



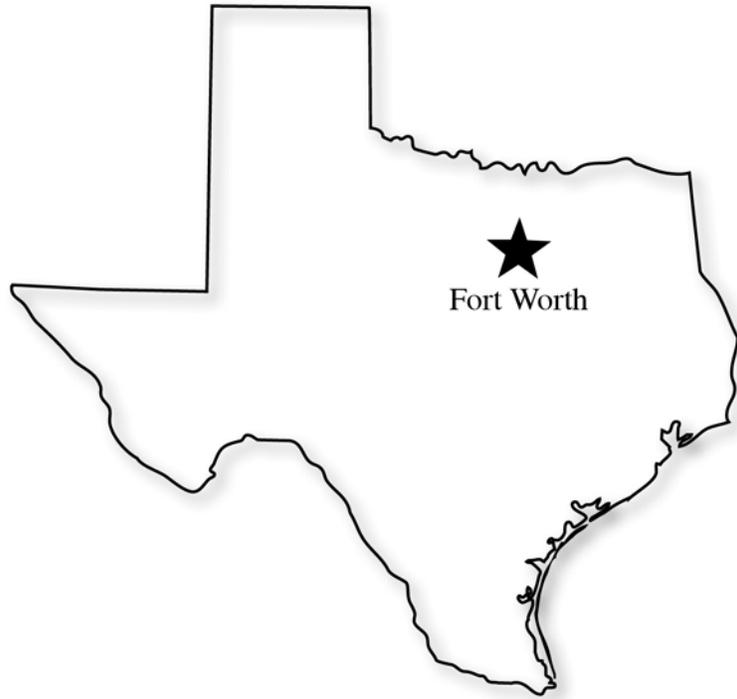
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

September 30, 2008

CITY of FORT WORTH, TEXAS





Cover Photograph: Rodeo Plaza at the historic Fort Worth Stockyards.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2008

CITY OF FORT WORTH, TEXAS

ELECTED OFFICIALS

2008 CITY COUNCIL

Mike Moncrief, Mayor

Kathleen Hicks
Salvador Espino
Chuck Silcox
Danny Scarth
Joel Burns

Jungus Jordan
Carter Burdette
Wendy Davis
Frank Moss

CITY MANAGER

Dale Fisseler

ASSISTANT CITY MANAGER

Karen L. Montgomery

CHIEF FINANCIAL OFFICER

Lena Ellis

INDEPENDENT AUDITORS

Deloitte & Touche LLP

Prepared by the Financial Management Services Department



Museum Place Artist's Rendition at Seventh Street and Camp Bowie Boulevard

This picture and the others that follow depict the economic development in the City of Fort Worth during fiscal year 2008.

CITY OF FORT WORTH, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2008
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Transmittal Letter (unaudited).....	v
Organizational of City Government (unaudited).....	xx
Elected Officials (unaudited).....	xxi
 FINANCIAL SECTION:	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (unaudited).....	3
 Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.	21
Statement of Net Assets – Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	25
Statement of Cash Flows – Proprietary Funds	26
Statement of Fiduciary Net Assets – Fiduciary Funds	28
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	29
Notes to the Basic Financial Statements.....	31
 Required Supplementary Information (unaudited)	
Budgetary Comparison Schedule – General Fund.....	91
Notes to the Required Supplementary Information	92
Employee's Retirement Fund – Schedule of Funding Progress	93
Employee's Retirement Fund – Schedule of Employer Contributions.....	93
Other Post Employment Benefits – Schedule of Funding Progress	94
Other Post Employment Benefits – Employer Contributions	94
 Combining Financial Statements and Schedules	
Non-major Governmental Funds:	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	102
Budgetary Comparison Schedule – Crime Control and Prevention District Fund	106
Non-major Proprietary Funds:	
Combining Statement of Net Assets.....	108

TABLE OF CONTENTS
(continued)

		Page
Combining Financial Statements and Schedules (continued)		
Non-major Proprietary Funds: (continued)		
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets		111
Combining Statement of Cash Flows – Non-major Proprietary Funds		112
Combining Statement of Net Assets – Internal Service Funds		116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds		117
Combining Statement of Cash Flows – Internal Service Funds		118
Fiduciary Fund:		
Combining Statement of Changes in Assets and Liabilities – All Agency Funds.....		120
 STATISTICAL SECTION: (unaudited)		
	Table	Page
Financial Trends: (unaudited)		
Net Assets by Component	1	123
Change in Net Assets.....	2	124
Fund Balances, Governmental Funds	3	126
Changes in Fund Balances of Governmental Funds	4	128
Revenue Capacity: (unaudited)		
Assessed Value and Estimated Actual Value of Taxable Property	5	131
Property Tax Rates - All Direct and Overlapping Tax Rates.....	6	132
Property Tax Levies and Collections	7	133
Principal Property Taxpayers	8	134
Debt Capacity: (unaudited)		
Ratio of Outstanding Debt by Type	9	136
Percent of Total General Debt Outstanding to Assessed Value and Total General Debt Outstanding per Capita	10	138
Legal Debt Margin Information	11	139
Direct and Overlapping Governmental Activities Debt	12	140
Pledged Revenue Coverage	13	141
Demographic & Economic Information: (unaudited)		
Demographic Statistics and Economic Statistics	14	143
Principal Employers Fort Worth Metropolitan Area	15	144
Operating Information: (unaudited)		
Full-Time Equivalent City Government Employees by Function/Program	16	145
Operating Indicators by Function/Program	17	146
Capital Asset Statistics by Function/Program	18	148

INTRODUCTORY SECTION



June 23, 2009

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

Ladies and Gentlemen:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Fort Worth, Texas, for the fiscal year ended September 30, 2008.

The purpose of this report is to provide the City Council, citizens, representatives of financial institutions, and others with detailed information concerning the financial condition and performance of the City of Fort Worth. In addition, this report provides assurance that the City presents fairly, its financial position, as verified by independent auditors.

The Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the City of Fort Worth, Texas for the fiscal year ended September 30, 2008, which follows, was prepared by the Financial Management Services Department with the support of the City Manager's Office and all city departments. The financial statements and related notes have been audited by Deloitte & Touche, LLP, whose report is included herein. This audit satisfies Chapter X, Section 11, of the City Charter, which requires that an annual audit of all accounts of the City be made by an independent certified public accountant. Additionally, the City's compliance with federal and state grant programs for the year ended September 30, 2008, was audited in accordance with OMB Circular A-133 and Uniform Grant Management Standards by the firm of Deloitte & Touche, LLP. That report is available under separate cover.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects, and are presented in a manner, which fairly sets forth the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB).

This CAFR is presented in three sections: introductory, financial, and statistical. The introductory section, which is not audited, includes this transmittal letter, which highlights significant aspects of financial operations during the year and particular issues facing the City, an organizational chart, and a list of principal officials. The financial section contains the independent auditors' report, management's discussion and analysis, financial statements and related notes, required supplementary information and supplemental financial data. The statistical section, which is not audited, includes several tables depicting the financial history of the City, as well as, demographic and other miscellaneous statistics.

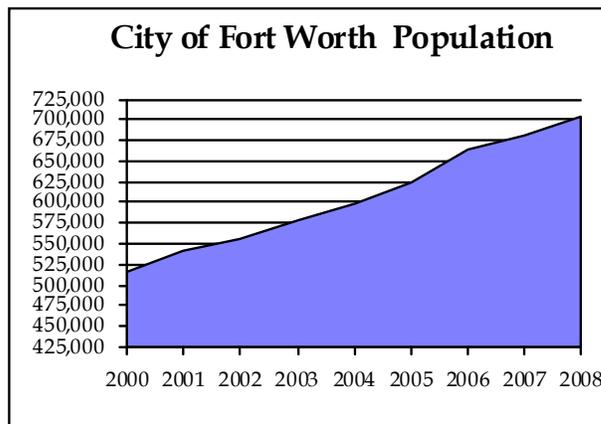
FINANCIAL MANAGEMENT SERVICES DEPARTMENT

THE CITY OF FORT WORTH * 1000 THROCKMORTON STREET * 3RD FLOOR * FORT WORTH, TEXAS 76102
817-392-8185 * Fax 817-392-8966

Management’s Discussion and Analysis (MD&A), which is found in the financial section, is provided to the user as a narrative introduction, overview, and analysis of the financial statements. The MD&A includes an overview of the financial statements, financial highlights, financial analysis, and economic factors, which will affect next year’s budgets and rates. The Notes to the Basic Financial Statements are also provided in the financial section and are considered essential to fair presentation and adequate disclosure for this financial report. The notes include the Summary of Significant Accounting Policies for the City and other necessary disclosures of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

General Information - City of Fort Worth, Texas

Fort Worth, a metropolitan city with 702,850 people in 348 square miles, seat of Tarrant County, is a city whose rich history can be attributed to innovation as well as to the perseverance of early pioneers. It was established as a fort in 1849 by Major Ripley Arnold and named for his general, William Jenkins Worth. As Indian activity abated, the army left the fort and settlers moved into the buildings to establish businesses. In the late 1880s, cattle men driving herds to northern markets on the Chisholm Trail began stopping in Fort Worth to re-supply before proceeding north through Indian Territory. As a large stockyards area developed by 1909 with the emergence of two large meatpacking companies, Fort Worth’s strong association with the cattle industry was cemented.



In 1876, the railroads came to Fort Worth. When oil was discovered in West Texas, Fort Worth shared the growth and prosperity.

Today, a modern, growing, bustling Fort Worth celebrates its colorful past while embracing a vibrant present and exciting future. While the City still nurtures its original industries, it is now also known for aviation, logistics, defense, and technology.

In the spring of 2004, Partners for Livable Communities named Fort Worth one of America’s Most Livable Communities of the decade. Fort Worth is one of nine large cities to receive the award in 2004 and the only Texas municipality to be honored this decade.

Whether you are born here or newly arrived, Fort Worth is home in every sense of the word. Fort Worth has affordable, high-quality living; a thriving, diverse business environment; outstanding education from kindergarten through college; a temperate climate; popular attractions; sophisticated, fine art; community solidarity; renowned performing arts; and a bustling downtown that is the pride of its citizens and a model for cities across the nation.

Organization of Government

The City was incorporated in 1873 and operates under the Council-Manager form of government. Mayors, chosen at large, and eight council members, elected from single-member districts, 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

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

Water and sewer services, solid waste collection, golf courses, airports, a parking garage, 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 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.

Reporting Entity

As required by Generally Accepted Accounting Principles (GAAP) in the United States of America, the financial reporting entity (the City) includes all funds of the primary government (the City of Fort Worth), as well as all its component units. Component units are legally separate entities for which the primary government is financially accountable.

The component units shown below are included as a part of the City's reporting entity because of the significance of their operational or financial relationships. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government.

Blended Component Units

Fort Worth Housing Finance Corporation
(Including its component units, The Villas of Eastwood Terrace, LLC and Fort Worth City Construction Company)
Fort Worth Local Development Corporation
Service Center Relocation, Inc. (James Street)
Fort Worth Sports Authority, Inc.
Lone Star Local Government Corporation
Fort Worth Central City Local Government Corporation

Other legally separate entities are also included in the City's reporting entity as discretely presented component units.

Discretely Presented Component Units

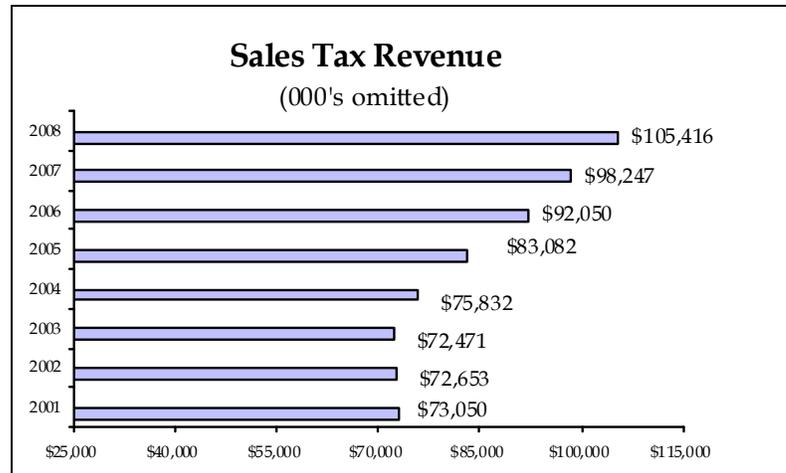
Fort Worth Public Improvement District No. 1
Fort Worth Public Improvement District No. 6
Fort Worth Public Improvement District No. 7
Fort Worth Public Improvement District No. 8
Fort Worth Public Improvement District No. 11
Fort Worth Public Improvement District No. 12
Taxing Increment Reinvestment Zone No. 2A
Taxing Increment Reinvestment Zone No. 2B
Taxing Increment Reinvestment Zone No. 3
Taxing Increment Reinvestment Zone No. 3A
Taxing Increment Reinvestment Zone No. 4
Taxing Increment Reinvestment Zone No. 6
Taxing Increment Reinvestment Zone No. 7
Taxing Increment Reinvestment Zone No. 8
Taxing Increment Reinvestment Zone No. 9
Taxing Increment Reinvestment Zone No. 10
Taxing Increment Reinvestment Zone No. 11
Taxing Increment Reinvestment Zone No. 12
Taxing Increment Reinvestment Zone No. 13

Economic Condition and Outlook

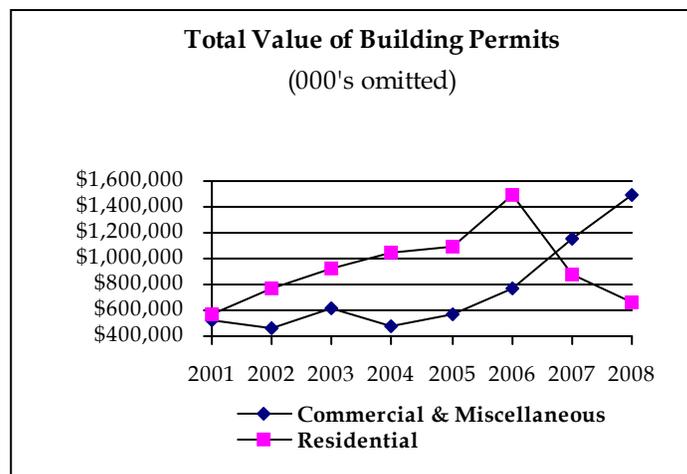
Fort Worth is a Sunbelt city marked by its steady growth and diverse economy. Relocation of major firms to the greater Fort Worth area, renovation of many historical landmarks, shopping areas, and a host of public-private cooperative development ventures comprise Fort Worth's economic past. For the future,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

Current Economic Information

The City of Fort Worth experienced an increase in sales tax revenue in the General Fund of \$7.2 million, or 7.30% over fiscal year 2007.



The value of building permits decreased in new residential construction by \$221 million; and commercial and miscellaneous construction increased by \$7.9 million.



Commercial Growth

The following entities announced major expansions, new construction, or consolidations in the City of Fort Worth during 2008:

Rose is a Columbian boa, Cupcake is an American alligator, and their new home is the \$15 million Museum of Living Art at the Fort Worth Zoo. The 30,000-square-foot facility, on 2.5 acres, will be the only one of its kind in the world. The state-of-the-art facility will feature 900 reptiles and 125 exhibits, and will include areas for saltwater crocodiles, Aldabra tortoises, and Komodo dragons.

RYLB FW Properties LP recently bought the landmark Oil & Gas Building, 309 W. Seventh St., and the adjacent Commerce Building, 307 W. Seventh St., in downtown Fort Worth. The investors plan to renovate the buildings, which total 440,000 square feet and are 65 percent tenant occupied. Transcom Enhanced Services recently signed a lease for the 16th floor of the historic Commerce Building and will occupy 13,500 square feet of office space.

The 16-story Electric Service Building at 115 W. Seventh St. was acquired by a New York investment company, which plans to renovate the 1952 building to attract additional tenants. The Oncor division of TXU Corporation occupies 75 percent of the space on long-term leasehold.

Austin Company Commercial Real Estate recently closed the sale of 26 raw acres, located at 5524 Eastland St. in southeast Fort Worth, for a multifamily affordable housing development, the Residences at Eastland. The site is located between East Berry and Wilbarger streets near Loop 820 in the Stop Six Neighborhood Empowerment Zone. The mixed-income, tax-credit project, financed through the Fort Worth Development Fund will feature 146 town homes consisting of two, three, and four bedrooms.

Austin Company Commercial Real Estate recently purchased an education building behind Charity Church, formerly Sagamore Hill Baptist Church, on Fort Worth's east side. The 48,000-square-foot, two-story Tarrant Resource Education Center is located on 2.728 acres at 4101 Vinson St., just off East Lancaster Avenue. Austin is renovating the 38-year-old facility to include an elevator and a sprinkler system. There are plans to finish improvements within four months and lease the 40 office spaces and nine large classrooms to nonprofit organizations.

Landmark Quebec is a mixed-use development at the northwest corner of Loop 820 and Quebec Street, just off Jacksboro Highway in Fort Worth and is located on the border of Lake Worth and Fort Worth. It is a \$300 million, 200-acre project and fifty acres of the property will provide commercial/retail space while another 50 acres will be developed for multifamily housing. The remaining 100 acres will be developed into an industrial park.

Southwest Bank, which just opened a new banking center in the Fort Worth Club, is planning to open a new branch on West Seventh Street. The bank will be the lead tenant in a two-story, 16,800-square foot building at 2200 W. Seventh Street. Southwest Bank will take 4,000-square-feet of space on the first floor of the two-story building near the Trinity River. The building will have retail space available to lease as well.

Ajax Glass & Mirror Co., a Fort Worth institution since 1945, has moved to a new location at 6200 Southwest Blvd. Operated by third generation family members, brothers Buddy and Arthur Moses. The new five-acre Ajax Plaza, built by AUI Contractors, totals 69,000 square feet of space. Ajax occupies 52,000 square feet for showroom and offices. The Kim Martin Co. is offering the remaining 17,000 square feet of lease space.

United Way of Tarrant County has completed its move into the Mercado, at 1500 N. Main St., in Fort Worth. The service organization sold its 50,000-square-foot office building at 210 E. Ninth St. to Dallas-based Charter Holdings.

The developers of the West 7th project near the Cultural District are filling in their retail client list with Fireside Pies, Iron Cactus, a prepared food market called Fort Worth City Market, a champagne bar called Brut, Sovereign Bank, a Starwood hotel, health club L.A. Fitness, and Backwoods (a longtime area sporting goods store). There will be 80,000 square feet of office loft space above the retail space and an estimated

120,000 square feet of freestanding Class A office space in the project. On the residential side, approximately 345 apartment-style homes are planned for West 7th. To earn city incentives, Cypress Equities agreed that 15 percent of the rental units will fall into the affordable housing classification and that 25 percent of hard construction costs will be contracted to women- and minority-owned businesses. The one and two bedroom units, including the high-end apartments, will average 775 square feet.

A proposed Blue Cross Blue Shield data center facility in Far North Fort Worth could generate millions in taxable revenue for the City as well as additional returns from electrical usage by the company. The Chicago-based health insurance company is considering building a 220,000 square foot facility, with room for later expansion, which would employ about 130 people at salaries of at least \$80,000. Construction of the facility, could be completed in 18 months at a cost of at least \$175 million, according to city officials. The company is eyeing about 50 acres near the Alliance Gateway, said Mark Folden, a manager in the City's economic development department.

Construction is under way on Oleander Place Townhomes, the newest kid on the trendy block in Fort Worth's blossoming urban renewal in the Near Southside. Located in the heart of a growing urban village on the Oleander Walk and South Adams Street, the three-story development consisting of 17 luxury units is another sure sign that owner-occupied, higher-price-point multifamily housing is on the rise in the central city's Medical District. Priced from \$263,000, Oleander Place Townhomes offers open living areas with high ceilings and oversized windows, hardwood floors, chef's kitchens with granite countertops and gas cook tops, limestone or travertine marble tile entryways, baths with a jetted tubs, gas fireplaces and two-car, attached garages.

Helicopter parts company, Integrated Flight Systems Inc., the world's largest manufacturer of air conditioning and video systems for civilian and military helicopters, is relocating to Fort Worth from Reno, Nev. IFS will occupy 22,000 square feet of space in Hangar 16 South at Meacham Field.

Hanson Roof Tile, a leading manufacturer of concrete roof tile in Charlotte, N.C., started production at a new Fort Worth facility, at 610 Riverside Drive. The company invested about \$13 million on renovations to the 45,000-square-foot plant, including building a new office that will double as a product showroom and upgrades to its manufacturing facility in Luling, Texas. When the Fort Worth facility is at full capacity, Hanson expects it will employ approximately 50 people.

The Stayton at Museum Way is Tarrant County's only resort-style life-care retirement community. Activity is brisk at the development's recently opened sales and information center in Fort Worth's Cultural District. Construction is expected to begin in late fall 2008 on the project, located near downtown on West Seventh Street across from the Montgomery Plaza mixed-used development and just blocks down from the West 7th and Museum Place projects, all of which are transforming the near west side of the city into a trendy blend of business, homes and culture. Built around a life-care concept, The Stayton will consist of three 11-story interconnected towers featuring 188 upscale residences ranging in size from 850 to 2,200 square feet and common areas. The majority of the homes will provide independent living – most of the apartments have patios with sweeping views of downtown or the Museum District – while the lower levels will provide assisted living, memory support, and skilled nursing care.

Construction began on a mixed-use medical office building on Fort Worth's Near Southside, at 915 Travis Avenue. The 5,275-square-foot Travis Avenue Medical Offices will be customized for one to three physicians on the ground floor. The second floor will offer a 1,100-square-foot custom apartment.

Thos S. Byrne Ltd. has been awarded a contract to design and construct a new \$18 million Tarrant County Medical Examiner's Facility. County commissioners approved in January 2008 a \$26 million expansion for the building, rather than moving to another location. The three-year project will include laboratory space, crime investigation space, bio/hazard study, a morgue and additional office space. The project will include some renovation of the existing Medical Examiner's Office Building, which is on the south side of Fort Worth's medical district.

Chain Link Services LLP will occupy the space in a 141,000-square-foot facility, which is located on 5.5 acres off Eighth Avenue and east of Forest Park Boulevard. The building is rail served and has eight recessed docks and four rail doors.

The 29-year-old former Fort Worth Ramada Plaza Hotel has been transformed by Starwood Hotels & Resorts Worldwide Inc. (Presidio Hotel Fort Worth LP) and has taken the lead in the upper upscale and luxury segments of the market, with 38 percent of the hotels and rooms in the industry pipeline. It is situated near the renovated Fort Worth Convention Center and Fort Worth Water Gardens in a renewed area of the Central Business District. One of the most anticipated attractions causing industry buzz is the hotel's opening of Shula's 347 Grill, the restaurant chain of Hall of Fame coach Don Shula, who has the most wins in National Football League history. The steak house is named in honor of his 347 career victories. The 260-seat casual restaurant, the only one in North Texas, will feature signature SHULA CUT steaks, a lounge, a bar, and private dining rooms. In keeping with the sports theme, the restaurant will be outfitted with Dallas Cowboys, Texas Rangers, Dallas Mavericks, Colonial champions and other sports memorabilia as well as historic photographs of Fort Worth.

ProLogis, a worldwide distribution facility developer, has announced plans for a 130-acre, master-planned industrial park in Fort Worth. The site, named ProLogis Park Fort Worth, is located at the intersection of Interstate 35 and Loop 820. The first phase of development at the park will be a cross-dock facility totaling approximately 525,000 square feet and is scheduled to begin in the second half of 2008. When complete, the park will be made up of seven buildings boasting a total of 2.1 million square feet of distribution space.

The cultural and economic heritage of Fort Worth hovers close around Scat Jazz Lounge, an upstart enterprise in a historic building. The place looks, as new as a six-month-old enterprise should, and yet it seems a gateway to times past, America's jazz and swing drenched nightlife scene of the last century. Tax figures from the Texas Alcoholic Beverage Commission show monthly liquor sales since February at the Scat in a range of \$37,000–\$39,000. The tallies represent a strong economic indicator of gathering popular acceptance, and particularly so for a venue that offers a specialized listening environment as opposed to a general-purpose after-hours hangout. Dallas-based entertainer Derek cites approximately a \$500,000 investment in the development of the 3,421-square-foot Scat Jazz Lounge from “a vast, empty basement space” in the pre-Depression Era Woolworth Building to its present state as an intimate 130-seat listening venue. Much of the investment has accounted for heavy-duty air-exchange and dehumidifier mechanisms, essential to a basement club whose only smoking ban involves cigars and pipes.

Occupying a space that formerly served as a parking lot, The Carnegie is a 16-story Class A office building at Lamar and East Third streets, across from the Fort Worth Public Library. The 300,000-square-foot building was named in recognition of its proximity to the library, whose architecture was inspired by Fort Worth's original Carnegie Library.

The Federal Aviation Administration has leased 14,440 square feet in Hillwood's Heritage Commons II office building at Alliance Texas, located at 13601 North Freeway in North Fort Worth. The FAA will move its Flights Standards District Office from Hillwood's Fixed Base Operation at Fort Worth Alliance Airport into its new space at Heritage Commons II.

Just to the north of Camp Bowie Boulevard on Collinwood Avenue, Fort Worth Attorney Jeffrey Rattikin is in the midst of renovating a historic West side building. Rattikin purchased the 7,000-square-foot building at 4936 Collinwood Ave. to move his real estate law firm, three exchange companies and the west-side office of Rattikin Title Co. The building initially served as an off-campus officer's club for military men housed at the nearby Camp Bowie Army Base during World War I. According to a release, numerous artifacts from the early 1900s, including old bills detailing the officers' choice of libations, have been found in the building's basement over the years.

Barnett-Shale is a geologic formation containing natural gas under the City of Fort Worth. New horizontal drilling techniques provided the capability of recovering the natural gas from reserves that had been previously inaccessible. In 2004, the City began leasing City-owned properties to gas drilling companies using the new horizontal drilling technology. No surface use is allowed on most properties including city parks. By the end of Fiscal Year 2008, the City had netted a cumulative total of \$72.9 million in bonus and royalty revenue.

Major Initiatives

In fiscal year 2008, the City of Fort Worth continued to work to become an even higher performing organization by focusing on City Council's strategic goals. These goals 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.

Following are a list of the City Council's strategic goals and various innovative programs and services the City of Fort Worth has initiated this past year to help move to the next level of a higher performing organization. Prior year successes are referenced in the 2007-2008 Performance Report.

- **“Become the nation's safest major city”**

Key Departmental Accomplishments

New Crime Lab

During June 2008, the Crime Control and Prevention District (CCPD) Board authorized the use of CCPD funds for the purchase of the former Stripling & Cox department store building. The historic redbrick building located at 3616 E. Lancaster Avenue will be renovated to house the Fort Worth Police Department Crime Lab and Evidence Room. The new location will provide 40,232 square feet of much-needed space to expand our crime lab operations and make available the space needed to house evidence and property.

Realignment creating new Central Division

During 2007, the department examined a significant re-organization of our patrol divisions to create a fifth field operations division to more efficiently police the City's cultural areas and special events, such as Mayfest, Main Street Arts Festival, Texas Christian University, the Hospital District, and the central business district. Additional goals of the re-alignment process were to examine the patrol workload to distribute it more equitably among the patrol divisions and to reduce the number of neighborhood associations split among multiple police beats. When the realignment was implemented on January 5, 2008, the number of police beats increased from seventy-eight to eighty-one, the number of police districts decreased from twelve to ten, and the number of patrol divisions increased from four to five.

- **“Create a cleaner and more attractive city”**

Environmental Management reports that in 2008, because of community outreach and education, the residents of Fort Worth recycled 23% of the total waste stream collected. Two permanent citizen drop-off stations were opened to allow citizens an alternative for excess garbage, recycling, yard waste, and bulk. Citizens disposed of 21,600 tons of material at the drop off station. Citizens disposed of 2,576,908 pounds of household hazardous waste at the Environmental Collection Center. Staff teamed with residents to organize successful community events including Cowtown Community Cleanup, Clean Air Fair, North Texas Free Fare Transit Day, the Clean Air Bike Rally, and Shred Day.

Environmental Management remained active in the following initiatives: four applications for municipal setting designations; management of environmental conditions associated with the Trinity River Vision; The Alternate Asbestos Control Method; Green Cement and air quality compliance.

Parks and Community Services (PACS) continue to assume responsibility for \$1.9 million of landscaping and irrigation improvements installed by the Texas Department of Transportation (TXDOT) along the IH30/IH35 corridor.

PACS also manages 10,767 acres of parks, 131 miles of medians, 132 lane miles of rights-of-ways, 147 corner clips, and 347 traffic islands within established mowing cycles. PACS, through the Citywide Mowing Program, mows, and cleans city properties including tax-foreclosed properties and fee-owned properties every 28 days.

Code Compliance performed 9,952 multi-family apartment inspections and registered 1,028 apartment complexes this year.

Additionally, Code Compliance demolished and secured 362 structures (an increase of 13% over last year), and abated 134 nuisances.

- **“Diversify the economic base and create job opportunities”**

The Economic and Community Development Department negotiated an Economic Development Agreement with the Village at Camp Bowie to develop a mixed-use development near Camp Bowie and Waverly Way.

They also negotiated a tax abatement agreement with Blue Cross Blue Shield to construct a data center facility. Eighty-five high-tech jobs will be created and over \$175 million will be invested.

An economic drilldown analysis of Southeast Fort Worth conducted by Social Compact, Inc. uncovered approximately 20% increase in the aggregate population and estimated the average household income at roughly 24% above the Census 2000 average income. Social Compact, Inc. did this project on a pro-bono basis. In Sept 2008, the City Council authorized the Economic and Community Development Department to retain Social Compact, Inc. to conduct the same analysis for the remainder of the City.

The department facilitated the utilization of an Economic Development initiative grant from the U.S. Economic Development Administration for the redevelopment of neighborhood storefronts in the Polytechnic/Wesleyan area. Townsite Development invested over \$2 million in renovating the buildings and is currently marketing them for lease. Texas Wesleyan’s bookstore is the first tenant to sign and will be occupying the new space in time for the fall semester.

- **“Revitalize central city neighborhoods and commercial districts”**

The Planning and Development Department secured adoption of the near south-side development standards and guidelines to implement the new near south-side zoning classification. The Urban Design Commission was also established to hear development proposals from the Near Southside and Trinity Uptown areas.

The department completed and secured adoption of 12 Urban Village Master Plans. They also continued to manage six sustainable development projects; five streetscape projects within urban villages and mixed-use growth centers; and the Hyde Park Transit Plaza and Ninth Street Improvements projects. The department assisted the Mayor’s Advisory Commission on Homelessness in preparing and securing adoption of the City’s first ten-year plan to end chronic homelessness, Directions Home.

- **“Promote orderly growth in developing areas”**

The Planning and Development Department secured adoption of the 2008 Comprehensive Plan, which includes numerous goals and policies related to land use, housing, transportation, parks, etc. to ensure orderly and sustainable growth in the city, and updated the annexation program identifying areas to consider for annexation during the succeeding five-year period.

The department also assisted in securing adoption of the Joint Land Use Study to protect the Naval Air Station Joint Reserve Base.

- **“Ensure quality customer service”**

The Animal Care and Control Division responded to 44,767 animal care and control requests for service and were able to respond to 37,084 on the same day received.

The Animal Care and Control Division educated 14,128 residents as part of responsible pet ownership community classes

The Human Resources Department developed the Exceptional Performance Awards program to recognize exceptional customer service. Four separate exceptional performance events were recognized with 9 employees being honored.

- **“Improve mobility and air quality”**

In the 2008 fiscal year, the total number of 8-hour ozone exceedences was 9 in North Central Texas, compared to 12 in fiscal year 2007. Participation in City’s Employee Emission Reduction Program was over 24% of the City’s entire workforce (general and civil service). That results in a 3% increase from the previous fiscal year.

While understanding the difficulties in attributing certain asthma cases to ozone versus other factors (i.e. allergies, indoor air pollution, etc.), it is widely known among public health professionals that a decrease in the formation of ozone should lead to a decrease in overall asthma cases.

Even with a steady increase in population and employment, the vehicle-miles traveled (VMT) per capita has held constant over the past year. This is good news considering that just over 150,000 new residents moved to the region annually since the 2000 census.

Considering the continued increase in population and employment, the vehicle-hours traveled (VHT) per capita has decreased slightly, meaning the average person is spending less time in their vehicle. This can only help in improving air quality within the Metroplex region.

In 2008, congestion delay decreased at over 101 intersections throughout Fort Worth where signal timing and/or capacity improvements have been made.

In July of 2008, City Council adopted a resolution supporting the goals and mission statement of Air North Texas to increase air quality awareness in the North Texas Region. Air North Texas was initiated by the Regional Transportation Council and the North Central Texas Council of Governments as a regional campaign whereby partners from public, private, and non-profit entities are committed to promote a consistent regional message on air quality.

In October 2007, City Council adopted a resolution authorizing the City Manager to specify the purchase of green cement. Green Cement has been manufactured using an environmentally friendly process to reduce the amount of oxides of nitrogen (NOx) emitted while producing cement. NOx has been identified as the leading factor in the formation of ozone in North Texas. Green Cement is specified to be the base bid on all City jobs requiring the purchase of cement.

Other City Initiatives

Since 1985, the City of Fort Worth has had an employee suggestion program entitled Program Awarding Your Suggestion (PAY\$). Under this program, employees submit suggestions for improvements. All ideas receive a thorough evaluation. Ideas that prove to be viable, practical, and beneficial to the City are designated award-winners. Employees submitting award-winning ideas earn a monetary reward. The maximum PAY\$ award is \$5,000; the minimum award is \$50.

During fiscal year 2008, employees submitted 75 suggestions to the PAY\$ Program. Of those suggestions, 5 were designated award-winning ideas that will provide intangible annual savings for the City. The suggestions were Category 3 or 4, which provided safety, customer service, or internal improvements. The cost savings could not be easily quantified and were considered intangible savings.

Many initiatives funded by the City have been supplemented by grants from various state and federal agencies. Examples of grant awards expended in FY2008 include the following:

1. The U.S. Department of Housing and Urban Development grants, which included \$6,862,190 for the Community Development Block Grant program, \$2,394,797 for the HOME program, and \$300,786 for an Emergency Shelter program.
2. The Texas Department of Housing and Community Affairs grants for Community Services Block Program, for \$1,129,375 and a Comprehensive Energy Assistance Program grant for \$2,854,406.

3. The U.S. Department of Health and Human Services provided a grant to address Children's Mental Health Issues in an amount of \$1,228,809. This grant also recorded in-kind matching contributions in an amount of \$1,922,013. This is the sixth year of a six-year program.
4. The Texas State Library grants for the Interlibrary Loan program totaled \$317,514 and a Texas Loan Star Library grant for \$141,059.
5. The United States Department of Justice and Texas Criminal Justice Division provided grants totaling \$1,282,697 with primary focus on crime reduction.
6. The Texas Department of State Health Services initiatives focused on Citizen Awareness in the areas of Children's Immunization for \$59,476 and Bioterrorism Preparedness for \$436,504. In Fiscal Year 2009, responsibility for most Health related grants will be transferred to Tarrant County.
7. The Texas Commission for Environmental Quality provided grants in an amount of \$340,658.
8. The U.S. Department of Transportation and the Texas Department of Transportation Aviation provided grants for \$3,172,389.

FINANCIAL INFORMATION

The Financial Management Services Department – Accounting Division, is responsible for the City's financial record keeping and reporting. The accounting system is organized and controlled on a "fund" basis. These funds are reported in the financial section of this report.

Basis of Accounting

Governmental funds are recorded on the modified accrual basis of accounting. Proprietary funds, business-type activities and governmental activities, are recorded on the accrual basis. Fiduciary operations are recognized on the basis consistent with each fiduciary fund's accounting measurement objective. See footnote A.3 to the financial statements for a complete description of the basis of accounting.

The City is financially accountable for some legally separate entities, which are included as blended component units in the financial statements. A complete listing and description of these blended component units can be found in footnote A.1.

Budgetary Controls

Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances for later payment so that appropriations may not be overspent. City policy requires that purchase orders for supplies and contractual services exceeding an amount available at the section level not be released until funds are transferred from within the department or supplemental appropriations are approved and recorded. Open encumbrances are reported as a reservation of fund balances as of September 30, 2008.

Internal Controls

Internal accounting controls are designed to provide reasonable, but not absolute, assurance of (1) safeguarding of assets against loss from unauthorized use or disposition and (2) reliable financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits require estimates and judgments by management. All internal control evaluations occur within the above framework. In addition to the financial accounting system, the City utilizes an independent City Auditor's office, which reports directly to the City Council. This office reviews city practices to ensure the adequacy of internal control and compliance with established policies. The City's independent auditors have issued a separate report on the City's internal controls dated June 23, 2009.

Single Audit

As a recipient of federal, state, and county financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to federal and state financial assistance programs. The internal control structure is subject to periodic evaluation by the City's Management and Internal Audit staff.

As a part of the City government's single audit, tests are made to determine that the government has complied with applicable laws and regulations related to federal financial assistance programs.

Cash Management

Cash balances of all operating and capital project funds are pooled and invested in accordance with state law and an investment policy as approved by the City Council. Investments are made in treasury notes, agencies and instrumentalities, collateralized bank deposits, and managed investment pools. Investments are made only with certified brokers/dealers as required by the investment policy provisions and state law.

The City staff and an outside consultant monitors bond sale proceeds in capital project funds, covered by the Tax Reform Act of 1986 provisions.

All safekeeping of owned securities and collateral is done under custodial/safekeeping agreements. Safekeeping receipts are held by the City. Time deposit collateral is pledged to the City and kept in custody at a third party institution.

The City's investment portfolio is restricted to a maximum weighted average maturity of two years and a maximum stated maturity of any security of five years.

The City's investment philosophy mandates investing the City's operating cash to ensure its safety, provide for necessary liquidity, and achieve the highest possible yield commensurate with these goals.

Risk Management

The Financial Management Services Department – Risk Management Division manages the Risk Management Fund, which is comprised of the City's commercial and self-insured program (other than the self-funded health plan), claims and litigation management, and subrogation programs.

Risk Management is an integrated program responsible for the protection and preservation of the City's resources and assets through loss prevention, loss control, and loss financing. The goals of risk management are first, to minimize the threat of losses, and other forms of risk, and second, to minimize the impact when losses occur. Protection and preservation of resources and assets are accomplished by identifying and analyzing accidental and unforeseen risks facing the City and developing remedies to effectively address those risks.

A central feature of impact minimization efforts is the securing of appropriate insurance protection, a risk transfer method. Risk retention through self-insurance is another critical feature. Claims and litigation management is performed by state licensed claim adjusters. Subrogation, another important function, within the division, involves the pursuit of recovery from other parties legally responsible for damage to property/vehicles, or injury to employees in the course of their employment. Monies recovered are returned annually by Supplemental Appropriation & Transfer to the fund that sustained the loss.

When risk management strategies and retention capabilities are coordinated, unified, and aligned with strategic and financial objectives, the benefit is greater protection from risk and more efficient use of finite financial resources to respond to risk exposures.

The City's goals are carried out through several programs:

1. **Workers' Compensation:** The City of Fort Worth operates a self-insured workers' compensation insurance program. The City self-funds and administers the program by providing statutory workers' compensation coverage in accordance with the Texas Workers' Compensation Act and Texas

Department of Insurance, Division of Workers' Compensation Administrative Rules. Claims adjusting services are contracted with a Third Party Claims Administrator. On January 1, 2008 the City changed contractors from Sedgwick CMS/CMI Barron Risk Management to CCS Consulting, L.P. The City also purchases and maintains an excess workers' compensation insurance policy that provides statutory coverage, but with a \$750,000 per occurrence self-insured retention (SIR) limit. The policy also provides at no additional cost general liability coverage in the amount of \$1,000,000 per occurrence/\$3,000,000 aggregate limit; and employers' liability coverage in the amount of \$1,000,000 per occurrence. Both additional coverages contain a \$750,000 SIR limit.

2. **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 claims and files reports to TWC, accordingly.
3. **Property and Casualty Insurance:** This coverage is accomplished through commercial and self-funded programs for the purpose of risk transference associated with the following property: City structures and City-owned dwellings, boilers and machinery, electronic data processing physical damage, fixed base communications equipment, leased heavy/contractors off-road equipment and certain city vehicles. Casualty coverage includes crime insurance (employee dishonesty plus theft, disappearance and destruction and faithful performance coverage), public official bonds, aircraft liability, excess airport liability, liquor liability, auto liability for city vehicles, and Fort Worth Herd Program liability insurance.
4. **Liability Claims:** Third party liability claims against the City, and licensed claim adjusters handle subrogation efforts by the City, internally. The liability insurance program is largely self-funded for liability claims and lawsuits, settlements and expenses.
5. **Occupational Health Services:** As part of the self-insured workers' compensation insurance program, the City maintains a contract with a preferred provider of occupational health care services. These services include occupational medicine and injury treatment of City employees who are injured during course and scope of employment. Other occupational health services include drug screenings for alcohol/substance abuse; communicable disease screenings; immunizations; medical surveillance for occupational health conditions and for the commercial driver's license program; hazardous chemical exposure screenings; and human performance evaluations. During fiscal year 2008, the City contracted with Concentra Medical Centers for these occupational health services.

The Human Resources Department-Benefits Division oversees the following city programs:

6. **Group Health Insurance:** Aetna Life Insurance Company is the claims administrator for the City's health plan. The City self-funds the health plan, but purchases both aggregate and specific stop loss coverage. The aggregate insurance provides full coverage for aggregate claims in excess of 125% of expected claims. The specific stop loss insurance assumes the risk for claims on any individual in excess of \$350,000 paid during a calendar year. There was no change in the level of this coverage during the fiscal year.
7. **Group Life Insurance:** A basic \$10,000 life insurance policy, which also provides \$10,000 accidental death and dismemberment benefits, is maintained on each eligible full-time permanent employee at no cost to the employee. The Aetna Life Insurance Company insures this policy. A \$3,000 death benefit is provided for each eligible retiree by the City with benefits being paid by the Retirement Plan from the Retired Employees Group Death Benefit Fund.
8. **Employee Benefits Services:** This program is administered through the Human Resources Department. The service provides education and information about the City's group health and life insurance benefits to employees, retirees, and their dependents. The program produces benefits related newsletters and coordinates open enrollment periods. It provides guidance and support for employee and retiree benefits committees to assist these groups in making informed recommendations on desirable benefit packages. The program coordinates with medical specialists to

assist employees and retirees in resolving problematic claims issues. In addition, they manage the City of Fort Worth Flexible Benefit Plan and the 457(b) plan.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit of the City's financial statements by an independent certified public accountant. This requirement has been complied with, and the independent auditors' report has been included in this report. In addition, an audit was performed in accordance with standards for financial and compliance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act and the provisions of OMB Circular A-133; and the *State of Texas Uniform Grant Management Standards*. A report on this additional audit is issued under a separate cover.

Acknowledgments

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 members of the Financial Management Services Department for the dedicated service to the City and to the citizens of Fort Worth. We express our appreciation to those staff members of the Financial Management Services Department who worked many hours to ensure the accuracy of this report. In addition, we express appreciation to the Mayor and City Council and the City Manager for their interest and support in planning and conducting financial activities of the City in a responsible and responsive manner.

Sincerely,



Karen L. Montgomery
Assistant City Manager

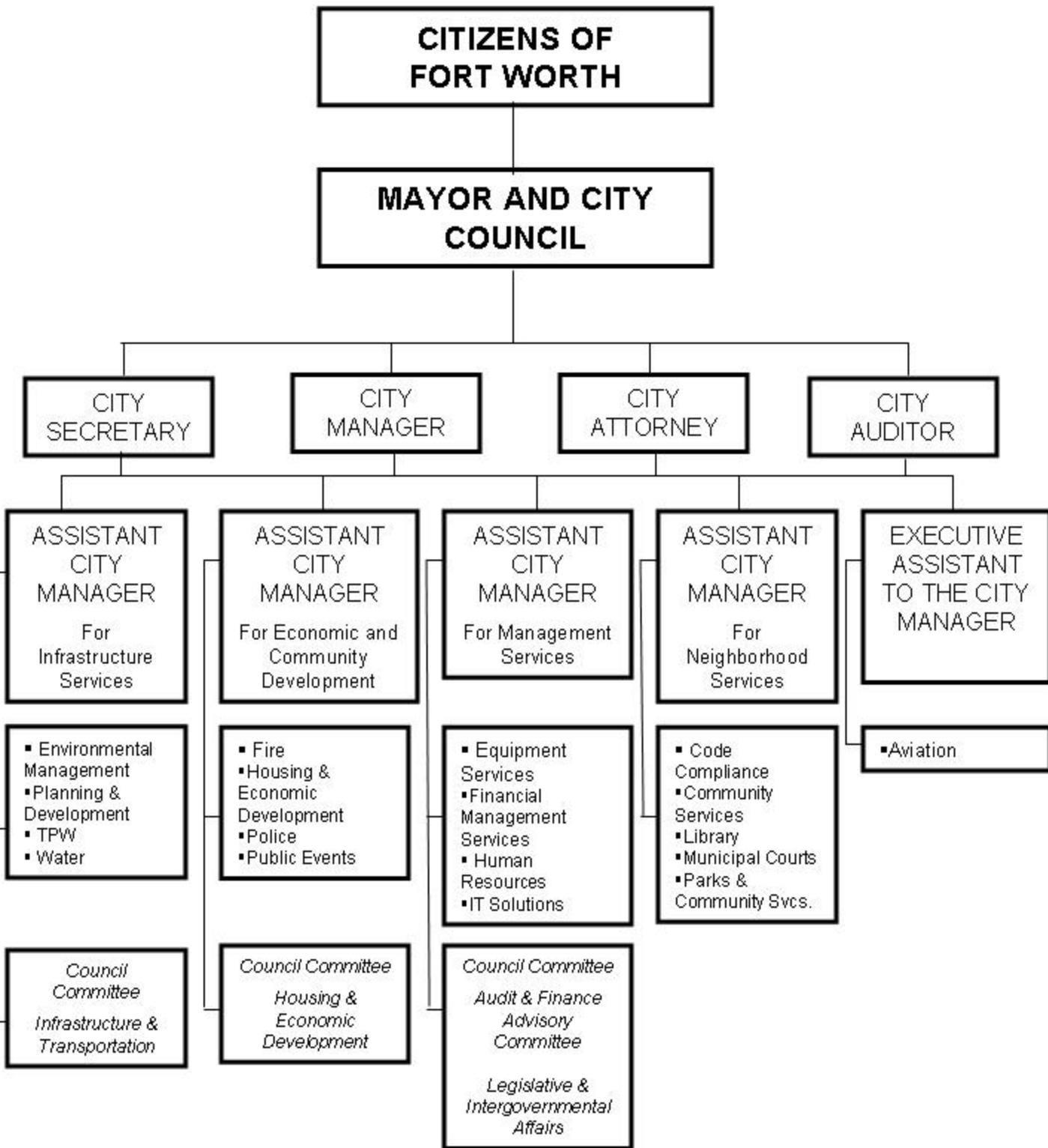


Lena H. Ellis
Chief Financial Officer



Fire Station #38 at 13280 Park Vista Boulevard

**CITY OF FORT WORTH, TEXAS
ORGANIZATION OF CITY GOVERNMENT
September 30, 2008**



Elected Officials
City of Fort Worth, Texas
Mayor and Councilmembers for Fiscal Year 2007 - 2008



Mike Moncrief
Mayor



Salvador Espino
Council District 2



Chuck Silcox
Council District 3 (*deceased 10/25/08*)



Danny Scarth
Council District 4



Frank Moss
Council District 5



Jungus Jordan
Council District 6



Carter Burdette
Council District 7



Kathleen Hicks
Council District 8



Wendy Davis
Council District 9
(*5/1/99 to 1/1/08*)



Joel Burns
Council District 9
(*elected 1/8/08*)



Acme Brick Building at 3101 Bryant Irvin Road

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, business-type activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Fort Worth, Texas (the "City"), as of and for the year ended September 30, 2008, 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 an opinion on the respective 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, 2008, (which comprises 100% of the trust funds of the City). Those financial statements were audited by other auditors whose report (which included an emphasis of a matter related to approximately \$520 million of pension investments without readily ascertainable market value) has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors. We also did not audit the financial statements of the Villas of Eastwood, 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, 2007, (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 opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 respective 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 provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units and aggregate remaining fund information of the City, as of September 30, 2008, 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 June 23, 2009, on our consideration of City's internal control over financial reporting and 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 the 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.

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 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the City's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's respective financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. These financial statements and schedules are the responsibility of the City's management. Such additional information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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 our audit of the basic financial statements and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

June 23, 2009

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(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, 2008. 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 on pages v – xviii of this report.

Financial Highlights

The assets of the City of Fort Worth exceeded its liabilities at September 30, 2008, by \$2,785,177 (net assets). Of this amount, \$287,448 (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 \$119,585. This increase can be attributed to increases in ad valorem tax revenue, fines and forfeitures, and charges for water and sewer services.

At September 30, 2008, the City's governmental funds reported combined ending fund balances of \$429,714 an increase of \$15,197 in comparison with 2007. Approximately 87.4 percent of this amount, \$375,710 is available for spending at the government's discretion (unreserved fund balance) of which \$252,744 has been designated by the City.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$106,271, or 21.4 percent of total General Fund expenditures.

The City's total long-term liabilities increased by \$111,394 during the current fiscal year. The key factor in this increase was the inclusion in fiscal year 2008 of a liability for Other Post Employment Benefits Obligation of \$85,382.

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.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)

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 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 government 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 services, public safety, municipal courts, transportation and public works, parks and community services, public library, public health, 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 provided a reconciliation to facilitate this comparison. The reconciliation explains the

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)

differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

The City maintains twenty-one individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Debt Service Fund both of 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 non-major 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, which is considered to be the only major proprietary fund of the City. The non-major proprietary 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 two Fiduciary Fund types, Pension Trust and Agency Funds. Agency funds differ from Pension Trust funds in that they do not typically involve a formal trust agreement. Agency funds are used to account for situations where the City's role is purely custodial, such as receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

The City maintains two agency funds. The City uses agency funds to account for cash that the City is investing for Railtran and to record the death benefits paid to beneficiaries of retired employees who died during the current fiscal year and who retired on or after January 1, 1970. The Pension Trust Fund, The Employees' Retirement Fund accounts for the assets of the City's retirement plan and issues separately audited financial statements.

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.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)**

Government-Wide Financial Analysis

Total assets of the City at September 30, 2008, were \$4,566,166, while total liabilities were \$1,780,989, resulting in a net asset balance of \$2,785,177.

The largest portion of the City’s net assets, \$2,445,896 or 87.8 percent, 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 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, \$51,833 or 1.9 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$287,448 may be used to meet the City’s ongoing obligations to citizens and creditors.

Schedule of Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and other assets	\$ 537,385	\$ 509,761	\$ 480,176	\$ 452,587	\$ 1,017,561	\$ 962,348
Capital assets	<u>1,367,839</u>	<u>1,302,136</u>	<u>2,180,766</u>	<u>2,073,911</u>	<u>3,548,605</u>	<u>3,376,047</u>
Total assets	<u>1,905,224</u>	<u>1,811,897</u>	<u>2,660,942</u>	<u>2,526,498</u>	<u>4,566,166</u>	<u>4,338,395</u>
Long-term liabilities						
outstanding	782,564	700,540	849,051	819,681	1,631,615	1,520,221
Other liabilities	<u>91,761</u>	<u>81,757</u>	<u>57,613</u>	<u>70,825</u>	<u>149,374</u>	<u>152,582</u>
Total liabilities	<u>874,325</u>	<u>782,297</u>	<u>906,664</u>	<u>890,506</u>	<u>1,780,989</u>	<u>1,672,803</u>
Net assets:						
Invested in capital assets,						
net of related debt	986,163	967,070	1,459,733	1,416,439	2,445,896	2,383,509
Restricted	15,974	7,376	35,859	29,668	51,833	37,044
Unrestricted	<u>28,762</u>	<u>55,154</u>	<u>258,686</u>	<u>189,885</u>	<u>287,448</u>	<u>245,039</u>
Total net assets	<u>\$ 1,030,899</u>	<u>\$ 1,029,600</u>	<u>\$ 1,754,278</u>	<u>\$ 1,635,992</u>	<u>\$ 2,785,177</u>	<u>\$ 2,665,592</u>

At September 30, 2008, 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 \$8,598 and an increase in the business type activities of \$6,191. The increase in restricted net assets of governmental activities was a result of net increase in the Debt Service Fund. The increase in restricted net assets of the business-type activities was also a result of the increases in the City’s restricted enterprise funds’ debt service funds.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)

Schedule of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 68,882	\$ 63,938	\$ 372,391	\$ 324,754	\$ 441,273	\$ 388,692
Operating grants and contributions	34,014	47,334	-	-	34,014	47,334
Capital grants and contributions	63,088	90,172	44,127	87,818	107,215	177,990
General revenues:						
Property taxes	317,517	288,725	-	-	317,517	288,725
Other local taxes	183,833	172,621	-	-	183,833	172,621
Franchise Fees	36,749	33,316	-	-	36,749	33,316
Gas Lease and Royalties	28,684	12,154	21,424	8,542	50,108	20,696
Assessments	30	868	-	-	30	868
Investment income	18,615	19,974	18,647	14,638	37,262	34,612
Gain (Loss) disposal of capital assets	401	63	(13,803)	(1,279)	(13,402)	(1,216)
Other	6,896	8,376	7,857	6,582	14,753	14,958
Transfers	19,340	14,295	(19,340)	(14,295)	-	-
<i>Total revenues and transfers</i>	<u>778,049</u>	<u>751,836</u>	<u>431,303</u>	<u>426,760</u>	<u>1,209,352</u>	<u>1,178,596</u>
Expenses:						
General Administration	161,180	110,802	-	-	161,180	110,802
Public Safety	359,813	319,561	-	-	359,813	319,561
Transportation and Public Works	100,276	106,543	-	-	100,276	106,543
Parks and Community Service	51,145	44,533	-	-	51,145	44,533
Public Library	18,633	19,493	-	-	18,633	19,493
Public Health	11,077	11,707	-	-	11,077	11,707
Public Events and Facilities	27,453	28,167	-	-	27,453	28,167
Planning and Development	11,751	13,106	-	-	11,751	13,106
Housing	14,733	15,437	-	-	14,733	15,437
Interest and Service Charges	20,689	22,216	-	-	20,689	22,216
Water & Sewer	-	-	240,960	221,774	240,960	221,774
Municipal Airport	-	-	12,480	10,623	12,480	10,623
Solid Waste	-	-	41,478	39,389	41,478	39,389
Municipal Parking	-	-	586	1,035	586	1,035
Municipal Golf	-	-	6,174	5,119	6,174	5,119
Stormwater Utility	-	-	11,339	4,735	11,339	4,735
<i>Total expenses</i>	<u>776,750</u>	<u>691,565</u>	<u>313,017</u>	<u>282,675</u>	<u>1,089,767</u>	<u>974,240</u>
Changes in net assets	1,299	60,271	118,286	144,085	119,585	204,356
Net assets - Beginning of Year	<u>1,029,600</u>	<u>969,329</u>	<u>1,635,992</u>	<u>1,491,907</u>	<u>2,665,592</u>	<u>2,461,236</u>
Net assets - End of Year	<u>\$ 1,030,899</u>	<u>\$ 1,029,600</u>	<u>\$ 1,754,278</u>	<u>\$ 1,635,992</u>	<u>\$ 2,785,177</u>	<u>\$ 2,665,592</u>

**CITY OF FORT WORTH, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)**

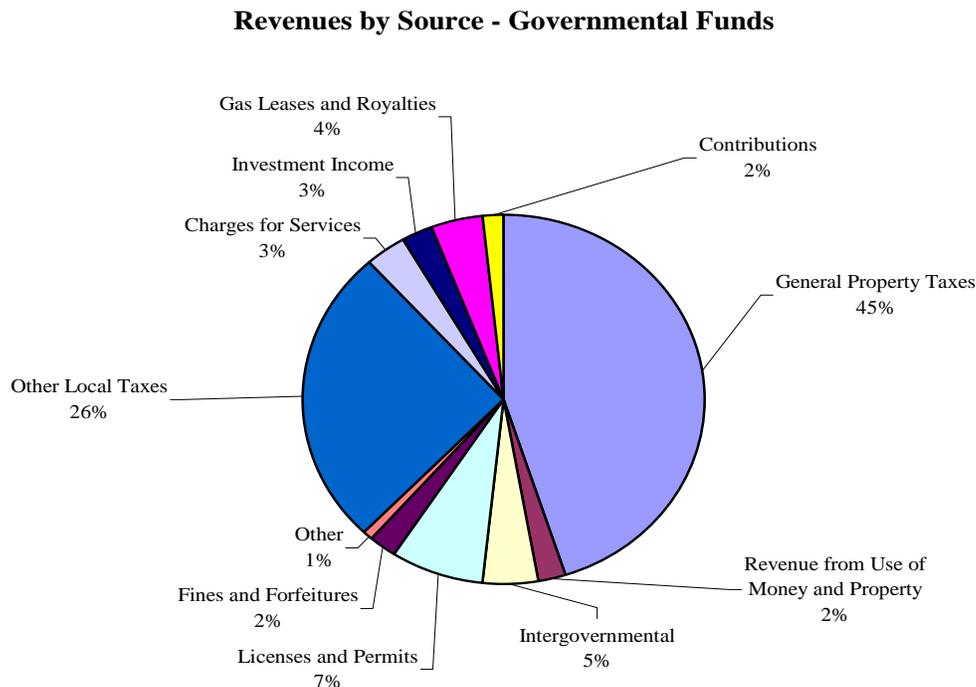
Overall, the governmental activities net assets increased by \$1,299 during the current fiscal year and business-type activities increased \$118,286. The major factor that contributed to the governmental activities net asset increase is the increase in property tax revenue of \$28,792. The increase in net assets of the business-type activities was less than the fiscal year 2007 increase of \$144,085. A major factor in the lower increase was the inclusion of \$10,767 as a result of the implementation of GASB Statement No. 45. Also the slowdown in the economy resulted in reduced capital contributions from developers.

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, unreserved 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 combined fund balances of \$429,714. Approximately 28.6 percent, or \$122,966 constitutes unreserved fund balance, which is available for spending at the City’s discretion, an additional \$252,744 or 58.8 percent, is unreserved but designated for authorized expenditures. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for encumbrances (\$6,614), inventory (\$4,115), advances (\$6,284), HUD (\$8,808), long-term loans (\$1,089), debt service (\$17,759), and prepaids (\$9,335).

Revenues and Expenditures – Governmental Funds



The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$106,271. As a measure of the General Fund’s liquidity, it may be useful to

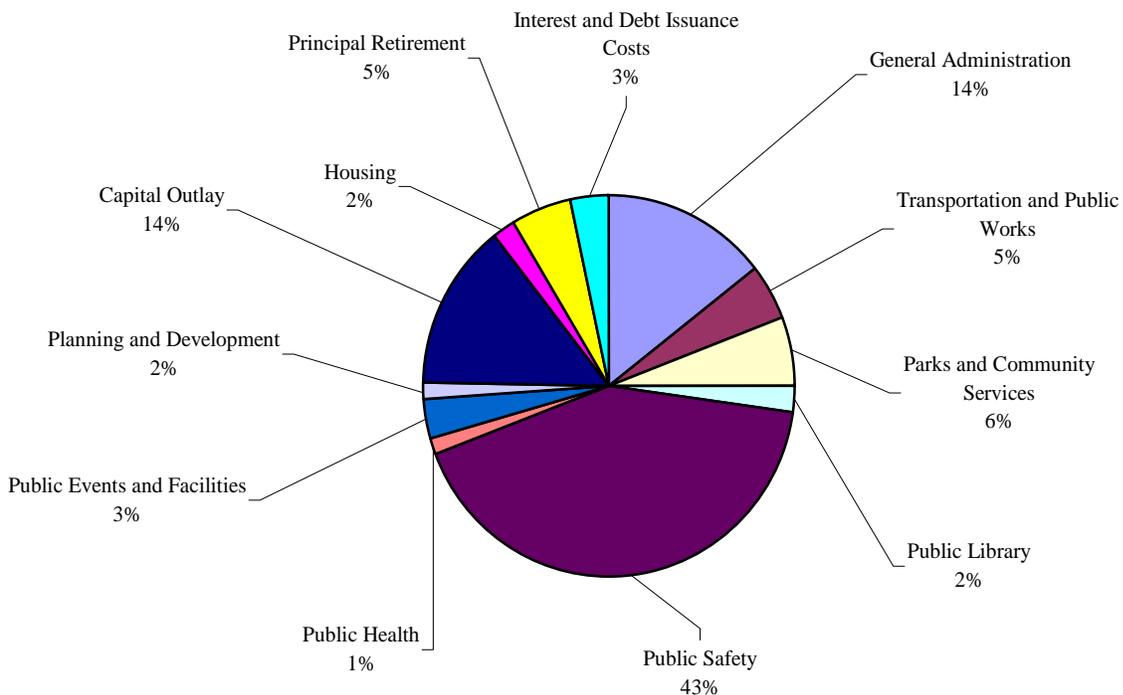
**CITY OF FORT WORTH, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2008
 (in 000's)
 (unaudited)
 (continued)**

compare both the unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.4 percent of total General Fund expenditures, while total fund balance represents 24.7 percent of total General Fund expenditures. Fund balance in the General Fund increased by \$20,629 during the current fiscal year. Following are the key factors in this increase:

- Property taxes increased \$28,639, or 9.9 percent over last year's tax revenues.
- Local tax receipts ended the year at \$131,784, an increase of \$9,483 or 7.8 percent from the prior fiscal year.
- Licenses and Permits revenue increased by \$2,923 over the previous fiscal year.
- Fines and forfeitures increased by \$1,955, or 16.6 percent under the same category in the previous fiscal year.
- Revenues from use of money and property increased \$1,268, or 16.6 percent from the prior fiscal year.

The Debt Service Fund has a fund balance of \$17,759, all of which is reserved for the payment of future debt service expenditures. The fund balance increased during the year by \$5,839.

Expenditures by Source - Governmental Funds



**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)**

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 Fund, the Water and Sewer Fund was \$212,075 at the end of the fiscal year. Total net assets in the Water and Sewer Fund increased \$86,431 primarily due to water charges for services and developer contributions. Business-type activities increased the City's net assets by \$118,286, accounting for nearly all of the total current year growth in the City's net assets. Following are the key elements of this increase:

- Charges for services increased by \$47,637 from the previous fiscal year. The Water and Sewer fund had an increase of \$40,129 due to an increase in demand. The Non-major Enterprise Funds increased \$7,508.
- Operating expenses increased by \$30,926 due to an increase in personnel services of \$16,430, supplies and materials of \$2,582, contractual services of \$9,831 and depreciation expense of \$3,159, and a decrease in the landfill closure and postclosure costs of \$1,076. Operating expenses of the Stormwater Utility increased by \$5,721 or 120.8 percent due to expansion and enhanced maintenance in the storm drainage system.
- Capital contributions decreased by \$40,080 from the prior year due to the slow down in residential growth.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in an \$11,616 increase in appropriations and a \$148 increase in estimated revenues and can be briefly summarized as follows:

- \$1,290 increases allocated in Transportation and Public Works for increases in cost of raw materials, such as concrete, motor vehicle fuel and contract services for street maintenance.
- \$1,594 increases allocated to the public events due to increases in contractual services and operating supplies.
- \$4,741 increases allocated for capital expenditures including land, buildings and equipment.
- \$314 increases in General Administration for increases in contractual services and office supplies.
- \$969 decreases allocated in Public Safety, Parks and Community Services, Public libraries, Public Health, Planning and Development and Housing due to various factors including salary and benefit savings.
- \$4,646 increases for departments which had an excess of actual expenditures over their approved budget.

There were no significant variances between the final amended budget and actual expenditures. Actual expenditures were \$15,856 less than the final amended budget primarily due to a mid-year hiring freeze and energy conservation measures.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)**

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, 2008, amounted to \$3,548,605 (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 net capital assets for the current fiscal year was \$172,558 (5.11 percent). Major capital assets events during the current fiscal year included the following:

- The completion of various street and drainage projects throughout the City added \$53,671 to capital assets, while developers contributed another \$34,588 in infrastructure.
- The completion of the Ella Mae Shamblee Library and Fire Station #38 added \$6,520 to buildings and infrastructure.
- Construction in progress in business-type activities increased due to the continued expansion and enhancements of utilities throughout the City.
- The completion of various proprietary projects throughout the City added \$125,001, while developers contributed another \$25,104 in water and sewer infrastructure to the City.
- Several street projects were initiated during the fiscal year that contributed to the increase in Governmental Construction in Progress.

Capital Assets, net of Accumulated Depreciation

	Governmental activities		Business-type activities		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land/Right of Way	\$ 97,031	\$ 94,005	\$ 70,684	\$ 71,335	\$ 167,715	\$ 165,340
Construction in Progress	179,492	140,209	341,986	323,643	521,478	463,852
Buildings	200,260	184,816	32,704	33,978	232,964	218,794
Machinery and Equipment	41,840	44,421	199,719	201,687	241,559	246,108
Infrastructure	849,216	838,685	1,535,673	1,443,268	2,384,889	2,281,953
Total	<u>\$ 1,367,839</u>	<u>\$ 1,302,136</u>	<u>\$ 2,180,766</u>	<u>\$ 2,073,911</u>	<u>\$ 3,548,605</u>	<u>\$ 3,376,047</u>

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 \$1,631,615. Of this amount, \$387,200 comprises debt backed by the full faith and credit of the government, and \$906,830 represents self-supported bonds. The notes payable of \$26,600 in the governmental activities relates to the funding of Phase I of an Enterprise Resource Planning system and the Fire Equipment Note program. The \$5,730 in the business activities relates to the trash cart and truck purchases in Solid Waste. Refer to Note G to the basic financial statements for additional information.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)

Long-Term Liabilities Outstanding

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 295,925	\$ 322,296	\$ 140	\$ 284	\$ 296,065	\$ 322,580
Revenue Bonds	-	-	757,885	737,480	757,885	737,480
Certificates of Obligation	60,230	67,605	30,905	31,165	91,135	98,770
Installment Obligation	6,130	6,645	-	-	6,130	6,645
HUD Installment Obligation	8,808	9,449	-	-	8,808	9,449
Equipment Notes Payable	26,600	3,160	5,730	6,875	32,330	10,035
Helicopter Installment	105	312	-	-	105	312
Service Center	21,450	21,890	-	-	21,450	21,890
Fort Worth Housing Corp	9,395	9,464	-	-	9,395	9,464
Fort Worth Housing Corp Fannie Mae	1,000	1,000	-	-	1,000	1,000
Fort Worth Sports Authority	15,903	16,359	-	-	15,903	16,359
Lone Star Local Govt Corp	31,617	31,617	-	-	31,617	31,617
Central City Local Govt Corp	2,596	2,933	-	-	2,596	2,933
State Energy Conserv Loan I & II	4,433	4,610	-	-	4,433	4,610
State Energy Conserv Loan III	5,000	3,794	-	-	5,000	3,794
Wells Fargo Loan	269	296	-	-	269	296
Municipal Golf - Capital Lease	-	-	132	187	132	187
Beechwood Bridge Obligation	1,287	1,449	-	-	1,287	1,449
Trinity River Authority	-	-	8,490	8,895	8,490	8,895
Unamortized Bond Discounts, Refundings, Premiums, net	1,951	2,585	9,246	11,172	11,197	13,757
Compensated Absences	99,998	95,152	8,523	8,132	108,521	103,284
Claims Payable	44,161	41,480	-	-	44,161	41,480
HUD Claims Payable	1,151	1,318	-	-	1,151	1,318
Arbitrage	38	487	213	362	251	849
Landfill Postclosure Cost	-	-	6,936	6,563	6,936	6,563
Other Post Employment Benefits Obligation	74,615	-	10,767	-	85,382	-
Net Pension Obligation	69,902	56,639	10,084	8,566	79,986	65,205
Total	\$ 782,564	\$ 700,540	\$ 849,051	\$ 819,681	\$ 1,631,615	\$ 1,520,221

The City's indebtedness increased by \$111,394 during fiscal year 2008 mainly due to recording a liability for other post-employment benefits of \$85,382. For governmental activities, the City reduced its principal balances for bonded debt by \$33,746.

The City issued revenue bonds for \$85,905 for water and sewer projects and \$24,430 in revenue bonds for stormwater projects. The City reduced its business-type activity bonded debt by principal payments of \$46,789.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008**

**(in 000's)
(unaudited)
(continued)**

In fiscal year 2008, the City of Fort Worth had an "AA+" rating from Standard & Poor's, an "Aa2" rating from Moody's Investor Service, and "AA" from Fitch Ratings for general obligation debt. The City's revenue bonds were rated "AA" by Standard & Poor's, "Aa2" by Moody's Investor Service, and "AA" by Fitch Ratings. Currently, Standard & Poor's general obligation rating is "AA-." The other rating remains unchanged.

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 .95 percent.

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

Economic Factors and Next Year's Budgets and Rates

At the end of fiscal year 2008, the economic climate for the City of Fort Worth had most standard economic indicators, such as unemployment, inflation, and new construction, pointing toward a slowdown in the local and regional economies that mimicked a stronger, national trend in the same direction.

For the past several years, the most actively changing local economic measure has been the Unemployment Rate, which climbed as high as 9.4 percent in June 2003. As the 2003-04 fiscal-year progressed, the unemployment rate dropped to a low of 7.0 percent in April 2004. In September 2008, the Unemployment Rate for the City was 5.4 percent, which is slightly higher than that of the Texas average of 5.2 percent for the same month. Unemployment in Fort Worth was significantly lower than the national unemployment rate of 6.0% for the same month.

The fiscal year 2008-09 budget maintains the City's property tax rate at \$0.8550 per \$100 net taxable valuation. The City's property tax roll of net taxable value increased \$3.81 billion or 11.3 percent from the July 2007 certified roll to the July 2008 certified roll. This is the thirteenth consecutive increase. As a result, the City is projected to collect \$27.4 million more than in fiscal year 2007-08.

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 projected to equal \$104,536, an increase of \$4,952, or 5 percent from the fiscal year 2007-08 budget. Actual sales tax collections for fiscal year 2007-08 are anticipated to exceed the fiscal year 2008-09 adopted budget by \$881 or .8 percent. The fiscal year 2008-09 projection represents an increase of \$2,129 or 2.1 percent above the fiscal year 2007-08 re-estimate. This revenue is dependent on the level of retail sales.

Additional adopted budget highlights are: Revenues from licenses and permits are anticipated to be \$9,678 or 18 percent lower than the fiscal year 2007-08 budget. This category includes predominately franchise fees on utilities and Cable TV, as well as miscellaneous permit fees. A large portion of this decrease is due to the categorical change in how Water and Sewer street rental fees are classified. In previously budgets, this revenue sources has been classified in the Licenses and Permits category. The new budget classification falls under the Transfer category. Revenues from other local taxes are anticipated to increase by \$217,766 or 2.3 percent.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2008
(in 000's)
(unaudited)
(continued)

Other local taxes include franchise fees on telephone access lines and revenue from the state mixed beverage tax. Total revenue from fines and forfeitures are projected to decrease from the fiscal year 2007-08 budget by \$1,199,116, or 8.7 percent. This category includes revenue collected from traffic and court fines, administrative and penalty fees and miscellaneous court related charges

Hotel-Motel Tax revenue collections continue to trend upward. Revenues for fiscal year 2008 were 8.9 percent higher than the previous fiscal year.

Single family building permits in the City of Fort Worth remain a consistent indicator of growth in the metroplex. The City of Fort Worth Planning and Development Department reported a 37.5% decrease in the number of Single-Family Building Permits issued for the fourth quarter fiscal year 07-08 (Aug-September) over the same period last year. The decline in the number of permits issued for single-family homes represents a significant change from the historic numbers of permits issued in fiscal year 2005-2006.

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 Office of the Finance Director, 1000 Throckmorton Street, 3rd Floor Finance Department, Fort Worth, Texas 76102.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
AND FUND FINANCIAL
STATEMENTS**

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008
(in 000's)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash, Cash Equivalents and Investments	\$ 387,847	\$ 108,097	\$ 495,944	\$ 15,918
Receivables:				
Taxes	21,935	-	21,935	-
Grants and Other Governments	46,504	-	46,504	-
Levied, Unbilled Assessments	2,082	-	2,082	-
Loans	3,630	-	3,630	-
Interest	3,158	962	4,120	116
Accounts and Other	57,085	55,058	112,143	20
Allowance for Doubtful Accounts	(57,364)	(1,111)	(58,475)	-
Internal Balances	4,299	(4,299)	-	-
Inventories (at cost)	6,318	3,946	10,264	-
Prepays, Deposits, and Other	9,340	2,803	12,143	-
Long-Term Loans Receivables	10,815	-	10,815	-
Restricted Assets:				
Cash and Cash Equivalents and Investments	23,120	263,825	286,945	-
Cash and Investments Held by Trustees	16,179	37,731	53,910	-
Grants Receivables	-	374	374	-
Accounts and Other Receivables	9	1,607	1,616	-
Deferred Bond Issue Costs	2,428	11,183	13,611	-
Capital Assets, Net of Accumulated Depreciation:				
Non-depreciable	276,523	412,670	689,193	-
Depreciable	1,091,316	1,768,096	2,859,412	-
Total Assets	<u>1,905,224</u>	<u>2,660,942</u>	<u>4,566,166</u>	<u>16,054</u>
Liabilities				
Accounts Payable	21,045	8,586	29,631	603
Escrow Accounts Payable	7,308	3,528	10,836	-
Accrued Payroll	18,085	2,406	20,491	-
Other	440	-	440	-
Payable from Restricted Assets:				
Construction Payable	15,176	16,781	31,957	-
Accrued Interest Payable	7,081	4,206	11,287	-
Customer Deposits	-	12,038	12,038	-
Unearned Revenue	22,626	10,068	32,694	-
Long-term Liabilities:				
Due Within One Year	47,423	56,636	104,059	-
Due in More Than One Year	735,141	792,415	1,527,556	-
Total Liabilities	<u>874,325</u>	<u>906,664</u>	<u>1,780,989</u>	<u>603</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	986,163	1,459,733	2,445,896	-
Restricted for:				
Debt Service	15,974	35,859	51,833	-
Unrestricted	28,762	258,686	287,448	15,451
Total Net Assets	<u>\$ 1,030,899</u>	<u>\$ 1,754,278</u>	<u>\$ 2,785,177</u>	<u>\$ 15,451</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program Activities				
Primary Government:				
Governmental Activities:				
General Administration	\$ 161,180	\$ 17,549	\$ 9,761	\$ 305
Public Safety	359,813	21,374	1,855	1,387
Transportation and Public Works	100,276	4,415	556	27,424
Parks and Community Services	51,145	1,392	5,134	32,547
Public Library	18,633	724	564	22
Public Health	11,077	3,300	1,775	33
Public Events and Facilities	27,453	6,861	-	43
Planning and Development	11,751	11,659	58	788
Housing	14,733	1,608	14,311	539
Interest and Service Charges	20,689	-	-	-
Total Governmental Activities	776,750	68,882	34,014	63,088
Business-type Activities:				
Water and Sewer	240,960	298,118	-	38,659
Municipal Airports	12,480	3,157	-	5,437
Solid Waste	41,478	44,095	-	-
Municipal Parking	586	4,099	-	-
Municipal Golf	6,174	5,169	-	-
Stormwater Utility	11,339	17,753	-	31
Total Business-type Activities	313,017	372,391	-	44,127
Total Primary Government	\$ 1,089,767	\$ 441,273	\$ 34,014	\$ 107,215
Component units:				
Public Improvement Districts	\$ 4,498	\$ -	\$ -	\$ -
Taxing Increment Reinvestment Zones	12,283	-	-	-
Total Component Units	\$ 16,781	\$ -	\$ -	\$ -

Changes in Net Assets:

General Revenues:
Taxes:
General Property Taxes
Other Local Taxes
Franchise Fees
Gas Lease and Royalties
Assessments
Investment Income
Gain (Loss) on Disposal of Capital Assets
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
\$ (133,565)		\$ (133,565)	
(335,197)		(335,197)	
(67,881)		(67,881)	
(12,072)		(12,072)	
(17,323)		(17,323)	
(5,969)		(5,969)	
(20,549)		(20,549)	
754		754	
1,725		1,725	
(20,689)		(20,689)	
<u>(610,766)</u>		<u>(610,766)</u>	
	\$ 95,817	95,817	
	(3,886)	(3,886)	
	2,617	2,617	
	3,513	3,513	
	(1,005)	(1,005)	
	6,445	6,445	
	<u>103,501</u>	<u>103,501</u>	
<u>(610,766)</u>	<u>103,501</u>	<u>(507,265)</u>	
			\$ (4,498)
			<u>(12,283)</u>
			<u>(16,781)</u>
317,517	-	317,517	16,042
183,833	-	183,833	-
36,749	-	36,749	-
28,684	21,424	50,108	-
30	-	30	4,881
18,615	18,647	37,262	759
401	(13,803)	(13,402)	-
6,896	7,857	14,753	-
19,340	(19,340)	-	-
<u>612,065</u>	<u>14,785</u>	<u>626,850</u>	<u>21,682</u>
1,299	118,286	119,585	4,901
1,029,600	1,635,992	2,665,592	10,550
<u>\$ 1,030,899</u>	<u>\$ 1,754,278</u>	<u>\$ 2,785,177</u>	<u>\$ 15,451</u>

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008
(in 000's)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash, Cash Equivalents and Investments	\$ 107,866	\$ 15,607	\$ 262,103	\$ 385,576
Receivables:				
Taxes	16,524	5,411	-	21,935
Grants and Other Governments	18,645	-	27,859	46,504
Levied, Unbilled Assessments	-	-	2,082	2,082
Loans	-	-	3,630	3,630
Interest	1,017	1,068	1,066	3,151
Accounts and Other	52,591	926	3,541	57,058
Allowance for Doubtful Accounts	(50,787)	(4,405)	(2,172)	(57,364)
Due From Other Funds	3,648	-	2,300	5,948
Inventories (at cost)	3,201	-	914	4,115
Advances to Other Funds	5,933	-	351	6,284
Prepays, Deposits, and Other	3,020	-	6,315	9,335
Long-Term Loans Receivable	-	-	10,815	10,815
Restricted Assets:				
Cash and Cash Equivalents	600	-	21,162	21,762
Cash and Investments Held by Trustees	1,897	-	14,282	16,179
Interest Receivable	-	-	9	9
Total Assets	<u>\$ 164,155</u>	<u>\$ 18,607</u>	<u>\$ 354,257</u>	<u>\$ 537,019</u>
Liabilities and Fund Balances				
Accounts Payable	\$ 17,604	\$ 54	\$ 341	\$ 17,999
Construction Payable	-	-	15,176	15,176
Escrow Accounts	6,340	-	968	7,308
Accrued Payroll	14,103	-	2,679	16,782
Accrued Interest	-	-	5,296	5,296
Due to Other Funds	-	-	5,811	5,811
Other	370	-	70	440
Payable from Restricted Assets:				
Advance From Other Funds	-	-	521	521
Deferred Revenue	3,083	794	34,095	37,972
Total Liabilities	<u>41,500</u>	<u>848</u>	<u>64,957</u>	<u>107,305</u>
Fund Balances:				
Reserved for Encumbrances	4,230	-	2,384	6,614
Reserved for Inventories	3,201	-	914	4,115
Reserved for Advances	5,933	-	351	6,284
Reserved for HUD Loans Receivable	-	-	8,808	8,808
Reserved for Other Long-Term Loans Receivable	-	-	1,089	1,089
Reserved for Debt Service	-	17,759	-	17,759
Reserved for Prepays	3,020	-	6,315	9,335
Unreserved, Designated for Authorized Expenditures:				
Special Revenue Funds	-	-	75,915	75,915
Capital Projects Funds	-	-	176,829	176,829
Unreserved, Undesignated:				
General Fund	106,271	-	-	106,271
Special Revenue Funds	-	-	16,695	16,695
Total Fund Balances	<u>122,655</u>	<u>17,759</u>	<u>289,300</u>	<u>429,714</u>
Total Liabilities and Fund Balances	<u>\$ 164,155</u>	<u>\$ 18,607</u>	<u>\$ 354,257</u>	<u>\$ 537,019</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, 2008
(in 000's)

Total fund balances--governmental funds \$ 429,714

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 \$9,035) consist of:

Land	\$	97,031	
Construction in progress		179,492	
Buildings		341,514	
Machinery and equipment		173,525	
Infrastructure		1,988,109	
Accumulated depreciation		(1,411,832)	
Total capital assets	<u>\$</u>	<u>1,367,839</u>	1,367,839

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. 15,346

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. (79)

Some long-term assets and liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities (including allocated internal service fund compensated absences of \$3,971) consist of:

Long-term claims payable	\$	(45,312)	
Long-term compensated absences		(99,998)	
Net pension obligation		(69,902)	
Other post employment benefits obligation		(74,615)	
Arbitrage		(38)	
Accrued interest payable		(1,785)	
Unamortized bond issue costs		2,428	
Long-term debt, including premium/discount/loss on refunding		(492,699)	
Total long-term liabilities	<u>\$</u>	<u>(781,921)</u>	(781,921)

Net assets of governmental activities \$ 1,030,899

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, 2008
(in 000's)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General Property Taxes	\$ 317,546	\$ 212	\$ 162	\$ 317,920
Other Local Taxes	131,784	4,947	47,102	183,833
Assessments	-	-	30	30
Charges for Services	16,107	-	6,216	22,323
Licenses and Permits	52,475	-	-	52,475
Fines and Forfeitures	13,744	-	1,769	15,513
Revenue from Use of Money and Property	8,905	770	4,644	14,319
Investment Income	6,184	5,375	6,890	18,449
Intergovernmental	506	-	31,698	32,204
Gas Leases and Royalties	652	-	28,006	28,658
Other	5,622	2	1,191	6,815
Contributions	2	-	12,211	12,213
Total Revenue	<u>553,527</u>	<u>11,306</u>	<u>139,919</u>	<u>704,752</u>
Expenditures:				
Current:				
General Administration	90,248	-	15,694	105,942
Public Safety	267,597	-	40,777	308,374
Transportation and Public Works	35,039	-	381	35,420
Parks and Community Services	33,690	-	7,817	41,507
Public Library	17,160	-	466	17,626
Public Health	8,907	-	1,799	10,706
Public Events and Facilities	22,261	-	545	22,806
Planning and Development	11,705	-	63	11,768
Housing	2,123	-	12,338	14,461
Capital Outlay	6,846	-	96,932	103,778
Debt Service:				
Principal Retirement	23	35,821	2,524	38,368
Interest and Debt Issuance Costs	14	20,717	3,811	24,542
Total Expenditures	<u>495,613</u>	<u>56,538</u>	<u>183,147</u>	<u>735,298</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>57,914</u>	<u>(45,232)</u>	<u>(43,228)</u>	<u>(30,546)</u>
Other Financing Sources (Uses):				
Proceeds from Loans	6,183	95	19,963	26,241
Proceeds from Sale of Property	193	-	143	336
Transfers In	32,396	50,976	34,219	117,591
Transfers Out	<u>(76,057)</u>	<u>-</u>	<u>(22,368)</u>	<u>(98,425)</u>
Total Other Financing Sources (Uses)	<u>(37,285)</u>	<u>51,071</u>	<u>31,957</u>	<u>45,743</u>
Net Change in Fund Balance	20,629	5,839	(11,271)	15,197
Fund Balance, Beginning of Year	<u>102,026</u>	<u>11,920</u>	<u>300,571</u>	<u>414,517</u>
Fund Balance, End of Year	<u>\$ 122,655</u>	<u>\$ 17,759</u>	<u>\$ 289,300</u>	<u>\$ 429,714</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, 2008
(in 000's)

Net change in fund balances--total governmental funds \$ 15,197

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 in the current period.

Contributed assets	\$ 58,430	
Capital outlay expenditures	103,695	
Depreciation expense	<u>(96,025)</u>	
Net adjustment	<u>66,100</u>	66,100

The proceeds from the sale of assets in the governmental funds were reported as an other financing source. However, the original cost of the assets disposed of had a net value less than the disposal proceeds. The difference has been recorded in the statement of activities. 128

The investment in joint venture does not require the use of current financial resources and therefore is not reported in governmental funds. The change in the City's Investment in DFW International Airport is reported in the Statement of Activities (7,986)

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. 2,839

The issuance of long-term debt (e.g., bonds, tax anticipation notes) 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:		
Equipment Notes	(25,000)	
Loans	(1,206)	
Other obligations	<u>(35)</u>	
Total proceeds	<u>(26,241)</u>	
Repayments:		
To bondholders	<u>38,372</u>	
Total repayments	<u>38,372</u>	
Amortization of refunding, premiums, discounts and issue costs	<u>886</u>	
Net adjustment	<u>13,017</u>	13,017

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.

Decrease in accrued interest on general obligation bonds & certificates of obligation	2,759	
Decrease in arbitrage liability	449	
Increase in net pension obligation	(13,263)	
Increase in other post employment benefits obligation	(74,615)	
Increase in estimated claims obligations	(2,514)	
Increase in compensated absences liability	<u>(4,623)</u>	
Net adjustment	<u>(91,807)</u>	(91,807)

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. The net revenue (expense) of the internal service funds is reported with governmental activities. 3,811

Change in net assets of governmental activities \$ 1,299

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008
(in 000's)

	Enterprise Funds			Governmental
	Water and Sewer	Nonmajor Enterprise Funds	Total	Activities-- Internal Service Funds
ASSETS				
Current Assets:				
Cash, Cash Equivalents and Investments	\$ 75,013	\$ 33,084	\$ 108,097	\$ 2,271
Interest Receivable	608	354	962	7
Accounts and Other Receivables	44,509	10,549	55,058	27
Allowance for Doubtful Accounts	(987)	(124)	(1,111)	-
Inventories, at Cost	3,786	160	3,946	2,203
Prepays, Deposits, and Other	-	2,803	2,803	5
Total Current Assets	<u>122,929</u>	<u>46,826</u>	<u>169,755</u>	<u>4,513</u>
Restricted Assets:				
Cash and Cash Equivalents	195,894	67,931	263,825	1,358
Cash and Investments Held by Trustees	36,953	778	37,731	-
Grants Receivables	15	359	374	-
Interest Receivable	1,372	235	1,607	-
Total Restricted Assets	<u>234,234</u>	<u>69,303</u>	<u>303,537</u>	<u>1,358</u>
Total Current Assets:	<u>357,163</u>	<u>116,129</u>	<u>473,292</u>	<u>5,871</u>
Noncurrent Assets:				
Deferred Bond Issue Costs	<u>10,965</u>	<u>218</u>	<u>11,183</u>	<u>-</u>
Capital Assets (at cost):				
Land	11,692	58,992	70,684	1,897
Buildings	40,969	18,897	59,866	6,093
Improvements Other than Buildings	1,871,162	182,984	2,054,146	1,070
Machinery and Equipment	322,757	16,126	338,883	15,927
Construction in Progress	286,241	55,745	341,986	14
Accumulated Depreciation	<u>(561,930)</u>	<u>(122,869)</u>	<u>(684,799)</u>	<u>(15,966)</u>
Net Capital Assets	<u>1,970,891</u>	<u>209,875</u>	<u>2,180,766</u>	<u>9,035</u>
Total Assets	<u>2,339,019</u>	<u>326,222</u>	<u>2,665,241</u>	<u>14,906</u>

(continued)

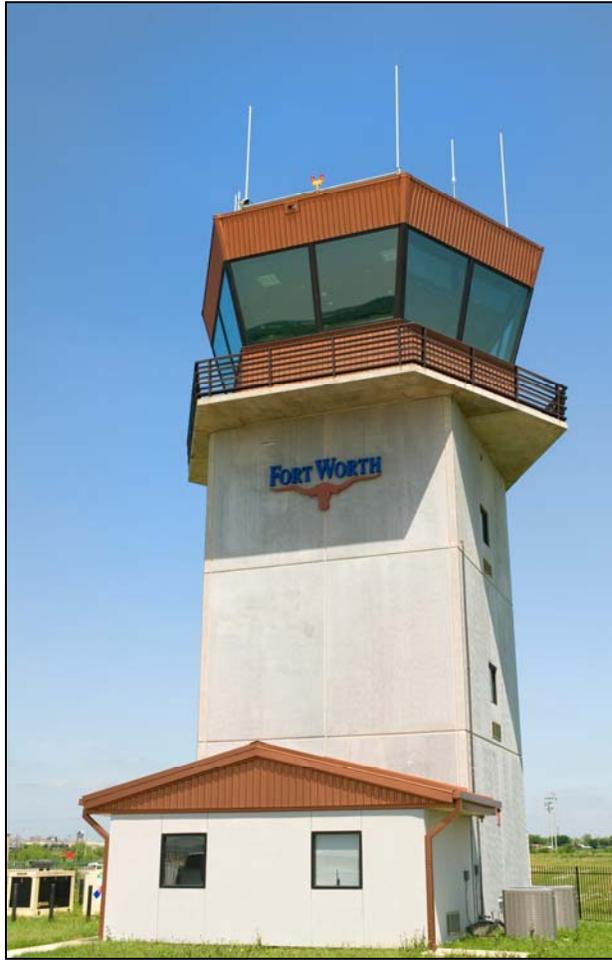
See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008
(in 000's)

	Enterprise Funds			Governmental
	Water and Sewer	Nonmajor Enterprise Funds	Total	Activities-- Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 4,098	\$ 4,029	\$ 8,127	\$ 3,046
Accounts Payable Other	459	-	459	-
Escrow Accounts	3,387	141	3,528	-
Compensated Absences	1,808	424	2,232	1,036
Accrued Payroll	1,924	466	2,390	1,303
Due to Other Funds	-	137	137	-
Payable from Restricted Assets:				
Construction Payable	12,279	4,502	16,781	-
Current Portion of Enterprise Debt	51,831	2,573	54,404	-
Accrued Interest Payable	3,881	325	4,206	-
Accrued Payroll	16	-	16	-
Total Current Liabilities	<u>79,683</u>	<u>12,597</u>	<u>92,280</u>	<u>5,385</u>
Long-Term Liabilities:				
Customer Deposits	11,253	785	12,038	-
Advances from Other Funds	-	4,172	4,172	1,591
Compensated Absences	5,134	1,157	6,291	2,935
Payable to Federal Government	213	-	213	-
Net Pension Obligation	8,140	1,944	10,084	-
Other Post Employment Benefits Obligation	8,689	2,078	10,767	-
Certificates of Obligation	-	30,105	30,105	-
Revenue Bonds Payable	455,365	23,600	478,965	-
Unamortized Bond Premium	19,769	1,785	21,554	-
General Obligation Bonds Payable	61	2	63	-
Texas Water Development Board Bonds Payable	227,065	-	227,065	-
Trinity River Authority Contractual Debt Payable	8,065	-	8,065	-
Unamortized Loss on Refunding Bonds	(12,307)	(1)	(12,308)	-
Unearned Revenue	2,897	7,171	10,068	-
Equipment Notes	-	4,545	4,545	-
Landfill Closure and Postclosure Liability	-	6,936	6,936	-
Obligations under Capital Lease	-	70	70	-
Total Long-Term Liabilities	<u>734,344</u>	<u>84,349</u>	<u>818,693</u>	<u>4,526</u>
Total Liabilities	<u>814,027</u>	<u>96,946</u>	<u>910,973</u>	<u>9,911</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,282,393	177,340	1,459,733	9,035
Restricted for:				
Debt Service	30,524	5,335	35,859	-
Unrestricted	<u>212,075</u>	<u>46,601</u>	<u>258,676</u>	<u>(4,040)</u>
Total Net Assets	<u>\$ 1,524,992</u>	<u>\$ 229,276</u>	<u>1,754,268</u>	<u>\$ 4,995</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds			<u>10</u>	
Net Assets of Business Type Activities			<u>\$ 1,754,278</u>	

(concluded)

See accompanying notes to the basic financial statements.



Spinks Airport Tower at 13451 Wing Way

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)

	Business-type Activities--			Governmental Activities-- Internal Service Funds
	Enterprise Funds			
	Water and Sewer	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES				
Charges for Services	\$ 298,118	\$ 74,273	\$ 372,391	\$ 72,374
Other	31	5,002	5,033	-
Total Operating Revenues	<u>298,149</u>	<u>79,275</u>	<u>377,424</u>	<u>72,374</u>
OPERATING EXPENSES				
Personnel Services	60,877	15,560	76,437	32,908
Supplies and Materials	19,529	3,733	23,262	17,664
Contractual Services	89,663	41,165	130,828	16,295
Landfill Closure and Postclosure Cost	-	373	373	-
Depreciation	<u>46,762</u>	<u>9,586</u>	<u>56,348</u>	<u>2,080</u>
Total Operating Expenses	<u>216,831</u>	<u>70,417</u>	<u>287,248</u>	<u>68,947</u>
Operating Income (Loss)	<u>81,318</u>	<u>8,858</u>	<u>90,176</u>	<u>3,427</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	14,296	4,351	18,647	166
Gain (Loss) on Sale of Property and Equipment	(12,052)	(1,751)	(13,803)	(63)
Interest and Service Charges	(24,129)	(1,640)	(25,769)	-
Gas Leases and Royalties	942	20,482	21,424	26
Other Revenue	<u>1</u>	<u>2,823</u>	<u>2,824</u>	<u>81</u>
Total Nonoperating Revenues (Expenses)	<u>(20,942)</u>	<u>24,265</u>	<u>3,323</u>	<u>210</u>
Income Before Transfers and Contributions	<u>60,376</u>	<u>33,123</u>	<u>93,499</u>	<u>3,637</u>
Transfers In	1,344	1,119	2,463	519
Transfers Out	(13,948)	(7,855)	(21,803)	(345)
Capital Contributions	27,970	5,468	33,438	-
Capital Contributions - Impact Fees	<u>10,689</u>	<u>-</u>	<u>10,689</u>	<u>-</u>
Change in Net Assets	86,431	31,855	118,286	3,811
Total Net Assets - Beginning	<u>1,438,561</u>	<u>197,421</u>	<u>1,635,982</u>	<u>1,184</u>
Total Net Assets - Ending	<u>\$ 1,524,992</u>	<u>\$ 229,276</u>	<u>\$ 1,754,268</u>	<u>\$ 4,995</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, 2008
(in 000's)

	Business-type Activities--			Governmental Activities-- Internal Service Funds
	Enterprise Funds			
	Water and Sewer	Nonmajor Enterprise Funds	Total	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 300,340	\$ 72,232	\$ 372,572	\$ 72,400
Receipts from Other Operating Sources	31	5,002	5,033	-
Payments to Suppliers	(20,101)	(3,751)	(23,852)	(18,533)
Payments to Employees	(50,693)	(12,533)	(63,226)	(32,463)
Payments for Contractual Services	(88,668)	(44,164)	(132,832)	(16,112)
Other Receipts (Payments)	565	10	575	-
Net Cash Provided by Operating Activities	<u>141,474</u>	<u>16,796</u>	<u>158,270</u>	<u>5,292</u>
Cash Flows from Noncapital Financing Activities:				
Other Nonoperating Revenues	943	23,305	24,248	139
Advances from (to) Other Funds	-	(2,303)	(2,303)	(2,542)
Transfers In from Other Funds	1,344	1,119	2,463	519
Transfers Out to Other Funds	(13,948)	(7,855)	(21,803)	(345)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(11,661)</u>	<u>14,266</u>	<u>2,605</u>	<u>(2,229)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Property, Plant and Equipment	(107,353)	(49,931)	(157,284)	(1,186)
Proceeds from Sale of Machinery and Equipment	153	24	177	-
Proceeds from Bond Sales and Capital Leases, Net of Issuance Costs	39,520	25,005	64,525	-
Principal Paid on Long-Term Debt	(46,198)	(1,736)	(47,934)	-
Interest Paid on Long-Term Obligations	(34,353)	(2,739)	(37,092)	-
Principal Paid on Capital Leases	-	(56)	(56)	-
Contributions	4,134	24,030	28,164	-
Contributions - Impact Fees	10,689	-	10,689	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(133,408)</u>	<u>(5,403)</u>	<u>(138,811)</u>	<u>(1,186)</u>
Cash Flows from Investing Activities:				
Investment Income Received	13,539	4,098	17,637	159
Net Cash Provided by Investing Activities	<u>13,539</u>	<u>4,098</u>	<u>17,637</u>	<u>159</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,944	29,757	39,701	2,036
Cash and Cash Equivalents, Beginning of Year	297,916	72,036	369,952	1,593
Cash and Cash Equivalents, End of Year	<u>\$ 307,860</u>	<u>\$ 101,793</u>	<u>\$ 409,653</u>	<u>\$ 3,629</u>

See accompanying notes to the basic financial statements.

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)

	Business-type Activities--			Governmental Activities-- Internal Service Funds
	Enterprise Funds			
	Water and Sewer	Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 81,318	\$ 8,858	\$ 90,176	\$ 3,427
Adjustments Not Affecting Cash:				
Depreciation	46,762	9,586	56,348	2,080
Change in Assets and Liabilities:				
Accounts and Other Receivables	1,761	(1,384)	377	26
Inventories	(572)	(18)	(590)	(1,372)
Other Assets	-	(134)	(134)	183
Allowance for Doubtful Accounts	(44)	20	(24)	-
Accounts Payable	995	(2,999)	(2,004)	503
Accrued Compensation	10,184	3,027	13,211	445
Decrease in Deferred Revenue	-	(481)	(481)	-
Landfill Closure Costs	-	373	373	-
Customer Deposits	505	(62)	443	-
Escrow and Other Liabilities	565	10	575	-
Total Adjustments	<u>60,156</u>	<u>7,938</u>	<u>68,094</u>	<u>1,865</u>
Net Cash Provided by Operating Activities	<u>\$ 141,474</u>	<u>\$ 16,796</u>	<u>\$ 158,270</u>	<u>\$ 5,292</u>
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:				
Cash, Cash Equivalents and Investments	\$ 75,013	\$ 33,084	\$ 108,097	\$ 2,271
Restricted Assets:				
Cash and Cash Equivalents	195,894	67,931	263,825	1,358
Cash and Investments Held by Trustees	36,953	778	37,731	-
Total Cash and Cash Equivalents	<u>\$ 307,860</u>	<u>\$ 101,793</u>	<u>\$ 409,653</u>	<u>\$ 3,629</u>
Noncash Investing, Capital, and Financing Activities:				
Capital Asset Contributions from Developers	\$ 25,104	\$ -	\$ 25,104	\$ -
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 25,104</u>	<u>\$ -</u>	<u>\$ 25,104</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

(concluded)

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2008
(in 000's)

	<u>Pension Trust Fund</u>	
	<u>Employees' Retirement Pension Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 9	\$ 11
Cash and Investments Held by Trustees	1,605,765	222
Other Receivables	13,505	-
Due from Broker Securities Sold	98,666	-
Total Current Assets	<u>1,717,945</u>	<u>\$ 233</u>
LIABILITIES		
Current Liabilities:		
Accrued Payable	3,087	\$ -
Payable to Railtran	-	11
Death Benefits Payable	-	222
Due to Broker - net	122,989	-
Total Current Liabilities	<u>126,076</u>	<u>\$ 233</u>
NET ASSETS		
Held in Trust for Pension Benefits	<u>\$ 1,591,869</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, 2008
(in 000's)

	<u>Pension Trust Fund</u>
	<u>Employees' Retirement Retirement Fund</u>
ADDITIONS	
Interest and Dividend Income	\$ 43,807
Net Loss in Fair Value of Investments	(362,261)
Employer Contributions	57,483
Employee Contributions	30,295
Less: Investment Management Fees and Interest Expense	(14,609)
Total Additions	<u>(245,285)</u>
DEDUCTIONS	
Benefit Payments	100,571
Refunds	3,648
Administrative Expenses	2,230
Total Deductions	<u>106,449</u>
Change in Net Assets	(351,734)
Net Assets-Beginning of the Year	1,943,603
Net Assets-End of the Year	<u>\$ 1,591,869</u>

See accompanying notes to the basic financial statements.



Carnegie Office Building at 421 West Third Street

NOTES TO THE FINANCIAL STATEMENTS

City of Fort Worth, Texas
Notes to the Basic Financial Statements
September 30, 2008
(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 Deficits
- Note E:** Restricted Assets
- Note F:** Capital Assets
- Note G:** Debt Obligations
- Note H:** Landfill Closure and Postclosure Care Costs
- Note I:** Joint Venture
- Note J:** Employees' Retirement Fund 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 Non-Major Enterprise Funds
- Note N:** Subsequent Events
- Note O:** New Accounting Standards



Cantey Hanger Building at 600 Sixth Street

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(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, 2008, 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 Statements No. 14 and 39. The following blended component units, although legally separate from the City, are reported as part of the primary government:

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 essentially the same. Due to the financial management responsibility of the City and the general oversight provided by the City, the FWHFC has been included in the City's basic financial statements as a Non-Major 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, 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 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.

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 essentially the same. Due to the financial management responsibility of the City and the general oversight provided by the City, the FWLDC has been included in the City's basic financial statements as a Non-Major Special Revenue Fund.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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. The City has financial accountability because the voting majority of the board members are appointed by the City Council and the operations provide financial benefits to the City. Due to the financial management responsibility of the City and the general oversight provided by the City, the Service Center has been included in the City's basic financial statements as a Non-Major Special Revenue Fund.

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 undertaking and completing of projects on behalf of the City. Due to the financial management responsibility of the City and the general oversight given by the City, the Sports Authority has been included in the City's basic financial statements as a Non-Major Special Revenue Fund.

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. Due to the financial management responsibility of the City and the general oversight provided by the City, the Lone Star Local Government Corporation has been included in the City's basic financial statements as a Non-Major Special Revenue Fund.

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. Due to the financial management responsibility of the City and the general oversight provided by the City, the FWCCLDC has been included in the City's basic financial statements as a Non-Major Special Revenue Fund.

The following legally separate entities are included 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 primary government. 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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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.

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.

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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 RadioShack's new riverfront corporate headquarters 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. 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. 11 - The Taxing Increment Reinvestment Zone Number Eleven was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created for right-of-way acquisitions, arterial connections and enhancements associated with the construction of SH-121T, or Southwest Parkway.

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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.

Employees' Retirement 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 Pension Plan at 3800 Hulen Street, Suite 101, Fort Worth, Texas 76109.

Other entities for which there are no significant current year activity or balances, but which may have conduit debt balances (see Note G.9) 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.

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, Fort Worth Economic Development Corporation, 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 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 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 (Authority) – The 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.

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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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 non-major funds are aggregated and presented in a single column.

Internal service funds of the City (which traditionally 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 were previously allocated between the governmental and business-type columns when presented at the government-wide level, however for FY08 the allocation to business-type activities was determined to be immaterial and not made. To the extent possible, the costs of these services are reflected in the appropriate functional activity (Police, Fire, Public Works, etc.).

The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency, if applicable). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) 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.

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.

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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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.

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 fund:

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.

Other Enterprise Funds is a summarization of all the non-major enterprise, proprietary funds. These funds include: Municipal Airport Fund, Municipal Golf Fund, Municipal Parking Fund, Storm Water 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 proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary 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

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:

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Pension Trust Fund – For accounting measurement purposes, the Employees’ Retirement Fund is accounted for in essentially the same manner as proprietary funds. The Employees’ Retirement Fund accounts for the assets of the City’s retirement plan and issues separately audited financial statements.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting.

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 and pension trust 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 balance sheet 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 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.

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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.

The statement of net assets, statements of activities, financial statements of the Proprietary Funds and Fiduciary Funds (except agency funds) are presented on the flow of economic resources and the accrual basis of accounting. This focus emphasizes the determination of net income, changes in net assets, and financial position. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net assets. These funds use the accrual basis of accounting whereby revenues are recognized in the accounting period in which they are earned, including gas leases and royalties and expenses are recognized in the period incurred. The Employees' Retirement Fund 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 Agency Funds use the accrual basis of accounting and do not measure the results of operations.

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 2008 have been recorded as receivables, net of allowance for refunds and uncollectible amount. The net receivables collected during 2008 and those considered "available" at September 30, 2008 (i.e., property taxes collected within 60 days of year end) have been recognized as revenues in 2008. The remaining receivables have been reflected as deferred revenue. In the government-wide financial statements, tax revenue is recognized in the year in which they 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 idle cash from all funds (excluding the Employees' Retirement Fund and Retired Employees' Group Death Benefit Fund) 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.

For the purposes of presenting the statement of cash flows, cash and cash equivalents are defined as demand deposits and pooled cash and investments with original maturities of three months or less from the date of acquisition (Note B).

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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

Valuation of Investments - Investments are stated at fair value. Short-term investments are reported at cost, which approximates 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, 2008. The fair value of investments without readily determinable fair values may change materially in the near term. Purchases and sales of investments are recorded on a trade-date basis.

The Plan's investment in limited partnerships are valued at estimated fair value based on the Fund'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.

Interest and Dividends Receivable and due to/from Broker – Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date. Recording activity in such a manner results in interest and dividends receivable. The balance due to broker securities purchased and due from broker securities sold in 2008 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, 2008 were converted to the Plan's functional currency at the foreign exchange rates quoted at September 30, 2008. 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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, 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 at least two 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
Machinery and Equipment	2-20 years
Runways and Taxiways	20-30 years
Infrastructure	10-40 years

A. 8. INTERFUND TRANSACTIONS

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

A. 9. COMPENSATED ABSENCES

City employees earn personal leave, which may either be taken or accumulated until paid upon termination or retirement. Unused sick leave, accrued holidays, and compensated time may be accumulated to a specific maximum amount and is paid upon termination, retirement or death for Civil Service employees. All other employees are paid up to an established limit for personal leave upon retirement or death. Accumulated vacation and sick leave 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

The amount of current year compensated absences related to both Governmental and Proprietary Fund Types is budgeted annually as an expenditure or expense, as appropriate. Compensated absences related to the Governmental Fund Types are liquidated in the General Fund.

A. 10. 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, 2008, is \$44,161 of which \$28,011 represents workers' compensation case reserve losses and is reported as long-term liabilities in the government-wide financial statements.

	Balance at October 1, 2006	Additions	Deletions	Balance at September 30, 2007	Additions	Deletions	Balance at September 30, 2008
Judgments and Claims	\$ 27,369	\$ 79,104	\$ (64,993)	\$ 41,480	\$ 68,389	\$ (65,708)	\$ 44,161

Settlements have not exceeded coverages for each of the past three fiscal years. Provisions under each type of insurance are presented below:

A. 10. A. LIABILITY INSURANCE

The City largely self-funds the risk for most liability claims, lawsuits and related expenses except for activities funded by the Workforce Network (participant and program administration), which is fully insured by a commercial carrier. There are separate commercial liability insurance policies for each of the following: aircraft liability, liquor liability, excess airport liability and the Fort Worth Herd Program insurance coverage. There were no significant changes in coverage limits for liability insurance.

**CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)**

(continued)

A. 10. B. PROPERTY AND CASUALTY INSURANCE

Fire and extended coverage insurance 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, crime insurance, and public official bonds on the City Manager and the Treasurer are also maintained on a commercial insurance basis. There were no significant changes in coverage limits for property and casualty insurance.

A. 10. C. WORKERS' COMPENSATION

The City largely self-funds the risk for workers' compensation claims. Catastrophic loss protection is provided by a commercial carrier on a policy with a self-insured retention limit of \$750 for any single occurrence. The policy also provides excess general Employer's liability insurance with limits of insurance set at \$1,000 per accident or occurrence and an aggregate limit of \$3,000.

A. 10. D. 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 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 is provided by a commercial carrier. There were no significant changes in coverage levels for group health and life insurance.

A. 10. E. UNEMPLOYMENT COMPENSATION

The City self-funds the risk for unemployment compensation claims through a reimbursement agreement with the Texas Workforce Commission (TWC). Under the agreement, TWC administers all claims and is reimbursed by the City for claims incurred plus administrative charges. The City contracts with a third party entity to assist in claims appeals. There were no significant changes in coverage levels for unemployment compensation.

A. 11. FUND BALANCE/NET ASSETS

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The City has the following reservations of fund balance: Reserved for Encumbrances, HUD Projects, Inventories, Advances, Loans, Debt Service and Prepaids. Amounts Reserved for Encumbrances are for contracts and purchase orders outstanding at the end of the fiscal year that will be fulfilled in the next fiscal year. The reservations for inventories and prepaids are for inventory and certain expenditures purchased in advance of consumption. Reserved for Advances is a reservation for long-term loans to those funds with negative cash balances. Reserved for Loans are reservations for HUD108 loans made as part of the inner city revitalization programs. The reservation for debt service restricts the use of related assets to servicing the City's debt obligations.

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 the 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
SEPTEMBER 30, 2008
(000's omitted)

(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.

For the government-wide financial statements and proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method in the government-wide financial statements. 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 the Retired Employees' Group Death Benefit 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 Retired Employees' Group Death Benefit 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 the Retired Employees' Group Death Benefit 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 Morgan Stanley 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 transferred on underlying securities to the dealer. The City does not have the ability to pledge or sell collateral securities without borrower default. As of September 30, 2008, the fair value of securities on loan as of September 30, 2008 was \$43,728 and the fair value of collateral held against the loaned securities was \$44,174.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2008, the carrying amount of the City's demand and time deposits and cash on hand was \$52,022. Of the \$53,701 bank balance, \$100 of each interest bearing account and each non-interest bearing account was covered by FDIC deposit insurance with the remainder (less \$1,006) being collateralized with securities pledged by the City's agent in the City's name. As of September 30, 2008, the City had funds in the amount of \$1,006 which were uninsured and uncollateralized. In addition, the City held \$11 in Agency funds as of year end.

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. 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, 2008, the City's investment portfolio (\$632,434) and discretely presented component units' investment portfolios (\$14,155) totaled \$646,589 (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) and is held by the City's custodians in the City's name under written agreements. The City's custodians are The Bank of New York (securities lending) and JP Morgan Chase.

The money market mutual funds and pools are invested in Blackrock Liquidity T-Fund (\$851), a Wells Fargo 100 percent Treasury Money Fund (\$60,090), and a Government Money Market Fund (\$189). 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, 2008, the total fair value of the City's investments in T-Fund, Wells Fargo 100 percent Treasury Money Fund, JP Morgan Money Market Fund and Government Money Market Fund totaled \$61,130 or 7.63 percent of the total investment portfolio. Additionally, the Retired Employees' Group Death Benefit Fund invests in other mutual funds (\$222).

All security investments are reported monthly at fair value priced by an independent source. Investments in 2a7-like 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 year</u>	<u>2 - 3 year</u>	<u>3 - 4 year</u>	<u>4 - 5 year</u>
Day Range	0	365-730	731-1095	1096-1460	1461-1825
Targeted Portfolio %	43	14.25	14.25	14.25	14.25
Actual %	40.11	14.02	24.24	9.9	11.73

As of September 30, 2008, in the Total Overall Investment Portfolio:

- no holding had a stated maturity date beyond June 26, 2013,
- holdings maturing beyond one year represented 59.88 percent of the total investment portfolio, and
- the weighted average of the combined investment portfolio was 657 days on the total investment portfolio.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

As of September 30, 2008, the investment portfolio managed by the City contained structured notes totaling \$359,206 as follows:

<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>
Structured notes past the call date:						
Federal National Mortgage Assoc. (FNMA)	3.88%	11/17/2005	11/17/2008	One-time call	\$ 2,001	2
Discretely callable securities:						
Federal Home Loan Bank (FHLB)	3.38% - 5.0%	10/09/2008 - 04/29/2009	10/22/2010 - 5/28/2013	Quarterly, Semi- Annually	103,907	41
Federal Home Loan Mortgage Corp (FHLMC)	3.0% - 5.0%	10/28/2008 - 12/26/2008	5/12/2010 - 6/26/2013	Quarterly	124,340	40
Federal National Mortgage Assoc. (FNMA)	2.75% - 5.3%	10/28/2008 - 05/29/2009	5/27/2010 - 5/29/2013	Quarterly, One- Time call	90,020	32
Continuously callable securities:						
Federal Home Loan Bank (FHLB)	3.85% - 4.5%	05/06/2008 - 05/23/2009	1/25/2012 - 2/13/2013	Continuous	38,938	45
Total Structured Notes					<u>\$ 359,206</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. The investment portfolio is rated AAA by Fitch Investor's Service.

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, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the US Government, its agencies or instrumentalities.

State law 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 less than ten years to maturity. Independent safekeeping at the Federal Reserve is required with monthly reporting. Securities are priced at market on a daily basis as a contractual responsibility of the bank.

By policy and state law 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.

The City's adopted Investment Policy and state law restricts investment in commercial paper to dual rated, A1/P1 commercial paper.

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, "2a-7 like" (constant dollar) local government investment pools.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

As of September 30, 2008 in the city managed investment portfolio:

- investment in one AAA-rated local government investment pool represented 11.66 percent of the total investment portfolio,
- investment in three AAA-rated, SEC-registered money market funds managed by the City and held with Trustee represented 6.66 percent of the total investment portfolio,
- investment in collateralized certificates of deposit represented 8.12 percent, and
- the remainder of the investments portfolio (73.56 percent) was in United States Government or United States Government Agency securities rated AAA.

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.

As of September 30, 2008 the City had the following investments:

CITY OF FORT WORTH INVESTMENTS	Fair Value	Weighted Average Maturity by Days	Credit Rating
Investments Managed by City			
Money Market Mutual Funds	\$ 5,733	N/A	AAA
Federal Farm Credit Bank (FFCB)	9,743	178	AAA
Federal Home Discount Note (FHDN)	38,213	220	AAA
Federal Home Loan Bank (FHLB)	138,394	1,275	AAA
Federal Home Loan Mortgage Corp. (FHLMC)	138,338	1,117	AAA
Federal National Mortgage Assoc. (FNMA)	111,088	858	AAA
U.S. Treasury Notes	131,796	509	AAA
Certificates of Deposits	65,000	109	AAA
Local Government Investment Pools	93,170	N/A	AAA
Total Investments Managed by City	731,475		
Investments Held by Discretely Presented Component Units			
Money Market Mutual Funds	1,905	N/A	AAA
Federal Farm Credit Bank (FFCB)	313	178	AAA
Federal Home Discount Note (FHDN)	1,229	220	AAA
Federal Home Loan Bank (FHLB)	4,452	1,275	AAA
Federal Home Loan Mortgage Corp. (FHLMC)	4,450	1,117	AAA
Federal National Mortgage Assoc. (FNMA)	3,569	858	AAA
Total Investments Held by Discretely Presented Component Units	15,918		
Investments Held by Agency Funds			
Death Benefit Fund - Mutual Funds	222		
Investments Held by Trustees			
Water and Sewer Reserve Fund - Money Market Mutual Funds	35,396	N/A	AAA
Fort Worth Housing Finance Corp - Money Market Mutual Funds	1,134	N/A	AAA
Fort Worth Local Development Corp - Money Market Mutual Funds	6,991	N/A	AAA
SW Parkway - Money Market Mutual Funds	7,542	N/A	AAA
SE Landfill - Money Market Mutual Funds	752	N/A	AAA
HUD 2004 - Money Market Mutual Funds	1,487	N/A	AAA
Total Investments Held by Trustee	53,302		
TOTAL	\$ 800,917		

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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 law and the City of Fort Worth’s 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 FIRREA¹. 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, 2008, the investment portfolios contained certificates of deposit (\$65,000) 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 (with Morgan Stanley) were held at the Bank of New York.

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.

¹ Financial Institutions Resource and Recovery Enforcement Act

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

B.3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City held the following cash, cash equivalents, and investments as of September 30, 2008:

Pooled Cash, Cash Equivalents and Investments (Managed by the City)	Fair Value
Cash	\$ 49,605
Cash in Bank - Blended Component Units	1,809
Money Market Mutual Funds	5,733
Federal Farm Credit Bank (FFCB)	9,743
Federal Home Discount Note (FHDN)	38,213
Federal Home Loan Bank (FHLB)	138,394
Federal Home Loan Mortgage Corp. (FHLMC)	138,338
Federal National Mortgage Assoc. (FNMA)	111,088
U. S. Treasury Notes	131,796
Certificates of Deposits	65,000
Local Government Investment Pools	93,170
Total Cash, Cash Equivalents and Investments Managed by the City	782,889
Cash, Cash Equivalents and Investments Held by Trustees (for the City)	
Water and Sewer Reserve Fund - Money Market Mutual Funds	35,396
Fort Worth Housing Finance Corp - Money Market Mutual Funds	1,134
Fort Worth Local Development Corp - Money Market Mutual Funds	6,991
SW Parkway - Money Market Mutual Funds	7,542
CCS Consulting, L.P. - Cash	408
SE Landfill - Money Market Mutual Funds	752
HUD 2004 - Money Market Mutual Funds	1,487
Gas Well Revenue - Cash	200
Total Cash, Cash Equivalents and Investments Held by Trustees for the City	53,910
Total Cash, Cash Equivalents and Investments - Primary Government	836,799
Cash and Cash Equivalents (Managed by the Employees' Retirement Fund)	
Cash in Bank	9
Investments Managed by the Employees' Retirement Fund (see note B.4)	
Investments	1,605,765
Total Cash, Cash Equivalents and Investments - Employees' Retirement Fund	1,605,774
Pooled Cash Managed for the Agency Funds	
Cash	11
Cash, Cash Equivalents and Investments Held by Trustees (for the City)	
Death Benefit Fund - Mutual Funds	222
Total Cash and Cash Equivalents Managed for Agency Funds	233
Cash Equivalents and Investments – Discretely Presented Component Units	
Money Market Mutual Funds	1,905
Federal Farm Credit Bank (FFCB)	313
Federal Home Discount Note (FHDN)	1,229
Federal Home Loan Bank (FHLB)	4,452
Federal Home Loan Mortgage Corp. (FHLMC)	4,450
Federal National Mortgage Assoc. (FNMA)	3,569
Total Cash and Cash Equivalents – Discretely Presented Component Units	15,918
Total Cash, Cash Equivalents, and Investments	\$2,458,724

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

B. 4. 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 Fund would not be able to recover the value of its investments. The Fund does not have a formal policy for custodial credit risk. As of September 30, 2008 all investments are registered in the name of the Employees' Retirement Fund of the City of Fort Worth or in the name of the Fund's custodian established through a master trust custodial agreement, with the exception of investments in Alternative Investments and Commingled Funds.

Credit Risk of Debt Securities – Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund'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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Below are the Plan's investments as of September 30, 2008:

<u>Investment Type</u>	<u>S & P Rating</u>	<u>Fair Value</u>
Asset & Mortgage Backed Obligations	AAA	\$ 12,365
Asset & Mortgage Backed Obligations	AA	1,495
Asset & Mortgage Backed Obligations	A	710
Asset & Mortgage Backed Obligations	BBB	360
Asset & Mortgage Backed Obligations	BB	93
Asset & Mortgage Backed Obligations	B	41
Asset & Mortgage Backed Obligations	D	4
Asset & Mortgage Backed Obligations	NR	52
Total Asset & Mortgage Backed Obligations		<u>15,120</u>
Corporate Obligations	AAA	1,766
Corporate Obligations	AA	9,067
Corporate Obligations	A	13,019
Corporate Obligations	BBB	26,395
Corporate Obligations	BB	14,252
Corporate Obligations	B	53,214
Corporate Obligations	CCC	23,632
Corporate Obligations	D	304
Corporate Obligations	NR	13,942
Total Corporate Obligations		<u>155,591</u>
Government Agency Obligations	AAA	104,432
Government Agency Obligations	BBB	168
Total Government Obligations		<u>104,600</u>
International Obligations	AAA	21,162
International Obligations	AA	4,418
International Obligations	A	16,574
International Obligations	BBB	3,698
International Obligations	BB	2,855
International Obligations	B	402
International Obligations	NR	316
Total International Obligations		<u>49,425</u>
Total Fixed Income Subject to Credit Risk		<u>324,736</u>
US Treasuries (Not Subject to Credit Risk)		10,316
Short Term Mutual Fund Investments		129,715
Corporate Stock		620,642
Alternate Investments		218,926
Commingled Funds		301,636
Less investments in Non-City Funded Staff Plan		(206)
Total Investments		<u>\$ 1,605,765</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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 Plan’s investment policy addresses concentration limits on a manager basis. As of September 30, 2008 the Plan had two investments with the investment manager Ashmore Group (approximately \$123 million), where the underlying assets were not registered in the plan’s name that totaled more than 5% of assets of the Plan.

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

Investment Type	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years	Total Fair Value
Asset & Mortgage	\$ -	\$ 2,017	\$ 115	\$ 12,988	\$ 15,120
Corporate Obligations	1,465	73,408	48,983	31,735	155,591
Government Agency Obligations	-	784	1,399	102,417	104,600
International Obligations	1,327	15,888	22,933	9,277	49,425
Total Interest Rate Risk Debt Securities	\$ 2,792	\$ 92,097	\$ 73,430	\$ 156,417	\$ 324,736

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’s exposure to foreign currency risk at September 30, 2008 is presented below.

Currency	Debt	Equity	Total
Australian Dollar	\$ 5,876	\$ 8,397	\$ 14,273
Brazilian Real	(14)	2,717	2,703
British Pound Sterling	180	10,186	10,366
Canadian Dollar	3,817	15,152	18,969
Danish Krone	-	9,660	9,660
Euro Currency Unit	(2,422)	44,769	42,347
Hong Kong Dollar	-	13,007	13,007
Indonesian Rupiah	1,290	-	1,290
Iceland Krona	1,076	-	1,076
Japanese Yen	277	23,181	23,458
Mexican New Peso	3,002	(1,175)	1,827
Malaysian Ringgit	3,963	-	3,963
New Zealand Dollar	3,265	-	3,265
Philippine Peso	-	219	219
Polish Zloty	3,168	207	3,375
Singapore Dollar	1,423	985	2,408
South African Rand	2,425	167	2,592
Swedish Krona	1,457	2,506	3,963
Swiss Franc	-	28,985	28,985
Thai Baht	-	1,518	1,518
Total securities subject to foreign currency risk	\$ 28,783	\$ 160,481	\$ 189,264

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

LENDING SECURITIES

The Plan is authorized to contractually lend securities to borrowers in accordance with policy established by the Board of Trustees. The Plan previously entered into a contract with Mellon Bank N.A. and is currently contracted with Northern Trust to establish, manage and administer a securities lending program. Mellon Bank and Northern Trust facilitates lending the Fund'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 contracts with Mellon Bank and Northern Trust specify 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.

The Plan earns income from fees paid by the borrowers and interest earned from investing the cash collateral. Securities that are out on loan are terminable at will so their maturities are not managed against the maturities of the collateral pool. As of September 30, 2008 the weighted average life, as measured by interest sensitivity, is 23 days. 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. As of September 30, 2008 the value of the collateral held was \$234,571 and the value of securities out on loan at September 30, 2008 was \$231,611. The Plan earned \$1,966 on its securities lending activity for the fiscal years ended September 30, 2008.

During September 2008 Northern Trust held Lehman Brothers securities and other longer term debt securities which decreased in value causing the collateral pool investments held at Northern Trust to be valued at less than what was invested. As a result Northern Trust posted a liability to each investor with assets in the collateral pool. The Plan's liability as a result of this deficiency is \$2,930. If the Plan chooses to remove itself from the collateral pool then this liability must be paid. However, if the Plan remains invested in the collateral pool and earnings and longer term securities pay off their values at par this liability will be removed without having to be paid.

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 \$3.4 million at September 30, 2008, 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, 2008, the fair value of these contracts is included in other investments of the Plan.

SUBSEQUENT EVENTS

There have been significant economic and investment related occurrences during 2008 and 2009. The seven months between October 1, 2008 and April 30, 2009 saw some of the most volatile capital markets, both domestic and international, over the last thirty years. Domestic large cap equities, as measured by the S&P 500 index, fell to a thirteen-year low on March 9, 2009, resulting in a 42% loss between October 1, 2008 and March 9, 2009. Subsequently, equities rallied nearly 28% from March 9, 2009 to the end of April 2009. For the seven months US equities are down 25%. Internationally, the MSCI-EAFE International Equities index performed slightly worse than domestic stocks, posting a decline of 25.5%. The Barclays Aggregate index, the broadest measure of

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

domestic bonds, has fared better returning 3% during the same seven months, despite significant pricing pressure in several sectors due to increased risk aversion and liquidity concerns. During this same time, the entire Plan is down 16%. The Plan has experienced an equity decline of 25.8%, a fixed income decline of 2.5% and a decline in alternative assets of 13%. The actuarial valuation for the year-ended December 31, 2008 was completed May 20, 2009. As a result of declines in asset values related to investment losses, the Plan's funded status has been materially impacted. At January 1, 2009 the City Plan fell to a funded level of 72.8%, while the amortization period of the unfunded liability has grown once again to an infinite period. There have been no changes to the Plan's assumptions.

During December 2008, Bernard Madoff was arrested by the FBI, accused of running a Ponzi scheme. The Plan had invested with Rye Securities Broad Market Fund, which was fully invested with Mr. Madoff's investment management business. During 2008 the Plan redeemed its investment with Rye Securities and received all but \$525 of its investment back. As of May 2009 the Plan has not been contacted by the administrator concerning investments made in connection with Bernard Madoff.

In February 2009 the Plan purchased a building to be used as the administrative offices of the Plan. The building was purchased with the primary purpose of housing all administrative, meeting and training activities, thus the building will be carried as an operating asset in the 2009 financial statements.

NOTE C: RECEIVABLES AND INTERFUND BALANCES

C.1. RECEIVABLES

Receivables at September 30, 2008 for governmental activities of the City's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<u>Receivables</u>	General Fund	Debt Service	Nonmajor Governmental	Internal Service	Total Governmental Activities
Taxes	\$ 16,524	\$ 5,411	\$ -	\$ -	\$ 21,935
Grants and Other Governments	18,645	-	27,859	-	46,504
Levied, Unbilled Assessments	-	-	2,082	-	2,082
Loans	-	-	3,630	-	3,630
Long-term Loans	-	-	10,815	-	10,815
Interest	1,017	1,068	1,066	7	3,158
Interest - Restricted	-	-	9	-	9
Accounts and Other	52,591	926	3,541	27	57,085
Total Gross Receivables	<u>88,777</u>	<u>7,405</u>	<u>49,002</u>	<u>34</u>	<u>145,218</u>
Less Allowance for Doubtful Accounts:					
Taxes	(13,450)	(4,405)	-	-	(17,855)
Accounts and Other	(37,337)	-	(2,172)	-	(39,509)
Total Allowance	<u>(50,787)</u>	<u>(4,405)</u>	<u>(2,172)</u>	<u>-</u>	<u>(57,364)</u>
Total Receivables, Net	<u>\$ 37,990</u>	<u>\$ 3,000</u>	<u>\$ 46,830</u>	<u>\$ 34</u>	<u>\$ 87,854</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Receivables at September 30, 2008 for business-type activities of the City's individual major enterprise funds and non-major enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<u>Receivables</u>	Water and Sewer Fund	Nonmajor Enterprise	Total Business-type Activities
Interest	\$ 608	\$ 354	\$ 962
Accounts and Other	44,509	10,549	55,058
Grants - Restricted	15	359	374
Interest - Restricted	<u>1,372</u>	<u>235</u>	<u>1,607</u>
Total Gross Receivables	<u>46,504</u>	<u>11,497</u>	<u>58,001</u>
Less Allowance for Doubtful Accounts:			
Accounts and Other	<u>(987)</u>	<u>(124)</u>	<u>(1,111)</u>
Total Allowance	<u>(987)</u>	<u>(124)</u>	<u>(1,111)</u>
Total Receivables, Net	<u>\$ 45,517</u>	<u>\$ 11,373</u>	<u>\$ 56,890</u>

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 shown:

<u>Description</u>	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes	\$ 2,884	\$ -
Grants and Other Governments	12,462	10,033
Loans	-	1,874
Long-term Loans	-	9,726
Customer Deposits and Other	<u>-</u>	<u>993</u>
Total Unavailable / Unearned Revenues	<u>15,346</u>	<u>22,626</u>
Total Deferred Revenue for Governmental Funds		<u>\$ 37,972</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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

Description	Unearned
Customer Deposits and Other	\$ 10,068
Total Unearned Revenues	<u>\$ 10,068</u>

C.2. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2008, were as follows:

Receivable Fund	Payable Fund	Total
General Fund	Nonmajor Governmental	\$ 3,648
Nonmajor Governmental	Nonmajor Governmental	2,163
Nonmajor Governmental	Nonmajor Enterprise	137
Total:		<u>\$ 5,948</u>

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

The \$3,648 receivable in the General Fund from the Non-major Governmental Funds consists of the following: \$736 due from the Special Projects Special Revenue Fund to cover a temporary cash deficit and \$2,912 due from the Grants Fund is to cover a temporary cash deficit.

The \$137 receivable in the Non-major Governmental Fund from the Non-major Enterprise Fund is due from the Municipal Airport Fund to the Capital Projects Reserve Fund for airport improvements.

The Street Improvement Fund (nonmajor governmental fund) had a receivable of \$1,500 from the 2007 Capital Projects Fund (nonmajor governmental fund) and \$663 from the Grants Fund (nonmajor governmental fund) for various street reconstruction projects.

C.3. ADVANCES

Advances from/to other funds at September 30, 2008, are as follows:

Receivable Fund	Payable Fund	Total
General Fund	Nonmajor Governmental	\$ 521
General Fund	Nonmajor Enterprise	3,821
General Fund	Internal Service Funds	1,591
Nonmajor Governmental	Nonmajor Enterprise	351
Total:		<u>\$ 6,284</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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

The \$521 payable to the General Fund from the Non-major Governmental Funds is due from the HUD 108 Loan Fund to cover a cash deficit. This advance will be repaid from the proceeds of future bond issues.

The \$3,821 payable to the General Fund from the Non-major Enterprise Funds is due from the Municipal Golf Fund to cover a cash deficit. This advance will be repaid over a three-year period from revenue from operations.

The \$1,591 payable to the General Fund from the Internal Service Funds consists of an advance to the Office Services, Equipment Services and Information Systems funds to cover cash deficits of \$465, \$687, and \$439, respectively (which will be repaid from future operating revenues).

The \$351 payable to the Non-major Governmental Funds from the Non-major Enterprise Funds is due from the Municipal Airport Fund to the Capital Projects Reserve Fund for airport improvements. This advance will be repaid from future operating revenues.

C. 4. TRANSFERS

Interfund transfers made during the year are as follows:

	Transfers In:						Total
	General Fund	Debt Service	Nonmajor Govt	Water Sewer	Nonmajor Enterprise	Internal Service	
Transfers Out:							
General Fund	\$ -	\$ 50,976	\$ 22,438	\$ 1,005	\$ 1,119	\$ 519	\$ 76,057
Nonmajor Governmental Funds	13,468	-	8,900	-	-	-	22,368
Water & Sewer Fund	12,804	-	1,144	-	-	-	13,948
Nonmajor Enterprise Funds	5,929	-	1,587	339	-	-	7,855
Internal Service Funds	195	-	150	-	-	-	345
Total	\$ 32,396	\$ 50,976	\$ 34,219	\$ 1,344	\$ 1,119	\$ 519	\$120,573

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:

General fund transfers to Debt Service Fund for \$50,976 to finance fiscal year 2008 debt service payments from property tax.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

General Fund transfers to Nonmajor Governmental Funds totaling \$22,438 to finance street maintenance programs and for grant matching for grants with Texas Department of Transportation.

The Nonmajor Governmental Fund transferred \$8,900 to other Nonmajor Governmental Funds. Part of the total amount transferred included: the Grants Fund transferred \$694 to the HUD 108 Fund for loan payments; and the Capital Projects Reserve Fund transferred \$2,225 to the Streets Fund for street improvements.

The Nonmajor Governmental Funds transferred \$13,468 to the General Fund. Part of the total amount transferred included: \$5,330 from the Crime Control Fund to finance civil service pay plan; \$2,668 from the Crime Control Fund for increased jail costs; \$3,000 from the Streets Fund to increase the unreserved fund balance.

Water and Sewer Fund transfers to the General Fund include \$11,904 for street rentals.

Nonmajor enterprise funds transfers to the General Fund include \$3,345 from the Parking Fund for revenues collected from parking meters, court citations, and public events.

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

NOTE D: FUND DEFICITS

Other Blended Component Units – The current increase in fund deficit of \$2,048 was due to accrued interest on the Cabela's obligation for the Lone Star Government Corporation. The fund deficits of \$4,146 is expected to be offset by future TIF revenue. If future TIF revenue is not sufficient to compensate the accrued interest and debt obligation during the duration of the TIF, the City will not be liable for further payment.

Grants Fund – The current year increase in fund deficit of \$2,303 was due to reimbursement timing differences and resulted in changing the fund deficits to \$6,884. Reimbursement for federal, state and local grant expenditures are expected to offset this fund deficit next year.

Animal Shelter Improvements Fund – The current year increase in fund deficit of \$716 was due to increased capital outlay expenditures. The fund deficit of \$139 will be offset by future revenues.

Office Services – Current year decrease in net assets of \$247 was due to insufficient user fees and resulted in an increased deficit net liabilities of \$437. This deficit will be offset by user fee increases in future years.

Engineering Services – Current year decrease in net assets of \$595 was due to insufficient user fees and resulted in deficit net liabilities of \$411. This deficit will be offset by user fee increases in future years.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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:

	General Fund	Nonmajor Governmental Funds	Water and Sewer	Nonmajor Enterprise Funds	Internal Service Funds	Total
Debt Service:						
Cash and Cash Equivalents	\$ -	\$ -	\$ 29,246	\$ 6,507	\$ -	\$ 35,753
	<u>-</u>	<u>-</u>	<u>29,246</u>	<u>6,507</u>	<u>-</u>	<u>35,753</u>
Capital Improvements:						
Cash and Cash Equivalents	-	-	155,395	54,462	1,358	211,215
Cash and Cash Equivalents Held by Trustees	-	6,046	-	-	-	6,046
Grant Receivables	-	-	15	359	-	374
Interest Receivable	-	-	1,372	235	-	1,607
	<u>-</u>	<u>6,046</u>	<u>156,782</u>	<u>55,056</u>	<u>1,358</u>	<u>219,242</u>
Customer Deposits:						
Cash and Cash Equivalents	-	-	11,253	785	-	12,038
	<u>-</u>	<u>-</u>	<u>11,253</u>	<u>785</u>	<u>-</u>	<u>12,038</u>
Other Restrictions:						
Cash and Cash Equivalents	600	21,162	-	6,177	-	27,939
Cash and Cash Equivalents Held by Trustees	1,897	8,236	36,953	778	-	47,864
Interest Receivable	-	9	-	-	-	9
	<u>2,497</u>	<u>29,407</u>	<u>36,953</u>	<u>6,955</u>	<u>-</u>	<u>75,812</u>
Total	<u>\$ 2,497</u>	<u>\$ 35,453</u>	<u>\$ 234,234</u>	<u>\$ 69,303</u>	<u>\$ 1,358</u>	<u>\$ 342,845</u>

The Nonmajor Governmental Funds had \$29,407 in other restricted assets of which \$15,681 is restricted by City Council ordinance for specified purposes.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2008 was as follows:

	Beginning Balance October 1 2007	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30 2008
Total Governmental Fund Activities				
Capital assets, not being depreciated:				
Land	\$ 94,005	\$ 3,227	\$ (201)	\$ 97,031
Construction in progress	140,209	93,373	(54,090)	179,492
Total capital assets, not being depreciated	<u>234,214</u>	<u>96,600</u>	<u>(54,291)</u>	<u>276,523</u>
Capital assets, being depreciated:				
Buildings	314,614	29,064	(2,164)	341,514
Vehicles, machinery and equipment	166,229	14,806	(7,510)	173,525
Infrastructure	1,910,987	78,436	(1,314)	1,988,109
Total capital assets, being depreciated	<u>2,391,830</u>	<u>122,306</u>	<u>(10,988)</u>	<u>2,503,148</u>
Less accumulated depreciation for:				
Buildings	129,798	13,248	(1,792)	141,254
Vehicles, machinery and equipment	121,808	17,296	(7,419)	131,685
Infrastructure	1,072,302	67,560	(969)	1,138,893
Total accumulated depreciation	<u>1,323,908</u>	<u>98,104</u>	<u>(10,180)</u>	<u>1,411,832</u>
Total capital assets, being depreciated, net	<u>1,067,922</u>	<u>24,202</u>	<u>(808)</u>	<u>1,091,316</u>
Governmental activities capital assets, net	<u>\$ 1,302,136</u>	<u>\$ 120,802</u>	<u>\$ (55,099)</u>	<u>\$ 1,367,839</u>

Capital asset activity for Business-Type Activities for the year ended September 30, 2008 was as follows:

	Beginning Balance October 1, 2007	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30, 2008
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 71,335	\$ 1,119	\$ (1,770)	\$ 70,684
Construction in progress	323,643	144,467	(126,124)	341,986
Total capital assets, not being depreciated	<u>394,978</u>	<u>145,586</u>	<u>(127,894)</u>	<u>412,670</u>
Capital assets, being depreciated:				
Buildings	60,010	-	(144)	59,866
Vehicles, machinery and equipment	331,491	13,405	(6,012)	338,884
Infrastructure	1,937,576	146,615	(30,045)	2,054,146
Total capital assets, being depreciated	<u>2,329,077</u>	<u>160,020</u>	<u>(36,201)</u>	<u>2,452,896</u>
Less accumulated depreciation for:				
Buildings	26,032	1,260	(130)	27,162
Vehicles, machinery and equipment	129,804	14,929	(5,568)	139,165
Infrastructure	494,308	42,458	(18,293)	518,473
Total accumulated depreciation	<u>650,144</u>	<u>58,647</u>	<u>(23,991)</u>	<u>684,800</u>
Total capital assets, being depreciated, net	<u>1,678,933</u>	<u>101,373</u>	<u>(12,210)</u>	<u>1,768,096</u>
Business activities capital assets, net	<u>\$ 2,073,911</u>	<u>\$ 246,959</u>	<u>\$ (140,104)</u>	<u>\$ 2,180,766</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Depreciation expense was charged as follows for year ending September 30, 2008:

	Depreciation Expense
Governmental Activities	
General Government	\$ 1,321
Public Safety	14,163
Transportation and Public Works	66,814
Parks and Community Services	9,068
Public Library	1,197
Public Health	154
Public Events and Facilities	4,841
Planning and Development	85
Housing	461
Total Governmental Depreciation	<u>98,104</u>
Major Business-Type Activities	
Water	46,762
Non-Major Business-Type Activities	
Municipal Airports	7,231
Municipal Golf	435
Municipal Garage	52
Stormwater Utility	1,257
Solid Waste	611
Total Business-Type Depreciation	<u>56,348</u>
Total Depreciation	<u><u>\$ 154,452</u></u>

The Governmental Activities depreciation expense includes \$2,080 of depreciation expense from the Internal Service Funds.

The City capitalizes interest during the construction period in proprietary fund capital projects. For the year ended September 30, 2008, \$9,072, \$928, and \$141 of interest was capitalized in the Water and Sewer Fund, Municipal Parking Fund and Stormwater Utility Fund, respectively.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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, 2008.

	Balance at			Balance at	
	October 1, 2007	Increases	Decreases	September 30, 2008	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 322,296	\$ -	\$ 26,371	\$ 295,925	\$ 17,589
Certificates of Obligation	67,605	-	7,375	60,230	3,635
Convention Center Installment Obligation	6,645	-	515	6,130	545
HUD Installment Obligations	9,449	-	641	8,808	661
Equipment Notes	3,160	25,000	1,560	26,600	3,966
Helicopter Installment Obligation	312	-	207	105	105
Service Center Obligation	21,890	-	440	21,450	455
Fort Worth Housing Finance Corp Obligation	9,464	-	69	9,395	73
Fort Worth Housing Finance Fannie Mae Loan	1,000	-	-	1,000	-
Fort Worth Sports Authority Obligation	16,359	-	456	15,903	-
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
Central City Local Government Corp Obligation	2,933	35	372	2,596	-
State Energy Conservation Loan Phase I & II	4,610	-	177	4,433	600
State Energy Conservation Loan Phase III	3,794	1,206	-	5,000	404
Wells Fargo Loan	296	-	27	269	32
Beechwood Bridge Obligation	1,449	-	162	1,287	-
Unamortized Bond Premium	7,250	-	1,087	6,163	-
Unamortized Loss on Refunding	(4,638)	-	(446)	(4,192)	-
Unamortized Bond Discount	(27)	-	(7)	(20)	-
Compensated Absences	95,152	24,204	19,358	99,998	19,358
Risk Management Estimated Claims Payable	41,480	68,389	65,708	44,161	-
HUD Estimated Claims Payable	1,318	-	167	1,151	-
Arbitrage	487	-	449	38	-
Other Post Employment Benefits Obligation	-	74,615	-	74,615	-
Net Pension Obligation	56,639	13,263	-	69,902	-
Total Governmental Activities	<u>700,540</u>	<u>206,712</u>	<u>124,688</u>	<u>782,564</u>	<u>47,423</u>
Business-Type Activities:					
Water and Sewer - Revenue Bonds	737,480	85,905	89,620	733,765	51,335
Water and Sewer - General Obligations	255	-	123	132	71
Water and Sewer - Trinity River Authority Oblig.	8,895	-	405	8,490	425
Municipal Airport - Certificates of Obligation	165	-	55	110	55
Solid Waste - Equipment Notes	6,875	-	1,145	5,730	1,185
Solid Waste - Certificates of Obligation	7,400	-	-	7,400	440
Municipal Parking - Certificates of Obligation	20,935	-	-	20,935	100
Municipal Golf - General Obligations	29	-	21	8	6
Municipal Golf - Certificates of Obligation	2,665	-	205	2,460	205
Stormwater - Revenue Bonds	-	24,430	310	24,120	520
Unamortized Bond Premium	24,312	687	3,445	21,554	-
Unamortized Loss on Refunding	(13,140)	(196)	(1,028)	(12,308)	-
Municipal Golf - Capital Lease	187	-	55	132	62
Compensated Absences	8,132	2,996	2,605	8,523	2,232
Arbitrage	362	-	149	213	-
Landfill Closure and Postclosure Liab.	6,563	373	-	6,936	-
Other Post Employment Benefits Obligation	-	10,767	-	10,767	-
Net Pension Obligation	8,566	1,518	-	10,084	-
Total Business-Type Activities	<u>819,681</u>	<u>126,480</u>	<u>97,110</u>	<u>849,051</u>	<u>56,636</u>
Total Long-Term Liabilities	<u>\$ 1,520,221</u>	<u>\$ 333,192</u>	<u>\$ 221,798</u>	<u>\$ 1,631,615</u>	<u>\$ 104,059</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Governmental type long-term debt is summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General obligation bonds:					
Series 1992A	4.5-7.5	1992	2010	\$ 18,060	\$ 134
Series 2001 Refunding	4.0-5.25	2001	2021	17,260	4,760
Series 2001A	4.5-5.0	2001	2021	19,000	5,700
Series 2002 Refunding	3.0-5.0	2002	2013	23,005	6,220
Series 2002A	2.0-5.0	2002	2009	37,619	1,001
Series 2003	3.0-4.625	2003	2023	42,560	31,935
Series 2003A	3.0-5.0	2003	2023	37,365	24,310
Series 2003B Refunding	3.0-5.25	2003	2022	42,700	37,335
Series 2004 Refunding	3.0-5.0	2004	2021	46,230	44,315
Series 2007	4.48	2007	2027	50,000	47,500
Series 2007A	4.38-4.531	2007	2027	100,000	92,715
Total general obligation bonds					<u>295,925</u>
Certificates of obligation:					
Series 2001	4.5-5.25	2001	2021	5,125	1,020
Series 2002	2.5-5.0	2002	2022	25,335	11,385
Series 2003	3.625-4.625	2003	2023	19,880	985
Series 2005	5.0-6.0	2005	2025	7,200	2,060
Series 2005A	4.5	2005	2025	7,700	6,545
Series 2007	5.0-5.25	2007	2027	40,250	38,235
Total certificates of obligation					<u>60,230</u>
Convention center installment obligation:					
Series 1997	5.0-5.8	1997	2017	10,000	6,130
HUD installment obligation:					
Series 2000A	4.46-6.8	2000	2017	3,475	2,385
Series 2005	4.46-6.8	2005	2020	7,500	6,423
Total HUD installment obligation					<u>8,808</u>
Equipment notes:					
Series 2002	4.411	2002	2009	3,204	229
Series 2004	2.66	2004	2011	3,200	1,371
Series 2008	2.66	2008	2015	25,000	25,000
Total equipment notes					<u>26,600</u>
Helicopter installment notes:					
Series 2003	2.9	2003	2009	988	105
Service center obligation:					
Series 2004	2.6-4.75	2004	2034	22,725	21,450
Fort Worth Housing Finance Corp obligation:					
Series 2002	6.267	2002	2044	9,588	9,395
Fannie Mae Loan	7.43	2007	2009	1,000	1,000
Fort Worth Sports Authority: obligation					
	n/a	2005	2016	9,712	15,903
Lone Star Local Gov't Corp. obligation	4.75	2006	2024	31,617	31,617
Central City Local Gov't Corp. obligation:					
Series 2006	4.75	2006	2016	3,574	2,596
State energy conservation loans:					
Phase I & II	3.0	2004	2018	4,992	4,433
Phase III	3.0	2007	2019	3,794	5,000
Total State energy conservation loans					<u>9,433</u>
Wells Fargo loan:					
Series 2004	4.725	2004	2013	467	269
Brechwood Bridge obligation	n/a	2007	2012	1,719	1,287
Net unamortized bond premium/discount and loss on refunding				n/a	1,951
Compensated absences	n/a	n/a	n/a	n/a	99,998
Estimated claims payable	n/a	n/a	n/a	n/a	44,161
HUD claims payable	n/a	n/a	n/a	n/a	1,151
Arbitrage payable	n/a	n/a	n/a	n/a	38
Other post employment benefits obligation	n/a	n/a	n/a	n/a	74,615
Net pension obligation	n/a	n/a	n/a	n/a	69,902
Total governmental activities long-term debt					<u>\$ 782,564</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(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 1998 Refunding	4.0-5.25	1998	2009	\$ 96,080	\$ 6,125
Series 1998 TWDB	3.65-4.25	1998	2018	60,980	36,505
Series 1999 TWDB	3.8-4.5	1999	2019	38,000	24,625
Series 1999A TWDB	3.25-4.95	1999	2020	61,750	43,075
Series 2000	5.0	2000	2012	25,000	4,735
Series 2000B Refunding	4.85-5.75	2000	2020	103,730	24,560
Series 2001	5.0-5.625	2001	2022	49,125	24,445
Series 2001 TWDB	3.05-4.15	2001	2021	8,080	5,855
Series 2002 TWDB	2.7-4.35	2002	2022	34,310	26,285
Series 2003 Refunding	3.0-5.5	2003	2023	86,495	57,745
Series 2003A Refunding	2.0-5.25	2003	2015	50,370	47,170
Series 2005	3.0-5.25	2005	2025	120,400	111,560
Series 2005A Refunding	3.0-5.0	2005	2020	73,075	72,725
Series 2005 TWDB	3.5-2.4	2005	2025	7,890	6,840
Series 2005A TWDB	2.2-3.5	2005	2025	11,500	10,560
Series 2005B TWDB	1.65-2.95	2005	2024	64,520	54,310
Series 2007	5.0	2007	2027	100,000	97,200
Series 2007A TWDB	1.75-2.55	2007	2027	33,560	33,560
Series 2007B TWDB	2.2	2007	2009	1,800	1,800
Series 2008 Refunding	3.88	2008	2024	44,085	44,085
Total revenue bonds					<u>733,765</u>
General obligation bonds:					
Series 1992A - Water & Sewer	3.5-5.75	1992	2010	5,590	6
Series 2002 - Water & Sewer	5.0	2002	2010	794	115
Series 2002A - Water & Sewer	2.0-5.0	2002	2009	747	11
Total general obligation bonds					<u>132</u>
Trinity River Authority obligations:					
Series 2002	4.0-5.0	2002	2022	10,560	8,490
Total Water and Sewer					<u>742,387</u>
Municipal Airport:					
Certificate of Obligation, Series 2000A	5.5-5.9	2000	2019	1,000	110
Solid Waste:					
Equipment notes:					
Series 2003	3.61	2003	2013	173	94
Series 2003A	3.42	2003	2013	1,336	724
Series 2003B	3.454	2003	2011	9,576	4,912
Total equipment notes					<u>5,730</u>
Certificate of Obligation, Series 2005A	4.5	2005	2025	7,400	7,400
Total Solid Waste					<u>13,130</u>
Stormwater Utility:					
Series 2007	4.25-5.0	2008	2033	24,430	24,120
Municipal Parking:					
General Obligation, Series 2007	5.0-5.25	2007	2033	20,935	20,935
Municipal Golf:					
General Obligation:					
Series 2002 - Golf	5.0	2002	2010	32	5
Series 2002A - Golf	2.0-5.0	2002	2009	214	3
Total general obligations bonds					<u>8</u>
Certificate of Obligation, Series 1999	4.6-6.0	1999	2020	4,100	2,460
Total Municipal Golf					<u>2,468</u>
Net unamortized bond premium/discount and loss on refunding				n/a	9,246
Municipal Golf capital lease	3.24	2006	2010	302	132
Compensated absences	n/a	n/a	n/a	n/a	8,523
Landfill closure and postclosure liability	n/a	n/a	n/a	n/a	6,936
Arbitrage payable	n/a	n/a	n/a	n/a	213
Other post employment benefits obligation					10,767
Net pension obligation	n/a	n/a	n/a	n/a	10,084
Total business-type long-term debt					<u>\$ 849,051</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

G. 2. GOVERNMENTAL ACTIVITIES' DEBT

Long-term liabilities consist of General Obligation Bonds and Certificates of Obligation, as well as other long-term liabilities. Principal and interest payments on debt obligations are 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, 2008, \$15,607 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 2008, the City issued Equipment Notes, Series 2008 in the amount of \$25,000 for a fire apparatus and phase I of a new Human Resource/Payroll system. These notes will mature on March 1 of each year over the period from 2009 to 2015. Interest is payable March 1 and September 1 of each year commencing March 1, 2009. Total interest requirements for these notes, at a rate of 3.32 percent, aggregate \$2,942.

During fiscal year 2008, The Central City Local Government Corporation increased its bank construction loan \$35 for the purpose of completing construction of the parking facility on Magnolia Street. Interest rate for this loan is 4.75 percent.

During fiscal year 2008, the City borrowed an additional \$1,206 from the State Energy Conservation Office for Phase III of its program for energy conservation. Interest rate for this loan is 3.0 percent.

As of September 30, 2008, 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	\$ 112,795
Library Improvements	2/7/2004	4,490	4,090
Parks and Community Services Improvement	2/7/2004	21,615	6,615
Street Improvements	5/10/2008	150,000	150,000
Total Unissued		<u>\$ 409,005</u>	<u>\$ 273,500</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 from time to time at any one time have outstanding cannot exceed \$125 million. There was no outstanding commercial paper at year end. No commercial paper was issued during fiscal year 2008.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

G. 4. ENTERPRISE DEBT

Water and Sewer 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 and the Solid Waste System. Certain General Obligation Bonds also are recorded in the Water and Sewer Fund, Solid Waste Fund, Municipal Airport Fund and Municipal Golf Fund. These bonds have no specific claim against Water and Sewer, Solid Waste, Municipal Airport, or Municipal Golf revenues. However, debt service requirements are provided by the Water and Sewer Fund, Solid Waste Fund, Municipal Airport Fund and Municipal Golf 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, 2008, \$108,097 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 2007, the City drew down the sixth installment of the Water and Sewer System Subordinate Lien Revenue Bonds, Series 2005B of \$6,460. These bonds were also sold to the Texas Water Development Board. The sixth installment will mature on March 1 of each year from 2023 to 2024. Interest is payable March 1 and September 1 of each year commencing March 2008. Total interest requirements for the revenue bonds, at a rate of 2.95 percent, aggregate \$2,998 for sixth installment. The City has pledged future water and sewer customer revenues to pay \$54,310 Water and Sewer System Subordinate Lien Revenue Bonds, Series 2005B issued in fiscal years 2005 through 2008. Proceeds from the bonds provided financing for the extending and improving the City's combined water and sewer system and extending and improving the City's water system. The bonds are payable solely from water and sewer customer revenues and are payable through 2024.

In November 2007, the City issued Texas Water and Sewer System Subordinate Lien Revenue, Series 2007A, in the amounts of \$33,560 to fund improvements and extensions to the Sewer system. These certificates will mature on March 1 of each year over the period from 2009 to 2027. Interest is payable March 1 and September 1 of each year commenced on March 1, 2008. Total interest requirements for this certificate, at a rate of 1.75 to 2.55 percent, aggregate \$8,604. The City has pledged future water and sewer customer revenues to repay \$33,560 Water and Sewer System Subordinate Lien Revenue Bonds, Series 2007A. The bonds are payable solely from water and sewer customer revenues and are payable through 2027.

In November 2007, the City drew down the first installment of the Texas Water and Sewer System Subordinate Lien Revenue, Series 2007B, in the amounts of \$1,800 to fund improvements and extensions to the Water system. These first installment will mature on March 1, 2009. Interest is payable March 1 and September 1 of each year commencing September 1, 2008. Total interest requirements for this certificate, at a rate of 2.2 percent, aggregate \$52 for the first installment. The City has pledged future water and sewer customer revenues to repay \$1,800 Water and Sewer System Subordinate Lien Revenue Bonds, Series 2007B. The bonds are payable solely from water and sewer customer revenues and are payable through 2009.

In June 2008, the City issued Water and Sewer Revenue refunding bonds, Series 2008 in the amount of \$44,085 to refund \$43,950 water and sewer system bonds and to pay the cost associated with the bond issue. These bonds will mature on February 15 of each year from 2009 to 2024. Interest is payable February 15 and August 15 of each year commencing August 2008. Total interest requirements for these revenue bonds, at 3.88 percent aggregate \$15,391. U.S. Government, State, and Local Government Series securities were purchased and placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded \$43,950 of water and sewer bonds. As a result, the refunded bonds are considered to be defeased and the liability

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

is not reflected in the statement of net assets. This current refunding was undertaken due to the lack of demand for auction rate bonds with variable interest rates, the volatility in the auction rate market, and the chance of higher interest rates in the future. This refunding resulted in an economic gain of \$2,672 and an accounting loss of \$196. The City has pledged future water and sewer customer revenues to repay \$44,085 Water and Sewer Revenue refunding bonds, Series 2008.

In November 2007, the City issued Texas Drainage Utility System Revenue, Series 2007 in the amount of \$24,430 to fund capital improvements to improve storm drain, roadway culverts, erosion protection, and rehabilitation and replacement of existing infrastructure. These bonds will mature on February 15 of each year from 2008 to 2033. Interest is payable February 15 and August 15 of each year commencing February 2008. Total interest requirement for these bonds at 4.25 to 5.0 percent, aggregate \$18,759. The City has pledged future storm water revenues, to repay \$24,430 in Texas Drainage Utility System Revenue, Series 2007.

Net revenues of the City's enterprise funds defined as net operating income, plus depreciation expense, plus investment income, plus gas lease revenues 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, 2008, net pledged revenue by fund was as follows:

Fund	FY2008 Net Pledged Revenues	FY2008 Debt Service	Purpose of Debt
Water & Sewer Fund	\$ 133,467	\$ 80,551	Extending and improving the water and sewer system.
Municipal Airport	12,524	63	Airport capital improvements.
Municipal Golf	2,647	385	Capital improvements and equipment for golf facilities.
Solid Waste Fund	11,900	1,680	Landfill improvements.
Storm Water Fund	8,944	1,217	Improvements of storm drains, roadways, and erosion protection.
Municipal Parking	4,915	1,150	Construction of City owned parking garage.
	<u>\$ 174,397</u>	<u>\$ 85,046</u>	

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

The City has pledged airport, golf, solid waste, storm water and municipal parking net revenues to repay long-term bonded debt. The City reports the net revenues in non-major proprietary funds.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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, 2008, is disclosed by Governmental type as shown on the following pages.

Governmental Activities:								
Year					Convention			
Ending	General		Certificates of		Installment		Equipment Notes	
September	Obligations		Obligation		Obligation			
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>
2009	\$ 17,589	\$ 13,145	\$ 3,635	\$ 2,969	\$ 545	\$ 347	\$ 3,966	\$ 747
2010	19,381	12,351	2,665	2,799	575	316	3,782	687
2011	20,015	11,474	2,680	2,665	605	285	3,897	563
2012	17,885	10,640	2,690	2,530	635	252	3,555	437
2013	18,000	9,840	2,710	2,394	675	216	3,675	697
2014-2018	92,385	36,498	19,240	9,204	3,095	460	7,725	259
2019-2023	81,155	15,456	17,800	4,386	-	-	-	-
2024-2028	29,515	2,664	8,810	879	-	-	-	-
	<u>\$295,925</u>	<u>\$112,068</u>	<u>\$ 60,230</u>	<u>\$ 27,826</u>	<u>\$ 6,130</u>	<u>\$ 1,876</u>	<u>\$ 26,600</u>	<u>\$ 3,390</u>

(continued)

Governmental Activities:										
Year										
Ending	Helicopter		HUD Installment		Service Center		Fort Worth Housing			
September	Installment		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>	<u>Principal</u>	<u>Interest</u>
2009	\$ 105	\$ 2	\$ 661	\$ 516	\$ 455	\$ 976	\$ 73	\$ 587		
2010	-	-	682	477	475	958	78	582		
2011	-	-	704	437	490	938	83	577		
2012	-	-	727	395	515	918	88	572		
2013	-	-	752	351	535	897	94	566		
2014-2018	-	-	3,914	1,049	3,035	4,119	568	2,731		
2019-2023	-	-	1,368	114	3,765	3,387	776	2,522		
2024-2028	-	-	-	-	4,740	2,411	1,061	2,237		
2029-2033	-	-	-	-	6,045	1,105	1,451	1,848		
2034-2038	-	-	-	-	1,395	34	1,983	1,316		
2039-2043	-	-	-	-	-	-	2,710	588		
2044-2048	-	-	-	-	-	-	430	10		
	<u>\$ 105</u>	<u>\$ 2</u>	<u>\$ 8,808</u>	<u>\$ 3,339</u>	<u>\$ 21,450</u>	<u>\$ 15,743</u>	<u>\$ 9,395</u>	<u>\$ 14,136</u>		

(continued)

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Governmental Activities:								
Year							Total	
Ending	State Energy		State Energy		Wells Fargo		Governmental	
September	Conservation Loan		Conservation Loan		Loan		Type	
30,	Phase I & II		Phase III					
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 600	\$ 126	\$ 404	\$ 195	\$ 32	\$ 12	\$ 28,065	\$ 19,622
2010	619	108	466	133	42	10	28,765	18,421
2011	637	89	481	119	52	9	29,644	17,156
2012	657	70	495	104	66	6	27,313	15,924
2013	677	50	510	89	77	2	27,705	15,102
2014-2018	1,243	165	2,644	351	-	-	133,849	54,836
2019-2023	-	-	-	-	-	-	104,864	25,865
2024-2028	-	-	-	-	-	-	44,126	8,191
2029-2033	-	-	-	-	-	-	7,496	2,953
2034-2038	-	-	-	-	-	-	3,378	1,350
2039-2043	-	-	-	-	-	-	2,710	588
2044-2048	-	-	-	-	-	-	430	10
	<u>\$ 4,433</u>	<u>\$ 608</u>	<u>\$ 5,000</u>	<u>\$ 991</u>	<u>\$ 269</u>	<u>\$ 39</u>	<u>\$ 438,345</u>	<u>\$ 180,018</u>

(completed)

The City has three blended component units whose long-term debt is paid through revenues transferred from discretely presented component units (TIFs). TIF2A makes debt service payments on Fort Worth Sports Authority's \$15,903 debt obligation. TIF4 makes debt service payments on Central City Local Government Corp's \$2,596 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, the City has two additional obligations with no predeterminable debt payment schedules – Fort Worth Housing Finance Fannie Mae Loan (\$1,000) and Beechwood Bridge Obligation (\$1,287).

The annual requirements to amortize all Major Fund Business-Type bonded and contractual debt outstanding as of September 30, 2008 is as follows:

Major Business-Type Activities:								
Year							Total	
Ending	Water and Sewer		Water and Sewer		Water and Sewer		Major	
September	Revenue		GO		TRA		Business-Type	
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>
2009	\$ 51,335	\$ 31,540	\$ 71	\$ 5	\$ 425	\$ 376	\$ 51,831	\$ 31,921
2010	48,900	29,413	61	2	445	358	49,406	29,773
2011	51,045	27,231	-	-	470	339	51,515	27,570
2012	53,270	24,906	-	-	495	320	53,765	25,226
2013	49,960	22,557	-	-	520	299	50,480	22,856
2014-2018	258,055	77,446	-	-	3,040	1,125	261,095	78,571
2019-2023	166,800	27,511	-	-	3,095	319	169,895	27,830
2024-2028	54,400	3,946	-	-	-	-	54,400	3,946
	<u>\$733,765</u>	<u>\$244,550</u>	<u>\$ 132</u>	<u>\$ 7</u>	<u>\$ 8,490</u>	<u>\$ 3,136</u>	<u>\$ 742,387</u>	<u>\$247,693</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

The annual requirements to amortize all Non-Major Fund Business-Type bonded and contractual debt outstanding as of September 30, 2008 is as follows:

Non-Major Business-Type Activities:									
Year	Municipal		Municipal		Municipal		Municipal		
Ending	Golf		Golf		Parking		Airports		
September	GO		CO		CO		CO		
30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 6	\$ -	\$ 205	\$ 121	\$ 100	\$ 1,086	\$ 55	\$ 5	
2010	2	-	205	111	300	1,076	55	1	
2011	-	-	205	101	480	1,056	-	-	
2012	-	-	205	91	505	1,032	-	-	
2013	-	-	205	80	530	1,006	-	-	
2014-2018	-	-	1,025	243	3,080	4,592	-	-	
2019-2023	-	-	410	22	3,990	3,683	-	-	
2024-2028	-	-	-	-	5,195	2,483	-	-	
2029-2033	-	-	-	-	6,755	923	-	-	
	\$ 8	\$ -	\$ 2,460	\$ 769	\$ 20,935	\$ 16,937	\$ 110	\$ 6	

(continued)

Non-Major Business-Type Activities (continued):									
Year	Solid		Solid		Stormwater		Total		
Ending	Waste		Waste		Utility		Non-Major		
September	CO		Equipment Notes		Revenue		Business-Type		
30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2009	\$ 440	\$ 323	\$ 1,185	\$ 188	\$ 520	\$ 1,158	\$ 2,511	\$ 2,881	
2010	435	303	1,226	146	545	1,135	2,768	2,772	
2011	435	284	2,975	65	570	1,112	4,665	2,618	
2012	435	264	169	10	595	1,087	1,909	2,484	
2013	435	245	175	5	620	1,061	1,965	2,397	
2014-2018	2,175	930	-	-	3,545	4,861	9,825	10,626	
2019-2023	2,175	441	-	-	4,510	3,890	11,085	8,036	
2024-2028	870	39	-	-	5,790	2,609	11,855	5,131	
2029-2033	-	-	-	-	7,425	966	14,180	1,889	
	\$ 7,400	\$ 2,829	\$ 5,730	\$ 414	\$ 24,120	\$ 17,879	\$ 60,763	\$ 38,834	

(concluded)

G.6. ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2008, the liability for rebate of arbitrage was \$38 for governmental activities and \$213 for business-type activities. This amount is included in the "Due in More Than One Year" on the statement of net assets.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

G. 7. LEASES

Obligations under capital leases represent the remaining principal amounts payable under lease purchase agreements for the acquisition of golf maintenance equipment. These leases are recorded as capital leases in the Golf Fund. Amortization of the leased assets is included in depreciation expense in the Proprietary Funds. This leased equipment has an original cost totaling \$302.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2008:

Capital lease obligations, October 1, 2007	\$187
Principal payments	55
Capital lease obligations, September 30, 2008	<u>\$132</u>

Future minimum lease payments for this lease are as follows:

Year Ending <u>September 30,</u>	Lease <u>Payments</u>
2009	\$ 62
2010	68
2011	7
Total minimum future lease payments	137
Less: Amount representing interest	<u>(5)</u>
Present value of net minimum lease payments	<u>\$ 132</u>

The following schedule provides an analysis of the City's investment in capital assets under lease arrangements as of September 30, 2008:

Equipment	\$ 302
Less: accumulated depreciation	<u>(181)</u>
Total net book value of lease assets	<u>\$ 121</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 84 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2008:

Year Ending <u>September 30,</u>	
2009	\$2,240
2010	2,357
2011	2,217
2012	1,265
2013-2014	<u>952</u>
Total minimum payments required	<u>\$9,031</u>

Total rental expense for the year was \$2,579.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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 \$15,903, payable through 2026. 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. 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.

At September 30, 2008, the following outstanding bonds are considered defeased:

General Obligation Bonds and Certificates of Obligation <i>Series 1990 through 2005</i>	\$ 46,680
Water and Sewer System Revenue Bonds <i>Series 1997 through 2001</i>	<u>41,365</u>
Bonds defeased	<u>\$ 88,045</u>

G. 9. 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 \$125,745 is outstanding as of September 30, 2008. The bonds do not constitute a debt of the Authority or of the City of Fort Worth.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

On March 1, 1997, the Fort Worth Higher Education Finance Corporation issued Higher Education Revenue Refunding and Improvement Bonds, Series 1997A in the amount of \$11,000 of which \$6,621 is outstanding as of September 30, 2008. The bonds do not constitute a debt of the Corporation 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, 2008, \$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, 2008, \$357,130 is outstanding. The bonds do not constitute a debt of the Authority or of the City of Fort Worth.

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 \$6,936 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2008. This represents the cumulative amount reported to date based on the use of 66 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$3,496 as the remaining estimated capacity is filled. 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, 2008, the City reported cash and cash equivalents of \$6,167 as restricted assets for closure and postclosure care pursuant to its practice and has \$752 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

NOTE I: INVESTMENT IN 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.

The Cities executed an agreement with the Airport, which provided for the Airport to pay \$30,000 over a maximum of 15 years to reduce the Cities' initial capital investment in land. As of September 30, 2008, the Airport has substantially refunded the City's initial capital investment in the joint venture.

Joint Revenue Bonds and Special Facility Revenue Bonds were issued to construct the Airport. Concurrent Bond Ordinances provide that the Board shall set rentals, rates, fees and charges such that they are sufficient to produce in each fiscal year gross revenues adequate to pay (a) the operation and maintenance expenses, (b) 1.25 times the amount required to be deposited into the Joint Revenue Bonds Interest and Sinking Fund and (c) an amount equal to any other obligations payable from the revenues of the Airport. The Special Facility Revenue Bonds are payable from and secured by the net lease rentals derived from the special facilities. Outstanding debt and related debt service are accounted for by the Dallas/Fort Worth International Airport. The current portion of the Joint Revenue and the Special Facility Revenue Bonds payable totaled \$52,160 at September 30, 2008. The long-term portion of the Joint Revenue and the Special Facility Revenue Bonds at September 30, 2008, was \$3,642,155.

As of September 30, 2008, total assets of the Airport were \$5,650,429, with total liabilities of \$4,111,979 and net assets of \$1,538,450. For the year ended September 30, 2008, the Airport had operating revenues of \$627,160 operating expenses of \$566,023, capital contributions and non-operating revenues, net of expenses of \$(7,780) and change in net assets of \$53,357.

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 management believes preclude the need for a maintenance tax. To date, no maintenance tax has been levied by the Cities.

Financial statements of this entity are not included in the City's financial statements since this entity is not under the sole control of the Fort Worth City Council, but are available at the City's Finance Department.

**CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)**

(continued)

NOTE J: EMPLOYEES' RETIREMENT FUND 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 was 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 based on current and projected assets and liabilities.

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 City 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 years ended September 30, 2008 was approximately \$362,000 and total payroll was approximately \$376,000.

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.

During 2006 the Plan moved its actuarial valuation from a fiscal year end to calendar year end to more closely match how the membership's benefits are calculated.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

As of January 1, 2008 (date of most recent actuarial valuation) and January 1, 2007, the Plan's membership consisted of the following members:

	January 1, 2008	January 1, 2007
Retirees currently receiving benefits	2,377	2,341
Beneficiaries currently receiving benefits	827	818
Terminated employees entitled to benefits but not yet paid	249	199
	<u>3,453</u>	<u>3,358</u>
Current employees		
Vested	4,154	4,003
Nonvested	2,245	1,904
Total	<u>6,399</u>	<u>5,907</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 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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.

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. Nonvested members who become totally disabled receive a refund of contributions, plus interest.

Obligation to Contribute to the Plan – Effective the first payroll of fiscal year 2008 the City shall contribute to the Plan an amount equal to 15.74% (16.46% 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. This contribution rate was an increase from the previous year's rate of 10.74% and 11.46% for sworn police officers. No additional contributions were made during 2008. 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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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, 2008, valuation shows that the unfunded accrued actuarial liability of the City Plan decreased by approximately \$174,000 from the valuation prepared as of January 1, 2007 due mainly to the change in plan provisions related to the ad-hoc COLA. The funded ratio of the City Plan increased from 80.2% to 88.5%, with a funding period of 13.8 years. The table below represents the most recent actuarial determined funding progress of the Plan, an 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
<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(3)-(2)</u>	<u>(2)/(3)</u>	<u>(6)</u>	<u>(4)/(6)</u>
<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>
1/1/2008	\$ 1,821,700	\$ 2,059,200	\$ 237,500	88.5%	\$ 359,300	66.1%

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2008 actuarial valuation:

Valuation Date	January 1, 2008
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	8.5%
Projected salary increases	5.25%-29.75%
Cost-of-living adjustments	2.0%
Includes inflation at:	3.0%

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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

	September 30, 2006	September 30, 2007	September 30, 2008
Annual required contribution	\$ 52,057	\$ 60,144	\$ 70,369
Interest on net pension obligation	1,963	3,527	5,572
Adjustment to annual required contribution	(1,337)	(2,663)	(3,536)
Annual pension cost	52,683	61,008	72,405
Contributions made	34,267	37,308	57,624
Increase (decreases) in net pension obligation	18,416	23,700	14,781
Net pension obligation beginning of year	23,089	41,505	65,205
Net pension obligation end of year	<u>\$ 41,505</u>	<u>\$ 65,205</u>	<u>\$ 79,986</u>
Percentage of annual pension cost contributed	65.0%	61.2%	79.6%

The net pension obligation as of September 30, 2008 is reported in the Governmental Activities and Business-Type Activities statement of net assets as \$69,902 and \$10,084, respectively.

NOTE K: EMPLOYEE BENEFITS

K. 1. POST EMPLOYMENT BENEFITS

Plan Descriptions

In addition to the pension benefits described in Note J, the City of Fort Worth provides post employment 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 2,469 retirees and beneficiaries meet those eligibility requirements. The City also provided 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 issues stand-alone financial statements.

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. 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. During fiscal year 2008, the City implemented GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. As a result, the City now records in its financial statements the benefits paid to employees other than pensions as a liability to paid in future years. The City's health care plan and death benefit plan qualify for reporting under GASB 45. In the first year of implementation of GASB 34, the City's beginning liability for both plans was zero.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Funding Policies

For the health care benefits and the death benefit, contractual requirements for the City are established and may be amended by the City Council. During the fiscal year 2008, 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 40 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 post employment health care are recognized as claims or premiums when paid. During fiscal year 2008, the cost for health care benefits for retirees, dependents and surviving spouses was \$17,720. For fiscal year 2008, death benefit payments totaled \$332.

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 the current year and the related information for each plan are as follows (dollar amounts in thousands):

Funding Policy and Annual OPEB Cost	<u>Healthcare</u>	<u>Death Benefit</u>
Contribution Rates		
City	33% - 100% *	100%
Plan members	0% - 67% *	N/A
Annual required contribution	\$ 102,562	\$ 872
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	102,562	872
Contributions made	<u>(17,720)</u>	<u>(332)</u>
Increase in net OPEB obligation	84,842	540
Net OPEB obligation—beginning of year	-	-
Net OPEB obligation—end of year	<u>\$ 84,842</u>	<u>\$ 540</u>
Percentage of annual OPEB cost contributed	17.3%	38.1%

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

At September 30, 2008, the total liability of \$85,382 for Net OPEB obligation was \$74,615 for governmental activities and \$10,767 for business-type activities.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 for each of the plans are as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
Healthcare			
9/30/2006	N/A	N/A	N/A
9/30/2007	N/A	N/A	N/A
9/30/2008	\$ 102,562	17%	\$ 84,842
Death Benefit			
9/30/2006	N/A	N/A	N/A
9/30/2007	N/A	N/A	N/A
9/30/2008	\$ 872	38%	\$ 540

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2008 was as follows:

	Healthcare	Death Benefit
Actuarial accrued liability (a)	\$ 976,135	\$ 10,253
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (funding excess) (a) – (b)	\$ 976,135	\$ 10,253
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	359,308	359,308
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $([(a) - (b)] / (c))$	272%	3%

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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

Significant methods and assumptions were as follows:

	<u>Healthcare</u>	<u>Death Benefit</u>
Actuarial valuation date	9/30/2008	9/30/2008
Actuarial cost method	Unit Credit	Unit Credit
Amortization method	Straight-line	Straight-line
Remaining amortization period	30	30
Asset valuation method	N/A	N/A
Actuarial assumptions:		
Investment rate of return*	4%	4%
Healthcare inflation rate*	11% initial, 5% ultimate	11% initial, 5% ultimate
* Includes an inflation assumption of 5.0 percent.		

K. 2. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The 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 plan in these basic financial statements. Deferred compensation investments are held by outside trustees. 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 Plan, available to all permanent City employees, permits them to defer until future years up to \$15. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE L: COMMITMENTS AND CONTINGENCIES

The City has executed a long-term supply agreement with Tarrant County Water Control and Improvement District #1 (District) for all of its raw water needs whereby the City makes monthly payments to fund its water purchases. The fiscal year 2008 payments to the District under the agreement were \$38,420. Future payments will be a direct result of future water usage.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

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 of September 30, 2008, no such liability has 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, 2008, composed of the following:

	Project Authorization	Expended to September 30, 2008	Committed
Governmental Activities			
Fixed Assets	\$ 344,657	\$ 179,478	\$ 165,179
Water and Sewer	486,174	286,241	199,933
Total	<u>\$ 830,831</u>	<u>\$ 465,719</u>	<u>\$ 365,112</u>

Various other claims and lawsuits are pending against the City. At September 30, 2008, the City recorded liabilities of \$44,161 for such judgments and claims.

In addition to these potential liabilities, a U.S. Department of Housing and Urban Development grant (HUD) liability of \$1,151 is reflected in the financial statements, pending resolution of certain Single Audit findings.

NOTE M: CONDENSED FINANCIAL INFORMATION FOR COMPONENT UNITS AND NON-MAJOR ENTERPRISE FUNDS

M.1. COMPONENT UNITS

Fort Worth Public Improvement Districts No. 1 (FWPID #1) No. 6 (FWPID #6), No. 7 (FWPID #7), Taxing Increment Reinvestment Zone No., 3 (TIRZ #3), No. 4 (TIRZ #4), No.6 (TIRZ #6), No. 8 (TIRZ #8) and No. 9 (TIRZ #9) are the significant discretely presented component units. Fort Worth Public Improvement Districts No. 8, No. 11 and No. 12, and Taxing Increment Reinvestment Zones No. 2A, 2B, 3A, 7, 10, 11 and 12 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, 2008
(000's omitted)

(continued)

Condensed financial information for all component units is presented below:

Condensed Schedule of Net Assets:

	FWPID #1	FWPID #6	FWPID #7	TIRZ #3	TIRZ #4	TIRZ #6	TIRZ #8	TIRZ #9	OTHER	TOTAL
Current Assets	\$ 1,019	\$ 601	\$ 365	\$2,880	\$3,216	\$ 462	\$ 1,732	\$2,840	\$2,803	\$15,918
Receivables	8	19	7	22	30	7	9	6	28	136
Liabilities	<u>312</u>	<u>112</u>	<u>97</u>	<u>23</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>603</u>
Total Net Assets	<u>\$ 715</u>	<u>\$ 508</u>	<u>\$ 275</u>	<u>\$2,879</u>	<u>\$3,208</u>	<u>\$ 469</u>	<u>\$ 1,741</u>	<u>\$2,846</u>	<u>\$2,810</u>	<u>\$15,451</u>

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

	FWPID #1	FWPID #6	FWPID #7	TIRZ #3	TIRZ #4	TIRZ #6	TIRZ #8	TIRZ #9	OTHER	TOTAL
Revenues	\$ 2,090	\$ 1,344	\$ 1,126	\$4,390	\$3,904	\$ 1,514	\$ 2,297	\$1,428	\$3,589	\$21,682
Expenses	<u>1,858</u>	<u>1,183</u>	<u>1,068</u>	<u>4,462</u>	<u>2,894</u>	<u>1,708</u>	<u>897</u>	<u>-</u>	<u>2,711</u>	<u>16,781</u>
Change In Net Assets	232	161	58	(72)	1,010	(194)	1,400	1,428	878	4,901
Total Net Assets Beginning	<u>483</u>	<u>347</u>	<u>217</u>	<u>2,951</u>	<u>2,198</u>	<u>663</u>	<u>341</u>	<u>1,418</u>	<u>1,932</u>	<u>10,550</u>
Total Net Assets Ending	<u>\$ 715</u>	<u>\$ 508</u>	<u>\$ 275</u>	<u>\$2,879</u>	<u>\$3,208</u>	<u>\$ 469</u>	<u>\$ 1,741</u>	<u>\$2,846</u>	<u>\$2,810</u>	<u>\$15,451</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

M.2. NON-MAJOR ENTERPRISE FUNDS

Condensed financial information for the City's non-major enterprise funds is presented below:

	Municipal Airports Fund	Municipal Parking Fund	Municipal Golf Fund	Stormwater Utility Fund	Solid Waste Fund	Total Nonmajor Enterprise Funds
Condensed Schedule of Net Assets						
Assets						
Current assets	\$ 15,488	\$ 15,962	\$ 4,056	\$ 37,648	\$ 42,975	\$ 116,129
Other assets	1	71	17	108	21	218
Capital assets	157,855	20,679	5,559	11,552	14,230	209,875
Total assets	<u>173,344</u>	<u>36,712</u>	<u>9,632</u>	<u>49,308</u>	<u>57,226</u>	<u>326,222</u>
Liabilities						
Due to other funds	137	-	-	-	-	137
Other current liabilities	518	3,997	566	1,870	5,509	12,460
Advances from other funds	351	-	3,821	-	-	4,172
Other noncurrent liabilities	842	22,047	3,590	25,904	27,794	80,177
Total liabilities	<u>1,848</u>	<u>26,044</u>	<u>7,977</u>	<u>27,774</u>	<u>33,303</u>	<u>96,946</u>
Net assets						
Invested in capital assets, net of related debt	157,618	3,852	2,972	6,099	6,799	177,340
Restricted	33	2,980	1,114	1,137	71	5,335
Unrestricted	13,845	3,836	(2,431)	14,298	17,053	46,601
Total net assets	<u>\$ 171,496</u>	<u>\$ 10,668</u>	<u>\$ 1,655</u>	<u>\$ 21,534</u>	<u>\$ 23,923</u>	<u>\$ 229,276</u>
Condensed Schedule of Revenues, Expenses and Changes in Net Assets						
Operating revenues	\$ 3,413	\$ 4,099	\$ 5,204	\$ 17,760	\$ 48,799	\$ 79,275
Depreciation expense	7,231	52	435	1,257	611	9,586
Other operating expenses	5,246	445	5,598	9,199	40,343	60,831
Operating income (loss)	<u>(9,064)</u>	<u>3,602</u>	<u>(829)</u>	<u>7,304</u>	<u>7,845</u>	<u>8,858</u>
Nonoperating revenues (expenses):						
Investment income	230	1,305	25	1,208	1,583	4,351
Interest expense	(3)	(89)	(141)	(883)	(524)	(1,640)
Gas leases and royalties	14,428	-	3,481	-	2,573	20,482
Other nonoperating revenues (expenses)	(1,564)	-	1	78	2,557	1,072
Capital contributions	5,437	-	-	31	-	5,468
Transfers in	27	402	125	67	498	1,119
Transfers out	(20)	(3,348)	(10)	(315)	(4,162)	(7,855)
Change in net assets	<u>9,471</u>	<u>1,872</u>	<u>2,652</u>	<u>7,490</u>	<u>10,370</u>	<u>31,855</u>
Beginning net assets	162,025	8,796	(997)	14,044	13,553	197,421
Ending net assets	<u>\$ 171,496</u>	<u>\$ 10,668</u>	<u>\$ 1,655</u>	<u>\$ 21,534</u>	<u>\$ 23,923</u>	<u>\$ 229,276</u>
Condensed Schedule of Cash Flows						
Net cash provided (used) by:						
Operating activities	\$ (3,305)	\$ 3,002	\$ 56	\$ 9,678	\$ 7,365	\$ 16,796
Noncapital financing activities	12,798	(2,946)	2,961	(170)	1,623	14,266
Capital and related financing activities	(72)	(13,540)	(491)	10,973	(2,273)	(5,403)
Investing activities	214	1,243	19	1,128	1,494	4,098
Net increase (decrease)	<u>9,635</u>	<u>(12,241)</u>	<u>2,545</u>	<u>21,609</u>	<u>8,209</u>	<u>29,757</u>
Beginning cash and cash equivalents	3,495	27,979	1,332	11,349	27,881	72,036
Ending cash and cash equivalents	<u>\$ 13,130</u>	<u>\$ 15,738</u>	<u>\$ 3,877</u>	<u>\$ 32,958</u>	<u>\$ 36,090</u>	<u>\$ 101,793</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

NOTE N: SUBSEQUENT EVENTS

On October 7, 2008, the City issued General Obligation Bonds Series 2008 in the amount of \$49,650. The proceeds will be used to finance various library system and street improvements.

On October 7, 2008, the City issued Combination Tax and Revenue Certificates of Obligation Series 2008 in the amount of \$63,150. The proceeds will be used to finance various critical capital projects and cost overruns from the 2004 Capital Improvement Program.

On December 15, 2008, the City issued Water and Sewer System Subordinate Lien Revenue Bonds, Series 2005B – Seventh Installment for \$4,645. The proceeds will be used to finance various water system and treatment improvements.

On February 26, 2009 the City issued Combination Tax and Will Rodgers Memorial Center Complex Revenue Certificates of Obligation Series 2009 in the amount of \$27,135. The proceeds will be used to finance the construction and equipping of the “Will Rodgers/Cultural District Parking System Improvements Project.”

Subsequent to September 30, 2008 the market values of investments experienced declines in fair value. The City of Fort Worth has holdings in government supported bonds. One of the U.S. Treasury Department's objectives for a conservatorship is to protect bondholders. As such, declines in fair value below cost for investments in Freddie Mac and Fannie Mae bonds (that is, debt securities) may be treated as temporary. At year end the City's intent is to hold the bonds until they recover.

NOTE O: NEW ACCOUNTING STANDARDS

In December 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies situations in which a government is required to report obligations relating to pollution remediation, estimate expected outlays for the remediation, and disclose information about pollution obligations associated with clean up efforts. This statement is effective for the City's financial periods beginning after December 15, 2007.

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement requires that all intangible assets not excluded by its scope provisions be classified as capital assets.

The statement requires that assets only be recognized in Statement of Net Assets if identifiable. Outlays associated with the development of the asset should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. Intangible assets determined to have an indefinite useful life should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances. The City of Fort Worth is classified as a phase 1 government for the purpose of GASB 34, and will be required to retroactively report any intangible assets acquired for any fiscal years ending after June 30, 1980. This statement is effective for the City's financial periods beginning after June 15, 2009.

In November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investment by Endowments*. This statement establishes consistent standards for reporting of land and other real estate held as investments by essentially similar entities, and requires that land and other real estate investments be reported at fair value. Governments also are required to report the changes in fair value of investment income and to disclose the methods and significant assumptions employed to determine fair value. This statement is effective for the City's financial periods beginning after June 15, 2008.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008
(000's omitted)

(continued)

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement is effective for the City's financial periods beginning after June 15, 2009.

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. Fund balance amounts will be reported in the following classifications: restricted, committed, assigned, and unassigned. This statement is effective for the City's financial periods beginning after June 15, 2010.

The City has not yet determined the effect on the City's financial statements or disclosures for the implementation of these new accounting standards.



Alliance Town Center at Heritage Trace and I-30

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
General Property Taxes	\$ 324,908	\$ 324,908	\$ 317,546	\$ (7,362)
Other Local Taxes	123,615	123,615	131,784	8,169
Charges for Services	15,654	15,607	16,107	500
Licenses and Permits	52,243	52,243	52,475	232
Fines and Forfeitures	13,681	13,727	13,744	17
Revenue from Use of Money and Property	8,175	8,005	8,905	900
Investment Income	9,850	9,850	6,184	(3,666)
Intergovernmental	1,068	1,068	506	(562)
Gas Leases and Royalties	350	350	652	302
Other	6,516	6,835	5,622	(1,213)
Contributions	-	-	2	2
Total Revenue	<u>556,060</u>	<u>556,208</u>	<u>553,527</u>	<u>(2,681)</u>
Expenditures:				
Current:				
General Administration	96,732	97,643	90,248	7,395
Public Safety	267,361	269,998	267,597	2,401
Transportation and Public Works	35,636	37,908	35,039	2,869
Parks and Community Services	33,693	33,781	33,690	91
Public Library	17,641	17,393	17,160	233
Public Health	9,318	9,048	8,907	141
Public Events and Facilities	21,430	23,182	22,261	921
Planning and Development	12,600	12,415	11,705	710
Housing	2,365	2,282	2,123	159
Capital Outlay	3,041	7,782	6,846	936
Debt Service:				
Principal Retirement	23	23	23	-
Interest and Service Charges	13	14	14	-
Total Expenditures	<u>499,853</u>	<u>511,469</u>	<u>495,613</u>	<u>15,856</u>
Excess of Revenues Over Expenditures	<u>56,207</u>	<u>44,739</u>	<u>57,914</u>	<u>13,175</u>
Proceeds from Loans	-	6,183	6,183	-
Proceeds from Sale of Property	-	239	193	(46)
Transfers In - Other Funds	27,261	28,464	32,396	3,932
Transfers Out - Other Funds	(75,744)	(75,751)	(76,057)	(306)
Total Other Financing Sources (Uses)	<u>(48,483)</u>	<u>(40,865)</u>	<u>(37,285)</u>	<u>3,580</u>
Net Change in Fund Balance	7,724	3,874	20,629	16,755
Fund Balance, Beginning of Year	102,026	102,026	102,026	-
Fund Balance, End of Year	<u>\$ 109,750</u>	<u>\$ 105,900</u>	<u>\$ 122,655</u>	<u>\$ 16,755</u>

**CITY OF FORT WORTH, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY
SEPTEMBER 30, 2008
(000's omitted)**

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 reflected in the basic financial statements:

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 basis consistent with generally accepted accounting principles. 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 Crime Control and Prevention District Fund is included in the Special Revenue Funds and has a legally adopted budget that is reflected as supplemental information in the Combining Financial Statement section. This budget must first be approved by a seven member board of directors appointed by the City Council and then is legally enacted by the City Council prior to September 30. The Crime Control and Prevention District Board of Directors as well as the City Council must approve any transfer of appropriation balances or portions thereof from one department to another. At the close of each fiscal year the appropriated balance in the Crime Control and Prevention District Fund 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 general purpose financial statements for such funds. 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 \$11,616 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 the unreserved fund balance.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEE'S 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	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
10/1/2002	\$ 1,237,000	\$ 1,519,400	\$ 282,400	81.4%	\$ 246,800	114.4%
10/1/2003	1,351,200	1,556,900	205,700	86.8%	238,500	86.2%
10/1/2004	1,376,300	1,732,200	355,900	79.5%	286,700	124.1%
10/1/2005	1,482,900	1,894,300	411,400	78.3%	317,100	129.7%
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%

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

Year Ended	Annual Required Contribution	Percentage Contributed
September 30, 2003	\$ 27,892	100%
September 30, 2004	40,367	72%
September 30, 2005	43,276	73%
September 30, 2006	52,057	65%
September 30, 2007	60,144	61%
September 30, 2008	70,369	80%

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 (AVA) (a)	Actuarial Liability (AAL) (b)	Unfunded Actuarial Liability (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as % of Payroll ((b - a) / c)
Healthcare 9/30/08	\$ -	\$ 976,135	\$ 976,135	0%	\$ 359,308	272%
Death Benefit 9/30/08	\$ -	\$ 10,253	\$ 10,253	0%	\$ 359,308	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
Healthcare 9/30/08	\$ 102,562	17%
Death Benefit 9/30/08	872	38%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

Non-Major 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 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 trust funds, which are varied in purpose. Financing for this fund is provided by various organizations and individuals.

Other Blended Component Units 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).

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

The Fort Worth Fund was created in 2008 to aggregate specific gas well revenues from Water and Sewer Fund, Airport Fund, and Parks and Community land 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 W. 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 was created in fiscal year 2007 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.



Ella Mae Shamblee Library at 1062 Evans Avenue

**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008
(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	\$ 31,239	\$ 7,031	\$ 6,648	\$ 2,759
Receivables:				
Grants and Other Governments	8,127	-	33	-
Levied, Unbilled Assessments	-	-	-	-
Loans	-	-	1,784	-
Interest	234	61	87	9
Accounts and Other	2	368	4	-
Allowance for Uncollectible Accounts	-	-	-	-
Due from Other Funds	-	-	-	-
Inventories (at Cost)	-	-	914	-
Advances to Other Funds	-	-	-	-
Prepays, Deposits, and Other	-	-	76	-
Long-Term Loans Receivable	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	5,470	-
Cash and Investments Held by Trustees	-	-	1,134	-
Interest Receivable	-	-	-	-
Total Assets	<u>\$ 39,602</u>	<u>\$ 7,460</u>	<u>\$ 16,150</u>	<u>\$ 2,768</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 7	\$ -
Construction Payable	1,599	179	108	-
Escrow Accounts	-	-	1	-
Accrued Payroll	1,094	63	-	-
Accrued Interest	-	322	-	-
Due to Other Funds	-	-	-	-
Other	-	-	70	-
Payable from Restricted Assets:				
Advances from Other Funds	-	-	-	-
Deferred Revenue	-	-	28	-
Total Liabilities	<u>2,693</u>	<u>564</u>	<u>214</u>	<u>-</u>
Fund Balances (Deficit):				
Reserved for Encumbrances	2,384	-	-	-
Reserved for HUD Projects	-	-	-	-
Reserved for Long Term Loans Receivables	-	-	-	-
Reserved for Inventories	-	-	914	-
Reserved for Advances	-	-	-	-
Reserved for Prepays	-	-	76	-
Unreserved:				
Designated for Authorized Expenditures	34,525	-	14,946	2,768
Undesignated	-	6,896	-	-
Total Fund Balances(Deficit)	<u>36,909</u>	<u>6,896</u>	<u>15,936</u>	<u>2,768</u>
Total Liabilities and Fund Balances	<u>\$ 39,602</u>	<u>\$ 7,460</u>	<u>\$ 16,150</u>	<u>\$ 2,768</u>

Special Revenue Funds

HUD 108 Loan	Special Projects	Other Blended Component Units	Grants	Other Special Revenue Funds	The Fort Worth Fund	Special Revenue Funds Subtotal
\$ -	\$ 33,237	\$ 879	\$ 663	\$ 449	\$ -	\$ 82,905
-	-	-	19,668	-	-	27,828
-	-	-	-	-	-	-
-	-	-	1,846	-	-	3,630
7	68	-	70	1	1	538
-	90	-	-	-	2,248	2,712
-	(90)	-	-	-	-	(90)
-	-	-	-	-	-	-
-	-	-	-	-	-	914
-	-	-	-	-	-	-
-	-	-	1,463	-	-	1,539
1,089	-	-	8,774	-	-	9,863
-	20	-	-	-	15,672	21,162
6,991	111	-	-	-	-	8,236
-	-	-	-	-	9	9
<u>\$ 8,087</u>	<u>\$ 33,436</u>	<u>\$ 879</u>	<u>\$ 32,484</u>	<u>\$ 450</u>	<u>\$ 17,930</u>	<u>\$ 159,246</u>
\$ -	\$ 111	\$ -	\$ -	\$ 221	\$ 2	\$ 341
221	921	51	1,621	1	7	4,708
-	903	-	61	3	-	968
1	390	-	1,027	-	-	2,575
-	-	4,974	-	-	-	5,296
-	736	-	3,575	-	-	4,311
-	-	-	-	-	-	70
521	-	-	-	-	-	521
-	-	-	33,084	-	-	33,112
<u>743</u>	<u>3,061</u>	<u>5,025</u>	<u>39,368</u>	<u>225</u>	<u>9</u>	<u>51,902</u>
-	-	-	-	-	-	2,384
8,808	-	-	-	-	-	8,808
1,089	-	-	-	-	-	1,089
-	-	-	-	-	-	914
-	-	-	-	-	-	-
-	-	-	1,463	-	-	1,539
(2,553)	30,375	(4,146)	-	-	-	75,915
-	-	-	(8,347)	225	17,921	16,695
<u>7,344</u>	<u>30,375</u>	<u>(4,146)</u>	<u>(6,884)</u>	<u>225</u>	<u>17,921</u>	<u>107,344</u>
<u>\$ 8,087</u>	<u>\$ 33,436</u>	<u>\$ 879</u>	<u>\$ 32,484</u>	<u>\$ 450</u>	<u>\$ 17,930</u>	<u>\$ 159,246</u>

(continued)

**CITY OF FORT WORTH, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2008
 (in 000's)**

	Capital Projects Funds			
	Fire Protection Improvements Fund	Street Improvements Fund	Parks and Community Services Improvements	Public Events Improvements Fund
ASSETS				
Cash, Cash Equivalents and Investments	\$ 6,604	\$ 66,422	\$ 46,902	\$ 1,645
Receivables:				
Grants and Other Governments	-	31	-	-
Levied, Unbilled Assessments	-	2,082	-	-
Loans	-	-	-	-
Interest	4	163	294	-
Accounts and Other	-	312	517	-
Allowance for Uncollectible Accounts	-	(2,082)	-	-
Due from Other Funds	-	2,163	-	-
Inventories (at Cost)	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepays, Deposits, and Other	-	2,876	-	-
Long-Term Loans Receivable	-	-	-	-
Restricted Assets:				
Cash and Cash Equivalents	-	-	-	-
Cash and Investments Held by Trustees	-	5,992	54	-
Interest Receivable	-	-	-	-
Total Assets	<u>\$ 6,608</u>	<u>\$ 77,959</u>	<u>\$ 47,767</u>	<u>\$ 1,645</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Construction Payable	496	6,006	803	3
Escrow Accounts	-	-	-	-
Accrued Payroll	6	48	27	-
Accrued Interest	-	-	-	-
Due to Other Funds	-	-	-	-
Other	-	-	-	-
Payable from Restricted Assets:				
Advances from Other Funds	-	-	-	-
Deferred Revenue	-	31	-	-
Total Liabilities	<u>502</u>	<u>6,085</u>	<u>830</u>	<u>3</u>
Fund Balances (Deficit):				
Reserved for Encumbrances	-	-	-	-
Reserved for HUD Projects	-	-	-	-
Reserved for Long -Term Loans Receivables	-	-	-	-
Reserved for Inventories	-	-	-	-
Reserved for Advances	-	-	-	-
Reserved for Prepays	-	2,876	-	-
Unreserved:				
Designated for Authorized Expenditures	6,106	68,998	46,937	1,642
Undesignated	-	-	-	-
Total Fund Balances(Deficit)	<u>6,106</u>	<u>71,874</u>	<u>46,937</u>	<u>1,642</u>
Total Liabilities and Fund Balances	<u>\$ 6,608</u>	<u>\$ 77,959</u>	<u>\$ 47,767</u>	<u>\$ 1,645</u>

Capital Projects Funds

Library Improvements Fund	Animal Shelter Improvements Fund	Capital Projects Reserve Fund	Certificate of Obligations Special Projects	2007 Critical Capital Projects	Capital Project Funds Subtotal	Nonmajor Governmental Funds
\$ 283	\$ 16	\$ 2,851	\$ 3,380	\$ 51,095	\$ 179,198	\$ 262,103
-	-	-	-	-	31	27,859
-	-	-	-	-	2,082	2,082
-	-	-	-	-	-	3,630
-	-	67	-	-	528	1,066
-	-	-	-	-	829	3,541
-	-	-	-	-	(2,082)	(2,172)
-	-	137	-	-	2,300	2,300
-	-	-	-	-	-	914
-	-	351	-	-	351	351
-	-	-	-	1,900	4,776	6,315
-	-	952	-	-	952	10,815
-	-	-	-	-	-	21,162
-	-	-	-	-	6,046	14,282
-	-	-	-	-	-	9
<u>\$ 283</u>	<u>\$ 16</u>	<u>\$ 4,358</u>	<u>\$ 3,380</u>	<u>\$ 52,995</u>	<u>\$ 195,011</u>	<u>\$ 354,257</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341
6	155	718	974	1,307	10,468	15,176
-	-	-	-	-	-	968
1	-	-	2	20	104	2,679
-	-	-	-	-	-	5,296
-	-	-	-	1,500	1,500	5,811
-	-	-	-	-	-	70
-	-	-	-	-	-	521
-	-	952	-	-	983	34,095
<u>7</u>	<u>155</u>	<u>1,670</u>	<u>976</u>	<u>2,827</u>	<u>13,055</u>	<u>64,957</u>
-	-	-	-	-	-	2,384
-	-	-	-	-	-	8,808
-	-	-	-	-	-	1,089
-	-	-	-	-	-	914
-	-	351	-	-	351	351
-	-	-	-	1,900	4,776	6,315
276	(139)	2,337	2,404	48,268	176,829	252,744
-	-	-	-	-	-	16,695
<u>276</u>	<u>(139)</u>	<u>2,688</u>	<u>2,404</u>	<u>50,168</u>	<u>181,956</u>	<u>289,300</u>
<u>\$ 283</u>	<u>\$ 16</u>	<u>\$ 4,358</u>	<u>\$ 3,380</u>	<u>\$ 52,995</u>	<u>\$ 195,011</u>	<u>\$ 354,257</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, 2008
(in 000's)

	Special Revenue Funds			
	Crime Control and Prevention District	Environmental Management	Fort Worth Housing Finance Corporation	Fort Worth Local Development Corporation
Revenues:				
Property Tax	\$ -	\$ -	\$ -	\$ -
Other Local Taxes	47,102	-	-	-
Assessments	-	-	-	-
Charges for Services	-	3,902	-	-
Fines and Forfeitures	-	-	-	-
Revenue from Use of Money and Property	-	-	1,608	589
Investment Income	1,546	346	596	83
Intergovernmental	3,531	-	27	-
Gas Leases and Royalties	-	-	34	1,004
Other Revenue	67	58	31	-
Contributions	-	-	2	-
Total Revenue	<u>52,246</u>	<u>4,306</u>	<u>2,298</u>	<u>1,676</u>
Expenditures:				
Current				
General Administration	153	3,861	-	94
Public Safety	37,408	-	-	-
Transportation and Public Works	-	-	-	-
Parks and Community Services	921	-	-	-
Public Library	-	-	-	-
Public Health	-	-	-	-
Public Events and Facilities	-	-	-	-
Planning and Development	-	-	-	-
Housing	-	-	1,511	-
Capital Outlay	2,225	-	-	-
Debt Service:				
Principal Retirement	206	177	69	-
Interest and Service Charges	8	313	57	-
Total Expenditures	<u>40,921</u>	<u>4,351</u>	<u>1,637</u>	<u>94</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,325</u>	<u>(45)</u>	<u>661</u>	<u>1,582</u>
Other Financing Sources (Uses):				
Proceeds from Loans	-	-	-	-
Proceeds from Sale of Property	139	4	-	-
Transfers In	349	23	-	92
Transfers Out	(8,727)	(85)	-	(162)
Total Other Financing Sources (Uses)	<u>(8,239)</u>	<u>(58)</u>	<u>-</u>	<u>(70)</u>
Net Change in Fund Balance	3,086	(103)	661	1,512
Fund Balances (Deficit), Beginning of Year	33,823	6,999	15,275	1,256
Fund Balances (Deficit), End of Year	<u>\$ 36,909</u>	<u>\$ 6,896</u>	<u>\$ 15,936</u>	<u>\$ 2,768</u>

Special Revenue Funds

HUD 108 Loan	Special Projects	Other Blended Component Units	Grants	Other Special Revenue Funds	The Fort Worth Fund	Special Revenue Funds Subtotal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	47,102
-	-	-	-	-	-	-
-	291	-	-	53	-	4,246
-	844	-	-	925	-	1,769
-	385	1,501	-	-	-	4,083
257	430	26	410	10	860	4,564
-	15	-	27,950	2	-	31,525
-	63	-	-	-	17,091	18,192
-	1,020	7	-	-	-	1,183
-	3,512	1,846	-	-	-	5,360
<u>257</u>	<u>6,560</u>	<u>3,380</u>	<u>28,360</u>	<u>990</u>	<u>17,951</u>	<u>118,024</u>
180	1,664	1,312	7,321	-	16	14,601
-	539	-	2,830	-	-	40,777
-	68	3	301	1	-	373
-	1,680	-	4,960	-	14	7,575
-	-	-	466	-	-	466
-	19	-	1,780	-	-	1,799
-	309	-	-	-	-	309
-	-	-	63	-	-	63
-	48	-	10,329	-	-	11,888
3,085	9,447	-	5,331	-	-	20,088
641	-	1,269	-	-	-	2,362
554	-	2,879	-	-	-	3,811
<u>4,460</u>	<u>13,774</u>	<u>5,463</u>	<u>33,381</u>	<u>1</u>	<u>30</u>	<u>104,112</u>
<u>(4,203)</u>	<u>(7,214)</u>	<u>(2,083)</u>	<u>(5,021)</u>	<u>989</u>	<u>17,921</u>	<u>13,912</u>
-	1,206	35	-	-	-	1,241
-	-	-	-	-	-	143
736	9,685	-	3,412	-	-	14,297
-	(827)	-	(694)	(764)	-	(11,259)
<u>736</u>	<u>10,064</u>	<u>35</u>	<u>2,718</u>	<u>(764)</u>	<u>-</u>	<u>4,422</u>
<u>(3,467)</u>	<u>2,850</u>	<u>(2,048)</u>	<u>(2,303)</u>	<u>225</u>	<u>17,921</u>	<u>18,334</u>
<u>10,811</u>	<u>27,525</u>	<u>(2,098)</u>	<u>(4,581)</u>	<u>-</u>	<u>-</u>	<u>89,010</u>
<u>\$ 7,344</u>	<u>\$ 30,375</u>	<u>\$ (4,146)</u>	<u>\$ (6,884)</u>	<u>\$ 225</u>	<u>\$ 17,921</u>	<u>\$ 107,344</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, 2008
(in 000's)**

	Capital Projects Funds			
	Fire Protection Improvements Fund	Street Improvements Fund	Parks and Community Services Improvements	Public Events Improvements Fund
Revenues:				
Property Tax	\$ -	\$ 162	\$ -	\$ -
Other Local Taxes	-	-	-	-
Assessments	-	30	-	-
Charges for Services	-	1,812	122	-
Fines and Forfeitures	-	-	-	-
Revenue from Use of Money and Property	-	10	-	-
Investment Income	14	1,184	912	1
Intergovernmental	-	173	-	-
Gas Leases and Royalties	-	2,078	7,112	-
Other	-	-	8	-
Contributions	-	2,484	4,246	-
Total Revenue	<u>14</u>	<u>7,933</u>	<u>12,400</u>	<u>1</u>
Expenditures:				
General Administration	-	-	-	-
Public Safety	-	-	-	-
Transportation and Public Works	-	8	-	-
Parks and Community Services	-	-	242	-
Public Library	-	-	-	-
Public Health	-	-	-	-
Public Events and Facilities	-	-	-	236
Planning and Development	-	-	-	-
Housing	-	450	-	-
Capital Outlay	4,036	53,062	6,507	136
Debt Service:				
Principal Retirement	-	162	-	-
Interest and Service Charges	-	-	-	-
Total Expenditures	<u>4,036</u>	<u>53,682</u>	<u>6,749</u>	<u>372</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,022)</u>	<u>(45,749)</u>	<u>5,651</u>	<u>(371)</u>
Other Financing Sources (Uses):				
Proceeds from Loans	-	-	-	-
Proceeds from Sale of Property	-	-	-	-
Transfers In	-	19,117	-	600
Transfers Out	-	(6,300)	(254)	(155)
Total Other Financing Sources (Uses)	<u>-</u>	<u>12,817</u>	<u>(254)</u>	<u>445</u>
Net Change in Fund Balance	<u>(4,022)</u>	<u>(32,932)</u>	<u>5,397</u>	<u>74</u>
Fund Balances (Deficit), Beginning of Year	10,128	104,806	41,540	1,568
Fund Balances (Deficit), End of Year	<u>\$ 6,106</u>	<u>\$ 71,874</u>	<u>\$ 46,937</u>	<u>\$ 1,642</u>

Capital Projects Funds

Library Improvements Fund	Animal Shelter Improvements Fund	Capital Projects Reserve Fund	Certificate of Obligation Special Projects	2007 Critical Capital Projects	Capital Project Funds Subtotal	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162	\$ 162
-	-	-	-	-	-	47,102
-	-	-	-	-	30	30
-	-	36	-	-	1,970	6,216
-	-	-	-	-	-	1,769
-	-	551	-	-	561	4,644
(1)	1	215	-	-	2,326	6,890
-	-	-	-	-	173	31,698
-	-	624	-	-	9,814	28,006
-	-	-	-	-	8	1,191
-	-	1	-	120	6,851	12,211
<u>(1)</u>	<u>1</u>	<u>1,427</u>	<u>-</u>	<u>120</u>	<u>21,895</u>	<u>139,919</u>
-	-	1,093	-	-	1,093	15,694
-	-	-	-	-	-	40,777
-	-	-	-	-	8	381
-	-	-	-	-	242	7,817
-	-	-	-	-	-	466
-	-	-	-	-	-	1,799
-	-	-	-	-	236	545
-	-	-	-	-	-	63
-	-	-	-	-	450	12,338
326	717	-	1,927	10,133	76,844	96,932
-	-	-	-	-	162	2,524
-	-	-	-	-	-	3,811
<u>326</u>	<u>717</u>	<u>1,093</u>	<u>1,927</u>	<u>10,133</u>	<u>79,035</u>	<u>183,147</u>
<u>(327)</u>	<u>(716)</u>	<u>334</u>	<u>(1,927)</u>	<u>(10,013)</u>	<u>(57,140)</u>	<u>(43,228)</u>
-	-	-	-	18,722	18,722	19,963
-	-	-	-	-	-	143
-	-	-	-	205	19,922	34,219
-	-	(4,395)	-	(5)	(11,109)	(22,368)
-	-	(4,395)	-	18,922	27,535	31,957
<u>(327)</u>	<u>(716)</u>	<u>(4,061)</u>	<u>(1,927)</u>	<u>8,909</u>	<u>(29,605)</u>	<u>(11,271)</u>
603	577	6,749	4,331	41,259	211,561	300,571
<u>\$ 276</u>	<u>\$ (139)</u>	<u>\$ 2,688</u>	<u>\$ 2,404</u>	<u>\$ 50,168</u>	<u>\$ 181,956</u>	<u>\$ 289,300</u>

(concluded)

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CRIME CONTROL AND PREVENTION DISTRICT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 (in 000's)**

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues:				
Other Local Taxes	\$ 44,826	\$ 44,826	\$ 47,102	\$ 2,276
Interest Income	963	963	1,546	583
Intergovernmental	3,133	3,133	3,531	398
Other	139	139	67	(72)
Total Revenue	<u>49,061</u>	<u>49,061</u>	<u>52,246</u>	<u>3,185</u>
Expenditures:				
Current:				
General Administration	247	247	153	94
Public Safety	36,245	41,047	37,408	3,639
Parks and Community Services	927	964	921	43
Capital Outlay	3,367	5,638	2,225	3,413
Debt Service:				
Principal Retirement	206	206	206	-
Interest and Service Charges	13	13	8	5
Total Expenditures	<u>41,005</u>	<u>48,115</u>	<u>40,921</u>	<u>7,194</u>
Excess of Revenues Over Expenditures	<u>8,056</u>	<u>946</u>	<u>11,325</u>	<u>10,379</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Property	-	-	139	139
Transfers In - Other Funds	-	-	349	349
Transfers Out - Other Funds	(7,998)	(8,723)	(8,727)	(4)
Total Other Financing Sources (Uses)	<u>(7,998)</u>	<u>(8,723)</u>	<u>(8,239)</u>	<u>484</u>
Net Change in Fund Balance	<u>58</u>	<u>(7,777)</u>	<u>3,086</u>	<u>10,863</u>
Fund Balance, Beginning of Year	<u>33,823</u>	<u>33,823</u>	<u>33,823</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 33,881</u>	<u>\$ 26,046</u>	<u>\$ 36,909</u>	<u>\$ 10,863</u>

NON-MAJOR PROPRIETARY FUNDS

Non-Major Proprietary Funds

Non-major Proprietary 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, 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.

Stormwater Utility Fund

The Stormwater Utility Fund is used to account 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.

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 PROPRIETARY FUNDS
SEPTEMBER 30, 2008
(in 000's)

	<u>Municipal Airports Fund</u>	<u>Municipal Parking Fund</u>	<u>Municipal Golf Fund</u>	<u>Stormwater Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS						
Current Assets:						
Cash, Cash Equivalents and Investments	\$ 823	\$ 299	\$ 50	\$ 7,956	\$ 23,956	\$ 33,084
Interest Receivable	15	7	3	86	243	354
Accounts and Other Receivables	1,849	-	4	1,930	6,766	10,549
Allowance for Doubtful Accounts	-	-	-	-	(124)	(124)
Inventories (at Cost)	-	-	160	-	-	160
Prepays, Deposits, and Other	133	-	9	2,661	-	2,803
Total Current Assets	<u>2,820</u>	<u>306</u>	<u>226</u>	<u>12,633</u>	<u>30,841</u>	<u>46,826</u>
Restricted Assets:						
Cash and Cash Equivalents	12,300	15,439	3,827	25,002	11,363	67,931
Cash and Investments Held by Trustees	7	-	-	-	771	778
Grants Receivable	359	-	-	-	-	359
Interest Receivable	2	217	3	13	-	235
Total Restricted Assets	<u>12,668</u>	<u>15,656</u>	<u>3,830</u>	<u>25,015</u>	<u>12,134</u>	<u>69,303</u>
Total Current Assets	<u>15,488</u>	<u>15,962</u>	<u>4,056</u>	<u>37,648</u>	<u>42,975</u>	<u>116,129</u>
Noncurrent Assets:						
Deferred Bond Issue Cost	<u>1</u>	<u>71</u>	<u>17</u>	<u>108</u>	<u>21</u>	<u>218</u>
Capital Assets (at Cost)						
Land	55,924	1,561	360	-	1,147	58,992
Buildings	12,269	3,107	1,336	-	2,185	18,897
Improvements Other than Buildings	165,976	99	9,491	164	7,254	182,984
Machinery and Equipment	3,329	6	1,986	8,460	2,345	16,126
Construction in Progress	21,722	17,789	1,280	6,369	8,585	55,745
Accumulated Depreciation	<u>(101,365)</u>	<u>(1,883)</u>	<u>(8,894)</u>	<u>(3,441)</u>	<u>(7,286)</u>	<u>(122,869)</u>
Net Capital Assets	<u>157,855</u>	<u>20,679</u>	<u>5,559</u>	<u>11,552</u>	<u>14,230</u>	<u>209,875</u>
Total Assets	<u>173,344</u>	<u>36,712</u>	<u>9,632</u>	<u>49,308</u>	<u>57,226</u>	<u>326,222</u>

(continued)

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2008
(in 000's)

	<u>Municipal Airports Fund</u>	<u>Municipal Parking Fund</u>	<u>Municipal Golf Fund</u>	<u>Stormwater Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 82	\$ 29	\$ 101	\$ 333	\$ 3,484	\$ 4,029
Escrow Accounts	141	-	-	-	-	141
Compensated Absences	49	8	63	150	154	424
Accrued Payroll	62	10	113	161	120	466
Due to Other Funds	137	-	-	-	-	137
Payable from Restricted Assets:						
Construction Payable	128	3,761	6	555	52	4,502
Current Portion of Enterprise Debt	55	100	273	520	1,625	2,573
Accrued Interest Payable	1	89	10	151	74	325
Total Current Liabilities	<u>655</u>	<u>3,997</u>	<u>566</u>	<u>1,870</u>	<u>5,509</u>	<u>12,597</u>
Long-Term Liabilities:						
Customer Deposits	30	-	-	-	755	785
Advances from Other Funds	351	-	3,821	-	-	4,172
Compensated Absences	44	-	468	239	406	1,157
Net Pension Obligation	250	37	384	684	589	1,944
Net Other than Pension Obligation	265	40	412	731	630	2,078
Certificates of Obligation	55	20,835	2,255	-	6,960	30,105
Revenue Bonds Payable	-	-	-	23,600	-	23,600
Unamortized Bond Premium	-	1,135	-	650	-	1,785
General Obligation Bonds Payable	-	-	2	-	-	2
Unamortized Loss on Refunding Bonds	-	-	(1)	-	-	(1)
Unearned Revenue	198	-	-	-	6,973	7,171
Equipment Notes	-	-	-	-	4,545	4,545
Landfill Closure and Postclosure Liability	-	-	-	-	6,936	6,936
Obligations under Capital Lease	-	-	70	-	-	70
Total Long-Term Liabilities	<u>1,193</u>	<u>22,047</u>	<u>7,411</u>	<u>25,904</u>	<u>27,794</u>	<u>84,349</u>
Total Liabilities	<u>1,848</u>	<u>26,044</u>	<u>7,977</u>	<u>27,774</u>	<u>33,303</u>	<u>96,946</u>
NET ASSETS (DEFICITS)						
Invested in Capital Assets, Net of Related Debt	157,618	3,852	2,972	6,099	6,799	177,340
Restricted for:						
Debt Service	33	2,980	1,114	1,137	71	5,335
Unrestricted	13,845	3,836	(2,431)	14,298	17,053	46,601
Total Net Assets (Deficits)	<u>\$ 171,496</u>	<u>\$ 10,668</u>	<u>\$ 1,655</u>	<u>\$ 21,534</u>	<u>\$ 23,923</u>	<u>\$ 229,276</u>

(concluded)



Museum Place at Seventh Street and Camp Bowie Boulevard

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)

	Municipal Airports Fund	Municipal Parking Fund	Municipal Golf Fund	Stormwater Utility Fund	Solid Waste Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES						
Charges for Services	\$ 3,157	\$ 4,099	\$ 5,169	\$ 17,753	\$ 44,095	\$ 74,273
Other	256	-	35	7	4,704	5,002
Total Operating Revenues	<u>3,413</u>	<u>4,099</u>	<u>5,204</u>	<u>17,760</u>	<u>48,799</u>	<u>79,275</u>
OPERATING EXPENSES						
Personnel Services	1,829	237	3,162	5,778	4,554	15,560
Supplies and Materials	256	2	949	1,074	1,452	3,733
Contractual Services	3,161	206	1,487	2,347	33,964	41,165
Landfill Closure and Postclosure Cost	-	-	-	-	373	373
Depreciation	7,231	52	435	1,257	611	9,586
Total Operating Expenses	<u>12,477</u>	<u>497</u>	<u>6,033</u>	<u>10,456</u>	<u>40,954</u>	<u>70,417</u>
Operating Income (Loss)	<u>(9,064)</u>	<u>3,602</u>	<u>(829)</u>	<u>7,304</u>	<u>7,845</u>	<u>8,858</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	230	1,305	25	1,208	1,583	4,351
Gain (Loss) on Sale of Equipment	(1,594)	-	-	-	(157)	(1,751)
Interest and Service Charges	(3)	(89)	(141)	(883)	(524)	(1,640)
Gas Leases and Royalties	14,428	-	3,481	-	2,573	20,482
Other Revenue (Expense)	30	-	1	78	2,714	2,823
Total Nonoperating Revenue (Expenses)	<u>13,091</u>	<u>1,216</u>	<u>3,366</u>	<u>403</u>	<u>6,189</u>	<u>24,265</u>
Income (Loss) before Transfers and Contributions	4,027	4,818	2,537	7,707	14,034	33,123
Transfers In	27	402	125	67	498	1,119
Transfers Out	(20)	(3,348)	(10)	(315)	(4,162)	(7,855)
Capital Contributions	5,437	-	-	31	-	5,468
Change in Net Assets	9,471	1,872	2,652	7,490	10,370	31,855
Total Net Assets - Beginning of year	162,025	8,796	(997)	14,044	13,553	197,421
Total Net Assets - Ending of year	<u>\$ 171,496</u>	<u>\$ 10,668</u>	<u>\$ 1,655</u>	<u>\$ 21,534</u>	<u>\$ 23,923</u>	<u>\$ 229,276</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)**

	Municipal Airports Fund	Municipal Parking Fund	Municipal Golf Fund	Stormwater Utility Fund	Solid Waste Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 1,373	\$ 4,099	\$ 5,167	\$ 17,690	\$ 43,903	\$ 72,232
Receipts from Other Operating Sources	256	-	35	7	4,704	5,002
Payments to Suppliers	(256)	(2)	(967)	(1,074)	(1,452)	(3,751)
Payments to Employees	(1,530)	(167)	(2,688)	(4,254)	(3,894)	(12,533)
Payments for Contractual Services	(3,158)	(928)	(1,491)	(2,691)	(35,896)	(44,164)
Other Payments	10	-	-	-	-	10
Net Cash Provided by (Used for) Operating Activities	<u>(3,305)</u>	<u>3,002</u>	<u>56</u>	<u>9,678</u>	<u>7,365</u>	<u>16,796</u>
Cash Flows from Noncapital Financing Activities:						
Other Nonoperating Revenues	14,458	-	3,482	78	5,287	23,305
Advances from (to) Other Funds	(1,667)	-	(636)	-	-	(2,303)
Transfers In from Other Funds	27	402	125	67	498	1,119
Transfers Out to Other Funds	(20)	(3,348)	(10)	(315)	(4,162)	(7,855)
Net Cash Provided by Noncapital Financing Activities	<u>12,798</u>	<u>(2,946)</u>	<u>2,961</u>	<u>(170)</u>	<u>1,623</u>	<u>14,266</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Property, Plant and Equipment	(24,008)	(12,390)	(70)	(12,846)	(617)	(49,931)
Proceeds from Sale of Machinery and Equipment	-	-	-	-	24	24
Proceeds from Bond Sales, Net of Issuance Costs	-	-	-	25,005	-	25,005
Principal Paid on Long-Term Debt	(55)	-	(226)	(310)	(1,145)	(1,736)
Interest Paid on Long-Term Obligations	(8)	(1,150)	(139)	(907)	(535)	(2,739)
Principal Paid on Capital Lease	-	-	(56)	-	-	(56)
Contributions	23,999	-	-	31	-	24,030
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(72)</u>	<u>(13,540)</u>	<u>(491)</u>	<u>10,973</u>	<u>(2,273)</u>	<u>(5,403)</u>
Cash Flows from Investing Activities:						
Interest Income Received	214	1,243	19	1,128	1,494	4,098
Net Cash Provided by Investing Activities	<u>214</u>	<u>1,243</u>	<u>19</u>	<u>1,128</u>	<u>1,494</u>	<u>4,098</u>
Net Increase (Decrease) in Cash and Cash Equivalent	9,635	(12,241)	2,545	21,609	8,209	29,757
Cash and Cash Equivalents, Beginning of Year	3,495	27,979	1,332	11,349	27,881	72,036
Cash and Cash Equivalents, End of Year	<u>\$ 13,130</u>	<u>\$ 15,738</u>	<u>\$ 3,877</u>	<u>\$ 32,958</u>	<u>\$ 36,090</u>	<u>\$ 101,793</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)**

	<u>Municipal Airports Fund</u>	<u>Municipal Parking Fund</u>	<u>Municipal Golf Fund</u>	<u>Stormwater Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	\$ (9,064)	\$ 3,602	\$ (829)	\$ 7,304	\$ 7,845	\$ 8,858
Adjustments Not Affecting Cash:						
Depreciation	7,231	52	435	1,257	611	9,586
Change in Assets and Liabilities:						
Accounts and Other Receivables	(1,627)	-	(1)	(63)	307	(1,384)
Inventories	-	-	(18)	-	-	(18)
Increase in Other Assets	(133)	-	(1)	-	-	(134)
Accounts Payable	3	(722)	(4)	(344)	(1,932)	(2,999)
Accrued Compensation	299	70	474	1,524	660	3,027
Increase (Decrease) in Allowance for Doubtful Acc	-	-	-	-	20	20
Decrease in Deferred Revenue	-	-	-	-	(481)	(481)
Landfill Closure Costs	-	-	-	-	373	373
Customer Deposits	(24)	-	-	-	(38)	(62)
Escrow and Other Liabilities	10	-	-	-	-	10
Total Adjustments	5,759	(600)	885	2,374	(480)	7,938
Net Cash Provided by Operating Activities	<u>\$ (3,305)</u>	<u>\$ 3,002</u>	<u>\$ 56</u>	<u>\$ 9,678</u>	<u>\$ 7,365</u>	<u>\$ 16,796</u>
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:						
Cash, Cash Equivalents and Investments	\$ 823	\$ 299	\$ 50	\$ 7,956	\$ 23,956	\$ 33,084
Restricted Assets:						
Cash and Cash Equivalents	12,300	15,439	3,827	25,002	11,363	67,931
Cash and Investments Held by Trustees	7	-	-	-	771	778
Total Cash and Cash Equivalents	<u>\$ 13,130</u>	<u>\$ 15,738</u>	<u>\$ 3,877</u>	<u>\$ 32,958</u>	<u>\$ 36,090</u>	<u>\$ 101,793</u>

(concluded)



Trinity Terrace Tower at 1600 Texas Street

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, 2008
(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	\$ -	\$ -	\$ 448	\$ 3	\$ 1,820	\$ 2,271
Interest Receivable	-	-	1	5	1	7
Accounts and Other Receivables	-	-	-	27	-	27
Inventories (at Cost)	164	1,841	-	198	-	2,203
Prepays, Deposits, and Other	-	-	-	5	-	5
Total Current Assets	<u>164</u>	<u>1,841</u>	<u>449</u>	<u>238</u>	<u>1,821</u>	<u>4,513</u>
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	1,358	-	1,358
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,358</u>	<u>-</u>	<u>1,358</u>
Capital Assets (at cost):						
Land	-	1,708	-	-	189	1,897
Buildings	-	5,480	-	613	-	6,093
Improvements Other than Buildings	-	979	-	-	91	1,070
Machinery and Equipment	784	2,063	-	10,858	2,222	15,927
Construction in Progress	-	-	-	14	-	14
Accumulated Depreciation	(765)	(5,948)	-	(7,606)	(1,647)	(15,966)
Net Capital Assets	<u>19</u>	<u>4,282</u>	<u>-</u>	<u>3,879</u>	<u>855</u>	<u>9,035</u>
Total assets	<u>183</u>	<u>6,123</u>	<u>449</u>	<u>5,475</u>	<u>2,676</u>	<u>14,906</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	43	1,635	-	507	861	3,046
Accrued Payroll	40	270	34	420	539	1,303
Accrued Compensation	48	286	5	312	385	1,036
Total Current Liabilities	<u>131</u>	<u>2,191</u>	<u>39</u>	<u>1,239</u>	<u>1,785</u>	<u>5,385</u>
Long-Term Liabilities:						
Advances from Other Funds	465	687	-	439	-	1,591
Accrued Compensation	24	722	2	885	1,302	2,935
Computer Disposal	-	-	-	-	-	-
Total Long-Term Liabilities	<u>489</u>	<u>1,409</u>	<u>2</u>	<u>1,324</u>	<u>1,302</u>	<u>4,526</u>
Total Liabilities	<u>620</u>	<u>3,600</u>	<u>41</u>	<u>2,563</u>	<u>3,087</u>	<u>9,911</u>
NET ASSETS (DEFICIT)						
Invested in Capital Assets, Net of Related Debt	19	4,282	-	3,879	855	9,035
Unrestricted	(456)	(1,759)	408	(967)	(1,266)	(4,040)
Total Net Assets (Deficit)	<u>\$ (437)</u>	<u>\$ 2,523</u>	<u>\$ 408</u>	<u>\$ 2,912</u>	<u>\$ (411)</u>	<u>\$ 4,995</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, 2008
(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	\$ 2,342	\$ 26,591	\$ 1,132	\$ 27,296	\$ 15,013	\$ 72,374
Total Operating Revenues	<u>2,342</u>	<u>26,591</u>	<u>1,132</u>	<u>27,296</u>	<u>15,013</u>	<u>72,374</u>
OPERATING EXPENSES						
Personnel Services	1,067	7,764	1,149	10,389	12,539	32,908
Supplies and Materials	307	14,101	-	2,505	751	17,664
Contractual Services	1,228	4,119	13	8,627	2,308	16,295
Depreciation	10	271	-	1,630	169	2,080
Total Operating Expenses	<u>2,612</u>	<u>26,255</u>	<u>1,162</u>	<u>23,151</u>	<u>15,767</u>	<u>68,947</u>
Operating Income (Loss)	<u>(270)</u>	<u>336</u>	<u>(30)</u>	<u>4,145</u>	<u>(754)</u>	<u>3,427</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	3	4	11	133	15	166
Gain (Loss) on Sale of Capital Assets	-	10	-	(5)	(68)	(63)
Gas Leases and Royalties	-	-	-	-	26	26
Other Revenue	-	38	-	2	41	81
Total Nonoperating Revenues (Expenses)	<u>3</u>	<u>52</u>	<u>11</u>	<u>130</u>	<u>14</u>	<u>210</u>
Income (Loss) Before Transfers and Contributions	(267)	388	(19)	4,275	(740)	3,637
Transfers In	27	165	23	144	160	519
Transfers Out	(7)	(146)	(4)	(173)	(15)	(345)
Change in Net Assets (Deficit)	<u>(247)</u>	<u>407</u>	<u>-</u>	<u>4,246</u>	<u>(595)</u>	<u>3,811</u>
Total Net Assets (Deficit) - Beginning	(190)	2,116	408	(1,334)	184	1,184
Total Net Assets (Deficit) - Ending	<u>\$ (437)</u>	<u>\$ 2,523</u>	<u>\$ 408</u>	<u>\$ 2,912</u>	<u>\$ (411)</u>	<u>\$ 4,995</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(in 000's)

	Office Services	Equipment Services	Temporary Labor	Information Systems	Engineering Services	Total Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 2,342	\$ 26,591	\$ 1,132	\$ 27,322	\$ 15,013	\$ 72,400
Payments to Suppliers	(350)	(14,437)	-	(3,804)	58	(18,533)
Payments to Employees	(1,055)	(7,722)	(1,178)	(10,194)	(12,314)	(32,463)
Payments for Contractual Services	(1,228)	(4,119)	(13)	(8,494)	(2,258)	(16,112)
Net Cash Provided by (Used for) Operating Activities	(291)	313	(59)	4,830	499	5,292
Cash Flows from Noncapital Financing Activities:						
Other Nonoperating Revenues	-	66	-	2	71	139
Transfers In from Other Funds	27	165	23	144	160	519
Transfers Out to Other Funds	(7)	(146)	(4)	(173)	(15)	(345)
Advances from (to) Other Funds	268	(363)	-	(2,447)	-	(2,542)
Net Cash Provided by (Used for) Noncapital Financing Activities	288	(278)	19	(2,474)	216	(2,229)
Cash Flows from Capital and Related Financing Activities:						
Acquisition of Property, Plant and Equipment	-	(39)	-	(1,123)	(24)	(1,186)
Net Cash Used for Capital and Related Financing Activities	-	(39)	-	(1,123)	(24)	(1,186)
Cash Flows from Investing Activities:						
Interest Income Received	3	4	10	128	14	159
Net Cash Provided by Investing Activities	3	4	10	128	14	159
Net Increase (Decrease) in Cash and Cash Equivalents						
Cash and Cash Equivalents, Beginning of Year	-	-	478	-	1,115	1,593
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ 448	\$ 1,361	\$ 1,820	\$ 3,629
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating Income (Loss)	\$ (270)	\$ 336	\$ (30)	\$ 4,145	\$ (754)	\$ 3,427
Adjustments Not Affecting Cash:						
Depreciation	10	271	-	1,630	169	2,080
Change in Assets and Liabilities:						
Accounts and Other Receivables	-	-	-	26	-	26
Inventories	8	(1,368)	-	(12)	-	(1,372)
Deposits and Other	-	-	-	133	50	183
Accounts Payable	(51)	1,032	-	(1,287)	809	503
Accrued Payroll / Compensation	12	42	(29)	195	225	445
Total Adjustments	(21)	(23)	(29)	685	1,253	1,865
Net Cash Provided by (Used for) Operating Activities	\$ (291)	\$ 313	\$ (59)	\$ 4,830	\$ 499	\$ 5,292
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:						
Cash, Cash Equivalents and Investments	\$ -	\$ -	\$ 448	\$ 3	\$ 1,820	\$ 2,271
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	1,358	-	1,358
Total Cash and Cash Equivalents	\$ -	\$ -	\$ 448	\$ 1,361	\$ 1,820	\$ 3,629

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held by the city as a trustee or agent. Agency Funds are a type of fiduciary fund that are created when the City becomes a custodian of and is responsible for distributing assets to their real owners. The City's Agency Funds are:

RAILTRAN FUND

This fund is used to record the cash that the City is investing for Railtran.

DEATH BENEFITS FUND

This fund is used to record the death benefits paid to beneficiaries of retired employees who retired on or after January 1, 1970.

**CITY OF FORT WORTH, TEXAS
 COMBINING STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 (in 000's)**

	BALANCE			BALANCE		
	FY2007	ADDITIONS	DELETIONS	FY2008		
RAILTRAN FUND						
ASSETS						
Current Assets:						
Cash, Cash Equivalents and Net Investments	\$ 11	\$ -	\$ -	\$ 11		
Total assets	\$ 11	\$ -	\$ -	\$ 11		
LIABILITIES						
Current Liabilities:						
Payable to Railtran	\$ 11	\$ -	\$ -	\$ 11		
Total Liabilities	\$ 11	\$ -	\$ -	\$ 11		
DEATH BENEFITS FUND						
ASSETS						
Current Assets:						
Cash and Investments Held by Trustees	\$ 320	\$ 283	\$ 381	\$ 222		
Total Assets	\$ 320	\$ 283	\$ 381	\$ 222		
LIABILITIES						
Current Liabilities:						
Death Benefits Payable	\$ 320	\$ 283	\$ 381	\$ 222		
Total Liabilities	\$ 320	\$ 283	\$ 381	\$ 222		
TOTAL AGENCY FUNDS						
ASSETS						
Current Assets:						
Cash, Cash Equivalents and Net Investments	\$ 11	\$ -	\$ -	\$ 11		
Cash and Investments Held by Trustees	320	283	381	222		
Total Assets	\$ 331	\$ 283	\$ 381	\$ 233		
LIABILITIES						
Current Liabilities:						
Payable to Railtran	\$ 11	\$ -	\$ -	\$ 11		
Death Benefits Payable	320	283	381	222		
Total Liabilities	\$ 331	\$ 283	\$ 381	\$ 233		

STATISTICAL SECTION AND OTHER (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.



Baker Building at 3021 East Rosedale Street

FINANCIAL TRENDS

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

TABLE 1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:							
Invested in Capital Assets, net of Related Debt	\$ 293,407	\$ 269,106	\$ 592,052	\$ 709,290	\$ 891,173	\$ 967,070	\$ 986,163
Restricted for Capital Projects	20,874	55,765	5,691	9,539	-	-	-
Restricted for Debt Service	28,561	26,198	31,318	36,055	45,988	7,376	15,974
Restricted for Other	78,362	46,510	9,447	15,560	-	-	-
Unrestricted (Deficit)	(33,346)	13,586	45,622	8,572	32,168	55,154	28,762
Total Governmental Activities Net Assets	\$ 387,858	\$ 411,165	\$ 684,130	\$ 779,016	\$ 969,329	\$ 1,029,600	\$ 1,030,899
Business-type Activities:							
Invested in Capital Assets, net of Related Debt	\$ 829,014	\$ 859,608	\$ 1,066,225	\$ 1,129,489	\$ 1,272,031	\$ 1,416,439	\$ 1,459,733
Restricted for Debt Service	42,100	14,229	269	88	225	29,668	35,859
Restricted for Capital Projects	108,040	200,139	-	-	-	-	-
Unrestricted	84,461	28,792	121,748	191,719	219,651	189,885	258,686
Total Business-type Activities Net Assets	\$ 1,063,615	\$ 1,102,768	\$ 1,188,242	\$ 1,321,296	\$ 1,491,907	\$ 1,635,992	\$ 1,754,278
Primary Government:							
Invested in Capital Assets, net of Related Debt	\$ 1,122,421	\$ 1,128,714	\$ 1,658,277	\$ 1,838,779	\$ 2,163,204	\$ 2,383,509	\$ 2,445,896
Restricted for Capital Projects	128,914	255,904	5,691	9,539	-	-	-
Restricted for Debt Service	70,661	40,427	31,587	36,143	46,213	37,044	51,833
Restricted for Other	78,362	46,510	9,447	15,560	-	-	-
Unrestricted	51,115	42,378	167,370	200,291	251,819	245,039	287,448
Total Primary Government Net Assets	\$ 1,451,473	\$ 1,513,933	\$ 1,872,372	\$ 2,100,312	\$ 2,461,236	\$ 2,665,592	\$ 2,785,177

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

Note: Accrual-basis financial information for the City as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

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

TABLE 2

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental Activities:							
General Administration	\$ 34,292	\$ 28,037	\$ 67,455	\$ 87,687	\$ 94,239	\$ 110,802	\$ 161,180
Public Safety	212,708	214,399	240,176	263,491	292,220	319,561	359,813
Transportation and Public Works	63,487	63,663	76,757	75,631	100,626	106,543	100,276
Parks and Community Services	37,681	32,488	33,768	35,898	41,291	44,533	51,145
Public Library	14,329	13,966	15,220	16,440	17,843	19,493	18,633
Public Health	7,234	8,350	9,665	11,532	10,791	11,707	11,077
Public Events and Facilities	17,776	20,778	23,213	22,445	23,937	28,167	27,453
Non-Departmental	27,644	33,667	-	-	-	-	-
Planning and Development	8,185	8,951	9,594	9,126	11,303	13,106	11,751
Finance	5,510	5,006	5,096	4,519	-	-	-
Housing	10,382	10,548	11,562	10,192	10,613	15,437	14,733
Interest on Long-term Debt	19,734	18,323	16,080	15,150	15,793	22,216	20,689
Total Governmental Activities	458,962	458,176	508,586	552,111	618,656	691,565	776,750
Business-type activities:							
Water and Sewer	181,880	198,069	185,491	177,071	237,405	221,774	240,960
Municipal Airports	7,976	7,514	7,783	10,197	11,942	10,623	12,480
Solid Waste	26,616	40,056	30,988	35,173	36,647	39,389	41,478
Municipal Parking	459	490	428	410	314	1,035	586
Municipal Golf	6,162	4,945	4,338	4,614	5,437	5,119	6,174
Stormwater Utility	-	-	-	-	483	4,735	11,339
Total Business-type Activities	223,093	251,074	229,028	227,465	292,228	282,675	313,017
Total Primary Government Expenses	\$ 682,055	\$ 709,250	\$ 737,614	\$ 779,576	\$ 910,884	\$ 974,240	\$ 1,089,767
Program Revenues							
Governmental Activities:							
Charges for Services							
General Government	\$ 50,064	\$ 37,402	\$ 50,858	\$ 12,425	\$ 16,384	\$ 16,133	\$ 17,549
Public Safety	21,029	35,524	23,328	23,301	18,667	21,252	21,374
Transportation and Public Works	1,111	1,196	1,635	2,266	3,022	3,140	4,415
Parks and Community Services	897	2,254	812	2,253	763	1,047	1,392
Public Library	464	420	495	527	629	644	724
Public Health	2,755	2,396	2,341	2,715	3,077	3,284	3,300
Public Events and Facilities	5,652	5,828	6,689	7,359	6,833	5,772	6,861
Non-Departmental	1,151	623	-	-	-	-	-
Planning and Development	5,622	6,160	6,500	9,268	9,128	10,422	11,659
Finance	2,918	6,883	961	749	-	-	-
Housing	10	726	239	883	2,275	2,244	1,608
Operating Grants and Contributions	32,973	19,595	38,735	44,766	52,702	47,334	34,014
Capital Grants and Contributions	14,389	14,171	77,184	103,477	86,145	90,172	63,088
Total Governmental Activities	139,035	133,178	209,777	209,989	199,625	201,444	165,984
Business-type Activities:							
Charges for Services:							
Water and Sewer	192,790	208,197	221,939	247,255	293,792	257,989	298,118
Municipal Airports	3,027	3,104	3,275	3,432	3,003	2,948	3,157
Solid Waste	25,198	27,607	26,966	35,581	37,259	40,632	44,095
Municipal Parking	604	528	589	625	3,645	3,683	4,099
Municipal Golf	4,797	4,179	4,084	3,630	4,542	4,337	5,169
Stormwater Utility	-	-	-	-	3,670	15,165	17,753
Capital Grants and Contributions	28,736	27,902	57,516	78,833	118,749	87,818	44,127
Total Business-type Activities	255,152	271,517	314,369	369,356	464,660	412,572	416,518
Total Primary Government Program Revenues	\$ 394,187	\$ 404,695	\$ 524,146	\$ 579,345	\$ 664,285	\$ 614,016	\$ 582,502

(continued)

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

TABLE 2

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net (Expense) Revenue							
Governmental Activities	\$ (319,927)	\$ (324,998)	\$ (298,809)	\$ (342,122)	\$ (419,031)	\$ (490,121)	\$ (610,766)
Business-type Activities	32,059	20,443	85,341	141,891	172,432	129,897	103,501
Total Primary Government Net Expense	<u>\$ (287,868)</u>	<u>\$ (304,555)</u>	<u>\$ (213,468)</u>	<u>\$ (200,231)</u>	<u>\$ (246,599)</u>	<u>\$ (360,224)</u>	<u>\$ (507,265)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes:							
General Property Taxes	\$ 190,153	\$ 209,483	\$ 223,615	\$ 235,874	\$ 256,630	\$ 288,725	\$ 317,517
Other Local Taxes	128,983	129,424	134,240	145,514	162,076	172,621	183,833
Franchise Fees	-	-	-	31,741	34,764	33,316	36,749
Gas Lease and Royalties	-	-	-	-	5,143	12,154	28,684
Assessments	656	507	357	426	1	868	30
Investment Income	14,611	5,738	9,612	8,939	12,191	19,974	18,615
Change in Fair Value of Investments	-	-	(3,930)	(2,342)	-	-	-
Other	99	(61)	230	100	6,384	8,376	6,896
Gain (Loss) on Disposal of Capital Assets	-	-	(17)	(20)	1,227	63	401
Transfers	(372)	3,214	7,352	16,776	19,420	14,295	19,340
Total Governmental Activities	<u>334,130</u>	<u>348,305</u>	<u>371,459</u>	<u>437,008</u>	<u>497,836</u>	<u>550,392</u>	<u>612,065</u>
Business-type Activities:							
Investment Income	14,120	5,457	3,760	3,858	9,279	14,638	18,647
Gas Lease and Royalties					4,197	8,542	21,424
Other	11,928	16,181	2,933	4,078	5,185	6,582	7,857
Gain (Loss) on Disposal of Capital Assets	-	286	(41)	3	(1,062)	(1,279)	(13,803)
Transfer	372	(3,214)	(7,352)	(16,776)	(19,420)	(14,295)	(19,340)
Total Business-type Activities	<u>26,420</u>	<u>18,710</u>	<u>(700)</u>	<u>(8,837)</u>	<u>(1,821)</u>	<u>14,188</u>	<u>14,785</u>
Total Primary Government	<u>\$ 360,550</u>	<u>\$ 367,015</u>	<u>\$ 370,759</u>	<u>\$ 428,171</u>	<u>\$ 496,015</u>	<u>\$ 564,580</u>	<u>\$ 626,850</u>
Change in Net Assets							
Governmental Activities	\$ 14,203	\$ 23,307	\$ 72,650	\$ 94,886	\$ 78,805	\$ 60,271	\$ 1,299
Business-type Activities	58,479	39,153	84,641	133,054	170,611	144,085	118,286
Total Primary Government	<u>\$ 72,682</u>	<u>\$ 62,460</u>	<u>\$ 157,291</u>	<u>\$ 227,940</u>	<u>\$ 249,416</u>	<u>\$ 204,356</u>	<u>\$ 119,585</u>

(concluded)

Note: Accrual-basis financial information for the City as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved for:					
Encumbrances	\$ 1,372	\$ 1,996	\$ 1,384	\$ 1,384	\$ 1,144
Inventories	2,065	1,776	2,621	2,073	2,315
Advances	-	-	-	-	-
Prepays	-	-	-	-	-
Unreserved	58,278	58,998	56,106	53,643	70,022
Total General Fund	<u>61,715</u>	<u>62,770</u>	<u>60,111</u>	<u>57,100</u>	<u>73,481</u>
All Other Governmental Funds					
Reserved for:					
Encumbrances					
Inventories	-	-	-	-	-
Advances	-	-	-	-	-
Loans	8,102	11,796	12,126	11,790	7,898
Debt Service	6,404	5,727	6,048	31,257	31,875
HUD Projects	-	-	-	-	-
Prepays	-	-	-	-	-
Unreserved, Designated for Authorized Expenditures:					
Special Revenue Funds	30,763	37,630	41,198	57,538	53,181
Capital Project Funds	73,808	89,658	95,603	61,596	97,585
Debt Service Funds	9,480	14,587	20,692	-	-
Unreserved, Undesignated:					
Special Revenue Funds	-	-	-	-	-
Total all Other Governmental Funds	<u>128,557</u>	<u>159,398</u>	<u>175,667</u>	<u>162,181</u>	<u>190,539</u>
Total all Governmental Funds	<u>\$ 190,272</u>	<u>\$ 222,168</u>	<u>\$ 235,778</u>	<u>\$ 219,281</u>	<u>\$ 264,020</u>

Source: Comprehensive Annual Financial Report for the respective years.

TABLE 3

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 1,014	\$ 884	\$ 8,537	\$ 952	\$ 4,230
2,753	2,467	3,091	3,092	3,201
-	13,476	15,154	11,112	5,933
-	-	3,077	1,599	3,020
76,056	82,886	74,002	85,271	106,271
<u>79,823</u>	<u>99,713</u>	<u>103,861</u>	<u>102,026</u>	<u>122,655</u>
			-	2,384
-	-	583	935	914
-	488	351	351	351
9,447	15,015	26,132	1,089	1,089
31,318	36,055	45,988	11,920	17,759
-	-	-	9,449	8,808
-	-	79	342	6,315
42,331	49,668	66,229	75,040	75,915
79,798	72,823	47,042	211,210	176,829
-	-	-	-	-
-	-	(29,445)	2,155	16,695
<u>162,894</u>	<u>174,049</u>	<u>156,959</u>	<u>312,491</u>	<u>307,059</u>
<u>\$ 242,717</u>	<u>\$ 273,762</u>	<u>\$ 260,820</u>	<u>\$ 414,517</u>	<u>\$ 429,714</u>

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

	1999	2000	2001	2002	2003
REVENUES:					
General Property Tax	\$ 147,760	\$ 157,430	\$ 172,908	\$ 191,563	\$ 208,112
Other Local Taxes	117,289	124,834	126,502	128,983	129,424
Assessments	416	334	634	656	507
Charges for Services	15,472	14,455	13,959	16,456	17,814
Licenses and Permits	35,065	37,287	47,531	43,482	44,596
Fines and Forfeitures	12,064	12,761	13,314	13,685	13,751
Revenue from Use of Money and Property	18,721	26,947	33,212	14,271	12,882
Interest Income	-	-	-	14,473	4,844
Change in Fair Value Investments	-	-	-	-	-
Intergovernmental	31,688	32,596	26,472	29,029	24,141
Gas Leases and Royalties	-	-	-	-	-
Other	999	1,821	4,465	7,357	3,343
Contributions	8,524	12,844	11,463	14,757	16,651
Total Revenues	387,998	421,309	450,460	474,712	476,065
EXPENDITURES:					
Current					
General Administration	25,279	25,519	29,154	36,680	33,281
Public Safety	160,580	172,911	190,432	204,906	208,453
Transportation and Public Works	26,446	33,533	30,029	32,656	32,189
Parks and Community Services	21,298	22,507	25,817	27,214	28,614
Public Library	10,194	11,413	12,881	13,615	13,489
Public Health	6,322	5,762	6,501	7,046	8,266
Public Events and Facilities	13,740	15,123	15,274	15,309	15,158
Non-Departmental	22,612	23,536	29,136	27,240	33,719
Employment and Training	4,291	2,990	27	-	-
Planning and Development	5,982	6,584	7,297	8,152	8,892
Finance	4,540	4,686	5,001	5,349	5,048
Housing	7,761	8,980	10,798	10,265	10,503
Claims and Premiums	-	-	-	2,427	-
Capital Outlay	66,075	54,904	67,605	90,579	62,038
Debt Service:					
Principal Retirement	36,697	38,386	40,060	41,042	64,045
Interest and Service Charges	15,651	17,807	17,397	17,135	15,352
Total Expenditures	427,468	444,641	487,409	539,615	539,047
Excess (deficiency) of revenues over expenditures	(39,470)	(23,332)	(36,949)	(64,903)	(62,982)
OTHER FINANCING SOURCES (USES):					
Long-Term Debt Issued	60,000	44,811	53,745	28,664	74,032
Proceeds from Loans	750	3,475	-	-	-
Proceeds from Owner Advance	-	-	-	-	-
Proceeds from Sale of Property	-	-	-	-	-
Refunding Bonds Issued	-	-	10,000	23,304	68,833
Premium on Issuance of Bonds	-	-	-	-	-
Payment to Bond Escrow Agent	-	-	(9,127)	(23,093)	(39,514)
Transfers In	61,400	65,227	65,876	72,564	76,133
Transfers Out	(78,555)	(65,200)	(69,935)	(72,763)	(71,763)
Total Other Financing Sources (Uses)	43,595	48,313	50,559	28,676	107,721
Net Change in Fund Balances	\$ 4,125	\$ 24,981	\$ 13,610	\$ (36,227)	\$ 44,739
Debt service as a percentage of noncapital expenditures	13.96%	14.47%	13.36%	12.08%	17.27%

Source: Comprehensive Annual Financial Report for the respective years.

TABLE 4

2004	2005	2006	2007	2008
\$ 222,111	\$ 235,643	\$ 259,483	\$ 289,177	\$ 317,920
134,240	145,514	162,076	172,621	183,833
357	426	1	868	30
19,471	22,765	19,546	20,231	22,323
44,588	38,026	49,642	49,552	52,475
14,894	14,099	11,690	12,512	15,513
11,928	13,805	16,088	14,784	14,319
8,372	7,488	12,108	19,902	18,449
(3,902)	(2,342)	51,167	-	-
27,375	53,845	5,142	53,854	32,204
-	-	-	12,150	28,658
3,023	7,015	6,233	8,040	6,815
16,527	23,356	25,436	24,513	12,213
<u>498,984</u>	<u>559,640</u>	<u>618,612</u>	<u>678,204</u>	<u>704,752</u>
64,484	77,883	86,908	104,662	105,942
224,543	244,857	265,353	281,149	308,374
33,341	32,181	36,039	35,284	35,420
29,089	30,886	36,690	38,090	41,507
14,055	14,725	15,849	17,369	17,626
9,436	11,180	10,164	10,837	10,706
15,379	16,466	17,764	19,529	22,806
-	-	-	-	-
-	-	-	-	-
9,197	8,762	10,765	12,151	11,768
4,846	4,343	-	-	-
11,236	9,694	9,981	14,497	14,461
-	-	-	-	-
55,823	149,894	115,783	111,127	103,778
34,281	31,466	36,954	85,409	38,368
17,723	15,063	16,477	20,329	24,542
<u>523,433</u>	<u>647,400</u>	<u>658,727</u>	<u>750,433</u>	<u>735,298</u>
<u>(24,449)</u>	<u>(87,760)</u>	<u>(40,115)</u>	<u>(72,229)</u>	<u>(30,546)</u>
-	99,237	3,574	200,910	-
988	615	1,781	6,409	26,241
-	279	-	1,923	-
-	-	1,350	-	336
42,700	46,230	-	-	-
2,262	4,460	-	2,239	-
(44,518)	(50,209)	-	-	-
80,027	92,413	113,815	120,646	117,591
<u>(73,386)</u>	<u>(74,220)</u>	<u>(93,347)</u>	<u>(106,201)</u>	<u>(98,425)</u>
<u>8,073</u>	<u>118,805</u>	<u>27,173</u>	<u>225,926</u>	<u>45,743</u>
<u>\$ (16,376)</u>	<u>\$ 31,045</u>	<u>\$ (12,942)</u>	<u>\$ 153,697</u>	<u>\$ 15,197</u>
11.03%	7.74%	8.83%	16.40%	9.36%



Sheraton at 1701 Commerce Street

REVENUE CAPACITY

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 ^(b)
	Real	Personal	Total Taxable	
1999	\$ 11,815,661	\$ 4,765,118	\$ 16,580,779	\$ 8.9750
2000	12,847,388	4,937,741	17,785,129	8.8500
2001	14,731,532	5,016,039	19,747,571	8.7500
2002	16,553,403	5,699,994	22,253,397	8.6500
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	30,647,633	6,823,075	37,470,708	8.5500

(a) The Assessed Value is 100%.

(b) Per \$1,000 of valuation.

Source: Tarrant 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, c)	Overlapping Rates ^(b)		
	Operating General Rates	General Obligation Debt Service	Total Direct		Tarrant County District ^(a, c)	Hospital District	Junior College District
1999	\$ 6.076	\$ 2.899	\$ 8.975	\$ 14.850	\$ 2.650	\$ 2.340	\$ 1.060
2000	6.274	2.576	8.850	15.150	2.650	2.340	1.060
2001	6.312	2.438	8.750	16.410	2.750	2.340	1.060
2002	6.467	2.183	8.650	16.410	2.730	2.340	1.390
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

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

(b) Source - Tarrant County Appraisal District.

(c) In September of 1987, the City of Fort Worth annexed 5,619.8 acres of land along the southwest quadrant of Denton County for the Alliance Airport. Residents living in this area may be levied taxes for Denton County and the Northwest Independent School District. Tax rates for Denton County and all other ISD's which may be assessing taxes on Fort Worth residents are listed on Table 12.

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
1999	\$ 143,457	\$ 144,372	100.64%	\$ 1,993	\$ 146,365	102.03%
2000	157,398	153,217	97.34%	2,304	155,521	98.81%
2001	172,791	170,722	98.80%	2,804	173,526	100.43%
2002	192,492	187,827	97.58%	2,603	190,430	98.93%
2003	204,974	199,774	97.46%	3,497	203,271	99.17%
2004	222,012	216,524	97.53%	4,017	220,541	99.34%
2005	232,455	230,241	99.05%	4,611	234,852	101.03%
2006	253,150	253,028	99.95%	4,421	257,449	101.70%
2007	289,445	286,805	99.09%	4,031	290,836	100.48%
2008	320,375	315,147	98.37%	3,822	318,969	99.56%

Source: Tarrant Appraisal District

**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	2008			1999		
		Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Valuation	Rank	Percent of Total Taxable Assessed Valuation
Oncor / Atmos / TXU Electric	Electric Utility	\$ 415,952	1	1.11%	\$ 284,458	2	1.71%
KAN AM Riverfront Campus LP	Corporate Campus	271,365	2	0.72%	-	-	-
Bell Helicopter-Textron, Inc.	Aircraft Manufacturing	243,408	3	0.65%	164,213	5	0.99%
Southwestern Bell Telephone Co.	Telephone Utility	224,810	4	0.60%	231,660	3	1.39%
AMR Corp./American Airlines	Air Travel	217,670	5	0.58%	392,561	1	2.36%
Alcon Laboratories, Inc.	Pharmaceuticals	170,850	6	0.46%	156,153	6	0.94%
XTO Energy Inc	Oil/Gas Producer	168,170	7	0.45%	-	-	-
Behringer Harvard Burnett Plz	Commercial Real Estate	159,505	8	0.43%	-	-	-
Crescent Real Estate	Developer	141,283	9	0.38%	-	-	-
Chesapeake Operating	Natural Gas Producer	123,267	10	0.33%	-	-	-
Tandy Corporation	Electronics Manufacturing&Retail	-	-	-	173,034	4	1.04%
Miller Brewing	Beer Brewing	-	-	-	119,755	7	0.72%
Federal Express Corp	Express Delivery Service	-	-	-	103,270	8	0.62%
City Center Development	Developer	-	-	-	102,563	9	0.62%
Albertson's Inc.	Retail Grocery Chain	-	-	-	100,609	10	0.60%
		<u>\$ 2,136,280</u>		<u>5.70%</u>	<u>\$ 1,828,276</u>		<u>10.99%</u>

Source: Tarrant Appraisal District Supplemental Certification Report

DEBT CAPACITY



Daimler Building at 13650 Heritage Parkway

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Governmental:				
General Obligation Bonds	\$ 254,140	\$ 218,364	\$ 210,279	\$ 176,526
Certificates of Obligation	25,425	67,570	89,015	107,800
General Purpose Commercial Paper	30,000	30,000	29,000	29,000
Installment Obligation	10,000	9,645	9,270	8,880
Equipment Notes Payable	-	411	3,111	1,019
HUD Installment Obligation	7,590	10,755	10,296	9,822
Service Center Obligation	-	-	-	-
Helicopter Installment Obligation	-	-	-	-
Fort Worth Housing Corp Obligation	-	-	-	-
Fort Worth Housing Fannie Mae Loan	-	-	-	-
Villas of Eastwood Terrace	-	-	-	-
Fort Worth Sports Authority	-	-	-	-
Lone Star Local Govt Corp Obligation	-	-	-	-
Central City Local Govt Corp Obligation	-	-	-	-
State Energy Conservation Loan Phase I & II	-	-	-	-
State Energy Conservation Loan Phase III	-	-	-	-
Wells Fargo Loan	-	-	-	-
Beechwood Bridge Obligation	-	-	-	-
Business-type:				
General Obligation Bonds	7,565	5,695	3,901	2,494
Revenue Bonds	490,939	550,415	577,125	626,675
Certificates of Obligation	6,425	7,100	6,515	5,930
Municipal Golf Capital Lease	-	-	-	-
Equipment Notes Payable	-	694	595	496
Trinity River Authority	6,525	6,330	6,125	16,465
Tarrant County Municipal Utility District #1	-	795	235	-
Total Primary Government	<u>\$ 838,609</u>	<u>\$ 907,774</u>	<u>\$ 945,467</u>	<u>\$ 985,107</u>
Personal Income	\$ 6,391,628	\$ 6,541,169	\$ 10,274,483	\$ 10,543,341
Debt as a Percentage of Personal Income	13%	14%	9%	9%
Population	504	516	543	557
Debt Per Capita	\$ 1,663	\$ 1,759	\$ 1,741	\$ 1,769

Source: Comprehensive Annual Financial Report for the respective years.

TABLE 9

	2003	2004	2005	2006	2007	2008
\$	228,815	\$ 246,271	\$ 235,486	\$ 212,909	\$ 322,296	\$ 295,925
	121,410	73,350	69,960	62,610	67,605	60,230
	-	-	-	-	-	-
	8,475	8,050	7,605	7,135	6,645	6,130
	7,734	6,070	7,150	5,030	3,160	26,600
	9,121	8,600	15,560	14,656	9,449	8,808
	-	-	22,725	22,315	21,890	21,450
	-	895	706	512	312	105
	-	-	9,588	9,528	9,464	9,395
	-	-	-	-	1,000	1,000
	-	-	894	-	-	-
	-	-	9,265	8,077	16,359	15,903
	-	-	31,617	31,617	31,617	31,617
	-	-	-	3,074	2,933	2,596
	-	-	-	3,200	4,610	4,433
	-	-	-	-	3,794	5,000
	-	-	-	306	296	269
	-	-	-	-	1,449	1,287
	1,949	1,488	1,448	706	284	140
	635,055	645,328	658,528	653,690	737,480	757,885
	5,345	4,760	3,800	10,940	31,165	30,905
	-	-	-	246	187	132
	11,309	10,383	16,650	8,081	6,875	5,730
	16,000	15,415	14,800	14,150	8,895	8,490
	-	-	-	-	-	-
\$	1,045,213	\$ 1,020,610	\$ 1,105,782	\$ 1,068,782	\$ 1,287,765	\$ 1,294,030
\$	10,937,273	\$ 11,334,992	\$ 11,834,034	\$ 12,577,390	\$ 13,008,252	\$ 13,311,276
	10%	9%	9%	8%	10%	10%
	578	599	625	664	687	703
\$	1,808	\$ 1,704	\$ 1,769	\$ 1,610	\$ 1,875	\$ 1,841

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 ^(a)	Percent Outstanding General Debt to Assessed Value	Estimated Population ^(b)	Outstanding General Debt Per Capita ^(c)
	General Obligation Bonds ^(d)	Certificates of Obligation ^(d)	Total				
1999	\$ 254,140	\$ 25,425	\$ 279,565	\$ 16,580,779	1.69%	504	\$ 555
2000	218,364	67,570	285,934	17,785,129	1.61%	516	554
2001	210,279	89,015	299,294	19,747,571	1.52%	543	551
2002	176,526	107,800	284,326	22,253,397	1.28%	557	510
2003	228,815	121,410	350,225	23,421,406	1.50%	577	607
2004	246,271	73,350	319,621	24,964,737	1.28%	599	534
2005	235,486	69,960	305,446	26,873,437	1.14%	625	489
2006	212,909	62,610	275,519	29,265,921	0.94%	664	415
2007	322,296	67,605	389,901	33,656,388	1.16%	687	568
2008	295,925	60,230	356,155	37,470,708	0.95%	703	507

(a) Assessed value is 100%

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

(c) Rounded to nearest whole dollar.

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

CITY OF FORT WORTH, TEXAS
LEGAL DEBT MARGIN INFORMATION
SEPTEMBER 30, 2008 (Unaudited)
(in 000's)

TABLE 11

Assessed Valuation, 2008 tax roll \$ 37,470,708

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 516,150 (amount is not in thousands); therefore, the ten percent limitation does not apply.

City Tax Rate Distribution
Last Ten Fiscal Years
(Per \$1,000 of Assessed Value)
(Unaudited)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Fund	\$ 7.209	\$ 7.259	\$ 7.107	\$ 7.107	\$ 6.799	\$ 6.707	\$ 6.467	\$ 6.312	\$ 6.274	\$ 6.076
Debt Service Fund	<u>1.341</u>	<u>1.341</u>	<u>1.543</u>	<u>1.543</u>	<u>1.851</u>	<u>1.943</u>	<u>2.183</u>	<u>2.438</u>	<u>2.576</u>	<u>2.899</u>
Total City Tax Rate	<u>\$ 8.550</u>	<u>\$ 8.600</u>	<u>\$ 8.650</u>	<u>\$ 8.750</u>	<u>\$ 8.850</u>	<u>\$ 8.975</u>				

CITY OF FORT WORTH, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
YEAR ENDED SEPTEMBER 30, 2008
(in 000's)
(Unaudited)

TABLE 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Arlington Independent School District	\$ 421,114	0.05 %	\$ 211
Azle Independent School District	27,530	2.98	820
Birdville Independent School District	272,220	2.90	7,894
Burleson Independent School District	229,453	14.05	32,238
Castleberry Independent School District	18,205	38.91	7,084
Crowley Independent School District	316,893	72.65	230,223
Eagle Mountain-Saginaw Independent School District	465,288	44.24	205,843
Everman Independent School District	62,240	64.86	40,369
Fort Worth Independent School District	532,008	76.05	404,592
Hurst-Eules-Bedford Independent School District	214,930	25.95	55,774
Keller Independent School District	603,100	40.24	242,687
Kennedale Independent School District	51,390	0.24	123
Lake Worth Independent School District	81,096	39.21	31,798
Northwest Independent School District	454,314	26.80	121,756
White Settlement Independent School District	182,901	50.32	92,036
Denton County	285,616	2.14	6,112
Tarrant County	346,495	36.30	125,778
Tarrant County Hospital District	29,585	35.15	10,399
Tarrant County Junior College District	49,005	36.30	17,789
Wise County	16,210	0.06	10
Subtotal, overlapping debt	<u>4,659,593</u>		<u>1,633,536</u>
City of Fort Worth Net Direct Debt	<u>338,396</u>	100.00 %	<u>338,396</u>
Total direct and overlapping debt	<u>\$ 4,997,989</u>		<u>\$ 1,971,932</u>

^(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 less available in the Debt Service Fund.

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)							
1999	\$ 191,307	\$ 105,720	\$ 85,587	\$ 29,053	\$ 24,395	\$ 53,448	1.60
2000	203,864	116,447	87,417	32,734	27,091	59,825	1.46
2001	224,420	120,695	103,725	35,407	28,152	63,559	1.63
2002	216,474	124,386	92,088	38,494	29,939	68,433	1.35
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
Municipal Parking^(e)							
1999	\$ 471	\$ 233	\$ 238	\$ -	\$ -	\$ -	-
2000	467	245	222	149	238	387	0.57
2001	648	199	449	-	-	-	-
2002	681	258	423	124	263	387	1.09
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

^(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.



Police Storefront at 5335 Bonnell Street

DEMOGRAPHIC AND ECONOMIC INFORMATION

**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)
1999	504,350	\$ 6,391,627,550	\$ 12,673 ^(c)	32.3 ^(c)	11,445	4.2%
2000	516,150	6,541,168,950	12,673 ^(c)	32.3 ^(c)	12,551	4.7%
2001	542,504	10,274,483,256	18,939 ^(d)	31.2 ^(d)	15,730	5.8%
2002	556,700	10,543,341,300	18,939 ^(d)	31.2 ^(d)	21,907	7.8%
2003	577,500	10,937,272,500	18,939 ^(d)	31.2 ^(d)	23,083	8.2%
2004	598,500	11,334,991,500	18,939 ^(d)	31.2 ^(d)	20,676	7.2%
2005	624,850	11,834,034,150	18,939 ^(d)	31.2 ^(d)	16,156	5.4%
2006	664,100	12,577,389,900	18,939 ^(d)	31.2 ^(d)	15,375	5.0%
2007	686,850	13,008,252,150	18,939 ^(d)	31.2 ^(d)	14,058	4.5%
2008	702,850	13,311,276,150	18,939 ^(d)	31.2 ^(d)	16,534	5.2%

(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 statistics as of April 1, 1990

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

**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	2008			1999		
	Employees	Rank	Percentage of Total Employment ^(g)	Employees ^(f)	Rank	Percentage of Total Employment ^(e)
Lockheed Martin Tactical Aircraft Systems	13.9 ^(d)	1	2.64%	10.0	2	2.53%
City of Fort Worth	7.2 ^(e)	2	1.37%	5.2	6	1.32%
Bell Helicopter-Textron, Inc.	5.4 ^(d)	3	1.02%	6.2	4	1.57%
NAS Fort Worth Joint Reserve Base	5.4 ^(d)	4	1.02%	-	-	0.00%
AMR Corp./American Airlines	5.3 ^(d)	5	1.01%	30.0	1	7.60%
Radio Shack	5.1 ^(d)	6	0.97%	-	-	-
Cook Children's Medical Center	3.9 ^(d)	7	0.74%	2.5	16	0.63%
JPS Health Network	3.8 ^(d)	8	0.72%	2.9	13	0.73%
Harris Methodist Hospital ^(b)	3.5 ^(d)	9	0.66%	-	-	-
Burlington Northern Santa Fe Railway	3.1 ^(d)	10	0.59%	3.5	11	0.89%
Fort Worth Independent School District				9.5	3	2.41%
Delta Airlines, Inc. ^(a)				5.0	7	1.27%
Tandy Corp.				4.5	9	1.14%
U. S. Postal Service				4.5	8	1.14%
Texas Health Resources				6.0	5	1.52%
Winn Dixie Texas, Inc				4.2	10	1.06%
	<u>56.6</u>		<u>10.74%</u>	<u>94.0</u>		<u>23.81%</u>

^(a) Located outside of the incorporated area of the City of Fort Worth.

^(b) During 1997, Harris Methodist Health System Hospitals merged with Presbyterian Hospitals.

^(c) Estimated total employment of 394,796 is average of 1995 and 2000 employment per North Central Texas Council of Governments.

^(d) Source: North Central Texas Council of Governments

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

^(f) Source: The Business Press, North Central Texas Council of Governments and www.dfwinfo.com

^(g) Estimated total employment of 527,248 for 2008 per North Central Texas Council of Governments.

OPERATING INFORMATION

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

TABLE 16

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Mayor and Council	20	22	25	28	27	25	25	29	28	28
City Manager	118	127	121	121	126	125	111	111	106	103
Budget and Management Services ^(a)							21	19	16	17
Housing	41	43	43	46	48	48	47	50	49	50
Development	78	82	77	81	86	88	89	119	151	136
Community Relations	9	14	15	15	16	29	24	24	35	29
Workforce Development	1	-	-	-	-	-	-	-	-	-
Internal Audit	15	15	14	15	14	15	14	16	16	16
City Secretary	8	8	6	7	7	7	7	8	7	8
Legal	38	36	37	41	41	40	42	44	46	46
Finance	70	71	68	66	61	61	63	60	68	67
Human Resources	188	189	163	143	150	128	162	166	143	101
Risk Management ^(b)	13	13	13	-	-	-	-	-	-	-
Economic and Community Development ^(c)	-	-	-	20	23	26	30	29	35	38
Transportation Public Works ^(d)	385	396	398	391	375	398	400	400	443	426
Planning	21	21	23	21	21	22	21	22	-	-
Code Compliance ^(e)			65	76	90	99	110	103	110	116
Public Events	136	127	140	143	136	132	135	132	135	126
Municipal Court	154	151	157	154	169	172	167	166	173	174
Public Health	111	113	119	121	128	129	137	144	149	130
Environmental Management	44	47	121	125	133	118	113	124	123	115
Parks and Community Services	783	748	783	793	759	812	846	860	714	809
Zoo (Contract) ^(f)	220	211	5	5	5	4	3	2	-	-
Library	246	249	262	273	272	261	258	273	283	259
Retirement	6	6	6	6	7	6	7	8	-	-
Subtotal	2,705	2,689	2,661	2,691	2,694	2,745	2,832	2,909	2,830	2,794
Enterprise Fund										
Water/Wastewater	726	720	751	758	782	766	807	805	833	812
Aviation	30	34	35	32	29	37	34	33	28	27
Subtotal	756	754	786	790	811	803	841	838	861	839
Internal Service Fund										
IT Solutions	100	98	101	93	94	102	115	114	123	118
Equipment Services ^(g)	287	286	143	133	118	124	116	121	126	120
Engineering	160	155	149	143	144	153	168	170	161	171
Subtotal	547	539	393	369	356	379	399	405	410	409
Public Safety										
Police-Uniform	1,208	1,225	1,261	1,276	1,304	1,350	1,381	1,399	1,470	1,521
Police-Civilian	531	573	607	601	591	581	625	653	647	658
Fire-Uniform	736	771	776	763	797	812	799	828	892	923
Fire-Civilian	35	47	58	47	44	47	52	45	49	48
Subtotal	2,510	2,616	2,702	2,687	2,736	2,790	2,857	2,925	3,058	3,150
Total	6,518	6,598	6,542	6,537	6,597	6,717	6,929	7,077	7,159	7,192

^(a) Department established FY05, previously division of City Manager office.

^(b) Risk Management functions absorbed into Human Resources and Finance departments as of October 1, 2001.

^(c) Prior to April 2002, department was division of City Manager office.

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

^(e) Department established July 17, 2001, previously division of City Services Department.

^(f) Employees of City of Fort Worth working for Fort Worth Zoo Association.

^(g) Previously City Services Department which included Code division and separated as of July 17, 2001.

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

Function/Program	1999	2000	2001	2002
Public Safety				
Fire				
Calls for Service - Fire	5,020 ^(a)	6,184 ^(a)	6,352 ^(a)	3,101 ^(a)
Calls for Service - EMS	25,150 ^(a)	31,595 ^(a)	35,448 ^(a)	37,247 ^(a)
Police				
Calls for Service	281,747	296,061	320,021	329,679
Library				
Libraries	14	15	16	16
Books and audio/visual materials (millions)	2.3	2.4	2.3	2.4
Average Monthly Circulation	413,739 ^(c)	405,619 ^(c)	195,719	219,861
Building Permits (000's Omitted)				
Permits issued	8.1	9.1	8.1	11.4
Estimated Value	\$ 915,552	\$ 999,622	\$ 1,223,655	\$ 1,406,170
Airport				
Airport Operations (Takeoffs and Landings)	338,255 ^(d)	301,059 ^(d)	440,645	351,621
Utilities				
Number of Water & Sewer Accounts (000'a Omitted)	151.3	154.6	152.7	154.9
Water Usage - Peak (million of gallons)	291	321	312	273
Water Usage - Average (million of gallons)	153	171	162	160
System Storage Capacity (gallons per day)	73	73	76	76

N/A = Information not available

^(a) Estimated calls for 1997-2002 per City of Fort Worth Fire Department.

^(b) Amount does not include approximately 1 million governmental documents.

^(c) For 1997-2000, circulation reported includes in-house circulation and each piece of a "multi-piece" item is counted as a separate circulation.

^(d) Operations for Alliance Airport

TABLE 17

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
3,529	2,723	3,825	2,906	2,287	3,486
38,058	38,580	37,725	37,819	49,892	51,401
305,463	303,159	310,056	317,446	314,132	312,219
16	15	15	15	15	15
2.4	2.4	2.3	1.1 (b)	1.1 (b)	1.1 (b)
229,301	286,317	302,096	311,050	320,791	337,768
12.6	16.1	13.8	17.0	12.0	12.0
\$ 1,683,676	\$ 1,778,279	\$ 1,809,740	\$ 2,444,399	\$ 2,216,067	\$ 2,186,348
287,159	265,917	223,873	230,068	257,983	318,191
159.8	166.2	176.4	186.0	212.2	215.8
331	266	304	344	271	335
165	159	174	208	172	287
76	75	75	75	75	88

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

Function/Program	1999	2000	2001	2002	2003
<u>Public Safety</u>					
Police Stations Owned	9	9	9	9	9
Police Stations Leased	8	9	10	10	10
Fire Stations	37	38	38	38	39
<u>Public Works</u>					
Streets - Linear Miles Maintained Annually	N/A	N/A	N/A	6,519	6,561
Lane Miles - Resurfaced	N/A	N/A	N/A	304	166
Traffic Signals	N/A	N/A	574	592	609
Street Lights	N/A	N/A	52,375	53,114	54,595
<u>Parks and Recreation</u>					
Parks and Public Spaces	203	210	216	219	220
Parks Acres	10,143	10,196	10,484	10,500	10,542
Miles of Trails (Jogging, Hiking & Biking)	58	58	58	58	58
Swimming Pools	7	7	7	7	7
Athletic Fields (Soccer, Football, Baseball & Rugby)	175	175	175	175	175
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	105
Golf Courses	5	5	5	5	5
Community and N.R.D. Centers	23	23	22	21	21
<u>Water</u>					
Water Mains (Miles)	2,436	2,448	2,537	2,625	2,654
Fire Hydrants	11,923	12,084	12,772	13,076	13,270
<u>Wastewater</u>					
Miles of Sanitary Sewers	2,367	2,383	2,460	2,589	2,655
<u>Stormwater</u>					
Miles of Channels	N/A	N/A	N/A	N/A	N/A
Miles of Storm Pipes	N/A	N/A	N/A	N/A	N/A

(a) The City also maintains 97 Traffic Signals owned by TXDOT

N/A= Information not available

TABLE 18

2004	2005	2006	2007	2008
9	9	9	9	10
10	10	10	10	11
39	40	41	40	40
6,638	6,830	7,000	7,173	7,218
269	274	219	152	177
628	653	696	603 (a)	588 (a)
55,300	56,592	58,565	60,026	60,950
223	227	231	236	243
10,595	10,715	10,762	10,832	10,929
58	59	60	58	60
7	7	7	7	7
175	175	178	184	181
1	1	1	1	1
16	16	16	16	16
82	82	82	82	82
105	105	105	106	107
5	5	5	5	5
21	21	21	21	21
2,767	2,837	3,177	3,292	3,395
14,002	14,803	16,929	17,040	17,580
2,726	2,804	3,218	3,315	3,380
191	236	281	327	326
648	700	750	680	700



Rodeo Plaza at 121 East Exchange Avenue



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY of FORT WORTH
FINANCIAL MANAGEMENT SERVICES DEPARTMENT
1000 THROCKMORTON STREET
FORT WORTH, TEXAS 76102
www.fortworthgov.org