</u></u>	<u><u>\$ 272,078</u></u>	<u><u>\$ (158,400)</u></u>	<u><u>\$ 2,587,791</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(continued)

Depreciation expense was charged as follows for the year ended September 30, 2012:

	Depreciation Expense
Governmental Activities	
General Government	\$ 5,331
Public Safety	12,719
Transportation and Public Works	75,515
Parks and Community Services	6,220
Public Library	1,304
Public Events and Facilities	4,089
Planning and Development	33
Housing	726
Total Governmental Depreciation	<u>105,937</u>
Major Business-Type Activities	
Water	66,123
Stormwater Utility	2,090
Non-Major Business-Type Activities	
Municipal Airports	7,804
Municipal Golf	1,818
Municipal Garage	1,420
Solid Waste	1,145
Total Business-Type Depreciation	<u>80,400</u>
Total Depreciation	<u><u>\$ 186,337</u></u>

The Governmental Activities depreciation expense includes \$1,061 of depreciation expense from the Internal Service Funds. Capital assets were transferred to business-type activities from governmental activities during fiscal year 2012 with related accumulated depreciation of \$87. This amount is included in the *Additions/Transfers In* amount included in the business-type activities capital asset activity schedule. Capital assets were transferred to governmental activities from business-type activities during fiscal year 2012 with related accumulated depreciation of \$18. This amount is included in the *Additions/Transfers In* amount included in the governmental activities capital asset activity schedule.

The City capitalizes interest during the construction period in proprietary fund capital projects. For the year ended September 30, 2012 interest was capitalized in the Water and Sewer Fund, Municipal Parking Fund and Stormwater Utility Fund in the amounts of \$9,656, \$244, and \$4,426, respectively.

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NOTE G: DEBT OBLIGATIONS

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2012.

	Balance at		Balance at		Due Within
	October 1, 2011	Increases	Decreases	September 30, 2012	One Year
Governmental Activities:					
General Obligation Bonds	\$ 371,760	\$ 135,485	\$ 48,445	\$ 458,800	\$ 29,785
Certificates of Obligation	202,880	85,790	41,070	247,600	17,205
Convention Center Installment Obligation	4,405	-	635	3,770	675
HUD Installment Obligations	6,761	-	727	6,034	752
Equipment Notes	58,005	-	3,555	54,450	7,590
Service Center Obligation	20,030	-	515	19,515	535
Fort Worth Housing Finance Corp Obligation	9,161	-	88	9,073	94
Fort Worth Sports Authority Obligation	15,337	-	6,861	8,476	90
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
Central City Local Government Corp Obligation	1,376	-	504	872	-
State Energy Conservation Loan Phase I & II	2,580	-	655	1,925	683
State Energy Conservation Loan Phase III	3,598	-	496	3,102	500
ESPC Phase IV	8,352	-	532	7,820	532
Wells Fargo Loan	144	-	66	78	78
Beechwood Bridge Obligation	333	-	333	-	-
Capital Leases	4,319	-	223	4,096	280
Unamortized Bond Premium	23,652	32,956	3,137	53,471	-
Unamortized Loss on Refunding	(6,052)	(9,657)	(1,941)	(13,768)	-
Retainage Payable	-	2,104	-	2,104	2,104
Compensated Absences	113,268	36,426	34,768	114,926	34,768
Risk Management Estimated Claims Payable	38,284	93,078	93,834	37,528	24,062
Other Post Employment Benefits Obligation	284,823	61,624	-	346,447	-
Net Pension Obligation	59,539	-	7,905	51,634	-
Total Governmental Activities	<u>1,254,172</u>	<u>437,806</u>	<u>242,408</u>	<u>1,449,570</u>	<u>119,733</u>

(continued)

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(continued)

	Balance at October 1, 2011	Increases	Decreases	Balance at September 30, 2012	Due Within One Year
Business-Type Activities:					
Water and Sewer - Revenue Bonds	\$ 789,480	\$ 51,355	\$ 97,120	\$ 743,715	\$ 59,140
Water and Sewer - Trinity River Authority Oblig.	7,150	-	494	6,656	521
Water and Sewer - ESPC Phase V	15,365	-	-	15,365	1,194
Stormwater - Revenue Bonds	65,830	78,325	3,860	140,295	3,715
Solid Waste - Equipment Notes	2,049	-	1,299	750	740
Solid Waste - Certificates of Obligation	6,090	-	435	5,655	435
Municipal Parking - Certificates of Obligation	48,985	-	955	48,030	1,005
Municipal Golf - Certificates of Obligation	2,485	-	135	2,350	140
Unamortized Bond Premium	46,042	6,680	6,714	46,008	-
Unamortized Loss on Refunding	(13,123)	(3,607)	(4,305)	(12,425)	-
Compensated Absences	9,884	4,116	4,077	9,923	4,077
Landfill Closure and Postclosure Liab.	3,404	760	-	4,164	-
Pollution Remediation Liability	8,751	-	1,812	6,939	-
Other Post Employment Benefits Obligation	44,097	9,817	-	53,914	-
Net Pension Obligation	8,416	-	185	8,231	-
Total Business-Type Activities	<u>1,044,905</u>	<u>147,446</u>	<u>112,781</u>	<u>1,079,570</u>	<u>70,967</u>
Total Long-Term Liabilities	<u>\$ 2,299,077</u>	<u>\$ 585,252</u>	<u>\$ 355,189</u>	<u>\$ 2,529,140</u>	<u>\$ 190,700</u>

(concluded)

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

(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 2002 Refunding	3.0-5.0	2002	2013	\$ 23,005	\$ 100
Series 2003	3.0-4.625	2003	2023	42,560	2,130
Series 2003A	3.0-5.0	2003	2023	37,365	1,870
Series 2003B Refunding	3.0-5.25	2003	2022	42,700	29,275
Series 2004 Refunding	3.0-5.0	2004	2021	46,230	28,885
Series 2007	4.48	2007	2027	50,000	37,500
Series 2007A	4.38-4.531	2007	2027	100,000	73,195
Series 2008	4.64	2008	2018	49,650	13,420
Series 2009	2.5-5.0	2009	2029	85,180	72,400
Series 2010	2.0-4.0	2010	2030	20,590	18,540
Series 2011 Refunding	2.0-5.0	2011	2023	46,680	46,000
Series 2012 Refunding	2.0-5.0	2012	2032	135,485	135,485
Total general obligation bonds					<u>458,800</u>
Certificates of obligation:					
Series 2005	5.0-6.0	2005	2025	7,200	975
Series 2005A	4.5	2005	2025	7,700	5,005
Series 2007	5.0-5.25	2007	2027	40,250	30,175
Series 2008	4.64	2008	2018	63,150	17,070
Series 2009	3.0-4.375	2009	2029	55,585	41,580
Series 2010	2.0-4.25	2010	2031	34,685	33,520
Series 2010A	3.0-5.0	2010	2030	38,025	33,485
Series 2012	3.0-5.0	2012	2032	85,790	85,790
Total certificates of obligation					<u>247,600</u>
Convention center installment obligation:					
Series 1997	5.0-5.8	1997	2017	10,000	<u>3,770</u>
HUD installment obligation:					
Series 2000A	4.46-6.8	2000	2017	3,475	1,325
Series 2005	4.46-6.8	2005	2020	7,500	<u>4,709</u>
Total HUD installment obligation					<u>6,034</u>
Equipment notes:					
Series 2008	2.66	2008	2015	25,000	11,400
Series 2011	2.24	2011	2018	43,050	<u>43,050</u>
Total equipment notes					<u>54,450</u>
Service center obligation:					
Series 2004	2.6-4.75	2004	2034	22,725	<u>19,515</u>
Fort Worth Housing Finance Corp. obligation:					
Series 2002	6.267	2002	2044	9,588	<u>9,073</u>
Fort Worth Sports Authority obligation	n/a	1997	2026	20,000	<u>8,476</u>
Lone Star Local Gov't Corp. obligation	4.75	2006	2024	31,617	<u>31,617</u>
Central City Local Gov't Corp. obligation:					
Series 2006	4.75	2006	2016	3,574	<u>872</u>

(continued)

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(continued)

Governmental Activities long-term debt is summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
State energy conservation loans:					
Phase I & II	3.0	2004	2018	\$ 4,992	\$ 1,925
Phase III	3.0	2007	2019	5,000	3,102
Total State energy conservation loans					<u>5,027</u>
ESPC IV	2.7	2009	2024	9,066	<u>7,820</u>
Wells Fargo loan:					
Series 2004	4.725	2004	2013	467	<u>78</u>
Capital Leases	9.675-11.0	2011	2021		<u>4,096</u>
Net unamortized bond premium/discount and loss on refunding				n/a	39,703
Retainage payable	n/a	n/a	n/a	n/a	2,104
Compensated absences	n/a	n/a	n/a	n/a	114,926
Estimated claims payable	n/a	n/a	n/a	n/a	37,528
Other post employment benefits obligation	n/a	n/a	n/a	n/a	346,447
Net pension obligation	n/a	n/a	n/a	n/a	<u>51,634</u>
Total Governmental Activities long-term debt					<u>\$ 1,449,570</u>

(concluded)

The Debt Service Fund has been used to liquidate the general obligation bonds, certificates of obligations, convention center obligation and the equipment notes. The General Fund and the nonmajor governmental funds have been used to liquidate all other governmental activities' long-term debt.

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(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 2003 Refunding	3.0-5.5	2003	2023	86,495	2,820
Series 2003A Refunding	2.0-5.25	2003	2015	50,370	19,935
Series 2005	3.0-5.25	2005	2025	120,400	57,165
Series 2005A Refunding	3.0-5.0	2005	2020	73,075	53,120
Series 2005 TWDB*	.35-2.4	2005	2025	7,890	5,405
Series 2005A TWDB*	2.2-3.5	2005	2025	11,500	6,355
Series 2005B TWDB*	4.45-6.25	2005	2025	64,520	47,185
Series 2007	5.0	2007	2027	100,000	83,630
Series 2007A TWDB*	1.75-3.0	2007	2027	33,560	27,550
Series 2007B TWDB*	2.2-3.0	2007	2017	49,585	41,260
Series 2008 Refunding	3.88	2008	2024	44,085	35,490
Series 2009 TWDB	-	2009	2026	20,045	14,525
Series 2010 Refunding	4.0-5.0	2010	2020	98,855	78,880
Series 2010A TWDB*	0.36-2.62	2010	2016	27,190	23,570
Series 2010B	0.15-2.85	2010	2030	28,000	25,440
Series 2010C	4.0-5.25	2010	2030	45,870	42,400
Series 2011 Refunding	4.0-5.25	2011	2031	151,160	147,830
Series 2012 Refunding	2.0-5.0	2012	2025	31,155	31,155
Total revenue bonds					<u>743,715</u>
Trinity River Authority obligations:					
Series 2002	4.0-5.0	2002	2022	10,560	6,656
ESPC Phase V	3.68	2010	2018	15,365	15,365
Total Water and Sewer					<u>765,736</u>
Solid Waste:					
Equipment notes:					
Series 2003	3.61	2003	2013	173	19
Series 2003A	3.42	2003	2013	1,336	156
Series 2003B	3.454	2003	2011	9,576	575
Total equipment notes					<u>750</u>
Certificate of Obligation, Series 2005A	4.5	2005	2025	7,400	5,655
Total Solid Waste					<u>6,405</u>
* Texas Water Development Board					

(continued)

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Business-type long-term debt is summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Municipal Parking:					
Certificates of Obligation:					
Series 2007	5.0-5.25	2007	2033	\$ 20,935	\$ 19,550
Series 2009	5.0-5.25	2009	2033	27,135	26,855
Series 2010A	3.0-5.0	2010	2020	1,955	1,625
Total Municipal Parking					<u>48,030</u>
Municipal Golf:					
Certificates of Obligation:					
Series 2010A	3.0-5.0	2010	2025	2,615	<u>2,350</u>
Stormwater Utility:					
Revenue bonds:					
Series 2007	4.25-5.0	2008	2033	24,430	21,890
Series 2009	2.0-4.3	2009	2035	45,190	42,350
Series 2011	2.0-5.0	2011	2036	78,325	76,055
Stormwater Utility Total					<u>140,295</u>
Net unamortized bond premium/discount and loss on refunding				n/a	33,583
Compensated absences	n/a	n/a	n/a	n/a	9,923
Landfill closure and postclosure liability	n/a	n/a	n/a	n/a	4,164
Pollution remediation liability	n/a	n/a	n/a	n/a	6,939
Other post employment benefits obligation	n/a	n/a	n/a	n/a	53,914
Net pension obligation	n/a	n/a	n/a	n/a	8,231
Total Business-type long-term debt					<u>\$ 1,079,570</u>

(concluded)

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 secured solely or in part by ad valorem taxes levied on all taxable property within the City.

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 principal whichever is greater. At September 30, 2012, \$22,957 of cash and investments is available in the Debt Service Fund to service General Obligation Bonds and Certificates of Obligation for governmental activities.

In September 2012, the City issued Certificates of Obligation, Series 2012 in the amount of \$85,790 to fund projects from the 2007 Critical Capital Program, cost overruns from the 2004 Bond Program, to purchase new fire department equipment, to design and construct the new public safety training facility and to pay costs related to the issuance of the bonds. The bonds will mature on March 1 of each year from 2013 to 2032, payable in installments ranging from \$4,100 to \$4,480. Interest is payable on March 1 and September 1 of each year commencing in March 2013 at interest rates ranging from 3.0 percent to 5.0 percent.

In September 2012, the City issued General Purpose Refunding and Improvement Bonds, Series 2012 in the amount of \$135,485 to refund \$50,780 of existing General Obligation Bonds and Certificates of Obligation, to pay the cost associated with the bond issue, and to fund street improvements and storm sewer improvements related to such street improvements. These bonds will mature on March 1 of each year from 2012 to 2032 in

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installments ranging from \$1,500 to \$9,295. Interest is payable on March 2 and September 1 of each year commencing March 2013 with interest rates ranging from 2.0 percent to 5.0 percent. U.S. Government, State, and Local Government Series (SLGS) were purchased and placed in a irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded \$50,780 bonds. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the statement of net assets. The advance refunding resulted in additional principal and interest payments of \$13,730 over the life of the bonds. This refunding resulted in an economic loss (difference between the present value of the old and new debt service payments) of \$4,739.

As of September 30, 2012, the following bonds were authorized but not issued.

General Obligation Bonds	Date Authorized	Amount Authorized	Amount Unissued
Street and Storm Sewer Improvements	2/7/2004	\$ 232,900	\$ 3,735
Parks and Community Services Improvement	2/7/2004	21,615	2,040
Street Improvements	5/10/2008	150,000	5,725
Total		<u>\$ 404,515</u>	<u>\$ 11,500</u>

G. 3. COMMERCIAL PAPER PROGRAM

In July 1998, the City established a tax-exempt commercial paper program pursuant to which short-term notes with maturity up to 270 days could be issued to finance projects approved by the voters of the City. The maximum amount of Commercial Paper Notes (Series B) the City may have outstanding, at any one time, cannot exceed \$125 million. There was no outstanding commercial paper at year end. No commercial paper was issued during fiscal year 2012.

G. 4. ENTERPRISE DEBT

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

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. At September 30, 2012, \$34,641 of cash and investments was available for payments of principal and interest on all Enterprise debt. The Water and Sewer Fund has substituted surety bonds that are also held in reserve to provide for payment of debt service obligations in the event there are insufficient amounts on deposit to make debt service payments.

In November 2011, the City issued Drainage Utility System Revenue Bonds, Series 2011 in the amount of \$78,325 to fund Stormwater Capital Infrastructure projects that are scheduled in Fiscal Years 2012 and 2013. These projects include storm drain improvements, roadway culvert improvements, erosion protection improvements and the rehabilitation of replacement of existing Stormwater Infrastructure and to pay costs related to the issuance of the bonds. The bonds will mature on February 1 of each year from 2012 to 2036, payable in

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installments ranging from \$2,050 to \$3,590. Interest is payable on February 2 and August 1 of each year commencing in February 2012 at interest rates ranging from 2.0 percent to 5.0 percent.

During 2012 the City drew down an additional 8 installments of the Water and Sewer System Revenue Bonds, series 2009 as follows: October 12th \$285; October 28th \$45; February 8th \$195; March 13th \$120; April 10th \$360; April 30th \$155; June 6th \$355; July 6th \$1,840. These bonds were issued for water system improvements. The installments will mature on February 15 of each year from 2010 to 2026 payable in installments ranging from \$695 to \$815. These bonds bear no interest. The City has pledged future water and sewer customer revenues, to repay these revenue bonds.

During 2012 the City drew down an additional 12 installments of Water and Sewer Revenue Bonds, Series 2010A, as follows: October 6th \$4,940; October 25th \$1,210; December 7th \$665; January 6th \$1,710; February 10th \$1,800; March 9th \$1,555; April 24th \$1,120; May 17th \$1,020; June 16th \$1,090; July 6th \$900; July 31st \$465; and September 14th \$370. These bonds were issued to fund improvements to the improvements to the sewer system. The installments will mature on February 15 of each year from 2011 to 2016 payable in installments ranging from \$1,295 to \$1,810. Interest is payable on February 15th and August 15th of each year commencing in February 2012 with an interest rate of 0.8 percent. The City has pledged future water and sewer customer revenues, to repay the revenue bonds.

In September 2012, the City issued Water and Sewer System Revenue Refunding Bonds, Series 2012 in the amount of \$31,155 to refund \$33,230 of the existing City of Fort Worth Water Revenue Refunding and Improvement Bonds, Series 2005 issue and to cover costs of issuing the bonds. The affected maturities for the refunded bonds are from 2015 to 2025. The new bonds will mature on February 15 of each year from 2013 to 2025 payable in installments ranging from \$135 to \$3,485. Interest is payable on February 15 and August 15 of each year commencing February 2013 with interest rates ranging from 2.0 percent to 5.00 percent. The City has pledged future water and sewer customer revenues, to repay the revenue bonds. U.S. Government, State, and Local Government Series (SLGS) were purchased and placed in a irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded \$33,230 bonds. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the statement of net assets. The advance refunding resulted in a reduction of principal and interest payments of \$4,759 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$4,130.

Net revenues of the City's enterprise funds defined as net operating income, plus depreciation expense, plus investment income, plus gas lease revenues (only Municipal Golf Fund) 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, 2012, net pledged revenue by fund was as follows:

Fund	FY2012	FY2012	Purpose of Debt
	Net Pledged Revenues	Debt Service	
Water & Sewer Fund	\$ 131,134	\$ 130,712	Extending and improving the water and sewer system
Solid Waste Fund	9,395	2,019	Landfill improvements
Stormwater Fund	16,171	9,286	Improvements of storm drains, roadways, and erosion protection
Municipal Parking	5,033	3,622	Construction of City owned parking garage
Municipal Golf	-	234	Municipal Golf's portion of new financial management system
Total	\$ 161,733	\$ 145,873	

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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 solid waste, storm water and municipal parking net revenues to repay long-term bonded debt. The City reports the net revenues in nonmajor proprietary funds.

The City is responsible for environmental cleanup of Riverside Park by the Water and Sewer Fund and asbestos removal before environmental cleanup of City owned buildings by the Environmental Management Fund (nonmajor governmental). The City is required to report the estimated liability for pollution remediation activities in accordance with GASB Statement No. 49, *Reporting for Pollution Remediation Obligations*. As of September 30, 2012 the City's liability was \$6,939 for the Water and Sewer Fund and \$28 is shown as a current year liability in the nonmajor governmental funds. The City's estimated outlays for the cleanup were generated using the expected cash flows technique. The amount of the estimated pollution remediation liability assumes that there will be no major increases in the cost of providing these cleanup services. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations.

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

The annual requirements to amortize all bonded and contractual debt outstanding as of September 30, 2012, is disclosed by Governmental type as shown on the following pages.

Governmental Activities:								
Year Ending					Convention Center			
September			Certificates of		Installment		Equipment Notes	
30,	General Obligations		Obligation		Obligation			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 29,785	\$ 23,195	\$ 17,205	\$ 11,688	\$ 675	\$ 217	\$ 7,590	\$ 1,238
2014	29,120	20,588	17,305	10,627	710	178	7,715	1,026
2015	29,240	19,291	17,390	9,869	750	138	7,840	810
2016	31,225	17,874	17,130	9,159	795	95	3,915	657
2017	30,020	16,461	16,010	8,494	840	49	3,915	570
2018-2022	158,025	55,608	68,670	27,087	-	-	23,475	263
2023-2027	113,460	22,132	59,855	11,826	-	-	-	-
2028-2032	37,925	3,270	34,035	2,482	-	-	-	-
	<u>\$ 458,800</u>	<u>\$ 178,419</u>	<u>\$ 247,600</u>	<u>\$ 91,232</u>	<u>\$ 3,770</u>	<u>\$ 677</u>	<u>\$ 54,450</u>	<u>\$ 4,564</u>

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Governmental Activities:									
Year Ending	Wells Fargo		HUD Installment		Service Center		Fort Worth Housing		
September	Loan		Obligations		Obligation		Finance Corp		
30,	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 78	\$ 2	\$ 752	\$ 261	\$ 535	\$ 897	\$ 94	\$ 566	
2014	-	-	778	235	555	875	100	560	
2015	-	-	805	207	580	851	106	553	
2016	-	-	834	177	605	825	113	547	
2017	-	-	865	145	635	798	120	539	
2018-2022	-	-	2,000	222	3,605	3,548	729	2,569	
2023-2027	-	-	-	-	4,520	2,632	997	2,302	
2028-2032	-	-	-	-	5,755	1,393	1,363	1,936	
2033-2037	-	-	-	-	2,725	134	1,863	1,436	
2038-2042	-	-	-	-	-	-	2,546	753	
2043-2044	-	-	-	-	-	-	1,042	58	
	<u>\$ 78</u>	<u>\$ 2</u>	<u>\$ 6,034</u>	<u>\$ 1,247</u>	<u>\$ 19,515</u>	<u>\$ 11,953</u>	<u>\$ 9,073</u>	<u>\$ 11,819</u>	

(continued)

Governmental Activities:									
Year Ending	State Energy		State Energy		ESPC Phase IV		Total Governmental		
September	Conservation Loan		Conservation Loan		ESPC Phase IV		Activities		
30,	Phase I & II		Phase III		ESPC Phase IV		Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 683	\$ 43	\$ 500	\$ 99	\$ 532	362	\$ 58,429	\$ 38,568	
2014	702	25	517	82	581	336	58,083	34,532	
2015	540	5	533	66	643	308	58,427	32,098	
2016	-	-	549	50	698	276	55,864	29,660	
2017	-	-	566	33	732	242	53,703	27,331	
2018-2022	-	-	437	13	3,307	697	260,248	90,007	
2023-2027	-	-	-	-	1,327	71	180,159	38,963	
2028-2032	-	-	-	-	-	-	79,078	9,081	
2033-2037	-	-	-	-	-	-	4,588	1,570	
2038-2042	-	-	-	-	-	-	2,546	753	
2043-2044	-	-	-	-	-	-	1,042	58	
	<u>\$ 1,925</u>	<u>\$ 73</u>	<u>\$ 3,102</u>	<u>\$ 343</u>	<u>\$ 7,820</u>	<u>\$ 2,292</u>	<u>\$ 812,167</u>	<u>\$ 302,621</u>	

(concluded)

The City has three blended component units whose long-term debt is paid through revenues transferred from discretely presented component units (TIFs). TIF 2A makes debt service payments on Fort Worth Sports Authority's \$8,476 debt obligation. TIF4 makes debt service payments on Central City Local Government Corp's \$872 debt obligation. TIF10 makes debt service payments on Lone Star Local Government Corp's \$31,617 debt obligation. Debt payments by these TIFs are determined based on the revenue that each TIF receives during the year. Therefore, no definitive payment schedule has been determined. In addition, during the year the City has settled its obligation related to Beechwood Bridge Obligation (\$0).

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(continued)

The annual requirements to amortize all Major Fund Business-Type bonded and contractual debt outstanding as of September 30, 2012 is as follows:

Major Business-Type Activities:										
Year Ending September 30,	Water and Sewer Revenue		Water and Sewer TRA		Water and Sewer ESPC V Loan		Storm water Utility Revenue		Total Major Business-Type	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2013	\$ 59,140	\$ 32,609	\$ 521	\$ 299	\$ 1,194	\$ 577	\$ 3,715	\$ 5,663	\$ 64,570
2014	61,200	30,109	545	277	1,142	526	3,825	5,522	66,712	36,434
2015	62,775	25,836	575	253	1,235	484	3,960	5,381	68,545	31,954
2016	58,735	23,176	605	227	1,332	437	4,130	5,221	64,802	29,061
2017	59,930	20,534	640	199	1,435	387	4,300	5,072	66,305	26,192
2018-2022	249,200	65,786	3,769	487	8,448	1,041	24,365	22,547	285,782	89,861
2023-2027	150,495	23,127	-	-	579	15	30,195	16,892	181,269	40,034
2028-2032	42,240	3,412	-	-	-	-	37,295	9,964	79,535	13,376
2033-2037	-	-	-	-	-	-	28,510	2,121	28,510	2,121
	<u>\$ 743,715</u>	<u>\$ 224,589</u>	<u>\$ 6,655</u>	<u>\$ 1,742</u>	<u>\$ 15,365</u>	<u>\$ 3,467</u>	<u>\$ 140,295</u>	<u>\$ 78,383</u>	<u>\$ 906,030</u>	<u>\$ 308,181</u>

The annual requirements to amortize all Nonmajor Fund Business-Type bonded and contractual debt outstanding as of September 30, 2012 is as follows:

Nonmajor Business-Type Activities:										
Year Ending September 30,	Municipal Parking CO		Solid Waste CO		Municipal Golf CO		Solid Waste Equipment Notes		Total Non-Major Business-Type	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2013	\$ 1,005	\$ 2,620	\$ 435	\$ 225	\$ 140	\$ 93	\$ 740	\$ 11	\$ 2,320
2014	1,495	2,561	435	207	150	85	10	-	2,090	2,853
2015	1,565	2,490	435	187	155	79	-	-	2,155	2,756
2016	1,640	2,419	435	171	160	74	-	-	2,235	2,664
2017	1,710	2,344	435	153	885	281	-	-	3,030	2,778
2018-2022	9,510	10,297	2,175	494	860	72	-	-	12,545	10,863
2023-2027	11,755	7,357	1,305	81	-	-	-	-	13,060	7,438
2028-2032	15,640	3,465	-	-	-	-	-	-	15,640	3,465
2033-2037	3,710	108	-	-	-	-	-	-	3,710	108
	<u>\$ 48,030</u>	<u>\$ 33,661</u>	<u>\$ 5,655</u>	<u>\$ 1,518</u>	<u>\$ 2,350</u>	<u>\$ 684</u>	<u>\$ 750</u>	<u>\$ 11</u>	<u>\$ 56,785</u>	<u>\$ 35,874</u>

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(000's omitted)

(continued)

G.6. ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2012, the City did not incur this liability.

G. 7. LEASES

Obligations under capital leases represent the remaining principal amounts under lease purchase agreements for the acquisition of municipal buildings. These leases are recorded as capital leases in the government-wide reporting. Amortization of the leased assets is included in depreciation expenditures in the government-wide reporting. The leased buildings had an original cost totaling \$4,419.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2012:

Capital lease obligations, October 1, 2011	\$ 4,319
Principal payments	<u>223</u>
Capital lease obligations, September 30, 2012	<u><u>\$ 4,096</u></u>

Future minimum lease payments for these leases are as follows:

Year Ending September 30,	Lease Payments
2013	\$ 688
2014	695
2015	702
2016	709
2017	713
2018-2021	<u>2,419</u>
Less: Amount representing interest	<u>(1,830)</u>
Present value of minimum lease payments	<u><u>\$ 4,096</u></u>

The following schedule provides an analysis of the City's investment in capital assets under lease arrangements as of September 30, 2012.

Buildings	\$ 4,419
Less: Accumulated depreciation	<u>(492)</u>
Total net book value of lease assets	<u><u>\$ 3,927</u></u>

The City entered into operating lease agreements for the utilization of computers and related equipment, office space, vehicles and for golf carts. The lease terms range from 12 to 180 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2012:

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Year Ending September 30,	
2013	\$ 2,750
2014	1,628
2015	941
2016	584
2017	509
2018	155
Total minimum payments required	<u>\$ 6,567</u>

Total rental expense for the year was \$3,189.

The Fort Worth Sports Authority entered into a purchase contract to purchase the Texas Motor Speedway. Annual payments consist of a percentage of the tax increment revenues from TIF 2A and an additional percentage of tax increment revenues conditional upon the Texas Motor Speedway’s contribution to economic development. The Fort Worth Sports Authority is obligated for tax increment revenues collected through 2026, with the total purchase price not to exceed \$20,000. The contract 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. Total principal and interest remaining on the contract is \$8,476, payable through 2026. In FY2009 the City entered into an agreement with Texas Motor Speedway Corp. concerning gas bonus and lease revenues related to the racetrack. The agreement stated that upon the corporation initiating a gas lease agreement, the corporation would use this revenue to offset the amount the City owed for the racetrack. In accordance with this agreement, TIF 2A debt payments (City portion) are suspended in anticipation of this lease. The corporation had not entered into a gas lease agreement as of September 30, 2012. The Texas Motor Speedway also has an agreement with Fort Worth Sports Authority to lease back the facility for \$50 to \$100 annually over the 30 year lease. The lease term extends to 2026 with renewal options to extend for an additional 10 years. The lease is accounted for by the City as an operating lease.

The Lone Star Local Government Corporation (a blended component unit) entered into an agreement with Cabela’s to finance a museum inside Cabela’s Fort Worth facility. Annual payments consist of property tax increment revenues from TIF 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. The contract 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. Total principal and interest remaining on the contract is \$31,617, payable through 2024. The interest rate for this agreement is 4.75 percent. The agreement also includes management fees charged by Cabela’s that are to be paid by giving the museum to Cabela’s at the end of the agreement.

G. 8. DEFEASANCE OF PRIOR DEBT

In prior years, the City defeased certain outstanding General Obligation, Certificates of Obligation and Revenue Bonds 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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At September 30, 2012, the following outstanding bonds are considered defeased:

General Obligation Bonds and Certificates of Obligation <i>Series 2003 through 2008</i>	\$ 106,400
Water and Sewer System Revenue Bonds <i>Series 2003 through 2005</i>	<u>65,725</u>
Bonds defeased	<u>\$ 172,125</u>

G.9. DISCRETELY PRESENTED COMPONENT UNIT DEBT

During FY2011 Taxing Increment Reinvestment Zone No. 9 (TIRZ #9) entered into an agreement with Tarrant Regional Water District (TRWD) to reimburse TRWD for TIRZ #9's share of the Trinity River Vision project's cost. As of September 30, 2012, the unreimbursed amount due to TRWD was \$22,674. The reimbursement will be made from property tax collections for TIRZ #9. Debt payments by this TIRZ are determined based on revenues during the year, therefore, no definitive debt payment schedule has been, determined.

G. 10. CONDUIT DEBT

On October 30, 1991, the Alliance Airport Authority, Inc. issued Special Facilities Revenue Bonds, Series 1991 in the amount of \$125,745, of which \$49,525 is outstanding as of September 30, 2012. The bonds do not constitute a debt of the Authority or of the City of Fort Worth.

On May 12, 2006 the Alliance Airport Authority, Inc. issued Special Facilities Revenue Refunding Bonds, Series 2006 in the amount of \$245,150 to defease the Special Facilities Revenue Bonds Series 1996. As of September 30, 2012, \$245,150 is outstanding. The bonds do not constitute a debt of the Authority or of the City of Fort Worth.

On March 22, 2007, the Alliance Airport Authority, Inc. issued Special Facilities Revenue Refunding Bonds, Series 2007 in the amount of \$357,130 to defease Special Facilities Revenue Bonds Series 1990. As of September 30, 2012, \$357,130 is outstanding. The bonds do not constitute a debt of the Authority or of the City of Fort Worth.

NOTE H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the City to place a final cover on its Southeast landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only 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 as of each balance sheet date. The City has contracted out 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 laws and regulations to provide financial assurance for closure and postclosure care. Through a standby letter of credit filed with the state, the City is in compliance with these requirements.

The City reported \$3,670 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2012. This represents the cumulative amount reported to date based on the use of 28 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$9,407 as the remaining estimated capacity is filled. The City expects to close the landfill in

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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64 years from the end of the current fiscal year, or the year 2076. The total cost of closure and postclosure 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, 2012, the City reported cash and cash equivalents of \$2,673 as restricted assets for closure and postclosure care and has \$2,268 in a trust instrument for these costs provided from its contractor (Allied Waste, Inc). The City expects that future closure and postclosure care costs and inflation costs will be completely covered by the trust instrument, in accordance with the contractual agreement with Allied Waste, Inc. 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: D/FW INTERNATIONAL AIRPORT

The Dallas/Fort Worth International Airport (Airport) is a local government entity located between the cities of Fort Worth and Dallas (Cities). The Airport's Board of Directors (the Board) is composed of 12 members, 11 of whom are appointed by the city councils of the Airport's owner cities. Seven represent the City of Dallas and four represent the City of Fort Worth, in accordance with each city's ownership interest in the Airport. In order to facilitate communication between and among the Airport and its neighbors, a 12th, non-voting board position representing one of the Airport's four neighboring cities – Irving, Grapevine, Euless and Coppell – is filled on an annual, rotating basis. The Board must submit an expenditure budget for each fiscal year to the City Manager of each city by July 15th. The governing body of each city must approve the budget by September 1.

Joint Revenue Bonds were issued to construct the Airport. Concurrent Bond Ordinances require the Board to annually adopt a Schedule of Charges that is: (1) reasonably estimated to produce Gross Revenues in an amount at least sufficient to pay Operation and Maintenance Expenses plus 1.25 times Accrued Aggregate Debt Service and (2) reasonably estimated to at least produce Current Gross Revenues in an amount at least sufficient to pay Operation and Maintenance Expenses plus 1.00 times Accrued Aggregate Debt Service. Outstanding debt and related debt service are accounted for by the Dallas/Fort Worth International Airport. The current portion of the Joint Revenue Bonds payable totaled \$76,210 and the long-term portion was \$4,485,665 as of September 30, 2012.

The following condensed financial information has been taken from the Airport's September 30, 2012 financial statements.

Total Assets	\$ 6,047,139
Total Liabilities	4,946,394
Net Assets	<u>\$ 1,100,745</u>
Operating Revenues	\$ 540,027
Operating Expenses	649,516
Non-Operating Revenues (Expenses)	(61,927)
Capital Contributions	<u>24,900</u>
Change in Net Assets	<u>\$ (146,516)</u>

The Cities have executed covenants individually, by ordinance, to levy a maintenance tax if necessary to assure that the Airport will be efficiently operated and maintained. The amount of such tax is limited for each city in its respective ratio to the lesser of 5 cents per one hundred dollars of assessed valuation of the property in each city or the amount of the maintenance tax required. The Airport Board has entered into agreements with air carriers and other parties utilizing the Airport which provide for adjustments to rentals, fees and other charges which

**CITY OF FORT WORTH, TEXAS
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management believes preclude the need for a maintenance tax. To date, no maintenance tax has been levied by the Cities.

Financial statements of the Airport are not included in the City's financial statements since the Airport is not under the sole control of the Fort Worth City Council, but are available at the City's Financial Management Services Department. Separate audited financial statements which are publicly available and can be obtained by contacting the Airport at 3200 East Airfield Drive, P.O. Box 619428 DFW Airport, Texas 75261.

NOTE J: EMPLOYEES' RETIREMENT PLAN OF THE CITY OF FORT WORTH, TEXAS

Plan Description

The Employees' Retirement Plan of the City of Fort Worth (Plan) is a single-employer defined benefit retirement system established under legal authority of the City Charter and is administered by the City, covering all regular fulltime employees of the City of Fort Worth. The Plan is administered by the Retirement Fund's Board of Directors and has an actuarial valuation completed each year, and its funded status is based on current and projected assets and liabilities. The Plan issues separate audited financial statements which are publicly available and can be obtained by contacting the Pension Plan at 3800 Hulen Street, Suite 101, Fort Worth, Texas 76109.

The City has received a favorable letter of determination from the Internal Revenue Service (IRS) that its Plan is qualified under Section 401(a) of the Internal Revenue Code. The authority to define or amend employer and employee contribution rates or benefits is given to the Fort Worth City Council (the City Council). The Plan is considered part of the City's financial reporting entity and is included in the City's basic financial statements as a pension trust fund. The City's payroll for employees covered by the City Plan for the year ended September 30, 2012 was approximately \$386,000 and total payroll was approximately \$399,000.

Effective June 15, 2007, article 6243i of the Texas Revised Civil Statutes ("Article 6243i"), a new state law governing the Plan, 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 Plan. The administrative rules govern the administration and benefits of the plan. The Board may change the administrative operation of the Plan without the City's approval, while any increases to the benefit structure must be approved by the City, following an actuarial assessment. A reduction in benefits must be proposed by the City, and the City must notify the Board 90 days in advance of such benefit reduction.

As of January 1, 2012 (date of most recent actuarial valuation) and January 1, 2011, the Plan's membership consisted of the following members (numbers in table below are not in thousands):

	January 1, 2012	January 1, 2011
Retirees and beneficiaries currently receiving benefits	3,636	3,517
Terminated employees entitled to benefits but not yet paid	279	291
	<u>3,915</u>	<u>3,808</u>
Active members	6,281	6,144
Total	<u>10,196</u>	<u>9,952</u>

Vesting

Members vest in the Plan after five years of credited service. Vested members are eligible for normal retirement on the last day of the month in which the earlier of the following occurs: the member's age plus years of credited

CITY OF FORT WORTH, TEXAS
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service equal 80 ("Rule of 80"), or the member reaches age 65. Vested members may elect early retirement at age 50 at a reduced pension. The City has adopted a 25-year-and-out program for police officers, which allows for full retirement after 25 years of service, regardless of age. Members terminating employment prior to vesting are entitled to receive their contributions plus interest (currently 5.25% annually). Members who are vested have the option of receiving their contributions plus interest or leaving their contributions in the fund and receiving retirement benefits as described above.

Pension Benefits

A member's annual pension at normal or subsequent retirement date equals 3% of compensation base multiplied by total credited years of service with the City. A member's normal retirement date is determined using the Rule of 80. Police officers who retire after completing 25 years of service receive 3% of compensation base multiplied by total credited years of service with the City. For early retirements or vested terminations, the benefit formula is 2.75% of compensation base multiplied by total years of credited service with the City; however, vested terminations who wait to receive benefits until what would have been their normal retirement date receive a 3% multiplier. Beginning April 1, 1999, compensation base is computed as the employee's highest three calendar years of average annual compensation. Prior to April 1, 1999, compensation base was computed using the employee's highest five calendar years of average annual compensation. Any terminated vested member will have his or her benefits calculated using the method in effect at the time of his or her termination. Members who elect early retirement shall have their benefits reduced by 5/12% for each month that early retirement precedes normal retirement.

During fiscal year 2008 the City of Fort Worth passed a new ad-hoc Cost of Living Adjustment (COLA) program effective January 1, 2008. All non-vested members as of December 31, 2007 are enrolled in the ad-hoc COLA program. All vested members and retired members were given the opportunity to select if they wanted to change their current guaranteed 2% COLA to participate in the ad-hoc COLA. Members that did not make a selection were treated as if they chose the current 2% COLA. Members that selected the ad-hoc COLA and non-vested members will have their COLAs determined based upon the funding status of the Plan based upon the previous year's actuarial valuation. These COLAs are compounded based on the benefit received the previous calendar year and could be 0%, 2%, 3% or 4%. Retired members that selected the ad-hoc COLA received a 2% COLA January 1, 2008. As allowed by GAAP, any future payments of ad-hoc COLA have not been included in the calculation of the unfunded actuarial liability until formally approved.

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 members that have entered the Deferred Retirement Option Program (DROP) to leave a part or all of their DROP balance with the Plan. Members that elect this option are credited the same earnings as the Plan on a monthly basis, and are subject to losses if the Plan incurs negative earnings on Plan assets.

If any member terminates employment with the City prior to vesting, the member shall be entitled to receive the amount of his or her contributions plus interest at 5.25% compounded annually. If a member terminates employment after vesting, the member shall be entitled to receive full pension benefits at normal retirement or a reduced benefit as early as age 50. Any vested terminating member may elect to receive a refund of contributions, plus interest, in lieu of retirement benefits either at date of termination or at any time thereafter prior to commencement of retirement benefits, but by doing so shall forfeit all rights under the Plan and thereafter be entitled to no further benefits.

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Death and Disability Benefits

Upon the death of a retired member, the surviving spouse shall receive a monthly pension equal to 75% of the amount being paid to the retired member. If a vested member dies before retirement, the surviving spouse shall receive a monthly pension equal to 75% of the member's accrued pension, subject to certain minimum benefits. Active employees who become totally disabled while in the line of duty receive annual disability benefits that are equal to normal retirement benefits that would have accrued had the member worked to the normal retirement date. Vested members who become totally disabled while not in the line of duty receive disability benefits that are equal to retirement benefits that have accumulated as of the time they become disabled. Non-vested members who become totally disabled receive a refund of contributions, plus interest.

Obligation to Contribute to the Plan

The City contributes to the Plan an amount equal to 19.74% (20.46% for sworn police officers) of the salaries 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 Plan. No additional contributions were made during 2012. 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 salary 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 annual required contributions to the Plan.

Funding Status

The Plans' 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 Plans' condition. The January 1, 2012, valuation shows that the unfunded accrued actuarial liability of the Plan increased by approximately \$169,200 from the valuation prepared as of January 1, 2011. The funded ratio of the Plan decreased from 76.6% to 71.4%, with a funding period of 28.4 years. This is an 8.9-year increase in the effective period, from 19.5 last year. Much of this increase in the effective period was already anticipated in last year's 30-year projection of valuation results, because the \$710 million market loss in 2008 continues to be smoothed into the actuarial value of assets. In addition, there was a \$146 million investment loss for the December 31, 2011 plan year. The table below represents the most recent actuarial determined funding progress of the Plan, a historical schedule of funding progress can be found following the financial statement notes in the required supplementary information to be used to determine trend information about the funding status of the Plan (all amounts presented in 000's except percentages).

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
			(3)-(2)	(2)/(3)		(4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2012	\$ 1,869,700	\$ 2,617,900	\$ 748,200	71.4%	\$ 383,800	194.9%

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Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2012 actuarial valuation:

Valuation Date	January 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, open
Remaining amortization period	30 years
Assets valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate return	8.25%
Projected salary increases	4.75%-29.25%
Cost-of-living adjustments	2.0%
Includes inflation at:	3.0%

Annual pension cost and percentage of required contributions contributed is as follows:

	<u>September 30,</u> <u>2010</u>	<u>September 30,</u> <u>2011</u>	<u>September 30,</u> <u>2012</u>
Annual required contribution	\$ 71,154	\$ 60,042	\$ 67,652
Interest on net pension obligation	6,213	6,827	5,807
Adjustment to annual required contribution	(4,399)	(4,892)	(4,284)
Annual pension cost	<u>72,968</u>	<u>61,977</u>	<u>69,175</u>
Contributions made	<u>65,573</u>	<u>74,577</u>	<u>77,265</u>
Increase (decreases) in net pension obligation	7,395	(12,600)	(8,090)
Net pension obligation beginning of year	<u>73,160</u>	<u>80,555</u>	<u>67,955</u>
Net pension obligation end of year	<u><u>\$ 80,555</u></u>	<u><u>\$ 67,955</u></u>	<u><u>\$ 59,865</u></u>
Percentage of annual pension cost contributed	89.9%	120.3%	111.7%
Percentage of annual required contribution contributed	92.2%	124.2%	114.2%

The net pension obligation as of September 30, 2012 is reported in the Governmental Activities and Business-Type Activities statement of net assets as \$51,634 and \$8,231, respectively.

NOTE K: EMPLOYEE BENEFITS

K. 1. POSTEMPLOYMENT BENEFITS

Plan Descriptions

In addition to the pension benefits described in Note J, the City of Fort Worth provides postemployment health care benefits, established under 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 J. However, some retirees elect not to continue the health coverage during their retirement. Currently 2,741 (not in thousands) retirees and beneficiaries meet those eligibility requirements. The City also provides a \$5 lump sum death benefit single-employer plan for beneficiaries of retired employees who retired on or after January 1, 1970. Neither of these plans issue stand-alone financial statements.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

Provided below are the statement of fiduciary net assets and the statement of changes in fiduciary net assets for the post Retiree Healthcare Plan as of and for the year ended September 30, 2012.

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,416
Cash and Investments Held by Trustees:	
Short Term Mutual Fund Investments	21,695
Other Receivables	<u>22</u>
Total Current Assets	<u>24,133</u>
NET ASSETS HELD IN TRUST FOR PENSION	
AND OTHER EMPLOYEE BENEFITS	
Postemployment Healthcare Plan	<u>\$ 24,133</u>
ADDITIONS	
Interest and Dividend Income	\$ 1,884
Less: Investment Management Fees and Interest Expense	(79)
Employer Contributions	<u>29,420</u>
Total Additions	<u>31,225</u>
DEDUCTIONS	
Benefit payments	<u>22,420</u>
Total Deductions	<u>22,420</u>
Change in Net Assets	8,805
Net Assets-Beginning of the Year	<u>15,328</u>
Net Assets-End of the Year	<u>\$ 24,133</u>

For those employees who terminate 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 all other employees who terminate without retirement, health care benefits continue for 30 days after termination. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Reconciliation Act of 1985. In accordance with GASB 45, the City will perform actuarial studies once every two years. The actuarial information presented in the notes and in the required supplementary section represent the January 1, 2012 actuarial valuation.

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. During the fiscal year 2012, retirees' health insurance was provided with separate plan designs depending upon whether the retiree is 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 on the retiree's coverage election. The City paid for approximately 75 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 the surviving spouse. Expenditures for postemployment health care are recognized as claims or premiums when paid. During fiscal year 2012, the cost for health care benefits for retirees, dependents and surviving spouses was \$29,944. For fiscal year 2012, death benefit payments totaled \$365.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

Annual OPEB Costs

The City's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for fiscal years ended September 30, 2010, September 30, 2011, and September 30, 2012 and the related information for each plan are as follows (dollar amounts in thousands):

Funding Policy and Annual OPEB Cost	Healthcare			Death Benefit		
	9/30/2010	9/30/2011	9/30/2012	9/30/2010	9/30/2011	9/30/2012
Contribution Rates						
City		33% - 100% *			100%	
Plan members		0% - 67% *			N/A	
Annual required contribution	\$ 103,633	\$ 110,705	\$ 105,502	\$ 2,842	\$ 984	\$ 1,435
Interest on net OPEB obligation	7,044	9,970	13,546	46	143	137
Adjustment to annual required contribution	(10,006)	(14,270)	(19,339)	(274)	(127)	(195)
Annual OPEB cost (expense)	100,671	106,405	99,709	2,614	1,000	1,377
Contributions made	(29,305)	(24,960)	(29,420)	(270)	(175)	(225)
Increase in net OPEB obligation	71,366	81,445	70,289	2,344	825	1,152
Net OPEB obligation—beginning of year	171,808	243,174	324,619	1,132	3,476	4,301
Net OPEB obligation—end of year	\$ 243,174	\$ 324,619	\$ 394,908	\$ 3,476	\$ 4,301	\$ 5,453
Percentage of annual OPEB cost contributed	29.1%	23.5%	29.5%	10.3%	17.5%	16.3%
Percentage of annual required contribution contributed	28.3%	22.5%	27.9%	9.5%	17.8%	15.7%

* - The percentage paid by the City varies based on years of service.

At September 30, 2012, the total liability of \$400,361 for Net OPEB obligation was \$346,447 for governmental activities and \$53,914 for business-type activities. The employer's required contribution rate as a percentage of payroll for fiscal year 2012 was 27.9%.

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2012 was as follows:

	Healthcare	Death Benefit
Actuarial accrued liability (a)	\$ 942,238	\$ 11,589
Actuarial value of plan assets (b)	16,000	-
Unfunded actuarial accrued liability (a) – (b)	\$ 926,238	\$ 11,589
Funded ratio (b) / (a)	1.7%	0.0%
Covered payroll (c)	\$ 383,802	\$ 383,802
Unfunded actuarial accrued liability as a percentage of covered payroll ((a) – (b)) / (c)	241%	3%

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

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

Significant methods and assumptions were as follows:

	<u>Healthcare</u>	<u>Death Benefit</u>
Actuarial valuation date	1/1/2012	1/1/2012
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	30	30
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	4.1%	4.1%
Healthcare cost trend rate	8% Initial, 5% Ultimate (in 2020)	N/A N/A
Healthcare inflation rate	3%	N/A

K. 2. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City's Deferred Compensation Plan is administered by two trustees; the International City Management Association Retirement Corporation (ICMARC) and the Nationwide Retirement Solutions. In 1997, the City implemented the requirements of GASB No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and recent tax law changes, the City amended their trust agreements, which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the deferred compensation plan other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the Deferred Compensation Plan in these basic financial statements. Deferred compensation investments are held by outside trustees. The City's Deferred Compensation Plan investments are chosen by the individual (employee) participant and include mutual funds whose focus is on stocks, bonds, treasury securities, money market-type investments or a combination of these. The City's Deferred Compensation Plan, available to all permanent City employees, permits them to defer until future years up to \$16.5. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

NOTE L: 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 fiscal year 2012 payments to the District under the agreement were \$57,697. 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.4., as of September 30, 2012, the City has recorded a pollution remediation liability of \$6,967 in accordance with GASB Statement No. 49, *Reporting for Pollution Remediation Obligations*. 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, if any, will not be significant.

The City has significant construction commitments at September 30, 2012, composed of the following:

	Project Authorization	Expended to	
		September 30, 2012	Committed
Governmental Activities			
Capital Assets	\$ 2,308,399	\$ 1,907,283	\$ 401,116
Water and Sewer	2,287,159	1,978,790	308,369
Stormwater Utility	170,859	67,562	103,297
Total	<u>\$ 4,766,417</u>	<u>\$ 3,953,635</u>	<u>\$ 812,782</u>

Various other claims and lawsuits are pending against the City. At September 30, 2012, the City had potential losses from pending litigation that are reasonably possible totaling \$4,036 that have not been recorded. At September 30, 2012, the City recorded liabilities of \$37,528 for probable judgments and claims.

NOTE M: CONDENSED FINANCIAL INFORMATION FOR COMPONENT UNITS AND NONMAJOR ENTERPRISE FUNDS

M.1. COMPONENT UNITS

Taxing Increment Reinvestment Zone No. 3 (TIRZ #3), No. 3A (TIRZ #3A), No. 4 (TIRZ #4), No. 7 (TIRZ #7), No. 8 (TIRZ #8) and No. 9 (TIRZ #9) are the significant discretely presented component units. Fort Worth Public Improvement Districts No. 1, No. 6, No. 7, No. 8, No. 11, No. 12, and No. 14, and Taxing Increment Reinvestment Zones No. 2A, 2B, 6, 9A, 10, 10A, 12 and 13 are not significant discretely presented component units and are all included in the "Other" category.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

Condensed financial information for all component units is presented below:

Condensed Schedule of Net Assets:

	<u>TIRZ #3</u>	<u>TIRZ #3A</u>	<u>TIRZ #4</u>	<u>TIRZ #7</u>	<u>TIRZ #8</u>	<u>TIRZ #9</u>	<u>OTHER</u>	<u>TOTAL</u>
Assets	\$ 4,390	\$ 4,232	\$ 12,657	\$ 316	\$ 9,194	\$ 26	\$ 3,096	\$ 33,911
Liabilities	<u>(72)</u>	<u>-</u>	<u>(37)</u>	<u>(30)</u>	<u>(525)</u>	<u>(22,674)</u>	<u>(1,158)</u>	<u>(24,496)</u>
Total Net Assets	<u>\$ 4,318</u>	<u>\$ 4,232</u>	<u>\$ 12,620</u>	<u>\$ 286</u>	<u>\$ 8,669</u>	<u>\$ (22,648)</u>	<u>\$ 1,938</u>	<u>\$ 9,415</u>

Condensed Schedule of Revenues, Expenses, and Changes in Fund Net Assets:

	<u>TIRZ #3</u>	<u>TIRZ #3A</u>	<u>TIRZ #4</u>	<u>TIRZ #7</u>	<u>TIRZ #8</u>	<u>TIRZ #9</u>	<u>OTHER</u>	<u>TOTAL</u>
Revenues	\$ 4,406	\$ 682	\$ 6,568	\$ 1,718	\$ 2,779	\$ 2,266	\$ 6,759	\$ 25,178
Expenses	<u>4,202</u>	<u>-</u>	<u>6,542</u>	<u>3,123</u>	<u>677</u>	<u>18,735</u>	<u>7,046</u>	<u>40,325</u>
Change In Net Assets	204	682	26	(1,405)	2,102	(16,469)	(287)	(15,147)
Total Net Assets Beginning	<u>4,114</u>	<u>3,550</u>	<u>12,594</u>	<u>1,691</u>	<u>6,567</u>	<u>(6,179)</u>	<u>2,225</u>	<u>24,562</u>
Total Net Assets Ending	<u>\$ 4,318</u>	<u>\$ 4,232</u>	<u>\$ 12,620</u>	<u>\$ 286</u>	<u>\$ 8,669</u>	<u>\$ (22,648)</u>	<u>\$ 1,938</u>	<u>\$ 9,415</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

M.2. NONMAJOR ENTERPRISE FUNDS

Condensed financial information for the City's nonmajor enterprise funds is presented below:

	Municipal Airports Fund	Municipal Parking Fund	Municipal Golf Fund	Solid Waste Fund	Total Nonmajor Enterprise Funds
Condensed Schedule of Net Assets					
Assets					
Current assets	\$ 87,530	\$ 521	\$ 195	\$ 32,691	\$ 120,937
Other assets	37,411	8,052	2,321	15,464	63,248
Capital assets	168,205	49,785	4,354	18,600	240,944
Total assets	<u>293,146</u>	<u>58,358</u>	<u>6,870</u>	<u>66,755</u>	<u>425,129</u>
Liabilities					
Due to other funds	-	-	265	-	265
Other current liabilities	84,604	1,936	703	11,555	98,798
Advances from other funds	-	-	7,048	-	7,048
Other noncurrent liabilities	1,324	48,382	4,611	13,480	67,797
Total liabilities	<u>85,928</u>	<u>50,318</u>	<u>12,627</u>	<u>25,035</u>	<u>173,908</u>
Net assets					
Invested in capital assets, net of related debt	166,622	5,309	1,819	12,195	185,945
Restricted	-	338	452	412	1,202
Unrestricted	40,596	2,393	(8,028)	29,113	64,074
Total net assets	<u>\$ 207,218</u>	<u>\$ 8,040</u>	<u>\$ (5,757)</u>	<u>\$ 41,720</u>	<u>\$ 251,221</u>
Condensed Schedule of Revenues, Expenses and Changes in Net Assets					
Operating revenues	\$ 5,015	\$ 7,728	\$ 4,389	\$ 54,075	\$ 71,207
Depreciation expense	7,804	1,420	1,818	1,145	12,187
Other operating expenses	7,123	2,775	5,795	45,023	60,716
Operating income (loss)	<u>(9,912)</u>	<u>3,533</u>	<u>(3,224)</u>	<u>7,907</u>	<u>(1,696)</u>
Nonoperating revenues (expenses):					
Investment income	1,362	80	24	343	1,809
Interest and Service Charges	-	(2,385)	(102)	(278)	(2,765)
Gas leases and royalties	6,565	-	607	-	7,172
Other nonoperating revenues (expenses)	15	-	(8)	31	38
Capital contributions	13,550	-	70	1,960	15,580
Transfers in	7	537	1	-	545
Transfers out	(1,580)	(4,112)	(65)	(5,522)	(11,279)
Change in net assets	10,007	(2,347)	(2,697)	4,441	9,404
Beginning net assets	197,211	10,387	(3,060)	37,279	241,817
Ending net assets (deficit)	<u>\$ 207,218</u>	<u>\$ 8,040</u>	<u>\$ (5,757)</u>	<u>\$ 41,720</u>	<u>\$ 251,221</u>
Condensed Schedule of Cash Flows					
Net cash provided (used) by:					
Operating activities	\$ 4,477	\$ 5,352	\$ (450)	\$ 11,465	\$ 20,844
Noncapital financing activities	(10,490)	(3,575)	800	(16,045)	(29,310)
Capital and related financing activities	(3,519)	(6,183)	(733)	(6,925)	(17,360)
Investing activities	1,534	104	27	428	2,093
Net increase (decrease)	(7,998)	(4,302)	(356)	(11,077)	(23,733)
Beginning cash and cash equivalents	117,277	11,953	2,677	43,255	175,162
Ending cash and cash equivalents	<u>\$ 109,279</u>	<u>\$ 7,651</u>	<u>\$ 2,321</u>	<u>\$ 32,178</u>	<u>\$ 151,429</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

NOTE N: SUBSEQUENT EVENTS

The City drew down the twenty fifth (October 5, 2012), twenty sixth (November 7, 2012), twenty seventh (January 15, 2013), twenty eighth (February 11, 2013), and twenty ninth (March 15, 2013) installments of the Water and Sewer System Revenue Bonds, Series 2010A totaling \$1,685. See Note G for interest and maturity date information.

On October 23, 2012, the City of Fort Worth City Council voted to change the rules concerning the accrual of benefits for future, non-vested and vested police officers and general employees, two of three groups covered by the Employees' Retirement Fund (the Plan). Immediately after the Council approved these changes to the Plan, the City filed suit against the Employees' Retirement Fund of the City of Fort Worth. Most of the suit concerns the City's ability to change benefits of vested employees, but it also includes a challenge to an election conducted by the Plan regarding an increase in contributions by members of the Plan who are police officers. Also included in the suit is a request for the Plan to reimburse the City for their legal expenses for the lawsuit they filed against the Plan for changes they made to the Plan.

NOTE O: NEW ACCOUNTING STANDARDS

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. Common examples of SCAs include long-term arrangements in which a government (the "transferor") engages a company or another government (the "operator") to operate a major capital asset in return for the right to collect fees from users of the capital asset. In these SCAs, the operator generally makes a large up-front payment to the transferor. Alternatively, the operator may build a new capital asset for the transferor and operate it on the transferor's behalf. This Statement is effective for the City's financial periods beginning October 1, 2012.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity - Omnibus -- An Amendment of GASB Statements No. 14 and No. 34*. This Statement is designed to improve financial reporting for governmental entities by amending the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet the needs of users and address reporting entity issues that have come to light since GASB 14 and GASB 34 were issued in 1991 and 1999, respectively. This Statement is intended to improve the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units). In addition, this Statement amends the criteria for blending - reporting component units as if they were part of the primary government - in certain circumstances. This Statement is effective for the City's financial periods beginning after October 1, 2012.

In December 2010, GASB issued Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

Hereinafter, these pronouncements collectively are referred to as the “FASB and AICPA pronouncements.” This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. This Statement is effective for the City’s financial periods beginning October 1, 2012.

In June 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, *Basic Financial Statements -- and Management’s Discussion and Analysis -- for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. This Statement is effective for the City’s financial periods beginning October 1, 2012.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. This Statement is effective for the City’s financial periods beginning October 1, 2013.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012, an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. This Statement is effective for the City’s financial periods beginning October 1, 2013.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012
(000's omitted)

(continued)

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans*. This Statement replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This Statement is effective for the City's financial periods beginning October 1, 2013.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the City's financial periods beginning October 1, 2014.

In January 2013, the GASB issued Statement 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. Government combinations include mergers, acquisitions, and transfers of operations. A disposal of government operations can occur through a transfer to another government or a sale. The new standard provides guidance for:

- Determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations;
- Using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations;
- Measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and
- Reporting the disposal of government operations that have been transferred or sold.

This Statement is effective for the City's financial periods beginning October 1, 2014.

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

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**



Picture courtesy of Lockheed Martin

B-24 production line at the Consolidated Vultee manufacturing plant located in Fort Worth.

**CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND - BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(in 000's)
(Unaudited)

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	\$ 286,868	\$ 286,868	\$ 287,896	\$ 1,028
Sales Taxes	102,259	102,259	110,971	8,712
Other Local Taxes	8,265	8,265	8,462	197
Charges for Services	23,629	23,629	23,336	(293)
Licenses and Permits	45,796	45,796	45,958	162
Fines and Forfeitures	16,927	18,927	16,825	(2,102)
Revenue from Use of Money and Property	4,197	4,197	3,737	(460)
Intergovernmental	1,188	1,188	1,235	47
Other	483	762	6,654	5,892
Total Revenue	489,612	491,891	505,074	13,183
Other Financing Sources:				
Transfers In - Other Funds	43,794	46,505	48,325	1,820
Intrafund Transfer In - Other General	-	-	226	226
Total Other Financing Sources	43,794	46,505	48,551	2,046
Total Revenue and Other Financing Sources	533,406	538,396	553,625	15,229
Expenditures:				
Departmental:				
City Manager	6,523	6,691	6,253	438
Internal Audit	2,483	2,723	2,465	258
City Secretary	1,204	1,204	1,033	171
Legal	6,246	6,489	5,858	631
Financial Management Services	7,808	7,908	7,638	270
Human Resources	4,025	4,025	3,968	57
Code Compliance	16,397	17,294	17,168	126
Nondepartmental	58,580	60,245	60,245	-
Police	193,521	195,728	195,728	-
Fire	118,159	118,360	115,694	2,666
Municipal Court	15,306	17,483	17,174	309
Transportation and Public Works	48,749	53,662	47,806	5,856
Parks and Community Services	40,182	40,565	38,273	2,292
Public Library	19,852	19,875	19,381	494
Planning and Development	13,150	13,250	12,003	1,247
Housing and Economic Development	5,440	5,440	5,220	220
Total Expenditures	557,625	570,942	555,907	15,035
Source / (Use) of Fund Balance	\$ (24,219)	\$ (32,546)	\$ (2,282)	\$ 30,264

(continued)

See accompanying notes to the required supplementary information.

**CITY OF FORT WORTH, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND - BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**(in 000's)
 (Unaudited)**

Explanation of Differences Between Budgetary Source / (Use) of Fund Balance and GAAP Net Change in Fund Balance

Source / (Use) of Fund Balance (Budgetary Basis)	\$ (2,282)
Differences - Budgetary to GAAP	
Current year non-budgeted activities treated as revenue for financial reporting purposes but not as a budgetary inflows.	2,642
Current year non-budgeted transfers treated as other financing sources for financial reporting purposes but not as a budgetary inflows.	14,556
Current year non-budgeted activities treated as expenditures for financial reporting purposes but not as a budgetary outflows.	(9,816)
Current year non-budgeted transfers treated as other financing uses for financial reporting purposes but not as a budgetary outflows.	<u>(282)</u>
Net Change in Fund Balance (GAAP Basis)	<u>\$ 4,818</u> (concluded)

See accompanying notes to the required supplementary information.

CITY OF FORT WORTH, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2012
(000's omitted)
(Unaudited)

ADOPTED BUDGET

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The City and many other governments revise their original budgets over the course of the year for a variety of reasons.

The City adheres to the following procedures in 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 hearings are conducted. The budget is legally enacted by the City Council through passage of appropriation and tax levying ordinances prior to September 30 and is published under a separate cover.

An annual budget, including debt service requirements, is legally adopted for the General Fund on a modified accrual basis consistent with generally accepted accounting principles. Certain revenues, expenditures, other financing sources, administrative costs, indirect costs, and transfers are not budgeted. Therefore a reconciliation is presented on the Budgetary Comparison Schedule to reconcile the Budgetary Basis Source/(Use) of Fund Balance to the GAAP Basis Net Change in Fund Balance. Management control and the legal level of control for the General Fund budget is maintained at the departmental level.

The City Council must approve any transfer of appropriation balances or portions thereof from one department to another. The City Manager has the authority, without City Council approval, to transfer appropriation balances from one expenditure account to another within a single department of the City. Supplemental appropriations of \$13,317 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.

Budgets for the Grant Special Revenue Fund are established pursuant to the terms of the related Federal and State grant awards and are therefore not considered a legally adopted budget. The Culture and Tourism Fund and the Crime Control and Prevention District Fund are included in the Special Revenue Funds and have legally adopted budgets that are reflected as supplemental information in the Combining Financial Statement section. These budgets must first be approved by the City Council and then is legally enacted by the City Council prior to September 30. For the Crime Control Fund, the Crime Control and Prevention District Board of Directors as well as the City Council must approve any supplement or transfer of appropriation balances or portions thereof from one department to another. At the close of each fiscal year the appropriated balance in both of these Special Revenue funds lapses. The other Special Revenue Funds and the Debt Service Fund do not have legally adopted budgets. Capital Projects have no binding annual budget. Accordingly, no comparison of budget to actual is presented in the financial statements for such funds.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
(Dollars in Thousands)
(Unaudited)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2007	\$ 1,658,200	\$ 2,068,800	\$ 410,600	80.2%	\$ 338,500	121.3%
1/1/2008	1,821,700	2,059,200	237,500	88.5%	359,300	66.1%
1/1/2009	1,596,300	2,192,100	595,800	72.8%	372,900	159.8%
1/1/2010	1,868,800	2,300,500	431,700	81.2%	368,300	117.2%
1/1/2011	1,894,700	2,473,700	579,000	76.6%	367,600	157.5%
1/1/2012	1,869,700	2,617,900	748,200	71.4%	383,800	194.9%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollars in Thousands)
(Unaudited)

Year Ended	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
9/30/2007	\$ 60,144	62%	\$ 65,205
9/30/2008	70,369	82%	79,986
9/30/2009	50,266	118%	73,160
9/30/2010	71,154	92%	80,555
9/30/2011	60,042	124%	67,955
9/30/2012	67,652	114%	59,865

During fiscal year 2008 the City of Fort Worth passed a new ad-hoc Cost of Living Adjustment (COLA) program effective January 1, 2008. All non-vested members as of December 31, 2007 are enrolled in the ad-hoc COLA program. All vested members and retired members were given the opportunity to select if they wanted to change their current guaranteed 2% COLA to participate in the ad-hoc COLA. Members that did not make a selection were treated as if they chose the current 2% COLA. Members that selected the ad-hoc COLA and non-vested members will have their COLAs determined based upon the funding status of the Plan based upon the previous year's actuarial valuation. These COLAs are compounded based on the benefit received the previous calendar year and could be 0%, 2%, 3% or 4%. Retired members that selected the ad-hoc COLA received a 2% COLA January 1, 2008. As allowed by GAAP, any future payment of the ad-hoc COLA have not been included in the calculation of the unfunded actuarial liability until formally approved.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
(Dollars in Thousands)
(Unaudited)

Valuation Date	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(AVA)	(AAL)	(UAAL)			
	(a)	(b)	(b - a)			
Healthcare						
9/30/2008	\$ -	\$ 976,135	\$ 976,135	0%	\$ 359,308	272%
12/31/2009	5,000	989,851	984,851	1%	334,726	294%
12/31/2010	15,388	1,055,308	1,039,920	1%	334,726	311%
1/1/2012	16,000	942,238	926,238	2%	383,802	241%
Death Benefit						
9/30/2008	\$ -	\$ 10,253	\$ 10,253	0%	\$ 359,308	3%
12/31/2009	-	10,631	10,631	0%	334,726	3%
12/31/2010	161	11,025	10,864	1%	334,726	3%
1/1/2012	-	11,589	11,589	0%	383,802	3%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Dollars in Thousands)
(Unaudited)

Year Ended	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
Healthcare			
9/30/2008	\$ 102,562	17%	\$ 84,842
9/30/2009	108,616	20%	171,808
9/30/2010	103,633	28%	243,174
9/30/2011	110,705	23%	324,619
9/30/2012	105,502	28%	394,908
Death Benefit			
9/30/2008	\$ 872	38%	\$ 540
9/30/2009	924	33%	1,132
9/30/2010	2,842	10%	3,476
9/30/2011	984	18%	4,301
9/30/2012	1,435	16%	5,453

Note: The City first implemented the provisions of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the year ended September 30, 2008.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than expendable trusts, major capital projects, or proprietary funds) that are legally restricted to expenditures for specified purposes.

Crime Control and Prevention District Fund is used to promote and enhance the feeling of safety for all citizens in all areas of the City, including neighborhoods, commercial areas, parks and public facilities.

Environmental Management Fund is used to accumulate revenue to pay for any environmental program or service as such services are required by state or federal mandates.

Fort Worth Housing Finance Corporation Fund is used to finance the cost of residential ownership and development of single-family dwellings for persons of low and moderate income. This fund also includes its component units, Villas of Eastwood Terrace, LLC, which was organized to provide decent, safe and affordable housing to low-income residents of the City, by developing, owning, leasing, operating, renovating, financing and disposing of the Eastwood Terrace senior housing project, and doing all things incident to the ownership of the project and Fort Worth Construction Company, LLC, which was organized to administer a proposed low-interest rate program for business development in and around the Stockyards area, in accordance with the Economic Development Administration Block Grant Program.

Fort Worth Local Development Corporation Fund is used to administer a low-interest rate program for business development in and around the stockyards area as well as other City-wide economic development activities.

HUD 108 Loan Fund is used to record various Housing and Urban Development (HUD) Section 108 loans received from HUD to develop economically depressed areas within the City.

Special Projects Fund is used to account for many small projects, which are varied in purpose. Financing for this fund is provided by contributions from various organizations and individuals and is restricted to such projects.

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

Other Blended Component Units Fund is used to combine Service Center Relocation, Inc. (which was set up to build a new service center for Transportation and Public Works and Equipment Services), Fort Worth Sports Authority (used to purchase the Texas Motor Speedway and spur economic growth), Lone Star Local Development Corporation (used for the construction of a museum, exhibition space, and certain public infrastructure in the vicinity of Cabela's retail facility), and Central City Local Government Corporation (organized for the purpose of aiding, assisting, and acting on behalf of the City in implementation of project plans for the Magnolia Green Development, including construction of a parking garage to support development).

Other Special Revenue Fund is used to report the financial activity of minor funds whose proceeds of specific revenue sources require separate accounting because of legal or regulatory provisions or administrative action.

Culture and Tourism Fund is used to account for taxes received from hotel and motel occupancy for the purpose of promoting tourism.

The Fort Worth Fund is used to aggregate specific gas well revenues from the Parks and Community land and other governmental owned property for the purpose of establishing a fund that only the residual revenue will be spent for specific purposes.

Capital Projects Funds

The Capital Projects Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by federal grants or Enterprise Funds.

Fire Protection Improvements Fund is used to account for the proceeds of Fire Improvement bonds which include: construction, relocation and/or renovation of various fire stations.

Street Improvement Fund is used to account for the proceeds of Street Improvement bonds which includes: improvements to traffic flow throughout the City; improvements to and construction of sidewalks, drainage systems, traffic signals, street lights, neighborhood collection services; constructing, resurfacing, and restructuring streets, thorough-fares, collectors and storm drains; and public improvements or services providing a benefit to the properties against which special assessments are levied.

Parks and Community Services Improvements Fund is used to account for the proceeds of Parks and Community Services Improvement bonds which includes renovating, upgrading and enlarging of existing parks and community services facilities; and construction of new facilities in selected areas of the city.

Public Events Improvements Fund is used to account for the proceeds of improvement bonds which includes up-grading of Will Rogers Memorial Coliseum and the Convention Center and repair of Will Rogers Auditorium, Cowtown Coliseum and the Water Gardens Plaza.

Library Improvements Fund is used to account for the proceeds of improvement bonds which include development of an addition to and improvements to the main library and construction of neighborhood libraries.

Animal Shelter Improvements Fund is used to account for the construction of an animal control shelter and clinic at Village Creek Road and Martin Street.

Capital Projects Reserve Fund is used to account for non-bond funds held as backup funding for capital projects or other large unbudgeted expenditures.

Certificate of Obligations Special Projects Fund is used to account for the acquisition of and improvements to the building located at 275 West 13th Street, construction of improvements to the Fort Worth Water Gardens and construction and equipping of the Evans Rosedale Redevelopment Project.

2007 Critical Capital Projects Fund is used to account for the proceeds of certificates of obligation bonds, the proceeds of which will be used for crucial and time sensitive critical capital needs.

Other Capital Projects Fund is used to account for capital projects that are that do not fall into the categories listed in the other capital project categories list above.



Arrival of the first B-36A at Carswell Air Force Base; AF serial number 44-92015 was christened as the *City of Fort Worth* in June 1948.

**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012
(in 000's)**

	Special Revenue Funds			
	Crime Control and Prevention District	Environmental Management	Fort Worth Housing Finance Corporation	Fort Worth Local Development Corporation
ASSETS				
Cash, Cash Equivalents and Investments	\$ 14,115	\$ 7,561	\$ 12,022	\$ 2,089
Cash and Cash Equivalents Held by Trustees	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Grants and Other Governments	8,645	-	-	-
Loans	-	-	334	-
Interest	34	14	21	2
Accounts and Other	267	353	4	476
Inventories (at Cost)	-	-	568	271
Prepays, Deposits, and Other	-	-	77	20
Long-Term Loans Receivable	-	-	-	-
Total Assets	<u>\$ 23,061</u>	<u>\$ 7,928</u>	<u>\$ 13,026</u>	<u>\$ 2,858</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 251	\$ 12	\$ 2	\$ -
Construction Payable	835	208	12	-
Escrow Accounts	-	-	1	-
Accrued Payroll	621	38	7	-
Accrued Interest	-	18	-	-
Due to Other Funds	-	-	-	-
Other	-	-	72	-
Deferred Revenue	-	-	335	-
Total Liabilities	<u>1,707</u>	<u>276</u>	<u>429</u>	<u>-</u>
Fund Balances (Deficit):				
Nonspendable	-	-	645	291
Restricted	15,734	4,687	169	-
Committed	402	720	-	705
Assigned	5,218	2,245	11,783	1,862
Total Fund Balances	<u>21,354</u>	<u>7,652</u>	<u>12,597</u>	<u>2,858</u>
Total Liabilities and Fund Balances	<u>\$ 23,061</u>	<u>\$ 7,928</u>	<u>\$ 13,026</u>	<u>\$ 2,858</u>

Special Revenue Funds

HUD 108 Loan	Special Projects	Culture & Tourism	Grants	Other Blended Component Units	Other Special Revenue	The Fort Worth Fund	Special Revenue Funds Subtotal
\$ 912	\$ 25,761	\$ 12,355	\$ 22,082	\$ 1,591	\$ 7,869	\$ 15,862	\$ 122,219
3,435	314	-	1,656	-	-	-	5,405
-	-	-	14,541	-	-	-	23,186
-	-	-	5,900	-	-	-	6,234
1	29	33	22	-	14	27	197
-	-	4,839	-	388	-	335	6,662
-	-	-	-	-	-	-	839
-	-	903	-	-	-	-	1,000
1,015	-	-	11,664	-	-	-	12,679
<u>\$ 5,363</u>	<u>\$ 26,104</u>	<u>\$ 18,130</u>	<u>\$ 55,865</u>	<u>\$ 1,979</u>	<u>\$ 7,883</u>	<u>\$ 16,224</u>	<u>\$ 178,421</u>
\$ -	\$ 319	\$ 1,150	\$ 56	\$ -	\$ 2,849	\$ -	\$ 4,639
-	106	-	3,661	2	311	-	5,135
-	784	422	70	-	3	-	1,280
-	31	156	184	-	50	-	1,087
-	-	-	-	-	-	-	18
-	-	-	300	-	-	-	300
-	-	-	-	-	-	-	72
-	-	1,086	47,291	-	-	-	48,712
-	<u>1,240</u>	<u>2,814</u>	<u>51,562</u>	<u>2</u>	<u>3,213</u>	<u>-</u>	<u>61,243</u>
1,015	-	903	-	-	-	-	2,854
-	15,264	-	3,808	1,509	3,982	-	45,153
161	2,055	32	75	468	-	16,056	20,674
4,187	7,545	14,381	420	-	688	168	48,497
<u>5,363</u>	<u>24,864</u>	<u>15,316</u>	<u>4,303</u>	<u>1,977</u>	<u>4,670</u>	<u>16,224</u>	<u>117,178</u>
<u>\$ 5,363</u>	<u>\$ 26,104</u>	<u>\$ 18,130</u>	<u>\$ 55,865</u>	<u>\$ 1,979</u>	<u>\$ 7,883</u>	<u>\$ 16,224</u>	<u>\$ 178,421</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012
(in 000's)**

	Capital Projects Funds			
	Fire Protection Improvements	Street Improvements	Parks and Community Services Improvements	Public Events Improvements
ASSETS				
Cash, Cash Equivalents and Investments	\$ -	\$ -	\$ -	\$ -
Cash and Cash Equivalents Held by Trustees	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Grants and Other Governments	-	-	-	-
Loans	-	-	-	-
Interest	-	-	-	-
Accounts and Other	-	-	-	-
Inventories (at Cost)	-	-	-	-
Prepays, Deposits, and Other	-	-	-	-
Long-Term Loans Receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Construction Payable	-	-	-	-
Escrow Accounts	-	-	-	-
Accrued Payroll	-	-	-	-
Accrued Interest	-	-	-	-
Due to Other Funds	-	-	-	-
Other	-	-	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Funds

Library Improvements	Animal Shelter Improvements	Capital Projects Reserve	Certificate of Obligations Special Projects	2007 Critical Capital Projects	Other Capital Projects	Capital Project Funds Subtotal	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,219
-	-	-	-	-	-	-	5,405
-	-	-	-	-	-	-	23,186
-	-	-	-	-	-	-	6,234
-	-	-	-	-	-	-	197
-	-	-	-	-	-	-	6,662
-	-	-	-	-	-	-	839
-	-	-	-	-	-	-	1,000
-	-	-	-	-	-	-	12,679
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,421</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,639
-	-	-	-	-	-	-	5,135
-	-	-	-	-	-	-	1,280
-	-	-	-	-	-	-	1,087
-	-	-	-	-	-	-	18
-	-	-	-	-	-	-	300
-	-	-	-	-	-	-	72
-	-	-	-	-	-	-	48,712
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,243</u>
-	-	-	-	-	-	-	2,854
-	-	-	-	-	-	-	45,153
-	-	-	-	-	-	-	20,674
-	-	-	-	-	-	-	48,497
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,178</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,421</u>

(concluded)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)**

	Special Revenue Funds			
	Crime Control and Prevention District	Environmental Management	Fort Worth Housing Finance Corporation	Fort Worth Local Development Corporation
Revenues:				
Other Local Taxes	\$ 50,276	\$ -	\$ -	\$ -
Charges for Services	-	4,094	-	-
Fines and Forfeitures	-	-	-	-
Revenue from Use of Money and Property	-	-	1,411	842
Investment Income	169	77	132	14
Intergovernmental	3,795	-	5	-
Gas Leases and Royalties	-	-	13	147
Other Revenue	506	28	632	453
Contributions	-	-	-	-
Total Revenue	<u>54,746</u>	<u>4,199</u>	<u>2,193</u>	<u>1,456</u>
Expenditures:				
Current:				
General Administration	-	-	-	-
Public Safety	37,363	-	-	-
Transportation and Public Works	-	3,591	-	-
Parks and Community Service:	1,018	-	-	-
Public Library	-	-	-	-
Public Events and Facilities	-	-	-	-
Planning and Development	-	-	-	-
Housing	-	-	1,806	764
Capital Outlay	329	39	-	-
Debt Service:				
Principal Retirement	31	283	88	-
Interest and Service Charges	69	33	-	-
Total Expenditures	<u>38,810</u>	<u>3,946</u>	<u>1,894</u>	<u>764</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,936</u>	<u>253</u>	<u>299</u>	<u>692</u>
Other Financing Sources (Uses):				
Proceeds from Disposal of Property	-	-	-	-
Transfers In	9	373	-	-
Transfers Out	(25,380)	(212)	-	-
Total Other Financing Sources (Uses)	<u>(25,371)</u>	<u>161</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,435)	414	299	692
Fund Balances, Beginning of Year	30,789	7,238	12,298	2,166
Fund Balances, End of Year	<u>\$ 21,354</u>	<u>\$ 7,652</u>	<u>\$ 12,597</u>	<u>\$ 2,858</u>

Special Revenue Funds

HUD 108 Loan	Special Projects	Culture & Tourism	Grants	Other Blended Component Units	Other Special Revenue	The Fort Worth Fund	Special Revenue Funds Subtotal
\$ -	\$ -	\$ 24,815	\$ -	\$ -	\$ -	\$ -	\$ 75,091
-	1,247	-	-	-	685	-	6,026
-	855	-	-	-	7,910	-	8,765
-	247	8,822	459	1,503	-	-	13,284
10	178	188	124	2	69	167	1,130
-	1,743	-	45,581	307	-	-	51,431
-	-	-	-	6,759	-	2,873	9,792
-	1,555	2	-	-	123	-	3,299
-	3,037	-	22	1,137	-	-	4,196
<u>10</u>	<u>8,862</u>	<u>33,827</u>	<u>46,186</u>	<u>9,708</u>	<u>8,787</u>	<u>3,040</u>	<u>173,014</u>
-	68	-	2,951	-	-	-	3,019
-	1,965	-	4,058	-	-	-	43,386
-	131	-	2,700	-	9,695	-	16,117
-	2,289	-	10,770	-	-	3	14,080
-	-	-	122	-	-	-	122
-	-	28,058	-	-	-	-	28,058
-	-	-	296	109	-	-	405
-	327	-	14,221	1,036	-	19	18,173
-	297	-	18,599	-	-	-	19,264
727	-	-	-	7,879	-	-	9,008
348	-	-	-	1,017	-	-	1,467
<u>1,075</u>	<u>5,077</u>	<u>28,058</u>	<u>53,717</u>	<u>10,041</u>	<u>9,695</u>	<u>22</u>	<u>153,099</u>
<u>(1,065)</u>	<u>3,785</u>	<u>5,769</u>	<u>(7,531)</u>	<u>(333)</u>	<u>(908)</u>	<u>3,018</u>	<u>19,915</u>
-	3	-	-	-	-	-	3
733	521	-	5,198	564	1	-	7,399
-	(2,350)	(7,894)	(1,024)	-	(190)	(379)	(37,429)
<u>733</u>	<u>(1,826)</u>	<u>(7,894)</u>	<u>4,174</u>	<u>564</u>	<u>(189)</u>	<u>(379)</u>	<u>(30,027)</u>
(332)	1,959	(2,125)	(3,357)	231	(1,097)	2,639	(10,112)
5,695	22,905	17,441	7,660	1,746	5,767	13,585	127,290
<u>\$ 5,363</u>	<u>\$ 24,864</u>	<u>\$ 15,316</u>	<u>\$ 4,303</u>	<u>\$ 1,977</u>	<u>\$ 4,670</u>	<u>\$ 16,224</u>	<u>\$ 117,178</u>

(continued)

**CITY OF FORT WORTH, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (in 000's)**

	Capital Projects Funds			
	Fire		Parks and	
	Protection	Street	Community	Public
	Improvements	Improvements	Services	Events
	Improvements	Improvements	Improvements	Improvements
Revenues:				
Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Revenue from Use of Money and Property	-	-	-	-
Investment Income	-	-	-	-
Intergovernmental	-	-	-	-
Gas Leases and Royalties	-	-	-	-
Other	-	-	-	-
Contributions	-	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Current:				
General Administration	-	-	-	-
Public Safety	-	-	-	-
Transportation and Public Works	-	-	-	-
Parks and Community Services	-	-	-	-
Public Library	-	-	-	-
Public Events and Facilities	-	-	-	-
Planning and Development	-	-	-	-
Housing	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Service Charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Proceeds from Disposal of Property	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(1,357)	(163,034)	(36,585)	(21,924)
Total Other Financing Sources (Uses)	<u>(1,357)</u>	<u>(163,034)</u>	<u>(36,585)</u>	<u>(21,924)</u>
Net Change in Fund Balance	<u>(1,357)</u>	<u>(163,034)</u>	<u>(36,585)</u>	<u>(21,924)</u>
Fund Balance, Beginning of Year	1,357	163,034	36,585	21,924
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Funds

Library Improvements	Animal Animal Shelter Improvements	Capital Capital Projects Reserve	Certificate of Obligation Special Projects	2007 Critical Capital Projects	Other Capital Projects	Capital Project Funds Subtotal	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,091
-	-	-	-	-	-	-	6,026
-	-	-	-	-	-	-	8,765
-	-	-	-	-	-	-	13,284
-	-	-	-	-	-	-	1,130
-	-	-	-	-	-	-	51,431
-	-	-	-	-	-	-	9,792
-	-	-	-	-	-	-	3,299
-	-	-	-	-	-	-	4,196
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,014</u>
-	-	-	-	-	-	-	3,019
-	-	-	-	-	-	-	43,386
-	-	-	-	-	-	-	16,117
-	-	-	-	-	-	-	14,080
-	-	-	-	-	-	-	122
-	-	-	-	-	-	-	28,058
-	-	-	-	-	-	-	405
-	-	-	-	-	-	-	18,173
-	-	-	-	-	-	-	19,264
-	-	-	-	-	-	-	9,008
-	-	-	-	-	-	-	1,467
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,099</u>
-	-	-	-	-	-	-	19,915
-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	7,399
<u>(785)</u>	<u>(1)</u>	<u>(32,053)</u>	<u>(593)</u>	<u>(97,539)</u>	<u>(11,933)</u>	<u>(365,804)</u>	<u>(403,233)</u>
<u>(785)</u>	<u>(1)</u>	<u>(32,053)</u>	<u>(593)</u>	<u>(97,539)</u>	<u>(11,933)</u>	<u>(365,804)</u>	<u>(395,831)</u>
<u>(785)</u>	<u>(1)</u>	<u>(32,053)</u>	<u>(593)</u>	<u>(97,539)</u>	<u>(11,933)</u>	<u>(365,804)</u>	<u>(375,916)</u>
<u>785</u>	<u>1</u>	<u>32,053</u>	<u>593</u>	<u>97,539</u>	<u>11,933</u>	<u>365,804</u>	<u>493,094</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,178</u>

(concluded)

**CITY OF FORT WORTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS
 SEPTEMBER 30, 2012
 (in 000's)**

	Special Revenue Funds					Total Other Blended Component Units
	Service Center Relocation, Inc. (James Street)	Fort Worth Sports Authority	Lone Star Local Development Corporation	Central City Local Government Corporation	Alliance Airport Authority	
ASSETS						
Cash, Cash Equivalents and Investments	\$ -	\$ 82	\$ 414	\$ 640	\$ 455	\$ 1,591
Receivables:						
Accounts and Other	-	388	-	-	-	388
Total Assets	<u>\$ -</u>	<u>\$ 470</u>	<u>\$ 414</u>	<u>\$ 640</u>	<u>\$ 455</u>	<u>\$ 1,979</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Construction Payable	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 2
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Fund Balances:						
Committed	-	27	414	614	455	1,510
Assigned	-	443	-	24	-	467
Total Fund Balance	<u>-</u>	<u>470</u>	<u>414</u>	<u>638</u>	<u>455</u>	<u>1,977</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 470</u>	<u>\$ 414</u>	<u>\$ 640</u>	<u>\$ 455</u>	<u>\$ 1,979</u>

**CITY OF FORT WORTH, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (in 000's)**

	Special Revenue Funds					Total Other Blended Component Units
	Service Center Relocation, Inc. (James Street)	Fort Worth Sports Authority	Lone Star Local Government Corporation	Central City Local Government Corporation	Alliance Airport Authority	
Revenues:						
Revenue from Use of Money and Property	\$ 1,433	\$ 70	\$ -	\$ -	\$ -	\$ 1,503
Investment Income	-	1	-	1	-	2
Intergovernmental	-	307	-	-	-	307
Gas Leases and Royalties	-	6,752	-	7	-	6,759
Contributions	-	101	414	622	-	1,137
Total Revenue	<u>1,433</u>	<u>7,231</u>	<u>414</u>	<u>630</u>	<u>-</u>	<u>9,708</u>
Expenditures:						
¹ Current:						
Planning and Development	-	-	-	-	109	109
Housing	-	968	-	68	-	1,036
¹ Debt Service:						
Principal Retirement	515	6,860	-	504	-	7,879
Interest and Service Charges	918	-	57	42	-	1,017
Total Expenditures	<u>1,433</u>	<u>7,828</u>	<u>57</u>	<u>614</u>	<u>109</u>	<u>10,041</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(597)	357	16	(109)	(333)
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	564	564
Total Other Financing Sources (Uses)	-	-	-	-	564	564
Net Change in Fund Balances	-	(597)	357	16	455	231
Fund Balance, Beginning of Year	-	1,067	57	622	-	1,746
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 470</u>	<u>\$ 414</u>	<u>\$ 638</u>	<u>\$ 455</u>	<u>\$ 1,977</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CRIME CONTROL AND PREVENTION DISTRICT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (in 000's)**

	Budgeted Amounts		Actual	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Sales Taxes	\$ 46,304	\$ 46,304	\$ 50,276	\$ 3,972
Interest Income	345	345	169	(176)
Intergovernmental	4,513	4,513	3,795	(718)
Other	164	164	506	342
Total Revenue	<u>51,326</u>	<u>51,326</u>	<u>54,746</u>	<u>3,420</u>
Other Financing Sources:				
Transfers in	-	-	9	9
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Total Revenues and Other Financing Sources	<u>51,326</u>	<u>51,326</u>	<u>54,755</u>	<u>3,429</u>
Expenditures:				
Department:				
Police	55,302	71,665	63,172	8,493
Parks and Community Services	1,259	1,274	1,018	256
Total Expenditures	<u>56,561</u>	<u>72,939</u>	<u>64,190</u>	<u>8,749</u>
Source / (Use) of Fund Balance	<u>\$ (5,235)</u>	<u>\$ (21,613)</u>	<u>\$ (9,435)</u>	<u>\$ 12,178</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CULTURE AND TOURISM FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (in 000's)**

	Budgeted Amounts		Actual	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues:				
Other Local Taxes	\$ 22,265	\$ 22,265	\$ 24,815	\$ 2,550
Revenue from Use of Money and Property	8,885	8,926	9,010	84
Other	-	-	2	2
Total Revenues	31,150	31,191	33,827	2,636
Expenditures:				
Department:				
Public Events and Facilities	31,150	36,668	35,952	716
Total Expenditures	31,150	36,668	35,952	716
Source / (Use) of Fund Balance	\$ -	\$ (5,477)	\$ (2,125)	\$ 3,352



Picture courtesy of Lockheed Martin

The Consolidated Vultee Aircraft Corporation (later Convair), B-36 “Peacemaker” production line at Fort Worth.

Nonmajor Enterprise Funds

Nonmajor Enterprise Funds are used to account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supported by user charges. The operations of Proprietary Funds are accounted for in such manner as to show a profit or loss similar to comparable private enterprises.

Municipal Airports Fund

The Municipal Airports Fund is used to account for the Meacham, Spinks (South Fort Worth) and Alliance (North Fort Worth) Airport operations, and proceeds from the sale of Great Southwest International Airport. Revenues are derived principally from hangar and terminal building rental, landing fees and fuel surcharges.

Municipal Parking Fund

The Municipal Parking Fund is used to account for the operation of the Equestrian Center garage, a six story municipal parking garage, Convention Center parking garage, Houston Street parking garage, Western Heritage parking garage and several surface lots located in the downtown area. The fund's operations are financed by parking and office space rentals and concession fees.

Municipal Golf Fund

The Municipal Golf Fund is used to account for the operation of five municipal golf courses. The fund's operations are financed by course fees, golf equipment rentals and merchandise and concession sales to the public. The City resumed management of the Z Boaz and Rockwood golf courses in 1998.

Solid Waste Fund

The Solid Waste Fund is used to account for solid waste services provided to the residents of the City. The fund's operations are financed by trash collection utility fees and cart rentals.

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2012
(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Municipal Golf</u>	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS					
Current Assets:					
Cash, Cash Equivalents and Investments	\$ 3,591	\$ 495	\$ 11	\$ 26,478	\$ 30,575
Interest Receivable	5	-	-	41	46
Accounts and Other Receivables, net of allowance for uncollectibles	1,795	26	71	5,396	7,288
Inventories , at Cost	-	-	108	-	108
Prepays, Deposits, and Other	-	-	5	-	5
Restricted Assets:					
Cash and Cash Equivalents	82,139	-	-	776	82,915
Total Current Assets	<u>87,530</u>	<u>521</u>	<u>195</u>	<u>32,691</u>	<u>120,937</u>
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	23,410	7,156	2,310	2,656	35,532
Cash and Cash Equivalents Held by Trustees	139	-	-	2,268	2,407
Interest Receivable	183	14	3	1	201
Total Restricted Assets	<u>23,732</u>	<u>7,170</u>	<u>2,313</u>	<u>4,925</u>	<u>38,140</u>
Advances to Other Funds	13,679	-	-	10,523	24,202
Deferred Bond Issue Cost	-	882	8	16	906
Capital Assets (at Cost)					
Land	66,273	1,561	360	5,695	73,889
Buildings	12,131	48,944	1,834	2,777	65,686
Improvements Other than Buildings	179,912	1,558	10,188	17,260	208,918
Machinery and Equipment	3,792	737	2,337	3,131	9,997
Construction in Progress	37,060	2,448	1,063	34	40,605
Accumulated Depreciation	<u>(130,963)</u>	<u>(5,463)</u>	<u>(11,428)</u>	<u>(10,297)</u>	<u>(158,151)</u>
Net Capital Assets	<u>168,205</u>	<u>49,785</u>	<u>4,354</u>	<u>18,600</u>	<u>240,944</u>
Total Noncurrent Assets	<u>205,616</u>	<u>57,837</u>	<u>6,675</u>	<u>34,064</u>	<u>304,192</u>
Total Assets	<u>293,146</u>	<u>58,358</u>	<u>6,870</u>	<u>66,755</u>	<u>425,129</u>

(continued)

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2012
(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Municipal Golf</u>	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 461	\$ 488	\$ 157	\$ 3,738	\$ 4,844
Accrued Payroll	74	16	71	97	258
Due to Other Funds	-	-	265	-	265
Unearned Revenue	241	-	-	5,530	5,771
Construction Payable	1,583	189	185	-	1,957
Current Portion of Long-Term Liabilities	106	1,025	282	1,391	2,804
Accrued Interest Payable	-	218	8	23	249
Payable from Restricted Assets:					
Customer Deposits	36	-	-	776	812
Unearned Revenue	82,103	-	-	-	82,103
Total Current Liabilities	<u>84,604</u>	<u>1,936</u>	<u>968</u>	<u>11,555</u>	<u>99,063</u>
Long-Term Liabilities:					
Advances from Other Funds	-	-	7,048	-	7,048
Long-Term Liabilities Due in More Than One Year	1,324	48,382	4,611	13,480	67,797
Total Long-Term Liabilities	<u>1,324</u>	<u>48,382</u>	<u>11,659</u>	<u>13,480</u>	<u>74,845</u>
Total Liabilities	<u>85,928</u>	<u>50,318</u>	<u>12,627</u>	<u>25,035</u>	<u>173,908</u>
NET ASSETS (DEFICIT)					
Invested in Capital Assets, Net of Related Debt	166,622	5,309	1,819	12,195	185,945
Restricted for:					
Debt Service	-	338	452	412	1,202
Unrestricted	40,596	2,393	(8,028)	29,113	64,074
Total Net Assets (Deficit)	<u>\$ 207,218</u>	<u>\$ 8,040</u>	<u>\$ (5,757)</u>	<u>\$ 41,720</u>	<u>\$ 251,221</u>

(concluded)



Picture courtesy of Lockheed Martin

The **Convair B-58 "Hustler"**; the first supersonic jet bomber designed for the Air Force for service in the Strategic Air Command.

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)**

	Municipal Airports	Municipal Parking	Municipal Golf	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for Services	\$ 4,755	\$ 7,725	\$ 4,388	\$ 48,502	\$ 65,370
Other	260	3	1	5,573	5,837
Total Operating Revenues	<u>5,015</u>	<u>7,728</u>	<u>4,389</u>	<u>54,075</u>	<u>71,207</u>
OPERATING EXPENSES					
Personnel Services	1,648	545	2,951	5,532	10,676
Supplies and Materials	148	57	939	496	1,640
Contractual Services	5,327	2,173	1,905	38,235	47,640
Landfill Closure and Postclosure Cost	-	-	-	760	760
Depreciation	7,804	1,420	1,818	1,145	12,187
Total Operating Expenses	<u>14,927</u>	<u>4,195</u>	<u>7,613</u>	<u>46,168</u>	<u>72,903</u>
Operating Income (Loss)	<u>(9,912)</u>	<u>3,533</u>	<u>(3,224)</u>	<u>7,907</u>	<u>(1,696)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	1,362	80	24	343	1,809
Gain (Loss) on Sale of Equipment	15	-	(8)	31	38
Interest and Service Charges	-	(2,385)	(102)	(278)	(2,765)
Gas Leases and Royalties	6,565	-	607	-	7,172
Total Nonoperating Revenues (Expenses)	<u>7,942</u>	<u>(2,305)</u>	<u>521</u>	<u>96</u>	<u>6,254</u>
Income (Loss) before Transfers and Contributions	(1,970)	1,228	(2,703)	8,003	4,558
Transfers In	7	537	1	-	545
Transfers Out	(1,580)	(4,112)	(65)	(5,522)	(11,279)
Capital Contributions	13,550	-	70	1,960	15,580
Change in Net Assets (Deficit)	10,007	(2,347)	(2,697)	4,441	9,404
Total Net Assets - Beginning of year	197,211	10,387	(3,060)	37,279	241,817
Total Net Assets (Deficit) - Ending of year	<u>\$ 207,218</u>	<u>\$ 8,040</u>	<u>\$ (5,757)</u>	<u>\$ 41,720</u>	<u>\$ 251,221</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	Municipal Airports	Municipal Parking	Municipal Golf	Solid Waste	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 5,083	\$ 7,718	\$ 4,471	\$ 49,098	\$ 66,370
Receipts from Other Operating Sources	260	3	1	5,573	5,837
Receipts from Gas Leases and Royalties	6,565	-	607	-	7,172
Payments to Employees	(1,474)	(429)	(2,728)	(4,883)	(9,514)
Payments to Suppliers	(148)	(57)	(926)	(496)	(1,627)
Payments for Contractual Services	(5,809)	(1,883)	(1,875)	(37,827)	(47,394)
Net Cash Provided by (Used for) Operating Activities	<u>4,477</u>	<u>5,352</u>	<u>(450)</u>	<u>11,465</u>	<u>20,844</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	7	537	1	-	545
Receipts from (Repayments to) Other Funds	(137)	-	(65)	-	(202)
Advances from Other Funds	-	-	929	-	929
Transfers Out to Other Funds	(1,580)	(4,112)	(65)	(5,522)	(11,279)
Advances to Other Funds	(8,780)	-	-	(10,523)	(19,303)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>(10,490)</u>	<u>(3,575)</u>	<u>800</u>	<u>(16,045)</u>	<u>(29,310)</u>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Sale of Machinery and Equipment	15	-	11	31	57
Contributions	11,170	-	70	-	11,240
Acquisition and Construction of Property, Plant and Equipment	(14,704)	(2,560)	(578)	(4,937)	(22,779)
Principal Paid on Long-Term Debt	-	(955)	(135)	(1,734)	(2,824)
Interest Paid on Long-Term Obligations	-	(2,668)	(101)	(285)	(3,054)
Net Cash Used for Capital and Related Financing Activities	<u>(3,519)</u>	<u>(6,183)</u>	<u>(733)</u>	<u>(6,925)</u>	<u>(17,360)</u>
Cash Flows from Investing Activities:					
Investment Income Received	1,534	104	27	428	2,093
Net Cash Provided by Investing Activities	<u>1,534</u>	<u>104</u>	<u>27</u>	<u>428</u>	<u>2,093</u>
Net Decrease in Cash and Cash Equivalents	(7,998)	(4,302)	(356)	(11,077)	(23,733)
Cash and Cash Equivalents, Beginning of Year	117,277	11,953	2,677	43,255	175,162
Cash and Cash Equivalents, End of Year	<u>\$ 109,279</u>	<u>\$ 7,651</u>	<u>\$ 2,321</u>	<u>\$ 32,178</u>	<u>\$ 151,429</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)**

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Municipal Golf</u>	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ (9,912)	\$ 3,533	\$ (3,224)	\$ 7,907	\$ (1,696)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	7,804	1,420	1,818	1,145	12,187
Gas Leases and Royalties Receipts	6,565	-	607	-	7,172
Change in Assets and Liabilities:					
Accounts and Other Receivables	43	(7)	83	548	667
Inventories	-	-	13	-	13
Prepays, Deposits, and Other Assets	286	-	-	-	286
Accounts Payable	(482)	290	30	408	246
Accrued Compensation	174	116	223	649	1,162
Customer Deposits	(1)	-	-	48	47
Landfill Closure Costs	-	-	-	760	760
Total Adjustments	14,389	1,819	2,774	3,558	22,540
Net Cash Provided by (Used For) Operating Activities	<u>\$ 4,477</u>	<u>\$ 5,352</u>	<u>\$ (450)</u>	<u>\$ 11,465</u>	<u>\$ 20,844</u>
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:					
Current - Cash, Cash Equivalents and Investments	\$ 3,591	\$ 495	\$ 11	\$ 26,478	\$ 30,575
Current Restricted - Cash and Cash Equivalents	82,139	-	-	776	82,915
Noncurrent Restricted - Cash and Cash Equivalents	23,410	7,156	2,310	2,656	35,532
Noncurrent Restricted - Cash Held by Trustees	139	-	-	2,268	2,407
Total Cash and Cash Equivalents	<u>\$ 109,279</u>	<u>\$ 7,651</u>	<u>\$ 2,321</u>	<u>\$ 32,178</u>	<u>\$ 151,429</u>
Intra-Government Capital Assets Transfers In	\$ 13	\$ -	\$ -	\$ 1,960	\$ 1,973 (concluded)



Picture courtesy of Lockheed Martin

The **Convair B-58 "Hustler"** was proudly produced in Fort Worth.

INTERNAL SERVICE FUNDS

Internal Service Funds are established to account for the financing of goods and services provided by one department to other City departments.

Office Services Fund

The Office Services Fund is used to account for the City's mailroom, motor pool, copy machines, print shop and graphics activities.

Equipment Services Fund

The Equipment Services Fund is used to account for the maintenance, repair and rental operations of most City vehicles.

Temporary Labor Fund

The Temporary Labor Fund is used to account for in-house temporary labor services.

Information Systems Fund

The Information Systems Fund is used to account for the management of the City's mainframe and telecommunications equipment and services.

Engineering Services Fund

The Engineering Services Fund is used to account for general engineering services provided to various City departments.

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2012
(in 000's)

	<u>Office Services</u>	<u>Equipment Services</u>	<u>Temporary Labor</u>	<u>Information Systems</u>	<u>Engineering Services</u>	<u>Total</u>
ASSETS						
Current Assets:						
Cash, Cash Equivalents and Investments	\$ -	\$ 257	\$ 575	\$ 7,421	\$ 1,819	\$ 10,072
Interest Receivable	-	-	2	12	3	17
Accounts and Other Receivables	-	-	-	51	-	51
Inventories (at Cost)	159	795	-	71	-	1,025
Total Current Assets	<u>159</u>	<u>1,052</u>	<u>577</u>	<u>7,555</u>	<u>1,822</u>	<u>11,165</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	39,553	-	39,553
Capital Assets (at cost):						
Land	-	1,119	-	-	4	1,123
Buildings	-	4,656	-	594	-	5,250
Improvements Other than Buildings	-	990	-	-	91	1,081
Machinery and Equipment	568	2,262	-	12,679	2,555	18,064
Construction in Progress	-	-	-	2,183	-	2,183
Accumulated Depreciation	(568)	(5,956)	-	(10,957)	(2,149)	(19,630)
Net Capital Assets	<u>-</u>	<u>3,071</u>	<u>-</u>	<u>4,499</u>	<u>501</u>	<u>8,071</u>
Total Noncurrent Assets	<u>-</u>	<u>3,071</u>	<u>-</u>	<u>44,052</u>	<u>501</u>	<u>47,624</u>
Total Assets	<u>159</u>	<u>4,123</u>	<u>577</u>	<u>51,607</u>	<u>2,323</u>	<u>58,789</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	49	2,216	6	1,552	156	3,979
Accrued Payroll	12	137	17	221	246	633
Construction Payable	-	-	-	12,071	-	12,071
Current Portion of Long-Term Liabilities	37	345	4	354	720	1,460
Total Current Liabilities	<u>98</u>	<u>2,698</u>	<u>27</u>	<u>14,198</u>	<u>1,122</u>	<u>18,143</u>
Long-Term Liabilities:						
Advances from Other Funds	710	-	-	-	-	710
Long-Term Liabilities Due in More Than One Year	15	451	6	989	1,013	2,474
Total Long-Term Liabilities	<u>725</u>	<u>451</u>	<u>6</u>	<u>989</u>	<u>1,013</u>	<u>3,184</u>
Total Liabilities	<u>823</u>	<u>3,149</u>	<u>33</u>	<u>15,187</u>	<u>2,135</u>	<u>21,327</u>
NET ASSETS (DEFICIT)						
Invested in Capital Assets, Net of Related Debt	-	3,071	-	4,499	501	8,071
Restricted	-	-	-	39,553	-	39,553
Unrestricted	(664)	(2,097)	544	(7,632)	(313)	(10,162)
Total Net Assets (Deficit)	<u>\$ (664)</u>	<u>\$ 974</u>	<u>\$ 544</u>	<u>\$ 36,420</u>	<u>\$ 188</u>	<u>\$ 37,462</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	<u>Office Services</u>	<u>Equipment Services</u>	<u>Temporary Labor</u>	<u>Information Systems</u>	<u>Engineering Services</u>	<u>Total</u>
OPERATING REVENUES						
Charges for Services	\$ 1,648	\$ 25,562	\$ 834	\$ 23,890	\$ 14,096	\$ 66,030
Total Operating Revenues	<u>1,648</u>	<u>25,562</u>	<u>834</u>	<u>23,890</u>	<u>14,096</u>	<u>66,030</u>
OPERATING EXPENSES						
Personnel Services	622	7,325	782	9,895	11,616	30,240
Supplies and Materials	226	14,431	-	1,192	491	16,340
Contractual Services	866	4,694	21	13,335	1,956	20,872
Depreciation	-	225	-	676	160	1,061
Total Operating Expenses	<u>1,714</u>	<u>26,675</u>	<u>803</u>	<u>25,098</u>	<u>14,223</u>	<u>68,513</u>
Operating Income (Loss)	<u>(66)</u>	<u>(1,113)</u>	<u>31</u>	<u>(1,208)</u>	<u>(127)</u>	<u>(2,483)</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	-	-	8	74	18	100
Gain (Loss) on Sale of Equipment	-	14	-	-	8	22
Intra-Govt. Capital Asset Contributions	-	-	-	(15,765)	-	(15,765)
Other Revenue	-	32	-	-	7	39
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>46</u>	<u>8</u>	<u>(15,691)</u>	<u>33</u>	<u>(15,604)</u>
Income (Loss) Before Transfers and Contributions	(66)	(1,067)	39	(16,899)	(94)	(18,087)
Transfers In	-	19	-	7,830	3	7,852
Transfers Out	(9)	(210)	(1)	(1,193)	(266)	(1,679)
Capital Contributions	-	144	-	197	-	341
Change in Net Assets (Deficit)	<u>(75)</u>	<u>(1,114)</u>	<u>38</u>	<u>(10,065)</u>	<u>(357)</u>	<u>(11,573)</u>
Total Net Assets (Deficit) - Beginning	<u>(589)</u>	<u>2,088</u>	<u>506</u>	<u>46,485</u>	<u>545</u>	<u>49,035</u>
Total Net Assets (Deficit) - Ending	<u>\$ (664)</u>	<u>\$ 974</u>	<u>\$ 544</u>	<u>\$ 36,420</u>	<u>\$ 188</u>	<u>\$ 37,462</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	<u>Office Services</u>	<u>Equipment Services</u>	<u>Temporary Labor</u>	<u>Information Systems</u>	<u>Engineering Services</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 1,648	\$ 25,597	\$ 834	\$ 23,877	\$ 14,096	\$ 66,052
Other Receipts	-	32	-	-	7	39
Payments to Employees	(623)	(7,296)	(774)	(9,732)	(11,693)	(30,118)
Payments to Suppliers	(245)	(14,252)	-	(1,148)	(491)	(16,136)
Payments for Contractual Service:	(884)	(3,819)	(23)	(12,606)	(1,928)	(19,260)
Net Cash Provided by (Used for) Operating Activities	(104)	262	37	391	(9)	577
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	-	19	-	-	3	22
Advances from Other Funds	113	-	-	-	-	113
Transfers Out to Other Funds	(9)	(210)	(1)	(1,193)	(266)	(1,679)
Net Cash Provided by (Used for) Noncapital Financing Activities	104	(191)	(1)	(1,193)	(263)	(1,544)
Cash Flows from Capital and Related Financing Activities:						
Governmental Bond Proceeds	-	-	-	7,830	-	7,830
Proceeds from Sale of Machinery and Equipment	-	14	-	-	8	22
Contributions	-	-	-	97	-	97
Acquisition of Property, Plant and Equipment	-	(70)	-	(2,221)	(277)	(2,568)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(56)	-	5,706	(269)	5,381
Cash Flows from Investing Activities						
Investment Income Received	-	-	7	85	22	114
Net Cash Provided by Investing Activities	-	-	7	85	22	114
Net Increase (Decrease) in Cash and Cash Equivalents						
Cash and Cash Equivalents, Beginning of Year	-	242	532	41,985	2,338	45,097
Cash and Cash Equivalents, End of Year	\$ -	\$ 257	\$ 575	\$ 46,974	\$ 1,819	\$ 49,625
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating Income (Loss)	\$ (66)	\$ (1,113)	\$ 31	\$ (1,208)	\$ (127)	\$ (2,483)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	-	225	-	676	160	1,061
Other Receipts	-	32	-	-	7	39
Change in Assets and Liabilities:						
Accounts and Other Receivables	-	35	-	(13)	-	22
Inventories	(19)	179	-	44	-	204
Accounts Payable	(18)	875	(2)	729	28	1,612
Accrued Payroll	(1)	29	8	163	(77)	122
Total Adjustments	(38)	1,375	6	1,599	118	3,060
Net Cash Provided by (Used for) Operating Activities	\$ (104)	\$ 262	\$ 37	\$ 391	\$ (9)	\$ 577
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:						
Current - Cash, Cash Equivalents and Investments	\$ -	\$ 257	\$ 575	\$ 7,421	\$ 1,819	\$ 10,072
Noncurrent Restricted -						
Cash and Cash Equivalents	-	-	-	39,553	-	39,553
Total Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 257</u>	<u>\$ 575</u>	<u>\$ 46,974</u>	<u>\$ 1,819</u>	<u>\$ 49,625</u>
Noncash Investing, Capital, and Financing Activities:						
Intra-Government Net Capital Assets Transfers	\$ -	\$ 144	\$ -	\$ (15,665)	\$ -	\$ (15,521)

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held by the City as a trustee or agent. Fiduciary Funds 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:

Employees' Retirement Pension Trust Fund

For accounting measurement purposes, the Employees' Retirement Pension Fund is accounted for in essentially the same manner as proprietary funds. The Employees' Retirement Pension Fund accounts for the assets of the City's retirement plan and issues separately audited financial statements. Those statements can be obtained by contacting the Employee's Retirement Plan of the City of Fort Worth, 3801 Hulen St., Suite 101, Fort Worth, Texas, 76107.

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 post employment healthcare benefit.

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
SEPTEMBER 30, 2012
(in 000's)

	Employees' Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 377	\$ 2,416	\$ 2,793
Cash and Investments Held by Trustees:			
Asset & Mortgage Backed Obligations	32,784	-	32,784
Corporate Obligations	101,714	-	101,714
Government Agency Obligations	86,603	-	86,603
International Obligations	80,430	-	80,430
Securities Lending Collateral	144,609	-	144,609
US Treasuries	29,553	-	29,553
Short Term Mutual Fund Investments	103,379	21,695	125,074
Corporate Stock	595,547	-	595,547
Alternative Investments	491,076	-	491,076
Commingled Funds	320,272	-	320,272
Less: Investments in Non-City Funded Staff Plan	(1,635)	-	(1,635)
Total Cash and Investments Held by Trustees	<u>1,984,332</u>	<u>21,695</u>	<u>2,006,027</u>
Prepaid Expenses	14	-	14
Other Receivables	10,957	22	10,979
Due from Broker Securities Sold	136,921	-	136,921
Total Current Assets	<u>2,132,601</u>	<u>24,133</u>	<u>2,156,734</u>
Capital Assets (at cost):			
Land	405	-	405
Buildings	3,422	-	3,422
Machinery and Equipment	268	-	268
Accumulated Depreciation	(460)	-	(460)
Net Capital Assets	<u>3,635</u>	<u>-</u>	<u>3,635</u>
Total Assets	<u>2,136,236</u>	<u>24,133</u>	<u>2,160,369</u>
LIABILITIES			
Current Liabilities:			
Accrued Payable	71	-	71
Obligations Under Securities Lending	144,490	-	144,490
Due to Broker Securities Purchased	167,720	-	167,720
Total Current Liabilities	<u>312,281</u>	<u>-</u>	<u>312,281</u>
NET ASSETS			
Net Assets Held in Trust for Pension and Other Employee Benefits:			
Benefit Pension Plans	1,823,955	-	1,823,955
Postemployment Healthcare Plans	-	24,133	24,133
Total Net Assets	<u>\$ 1,823,955</u>	<u>\$ 24,133</u>	<u>\$ 1,848,088</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	Employees' Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ADDITIONS			
Interest and Dividend Income	\$ 33,156	\$ 1,884	\$ 35,040
Less: Investment Management Fees and Interest Expense	(6,358)	(79)	(6,437)
Net Gain (Loss) in Fair Value of Investments	174,130	-	174,130
Other Income	7,094	-	7,094
Employer Contributions	77,265	29,420	106,685
Employee Contributions	32,716	-	32,716
Total Additions	<u>318,003</u>	<u>31,225</u>	<u>349,228</u>
DEDUCTIONS			
Benefit Payments	137,789	22,420	160,209
Refunds	4,026	-	4,026
Administrative Expenses	3,549	-	3,549
Total Deductions	<u>145,364</u>	<u>22,420</u>	<u>167,784</u>
Change in Net Assets	172,639	8,805	181,444
Net Assets-Beginning of the Year	1,651,316	15,328	1,666,644
Net Assets-End of the Year	<u>\$ 1,823,955</u>	<u>\$ 24,133</u>	<u>\$ 1,848,088</u>



Picture courtesy of Lockheed Martin

The **General Dynamics F-111 "Aardvark"** was a medium-range tactical strike aircraft that also filled the role of strategic bomber. The F-111 pioneered several technologies for production aircraft, including variable-sweep wings.

DISCRETELY PRESENTED COMPONENT UNITS

The following discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable and whose relationships with the City are such that exclusion would be misleading or incomplete. They are each designed to benefit the citizens of Fort Worth in specific areas.

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 1

The Fort Worth Public Improvement District No. 1 was created by resolution of the City Council pursuant to Texas Local Government Code, Chapter 372. In June 2004, the City Council approved the re-establishment of the District to include an area to the west of the District in addition to the area of District No. 10 which is to the east of downtown District No. 1. The purpose of the re-establishment of the District is to furnish additional security, landscaping, marketing and promotion of the District. Special assessments are levied on property within the District to pay for these improvements and services. Fort Worth Public Improvement District No. 10 is now accounted for with District No. 1.

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 6

The Fort Worth Public Improvement District No. 6 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide supplemental improvements and services, including security patrol services in the Park Glen area. Special assessments are levied on property within the District to pay for these services.

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 7

The Fort Worth Public Improvement District No. 7 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide supplemental improvements and services, including security patrol services in the Heritage area. Special assessments are levied on property within the District to pay for these services.

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 8

The Fort Worth Public Improvement District No. 8 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The District is just outside the Cultural District along the Camp Bowie Boulevard corridor. It is a nine-mile commercial stretch along Camp Bowie Boulevard from University Drive to Loop 820 South. Funds are utilized for marketing and promotion of special events and communication and information programs, planned coordination of capital improvements, clean up and beautification. Special assessments are levied on property within the District to pay for these services.

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 11

The Fort Worth Public Improvement District No. 11 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide maintenance and landscaping, promotions and marketing, security, transportation and parking, street and sidewalk sweeping, etc. for the Stockyards area. Special assessments are levied on property within the District to pay for these services.

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 12

The Fort Worth Public Improvement District No. 12 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The district known as the Chapel Hill area includes 1,358.02 acres bounded by West Bonds Ranch Road, Business Highway 287 North and Boat Club Road. The purpose of the district is to provide additional services and improvements in this area to include maintenance, landscaping, promotions, marketing, security, transportation, parking, and street sweeping. Special assessments are levied on property within the District to pay for these services.

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 14

The Fort Worth Public Improvement District No. 14 was created by resolution of the City Council pursuant to Chapter 372, Local Government Code. The purpose of the District is to provide management and improvement services for Trinity Bluff. Improvements and services to be provided include a maintenance program, a security enhancement program and a district management program. Special assessments are levied on property within the District to pay for these services.

TAXING INCREMENT REINVESTMENT ZONE NO. 2A

The Taxing Increment Reinvestment Zone Number Two A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of the Zone is to promote the development of the Texas Motor Speedway.

TAXING INCREMENT REINVESTMENT ZONE NO. 2B

The Taxing Increment Reinvestment Zone Number Two B was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. It is contiguous to the original speedway Tax Increment Financing (TIF). The purpose of the Zone is to promote the development of the Texas Motor Speedway.

TAXING INCREMENT REINVESTMENT ZONE NO. 3

The Taxing Increment Reinvestment Zone Number Three was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was previously Taxing Increment Reinvestment Zone Number One from January 1995 until December 1995 when it was dissolved due to a lack of fiscal activity. The purpose of the Zone is to finance public improvements to the downtown area such as construction of an underground parking garage and central park, as well as streetscape improvements along heavily traveled pedestrian corridors.

TAXING INCREMENT REINVESTMENT ZONE NO. 3A

The Taxing Increment Reinvestment Zone Number Three A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone is an expansion of Taxing Increment Reinvestment Zone No. Three. The purpose of the Zone is to finance public improvements to the downtown area such as construction of an underground parking garage and central park, as well as streetscape improvements along heavily traveled pedestrian corridors.

TAXING INCREMENT REINVESTMENT ZONE NO. 4

The Taxing Increment Reinvestment Zone Number Four was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of the Zone is to promote the development of the Southside Medical District.

TAXING INCREMENT REINVESTMENT ZONE NO. 6

The Taxing Increment Reinvestment Zone Number Six was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone encompasses the property that is home to Tarrant County College and the Tarrant County Courthouse. The purpose of the Zone is to provide infrastructure support for private investment in this Riverfront TIF area.

TAXING INCREMENT REINVESTMENT ZONE NO. 7

The Taxing Increment Reinvestment Zone Number Seven was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of this Zone is to support the completion of the North Tarrant Parkway interchange, ramps, frontage roads and extension to Rainy Lake Road.

TAXING INCREMENT REINVESTMENT ZONE NO. 8

The Taxing Increment Reinvestment Zone Number Eight was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of this Zone is to provide support for redevelopment efforts along the Lancaster Corridor in the southern portion of downtown.

TAXING INCREMENT REINVESTMENT ZONE NO. 9

The Taxing Increment Reinvestment Zone Number Nine was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to provide infrastructure support for the Trinity River Vision, which is a plan for redevelopment of the portion of the Trinity River in the downtown area into an urban lake.

TAXING INCREMENT REINVESTMENT ZONE NO. 9A

The Taxing Increment Reinvestment Zone Number Nine A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to expand the boundaries of TIF 9.

TAXING INCREMENT REINVESTMENT ZONE NO. 10

The Taxing Increment Reinvestment Zone Number Ten was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to provide infrastructure and public space support for a private investment by Cabela's Retail, Inc. mega store.

TAXING INCREMENT REINVESTMENT ZONE NO. 10A

The Taxing Increment Reinvestment Zone Number Ten A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created expand the boundaries of TIF 10.

TAXING INCREMENT REINVESTMENT ZONE NO. 12

The Taxing Increment Reinvestment Zone Number Twelve was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to provide infrastructure improvements (e.g. water, sewer, drainage, roads, sidewalks, etc.) associated with new development and redevelopment projects for the East Berry Renaissance along the East Berry Street corridor.

TAXING INCREMENT REINVESTMENT ZONE NO. 13

The Taxing Increment reinvestment Zone Number Thirteen was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This zone was created to help fund infrastructure improvements (e.g. water, sewer, drainage, roads, sidewalks, etc.) associated with new development and redevelopment projects in the Woodhaven Area.

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2012
(in 000's)

	FWPID	FWPID	FWPID	FWPID	FWPID	FWPID	FWPID	TIRZ	TIRZ	TIRZ
	#1	#6	#7	#8	#11	#12	#14	#2A	#2B	#3
ASSETS										
Cash, Cash Equivalents, and Investments	\$ 515	\$ 706	\$ 261	\$ 223	\$ 16	\$ 15	\$ 28	\$ 770	\$ 172	\$4,382
Interest Receivable	2	2	2	1	-	-	-	1	-	8
Accounts and Other Receivables	1	1	1	-	-	-	-	-	-	-
Total Assets	<u>518</u>	<u>709</u>	<u>264</u>	<u>224</u>	<u>16</u>	<u>15</u>	<u>28</u>	<u>771</u>	<u>172</u>	<u>4,390</u>
LIABILITIES										
Accounts Payable	309	169	237	32	-	7	8	274	113	72
Due in More Than One Year	-	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>309</u>	<u>169</u>	<u>237</u>	<u>32</u>	<u>-</u>	<u>7</u>	<u>8</u>	<u>274</u>	<u>113</u>	<u>72</u>
NET ASSETS (DEFICIT)										
Unrestricted	209	540	27	192	16	8	20	497	59	4,318
Total Net Assets (Deficit) - Unrestricted	<u>\$ 209</u>	<u>\$ 540</u>	<u>\$ 27</u>	<u>\$ 192</u>	<u>\$ 16</u>	<u>\$ 8</u>	<u>\$ 20</u>	<u>\$ 497</u>	<u>\$ 59</u>	<u>\$4,318</u>

TIRZ #3A	TIRZ #4	TIRZ #6	TIRZ #7	TIRZ #8	TIRZ #9	TIRZ #9A	TIRZ #10	TIRZ #10A	TIRZ #12	TIRZ #13	Total
\$4,224 8	\$ 12,634 23	\$ 1 -	\$ 284 2	\$ 9,178 16	\$ 26 -	\$ - -	\$ 1 -	\$ - -	\$ 219 1	\$ 148 -	\$ 33,803 66
-	-	-	30	-	-	-	9	-	-	-	42
<u>4,232</u>	<u>12,657</u>	<u>1</u>	<u>316</u>	<u>9,194</u>	<u>26</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>220</u>	<u>148</u>	<u>33,911</u>
-	37	-	30	525	-	-	9	-	-	-	1,822
-	-	-	-	-	22,674	-	-	-	-	-	22,674
-	<u>37</u>	<u>-</u>	<u>30</u>	<u>525</u>	<u>22,674</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,496</u>
4,232	12,620	1	286	8,669	(22,648)	-	1	-	220	148	9,415
<u>\$4,232</u>	<u>\$ 12,620</u>	<u>\$ 1</u>	<u>\$ 286</u>	<u>\$ 8,669</u>	<u>\$ (22,648)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 148</u>	<u>\$ 9,415</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	FWPID #1	FWPID #6	FWPID #7	FWPID #8	FWPID #11	FWPID #12	FWPID #14	TIRZ #2A	TIRZ #2B	TIRZ #3
Revenues:										
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 643	\$ 340	\$ 4,361
Investment Income	8	11	7	2	1	1	-	7	2	45
Other	1,822	1,343	1,491	372	64	54	30	-	-	-
Total Revenues	<u>1,830</u>	<u>1,354</u>	<u>1,498</u>	<u>374</u>	<u>65</u>	<u>55</u>	<u>30</u>	<u>650</u>	<u>342</u>	<u>4,406</u>
Expenses:										
General Administration	1,989	1,319	1,646	435	57	62	23	733	340	4,202
Transportation and Public Works	-	-	-	-	-	-	-	-	-	-
Total Expenses	<u>1,989</u>	<u>1,319</u>	<u>1,646</u>	<u>435</u>	<u>57</u>	<u>62</u>	<u>23</u>	<u>733</u>	<u>340</u>	<u>4,202</u>
Change in Net Assets (Deficit)	(159)	35	(148)	(61)	8	(7)	7	(83)	2	204
Total Net Assets - Beginning of Year	368	505	175	253	8	15	13	580	57	4,114
Total Net Assets (Deficit) - End of Year	<u>\$ 209</u>	<u>\$ 540</u>	<u>\$ 27</u>	<u>\$ 192</u>	<u>\$ 16</u>	<u>\$ 8</u>	<u>\$ 20</u>	<u>\$ 497</u>	<u>\$ 59</u>	<u>\$ 4,318</u>

TIRZ #3A	TIRZ #4	TIRZ #6	TIRZ #7	TIRZ #8	TIRZ #9	TIRZ #9A	TIRZ #10	TIRZ #10A	TIRZ #12	TIRZ #13	Total
\$ 639	\$ 6,439	\$ 4	\$ 1,708	\$ 2,684	\$ 2,244	\$ 12	\$ 375	\$ 34	\$ 131	\$ -	\$ 19,614
43	129	-	10	95	22	-	1	-	2	2	388
-	-	-	-	-	-	-	-	-	-	-	5,176
<u>682</u>	<u>6,568</u>	<u>4</u>	<u>1,718</u>	<u>2,779</u>	<u>2,266</u>	<u>12</u>	<u>376</u>	<u>34</u>	<u>133</u>	<u>2</u>	<u>25,178</u>
-	6,542	-	3,123	677	7,981	19	376	38	9	-	29,571
-	-	-	-	-	10,754	-	-	-	-	-	10,754
-	<u>6,542</u>	-	<u>3,123</u>	<u>677</u>	<u>18,735</u>	<u>19</u>	<u>376</u>	<u>38</u>	<u>9</u>	-	<u>40,325</u>
682	26	4	(1,405)	2,102	(16,469)	(7)	-	(4)	124	2	(15,147)
3,550	12,594	(3)	1,691	6,567	(6,179)	7	1	4	96	146	24,562
<u>\$ 4,232</u>	<u>\$ 12,620</u>	<u>\$ 1</u>	<u>\$ 286</u>	<u>\$ 8,669</u>	<u>\$ (22,648)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 148</u>	<u>\$ 9,415</u>

CITY OF FORT WORTH, TEXAS
OTHER SUPPLEMENTARY INFORMATION
GOVERNMENTAL CAPITAL PROJECTS SUB-FUNDS BALANCE SHEET
SEPTEMBER 30, 2012
(in 000's)

	Fire Protection Improvements	Street Improvements	Parks and Community Services Improvements	Public Events Improvements
ASSETS				
Cash, Cash Equivalents and Investments	\$ 1,240	\$ 233,716	\$ 36,194	\$ 13,854
Cash and Cash Equivalents Held by Trustees	-	-	27	-
Receivables, net of allowance for uncollectibles:				
Interest	-	73	50	-
Accounts and Other	-	-	66	-
Intrafund Advances	-	(351)	-	-
Prepays, Deposits, and Other	-	-	-	-
Total Assets	\$ 1,240	\$ 233,438	\$ 36,337	\$ 13,854
LIABILITIES AND FUND BALANCES				
Liabilities:				
Construction Payable	\$ 25	\$ 5,628	\$ 168	\$ 856
Accrued Payroll	-	13	13	2
Accrued Interest	-	165	-	-
Advances from Other Funds	-	1,399	-	-
Total Liabilities	25	7,205	181	858
Fund Balances (Deficit):				
Nonspendable	-	-	-	-
Restricted	881	151,101	5,056	11,419
Committed	139	59,907	25,546	1,377
Assigned	195	15,225	5,554	200
Unassigned	-	-	-	-
Total Fund Balances	1,215	226,233	36,156	12,996
Total Liabilities and Fund Balances	\$ 1,240	\$ 233,438	\$ 36,337	\$ 13,854

Library Improvements	Animal Shelter Improvements	Capital Projects Reserve	Certificate of Obligations Special Projects	2007 Critical Capital Projects	Other Capital Projects	Capital Projects Fund Total
\$ 780	\$ -	\$ 16,029	\$ 35	\$ 96,762	\$ 129,996	\$ 528,606
-	-	201	-	-	-	228
-	-	27	-	-	6	156
-	-	373	-	-	-	439
-	-	351	-	-	-	-
-	-	-	-	-	314	314
<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 16,981</u>	<u>\$ 35</u>	<u>\$ 96,762</u>	<u>\$ 130,316</u>	<u>\$ 529,743</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,271	\$ 567	\$ 8,515
-	-	-	-	2	9	39
-	-	-	-	-	21	186
-	4	-	-	-	19,944	21,347
<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>1,273</u>	<u>20,541</u>	<u>30,087</u>
-	-	-	-	-	314	314
508	-	-	-	90,617	77,000	336,582
247	-	4,394	35	4,872	30,136	126,653
25	-	12,587	-	-	2,325	36,111
-	(4)	-	-	-	-	(4)
<u>780</u>	<u>(4)</u>	<u>16,981</u>	<u>35</u>	<u>95,489</u>	<u>109,775</u>	<u>499,656</u>
<u>\$ 780</u>	<u>\$ -</u>	<u>\$ 16,981</u>	<u>\$ 35</u>	<u>\$ 96,762</u>	<u>\$ 130,316</u>	<u>\$ 529,743</u>

CITY OF FORT WORTH, TEXAS
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL CAPITAL PROJECTS SUB-FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(in 000's)

	Fire Protection Improvements	Street Improvements	Parks and Community Services Improvements	Public Events Improvements
Revenues:				
Property Tax	\$ -	\$ 333	\$ -	\$ -
Charges for Services	-	533	292	-
Revenue from Use of Money and Property	-	-	283	-
Investment Income	1	433	291	-
Intergovernmental	-	62	-	-
Gas Leases and Royalties	-	-	1,429	-
Other	-	5,431	10	-
Contributions	-	2,602	1,011	-
Total Revenue	<u>1</u>	<u>9,394</u>	<u>3,316</u>	<u>-</u>
Expenditures:				
Current:				
General Administration	-	-	-	-
Transportation and Public Works	-	6,641	-	-
Parks and Community Services	-	-	4	-
Planning and Development	-	-	-	-
Capital Outlay	143	48,430	2,699	8,927
Debt Service:				
Principal Retirement	-	333	-	-
Interest and Service Charges	-	74	-	-
Total Expenditures	<u>143</u>	<u>55,478</u>	<u>2,703</u>	<u>8,927</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(142)</u>	<u>(46,084)</u>	<u>613</u>	<u>(8,927)</u>
Other Financing Sources (Uses):				
Long-Term Debt Issued	-	84,528	-	-
Premium on Issuance	-	13,787	-	-
Proceeds from Disposal of Property	-	35	-	-
Transfers In	-	15,864	400	-
Transfers Out	-	(4,931)	(1,442)	(1)
Intrafund Transfers In	-	-	-	-
Intrafund Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>109,283</u>	<u>(1,042)</u>	<u>(1)</u>
Net Change in Fund Balance	<u>(142)</u>	<u>63,199</u>	<u>(429)</u>	<u>(8,928)</u>
Fund Balance, Beginning of Year	<u>1,357</u>	<u>163,034</u>	<u>36,585</u>	<u>21,924</u>
Fund Balance, End of Year	<u>\$ 1,215</u>	<u>\$ 226,233</u>	<u>\$ 36,156</u>	<u>\$ 12,996</u>

Library Improvements	Animal Shelter Improvements	Capital Projects Reserve	Certificate of Obligation Special Projects	2007 Critical Capital Projects	Other Capital Projects	Capital Projects Fund Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 333
-	-	-	-	-	-	825
-	-	39	-	-	-	322
-	-	102	-	-	37	864
-	-	-	-	1,393	-	1,455
-	-	3,598	-	-	-	5,027
-	-	-	-	-	-	5,441
-	-	1	-	53	3,899	7,566
-	-	3,740	-	1,446	3,936	21,833
-	-	11	-	166	1,126	1,303
-	-	-	-	-	-	6,641
-	-	-	-	-	-	4
-	-	19	-	-	-	19
5	5	-	558	16,116	2,406	79,289
-	-	-	-	-	-	333
-	-	-	-	-	21	95
5	5	30	558	16,282	3,553	87,684
(5)	(5)	3,710	(558)	(14,836)	383	(65,851)
-	-	-	-	10,243	71,547	166,318
-	-	-	-	-	5,453	19,240
-	-	-	-	117	-	152
-	-	-	-	2,637	18,884	37,785
-	-	(16,482)	-	(211)	(725)	(23,792)
-	-	-	-	-	2,300	2,300
-	-	(2,300)	-	-	-	(2,300)
-	-	(18,782)	-	12,786	97,459	199,703
(5)	(5)	(15,072)	(558)	(2,050)	97,842	133,852
785	1	32,053	593	97,539	11,933	365,804
\$ 780	\$ (4)	\$ 16,981	\$ 35	\$ 95,489	\$ 109,775	\$ 499,656



Picture courtesy of Lockheed Martin

The **General Dynamics F-111 "Aardvark"** production line in Fort Worth.

STATISTICAL SECTION (UNAUDITED)

STATISTICAL SECTION

(Unaudited)

The City of Fort Worth comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9-13
Demographic & Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	14-15
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	16-18

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.



Picture courtesy of Lockheed Martin

The **General Dynamics** (now **Lockheed Martin**) **F-16 “Fighting Falcon”** is a multirole jet fighter aircraft. Designed as an air superiority day fighter, it evolved into a successful all-weather multirole aircraft.

CITY OF FORT WORTH, TEXAS
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS (Unaudited)
(accrual basis of accounting)
(in 000's)

TABLE 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:										
Invested in Capital Assets, net of Related Debt	\$ 269,106	\$ 592,052	\$ 709,290	\$ 891,173	\$ 967,070	\$ 986,163	\$ 979,581	\$ 943,984	\$ 1,015,491	\$ 1,005,900
Restricted for Capital Projects	55,765	5,691	9,539	-	-	-	-	8,393	12,818	17,350
Restricted for Debt Service	26,198	31,318	36,055	45,988	7,376	15,974	15,613	16,437	5,478	9,047
Restricted for Other	46,510	9,447	15,560	-	-	-	-	-	-	-
Unrestricted (Deficit)	13,586	45,622	8,572	32,168	55,154	28,762	19,795	32,197	(32,846)	(53,101)
Total Governmental Activities Net Assets	<u>\$ 411,165</u>	<u>\$ 684,130</u>	<u>\$ 779,016</u>	<u>\$ 969,329</u>	<u>\$ 1,029,600</u>	<u>\$ 1,030,899</u>	<u>\$ 1,014,989</u>	<u>\$ 1,001,011</u>	<u>\$ 1,000,941</u>	<u>\$ 979,196</u>
Business-type Activities:										
Invested in Capital Assets, net of Related Debt	\$ 859,608	\$ 1,066,225	\$ 1,129,489	\$ 1,272,031	\$ 1,416,439	\$ 1,459,733	\$ 1,560,269	\$ 1,594,876	\$ 1,569,470	\$ 1,715,508
Restricted for Debt Service	14,229	269	88	225	29,668	35,859	41,532	37,739	42,407	29,919
Restricted for Capital Projects	200,139	-	-	-	-	-	-	67,661	47,464	39,715
Unrestricted	28,792	121,748	191,719	219,651	189,885	258,686	232,086	224,958	327,535	261,406
Total Business-type Activities Net Assets	<u>\$ 1,102,768</u>	<u>\$ 1,188,242</u>	<u>\$ 1,321,296</u>	<u>\$ 1,491,907</u>	<u>\$ 1,635,992</u>	<u>\$ 1,754,278</u>	<u>\$ 1,833,887</u>	<u>\$ 1,925,234</u>	<u>\$ 1,986,876</u>	<u>\$ 2,046,548</u>
Primary Government:										
Invested in Capital Assets, net of Related Debt	\$ 1,128,714	\$ 1,658,277	\$ 1,838,779	\$ 2,163,204	\$ 2,383,509	\$ 2,445,896	\$ 2,539,850	\$ 2,538,860	\$ 2,584,961	\$ 2,721,408
Restricted for Capital Projects	255,904	5,691	9,539	-	-	-	-	76,054	60,282	57,065
Restricted for Debt Service	40,427	31,587	36,143	46,213	37,044	51,833	57,145	54,176	47,885	38,966
Restricted for Other	46,510	9,447	15,560	-	-	-	-	-	-	-
Unrestricted	42,378	167,370	200,291	251,819	245,039	287,448	251,881	257,155	294,689	208,305
Total Primary Government Net Assets	<u>\$ 1,513,933</u>	<u>\$ 1,872,372</u>	<u>\$ 2,100,312</u>	<u>\$ 2,461,236</u>	<u>\$ 2,665,592</u>	<u>\$ 2,785,177</u>	<u>\$ 2,848,876</u>	<u>\$ 2,926,245</u>	<u>\$ 2,987,817</u>	<u>\$ 3,025,744</u>

*Source: Comprehensive Annual Financial Report for the respective years.

CITY OF FORT WORTH, TEXAS
CHANGE IN NET ASSETS
LAST TEN FISCAL YEARS (Unaudited)
(accrual basis of accounting)
(in 000's)

TABLE 2

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental Activities:										
General Administration	\$ 28,037	\$ 67,455	\$ 87,687	\$ 94,239	\$ 110,802	\$ 161,180	\$ 111,114	\$ 112,638	\$ 118,104	\$ 108,632
Public Safety	214,399	240,176	263,491	292,220	319,561	359,813	379,865	391,755	407,601	422,626
Transportation and Public Works	63,663	76,757	75,631	100,626	106,543	100,276	117,540	108,481	128,611	133,691
Parks and Community Services	32,488	33,768	35,898	41,291	44,533	51,145	55,110	55,022	57,815	60,089
Public Library	13,966	15,220	16,440	17,843	19,493	18,633	20,200	20,531	22,348	22,102
Public Health	8,350	9,665	11,532	10,791	11,707	11,077	1,292	-	-	-
Public Events and Facilities	20,778	23,213	22,445	23,937	28,167	27,453	32,204	28,020	32,844	33,152
Non-Departmental	33,667	-	-	-	-	-	-	-	-	-
Planning and Development	8,951	9,594	9,126	11,303	13,106	11,751	14,654	12,520	13,534	13,156
Finance	5,006	5,096	4,519	-	-	-	-	-	-	-
Housing and Economic Development	10,548	11,562	10,192	10,613	15,437	14,733	27,558	37,944	35,699	24,382
Interest on Long-term Debt	18,323	16,080	15,150	15,793	22,216	20,689	26,910	29,220	31,472	31,130
Total Governmental Activities	458,176	508,586	552,111	618,656	691,565	776,750	786,447	796,131	848,028	848,960
Business-type activities:										
Water and Sewer	198,069	185,491	177,071	237,405	221,774	240,960	260,544	269,723	288,452	306,476
Municipal Airports	7,514	7,783	10,197	11,942	10,623	12,480	12,238	12,656	13,356	14,912
Solid Waste	40,056	30,988	35,173	36,647	39,389	41,478	44,296	39,241	44,247	46,415
Municipal Parking	490	428	410	314	1,035	586	2,067	3,552	5,851	6,580
Municipal Golf	4,945	4,338	4,614	5,437	5,119	6,174	6,126	5,949	5,864	7,723
Stormwater Utility	-	-	-	483	4,735	11,339	14,265	19,961	18,972	20,773
Total Business-type Activities	251,074	229,028	227,465	292,228	282,675	313,017	339,536	351,082	376,742	402,879
Total Primary Government Expenses	\$ 709,250	\$ 737,614	\$ 779,576	\$ 910,884	\$ 974,240	\$ 1,089,767	\$ 1,125,983	\$ 1,147,213	\$ 1,224,770	\$ 1,251,839
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 37,402	\$ 50,858	\$ 12,425	\$ 16,384	\$ 16,133	\$ 17,549	\$ 19,213	\$ 16,903	\$ 14,701	\$ 5,436
Public Safety	35,524	23,328	23,301	18,667	21,252	21,374	22,506	18,306	19,925	22,722
Transportation and Public Works	1,196	1,635	2,266	3,022	3,140	4,415	4,381	6,469	10,627	14,738
Parks and Community Services	2,254	812	2,253	763	1,047	1,392	1,826	1,988	2,750	3,165
Public Library	420	495	527	629	644	724	668	601	666	670
Public Health	2,396	2,341	2,715	3,077	3,284	3,300	312	-	-	-
Public Events and Facilities	5,828	6,689	7,359	6,833	5,772	6,861	8,515	8,838	9,749	8,822
Non-Departmental	623	-	-	-	-	-	-	-	-	-
Planning and Development	6,160	6,500	9,268	9,128	10,422	11,659	10,262	10,776	11,673	10,336
Finance	6,883	961	749	-	-	-	-	-	-	-
Housing and Economic Development	726	239	883	2,275	2,244	1,608	2,334	1,979	3,028	2,683
Operating Grants and Contributions	19,595	38,735	44,766	52,702	47,334	34,014	35,532	56,798	56,825	47,644
Capital Grants and Contributions	14,171	77,184	103,477	86,145	90,172	63,088	40,063	35,987	54,686	55,075
Total Governmental Activities	133,178	209,777	209,989	199,625	201,444	165,984	145,612	158,645	184,630	171,291
Business-type Activities:										
Charges for Services:										
Water and Sewer	208,197	221,939	247,255	293,792	257,989	298,118	303,111	304,831	348,650	345,373
Municipal Airports	3,104	3,275	3,432	3,003	2,948	3,157	3,406	3,987	4,800	4,755
Solid Waste	27,607	26,966	35,581	37,259	40,632	44,095	45,465	46,710	48,314	48,502
Municipal Parking	528	589	625	3,645	3,683	4,099	4,533	6,394	7,635	7,725
Municipal Golf	4,179	4,084	3,630	4,542	4,337	5,169	5,072	4,374	4,260	4,388
Stormwater Utility	-	-	-	3,670	15,165	17,753	20,803	26,530	29,397	32,615
Capital Grants and Contributions	27,902	57,516	78,833	118,749	87,818	44,127	54,827	31,186	18,846	27,578
Total Business-type Activities	271,517	314,369	369,356	464,660	412,572	416,518	437,217	424,012	461,902	470,936
Total Primary Government Program Revenues	\$ 404,695	\$ 524,146	\$ 579,345	\$ 664,285	\$ 614,016	\$ 582,502	\$ 582,829	\$ 582,657	\$ 646,532	\$ 642,227

(continued)

CITY OF FORT WORTH, TEXAS
CHANGE IN NET ASSETS
LAST TEN FISCAL YEARS (Unaudited)
(accrual basis of accounting)
(in 000's)

TABLE 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (Expense) Revenue										
Governmental Activities	\$ (298,809)	\$ (342,122)	\$ (419,031)	\$ (490,121)	\$ (610,766)	\$ (640,835)	\$ (637,486)	\$ (637,486)	\$ (663,398)	\$ (677,669)
Business-type Activities	85,341	141,891	172,432	129,897	103,501	97,681	72,930	72,930	85,160	68,057
Total Primary Government Net Expense	<u>\$ (213,468)</u>	<u>\$ (200,231)</u>	<u>\$ (246,599)</u>	<u>\$ (360,224)</u>	<u>\$ (507,265)</u>	<u>\$ (543,154)</u>	<u>\$ (564,556)</u>	<u>\$ (564,556)</u>	<u>\$ (578,238)</u>	<u>\$ (609,612)</u>
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes:										
General Property Taxes	\$ 209,483	\$ 223,615	\$ 235,874	\$ 256,630	\$ 288,725	\$ 317,517	\$ 344,172	\$ 354,815	\$ 341,820	\$ 351,277
Other Local Taxes	129,424	134,240	145,514	162,076	172,621	183,833	173,559	174,092	179,802	188,884
Franchise Fees	-	-	31,741	34,764	33,316	36,749	34,717	35,148	45,178	47,190
Gas Lease and Royalties	-	-	-	5,143	12,154	28,684	13,866	13,963	23,506	15,758
Assessments	507	357	426	1	868	30	13	11	-	-
Investment Income	5,738	9,612	8,939	12,191	19,974	18,615	15,746	11,572	8,601	7,795
Change in Fair Value of Investments	-	(3,930)	(2,342)	-	-	-	-	-	-	-
Other	(61)	230	100	6,384	8,376	6,896	14,465	14,688	13,744	16,593
Gain (Loss) on Disposal of Capital Assets	-	(17)	(20)	1,227	63	401	430	352	3,508	-
Transfers	3,214	7,352	16,776	19,420	14,295	19,340	27,957	18,867	47,169	28,427
Total Governmental Activities	<u>348,305</u>	<u>371,459</u>	<u>437,008</u>	<u>497,836</u>	<u>550,392</u>	<u>612,065</u>	<u>624,925</u>	<u>623,508</u>	<u>663,328</u>	<u>655,924</u>
Business-type Activities:										
Investment Income	5,457	3,760	3,858	9,279	14,638	18,647	9,605	7,687	5,283	6,666
Gas Lease and Royalties	-	-	-	4,197	8,542	21,424	5,540	23,708	11,298	7,440
Other	16,181	2,933	4,078	5,185	6,582	7,857	4,202	5,889	7,070	5,936
Gain (Loss) on Disposal of Capital Assets	286	(41)	3	(1,062)	(1,279)	(13,803)	(237)	-	-	-
Transfer	(3,214)	(7,352)	(16,776)	(19,420)	(14,295)	(19,340)	(27,957)	(18,867)	(47,169)	(28,427)
Total Business-type Activities	<u>18,710</u>	<u>(700)</u>	<u>(8,837)</u>	<u>(1,821)</u>	<u>14,188</u>	<u>14,785</u>	<u>(8,847)</u>	<u>18,417</u>	<u>(23,518)</u>	<u>(8,385)</u>
Total Primary Government	<u>\$ 367,015</u>	<u>\$ 370,759</u>	<u>\$ 428,171</u>	<u>\$ 496,015</u>	<u>\$ 564,580</u>	<u>\$ 626,850</u>	<u>\$ 616,078</u>	<u>\$ 641,925</u>	<u>\$ 639,810</u>	<u>\$ 647,539</u>
Change in Net Assets										
Governmental Activities	\$ 49,496	\$ 29,337	\$ 17,977	\$ 7,715	\$ (60,374)	\$ (28,770)	\$ (12,561)	\$ (13,978)	\$ (70)	\$ (21,745)
Business-type Activities	104,051	141,191	163,595	128,076	117,689	112,466	64,083	91,347	61,642	59,672
Total Primary Government	<u>\$ 153,547</u>	<u>\$ 170,528</u>	<u>\$ 181,572</u>	<u>\$ 135,791</u>	<u>\$ 57,315</u>	<u>\$ 83,696</u>	<u>\$ 51,522</u>	<u>\$ 77,369</u>	<u>\$ 61,572</u>	<u>\$ 37,927</u>
Change in Accounting Principle	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,225)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(concluded)

*Source: Comprehensive Annual Financial Report for the respective years.

CITY OF FORT WORTH, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (Unaudited)
(modified accrual basis of accounting)
(in 000's)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved	\$ 3,459	\$ 3,767	\$ 16,827	\$ 29,859	\$ 16,755
Unreserved	70,022	76,056	82,886	74,002	85,271
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>73,481</u>	<u>79,823</u>	<u>99,713</u>	<u>103,861</u>	<u>102,026</u>
All Other Governmental Funds					
Reserved	39,773	40,765	51,558	73,133	24,086
Unreserved, designated for authorized expenditures	150,766	122,129	122,491	113,271	286,250
Unreserved, undesignated special revenue funds	-	-	-	(29,445)	2,155
Nonspendable, reported in:					
Special Revenue					
Capital projects	-	-	-	-	-
Restricted, reported in:					
Debt service	-	-	-	-	-
Special Revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed, reported in:					
Debt service	-	-	-	-	-
Special Revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned, reported in:					
Debt service	-	-	-	-	-
Special Revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all Other Governmental Funds	<u>190,539</u>	<u>162,894</u>	<u>174,049</u>	<u>156,959</u>	<u>312,491</u>
Total all Governmental Funds	<u>\$ 264,020</u>	<u>\$ 242,717</u>	<u>\$ 273,762</u>	<u>\$ 260,820</u>	<u>\$ 414,517</u>

Source: Comprehensive Annual Financial Report for the respective years.

* In fiscal year 2011, the City implemented GASB 54. The amounts prior to 2011 above have not been restated for the implementation of GASB 54.

TABLE 3

2008	2009	2010	2011*	2012
\$ 16,384	\$ 15,885	\$ 23,114	\$ -	\$ -
106,271	127,656	139,779	-	-
-	-	-	10,194	10,910
-	-	-	646	2,735
-	-	-	54,183	60,231
-	-	-	45,447	38,789
-	-	-	53,137	55,760
<u>122,655</u>	<u>143,541</u>	<u>162,893</u>	<u>163,607</u>	<u>168,425</u>
37,620	44,371	51,485	-	-
252,744	443,043	422,310	-	-
16,695	33,296	17,156	-	-
-	-	-	11,119	2,854
-	-	-	12,422	314
-	-	-	10,599	16,890
-	-	-	44,663	45,153
-	-	-	189,432	336,582
-	-	-	6,393	6,106
-	-	-	19,974	20,674
-	-	-	127,787	126,653
-	-	-	478	92
-	-	-	51,999	48,497
-	-	-	36,163	36,107
-	-	-	(465)	-
<u>307,059</u>	<u>520,710</u>	<u>490,951</u>	<u>510,564</u>	<u>639,922</u>
<u>\$ 429,714</u>	<u>\$ 664,251</u>	<u>\$ 653,844</u>	<u>\$ 674,171</u>	<u>\$ 808,347</u>

CITY OF FORT WORTH, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (Unaudited)
(modified accrual basis)
(in 000's)

	2003	2004	2005	2006	2007
REVENUES:					
General Property Tax	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483	\$ 289,177
Other Local Taxes	129,424	134,240	145,514	162,076	172,621
Franchise Fees	-	-	-	-	-
Assessments	507	357	426	1	868
Charges for Services	17,814	19,471	22,765	19,546	20,231
Licenses and Permits	44,596	44,588	38,026	49,642	49,552
Fines and Forfeitures	13,751	14,894	14,099	11,690	12,512
Revenue from Use of Money and Property	12,882	11,928	13,805	16,088	14,784
Investment Income	4,844	8,372	7,488	12,108	19,902
Change in Fair Value Investments	-	(3,902)	(2,342)	51,167	-
Intergovernmental	24,141	27,375	53,845	5,142	53,854
Gas Leases and Royalties	-	-	-	-	12,150
Other	3,343	3,023	7,015	6,233	8,040
Contributions	16,651	16,527	23,356	25,436	24,513
Total Revenues	476,065	498,984	559,640	618,612	678,204
EXPENDITURES:					
Current					
General Administration	33,281	64,484	77,883	86,908	104,662
Public Safety	208,453	224,543	244,857	265,353	281,149
Transportation and Public Works	32,189	33,341	32,181	36,039	35,284
Parks and Community Services	28,614	29,089	30,886	36,690	38,090
Public Library	13,489	14,055	14,725	15,849	17,369
Public Health	8,266	9,436	11,180	10,164	10,837
Public Events and Facilities	15,158	15,379	16,466	17,764	19,529
Non-Departmental	33,719	-	-	-	-
Planning and Development	8,892	9,197	8,762	10,765	12,151
Finance	5,048	4,846	4,343	-	-
Housing and Economic Development	10,503	11,236	9,694	9,981	14,497
Capital Outlay	62,038	55,823	149,894	115,783	111,127
Debt Service:					
Principal Retirement	64,045	34,281	31,466	36,954	85,409
Interest and Service Charges	15,352	17,723	15,063	16,477	20,329
Total Expenditures	539,047	523,433	647,400	658,727	750,433
Excess (deficiency) of revenues over expenditures	(62,982)	(24,449)	(87,760)	(40,115)	(72,229)
OTHER FINANCING SOURCES (USES):					
Long-Term Debt Issued	74,032	-	99,237	3,574	200,910
Proceeds from Capital Leases	-	988	615	1,781	6,409
Proceeds from Owner Advance	-	-	279	-	1,923
Proceeds from Disposal of Property	-	-	-	1,350	-
Refunding Bonds Issued	68,833	42,700	46,230	-	-
Premium on Issuance of Bonds	-	2,262	4,460	-	2,239
Refunded Bonds Redeemed	-	-	-	-	-
Payment to Bond Escrow Agent	(39,514)	(44,518)	(50,209)	-	-
Transfers In	76,133	80,027	92,413	113,815	120,646
Transfers Out	(71,763)	(73,386)	(74,220)	(93,347)	(106,201)
Total Other Financing Sources (Uses)	107,721	8,073	118,805	27,173	225,926
Net Change in Fund Balances	\$ 44,739	\$ (16,376)	\$ 31,045	\$ (12,942)	\$ 153,697
Debt service as a percentage of noncapital expenditures	16.55%	11.25%	9.43%	9.87%	16.54%

Source: Comprehensive Annual Financial Report for the respective years.

TABLE 4

2008	2009	2010	2011	2012
\$ 317,920	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540
183,833	173,559	174,092	179,802	188,884
-	-	-	45,178	47,190
30	13	11	-	-
22,323	20,494	13,313	14,390	15,975
52,475	49,870	52,429	18,447	12,011
15,513	18,738	19,652	24,705	25,598
14,319	15,821	15,612	15,577	14,988
18,449	15,364	11,385	8,502	7,695
-	-	-	-	-
32,204	46,691	65,753	70,276	53,354
28,658	13,866	13,963	23,506	15,758
6,815	12,592	14,610	13,696	16,554
12,213	12,263	12,594	12,154	12,633
<u>704,752</u>	<u>723,244</u>	<u>747,020</u>	<u>770,187</u>	<u>762,180</u>
105,942	103,235	105,557	109,265	99,112
308,374	320,527	331,529	348,165	368,224
35,420	46,083	36,414	46,853	53,822
41,507	46,195	46,115	48,544	51,036
17,626	17,151	17,593	19,355	19,209
10,706	1,199	-	-	-
22,806	26,116	22,033	26,692	28,058
-	-	-	-	-
11,768	12,926	10,871	12,074	11,865
-	-	-	-	-
14,461	26,282	36,445	34,073	23,158
103,778	114,595	129,407	137,100	107,625
38,368	46,160	46,397	47,351	53,925
24,542	25,301	29,169	31,451	30,277
<u>735,298</u>	<u>785,770</u>	<u>811,530</u>	<u>860,923</u>	<u>846,311</u>
<u>(30,546)</u>	<u>(62,526)</u>	<u>(64,510)</u>	<u>(90,736)</u>	<u>(84,131)</u>
-	253,565	34,685	101,665	170,970
26,241	9,066	-	4,419	-
-	-	-	-	-
336	1,049	386	4,444	286
-	-	-	46,680	50,305
-	9,792	-	12,554	32,956
-	-	-	(9,146)	-
-	-	-	(54,299)	(60,437)
117,591	87,407	86,864	161,129	470,463
<u>(98,425)</u>	<u>(63,816)</u>	<u>(67,832)</u>	<u>(156,383)</u>	<u>(446,236)</u>
<u>45,743</u>	<u>297,063</u>	<u>54,103</u>	<u>111,063</u>	<u>218,307</u>
<u>\$ 15,197</u>	<u>\$ 234,537</u>	<u>\$ (10,407)</u>	<u>\$ 20,327</u>	<u>\$ 134,176</u>
9.96%	10.64%	11.10%	10.80%	11.38%



Picture courtesy of Lockheed Martin

The **Lockheed Martin F-22 “Raptor”** is a single-seat, super maneuverable fighter aircraft that uses stealth technology. It was designed primarily as an air superiority fighter, but has additional capabilities that include ground attack and electronic warfare.

CITY OF FORT WORTH, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS (Unaudited)
(in 000's)

TABLE 5

Fiscal Year	Net Assessed Valuation ^(a)			Total Direct Tax Rate ^(d)
	Real ^(b)	Personal ^(c)	Total Taxable	
2003	\$ 18,131,441	\$ 5,289,965	\$ 23,421,406	\$ 8.6500
2004	20,912,940	4,051,797	24,964,737	8.6500
2005	21,583,075	5,290,362	26,873,437	8.6500
2006	23,781,759	5,484,162	29,265,921	8.6500
2007	27,269,005	6,387,383	33,656,388	8.6000
2008	29,566,579	8,065,831	37,632,410	8.5500
2009	32,915,645	7,954,958	40,870,603	8.5500
2010	33,504,557	8,346,458	41,851,015	8.5500
2011	32,195,274	8,826,794	41,022,068	8.5500
2012	33,932,556	8,053,487	41,986,043	8.5500

(a) The Assessed Value is 100%. Valuation shown for 2003 to 2007 include Tarrant County only, for 2008 to 2012 valuation shown are from the Tarrant, Denton, Parker and Wise County.

(b) Includes real all properties: residential, commercial and industrial.

(c) Includes personal properties such as: billboards, oil, gas, minerals, utilities, aircraft/mobile home

(d) Tax rate per \$1,000 of valuation.

Source: Tarrant County Appraisal District, Denton County Appraisal District, Parker County Appraisal District and Wise County Appraisal District.

**CITY OF FORT WORTH, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND
OVERLAPPING TAX RATES
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS (Unaudited)**

TABLE 6

Fiscal Year Ended Sept. 30	City Direct Rates			Fort Worth ISD ^(b)	Overlapping Rates ^(b)		
	Operating General Rates	General Obligation Debt Service	Total Direct		Tarrant County District ^(a)	Hospital District	Junior College District
2003	\$ 6.707	\$ 1.943	\$ 8.650	\$ 16.860	\$ 2.730	\$ 2.320	\$ 1.390
2004	6.799	1.851	8.650	16.580	2.730	2.350	1.390
2005	7.107	1.543	8.650	16.540	2.730	2.350	1.390
2006	7.107	1.543	8.650	16.540	2.730	2.350	1.390
2007	7.259	1.341	8.600	15.140	2.720	2.350	1.390
2008	7.209	1.341	8.550	11.900	2.665	2.300	1.390
2009	7.109	1.441	8.550	12.570	2.640	2.279	1.380
2010	7.109	1.441	8.550	13.220	2.640	2.279	1.376
2011	7.109	1.441	8.550	13.220	2.640	2.279	1.490
2012	7.009	1.541	8.550	13.220	2.640	2.279	1.490

(a) Includes rate for "right of way" (road & highway improvement).

(b) Source - Tarrant County Appraisal District.

CITY OF FORT WORTH, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (Unaudited)
(in 000's)

TABLE 7

Fiscal Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Current tax collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2003	\$ 204,974	\$ 199,774	97.46%	\$ 3,770	\$ 203,521	99.29%
2004	221,999	216,524	97.53%	4,154	220,678	99.40%
2005	235,296	230,241	97.85%	3,677	233,918	99.41%
2006	257,957	253,028	98.09%	3,145	256,173	99.31%
2007	292,466	286,805	98.06%	2,992	289,797	99.09%
2008	320,668	315,147	98.28%	3,606	318,753	99.40%
2009	350,946	343,530	97.89%	4,167	347,697	99.07%
2010	362,551	354,605	97.81%	2,363	356,968	97.81%
2011	350,050	343,622	98.16%	2,004	345,626	98.74%
2012	358,954	352,784	98.28%	-	352,784	98.28%

Source: Tarrant County Tax Office

**CITY OF FORT WORTH, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO (Unaudited)
(in 000's)**

TABLE 8

Name of Taxpayer	Nature of Property	2012			2003		
		Taxable Assessed		Percentage of Total Taxable Assessed	Taxable Assessed		Percentage of Total Taxable Assessed
		Valuation	Rank	Valuation	Valuation	Rank	Valuation
TU Electric/Oncor Electric Delivery Co, LLC	Electric Utility	\$ 348,008	1	0.83%	\$ 297,523	2	1.27%
Alcon Laboratories, Inc.	Pharmaceuticals	261,368	2	0.62%	156,238	5	0.67%
Bell Helicopter Inc.	Aircraft Manufacturing	257,876	3	0.61%	171,168	4	0.73%
Chesapeake Operating (WI)	Natural Gas Producer	251,020	4	0.60%			
XTO Energy Inc	Oil/Gas Producer	245,165	5	0.58%			
DDR/DTC City Investments, LP	Real Estate	207,501	6	0.49%			
AMR Corp/American Airlines, Inc.	Airline	165,278	7	0.39%	397,577	1	1.70%
Devon Energy Prod Company	Oil/Gas Producer	140,099	8	0.33%			
Mercantile Partners Lp	Land Subdividers and Developers	134,639	9	0.32%			
Wal-Mart Real Estate Business Trust/Stores	Retailer	130,066	10	0.31%			
Southwestern Bell	Telephone Utility				215,793	3	0.92%
City Center Development	Developer				124,038	7	0.53%
Sprint Communications Co.	Telephone Utility				115,235	9	0.49%
Tandy Corporation	Electronics Manufacturing & Retail				131,539	6	0.56%
Miller Brewing	Beer Brewing				120,608	8	0.51%
Albertson, Inc.	Grocery Retailer				107,371	10	0.46%
		<u>\$ 2,141,020</u>		<u>5.10%</u>	<u>\$ 1,837,090</u>		<u>7.84%</u>

Source: Tarrant Appraisal District Supplemental Certification Report



Picture courtesy of Lockheed Martin

The **Lockheed Martin F-35 “Lightning II”** is a family of single-seat, single-engine, fifth generation multirole fighters under development to perform ground attack, reconnaissance, and air defense missions with stealth capability. The F-35 has three main models; the F-35A is a conventional takeoff and landing variant, the F-35B is a short take off and vertical-landing variant, and the F-35C is a carrier-based variant.

CITY OF FORT WORTH, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (Unaudited)
(in 000's)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental:				
General Obligation Bonds	\$ 228,815	\$ 246,271	\$ 235,486	\$ 212,909
Certificates of Obligation	121,410	73,350	69,960	62,610
Installment Obligation	8,475	8,050	7,605	7,135
Equipment Notes Payable	7,734	6,070	7,150	5,030
HUD Installment Obligation	9,121	8,600	15,560	14,656
Service Center Obligation	-	-	22,725	22,315
Helicopter Installment Obligation	-	895	706	512
Fort Worth Housing Corp Obligation	-	-	9,588	9,528
Fort Worth Housing Fannie Mae Loan	-	-	-	-
Villas of Eastwood Terrace	-	-	894	-
Fort Worth Sports Authority	-	-	9,265	8,077
Lone Star Local Govt Corp Obligation	-	-	31,617	31,617
Central City Local Govt Corp Obligation	-	-	-	3,074
State Energy Conservation Loan Phase I & II	-	-	-	3,200
State Energy Conservation Loan Phase III	-	-	-	-
ESPC Phase IV	-	-	-	-
Wells Fargo Loan	-	-	-	306
Beechwood Bridge Obligation	-	-	-	-
Capital Leases	-	-	-	-
Business-type:				
General Obligation Bonds	1,949	1,488	1,448	706
Revenue Bonds	635,055	645,328	658,528	653,690
Certificates of Obligation	5,345	4,760	3,800	10,940
Municipal Golf Capital Lease	-	-	-	246
Equipment Notes Payable	11,309	10,383	16,650	8,081
Trinity River Authority	16,000	15,415	14,800	14,150
ESPC Phase V	-	-	-	-
Total Primary Government	\$ 1,045,213	\$ 1,020,610	\$ 1,105,782	\$ 1,068,782
Personal Income (a)	\$ 10,937,273	\$ 11,334,992	\$ 11,834,034	\$ 12,577,390
Debt as a Percentage of Personal Income	10%	9%	9%	8%
Population (b)	578	599	625	664
Debt Per Capita	\$ 1,808	\$ 1,704	\$ 1,769	\$ 1,610

(a) Personal Income calculated using the population and the per capita personal income (source: U. S. Bureau of Census 2000)

(b) Estimate by North Central Texas Council of Governments, Arlington, Texas.

Source: Comprehensive Annual Financial Report for the respective years and other sources listed above.

TABLE 9

	2007	2008	2009	2010	2011	2012
\$	322,296	\$ 295,925	\$ 406,006	\$ 380,125	\$ 371,760	\$ 458,800
	67,605	60,230	166,215	188,655	202,880	247,600
	6,645	6,130	5,585	5,010	4,405	3,770
	3,160	26,600	22,634	18,852	58,005	54,450
	9,449	8,808	8,147	7,465	6,761	6,034
	21,890	21,450	20,995	20,520	20,030	19,515
	312	105	-	-	-	-
	9,464	9,395	9,322	9,244	9,161	9,073
	1,000	1,000	-	-	-	-
	-	-	-	-	-	-
	16,359	15,903	15,903	15,442	15,337	8,476
	31,617	31,617	31,617	31,617	31,617	31,617
	2,933	2,596	2,219	1,809	1,376	872
	4,610	4,433	3,730	3,216	2,580	1,925
	3,794	5,000	4,397	4,080	3,598	3,102
	-	-	9,066	8,795	8,352	7,820
	296	269	245	196	144	78
	1,449	1,287	1,127	724	333	-
	-	-	-	-	4,319	4,096
	284	140	65	-	-	-
	737,480	757,885	710,675	745,155	855,310	884,010
	31,165	30,905	57,240	54,195	57,560	56,035
	187	132	69	5	-	-
	6,875	5,730	4,545	3,319	2,049	750
	8,895	8,490	8,065	7,620	7,150	6,656
	-	-	-	15,365	15,365	15,365
\$	<u>1,287,765</u>	\$ <u>1,294,030</u>	\$ <u>1,487,867</u>	\$ <u>1,521,409</u>	\$ <u>1,678,092</u>	\$ <u>1,820,044</u>
\$	13,008,252	\$ 13,311,276	\$ 13,640,815	\$ 17,334,565	\$ 20,399,090	\$ 18,827,032
	10%	10%	11%	9%	8%	10%
	687	703	720	736	748	758
\$	1,875	\$ 1,841	\$ 2,066	\$ 2,067	\$ 2,249	\$ 2,313

CITY OF FORT WORTH, TEXAS
PERCENT OF TOTAL GENERAL DEBT OUTSTANDING
TO ASSESSED VALUE AND TOTAL GENERAL DEBT
OUTSTANDING PER CAPITA
LAST TEN FISCAL YEARS (Unaudited)
(in 000's)

TABLE 10

Fiscal Year	General Bonded Debt Outstanding			Assessed Value ^(b)	Percent Outstanding General Debt to Assessed Value	Estimated Population ^(c)	Outstanding General Debt Per Capita
	General Obligation Bonds ^(a)	Certificates of Obligation ^(a)	Total				
2003	\$ 228,815	\$ 121,410	\$ 350,225	\$ 23,421,406	1.50%	578	\$ 0.606
2004	246,271	73,350	319,621	24,964,737	1.28%	599	0.534
2005	235,486	69,960	305,446	26,873,437	1.14%	625	0.489
2006	212,909	62,610	275,519	29,265,921	0.94%	664	0.415
2007	322,296	67,605	389,901	33,656,388	1.16%	687	0.568
2008	295,925	60,230	356,155	37,632,410	0.95%	687	0.518
2009	406,006	166,215	572,221	40,870,603	1.40%	702	0.815
2010	380,125	188,655	568,780	41,851,015	1.36%	741	0.768
2011	371,760	202,880	574,640	41,022,067	1.40%	748	0.768
2012	458,800	247,600	706,400	41,986,043	1.68%	758	0.932

(a) This does not include General Obligation Bonds and Certificates of Obligations from enterprise funds.

(b) Assessed value is 100%

(c) Source: North Central Texas Council of Governments, Arlington Texas

**CITY OF FORT WORTH, TEXAS
LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2012 (Unaudited)
(in Million)**

TABLE 11

	<u>2003*</u>	<u>2004*</u>	<u>2005*</u>	<u>2006*</u>	<u>2007*</u>	<u>2008*</u>	<u>2009*</u>	<u>2010*</u>	<u>2011</u>	<u>2012</u>
Total Assessed Valuation	\$ 23,421	\$ 24,965	\$ 26,873	\$ 29,266	\$ 33,656	\$ 37,471	\$ 38,357	\$ 39,725	\$ 39,836	\$ 41,986
Overall Debt Limitation - 10% of Assessed Valuation									<u>\$ 3,984</u>	<u>\$ 4,199</u>
Net Debt Subject to Limitation									\$ 575	\$ 706
Legal Debt Margin Within 10% Limitation									<u>\$ 3,409</u>	<u>\$ 3,493</u>
Legal Debt Margin as a Percentage of the Debt Limit									86%	83%

Notes:

*Article 835p of the State of Texas Civil Statutes limits cities with a population of six hundred thousand or more according to the last federal census to incur a total bonded indebtedness by the issuance of tax-supported bonds in an amount not exceeding ten (10%) percent of the total assessed valuation of property shown by the last assessment roll of the city. According to the 2000 Federal Census, the City of Fort Worth had a population of over 516 thousand; therefore the 10% limitation does not apply for 2010 and before. According to the 2010 Federal Census, the City of Fort Worth had a population of over 758 thousand; therefore, the 10% limitation does apply after 2010.

**CITY OF FORT WORTH, TEXAS
CITY TAX RATE DISTRIBUTION
LAST TEN FISCAL YEARS
(Per \$1,000 of Assessed Value)
(Unaudited)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund	\$ 6.707	\$ 6.799	\$ 7.107	\$ 7.107	\$ 7.259	\$ 7.209	\$ 7.109	\$ 7.109	\$ 7.109	\$ 7.009
Debt Service Fund	<u>1.943</u>	<u>1.851</u>	<u>1.543</u>	<u>1.543</u>	<u>1.341</u>	<u>1.341</u>	<u>1.441</u>	<u>1.441</u>	<u>1.441</u>	<u>1.541</u>
Total City Tax Rate	<u>\$ 8.650</u>	<u>\$ 8.650</u>	<u>\$ 8.650</u>	<u>\$ 8.650</u>	<u>\$ 8.600</u>	<u>\$ 8.550</u>	<u>\$ 8.550</u>	<u>\$ 8.550</u>	<u>\$ 8.550</u>	<u>\$ 8.550</u>

Source: Tarrant Appraisal District

CITY OF FORT WORTH, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
YEAR ENDED SEPTEMBER 30, 2012
(in 000's)
(Unaudited)

TABLE 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^(b)	Estimated Share of Overlapping Debt
Arlington Independent School District	\$ 465,377	0.04%	\$ 186
Azle Independent School District	20,715	2.33%	483
Birdville Independent School District	213,970	6.17%	13,202
Burleson Independent School District	310,441	16.58%	51,471
Castleberry Independent School District	48,280	42.87%	20,698
Crowley Independent School District	295,293	72.87%	215,180
Denton County	553,915	2.31%	12,795
Eagle Mountain-Saginaw Independent School District	568,981	58.33%	331,887
Everman Independent School District	58,690	63.33%	37,168
Fort Worth Independent School District	715,693	86.53%	619,289
Hurst-Euless-Bedford Independent School District	330,853	27.43%	90,753
Keller Independent School District	700,087	43.76%	306,358
Kennedale Independent School District	46,481	0.76%	353
Lake Worth Independent School District	74,321	46.36%	34,455
Mansfield Independent School District	722,445	0.01%	72
Northwest Independent School District	629,986	34.79%	219,172
Parker County	76,940	0.29%	223
Tarrant County	315,899	37.45%	118,304
Tarrant County College District	20,765	37.45%	7,776
Tarrant County Hospital District	26,285	37.45%	9,844
White Settlement Independent School District	168,902	50.44%	85,194
Wise County	6,240	0.06%	4
Subtotal, overlapping debt			2,174,868
City of Fort Worth Net Direct Debt	834,140	100.00 %	834,140
Total direct and overlapping debt			\$ 3,009,008

^(a) All debt figures of the overlapping subdivisions reflect the gross bonded debt of each entity, with the exception of the City of Fort Worth. Net direct debt is General Obligation Bonds plus Certificates of Obligation, Notes, Loans, and Capital Leases less available in the Debt Service Fund.

^(b) The estimated percentage is based on a formula using assessed values of property.

Source: Municipal Advisory Council of Texas

CITY OF FORT WORTH, TEXAS
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS (Unaudited)
(in 000's)

TABLE 13

Fiscal Year	Revenues			Debt Service Requirements			Bond Coverage ^(c)
	Total Revenues ^(a)	Less: Operating Expense ^(b)	Net Revenue	Principal	Interest	Annual Requirement	
Water and Sewer^(d)							
2003	\$ 222,909	\$ 129,122	\$ 93,787	\$ 39,381	\$ 33,987	\$ 73,368	1.28
2004	237,243	131,852	105,391	43,071	31,498	74,569	1.41
2005	265,569	124,389	141,180	43,472	31,344	74,816	1.89
2006	303,144	151,940	151,204	42,480	30,514	72,994	2.07
2007	276,263	151,982	124,281	43,395	29,865	73,260	1.70
2008	313,388	170,069	143,319	46,198	34,353	80,551	1.78
2009	310,122	183,311	126,811	51,831	32,018	83,849	1.51
2010	321,366	189,329	132,037	51,025	28,592	79,617	1.66
2011	351,712	196,478	155,234	57,195	30,702	87,897	1.77
2012	349,112	217,978	131,134	62,210	33,592	95,802	1.37
Municipal Parking^(e)							
2003	558	295	263	-	-	-	-
2004	795	227	568	103	284	387	1.47
2005	654	208	446	-	-	-	-
2006	3,728	225	3,503	88	199	287	12.21
2007	4,601	339	4,262	-	599	599	7.12
2008	5,404	445	4,959	-	1,150	1,150	4.31
2009	5,133	1,423	3,710	100	1,895	1,995	1.86
2010	6,543	2,189	4,354	300	2,651	2,951	1.48
2011	7,800	2,448	5,352	640	2,704	3,344	1.60
2012	7,808	2,775	5,033	955	2,667	3,622	1.39
Solid Waste^(f)							
2003	27,913	39,162	(11,249)	99	290	389	(28.92)
2004	29,897	30,138	(241)	1,099	361	1,460	(0.17)
2005	39,011	33,812	5,199	1,133	363	1,496	3.48
2006	41,019	35,578	5,441	1,169	601	1,770	3.07
2007	45,727	38,267	7,460	1,206	578	1,784	4.18
2008	52,243	40,343	11,900	1,145	535	1,680	7.08
2009	49,442	42,976	6,466	1,625	484	2,109	3.07
2010	52,787	37,966	14,821	1,661	491	2,152	6.89
2011	55,418	42,945	12,473	1,704	333	2,037	6.12
2012	54,449	45,023	9,426	1,734	285	2,019	4.67
Stormwater^(g)							
2008	18,968	10,024	8,944	310	907	1,217	7.35
2009	21,675	12,711	8,964	520	1,158	1,678	5.34
2010	27,786	17,737	10,049	1,445	2,752	4,197	2.39
2011	30,340	16,522	13,818	1,515	2,858	4,373	3.16
2012	34,130	17,929	16,201	3,860	5,426	9,286	1.74

^(a) Exclusive of other expenses and contributions and includes interest income.

^(b) Exclusive of depreciation charges.

^(c) Bond Coverage is computed by dividing Net Revenue by Annual Requirements.

^(d) Secured by revenues of the City's Water and Sewer System.

^(e) Secured by revenues of the City's Will Rogers Memorial Center Parking Facilities.

^(f) Secured by revenues of the City's Solid Waste Services Program.

^(g) Secured by revenue collected to maintain the stormwater system.



The official Crest of the *USS Fort Worth* (LCS-3), a Freedom class littoral combat ship of the United States Navy. Her name was announced after a public relations campaign lead by United States Representative Kay Granger and former Deputy Defense Secretary Gordon R. England. The ship was built by Lockheed-Martin.

**CITY OF FORT WORTH, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS (Unaudited)**

TABLE 14

Fiscal Year	Population ^(a)	Personal Income	Per Capita Personal Income	Median Age	Unemployment ^(b)	Unemployment Rate ^(b)
2003	579,250	\$ 10,937,272,500	\$ 18,939 ^(c)	31.2 ^(c)	22,859	8.1%
2004	597,150	11,309,423,850	18,939 ^(c)	31.2 ^(c)	19,582	6.9%
2005	624,850	11,834,034,150	18,939 ^(c)	31.2 ^(c)	16,065	5.4%
2006	664,100	12,577,389,900	18,939 ^(c)	31.2 ^(c)	15,061	4.9%
2007	686,850	13,008,252,150	18,939 ^(c)	31.2 ^(c)	14,485	4.6%
2008	702,850	13,311,276,150	18,939 ^(c)	31.2 ^(c)	17,154	5.3%
2009	720,250	13,640,814,750	18,939 ^(c)	31.2 ^(c)	26,982	8.1%
2010	741,206	18,414,521,864	24,844 ^(d)	31.1 ^(d)	28,044	8.3%
2011	748,450	18,594,491,800	24,844 ^(d)	31.1 ^(d)	29,813	8.7%
2012	757,810	18,827,031,640	24,844 ^(d)	31.1 ^(d)	22,632	6.4%

(a) Estimate by North Central Texas Council of Governments, Arlington, Texas.

(b) Source: BLS Local Area Unemployment Statistics.

(c) Source: U. S. Bureau of Census 2000

(d) Source: U. S. Bureau of Census 2010

**CITY OF FORT WORTH, TEXAS
PRINCIPAL EMPLOYERS
FORT WORTH METROPOLITAN AREA
CURRENT YEAR AND NINE YEARS AGO (Unaudited)
(in 000's)**

TABLE 15

Name of Employers	2012			2003		
	Employees	Rank	Percentage of Total Employment ^(d)	Employees ^(e)	Rank	Percentage of Total Employment ^(f)
Lockheed Martin Tactical Aircraft Systems	15.0 ^(a)	1	0.45%	16.8	2	0.65%
NAS Fort Worth Joint Reserve Base	11.4 ^(a)	2	0.34%	3.8	9	0.15%
Fort Worth Independent School District	11.0 ^(a)	3	0.33%	11.2	3	0.43%
AMR Corp./American Airlines	9.0 ^(b)	4	0.27%	26.7	1	1.03%
City of Fort Worth	7.0 ^(c)	5	0.21%	6.2	5	0.24%
JPS Health Network/John Peter Smith Hospital	4.9 ^(a)	6	0.15%			
Cook Children's Health Care System	4.8 ^(a)	7	0.14%	3.3	10	0.13%
Tarrant County Government	4.2 ^(a)	8	0.13%	4.5	7	0.17%
Texas Health Harris Methodist	4.0 ^(a)	9	0.12%	4.6	6	0.18%
Bell Helicopter-Textron, Inc.	3.8 ^(a)	10	0.11%	4.3	8	0.17%
Arlington Independent School District				8.1	4	0.31%
	<u>75.1</u>		<u>2.26%</u>	<u>89.5</u>		<u>3.47%</u>

^(a) Source: Fort Worth Chamber of Commerce

^(b) Source: AMR Corporation

^(c) Source: City of Fort Worth Human Resources Department

^(d) Estimated total employment of 332,625 for 2012 per U.S. Bureau of Labor Statistics

^(e) Source: City of Fort Worth, Texas CAFR For the Fiscal Year Ended September 30, 2003.

^(f) Total employment in the year 2003 equals 258,142 per U.S. Bureau of Labor Statistics

**CITY OF FORT WORTH, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT
 EMPLOYEES BY FUNCTION / PROGRAM
 LAST TEN FISCAL YEARS (Unaudited)**

TABLE 16

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Mayor and Council ^(a)	27	25	25	29	28	28	26	26	-	-
City Manager	126	125	111	111	106	103	41	52	90	89
Budget and Management Services ^(b)	-	-	21	19	16	17	9	8	-	-
Housing and Community Development ^(c)	48	48	47	50	49	50	83	85	75	57
Development	86	88	89	119	151	136	140	137	135	147
Community Relations	16	29	24	24	35	29	72	45	-	-
Internal Audit	14	15	14	16	16	16	14	14	14	16
City Secretary	7	7	7	8	7	8	11	12	10	11
Legal	41	40	42	44	46	46	51	52	46	51
Finance	61	61	63	60	68	67	70	71	72	90
Human Resources	150	128	162	166	143	101	126	103	104	107
Economic and Community Development ^(c)	23	26	30	29	35	38	-	-	-	-
Transportation Public Works ^(d)	375	398	400	400	443	426	559	550	588	564
Planning	21	22	21	22	-	-	-	-	-	-
Code Compliance ^(e)	90	99	110	103	110	116	173	173	272	284
Public Events	136	132	135	132	135	126	132	127	127	123
Municipal Court	169	172	167	166	173	174	180	177	191	195
Public Health	128	129	137	144	149	130	-	-	-	-
Environmental Management ^(e)	133	118	113	124	123	115	107	113	-	-
Parks and Community Services	759	812	846	860	714	809	756	705	727	690
Zoo (Contract) ^(f)	5	4	3	2	-	-	-	-	-	-
Library	272	261	258	273	283	259	260	275	286	271
Retirement ^(g)	7	6	7	8	-	-	-	-	-	-
Subtotal	2,694	2,745	2,832	2,909	2,830	2,794	2,810	2,725	2,737	2,695
Enterprise Fund										
Water/Wastewater	782	766	807	805	833	812	880	891	892	901
Aviation	29	37	34	33	28	27	24	22	24	21
Subtotal	811	803	841	838	861	839	904	913	916	922
Internal Service Fund										
IT Solutions	94	102	115	114	123	118	99	90	100	111
Equipment Services	118	124	116	121	126	120	119	104	97	96
Engineering	144	153	168	170	161	171	-	-	-	-
Subtotal	356	379	399	405	410	409	218	194	197	207
Public Safety										
Police-Uniform	1,304	1,350	1,381	1,399	1,470	1,521	1,538	1,524	1,534	1,539
Police-Civilian	591	581	625	653	647	658	675	660	647	677
Fire-Uniform	797	812	799	828	892	923	891	869	894	897
Fire-Civilian	44	47	52	45	49	48	57	55	44	60
Subtotal	2,736	2,790	2,857	2,925	3,058	3,150	3,161	3,108	3,119	3,173
Total	6,597	6,717	6,929	7,077	7,159	7,192	7,093	6,940	6,969	6,997

^(a) Mayor and Council Office are included in City Manager's Office since 2011.

^(b) Budget and Management Services established in FY05, previously a division of City Manager office. In FY09 merged into Financial Management Services. In FY11 moved to City Manager's Office.

^(c) Economic and Community Development was combined with Housing in 2009.

^(d) Street services is a division of Transportation Public Works Department.

^(e) Environmental Management is combined with Code Compliance since 2011.

^(f) Fort Worth Zoo management is contracted out to Fort Worth Zoo Association since 2007.

^(g) Employee for Retirement Department is transferred to Fort Worth Retirement Systems (separate entity) since 2007.

CITY OF FORT WORTH, TEXAS
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS (Unaudited)

Function/Program	2003	2004	2005	2006
Public Safety				
Fire				
Calls for Service - Fire	3,529	2,723	3,825	2,906
Calls for Service - EMS	38,058	38,580	37,725	37,819
Police				
Calls for Service	305,463	303,159	310,056	317,446
Municipal Courts				
Citations Entered	450,431	410,161	382,280	404,393
Warrants Issued	235,780	254,992	244,714	55,030
Jail Cases Prepared	33,988	61,837	74,220	44,647
Transportation and Public Works				
Streets - Linear Miles Maintained Annually	6,561	6,638	6,830	7,000
Lane Miles - Resurfaced	166	269	274	219
Library				
Books and audio/visual materials (millions)	2.4	2.4	2.3	1.1 ^(a)
Average Monthly Circulation	229,301	286,317	302,096	311,050
Building Permits				
Permits issued (in thousands)	12.6	16.1	13.8	17.0
Estimated Value (in thousands)	\$ 1,683,676	\$ 1,778,279	\$ 1,809,740	\$ 2,444,399
Aviation				
Airport Operations (Takeoffs and Landings)	287,159	265,917	223,873	230,068
Total Fuel Flowage, gallons	N/A	N/A	N/A	8,156,853
Total Fuel Flowage, revenue	N/A	N/A	N/A	\$ 716,424
Water & Sewer				
Number of Water Accounts (in thousands)	160	166	176	186
Peak Day Water Consumption (million gallons)	331	266	304	344
Average Daily Water Consumption (million gallons)	165	159	174	208
Water System Storage Capacity (million gallons)	76	75	75	75
Actual Annual Water Pumpage (million gallons)	60,144	58,121	63,593	75,723
Number of Sewer Accounts (in thousands)	172	179	189	197
Average daily sewage treatment (million gallons)	105	108	109	94
Municipal Parking				
Parking tickets issued	68,918	61,327	55,103	40,287

N/A = Information not available

^(a) Number does not include approximately 1 million governmental documents.

TABLE 17

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
2,287	3,486	2,776	2,281	12,392	10,111
49,892	51,401	52,566	53,837	65,190	58,770
314,132	312,219	314,942	312,061	299,750	299,793
439,393	447,949	451,938	415,008	327,779	277,672
177,729	198,000	273,951	274,833	318,720	219,478
43,124	62,405	73,566	81,522	136,312	152,874
7,173	7,218	7,291	7,317	7,325	7,341
152	177	208	164	177	169
1.1 ^(a)	1.1 ^(a)	1.1 ^(a)	1.1 ^(a)	1.1 ^(a)	1.1 ^(a)
320,791	337,768	349,247	342,697	375,965	369,450
12.0	12.0	9.7	10.0	9.8	10.0
\$ 2,216,067	\$ 2,186,348	\$ 1,487,296	\$ 1,678,179	\$ 1,352,438	\$ 1,454,917
257,983	312,799	263,077	229,845	260,059	248,650
7,917,256	7,674,724	7,099,019	6,656,640	7,828,177	7,742,014
\$ 715,791	\$ 728,683	\$ 632,715	\$ 770,510	\$ 910,116	\$ 908,212
212	216	220	221	223	225
271	335	323	313	368	346
172	183	178	170	205	265
75	88	92	93	93	93
62,749	66,914	64,984	62,131	74,997	69,469
204	208	210	212	214	216
122	107	106	135	105	110
56,368	61,130	64,061	61,715	52,261	47,211

**CITY OF FORT WORTH, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS (Unaudited)**

Function/Program	2003	2004	2005	2006	2007
<u>Library</u>					
Library Facilities Owned	13	13	13	13	13
Library Facilities Leased	3	2	2	2	2
<u>Parks and Recreation</u>					
Parks and Public Spaces	220	223	227	231	236
Parks Acres	10,542	10,595	10,715	10,762	10,832
Miles of Trails (Jogging, Hiking & Biking) (paved trails)	58	58	59	60	58
Swimming Pools	7	7	7	7	7
Athletic Fields (Soccer, Football, Baseball & Rugby)	175	175	175	178	184
Tennis Centers	1	1	1	1	1
Number of Tennis Courts	16	16	16	16	16
Neighborhood Tennis Courts	82	82	82	82	82
Multi-use Courts	105	105	105	105	106
Golf Courses	5	5	5	5	5
Community and C.A.P. Centers	21	21	21	21	21
<u>Public Safety</u>					
Police Stations Owned	9	9	9	9	9
Police Stations Leased	10	10	10	10	10
Fire Stations	39	39	40	41	40
<u>Public Works</u>					
Streets - Linear Miles	6,561	6,638	6,830	7,000	7,173
Traffic Signals	609	628	653	696	603 (a)
Street Lights	54,595	55,300	56,592	58,565	60,026
<u>Stormwater</u>					
Miles of Channels - Improved	N/A	191	236	281	327
Miles of Storm Pipes	N/A	648	700	750	680
<u>Water</u>					
Water Mains (Miles)	2,654	2,767	2,837	3,177	3,292
Fire Hydrants	13,270	14,002	14,803	16,929	17,040
<u>Wastewater</u>					
Miles of Sanitary Sewers	2,655	2,726	2,804	3,218	3,315

(a) The City also maintains 97 Traffic Signals owned by TXDOT beyond the number noted above.
(b) The City also maintains 100 Traffic Signals owned by TXDOT beyond the number noted above.
N/A= Information not available

Source: City of Fort Worth respective departments.

TABLE 18

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
13	13	13	14	14
2	2	2	2	2
243	249	253	257	260
10,929	11,094	11,292	11,609	11,663
60	63	64	66	66
7	7	7	7	7
181	181	181	181	184
1	1	1	1	1
16	16	16	16	16
82	82	82	82	82
107	107	107	107	107
5	5	5	5	5
21	21	21	21	21
10	11	11	10	12
11	10	9	8	11
40	42	42	42	42
7,218	7,291	7,317	7,325	7,341
588 (a)	620 (a)	635 (a)	644 (a)	649 (b)
60,950	61,593	62,075	63,007	64,175
326	333	327	330	212
700	714	800	900	930
3,395	3,449	3,469	3,480	3,513
17,580	17,947	18,275	18,388	18,616
3,380	3,421	3,454	3,527	3,569



Picture courtesy of Lockheed Martin

The *USS Fort Worth* underwent sea trials on Lake Michigan during late 2011. The ship successfully completed its acceptance trials on 4 May 2012

Fort Worth



1964 • 1993 • 2011

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FINANCIAL MANAGEMENT SERVICES DEPARTMENT
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