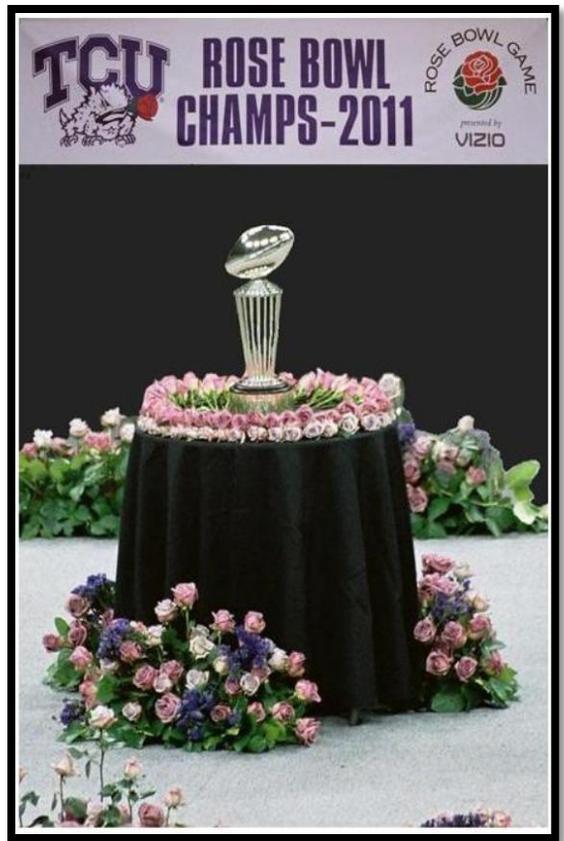
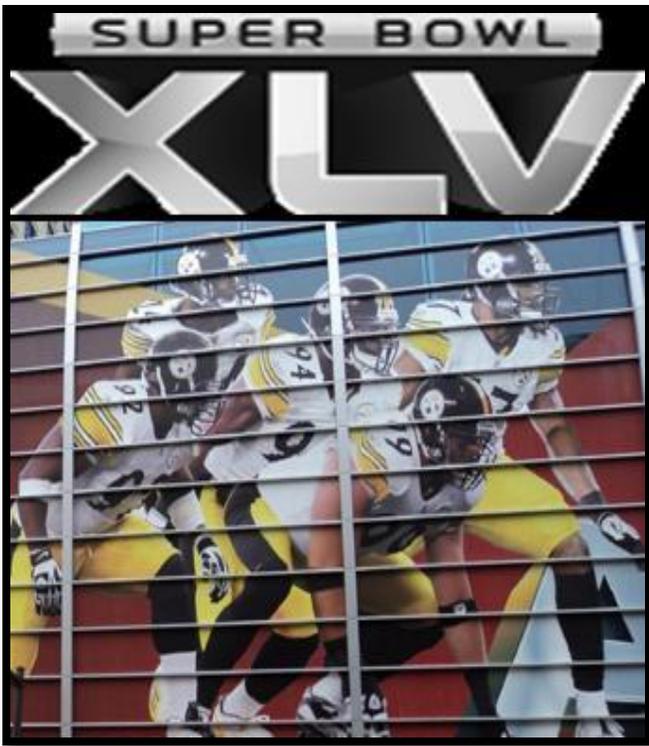
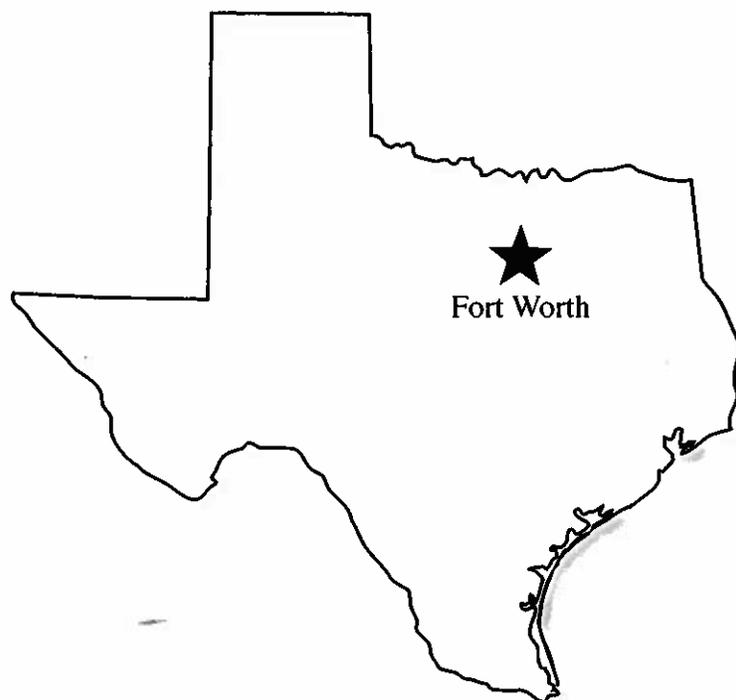




COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2011
CITY OF FORT WORTH, TEXAS





Cover Photographs:

Top left picture: Super Bowl XLV Pittsburg Steelers – Fort Worth Omni Hotel

Top right picture: TCU 2011 Rose Bowl Trophy

Bottom left picture: Texas Motor Speedway

Bottom right picture: Crowne Plaza Invitational at Colonial.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2011

CITY OF FORT WORTH, TEXAS

ELECTED OFFICIALS

2011 CITY COUNCIL

Betsy Price, Mayor

Joel Burns
Salvador Espino
Kathleen Hicks
Jungus Jordan

Frank Moss
Danny Scarth
Dennis Shingleton
W.B. "Zim" Zimmerman

CITY MANAGER

Thomas Higgins

CHIEF FINANCIAL OFFICER

Lena H. Ellis

INDEPENDENT AUDITORS

Deloitte & Touche LLP

Prepared by the Financial Management Services Department



Gallery gathered at the thirteenth hole of the Crowne Plaza Invitational Golf Tournament

CITY OF FORT WORTH, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2011
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INTRODUCTORY SECTION



March 20, 2012

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, 2011.

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 reported 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, 2011, 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, 2011, was audited in accordance with OMB Circular A-133 and Texas 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.

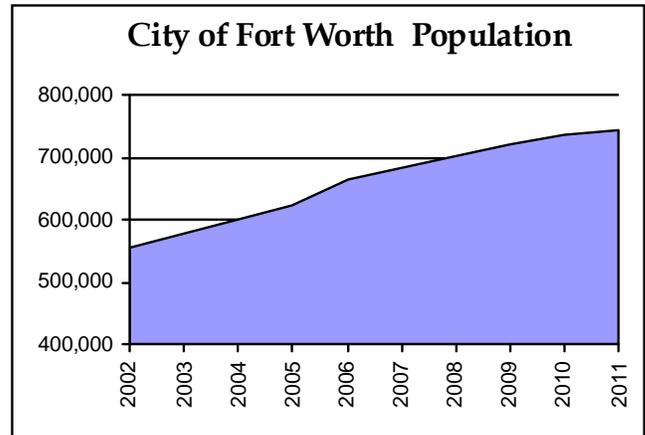
FINANCIAL MANAGEMENT SERVICES DEPARTMENT

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 746,290 people (North Central Texas Council of Governments population estimate, 2011) in 350 square miles, 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, cattlemen driving herds to northern markets on the Chisholm Trail began stopping in Fort Worth to resupply 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, and 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 during the last decade. Also, in 2011, Fort Worth was named an All-America City by the National Civic League. It was the third time the City has received the prestigious award.

Whether you were born here or newly arrived, Fort Worth is home in every sense of the word. Fort Worth has affordable, high-quality living; a strong and diverse business environment; outstanding education from kindergarten through college; a temperate climate; popular attractions; sophisticated fine art; community solidarity; renowned performing arts; and a thriving 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. The mayor, 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, city owned parking garages, and storm water utility services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments of outstanding debt. In 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

Crime Control and Prevention District
Fort Worth Housing Finance Corporation
(Including its component units, The Villas of Eastwood Terrace, LLC, FWHFC Housing Trust Fund, 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
Fort Worth Public Improvement District No. 14
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. 7A
Taxing Increment Reinvestment Zone No. 8
Taxing Increment Reinvestment Zone No. 9
Taxing Increment Reinvestment Zone No. 9A
Taxing Increment Reinvestment Zone No. 10
Taxing Increment Reinvestment Zone No. 10A
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 6.7 million.

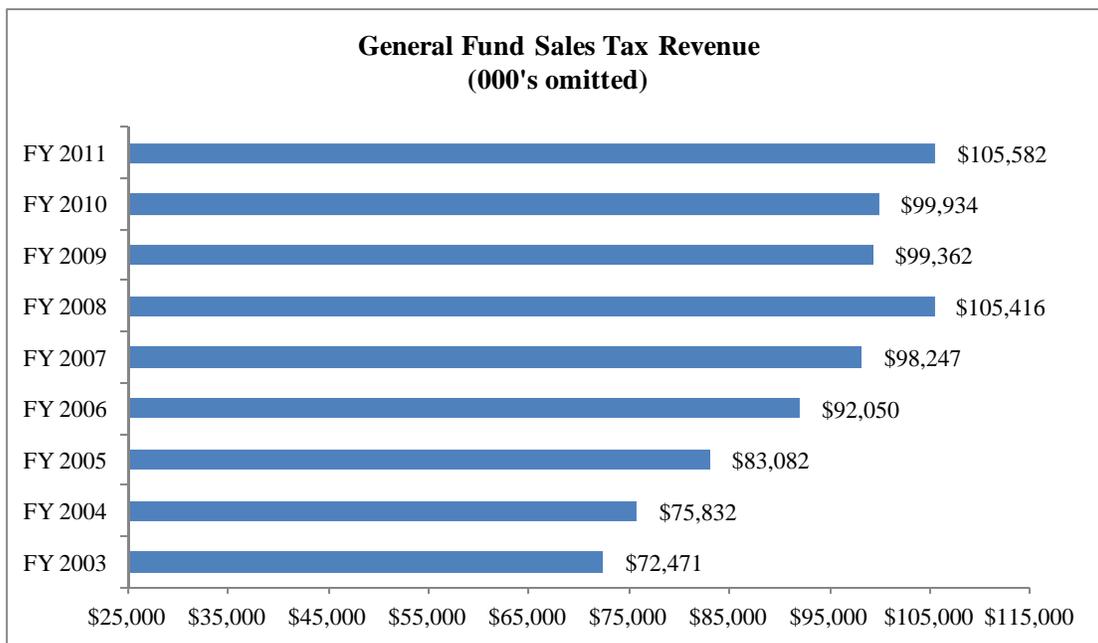
Current Economic Information

At 20% of the General Fund revenue budget, sales tax is a major revenue component. Although the City tries to maintain a diverse tax base, sales tax revenue remains an important indicator of the City's economic condition and must be closely monitored throughout the fiscal year.

From 2005 until 2008, Fort Worth's actual sales tax collections experienced positive annual growth averaging 8%. However, sales tax collections declined starting in FY2009. The expected overall drop in consumer confidence caused sales tax growth to slow considerably. In FY2010 a modest recovery of about 1% over FY2009 was realized.

Improving economic conditions in FY2011 proved promising as monthly sales tax collections were higher than projected and higher than prior year actual receipts throughout the year. Sales tax collections for FY2011 grew 6% over FY2010. Collection for construction, manufacturing, wholesale and retail trade industries have recovered and even shown signs of growth due to the general improvement in the economy. Agriculture, transportation and warehousing industries continue to experience the effects of the economic downturn.

Other data sources suggest the growth trend is likely to continue. The U.S. Commerce Department reported that national retail sales were steady in August 2011, and grew slightly in September 2011. Going into FY2012, retail sales should continue growing.



The FY2011 value of building permits for new residential construction was \$434 million. Commercial and miscellaneous construction was \$918 million.

Commercial Growth

Fort Worth continues to be a strong draw for residents and businesses and is consistently ranked among the top places in the nation to live, work, and play. With a growing workforce, top educational facilities, low cost of doing business, high quality of life, and prime location and climate, Fort Worth is an attractive choice for companies looking to expand their operations. According to the 2010 Census, Fort Worth grew by nearly 39 percent in the last decade, far outpacing Texas' other metropolitan areas. In fact, the Dallas-Fort Worth-Arlington Metroplex as a whole is the fourth most populous metropolitan statistical area in the nation, growing by over 23 percent since 2000.

Major employers in Fort Worth include Alcon Laboratories, AMR/American Airlines, Bell Helicopter Textron, Inc., BNSF Railway, JPS Health Network, Lockheed Martin Aeronautics, and Texas Health Harris Methodist Hospital. Additionally, Fort Worth is home to four Fortune 500 companies: AMR/American Airlines, BNSF Railway, RadioShack, and XTO Energy. A number of new employers have joined our business environment in the past year including GE Transportation and Leading Edge, the world's largest aircraft painting company. Alcon Laboratories and Bell Helicopter Textron, Inc. also made announcements to expand, while creating and/or retaining 750 and 3,900 jobs, respectively. According to a recent report by Impact DataSource, new companies that have announced expansions in Fort Worth for 2011 are estimated to create 7,348 direct and indirect jobs with over \$1.2 billion in direct and indirect economic impacts for local businesses over the next several years.

The Fort Worth-Arlington Metropolitan Division (MD) has a strong labor force exceeding one million. The largest industries are trade, transportation, and utilities (24 percent); government (14 percent); education and health services (13 percent); and professional and business services (11 percent). There are over 35,000 registered business firms in the Fort Worth-Arlington MD, nearly half of which are small businesses between one and four employees. There are 87 larger firms of at least 1,000 employees each which make up nearly 30 percent of the total employment in the area. As of November 2011, the unemployment rate was 7.3 percent, nearly a one percent drop since November 2010. The unemployment rate is lower than that of Texas, 7.5 percent, and the United States, 8.2 percent, for the same November 2011 reporting period (Texas Workforce Commission).

In addition to business growth, tourism is an important contributor to the local economy with Fort Worth receiving over 5.5 million visitors each year. The City benefitted greatly from Super Bowl XLV in 2011 as the event sold out nearly every hotel room in downtown Fort Worth. Despite the poor weather, more than 106,000 people came to Fort Worth's Sundance Square during the week prior to the big event, which is nearly triple the weekly number Sundance Square experiences on a regular basis. In addition, room rate averages were more than double the norm as reported by the Fort Worth Visitor's and Convention Bureau. As a direct result of experiencing Fort Worth's environment during Super Bowl XLV, Tulsa-based SkyCam, LLC and Los Angeles-based CableCam, LLC announced they would jointly move operations to a new 45,000 square foot facility in Fort Worth.

Coordinated efforts by Sundance Square and Downtown Fort Worth, Inc. (DFWI) have resulted in new entertainment, housing, and retail facilities throughout Downtown Fort Worth. A strong vibrant downtown is a reflection of the community with jobs, historic preservation, new development, and a growing tax base as positive effects. Since 1995, the City has partnered with DFWI in administration of the Downtown Tax Increment Financing (TIF) District in order to provide public infrastructure to support new private investment. The District has leveraged almost \$500 million in private investment since its inception resulting in significant increase in sales and property tax revenue to the City.

AllianceTexas in far north Fort Worth continued its growth by adding more than 2,400 jobs over the last 12 months, one of its largest increases since the recession. Employment at the 17,000-acre development, which includes a huge logistics park, subdivisions, shopping centers, and the Circle T Ranch, has hovered around 28,000 for several years. The growth over the last year pushed employment across the 30,000 mark for the first time in the history of the development.

Selected new projects that were announced this past year include:

Frac Tech Services purchased a 558,000 square foot industrial building in the Railhead Industrial Park for state-of-the-art manufacturing, repair, and testing. Frac Tech offers hydraulic fracturing services to promote production in the oil and gas industry.

GE Transportation will develop a special manufacturing plant designed to produce a line of fuel-efficient locomotives. Construction is scheduled to start in 2012, and company officials project to provide over 500 jobs for the \$96 million, 900,000 square foot facility.

HCA Health Services of Texas, part of Nashville-based Hospital Corp. of America, has completed a 10,500 square foot, multi-million dollar, free-standing emergency care facility in north Fort Worth near Alliance. The emergency clinic will meet the needs of many north Fort Worth residents who did not have access to fast, quality healthcare previously.

Oliver's Fine Foods has brought its neighborhood market concept to Sundance Square in downtown Fort Worth. The 6,600 square foot store at 415 Throckmorton Street opened in the fall. Oliver's is a high-end specialty market that features products and services geared toward specialty foods and grocery, including hand-cut steaks, house-made sausages, and fresh seafood.

Renaissance Square continues to gain speed as it fills a retail void in southeast Fort Worth. The 450,000 square foot development, headed by Lockard Companies and Moriah Real Estate Company, LLC, will include grocery, restaurants, and a variety of retail options. The project is slated to open in late 2013.

Spire Realty Group began construction of a retail promenade and an outdoor plaza with green space on the site of the former City Place outlet mall. The new development will include a new 1,000-space parking structure with 30,000 square feet for retail and restaurants on the street level. A two-story annex and pedestrian plaza will also be built.

Texas Health Resources broke ground on a 100-bed hospital located on 40 acres at Golden Triangle and I-35W, strategically located to meet the growing demand for healthcare in the area. The \$90 million facility will include an emergency room, acute-care beds, outpatient, surgical services, and offices. The first phase of construction is scheduled for completion in spring 2012.

Weir Oil and Gas announced plans to invest \$65 million to expand its business manufacturing and service facility in Fort Worth. The expansion includes purchase of 12.7 acres adjacent to its current location for the creation of a dedicated Fort Worth Service Center. Construction will include multiple warehouses, an assembly and engineering office, pipe shop, pump machine shop, swivel manufacturing facility and service center.

Major Initiatives

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

The Mayor and Council strategic goals are:

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

These goals enable the City Council to:

- Better understand Fort Worth’s cultural heritage
- Have a consensus on values, vision and a mission for the future
- Translate the vision into an action plan
- Prioritize the use of limited city resources
- Support staff and community groups in focusing efforts on the vision and priorities.

In fiscal year 2011, the City of Fort Worth continued to focus major efforts on the City Council’s strategic goals. These goals drive decision-making and help the City Council identify the City’s mission and vision, and then translate that vision into an action plan. The City’s limited resources are then prioritized to achieve that plan. The City’s actions to implement the established strategic goals and address community issues are numerous and varied. However, the City continually addresses community issues through the best, most appropriate methods available.

Other City Initiatives

Many initiatives funded by the City have been supplemented by grants from various state and federal agencies. Examples of grant awards expended in Fiscal Year 2011 include the following:

1. U.S. Department of Housing and Urban Development grants, which included \$5,375,100 for the Community Development Block Grant program, \$4,544,498 for the HOME program, and \$289,413 for the Emergency Shelter program;
2. Texas Department of Housing and Community Affairs (TDHCA) grants for Community Services Block Program, for \$1,489,490 which included American Recovery and Reinvestment Act (ARRA) expenditures of

\$278,193. TDHCA also funded a Comprehensive Energy Assistance Program and Weatherization grants for \$9,433,895;

3. U.S. Department of Health and Human Services grant for an Early Child Resource Center in the amount of \$358,888;
4. U.S. Department of Agriculture grant for a Summer Food and Child and Adult Care Nutrition programs in the amount of \$623,173;
5. Texas State Library grant for the Interlibrary Loan program totaled \$232,033 and a Texas Loan Star Library grant for \$142,210;
6. U.S. Department of Justice and Office of the Governor, Criminal Justice Division grants in the amount of \$5,592,264 with primary focus on crime reduction;
7. Texas Commission for Environmental Quality grant in an amount of \$339,625 for a study on Fort Worth's air quality;
8. U.S. Department of Transportation and the Texas Department of Transportation (TxDOT) grants for \$4,934,946 for aviation and some of these expenditures represent expenditures processed by TxDOT;
9. U.S. Department of Homeland Security grants in the amount of \$5,966,947;
10. U.S. Department of Energy Energy Efficiency Community Block Grant (ARRA) in the amount of \$3,357,258; and
11. U.S. Environmental Protection Agency grants in the amount of \$44,653,785.

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. During FY 2011 the City implemented Governmental Accounting Standards Board Statement No. 54. The purpose of this Statement is to improve the usefulness, including understanding, of governmental fund balance information. It also clarifies the existing governmental fund type definitions to improve the comparability of governmental fund financial statements and help financial statement users to better understand the purposes for which governments have chosen to use particular funds for financial reporting. For more information on the implementation of this Statement, please see Note A, page 46.

Financial Policies

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

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. The fiduciary operation is also recognized the economic resources measurement focus and the accrual basis. See footnote A.3 to the financial statements for a complete description of the basis of accounting.

The City is financially accountable for a number of 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 committed fund balances as of September 30, 2011.

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 March 20, 2012.

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 and state 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 monitor 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.

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 applicable to 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*. The Single Audit Report is issued under a separate cover.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report that meets the GFOA program standards. GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fort Worth for its CAFR for the fiscal year ended September 30, 2010. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for review.

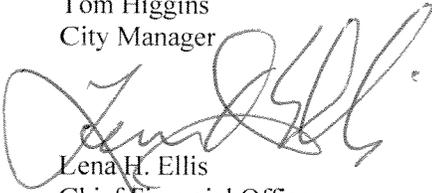
Acknowledgments

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 acknowledge the thorough, professional, and timely manner in which our independent auditors, Deloitte & Touche LLP, conducted the audit. Finally, we express appreciation to the Mayor and City Council 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,



Tom Higgins
City Manager



Lena H. Ellis
Chief Financial Officer



ESPN SPORTSCENTER set decorations during Super Bowl XLV

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fort Worth
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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



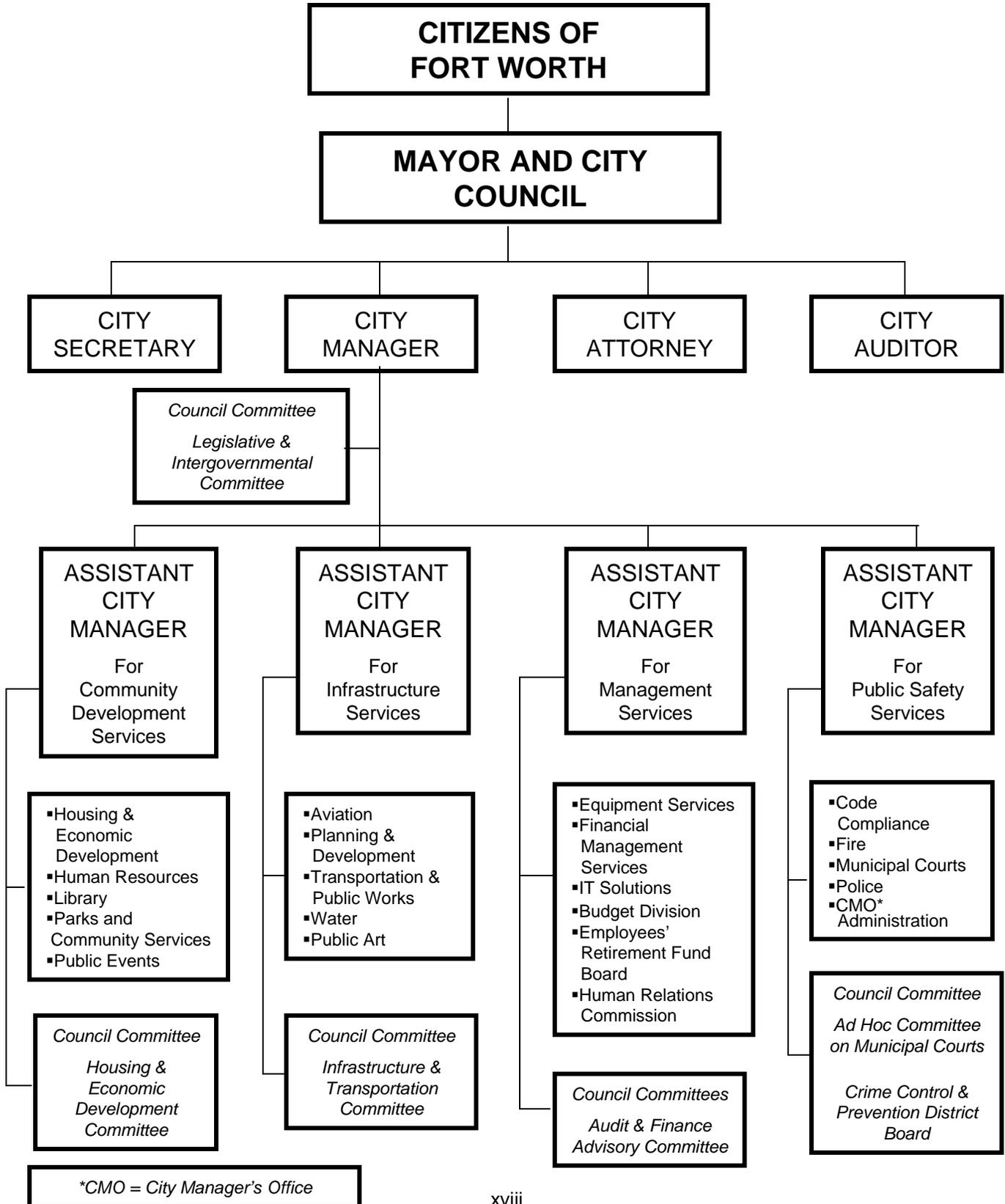
Linda C. Dandison

President

Jeffrey R. Emer

Executive Director

**CITY OF FORT WORTH, TEXAS
ORGANIZATION OF CITY GOVERNMENT
September 30, 2011**



Elected Officials
City of Fort Worth, Texas
Mayor and Council members for Fiscal year 2010 – 2011



Betsy Price
Mayor



Salvador Espino
Council District 2



W.B. Zimmerman
Council District 3



Danny Scarth
Council District 4



Frank Moss
Council District 5



Jungus Jordan
Council District 6



Dennis Shingleton
Council District 7



Kathleen Hicks
Council District 8



Joel Burns
Council District 9



A grand salute as military jets conducted a "fly over" to kick off the 2011 Rose Bowl featuring Fort Worth's TCU Horned Frogs and the Wisconsin Badgers

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Fort Worth, Texas (the "City"), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Employees' Retirement Fund of the City of Fort Worth as of and for the year ended September 30, 2011, (which comprises 99% of the net assets 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 \$675 million of pension investments without readily ascertainable market value) has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Employees' Retirement Fund of the City of Fort Worth, are based solely on the report of the other auditors. We also did not audit the financial statements of the Villas of Eastwood Terrace LLC, a blended component unit of the Fort Worth Housing Finance Corporation, a blended component unit of the City, as of and for the year ended December 31, 2010, (which comprises approximately 1% of assets, fund balance and revenues of the non-major governmental funds of the City). Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Villas of Eastwood Terrace LLC, are based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the

aggregate discretely presented component units and remaining fund information of the City, as of September 30, 2011, 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.

As discussed in Note A.11, the City adopted the provisions of Statement No. 54 of the Governmental Accounting Standards Board, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective October 1, 2010.

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 accounting principles generally accepted in the United States of America. This supplementary information is the responsibility of the City's management. We and other auditors 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 express no opinion on it.

Deloitte & Touche LLP

March 20, 2012

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(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, 2011. The MD&A is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the Introductory Section of this Comprehensive Annual Financial Report.

Financial Highlights

The assets of the City of Fort Worth exceeded its liabilities at September 30, 2011, by \$2,987,817 (net assets). Of this amount, \$294,689 (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 \$61,572. This increase can be attributed to increases in capital grants and contributions, franchise fees, and charges for water and sewer services. These were offset by a decrease in property tax revenue.

At September 30, 2011, the City's governmental funds reported combined ending fund balances of \$674,171, an increase of \$20,327 in comparison with 2010. Approximately 58.6 percent of this amount, \$395,096 is available for spending at the government's discretion (\$208,337 committed fund balance, \$134,087 assigned fund balance and \$52,672 unassigned fund balance).

The City's total long-term liabilities increased by \$255,818 during the current fiscal year. The key factors in this increase were an increase in Other Post Employment Benefits Obligation of \$82,270, the issuance of \$42,595 of certificates of obligation, \$43,050 of equipment notes, \$20,590 of general obligation bonds, and \$179,385 of revenue bonds. The City also entered into capital leases in the amount of \$4,419 during the year. During the year, long-term liabilities were reduced by principal payments of \$113,281. The City also issued \$46,680 of general obligation bonds to refund \$60,505 of existing debt and \$62,465 of revenue bonds to refund \$68,715 of existing debt.

Overview of the Financial Statements

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

The basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(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 governmental services. This statement includes all current year revenues and expenses.

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

Governmental activities - Most of the City's basic services are reported here, including general administration, debt services, public safety, municipal courts, transportation and public works, parks and community services, public library, public events and facilities, planning and development, finance and housing and economic development. Property taxes, sales taxes, and franchise fees provide the majority of the financing for these activities.

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

Fund Financial Statements

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

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

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(in 000's)
(unaudited)
(continued)

Changes in Fund Balances provide a reconciliation to facilitate this comparison. The reconciliation explains the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

The City maintains twenty-four individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Debt Service Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its office services, equipment services, temporary labor pool, information systems and engineering services.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City reports one Trust Fund which accounts for the assets of the City's pension plan and post employment healthcare plan. Separate audited financial statements are available for the City's pension plan.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-101 of this report.

Government-Wide Financial Analysis

Total assets of the City at September 30, 2011, were \$5,542,354, while total liabilities were \$2,554,537, resulting in a net asset balance of \$2,987,817.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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

The largest portion of the City's net assets, \$2,584,961 or 86.5 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, \$108,167 or 3.6 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$294,689 may be used to meet the City's ongoing obligations to citizens and creditors.

Condensed Schedule of Assets, Liabilities and Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Current and other assets	\$ 782,519	\$ 825,028	\$ 591,216	\$ 706,577	\$ 1,373,735	\$ 1,531,605
Capital assets	<u>1,469,255</u>	<u>1,536,636</u>	<u>2,371,032</u>	<u>2,474,113</u>	<u>3,840,287</u>	<u>4,010,749</u>
Total assets	<u>2,251,774</u>	<u>2,361,664</u>	<u>2,962,248</u>	<u>3,180,690</u>	<u>5,214,022</u>	<u>5,542,354</u>
Long-term liabilities						
outstanding	1,138,607	1,254,172	904,652	1,044,905	2,043,259	2,299,077
Other liabilities	<u>112,156</u>	<u>106,551</u>	<u>132,362</u>	<u>148,909</u>	<u>244,518</u>	<u>255,460</u>
Total liabilities	<u>1,250,763</u>	<u>1,360,723</u>	<u>1,037,014</u>	<u>1,193,814</u>	<u>2,287,777</u>	<u>2,554,537</u>
Net assets:						
Invested in capital assets, net of related debt	943,984	1,015,491	1,594,876	1,569,470	2,538,860	2,584,961
Restricted	24,830	18,296	105,400	89,871	130,230	108,167
Unrestricted	<u>32,197</u>	<u>(32,846)</u>	<u>224,958</u>	<u>327,535</u>	<u>257,155</u>	<u>294,689</u>
Total net assets	<u>\$ 1,001,011</u>	<u>\$ 1,000,941</u>	<u>\$ 1,925,234</u>	<u>\$ 1,986,876</u>	<u>\$ 2,926,245</u>	<u>\$ 2,987,817</u>

At September 30, 2011, 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 a decrease in restricted net assets reported in the City's governmental activities of \$6,534 and a decrease in the business-type activities of \$15,529. The decreases in restricted net assets of the governmental activities and business-type activities were the result of payments on debt service. The governmental activities' unrestricted net asset balance decreased by \$64,722 due to increases in the City's investment in capital projects which is reflected in the increase in net assets invested in capital assets, net of related debt.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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

Condensed Schedule of Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 65,860	\$ 73,119	\$ 392,826	\$ 443,056	\$ 458,686	\$ 516,175
Operating grants and contributions	56,798	56,825	-	-	56,798	56,825
Capital grants and contributions	35,987	54,686	31,186	18,846	67,173	73,532
General revenues:						
Property taxes	354,815	341,820	-	-	354,815	341,820
Other local taxes	174,092	179,802	-	-	174,092	179,802
Franchise Fees	35,148	45,178	-	-	35,148	45,178
Gas Lease and Royalties	13,963	23,506	23,708	11,298	37,671	34,804
Assessments	11	-	-	-	11	-
Investment income	11,572	8,601	7,687	5,283	19,259	13,884
Gain (Loss) disposal of capital assets	352	3,508	-	-	352	3,508
Other	14,688	13,744	5,889	7,070	20,577	20,814
<i>Total revenues</i>	<u>763,286</u>	<u>800,789</u>	<u>461,296</u>	<u>485,553</u>	<u>1,224,582</u>	<u>1,286,342</u>
Expenses:						
General Administration	112,638	118,104	-	-	112,638	118,104
Public Safety	391,755	407,601	-	-	391,755	407,601
Transportation and Public Works	108,481	128,611	-	-	108,481	128,611
Parks and Community Service	55,022	57,815	-	-	55,022	57,815
Public Library	20,531	22,348	-	-	20,531	22,348
Public Events and Facilities	28,020	32,844	-	-	28,020	32,844
Planning and Development	12,520	13,534	-	-	12,520	13,534
Housing and Economic Development	37,944	35,699	-	-	37,944	35,699
Interest and Service Charges	29,220	31,472	-	-	29,220	31,472
Water & Sewer	-	-	269,723	288,452	269,723	288,452
Municipal Airport	-	-	12,656	13,356	12,656	13,356
Solid Waste	-	-	39,241	44,247	39,241	44,247
Municipal Parking	-	-	3,552	5,851	3,552	5,851
Municipal Golf	-	-	5,949	5,864	5,949	5,864
Stormwater Utility	-	-	19,961	18,972	19,961	18,972
<i>Total expenses</i>	<u>796,131</u>	<u>848,028</u>	<u>351,082</u>	<u>376,742</u>	<u>1,147,213</u>	<u>1,224,770</u>
Excess (Deficiency) of Revenues Over						
(Under) Expenditures	(32,845)	(47,239)	110,214	108,811	77,369	61,572
Transfers	18,867	47,169	(18,867)	(47,169)	-	-
Changes in net assets	(13,978)	(70)	91,347	61,642	77,369	61,572
Net assets - Beginning of Year	<u>1,014,989</u>	<u>1,001,011</u>	<u>1,833,887</u>	<u>1,925,234</u>	<u>2,848,876</u>	<u>2,926,245</u>
Net assets - End of Year	<u>\$ 1,001,011</u>	<u>\$ 1,000,941</u>	<u>\$ 1,925,234</u>	<u>\$ 1,986,876</u>	<u>\$ 2,926,245</u>	<u>\$ 2,987,817</u>

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(in 000's)
(unaudited)
(continued)**

Overall, the governmental activities net assets decreased by \$70 during the current fiscal year and business-type activities increased \$61,642. Factors that contributed to the governmental activities net asset decrease were increases in general administration, public safety, public events, parks and recreation, and transportation public works expenditures of \$49,059 and decreases in property tax revenue and investment income of \$15,966. This was offset by increases in revenue from charges for services, capital grants and contributions, other local taxes, franchise fees, transfers from the business-type activities and gas leases and royalties of \$79,543. The major factor that contributed to the business-type activities net asset increase was the \$50,230 for charges for services.

Financial Analysis of the Government's Funds

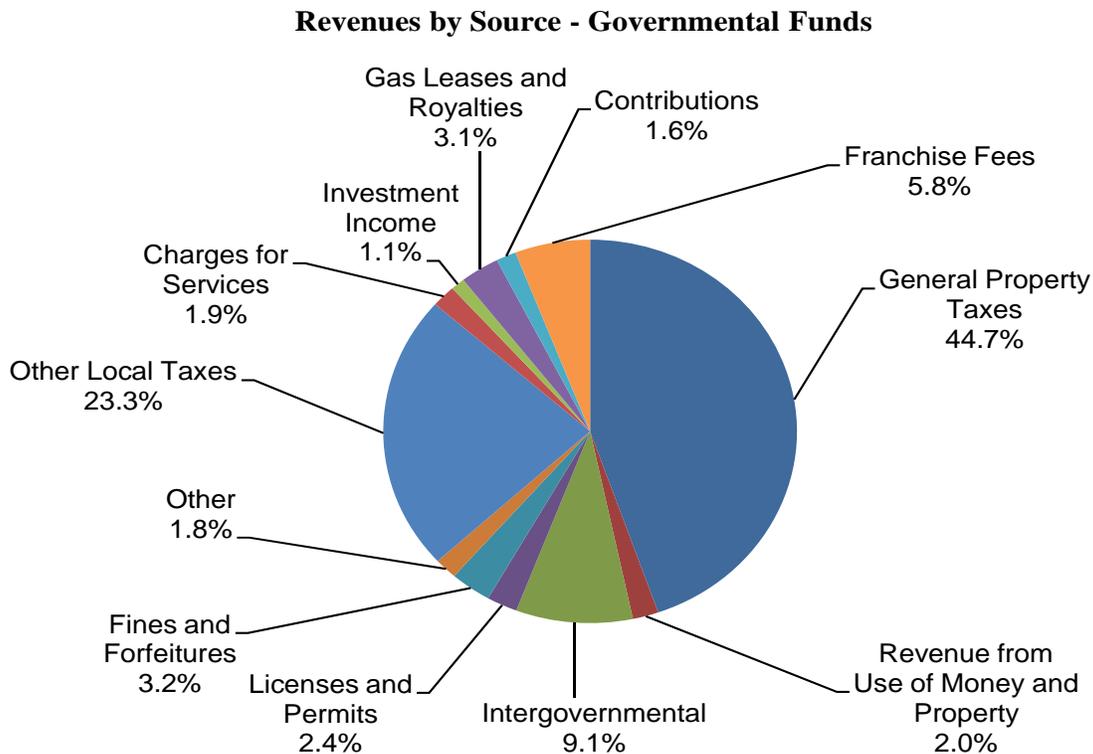
Governmental Funds – The focus of the City of Fort Worth's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a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

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$674,171. Approximately 24.3 percent or \$163,607 constitutes the General Fund balance. As of September 30, 2011 the General Fund's nonspendable fund balance includes \$6,716 for advance to other funds, \$3,348 for inventories, and \$130 for prepaids, deposits, and other. The restricted fund balance includes \$646 of tax note proceeds restricted for the purchase of fire equipment. The committed fund balance includes amounts for risk financing of \$43,423, \$500 for utility rate case actions, \$100 for a saving program, \$4,645 for purchase of new fire equipment, and \$5,515 for funding purchases in the next fiscal year. As of September 30, 2011, the General Fund had an unassigned fund balance of \$53,137.

Nonmajor governmental fund balance of \$493,094 or 73.1 percent of total governmental fund balance includes nonspendable fund balance of \$23,541, restricted fund balance of \$234,095, committed fund balance of \$147,761, assigned fund balance of \$88,162 and a deficit unassigned balance of \$465 within the capital project and special revenue funds. The Debt Service fund has a fund balance of \$17,470 or 2.6 percent of total governmental fund balance of which \$10,599 is restricted fund balance, \$6,393 is committed fund balance and \$478 is assigned fund balance.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(in 000's)
(unaudited)
(continued)

Revenues and Expenditures – Governmental Funds

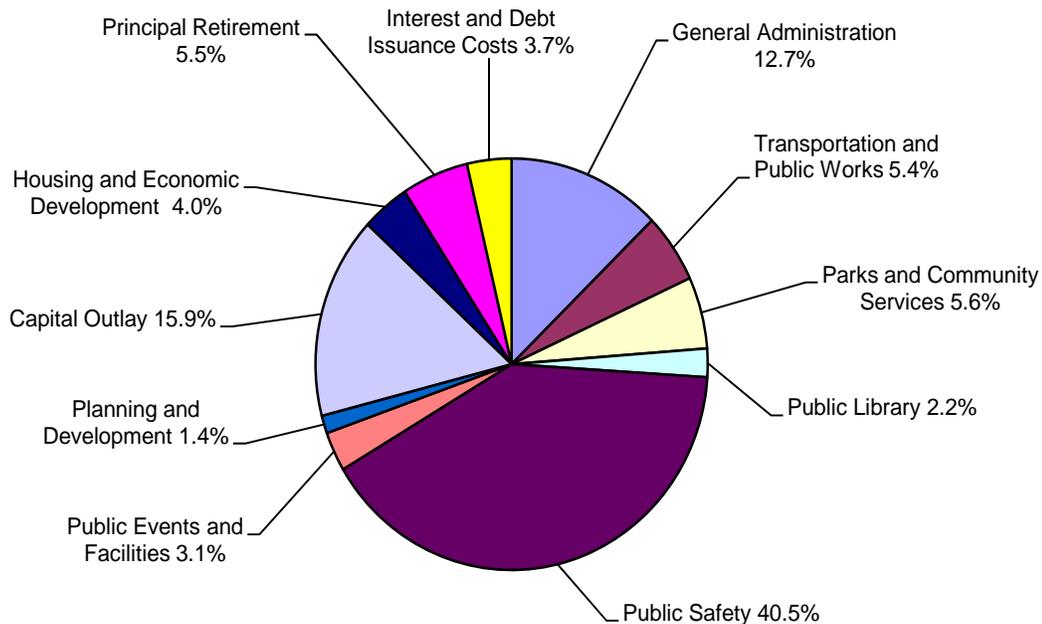


The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$163,607. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of \$53,137, represents 10.2 percent of total General Fund expenditures. The total fund balance of \$163,607 represents 31.4 percent of total General Fund expenditures. Fund balance in the General Fund increased by \$714 despite decreases in investment income, property tax and revenue from use of money and property. The following are the significant changes in General Fund revenue:

- Franchise fees increased by \$10,030, or 28.5 percent over the same category in the previous fiscal year.
- Property taxes decreased by \$12,995, or 3.7 percent over the same category in the previous fiscal year.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(in 000's)
(unaudited)
(continued)

Expenditures by Function - Governmental Funds



Financial Analysis of the Proprietary Funds

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

Unrestricted net assets for the City's major Proprietary Fund, the Water and Sewer Fund, was \$230,360 at the end of the fiscal year. Total net assets in the Water and Sewer Fund increased \$53,250. The increase in net assets from operations was primarily due to water charges for services of \$348,650, which exceeded operating expenses by \$81,634. Other business-type activities increased the City's net assets by \$7,875.

Unrestricted net assets for the Nonmajor Enterprise Funds increased due to an increase in operating income of \$2,195 due to increased recycling revenue and county required education payments in the Solid Waste Fund.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(in 000's)
(unaudited)
(continued)**

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted in a \$46,549 increase in appropriations and can be briefly summarized as follows:

- Budget carryforwards of encumbrances resulted in an \$11,168 increase. Significant increases included \$3,018 in Transportation and Public Works, \$681 in Planning and Development, \$467 in Finance, \$316 in Internal Audit, and \$5,743 in Nondepartmental. The Nondepartmental encumbrances included \$5,000 for the General Fund portion of the City OPEB contribution.
- Nondepartmental appropriations were also increased \$26,378 to provide \$10,000 in capital project reserve funding, \$6,783 for acquisition of a Public Safety training facility site, \$3,623 for additional consulting services associated with a new payroll system, \$972 for the Museum of Science and History and the Public Arts program, and an additional contribution of \$5,000 for OPEB funding.
- Other appropriation increases to the original budget were made in the amount of \$7,325 during the fiscal year. Significant activities which necessitated these increases included \$2,842 in Transportation and Public Works for concrete restoration projects, \$930 for Code Compliance additional services provided to Solid Waste, and \$712 for acquisition of a new branch office for Municipal Court.
- At fiscal year end, \$1,678 of budget increases was approved for the Police Department which had an excess of actual expenditures over their approved budget.

The City also increased budgeted revenues by \$6,669 for increased operating transfers in and \$35 for other revenues.

There were no significant variances between the final amended budget and actual expenditures. Actual expenditures were \$19,632, or 3.40 percent less than the final amended budget primarily due to salary savings and foregoing budgeted funding of \$5 million for other post employment benefits.

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, 2011, amounted to \$4,010,749 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure and construction in progress. The total increase in the City's capital assets for the current fiscal year was \$170,461 (4.4 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 \$70,435 to capital assets, while developers contributed another \$7,191 in infrastructure.
- Construction in progress in business-type activities increased due to the continued expansion and enhancements of utilities throughout the City.
- Several street projects were initiated during the fiscal year that contributed to the increase in governmental construction in progress.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

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

Capital Assets, net of Accumulated Depreciation

	Governmental activities		Business-type activities		Total	
	2010	2011	2010	2011	2010	2011
Land/Right of Way	\$ 108,634	\$ 124,878	\$ 73,545	\$ 74,559	\$ 182,179	\$ 199,437
Construction in Progress	255,535	278,769	320,076	399,392	575,611	678,161
Buildings	189,787	203,462	55,153	72,721	244,940	276,183
Machinery and Equipment	45,784	56,550	208,981	190,972	254,765	247,522
Infrastructure	869,515	872,977	1,713,277	1,736,469	2,582,792	2,609,446
Total	\$ 1,469,255	\$ 1,536,636	\$ 2,371,032	\$ 2,474,113	\$ 3,840,287	\$ 4,010,749

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

Long-term Liabilities— At the end of the current fiscal year, the City of Fort Worth had total long-term liabilities of \$2,299,077. Of this amount, \$632,200 comprises debt backed by the full faith and credit of the government, and \$1,045,892 represents self-supported debt issues.

Long-Term Liabilities Outstanding

	Governmental activities		Business-type activities		Total	
	2010	2011	2010	2011	2010	2011
General Obligation Bonds	\$ 380,125	\$ 371,760	\$ -	\$ -	\$ 380,125	\$ 371,760
Revenue Bonds	-	-	745,155	855,310	745,155	855,310
Certificates of Obligation	188,655	202,880	54,195	57,560	242,850	260,440
Installment Obligation	5,010	4,405	-	-	5,010	4,405
HUD Installment Obligation	7,465	6,761	-	-	7,465	6,761
Equipment Notes Payable	18,852	58,005	3,319	2,049	22,171	60,054
Service Center	20,520	20,030	-	-	20,520	20,030
Fort Worth Housing Corp	9,244	9,161	-	-	9,244	9,161
Fort Worth Sports Authority	15,442	15,337	-	-	15,442	15,337
Lone Star Local Govt Corp	31,617	31,617	-	-	31,617	31,617
Central City Local Govt Corp	1,809	1,376	-	-	1,809	1,376
State Energy Conserv Loan I & II	3,216	2,580	-	-	3,216	2,580
State Energy Conserv Loan III	4,080	3,598	-	-	4,080	3,598
ESPC Phase IV	8,795	8,352	-	-	8,795	8,352
Wells Fargo Loan	196	144	-	-	196	144
Beechwood Bridge Obligation	724	333	-	-	724	333
Capital Leases	-	4,319	-	-	5	4,319
Trinity River Authority	-	-	7,620	7,150	7,620	7,150
ESPC Phase V	-	-	15,365	15,365	15,365	15,365
Unamort. Bond Discounts, Refundings, Premiums, net	9,821	17,600	14,622	32,919	24,443	50,519
Compensated Absences	105,952	113,268	9,236	9,884	115,188	123,152
Claims Payable	42,724	38,284	-	-	42,724	38,284
Arbitrage	-	-	69	-	69	-
Landfill Postclosure Cost	-	-	3,240	3,404	3,240	3,404
Pollution Remediation Liability	-	-	8,981	8,751	8,981	8,751
Other Post Employment Benefits Obligation	213,969	284,823	32,681	44,097	246,650	328,920
Net Pension Obligation	70,391	59,539	10,164	8,416	80,555	67,955
Total	\$ 1,138,607	\$ 1,254,172	\$ 904,652	\$ 1,044,905	\$ 2,043,259	\$ 2,299,077

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(in 000's)
(unaudited)
(continued)**

The City's indebtedness increased by \$255,818 during FY 2011 mainly due to the issuance of bonds, notes, and leases in excess of principal payments made during the year. Also, the City's Other Post Employment Benefits Obligation increased \$82,270. For governmental activities, the City made payments of principal balances for bonded debt of \$75,635 and \$23,800 on its Certificates of Obligation.

The City issued revenue bonds for \$179,385 for water and sewer projects and \$62,465 for refunding water and sewer debt. For business-type activities, the City made payments of principal balances for bonded debt of \$132,900.

In FY 2011, the City of Fort Worth had an "AA+" rating from Standard & Poor's, an "Aa1" 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.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 1.44 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

A slow and arduous recovery of the nation's economy continues to impact revenues and the City of Fort Worth still struggles with the effects of the recession. Although the City has not been as negatively impacted as some other cities across the nation, we are also not insulated from the current trends. Where retail sales are growing and hotel occupancy tax collections are on the rise, unemployment is essentially unchanged, inflation is increased and the number of new home permits continues to lag. At the end of the fourth quarter of FY2011, the economic outlook for Fort Worth is slightly positive. Retail sales are growing. Hotel tax collections are on the rise. Unemployment is essentially unchanged from the previous quarter. Inflation is increasing, but may have peaked. While the number of new home permits is far below historic highs, it is no longer declining.

Unemployment remains high, with the national unemployment rate at 9.1% in August. The Fort Worth unemployment rate is 8.8%. Nationwide, 103,000 jobs were added in September. While not large enough to impact the unemployment rate, this figure suggests that the economy is growing slightly. Currently, Texas unemployment stands at 8.5%, which is lower than either the national or local rate. Unemployment does not directly impact the City of Fort Worth as an organization. However, changes in unemployment are leading indicators of changes in the City's major revenue streams.

The FY2012 budget maintains the City's property tax rate to \$0.8550 per \$100 net taxable valuation. The City's property tax roll of the net value increased \$1.2 billion or 2.98 percent from the July 2010 certified roll to the July 2011 certified roll. Adjusted Net Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased \$1.1 billion or 2.58 percent in the same time period. Adjusted Net Value is the basis for the City's property tax revenue calculation. As a result of the increase, the City is projected to collect \$2.2 million more in General Fund property tax revenue (which includes delinquent, penalty, and interest) than in FY2011.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011
(in 000's)
(unaudited)
(continued)**

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 \$102,259, an increase of \$5,908, or 6.1 percent from the FY2011 budget. This revenue is dependent on the level of retail sales.

Additional adopted budget highlights are: Licenses and Permits are primarily made up of building permits, residential permits, cable television street rentals and health permit fees. Revenues in this category are anticipated to increase by \$2,990 or 7.0 percent from the FY2011 budget. Fines and Forfeitures are mainly made up of deferred disposition fees, penalty fees, traffic fines, general fines, court service fees and truancy court fees. Revenues in this category are projected to increase by \$527 or 3.2 percent from the FY2011 budget.

The FY2012 trend for housing is mixed. Building permit volume is down significantly from the boom seen several years ago, with fewer building permits issued in FY2011 than any time in the last ten fiscal years. However, the number of permits has increased each quarter of the year. In addition, both new home construction and closings on existing homes were up in the fourth quarter of FY2011 across North Texas, according to real estate reporting service Metrostudy. The inventory of homes for sale has declined as well. The Texas A&M Real Estate Center reported that there were 6.6 months of inventory in the Fort Worth housing market in August. This was the lowest supply of houses for sale since April of 2010. The growth in home sales, combined with the shrinking supply of homes for sale, suggests that the residential real estate market may have hit the bottom. Real estate trends directly impact City revenues. Property taxes represent 58% of revenue to the General Fund. The City will not see significant growth in property tax revenue until either home values increase, or building permit numbers start growing again. While the real estate market remains sluggish, the trends in both the new home and existing home markets are slightly positive.

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 Financial Management Services 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, 2011
(in 000's)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash, Cash Equivalents and Investments	\$ 657,832	\$ 124,758	\$ 782,590	\$ 38,024
Receivables, net of allowance for uncollectibles:				
Taxes	4,440	-	4,440	-
Grants and Other Governments	43,812	-	43,812	-
Loans	6,526	-	6,526	-
Interest	2,410	424	2,834	118
Accounts and Other	21,795	59,217	81,012	6
Internal Balances	3,426	(3,426)	-	-
Inventories (at cost)	5,905	3,372	9,277	-
Prepays, Deposits, and Other	20,977	1,691	22,668	-
Long-Term Loans Receivables	11,641	-	11,641	-
Restricted Assets:				
Cash, Cash Equivalents and Investments	34,943	438,197	473,140	-
Cash and Cash Equivalents Held by Trustees	8,009	70,998	79,007	-
Grants Receivables	-	7	7	-
Interest Receivable	-	1,021	1,021	-
Deferred Bond Issue Costs	3,312	10,318	13,630	-
Capital Assets, Net of Accumulated Depreciation:				
Non-depreciable	403,647	473,951	877,598	-
Depreciable	1,132,989	2,000,162	3,133,151	-
Total Assets	<u>2,361,664</u>	<u>3,180,690</u>	<u>5,542,354</u>	<u>38,148</u>
Liabilities				
Accounts Payable	19,741	11,815	31,556	1,666
Escrow Accounts Payable	6,581	3,631	10,212	-
Accrued Payroll	8,279	1,325	9,604	-
Other	220	-	220	-
Unearned Revenue	34,599	7,152	41,751	-
Construction Payable	22,593	22,659	45,252	-
Accrued Interest Payable	12,144	5,210	17,354	-
Due to Other Governments	2,394	-	2,394	-
Payable from Restricted Assets:				
Customer Deposits	-	12,627	12,627	-
Unearned Revenue	-	84,490	84,490	-
Long-term Liabilities:				
Due Within One Year	100,544	70,162	170,706	-
Due in More Than One Year	1,153,628	974,743	2,128,371	11,920
Total Liabilities	<u>1,360,723</u>	<u>1,193,814</u>	<u>2,554,537</u>	<u>13,586</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,015,491	1,569,470	2,584,961	-
Restricted for:				
Debt Service	5,478	42,407	47,885	-
Capital Projects	12,818	47,464	60,282	-
Unrestricted	(32,846)	327,535	294,689	24,562
Total Net Assets	<u>\$ 1,000,941</u>	<u>\$ 1,986,876</u>	<u>\$ 2,987,817</u>	<u>\$ 24,562</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(in 000's)

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Administration	\$ 118,104	\$ 14,701	\$ 1,553	\$ 3,068
Public Safety	407,601	19,925	14,048	2,707
Transportation and Public Works	128,611	10,627	4,827	20,455
Parks and Community Services	57,815	2,750	10,744	22,158
Public Library	22,348	666	568	9
Public Events and Facilities	32,844	9,749	-	-
Planning and Development	13,534	11,673	298	5,916
Housing and Economic Development	35,699	3,028	24,787	373
Interest and Service Charges	31,472	-	-	-
Total Governmental Activities	848,028	73,119	56,825	54,686
Business-type Activities:				
Water and Sewer	288,452	348,650	-	13,437
Municipal Airports	13,356	4,800	-	3,364
Solid Waste	44,247	48,314	-	-
Municipal Parking	5,851	7,635	-	-
Municipal Golf	5,864	4,260	-	45
Stormwater Utility	18,972	29,397	-	2,000
Total Business-type Activities	376,742	443,056	-	18,846
Total Primary Government	\$ 1,224,770	\$ 516,175	\$ 56,825	\$ 73,532
Component units:				
Public Improvement Districts	\$ 5,755	\$ -	\$ -	\$ -
Taxing Increment Reinvestment Zones	22,916	-	-	7
Total Component Units	\$ 28,671	\$ -	\$ -	\$ 7

Changes in Net Assets:

General Revenues:
Taxes:
General Property Taxes
Other Local Taxes:
Sales Taxes
Hotel/Motel Taxes
Other Taxes
Franchise Fees
Gas Leases and Royalties
Investment Income
Gain 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
\$ (98,782)		\$ (98,782)	
(370,921)		(370,921)	
(92,702)		(92,702)	
(22,163)		(22,163)	
(21,105)		(21,105)	
(23,095)		(23,095)	
4,353		4,353	
(7,511)		(7,511)	
(31,472)		(31,472)	
<u>(663,398)</u>		<u>(663,398)</u>	
	\$ 73,635	73,635	
	(5,192)	(5,192)	
	4,067	4,067	
	1,784	1,784	
	(1,559)	(1,559)	
	<u>12,425</u>	<u>12,425</u>	
	<u>85,160</u>	<u>85,160</u>	
<u>(663,398)</u>	<u>85,160</u>	<u>(578,238)</u>	
			\$ (5,755)
			<u>(22,909)</u>
			<u>(28,664)</u>
341,820	-	341,820	18,978
153,036	-	153,036	-
19,214	-	19,214	-
7,552	-	7,552	-
45,178	-	45,178	-
23,506	11,298	34,804	-
8,601	5,283	13,884	410
3,508	-	3,508	-
13,744	7,070	20,814	5,071
47,169	(47,169)	-	-
<u>663,328</u>	<u>(23,518)</u>	<u>639,810</u>	<u>24,459</u>
(70)	61,642	61,572	(4,205)
1,001,011	1,925,234	2,926,245	28,767
<u>\$ 1,000,941</u>	<u>\$ 1,986,876</u>	<u>\$ 2,987,817</u>	<u>\$ 24,562</u>

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(in 000's)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash, Cash Equivalents and Investments	\$ 142,009	\$ 16,029	\$ 489,640	\$ 647,678
Cash and Cash Equivalents Held by Trustees	394	-	7,615	8,009
Receivables, net of allowance for uncollectibles:				
Taxes	3,480	960	-	4,440
Grants and Other Governments	19,272	-	24,540	43,812
Loans	-	-	6,526	6,526
Interest	571	1,105	702	2,378
Accounts and Other	13,935	-	7,787	21,722
Due From Other Funds	4,413	-	2,300	6,713
Inventories (at cost)	3,348	-	1,328	4,676
Advances to Other Funds	6,716	-	351	7,067
Prepays, Deposits, and Other	130	-	20,847	20,977
Long-Term Loans Receivable	-	-	11,641	11,641
Total Assets	\$ 194,268	\$ 18,094	\$ 573,277	\$ 785,639
Liabilities and Fund Balance				
Accounts Payable	\$ 13,332	\$ 37	\$ 4,005	\$ 17,374
Construction Payable	-	-	22,460	22,460
Escrow Accounts	6,134	-	447	6,581
Accrued Payroll	6,796	-	968	7,764
Accrued Interest	42	-	110	152
Due to Other Funds	-	-	6,247	6,247
Due to Other Governments	2,394	-	-	2,394
Other	149	-	71	220
Advances from Other Funds	-	-	1,750	1,750
Deferred Revenue	1,814	587	44,125	46,526
Total Liabilities	30,661	624	80,183	111,468
Fund Balances:				
Nonspendable	10,194	-	23,541	33,735
Restricted	646	10,599	234,095	245,340
Committed	54,183	6,393	147,761	208,337
Assigned	45,447	478	88,162	134,087
Unassigned (deficit)	53,137	-	(465)	52,672
Total Fund Balance	163,607	17,470	493,094	674,171
Total Liabilities and Fund Balances	\$ 194,268	\$ 18,094	\$ 573,277	\$ 785,639

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, 2011
(in 000's)

Total fund balances--governmental funds \$ 674,171

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 \$10,146) consist of:

Land	\$	124,878	
Construction in progress		278,769	
Buildings		373,540	
Machinery and equipment		189,562	
Infrastructure		2,228,939	
Accumulated depreciation		<u>(1,659,052)</u>	
Total capital assets		<u>1,536,636</u>	1,536,636

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

11,927

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.

41,059

Some long-term assets and liabilities are not due and payable in the current period and therefore are not reported in the funds. Those assets and liabilities (including allocated internal service fund compensated absences of \$3,930) consist of:

Long-term claims payable		(38,284)	
Long-term compensated absences		(113,268)	
Net pension obligation		(59,539)	
Other post employment benefits obligation		(284,823)	
Accrued interest payable		(11,992)	
Unamortized bond issue costs		3,312	
Long-term debt, including premium/discount/loss on refunding		<u>(758,258)</u>	
Total long-term liabilities		<u>(1,262,852)</u>	(1,262,852)

Net assets of governmental activities

\$ 1,000,941

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, 2011
(in 000's)

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General Property Taxes	\$ 285,525	\$ 58,039	\$ 390	\$ 343,954
Other Local Taxes	108,741	-	71,061	179,802
Franchise Fees	45,178	-	-	45,178
Charges for Services	7,909	-	6,481	14,390
Licenses and Permits	18,447	-	-	18,447
Fines and Forfeitures	16,003	-	8,702	24,705
Revenue from Use of Money and Property	660	281	14,636	15,577
Investment Income	1,762	4,267	2,473	8,502
Intergovernmental	539	-	69,737	70,276
Gas Leases and Royalties	847	-	22,659	23,506
Other	5,701	-	7,995	13,696
Contributions	888	33	11,233	12,154
Total Revenue	<u>492,200</u>	<u>62,620</u>	<u>215,367</u>	<u>770,187</u>
Expenditures:				
Current:				
General Administration	94,083	-	15,182	109,265
Public Safety	304,265	-	43,900	348,165
Transportation and Public Works	35,428	-	11,425	46,853
Parks and Community Services	34,987	-	13,557	48,544
Public Library	18,659	-	696	19,355
Public Events and Facilities	-	-	26,692	26,692
Planning and Development	11,844	-	230	12,074
Housing and Economic Development	5,895	-	28,178	34,073
Capital Outlay	13,910	-	123,190	137,100
Debt Service:				
Principal Retirement	1,416	43,432	2,503	47,351
Interest and Debt Issuance Costs	751	28,691	2,009	31,451
Total Expenditures	<u>521,238</u>	<u>72,123</u>	<u>267,562</u>	<u>860,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(29,038)</u>	<u>(9,503)</u>	<u>(52,195)</u>	<u>(90,736)</u>
Other Financing Sources (Uses):				
Proceeds from Long-Term Debt Issued	46,752	150	54,763	101,665
Proceeds from Refunding Bonds Issued	-	46,680	-	46,680
Premium on Issuance	320	8,387	3,847	12,554
Proceeds from Capital Leases	3,686	-	733	4,419
Proceeds from Disposal of Property	4,422	-	22	4,444
Transfers In	70,961	9,623	80,545	161,129
Transfers Out	(96,389)	(995)	(58,999)	(156,383)
Refunded Bonds Redeemed	-	(9,146)	-	(9,146)
Payment to Refunding Bond Escrow Agent	-	(54,299)	-	(54,299)
Total Other Financing Sources (Uses)	<u>29,752</u>	<u>400</u>	<u>80,911</u>	<u>111,063</u>
Net Change in Fund Balance	714	(9,103)	28,716	20,327
Fund Balance, Beginning of Year	162,893	26,573	464,378	653,844
Fund Balance, End of Year	<u>\$ 163,607</u>	<u>\$ 17,470</u>	<u>\$ 493,094</u>	<u>\$ 674,171</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, 2011
(in 000's)

Net change in fund balances--total governmental funds \$ 20,327

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other transactions that impact capital assets in the current period.

Contributed assets	\$	27,559	
Capital outlay expenditures		131,179	
Transfer from internal service funds		11,804	
Transfer to internal service funds		(3)	
Depreciation expense		<u>(104,106)</u>	
Net adjustment		<u>66,433</u>	66,433

In the statement of activities, only the gain on sale of capital assets is reported, whereas in the governmental funds, the proceeds of the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets. (935)

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. (776)

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued:			
General Obligation Bonds		(67,270)	
Certificates of Obligation		(38,025)	
Equipment Notes		(43,050)	
Capital Leases		<u>(4,419)</u>	
Total proceeds		<u>(152,764)</u>	
Premium on debt issued		<u>(12,554)</u>	
Bond issuance costs		<u>787</u>	
Repayments:			
To bondholders		56,497	
To escrow for refunding		<u>54,299</u>	
Total repayments		<u>110,796</u>	
Amortization of refunding, premiums, discounts and issue costs		<u>1,166</u>	
Net adjustment		<u>(52,569)</u>	(52,569)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in accrued interest on general obligation bonds & certificates of obligation		(1,856)	
Decrease in net pension obligation		10,852	
Increase in other post employment benefits obligation		(70,854)	
Decrease in estimated claims obligations		4,440	
Increase in compensated absences liability		<u>(7,346)</u>	
Net adjustment		<u>(64,764)</u>	(64,764)

Internal service funds are used by management to charge the costs of certain activities, such office services, equipment services, temporary labor, information systems and engineering services, to individual funds. A portion of the net revenue (expense) of the internal service funds is reported with governmental activities. 32,214

Change in net assets of governmental activities \$ (70)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011
(in 000's)

	Enterprise Funds			Internal Service Funds
	Water and Sewer	Nonmajor Enterprise Funds	Total	
ASSETS				
Current Assets:				
Cash, Cash Equivalents and Investments	\$ 60,839	\$ 63,919	\$ 124,758	\$ 10,154
Interest Receivable	194	230	424	32
Accounts and Other Receivables, net of allowance for uncollectibles	48,679	10,538	59,217	73
Inventories, at Cost	3,251	121	3,372	1,229
Prepays, Deposits, and Other	-	1,691	1,691	-
Restricted Assets:				
Cash and Cash Equivalents	11,862	85,255	97,117	-
Total Current Assets	124,825	161,754	286,579	11,488
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents	239,389	101,691	341,080	34,943
Cash and Cash Equivalents Held by Trustees	69,087	1,911	70,998	-
Grants Receivables	7	-	7	-
Interest Receivable	471	550	1,021	-
Total Restricted Assets	308,954	104,152	413,106	34,943
Advances to Other Funds	-	5,250	5,250	-
Deferred Bond Issue Costs	9,041	1,277	10,318	-
Capital Assets (at cost):				
Land	12,850	61,709	74,559	1,123
Buildings	41,209	64,619	105,828	5,250
Improvements Other than Buildings	2,217,243	208,062	2,425,305	1,081
Machinery and Equipment	360,248	17,663	377,911	17,207
Construction in Progress	328,172	71,220	399,392	4,274
Accumulated Depreciation	(755,036)	(153,846)	(908,882)	(18,789)
Net Capital Assets	2,204,686	269,427	2,474,113	10,146
Total Noncurrent Assets	2,522,681	380,106	2,902,787	45,089
Total Assets	2,647,506	541,860	3,189,366	56,577

(continued)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011
(in 000's)

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 6,126	\$ 5,689	\$ 11,815	\$ 2,367
Escrow Accounts Payable	3,631	-	3,631	-
Accrued Payroll	1,051	274	1,325	515
Due to Other Funds	-	466	466	-
Unearned Revenue	1,388	5,764	7,152	-
Construction Payable	18,963	3,696	22,659	133
Current Portion of Long-Term Liabilities	64,977	5,185	70,162	1,301
Accrued Interest Payable	4,315	895	5,210	-
Payable from Restricted Assets:				
Customer Deposits	11,862	765	12,627	-
Unearned Revenue	-	84,490	84,490	-
Total Current Liabilities	<u>112,313</u>	<u>107,224</u>	<u>219,537</u>	<u>4,316</u>
Long-Term Liabilities:				
Advances from Other Funds	-	9,970	9,970	597
Long-Term Liabilities Due in More Than One Year	836,862	137,881	974,743	2,629
Total Long-Term Liabilities	<u>836,862</u>	<u>147,851</u>	<u>984,713</u>	<u>3,226</u>
Total Liabilities	<u>949,175</u>	<u>255,075</u>	<u>1,204,250</u>	<u>7,542</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,380,400	189,070	1,569,470	10,146
Restricted for:				
Debt Service	40,107	2,300	42,407	-
Capital Projects	47,464	-	47,464	34,943
Unrestricted	230,360	95,415	325,775	3,946
Total Net Assets	<u>\$ 1,698,331</u>	<u>\$ 286,785</u>	<u>1,985,116</u>	<u>\$ 49,035</u>

Adjustment to Reflect the Consolidation of Internal Service
Funds Activities Related to Enterprise Funds 1,760
Net Assets of Business-type Activities \$ 1,986,876

(concluded)

See accompanying notes to the basic financial statements.



NASCAR drivers negotiate turns one and two at the Texas Motor Speedway

**CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(in 000's)**

	Business-type Activities--			Internal Service Funds
	Enterprise Funds			
	Water and Sewer	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES				
Charges for Services	\$ 348,650	\$ 94,406	\$ 443,056	\$ 63,714
Other	77	6,986	7,063	-
Total Operating Revenues	<u>348,727</u>	<u>101,392</u>	<u>450,119</u>	<u>63,714</u>
OPERATING EXPENSES				
Personnel Services	66,357	17,375	83,732	28,177
Supplies and Materials	21,089	3,634	24,723	14,771
Contractual Services	109,032	51,643	160,675	17,671
Landfill Closure and Postclosure Cost	-	164	164	-
Depreciation	70,615	12,095	82,710	1,295
Total Operating Expenses	<u>267,093</u>	<u>84,911</u>	<u>352,004</u>	<u>61,914</u>
Operating Income	<u>81,634</u>	<u>16,481</u>	<u>98,115</u>	<u>1,800</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	2,415	2,868	5,283	99
Gain (Loss) on Sale of Property and Equipment	(316)	(15)	(331)	(1)
Interest and Service Charges	(21,560)	(3,364)	(24,924)	-
Gas Leases and Royalties	570	10,728	11,298	-
Other Expense	-	-	-	(11,804)
Other Revenue	-	7	7	47
Total Nonoperating Revenues (Expenses)	<u>(18,891)</u>	<u>10,224</u>	<u>(8,667)</u>	<u>(11,659)</u>
Income Before Transfers and Contributions	<u>62,743</u>	<u>26,705</u>	<u>89,448</u>	<u>(9,859)</u>
Transfers In	1,095	3,061	4,156	42,908
Transfers Out	(24,025)	(27,300)	(51,325)	(485)
Capital Contributions	7,326	5,409	12,735	167
Capital Contributions - Impact Fees	6,111	-	6,111	-
Change in Net Assets	53,250	7,875	61,125	32,731
Total Net Assets - Beginning	1,645,081	278,910	1,923,991	16,304
Total Net Assets - Ending	<u>\$ 1,698,331</u>	<u>\$ 286,785</u>	<u>\$ 1,985,116</u>	<u>\$ 49,035</u>
			517	
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds			<u>517</u>	
Change in Net Assets of Business-type Activities			<u>\$ 61,642</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, 2011
(in 000's)

	Business-type Activities--			
	Enterprise Funds			
	Water and Sewer	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 347,962	\$ 95,960	\$ 443,922	\$ 63,648
Receipts from Other Operating Sources	77	6,986	7,063	-
Receipts from Gas Leases and Royalties	570	10,728	11,298	-
Other Receipts	-	7	7	47
Payments to Employees	(59,624)	(15,689)	(75,313)	(29,030)
Payments to Suppliers	(20,650)	(3,615)	(24,265)	(15,283)
Payments for Contractual Services	(107,459)	(51,275)	(158,734)	(19,064)
Net Cash Provided by Operating Activities	<u>160,876</u>	<u>43,102</u>	<u>203,978</u>	<u>318</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	1,095	3,061	4,156	8
Receipts from Other Funds	-	329	329	-
Advances from Other Funds	-	4,361	4,361	(111)
Transfers Out to Other Funds	(24,025)	(27,300)	(51,325)	(485)
Advances to Other Funds	-	(3,500)	(3,500)	-
Net Cash Used for Noncapital Financing Activities	<u>(22,930)</u>	<u>(23,049)</u>	<u>(45,979)</u>	<u>(588)</u>
Cash Flows from Capital and Related Financing Activities:				
Bond Principal Received	179,385	4,570	183,955	-
Refunding Principal Received	62,465	-	62,465	-
Bond Premium Received	28,130	8	28,138	-
Governmental Bond Proceeds	-	-	-	42,900
Proceeds from Sale of Machinery and Equipment	172	13	185	4
Contributions	972	10,114	11,086	164
Contributions - Impact Fees	6,111	-	6,111	-
Acquisition and Construction of Property, Plant and Equipment	(145,711)	(20,916)	(166,627)	(14,853)
Principal Paid on Long-Term Debt	(57,195)	(3,990)	(61,185)	-
Principal Paid to Escrow Agent	(73,455)	-	(73,455)	-
Principal Paid on Capital Leases	-	(5)	(5)	-
Interest Paid on Long-Term Obligations	(31,662)	(5,988)	(37,650)	-
Bond Issuance Cost Paid	(122)	(76)	(198)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(30,910)</u>	<u>(16,270)</u>	<u>(47,180)</u>	<u>28,215</u>
Cash Flows from Investing Activities:				
Investment Income Received	2,429	2,899	5,328	113
Net Cash Provided by Investing Activities	<u>2,429</u>	<u>2,899</u>	<u>5,328</u>	<u>113</u>
Net Increase in Cash and Cash Equivalents	109,465	6,682	116,147	28,058
Cash and Cash Equivalents, Beginning of Year	271,712	246,094	517,806	17,039
Cash and Cash Equivalents, End of Year	<u>\$ 381,177</u>	<u>\$ 252,776</u>	<u>\$ 633,953</u>	<u>\$ 45,097</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, 2011
(in 000's)

	Business-type Activities--			Internal Service Funds
	Enterprise Funds			
	Water and Sewer	Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 81,634	\$ 16,481	\$ 98,115	\$ 1,800
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	70,615	12,095	82,710	1,295
Gas Leases and Royalties Receipts	570	10,728	11,298	-
Other Receipts	-	7	7	47
Change in Assets and Liabilities:				
Accounts and Other Receivables	(3,118)	902	(2,216)	(66)
Inventories	439	19	458	(512)
Prepays, Deposits, and Other Assets	-	1,107	1,107	-
Accounts Payable	1,803	368	2,171	(1,393)
Escrow Accounts Payable	1,874	-	1,874	-
Accrued Compensation	6,733	1,686	8,419	(853)
Customer Deposits	556	26	582	-
Unearned Revenue	-	(481)	(481)	-
Landfill Closure Costs	-	164	164	-
Pollution Remediation Costs	(230)	-	(230)	-
Total Adjustments	79,242	26,621	105,863	(1,482)
Net Cash Provided by Operating Activities	\$ 160,876	\$ 43,102	\$ 203,978	\$ 318
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:				
Current - Cash, Cash Equivalents and Investments	\$ 60,839	\$ 63,919	\$ 124,758	\$ 10,154
Current Restricted - Cash and Cash Equivalents	11,862	85,255	97,117	-
Noncurrent Restricted - Cash and Cash Equivalents	239,389	101,691	341,080	34,943
Noncurrent Restricted - Cash Held by Trustees	69,087	1,911	70,998	-
Total Cash and Cash Equivalents	\$ 381,177	\$ 252,776	\$ 633,953	\$ 45,097
Noncash Investing, Capital, and Financing Activities:				
Capital Asset Contributions from Developers	\$ 6,245	\$ -	\$ 6,245	\$ -
Intra-Government Net Capital Assets Transfers	-	-	-	(11,801)

See accompanying notes to the basic financial statements.

(concluded)

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011
(in 000's)

	Pension and Other Employee Benefits Trust Funds
	<u> </u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,061
Cash and Investments Held by Trustees:	
Asset & Mortgage Backed Obligations	42,324
Corporate Obligations	90,527
Government Agency Obligations	82,457
International Obligations	99,019
Securities Lending Collateral	117,264
US Treasuries	54,236
Short Term Mutual Fund Investments	130,281
Corporate Stock	404,511
Alternative Investments	433,475
Commingled Funds	329,244
Less: Investments in Non-City Funded Staff Plan	(1,113)
Total Cash and Investments Held by Trustees	<u>1,782,225</u>
Prepaid	3
Other Receivables	11,299
Due from Broker Securities Sold	118,764
Total Current Assets	<u>1,913,352</u>
Capital Assets (at cost):	
Land	405
Buildings	3,423
Machinery and Equipment	267
Accumulated Depreciation	(321)
Net Capital Assets	<u>3,774</u>
Total Assets	<u>1,917,126</u>
LIABILITIES	
Current Liabilities:	
Accrued Payable	130
Obligations Under Securities Lending	117,190
Due to Broker Securities Purchased	133,162
Total Current Liabilities	<u>250,482</u>
NET ASSETS	
Net Assets Held in Trust for Pension and Other Employee Benefits:	
Benefit Pension Plans	1,651,316
Postemployment Healthcare Plans	15,328
Total Net Assets	<u>\$ 1,666,644</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, 2011
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ADDITIONS	
Interest and Dividend Income	\$ 43,008
Less: Investment Management Fees and Interest Expense	(7,442)
Net Loss in Fair Value of Investments	(15,756)
Other Income	687
Employer Contributions	99,537
Employee Contributions	32,039
Total Additions	<u>152,073</u>
DEDUCTIONS	
Benefit Payments	146,113
Refunds	3,524
Administrative Expenses	3,290
Total Deductions	<u>152,927</u>
CHANGE IN NET ASSETS	
Benefit Pension Plans	(5,948)
Postemployment Healthcare Plans	5,094
Total Change in Net Assets	<u>(854)</u>
NET ASSETS - BEGINNING OF YEAR	
Benefit Pension Plans	1,657,264
Postemployment Healthcare Plans	10,234
Total Beginning Net Assets	<u>1,667,498</u>
NET ASSETS - END OF YEAR	
Benefit Pension Plans	1,651,316
Postemployment Healthcare Plans	15,328
Total Ending Net Assets	<u>\$ 1,666,644</u>

See accompanying notes to the basic financial statements.

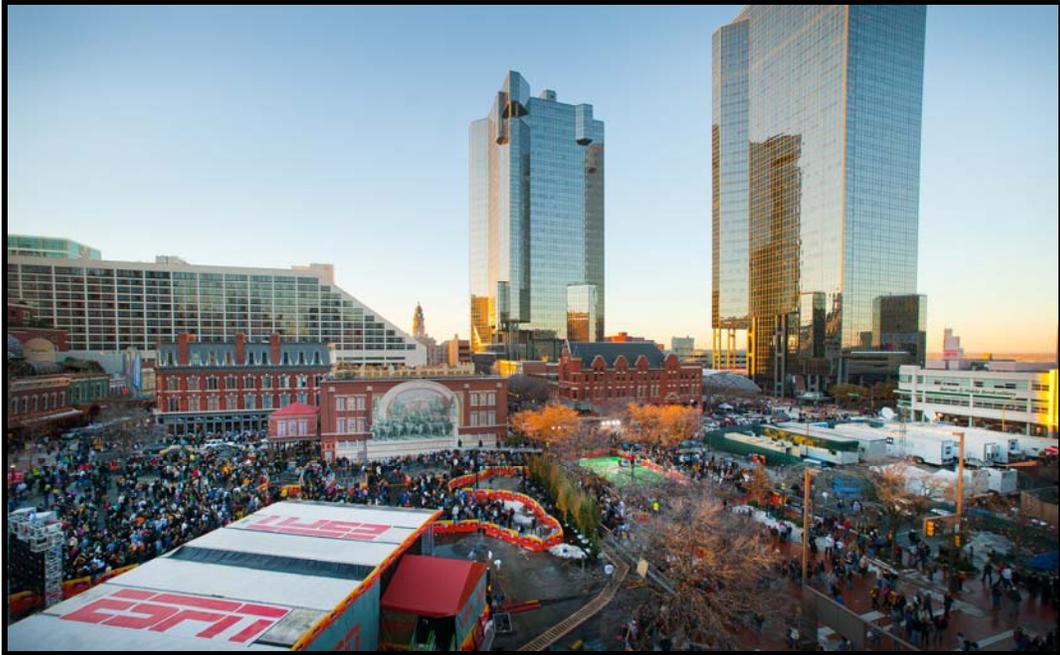


Trophy for the Crowne Plaza Invitational Golf Tournament held at the Colonial Country Club

NOTES TO THE FINANCIAL STATEMENTS

City of Fort Worth, Texas
Notes to the Basic Financial Statements
September 30, 2011
(in 000's)

- Note A:** Summary of Significant Accounting Policies
- Note B:** Cash, Cash Equivalents and Investments
- Note C:** Receivables and Interfund Balances
- Note D:** Fund Equity
- Note E:** Restricted Assets
- Note F:** Capital Assets
- Note G:** Debt Obligations
- Note H:** Landfill Closure and Postclosure Care Costs
- Note I:** D/FW International Airport
- Note J:** Employees' Retirement Plan of the City of Fort Worth, Texas
- Note K:** Employee Benefits
- Note L:** Commitments and Contingencies
- Note M:** Condensed Financial Information for Component Units and Nonmajor Enterprise Funds
- Note N:** Subsequent Events
- Note O:** New Accounting Standards



Panoramic view of downtown Fort Worth while hosting Super Bowl XLV

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(in 000's)

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, 2011, 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 because they provide benefits and services entirely or almost entirely to the City itself:

Crime Control and Prevention District - The Crime Control and Prevention District (CCPD) was created in March 1995 by a vote of local residents, and renewed in 2000, 2005 and 2010. The next renewal will be in 2015. The City funds this program with sales taxes. Although it is legally separate from the City, the members of the board of the CCPD and the members of the City Council are substantively the same. Therefore, the Crime Control and Prevention District has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund.

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

The Villas of Eastwood Terrace, LLC - The Villas of Eastwood Terrace, LLC, 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. Separate financial statements are not available.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(in 000's)

(continued)

Fort Worth Local Development Corporation - The Fort Worth Local Development Corporation (FWLDC) is a 501 (c) (3) organization and a Texas nonprofit corporation formed in 1987 by the City Council. The original purpose of the FWLDC was to administer a proposed low-interest rate program for business development in and around the Stockyards area in accordance with the Economic Development Administration Block Grant Program. However, the articles of incorporation are broad enough to allow involvement in almost any kind of city-wide economic development activities. Although it is legally separate from the City, the members of the board of the FWLDC and the members of the City Council are substantively the same. Therefore, the FWLDC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund.

Service Center Relocation, Inc. - The Service Center Relocation, Inc. was established under the provision of Chapter 431, Texas Transportation Code, and the general laws of the State of Texas, to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain project costs in connection with the undertaking of certain public improvements within specified geographical areas of the City in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the City. Although it is legally separate from the City, the members of the board of the Service Center and the members of the City Council are substantively the same. Therefore, the Service Center has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units).

Fort Worth Sports Authority, Inc. - The Fort Worth Sports Authority, Inc. (Sports Authority) was created pursuant to the provisions of Section 4B of Article 5190.6, Vernon's Texas Civil Statutes, which authorizes the Sports Authority to jointly assist and act on behalf of the City and to engage in activities in furtherance of the purposes for its creation. The Sports Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in the construction of projects on behalf of the City. The Sports Authority financed the purchase of the Texas Motor Speedway (Speedway) and the infrastructure in an around that property, but does not operate the facility. The City has contracted with Texas Motor Speedway, Inc. to schedule and operate all events. The Sports Authority provides infrastructure improvements exclusively to the City in the area surrounding the Speedway therefore the Sports Authority has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units).

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

Fort Worth Central City Local Government Corporation - The Fort Worth Central City Local Government Corporation (FWCCLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code. The FWCCLGC is organized for the purpose of aiding, assisting and acting on behalf of the City in implementation of project plans for the Magnolia Green Development, including the construction of a parking garage to support the development of the area. Although it is legally separate from the City, the members of the board of the FWCCLGC and the members of the City Council are substantively the same. Therefore, the

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(in 000's)

(continued)

FWCCLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units).

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 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.

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

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

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

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

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

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

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

Taxing Increment Reinvestment Zone No. 7 - The Taxing Increment Reinvestment Zone Number Seven was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. The purpose of this Zone is to support the completion of the North Tarrant Parkway interchange, ramps, frontage roads and extension to Rainy Lake Road.

Taxing Increment Reinvestment Zone No. 7A - 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. It is contiguous to the original development in Tax Increment Financing No. 7 (TIF). 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.

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

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

Taxing Increment Reinvestment Zone No. 9A - The Taxing Increment Reinvestment Zone Number Nine A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. It is contiguous to the original development in Tax Increment Financing No. 9 (TIF). 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 A was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. This Zone was created to provide infrastructure and public space support for a private investment by Cabela's Retail, Inc. mega store.

Taxing Increment Reinvestment Zone No. 10A - The Taxing Increment Reinvestment Zone Number Ten was created pursuant to the Texas Tax Increment Financing Act, Tax Code, Sections 311.001 through 311.017, as amended. It is contiguous to the original development in Tax Increment Financing No. 10 (TIF). 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. This discretely presented component unit was closed during FY 2011.

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

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

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

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Employees' Retirement Pension Trust Fund of the City of Fort Worth – The single-employer defined benefit retirement system was established under legal authority of the City Charter and is administered by the City. As disclosed in Note J, this fiduciary fund of the City issues separate audited financial statements which are publicly available and can be obtained by contacting the Employees' Retirement Plan at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

Retiree Healthcare Trust Fund of the City of Fort Worth – The single-employer defined benefit retirement health care system was established under legal authority of the City Charter and is administered by the City. No separate audited financial statements are available for this fiduciary fund of the City. Unaudited financial statements for this fund may be obtained at the City's offices.

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, 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.

Fort Worth Transportation Authority (Transportation Authority) – The Transportation Authority is an independent organization, that provides public transportation services for Tarrant County and the North Central Texas region. Under Texas State Statutes, the responsibility for the administration and operations of the Transportation Authority is vested solely with the Authority's Board of Directors which is composed of nine-members appointed by the Fort Worth City Council and Tarrant County Commissioners Court. The Transportation Authority is dependent on State and Federal funds and user fees.

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A. 2. BASIS OF PRESENTATION

Government-Wide Statements

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

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

Fund Financial Statements

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

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

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

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

Governmental Funds

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

General Fund is the main operating fund of the City. The fund is used to account for all the financial resources that are not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law

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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.

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 fund 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 nonmajor enterprise, proprietary funds. These funds include: Municipal Airports Fund, Municipal Golf Fund, Municipal Parking Fund, Storm Water Utility Fund, and Solid Waste Fund.

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

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all enterprise funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, enterprise funds have the option of either: 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The City has chosen not to apply future FASB standards.

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Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has five internal service funds, which include: Office Services Fund, Equipment Services Fund, Temporary Labor Fund, Information Systems Fund, and Engineering Services Fund.

Fiduciary Funds

The Trust Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City reports the following fiduciary fund:

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

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

Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net assets for governmental activities as shown on the government-wide statement of net assets is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the difference between net changes in fund balances as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances and change in net assets for governmental activities as shown on the government-wide statement of activities is presented in an accompanying schedule to the governmental funds statement of revenues, expenditures, and changes in fund balances. The revenue and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

A. 3. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

The government-wide statements of net assets and statements of activities, all proprietary funds, and the fiduciary funds are reported and accounted for on the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of the related cash flows. Nonexchange transactions, in which the City either gives or receives value without directly 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

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levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. Contributions from members are recorded when the employer makes payroll deductions from Plan members. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Revenues from taxes are generally considered available if received within 60 days after the fiscal year end. Revenue from categorical and other grants are recognized when applicable eligibility requirements, including time requirements, are met and are generally considered available if received within 60 days after the fiscal year end. Program revenues such as fines, licenses and permits, gas leases and royalties and other charges for services are generally considered to be measurable and available when the cash is received. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities which are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GASB Interpretation No. 6.

A. 4. PROPERTY TAXES

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

Property taxes levied for 2011 have been recorded as receivables, net of allowance for refunds and uncollectible amount. The net receivables collected during 2011 and those considered "available" at September 30, 2011 (i.e., property taxes collected within 60 days of year end) have been recognized as revenues in 2011. The remaining receivables have been reflected as deferred revenue. In the government-wide financial statements, tax revenue is recognized in the year in which taxes are levied.

The State Constitution limits the tax rate to \$2.50 per \$100 of assessed valuation including debt service. However, the City Charter further limits the tax rate to \$1.90 per \$100 or \$19.00 per \$1,000 of assessed valuation including debt service (amounts are not in thousands).

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

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

Investments purchased with pooled cash are classified as cash, cash equivalents and investments in the accompanying balance sheet and statement of net assets. The relationship of an individual fund to the pooled cash and investment account is essentially that of a demand deposit account. Individual funds can withdraw cash from the account as needed and therefore all equity that the fund has in the pooled cash and investment account is

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highly liquid. For the purposes of the accompanying statement of cash flows, the City has chosen to reconcile to “cash, cash equivalents and investments,” as all investments of the fund are regarded as cash equivalents.

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

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

Valuation of Investments - Investments are stated at fair value. Quoted market prices are used to value investments. Investments that do not have quoted market prices are priced from information received from the external manager. This information includes audited financial statements, quarterly valuation statements, adjustments for cash receipts, cash disbursements and securities distributions through September 30, 2011. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

The Plan’s investment in limited partnerships are valued at estimated fair value based on the Plan’s proportionate share of the partnerships’ fair value as recorded in the partnerships’ audited financial statements. The limited partnerships allocate gains, losses and expenses to the partners based on the ownership percentage as described in the partnership agreements.

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

Due to/from Broker – The balance due to broker securities purchased and due from broker securities sold in 2011 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, 2011 were converted to the Plan’s functional currency at the foreign exchange rates quoted at September 30, 2011. These foreign exchange gains and losses are included in net appreciation in fair value of investments in the accompanying statements of changes in net assets.

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

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

A. 6. INVENTORIES

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

A. 7. CAPITAL ASSETS

Capital assets, which include land, buildings, infrastructure, vehicles, machinery and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at original cost or estimated fair market value as of the date of donation for contributed assets. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period for proprietary capital assets.

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

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

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

A. 8. INTERFUND TRANSACTIONS

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

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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.

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

A. 10. A. RISK MANAGEMENT

The General Fund accounts for the administration of risk management activities and programs in accordance with GASB Statement No. 10. These are as follows: third party liability claims and coordination with the Department of Law on litigation, property and casualty insurance, workers' compensation, group health and life insurance plan, unemployment compensation insurance and retired employees' group death benefits for certain retirees.

All funds of the City participate in the program and make payments to the General Fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Since the City is primarily self-insured, settlement amounts have not exceeded coverage in any of the prior three fiscal years. The budgeted premiums are recognized as reductions of claim expenditures in the General Fund and as expenditures or expenses in the governmental and proprietary funds, as appropriate under requirements of GASB Statement No. 10. However, if the total amount charged to the other funds exceeds total expenditures and liabilities, the excess amounts are reported as transfers. An accrual for unpaid claims and claims incurred but not reported is reflected in the government-wide financial statements as estimated claims payable. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on City experience since the inception of the insurance programs. In accordance with GASB Statement No. 10, the estimated claims payables are based on the estimated ultimate cost of settling the claims.

The total estimated claims payable at September 30, 2011, is \$38,284, of which \$25,522 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the government-wide financial statements.

	Balance at October 1, 2009	Additions	Deletions	Balance at September 30, 2010	Additions	Deletions	Balance at September 30, 2011
Judgments and Claims	\$ 45,952	\$ 72,961	\$ (76,189)	\$ 42,724	\$ 80,104	\$ (84,544)	\$ 38,284

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Provisions under each type of insurance are presented below:

A. 10. B. LIABILITY INSURANCE

The City largely self-funds the risk for most liability claims, lawsuits and related expenses. However, there are separate commercial liability insurance policies for each of the following: aircraft and airport liability, liquor liability, pollution legal liability, and general liability. There were no significant changes in coverage limits for liability insurance.

A. 10. C. PROPERTY AND CASUALTY INSURANCE

An “all risk” property policy is provided by multiple commercial insurance companies for losses in excess of \$250 per occurrence for all covered perils. The City self-insures most property losses less than \$250. Boiler and machinery insurance, and crime insurance are also maintained on a commercial insurance basis. There were no significant changes in coverage limits for property and casualty insurance.

A. 10. D. WORKERS' COMPENSATION

The City largely self-funds the risk for workers' compensation claims. Catastrophic loss protection for workers' compensation is provided by a commercial insurer on a policy with a self-insured retention limit of \$750 for any single occurrence. Coverage limits for workers' compensation are the statutory limits required by the Texas Workers' Compensation Act. In addition, the policy provides Employer's Liability coverage with limits of insurance set at \$1,000 per occurrence. The policy also provides General Liability coverage with limits of insurance set at \$1,000 per occurrence and an aggregate limit of \$3,000.

A. 10. E. GROUP HEALTH AND LIFE INSURANCE

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

A. 10. F. UNEMPLOYMENT COMPENSATION

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

A. 11. FUND BALANCE/NET ASSETS

In order to comply with the Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the City's new fund balance components to focus on “the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent” (GASB Statement No. 54, paragraph 54.) Previously, the fund balance section focused on whether these resources were available for appropriation and distinguished the

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unreserved fund balance from the reserved fund balance. In accordance with GASB Statement No. 54, however, the components of the new fund balance include the following line items: a) nonspendable fund balance, b) restricted fund balance, c) committed fund balance, d) assigned fund balance and e) unassigned fund balance. The implementation of these new components is intended to help serve the needs of the financial statement users.

For further explanation of each fund balance component, please see the following.

- a) **Nonspendable fund balance** (inherently nonspendable) include the:
 - Portion of net resources that cannot be spent because of their form, and
 - Portion of net resources that cannot be spent because they must be maintained intact.
- b) **Restricted fund balance** (externally enforceable limitations on use) include amounts subject to:
 - Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments
 - Limitations imposed by law through constitutional provision or enabling legislation.
- c) **Committed fund balance** (self imposed limitations set in place prior to the end of the period):
 - Limitation imposed at the highest level of decision making that requires formal action at the same level to remove. For the City, the City Council is the highest level of decision making.
- d) **Assigned fund balance** (limitation resulting from intended use) consists of amounts where the:
 - Intended use is established by the body designated for that purpose (City Council),
 - Intended use is established by official designated for that purpose. For the City, the City Manager is the designated official.
- e) **Unassigned fund balance** (residual net resources) is the:
 - Total fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance
 - Excess of nonspendable, restricted and committed fund balance over total fund balance.

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

The City's Financial Management Policy Statements, dated December 14, 2010, establishes and documents the City's policies concerning maintaining the fund balance and net assets of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from emergencies. The policy provides for the following:

A. General Fund Unreserved Fund Balance

The City shall strive to maintain the General Fund unassigned fund balance at 10 percent of the current year's budget appropriation for operations and maintenance. After completion of the annual audit, if the unassigned fund balance exceeds 10 percent, the excess must be specifically assigned for subsequent year expenditures or

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transferred to the Capital Projects Reserve Fund. (The use of the Capital Projects Reserve Fund shall be guided by the Capital Expenditures and Improvements Policy Statements.)

B. Net Assets of Enterprise Operating Funds

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

C. Use of Fund Balance/Net Assets

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

D. Net Assets of Internal Service Funds

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

E. Culture and Tourism Fund Unassigned Fund Balance

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

F. Debt Service Funds

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

G. Benefit and Insurance Funds

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

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

Please see the table on the following page for detail regarding the fund balance categories and classifications for the governmental funds which shows components of nonspendable fund balance, as well as the purposes for restricted, committed and assigned fund balance.

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Fund Balance Categories and Classification				
Fund Balance	General Fund	Debt Service	Nonmajor Governmental Funds	Total Fund Balance
Nonspendable				
General Administration	\$ 7,015	\$ -	\$ 8,658	\$ 15,673
Public Safety	275	-	-	275
Transportation and Public Works	2,904	-	11,757	14,661
Public Events and Facilities	-	-	707	707
Housing and Economic Development	-	-	2,419	2,419
Total Nonspendable	<u>10,194</u>	<u>-</u>	<u>23,541</u>	<u>33,735</u>
Restricted				
General Administration	-	10,599	36,877	47,476
Public Safety	646	-	35,397	36,043
Transportation and Public Works	-	-	129,599	129,599
Parks and Community Services	-	-	7,760	7,760
Public Library	-	-	693	693
Public Events and Facilities	-	-	20,344	20,344
Planning and Development	-	-	3,043	3,043
Housing and Economic Development	-	-	382	382
Total Restricted	<u>646</u>	<u>10,599</u>	<u>234,095</u>	<u>245,340</u>
Committed				
General Administration	45,474	3,567	35,979	85,020
Public Safety	5,102	-	792	5,894
Transportation and Public Works	3,193	-	72,667	75,860
Parks and Community Services	291	-	33,763	34,054
Public Library	23	-	1,225	1,248
Public Events and Facilities	-	2,826	1,380	4,205
Housing and Economic Development	100	-	1,955	2,055
Total Committed	<u>54,183</u>	<u>6,393</u>	<u>147,761</u>	<u>208,336</u>

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Fund Balance Categories and Classification				
Fund Balance	General Fund	Debt Service	Nonmajor Governmental Funds	Total Fund Balance
Assigned				
General Administration	\$ 45,447	\$ -	\$ 20,122	\$ 65,569
Public Safety	-	-	5,516	5,516
Transportation and Public Works	-	-	22,694	22,694
Parks and Community Services	-	-	7,076	7,076
Public Library	-	-	39	39
Public Events and Facilities	-	478	16,935	17,413
Housing and Economic Development	-	-	15,780	15,780
Total Assigned	<u>45,447</u>	<u>478</u>	<u>88,162</u>	<u>134,087</u>
Unassigned				
General Administration	<u>53,137</u>	<u>-</u>	<u>(465)</u>	<u>52,672</u>
Total Unassigned	<u>53,137</u>	<u>-</u>	<u>(465)</u>	<u>52,672</u>
Total Fund Balance	<u>\$ 163,607</u>	<u>\$ 17,470</u>	<u>\$ 493,094</u>	<u>\$ 674,171</u>

(concluded)

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

A. 12. LONG-TERM OBLIGATIONS

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

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

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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.

A. 14. IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

During fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Implementation of this Statement modified the fund balance section of the balance sheets of the governmental funds. See footnote A.11 for additional information.

NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS

B. 1. POOLED CASH AND INVESTMENTS

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

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

The City, as authorized by the City Council, engages in a securities lending contract with Citi Bank whereby all of the U.S. Treasury securities and certain benchmark agency securities are available to be lent to an authorized primary dealer. The City receives defined collateral of at least 100 percent of market value of the underlying securities. At no time is ownership transferred on underlying securities to the dealer. The City does not have the ability to pledge or sell collateral securities without borrower default. Therefore, in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions* securities on loan are not presented on the City's financial statements. As of September 30, 2011, the fair value of securities on loan was \$668,718 and the fair value of collateral held against the loaned securities was \$682,659.

State statutes require all time and demand deposits to be fully insured or collateralized. At September 30, 2011, the carrying amount of the City's demand and time deposits and cash on hand was \$282,785. Of the \$282,466 bank balance, \$250 of each interest bearing account and the entire balance of each non-interest bearing account was covered by FDIC deposit insurance with the remainder being collateralized with securities pledged by the City's agent in the City's name. As of September 30, 2011, the City had no funds which were uninsured or uncollateralized.

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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, 2011, the City's investment portfolio and discretely presented component units' investment portfolios (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) are held by the City's custodians in the City's name under written agreements. The City's custodians are Citi Bank (securities lending) and JP Morgan Chase.

The money market mutual funds and pools are invested in a Wells Fargo 100 percent Treasury Money Fund (\$62,984), and Deutsche Bank Money Market Select Fund (\$11,633). 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, 2011, the total fair value of the City's investments in the Wells Fargo 100 percent Treasury Money Fund and Deutsche Bank Money Market Treasury Select Fund totaled \$74,617 or 6.51 percent of the total investment portfolio.

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 years</u>	<u>2 - 3 years</u>	<u>3 - 4 years</u>	<u>4 - 5 years</u>
Day Range	0-364	365-730	731-1,095	1,096-1,460	1,461-1,825
Targeted Portfolio %	43.00	14.25	14.25	14.25	14.25
Actual %	32.87	17.17	17.62	15.01	17.33

As of September 30, 2011, in the Total Overall Investment Portfolio:

- no holding had a stated maturity date beyond September 28, 2016,
- holdings maturing beyond one year represented 67.13 percent of the total investment portfolio, and
- the weighted average of the combined investment portfolio was 818.00 days on the total investment portfolio.

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As of September 30, 2011, the investment portfolio managed by the City contained structured notes totaling \$413,621 as follows:

Security	Coupon Range	Call Date Range	Maturity Date Range	Structure	Fair Value	WAM [*]
Structured notes past the call date:						
Federal Home Loan Bank (FHLB)	5.25%	6/19/2006	6/19/2012	Quarterly	\$ 5,177	9
Federal National Mortgage Assoc. (FNMA)	1.88% - 4.75%	2/21/2006 - 3/9/2011	2/21/2013 - 9/9/2015	One-time Call	20,958	32
Discretely callable securities:						
Federal Home Loan Bank (FHLB)	0.75% - 1.38%	10/18/2011 - 9/10/2012	3/28/2013 - 7/27/2016	Quarterly, One-Time Call	110,119	44
Federal Home Loan Mortgage Corp (FHLMC)	0.50% - 2.18%	11/23/2011 - 5/23/2012	8/23/2013 - 9/9/2016	Annually, One-Time Call	130,500	45
Federal National Mortgage Assoc. (FNMA)	0.45% - 2.00%	11/30/2011 - 3/8/2013	9/6/2013 - 9/28/2016	Quarterly, One-Time Call	125,063	44
Continuously callable securities:						
Federal Farm Credit Bank (FFCB)	1.15% - 1.50%	12/8/2011 - 9/14/2012	12/8/2014 - 9/14/2015	Continuous	21,804	43
Total Structured Notes					<u>\$413,621</u>	

* Weighted Average Maturity by Months

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

Credit risk within the City's investment portfolio among the authorized investments approved by the City's adopted Investment Policy is represented only in time and demand deposits, repurchase agreements, and commercial paper. All other investments are rated AAA, 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. The City's Investment Policy also states that the maximum maturity for commercial paper is not to exceed 270 days.

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

As of September 30, 2011 in the Primary Government and Discretely Presented Component Units investment portfolio:

- investment in one AAA-rated local government investment pool represented less than 0.01 percent of the total investment portfolio,
- investment in six AAA-rated, SEC-registered money market funds managed by the City and held with Trustee represented 6.51 percent of the total investment portfolio,
- investment in collateralized certificates of deposit represented 4.86 percent, and
- the remainder of the investments portfolio (88.62 percent) was in United States Government or United States Government Agency securities rated AAA. On August 5, 2011 Standard and Poors, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term US and government sponsored entities sovereign debt from AAA to AA+ for the first time since 1941 with a negative outlook. The two other national raters, Moody's and Fitch, continue to have the highest ratings, but also have the debt on their watch lists.

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

See note B.3 for a listing of investments held by the City with weighted average maturity and credit rating information as of September 30, 2011.

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 Financial Institutions Resource and Recovery Enforcement Act. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

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As of September 30, 2011, the investment portfolios contained certificates of deposit (\$55,733) but no repurchase agreements. All pledged bank collateral for demand deposits was held by the Federal Reserve and all positions in the security lending program were held at Citi Bank.

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

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

B.3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City held the following cash, cash equivalents, and investments as of September 30, 2011:

Pooled Cash, Cash Equivalents and Investments Managed by the City	Fair Value	Weighted Average Maturity by Days	Credit Rating
Cash	\$ 222,079	N/A	N/A
Cash in Bank - Blended Component Units	979	N/A	N/A
Federal Farm Credit Bank (FFCB)	89,754	752	AAA
Federal Home Loan Bank (FHLB)	183,686	1,038	AAA
Federal Home Loan Mortgage Corp. (FHLMC)	222,130	1,003	AAA
Federal National Mortgage Assoc. (FNMA)	247,677	1,024	AAA
U. S. Treasury Notes	234,084	253	AAA
Certificates of Deposits	55,733	567	N/A
Local Government Investment Pools	4	N/A	AAA
Total Cash, Cash Equivalents and Investments Managed by the City	1,256,126		
Cash, Cash Equivalents and Investments Held by Trustees for the City			
Gas Well Revenue - Cash	829	N/A	N/A
Department of Justice Grant - Cash	3,165	N/A	N/A
Water and Sewer Reserve Fund - Money Market Mutual Funds	24,420	N/A	AAA
2010B City of Fort Worth Escrow - Money Market Mutual Funds	25,406	N/A	AAA
Texas Acquisition Fund - Money Market Mutual Funds	7,608	N/A	AAA
Fort Worth Local Development Corp - Money Market Mutual Funds	11,633	N/A	AAA
SW Parkway - Money Market Mutual Funds	3,776	N/A	AAA
SE Landfill - Money Market Mutual Funds	1,774	N/A	AAA
Total Cash and Cash Equivalents Held by Trustees for the City	78,611		
Total Cash, Cash Equivalents and Investments - Primary Government	1,334,737		
Cash and Cash Equivalents Managed by the Employees' Retirement Fund			
Cash in Bank	473	N/A	N/A
Investments Managed by the Employees' Retirement Fund			
Investments	1,767,485	see Note B.5	
Total Cash, Cash Equivalents and Investments - Employees' Retirement Fund	1,767,958		(continued)

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Cash and Cash Equivalents Managed by the Retiree Healthcare Fund			
Cash in Bank	\$ 588	N/A	N/A
Investments Managed by the Retiree Healthcare Fund			
Investments	14,740	N/A	see Note B.4
Total Cash, Cash Equivalents and Investments - Retiree Healthcare Fund	<u>15,328</u>		
Cash Equivalents and Investments – Discretely Presented Component Units			
Federal Farm Credit Bank (FFCB)	4,592	752	AAA
Federal Home Loan Bank (FHLB)	9,397	1,038	AAA
Federal Home Loan Mortgage Corp. (FHLMC)	11,364	1,003	AAA
Federal National Mortgage Assoc. (FNMA)	12,671	1,024	AAA
Total Cash and Cash Equivalents – Discretely Presented Component Units	<u>38,024</u>		
Total Cash, Cash Equivalents, and Investments	<u>\$ 3,156,047</u>		(concluded)

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

Cash, Cash Equivalents, and Investments, per note B.3	
Primary Government	\$ 1,334,737
Employees' Retirement Fund	1,767,958
Retiree Healthcare Fund	15,328
Discretely Presented Component Units	38,024
Total, per note	<u>\$ 3,156,047</u>
Cash, Cash Equivalents, and Investments, per Basic Financial Statements	
Statement of Net Assets - Primary Government	\$ 782,590
Statement of Net Assets - Primary Government Restricted	552,147
Statement of Net Assets - Discretely Presented Component Units	38,024
Statement of Fiduciary Net Assets - Cash and Cash Equivalents	1,061
Statement of Fiduciary Net Assets - Cash and Investments Held by Trustees	1,782,225
Total, per Basic Financial Statements	<u>\$ 3,156,047</u>

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

INVESTMENTS

Substantially all of the OPEB Plan’s investments are held by its trustee/custodian. The 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 OPEB Plan would not be able to recover the value of its investments. The OPEB Plan does not have a formal policy for

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custodial credit risk. As of September 30, 2011, all investments are registered in the name of the City of Fort Worth PARS Post-Retirement Health Care Plan or in the name of the OPEB Plan's custodian established through a master trust custodial agreement.

Credit Risk of Debt Securities – Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Below are the OPEB Plan's investments as of September 30, 2011:

Investment Type	Rating	Fair Value
Fixed Income Mutual Funds:		
Barclay Usage B	A	\$ 7,298
Vanguard Short-Term Investment	BBB	2,415
Total Fixed Income Mutual Funds		<u>9,713</u>
Equity Mutual Funds:		
Cohen & St Realty	N/A	191
MSCI Eafe Idx	N/A	685
TR Russell MCP GR	N/A	210
TR Russell MCP VL	N/A	349
S&P SMLCP Grow	N/A	264
S&P SMLCP Value	N/A	425
S&P 500 Index	N/A	723
S&P 500 Value	N/A	1,010
S&P 500 Grow	N/A	798
Vanguard International Equity Index	N/A	372
Total Equity Mutual Funds		<u>5,027</u>
Total Investments		<u>\$ 14,740</u>

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The OPEB Plan's investment policy addresses concentration limits on a manager basis. As of September 30, 2011 the OPEB Plan did not have any investments in commingled funds, where the underlying assets were not registered in the Fund's name that totaled more than 5% of assets of the Fund.

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

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

INVESTMENTS

Substantially all of the Plan's investments are held by its trustee/custodian. The Retirement Fund Board of Directors authorizes various portfolio managers to manage investments within certain policies as set forth by the Board. These policies mandate a diversified portfolio, which includes investments, either directly or in commingled accounts, in real estate, fixed income securities, and equity securities.

Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosures – an amendment to GASB Statement No. 3* (GASB 40), addresses common deposit and investment risks including

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custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below:

Custodial Credit Risk - Custodial credit risk is the risk that in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of September 30, 2011 all investments are registered in the name of the Employees' Retirement Fund of the City of Fort Worth or in the name of the Plan's custodian established through a master trust custodial agreement, with the exception of investments in Alternative Investments and Commingled Funds.

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

Below are the Plan's investments as of September 30, 2011:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>
Asset & Mortgage Backed Obligations	AAA	\$ 19,244
Asset & Mortgage Backed Obligations	AA	1,184
Asset & Mortgage Backed Obligations	A	7,314
Asset & Mortgage Backed Obligations	BBB	3,706
Asset & Mortgage Backed Obligations	BB	2,834
Asset & Mortgage Backed Obligations	B	2,188
Asset & Mortgage Backed Obligations	CCC	3,957
Asset & Mortgage Backed Obligations	CC	1,202
Asset & Mortgage Backed Obligations	NR	695
Total Asset & Mortgage Backed Obligations		<u>42,324</u>
Corporate Obligations	AAA	1,136
Corporate Obligations	AA	8,845
Corporate Obligations	A	24,860
Corporate Obligations	BBB	35,990
Corporate Obligations	BB	7,931
Corporate Obligations	B	5,106
Corporate Obligations	CCC	812
Corporate Obligations	CC	152
Corporate Obligations	D	240
Corporate Obligations	NR	5,455
Total Corporate Obligations		<u>90,527</u>

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<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>
Government Agency Obligations	AAA	\$ 71,946
Government Agency Obligations	AA	4,467
Government Agency Obligations	A	4,699
Government Agency Obligations	BB	70
Government Agency Obligations	NR	1,275
Total Government Agency Obligations		<u>82,457</u>
International Obligations	AAA	43,278
International Obligations	AA	9,864
International Obligations	A	25,416
International Obligations	BBB	16,253
International Obligations	BB	3,487
International Obligations	B	224
International Obligations	CC	340
International Obligations	C	149
International Obligations	NR	8
Total International Obligations		<u>99,019</u>
Securities Lending Collateral	AAA	8,826
Securities Lending Collateral	AA	42,676
Securities Lending Collateral	A	59,677
Securities Lending Collateral	BBB	189
Securities Lending Collateral	B	74
Securities Lending Collateral	NR	5,822
Total Securities Lending Collateral		<u>117,264</u>
Total Fixed Income Subject to Credit Risk		431,591
US Treasuries (Not Subject to Credit Risk)		54,236
Short Term Marketable Securities		115,541
Corporate Stock		404,511
Alternative Investments		433,475
Commingled Funds		329,244
Less: Investments in Non-City Funded Staff Plan		(1,113)
Total Investments		<u>\$ 1,767,485</u>
		(concluded)

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, 2011 the Plan did not have any investments in commingled funds, where the underlying assets were not registered in the Fund’s name that totaled more than 5% of assets of the Fund.

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

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Investment Type	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total Fair Value
Asset & Mortgage Backed Obligations	\$ -	\$ 4,420	\$ 332	\$ 37,572	\$ 42,324
Corporate Obligations	2,246	28,781	38,460	21,040	90,527
Government Agency Obligations	-	2,090	14,568	65,799	82,457
International Obligations	7,732	34,460	34,014	22,813	99,019
Securities Lending Collateral	117,264	-	-	-	117,264
Total Interest Rate Risk Debt Securities	\$ 127,242	\$ 69,751	\$ 87,374	\$ 147,224	\$ 431,591

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, 2011 is presented below:

Currency	Debt	Equity	Total
Australian Dollar	\$ 4,772	\$ 5,846	\$ 10,618
Brazilian Real	1,000	4,993	5,993
British Pound Sterling	6,249	23,766	30,015
Canadian Dollar	11,896	6,082	17,978
Chinese Yuan Renminbi	7,284	-	7,284
Danish Krone	-	1,694	1,694
Euro Currency Unit	(1,887)	47,736	45,849
Hong Kong Dollar	-	7,931	7,931
Hungarian Forint	873	-	873
Indian Rupee	530	-	530
Indonesian Rupiah	2,227	-	2,227
Japanese Yen	-	15,383	15,383
Kazakhstan Tenge	829	-	829
Mexican New Peso	5,570	982	6,552
Malaysian Ringgit	2,041	136	2,177
New Zealand Dollar	1,600	-	1,600
Norwegian Krone	557	1,353	1,910
Philippine Peso	850	272	1,122
Polish Zloty	2,025	-	2,025
Singapore Dollar	925	1,418	2,343
South African Rand	1,072	-	1,072
South Korean Won	3,120	2,061	5,181
Swedish Krona	-	2,423	2,423
Swiss Franc	-	12,946	12,946
Thai Baht	-	693	693
Turkish Lira	1,432	-	1,432
Total securities subject to foreign currency risk	\$ 52,965	\$ 135,715	\$ 188,680

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DERIVATIVE FINANCIAL INSTRUMENTS

The Fund's investment managers are permitted to invest in derivatives subject to guidelines established by the Board. Derivatives are financial instruments that derive their value, usefulness, and marketability from an underlying instrument which represents direct ownership of an asset or an obligation of an issuer. The Fund's derivative positions are marked to market daily and managers may only trade with counterparties with a credit rating of A-/A3 as defined by Standard & Poor's (S&P) and Moody's respectively. Substitution and risk control are the only strategies permitted; speculation is strictly prohibited. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair value is determined based on quoted market prices, if available, or based on differences in cash flows between the fixed and variable rates in each contract as of the measurement date. Gains and losses from derivatives are included in net investment income. For financial reporting purposes, all Fund derivatives are classified as investment derivatives. The Fund was in possession of the following types of derivatives at September 30, 2011:

Futures Contracts - A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

Forward Contracts - A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions.

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

The Investment Derivatives schedule listed below reports the fair value and changes in fair value and notional amounts of derivatives outstanding as of September 30, 2011, classified by type:

Derivative Type	Changes in Fair Value		Fair Value	
	Classification	Amount	Amount	Notional
Fidiciary Funds				
Investment Derivatives				
Futures Contracts	Investment Income	\$ -	\$ -	\$ 170,554
Forward Contracts	Investment Income	3,067	2,302	89,677
Swap Agreements	Investment Income	(875)	(99)	103,273
	Totals	\$ 2,192	\$ 2,203	\$ 363,504

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Credit Risk - The Fund is exposed to credit risk on investment derivatives that are traded over the counter and reported in asset positions. Derivatives exposed to credit risk include currency forward contracts and swap agreements. To minimize credit risk exposure the Fund's managers monitor the credit ratings of the counterparties. Should there be a counterparty failure, the Fund would be exposed to the loss of the fair value of derivatives that are in the asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. Netting arrangements provide the Fund with a right of setoff in the event of bankruptcy or default by the counterparty. The Fund would be exposed to loss of collateral provided to the counterparty. Collateral provided by the counterparty reduces the Fund's credit risk exposure.

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of the Fund's investment derivatives by type, as of September 30, 2011. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security or netting arrangement. The schedule displays the fair value of the investments by credit rating in increasing magnitude of risk. Investments are classified by S&P rating. If the investment does not have an S&P rating, the Moody's rating that corresponds to the S&P rating is used.

As of September 30, 2011 the Fund has a net exposure to credit risk of \$2,203.

Derivative Type	AA	A	Not Rated	Total Fair Value
Forward Contracts	\$ -	\$ -	\$ 2,303	\$ 2,303
Swap Agreements	158	(1)	(256)	(99)
Total	<u>\$ 158</u>	<u>\$ (1)</u>	<u>\$ 2,047</u>	<u>\$ 2,204</u>

Interest Rate Risk - The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2011, are disclosed on the following table.

Derivative Type	Notional Amount	Total Fair Value
Interest Rate Swaps	\$ 26,823	\$ 235
Swaptions	103,273	(334)
Total	<u>\$ 130,096</u>	<u>\$ (99)</u>

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

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The net exposure column of the schedule below indicates the Fund's net foreign currency risk related to derivatives as of September 30, 2011.

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	\$ 529	\$ -	\$ 529
Brazilian Real	869	378	1,247
British Pound Sterling	(146)	86	(60)
Canadian Dollar	385	-	385
Chinese Yuan Renminbi	(115)	-	(115)
Euro Currency Unit	519	84	603
Kazakh Tenge	(13)	-	(13)
Mexican Peso	224	17	241
New Zealand Dollar	178	-	178
Norwegian Krone	48	-	48
Singapore Dollar	(17)	-	(17)
South Korean Won	(72)	-	(72)
Turkish Lira	(86)	-	(86)
Totals	<u>\$ 2,303</u>	<u>\$ 565</u>	<u>\$ 2,868</u>

The values shown are for the positions that the Fund holds directly. The Fund may also have an indirect exposure to derivatives via its commingled funds. The Fund owns units of the commingled fund and the comingled fund holds the actual positions. Indirect exposures via these types of investments are not shown here.

SECURITIES LENDING

The Plan is authorized to contractually lend securities to borrowers in accordance with policy established by the Board of Trustees. The Plan is currently contracted with Northern Trust to establish, manage and administer a securities lending program. Northern Trust facilitates lending the Plan's domestic and international equity and fixed income securities in return for collateral consisting of cash, U.S. government securities and irrevocable letters of credit issued by banks independent of the borrower. At a loan's inception, the value of collateral obtained is equal to 102% for securities of United States issuers, and 105% in the case of securities of non-United States issuers, of the market value of any securities to be loaned, plus any accrued interest.

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper and asset backed securities. The contract with Northern Trust specifies guidelines for allowable investments, maturities, and diversification. The Plan does not have the ability to pledge or sell collateral securities without borrower default. The amount of collateral held exceeds the value of the assets on loan at September 30, 2011.

The Plan earns income from fees paid by the borrowers and interest earned from investing the cash collateral. The contract requires the custodian bank to purchase any loaned securities with collateral provided, however, if the collateral is insufficient to cover the loss, the Plan is liable for the loss. The cash collateral received on each loan was invested in the collateral pool at Northern Trust. Because the loans are terminable at will, their duration generally did not match the duration of the investments made with cash collateral. In addition, the Plan had no credit risk exposure to borrowers. As of September 30, 2011 the value of the collateral held was \$117,264 and the

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value of securities out on loan at September 30, 2011 was \$115,105. The Plan earned \$599 (prior to payment for collateral losses discussed below) on its securities lending activity for the fiscal year ended September 30, 2011.

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 \$2,203 at September 30, 2011, 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, 2011, the fair value of these contracts is included in due to/from broker.

SUBSEQUENT EVENTS

The Plan completed the implementation of its allocation that was created in 2009. As of January 2012 reporting, the Plan will be measured against the new asset allocation. The two areas that will not be at the new target ranges will be Private Equity and Real Estate as these asset classes require a more measured pace to reach their increased allocations. During the fourth quarter of 2011, the Plan's investments returned an estimated 3.59% bringing the calendar year performance to .14%.

NOTE C: RECEIVABLES AND INTERFUND BALANCES

C.1. RECEIVABLES

Receivables at September 30, 2011 for governmental activities of the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<u>Receivables</u>	General Fund	Debt Service	Nonmajor Governmental	Internal Service	Total Governmental Activities
Taxes	\$ 17,997	\$ 5,202	\$ -	\$ -	\$ 23,199
Grants and Other Governments	19,272	-	24,540	-	43,812
Levied, Unbilled Assessments	-	-	2,082	-	2,082
Loans	-	-	6,526	-	6,526
Long-term Loans	-	-	11,641	-	11,641
Interest	571	1,105	702	32	2,410
Accounts and Other	52,964	-	7,873	73	60,910
Total Gross Receivables	90,804	6,307	53,364	105	150,580
Less Allowance for Doubtful Accounts:					
Taxes	(14,517)	(4,242)	-	-	(18,759)
Levied, Unbilled Assessments	-	-	(2,082)	-	(2,082)
Accounts and Other	(39,029)	-	(86)	-	(39,115)
Total Allowance	(53,546)	(4,242)	(2,168)	-	(59,956)
Total Receivables, Net	\$ 37,258	\$ 2,065	\$ 51,196	\$ 105	\$ 90,624

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Receivables at September 30, 2011 for business-type activities of the City's individual major enterprise funds and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<u>Receivables</u>	Water and Sewer Fund	Nonmajor Enterprise	Total Business-type Activities
Interest	\$ 194	\$ 230	\$ 424
Accounts and Other	49,872	11,409	61,281
Grants - Restricted	7	-	7
Interest - Restricted	471	550	1,021
Total Gross Receivables	<u>50,544</u>	<u>12,189</u>	<u>62,733</u>
Less Allowance for Doubtful Accounts:			
Accounts and Other	(1,193)	(871)	(2,064)
Total Allowance	<u>(1,193)</u>	<u>(871)</u>	<u>(2,064)</u>
Total Receivables, Net	<u>\$ 49,351</u>	<u>\$ 11,318</u>	<u>\$ 60,669</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>	Unavailable	Unearned
Property Taxes	\$ 2,158	\$ -
Grants and Other Governments	9,769	16,258
Loans	-	6,526
Long-term Loans	-	10,626
Other	-	1,189
Total Unavailable / Unearned Revenues	<u>\$ 11,927</u>	<u>34,599</u>
Total Deferred Revenue for Governmental Funds		<u>\$ 46,526</u>

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

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<u>Description</u>	Water and Sewer Fund	Nonmajor Enterprise	Total Business-type Activities
Deposits and Rents	\$ 1,388	\$ 5,764	\$ 7,152
Grants	-	84,490	84,490
Total Unearned Revenues	<u>\$ 1,388</u>	<u>\$ 90,254</u>	<u>\$ 91,642</u>

C.2. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2011, were as follows:

Receivable Fund	Payable Fund	Total
General Fund	Nonmajor Governmental	\$ 4,084
General Fund	Nonmajor Enterprise	329
Nonmajor Governmental	Nonmajor Governmental	2,163
Nonmajor Governmental	Nonmajor Enterprise	137
Total:		<u>\$ 6,713</u>

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

The \$4,084 receivable in the General Fund from the Nonmajor Governmental Funds is due from the Special Projects Special Revenue Fund to cover various special capital projects.

The \$329 receivable in the General Fund from the Non-major Enterprise Funds is due from the Municipal Golf Fund for interim financing for golf turf maintenance.

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

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

C.3. ADVANCES

Advances from/to other funds at September 30, 2011, are as follows:

Receivable Fund	Payable Fund	Total
General Fund	Nonmajor Enterprise	\$ 6,119
General Fund	Internal Service	597
Nonmajor Governmental	Nonmajor Enterprise	351
Nonmajor Enterprise	Nonmajor Enterprise	3,500
Nonmajor Enterprise	Nonmajor Governmental	1,750
Total:		<u>\$ 12,317</u>

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

The \$6,119 payable to the General Fund from the Nonmajor Enterprise Funds is due from the Municipal Golf Fund to cover a cash deficit. This advance will be repaid by revenue from operations.

The \$597 payable to the General Fund from the Internal Service Funds consists of an advance to the Office Services fund to cover cash deficits (which will be repaid from future operating revenues).

The \$351 payable to the Nonmajor Governmental Funds from the Nonmajor 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.

The \$3,500 payable to the Nonmajor Enterprise Funds from the Nonmajor Enterprise Funds consists of an advance to the Stormwater Utility Fund from the Aviation Endowment Gas Lease Fund for the construction of storm drain improvements.

The \$1,750 payable to the Nonmajor Enterprise Funds from the Nonmajor Governmental Funds is due from the Street Improvement Fund to the Municipal Airports Fund for major street reconstruction projects. This advance will be repaid from future operating revenues.

C. 4. TRANSFERS

Transfers made during the year are as follows:

	Transfers In:							Total
	General Fund	Debt Service	Nonmajor Gov't	Water and Sewer	Nonmajor Enterprise	Internal Service		
Transfers Out:								
General Fund	\$ -	\$ -	\$ 53,377	\$ 101	\$ 3	\$ 42,908	\$ 96,389	
Debt Service	-	-	-	-	995	-	995	
Nonmajor								
Governmental Funds	24,641	9,623	21,885	787	2,063	-	58,999	
Water & Sewer Fund	22,615	-	1,410	-	-	-	24,025	
Nonmajor								
Enterprise Funds	23,301	-	3,792	207	-	-	27,300	
Internal Service Funds	404	-	81	-	-	-	485	
Total	\$ 70,961	\$ 9,623	\$ 80,545	\$ 1,095	\$ 3,061	\$ 42,908	\$ 208,193	

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.

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Significant transfers included the following:

General Fund transfers to Nonmajor Governmental Funds totaling \$53,377, of which \$15,872 was used to finance street maintenance programs and \$16,780 is a transfer from General Fund to Culture & Tourism Special Revenue.

The General Fund transferred \$42,908 to the Internal Service Fund for upgrading the City's Public Safety Communications System.

Transfers between Nonmajor Governmental Funds totaling \$21,885 for various special capital projects.

The Nonmajor Governmental Funds transferred \$24,641 to the General Fund. Part of the total amount transferred included \$7,998 from the Crime Control Fund to finance the civil service pay plan.

The Nonmajor Governmental Funds transferred \$9,623 to the Debt Service Fund, of which \$3,286 was investment income.

The Nonmajor Governmental Funds transferred \$2,063 to Nonmajor Enterprise Funds, \$2,054 of which was a transfer from Capital Projects Reserve Fund to the Airports Fund.

The Water and Sewer Fund transferred \$22,615 to the General Fund of which \$16,873 was for street rentals and \$4,122 for the PILOT (Payments in Lieu of Taxes) program.

The Water and Sewer Fund transferred \$1,410 to Nonmajor Governmental Funds for funding of special capital projects.

Nonmajor Enterprise Funds transferred \$23,301 to the General Fund, including \$10,626 for reimbursing aircraft rescue and firefighting services at Alliance and Meacham Fire Stations.

Nonmajor Enterprise Funds transferred \$3,792 to the Nonmajor Governmental Funds for various special capital projects.

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

NOTE D: FUND EQUITY

D.1 FUND DEFICITS

Office Services Internal Services Fund – Current year increase in net assets of \$113 from user fees and resulted in a decrease in the deficit to \$589. This deficit will be offset by user fee increases in future years.

Municipal Golf Fund – Current year decrease in net assets of \$3,328 from \$268 resulted in the deficit net assets of \$3,060. This deficit will be offset by revenues in future years.

Discretely Presented Component Units, Taxing Increment Reinvestment Zone No. 6 – Current year decrease in net assets of \$17 was due to a property tax refund liability and resulted in a deficit net assets of \$3. This deficit will be offset by property tax revenues received in future years.

Discretely Presented Component Units, Taxing Increment Reinvestment Zone No. 9 – Current year decrease in net assets of \$9,798 was due to an inter-local agreement with Tarrant Regional Water District to fund work performed on the Trinity River Vision project and resulted in a deficit of \$6,179. This deficit will be offset by property tax revenues received in future years.

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(continued)

D.2 GENERAL FUND BALANCE

The City has implemented GASB Statement No. 54 which identifies the portions of fund balance that are recognized as Nonspendable, Restricted, Committed, Assigned, and Unassigned. As of September 30, 2011 the General Fund's nonspendable fund balance includes \$6,716 for advance to other funds, \$3,348 for inventories, and \$130 for prepaids, deposits, and other. The restricted fund balance includes \$646 of tax note proceeds restricted for the purchase of fire equipment. The committed fund balance includes amounts for risk financing of \$43,423, \$500 for utility rate case actions, \$100 for a saving program, \$4,645 for purchase of new fire equipment, and \$5,515 for funding purchases in the next fiscal year. As of September 30, 2011, the General Fund has an unassigned fund balance of \$53,137.

NOTE E: RESTRICTED ASSETS

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

	Water and Sewer	Nonmajor Enterprise Funds	Internal Service Funds	Total
Debt Service:				
Cash and Cash Equivalents	\$ 42,153	\$ 2,687	\$ -	\$ 44,840
Cash and Cash Equivalents Held by Trustees	2,272	-	-	2,272
Interest Receivable	189	48	-	237
	<u>44,614</u>	<u>2,735</u>	<u>-</u>	<u>47,349</u>
Capital Improvements:				
Cash and Cash Equivalents	194,364	181,137	34,943	410,444
Cash and Cash Equivalents Held by Trustees	55,182	136	-	55,318
Grant Receivables	7	-	-	7
Interest Receivable	271	502	-	773
	<u>249,824</u>	<u>181,775</u>	<u>34,943</u>	<u>466,542</u>
Customer Deposits:				
Cash and Cash Equivalents	11,862	765	-	12,627
	<u>11,862</u>	<u>765</u>	<u>-</u>	<u>12,627</u>
Other Restrictions:				
Cash and Cash Equivalents	2,872	2,357	-	5,229
Cash and Cash Equivalents Held by Trustees	11,633	1,775	-	13,408
Interest Receivable	11	-	-	11
	<u>14,516</u>	<u>4,132</u>	<u>-</u>	<u>18,648</u>
Total	<u>\$ 320,816</u>	<u>\$ 189,407</u>	<u>\$ 34,943</u>	<u>\$ 545,166</u>

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

NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2011 was as follows:

	Beginning Balance October 1, 2010	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30, 2011
Total Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 108,634	\$ 16,244	\$ -	\$ 124,878
Construction in progress	255,535	133,222	(109,988)	278,769
Total capital assets, not being depreciated	<u>364,169</u>	<u>149,466</u>	<u>(109,988)</u>	<u>403,647</u>
Capital assets, being depreciated:				
Buildings	350,268	24,677	(1,405)	373,540
Vehicles, machinery and equipment	167,263	30,074	(7,775)	189,562
Infrastructure	2,149,707	79,514	(282)	2,228,939
Total capital assets, being depreciated	<u>2,667,238</u>	<u>134,265</u>	<u>(9,462)</u>	<u>2,792,041</u>
Less accumulated depreciation for:				
Buildings	160,481	10,481	(884)	170,078
Vehicles, machinery and equipment	121,479	18,988	(7,455)	133,012
Infrastructure	1,280,192	75,953	(183)	1,355,962
Total accumulated depreciation	<u>1,562,152</u>	<u>105,422</u>	<u>(8,522)</u>	<u>1,659,052</u>
Total capital assets, being depreciated, net	<u>1,105,086</u>	<u>28,843</u>	<u>(940)</u>	<u>1,132,989</u>
Governmental activities capital assets, net	<u>\$ 1,469,255</u>	<u>\$ 178,309</u>	<u>\$ (110,928)</u>	<u>\$ 1,536,636</u>

Capital asset activity for Business-Type Activities for the year ended September 30, 2011 was as follows:

	Beginning Balance October 1, 2010	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30, 2011
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 73,545	\$ 1,014	\$ -	\$ 74,559
Construction in progress	320,076	182,818	(103,502)	399,392
Total capital assets, not being depreciated	<u>393,621</u>	<u>183,832</u>	<u>(103,502)</u>	<u>473,951</u>
Capital assets, being depreciated:				
Buildings	85,391	20,509	(72)	105,828
Vehicles, machinery and equipment	374,977	4,299	(1,365)	377,911
Infrastructure	2,345,260	81,186	(1,141)	2,425,305
Total capital assets, being depreciated	<u>2,805,628</u>	<u>105,994</u>	<u>(2,578)</u>	<u>2,909,044</u>
Less accumulated depreciation for:				
Buildings	30,238	2,923	(54)	33,107
Vehicles, machinery and equipment	165,996	22,291	(1,349)	186,938
Infrastructure	631,983	57,513	(659)	688,837
Total accumulated depreciation	<u>828,217</u>	<u>82,727</u>	<u>(2,062)</u>	<u>908,882</u>
Total capital assets, being depreciated, net	<u>1,977,411</u>	<u>23,267</u>	<u>(516)</u>	<u>2,000,162</u>
Business-Type activities capital assets, net	<u>\$ 2,371,032</u>	<u>\$ 207,099</u>	<u>\$ (104,018)</u>	<u>\$ 2,474,113</u>

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Depreciation expense was charged as follows for year ended September 30, 2011:

	Depreciation Expense
Governmental Activities	
General Government	\$ 5,430
Public Safety	13,732
Transportation and Public Works	72,987
Parks and Community Services	6,164
Public Library	1,256
Public Events and Facilities	5,063
Planning and Development	43
Housing	726
Total Governmental Depreciation	<u>105,401</u>
Major Business-Type Activities	
Water	70,615
Non-Major Business-Type Activities	
Municipal Airports	7,735
Municipal Golf	453
Municipal Garage	1,295
Stormwater Utility	1,621
Solid Waste	991
Total Business-Type Depreciation	<u>82,710</u>
Total Depreciation	<u><u>\$ 188,111</u></u>

The Governmental Activities depreciation expense includes \$1,295 of depreciation expense from the Internal Service Funds. Capital assets were transferred to business-type activities from governmental activities during fiscal year 2011 with related accumulated depreciation of \$17. This amount is included in the *Additions/Transfers In* amount included in the business-type activities capital asset activity schedule. Capital assets were transferred to governmental activities from business-type activities during fiscal year 2011 with related accumulated depreciation of \$21. This amount is included in the *Additions/Transfers In* amount included in the governmental activities capital asset activity schedule.

The City capitalizes interest during the construction period in proprietary fund capital projects. For the year ended September 30, 2011 interest was capitalized in the Water and Sewer Fund, Municipal Parking Fund and Stormwater Utility Fund in the amounts of \$7,790, \$531, and \$2,232, respectively.

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NOTE G: DEBT OBLIGATIONS

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2011.

	Balance at			Balance at	Due Within
	October 1, 2010	Increases	Decreases	September 30, 2011	One Year
Governmental Activities:					
General Obligation Bonds	\$ 380,125	\$ 67,270	\$ 75,635	\$ 371,760	\$ 26,095
Certificates of Obligation	188,655	38,025	23,800	202,880	12,640
Convention Center Installment Obligation	5,010	-	605	4,405	635
HUD Installment Obligations	7,465	-	704	6,761	727
Equipment Notes	18,852	43,050	3,897	58,005	3,555
Service Center Obligation	20,520	-	490	20,030	515
Fort Worth Housing Finance Corp Obligation	9,244	-	83	9,161	88
Fort Worth Sports Authority Obligation	15,442	-	105	15,337	109
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
Central City Local Government Corp Obligation	1,809	-	433	1,376	-
State Energy Conservation Loan Phase I & II	3,216	-	636	2,580	657
State Energy Conservation Loan Phase III	4,080	-	482	3,598	495
ESPC Phase IV	8,795	-	443	8,352	535
Wells Fargo Loan	196	-	52	144	66
Beechwood Bridge Obligation	724	-	391	333	-
Capital Leases	-	4,419	100	4,319	223
Unamortized Bond Premium	13,269	12,554	2,171	23,652	-
Unamortized Loss on Refunding	(3,428)	(2,940)	(316)	(6,052)	-
Unamortized Bond Discount	(20)	-	(20)	-	-
Compensated Absences	105,952	38,887	31,571	113,268	31,571
Risk Management Estimated Claims Payable	42,724	80,104	84,544	38,284	22,633
Other Post Employment Benefits Obligation	213,969	70,854	-	284,823	-
Net Pension Obligation	70,391	-	10,852	59,539	-
Total Governmental Activities	<u>1,138,607</u>	<u>352,223</u>	<u>236,658</u>	<u>1,254,172</u>	<u>100,544</u>

(continued)

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	Balance at October 1, 2010	Increases	Decreases	Balance at September 30, 2011	Due Within One Year
Business-Type Activities:					
Water and Sewer - Revenue Bonds	\$ 677,810	\$ 241,850	\$ 130,180	\$ 789,480	\$ 61,715
Water and Sewer - Trinity River Authority Oblig.	7,620	-	470	7,150	495
Water and Sewer - ESPC Phase V	15,365	-	-	15,365	-
Solid Waste - Equipment Notes	3,319	-	1,270	2,049	1,300
Solid Waste - Certificates of Obligation	6,525	-	435	6,090	435
Municipal Parking - Certificates of Obligation	47,670	1,955	640	48,985	955
Municipal Golf - Certificates of Obligation	-	2,615	130	2,485	135
Stormwater - Revenue Bonds	67,345	-	1,515	65,830	1,590
Unamortized Bond Premium	26,428	26,974	7,360	46,042	-
Unamortized Loss on Refunding	(11,806)	(3,730)	(2,413)	(13,123)	-
Municipal Golf - Capital Lease	5	-	5	-	-
Compensated Absences	9,236	4,185	3,537	9,884	3,537
Arbitrage	69	-	69	-	-
Landfill Closure and Postclosure Liab.	3,240	164	-	3,404	-
Pollution Remediation Liability	8,981	-	230	8,751	-
Other Post Employment Benefits Obligation	32,681	11,416	-	44,097	-
Net Pension Obligation	10,164	-	1,748	8,416	-
	<u>904,652</u>	<u>285,429</u>	<u>145,176</u>	<u>1,044,905</u>	<u>70,162</u>
Total Business-Type Activities					
Total Long-Term Liabilities	<u>\$ 2,043,259</u>	<u>\$ 637,652</u>	<u>\$ 381,834</u>	<u>\$ 2,299,077</u>	<u>\$ 170,706</u>
					(concluded)

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(continued)

Governmental Activities long-term debt is summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General obligation bonds:					
Series 2002 Refunding	3.0-5.0	2002	2013	\$ 23,005	\$ 210
Series 2003	3.0-4.625	2003	2023	42,560	4,260
Series 2003A	3.0-5.0	2003	2023	37,365	3,740
Series 2003B Refunding	3.0-5.25	2003	2022	42,700	31,390
Series 2004 Refunding	3.0-5.0	2004	2021	46,230	33,165
Series 2007	4.48	2007	2027	50,000	40,000
Series 2007A	4.38-4.531	2007	2027	100,000	78,075
Series 2008	4.64	2008	2018	49,650	38,010
Series 2009	2.5-5.0	2009	2029	85,180	76,660
Series 2010	2.0-4.0	2010	2030	20,590	19,570
Series 2011 Refunding	2.0-5.0	2011	2023	46,680	46,680
Total general obligation bonds					<u>371,760</u>
Certificates of obligation:					
Series 2005	5.0-6.0	2005	2025	7,200	1,265
Series 2005A	4.5	2005	2025	7,700	5,390
Series 2007	5.0-5.25	2007	2027	40,250	32,190
Series 2008	4.64	2008	2018	63,150	48,345
Series 2009	3.0-4.375	2009	2029	55,585	45,215
Series 2010	2.0-4.25	2010	2031	34,685	34,685
Series 2010A	3.0-5.0	2010	2030	38,025	35,790
Total certificates of obligation					<u>202,880</u>
Convention center installment obligation:					
Series 1997	5.0-5.8	1997	2017	10,000	4,405
HUD installment obligation:					
Series 2000A	4.46-6.8	2000	2017	3,475	1,590
Series 2005	4.46-6.8	2005	2020	7,500	5,171
Total HUD installment obligation					<u>6,761</u>
Equipment notes:					
Series 2008	2.66	2008	2015	25,000	14,955
Series 2011	2.24	2011	2018	43,050	43,050
Total equipment notes					<u>58,005</u>
Service center obligation:					
Series 2004	2.6-4.75	2004	2034	22,725	20,030
Fort Worth Housing Finance Corp. obligation:					
Series 2002	6.267	2002	2044	9,588	9,161
Fort Worth Sports Authority obligation					
	n/a	1997	2026	20,000	15,337
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	1,376

(continued)

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Governmental Activities long-term debt is summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
State energy conservation loans:					
Phase I & II	3.0	2004	2018	\$ 4,992	\$ 2,580
Phase III	3.0	2007	2019	5,000	3,598
Total State energy conservation loans					<u>6,178</u>
ESPC IV	2.7	2009	2024	9,066	<u>8,352</u>
Wells Fargo loan:					
Series 2004	4.725	2004	2013	467	<u>144</u>
Beechwood Bridge obligation	n/a	2007	2012	1,719	<u>333</u>
Capital Leases	9.675-11.0	2011	2021		<u>4,319</u>
Net unamortized bond premium/discount and loss on refunding				n/a	17,600
Compensated absences	n/a	n/a	n/a	n/a	113,268
Estimated claims payable	n/a	n/a	n/a	n/a	38,284
Other post employment benefits obligation	n/a	n/a	n/a	n/a	284,823
Net pension obligation	n/a	n/a	n/a	n/a	<u>59,539</u>
Total Governmental Activities long-term debt					<u>\$ 1,254,172</u>

(concluded)

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

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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 2001	5.0-5.625	2001	2022	\$ 49,125	\$ 2,260
Series 2002 TWDB*	2.7-4.35	2002	2022	34,310	1,615
Series 2003 Refunding	3.0-5.5	2003	2023	86,495	6,715
Series 2003A Refunding	2.0-5.25	2003	2015	50,370	30,455
Series 2005	3.0-5.25	2005	2025	120,400	101,075
Series 2005A Refunding	3.0-5.0	2005	2020	73,075	53,120
Series 2005 TWDB*	.35-2.4	2005	2025	7,890	5,770
Series 2005A TWDB*	2.2-3.5	2005	2025	11,500	9,055
Series 2005B TWDB*	4.45-6.25	2005	2025	64,520	50,220
Series 2007	5.0	2007	2027	100,000	87,280
Series 2007A TWDB*	1.75-3.0	2007	2027	33,560	29,095
Series 2007B TWDB*	2.2-3.0	2007	2017	49,585	43,485
Series 2008 Refunding	3.88	2008	2024	44,085	37,765
Series 2009 TWDB	-	2009	2026	16,690	11,980
Series 2010 Refunding	4.0-5.0	2010	2020	98,855	89,120
Series 2010A TWDB*	0.36-2.62	2010	2016	10,345	8,535
Series 2010B	0.15-2.85	2010	2030	28,000	26,695
Series 2010C	4.0-5.25	2010	2030	45,870	44,080
Series 2011 Refunding	4.0-5.25	2011	2031	151,160	151,160
Total revenue bonds					<u>789,480</u>
Trinity River Authority obligations:					
Series 2002	4.0-5.0	2002	2022	10,560	7,150
ESPC Phase V	3.68	2010	2018	15,365	15,365
Total Water and Sewer					<u>811,995</u>
Solid Waste:					
Equipment notes:					
Series 2003	3.61	2003	2013	173	39
Series 2003A	3.42	2003	2013	1,336	305
Series 2003B	3.454	2003	2011	9,576	1,705
Total equipment notes					<u>2,049</u>
Certificate of Obligation, Series 2005A	4.5	2005	2025	7,400	6,090
Total Solid Waste					<u>8,139</u>
* Texas Water Development Board					

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Business-type long-term debt is summarized as follows:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
Municipal Parking:					
Certificates of Obligation:					
Series 2007	5.0-5.25	2007	2033	\$ 20,935	\$ 20,055
Series 2009	5.0-5.25	2009	2033	27,135	27,135
Series 2010A	3.0-5.0	2010	2020	1,955	1,795
Total Municipal Parking					<u>48,985</u>
Municipal Golf:					
Certificates of Obligation:					
Series 2010A	3.0-5.0	2010	2025	2,615	<u>2,485</u>
Stormwater Utility:					
Revenue bonds:					
Series 2007	4.25-5.0	2008	2033	24,430	22,485
Series 2009	2.0-4.3	2009	2035	45,190	43,345
Stormwater Utility Total					<u>65,830</u>
Net unamortized bond premium/discount and loss on refunding				n/a	32,919
Compensated absences	n/a	n/a	n/a	n/a	9,884
Landfill closure and postclosure liability	n/a	n/a	n/a	n/a	3,404
Pollution remediation liability	n/a	n/a	n/a	n/a	8,751
Other post employment benefits obligation	n/a	n/a	n/a	n/a	44,097
Net pension obligation	n/a	n/a	n/a	n/a	8,416
Total Business-type long-term debt					<u>\$ 1,044,905</u>

(concluded)

G. 2. GOVERNMENTAL ACTIVITIES' DEBT

Long-term liabilities consist of General Obligation Bonds and Certificates of Obligation, as well as other long-term liabilities. Principal and interest payments on debt obligations are secured solely or in part by ad valorem taxes levied on all taxable property within the City.

General Obligation Bonds and Certificates of Obligation indentures require the City to levy the tax required to fund interest and principal at maturity or at least 2 percent of the principal whichever is greater. At September 30, 2011, \$16,029 of cash and investments is available in the Debt Service Fund to service General Obligation Bonds and Certificates of Obligation for governmental activities.

In October 2010, the City issued General Obligation Bonds, Series 2010 in the amount of \$20,590 to fund street improvements within the City. The bonds will mature on March 1 of each year from 2011 to 2030, payable in annual installments of \$1,030. Interest is payable on March 1 and September 1 of each year commencing in March 2011 at interest rates ranging from 2.0 percent to 4.0 percent.

In October 2010, the City issued Certificates of Obligation, Series 2010A in the amount of \$38,025 to fund costs related to Phase II of the Enterprise Resource Planning system, public art, and to purchase new fire department equipment. The bonds will mature on March 1 of each year from 2011 to 2030, payable in installments ranging from \$90 to \$2,895. Interest is payable on March 1 and September 1 of each year commencing in March 2011 at interest rates ranging from 3.0 percent to 5.0 percent.

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In July 2011, the City issued Equipment Tax Notes, Series 2011 in the amount of \$43,050 to fund the upgrading of the City’s public safety and public works radio communications system. The notes will mature on March 1 of each year from 2013 to 2018, payable in installments ranging from \$3,915 to \$23,475. Interest is payable on March 1 and September 1 of each year commencing in March 2011 at an interest rate of 2.24 percent.

In September 2011, the City issued General Obligation Refunding Bonds, Series 2011 in the amount of \$46,680 for an advance refunding of \$51,385 of existing General Obligation Bonds and Certificates of Obligation and to pay the cost associated with the bond issue. These bonds will mature on March 1 of each year from 2012 to 2023 in installments ranging from \$680 to \$5,275. Interest is payable on March 1 and September 1 of each year commencing March 2012 with interest rates ranging from 2.0 percent to 5.0 percent. U.S. Government, State, and Local Government Series (SLGS) were purchased and placed in a irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded \$51,385 bonds. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the statement of net assets. In addition, the City had a cash refunding of General Obligation Bonds, Series 2001, in the amount of \$2,400; of General Obligation Bonds, Series 2001A, in the amount of \$5,700; and of Certificates of Obligation, Series 2001, in the amount of \$1,020. The City utilized excess General Debt Service Fund balance to refund these bonds. The advance refunding was undertaken due to the lower interest rates available under the current market condition and resulted in a reduction of principal and interest payments of \$17,694 over the life of the bonds. This refunding resulted in an economic gain of \$6,364.

As of September 30, 2011, 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	\$ 21,515
Parks and Community Services Improvement	2/7/2004	21,615	2,040
Street Improvements	5/10/2008	150,000	86,260
Total		<u>\$ 404,515</u>	<u>\$ 109,815</u>

G. 3. COMMERCIAL PAPER PROGRAM

In July 1998, the City established a tax-exempt commercial paper program pursuant to which short-term notes with maturity up to 270 days could be issued to finance projects approved by the voters of the City. The maximum amount of Commercial Paper Notes (Series B) the City may have outstanding, at any one time, cannot exceed \$125 million. There was no outstanding commercial paper at year end. No commercial paper was issued during fiscal year 2011.

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G. 4. ENTERPRISE DEBT

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

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. At September 30, 2011, \$46,804 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 October 2010, the City issued Certificates of Obligation, Series 2010A in the amount of \$2,615 to fund costs related to Phase II of the Enterprise Resource Planning system for the Municipal Golf fund. The bonds will mature on March 1 of each year from 2011 to 2025, payable in installments ranging from \$130 to \$230. Interest is payable on March 1 and September 1 of each year commencing in March 2011 at interest rates ranging from 3.0 percent to 5.0 percent.

In October 2010, the City issued Certificates of Obligation, Series 2010A in the amount of \$1,955 to fund costs related to improvements to City parking garages. The bonds will mature on March 1 of each year from 2011 to 2020, payable in installments ranging from \$160 to \$230. Interest is payable on March 1 and September 1 of each year commencing in March 2011 at interest rates ranging from 3.0 percent to 5.0 percent.

During October 2010 the City drew down the fifth and sixth (final) installments of the Water and Sewer Subordinate Lien Revenue Bonds, Series 2007B as follows: October 14th \$3,540 and October 25th \$26,605. These bonds were obtained for the construction of a water treatment plant and other water system improvements. The installments will mature on March 1 of each year from 2010 to 2027 payable in installments ranging from \$2,125 to \$3,330. Interest is payable on March 1 and September 1 of each year commencing in March 2010 with interest rates ranging from 2.25 percent to 3.0 percent. The City has pledged future water and sewer customer revenues, to repay these revenue bonds.

During 2011 the City drew down an additional 11 installments of the Water and Sewer System Revenue Bonds, series 2009 as follows: October 20th \$550; December 15th \$240; December 17th \$215; January 28th \$330; March 17th \$1,635; April 6th \$340; April 12th \$1,000; June 8th \$175; July 14th \$160; August 4th \$325; and September 14th \$250. These bonds were issued for water system improvements. The installments will mature on February 15 of each year from 2011 to 2026 payable in installments ranging from \$600 to \$815. These bonds bear no interest. The City has pledged future water and sewer customer revenues, to repay these revenue bonds.

During 2011 the City drew down an additional 11 installments of Water and Sewer Revenue Bonds, Series 2010A, as follows: October 27th \$480; November 16th \$35; December 17th \$1,035; January 24th \$1,000; March 30th \$415; April 4th \$1,630; April 27th \$1,650; June 8th \$585; July 7th \$790; July 29th \$820; and September 1st \$1,015. These bonds were issued to fund improvements to the improvements to the sewer system. The installments will mature on February 15 of each year from 2011 to 2016 payable in installments ranging from

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\$1,295 to \$1,810. Interest is payable on February 15th and August 15th of each year commencing in February 2012 with an interest rate of 0.8 percent . The City has pledged future water and sewer customer revenues, to repay the revenue bonds.

In October 2010, the City issued Water and Sewer Revenue Bonds, Series 2010C in the amount of \$45,870 to fund water and sewer infrastructure projects. These bonds will mature on February 15 of each year from 2011 to 2030 payable in installments ranging from \$1,680 to \$3,385. Interest is payable on February 15 and August 15 of each year commencing February 2011 with interest rates ranging from 4.0 percent to 5.25 percent. The City has pledged future water and sewer customer revenues, to repay the revenue bonds.

In September 2011, the City issued Water and Sewer Revenue Refunding and Improvement Bonds, Series 2011 in the amount of \$62,465 to refund \$73,455 of existing water and sewer system bonds, to pay the cost associated with the bond issue, and \$88,695 to fund water and sewer infrastructure projects. These bonds will mature on February 15 of each year from 2012 to 2031 in installments ranging from \$3,330 to \$13,530. Interest is payable on February 15 and August 15 of each year commencing February 2012 with interest rates ranging from 2.0 percent to 5.0 percent. The City has pledged future water and sewer customer revenues, to repay the revenue bonds. U.S. Government, State, and Local Government Series (SLGS) were purchased and placed in a irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded \$73,455 of water and sewer bonds. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the statement of net assets. This current refunding was undertaken due to the lower interest rates available under the current market condition and resulted in a reduction of principal and interest payments of \$14,556 over the life of the bonds. This refunding resulted in an economic gain of \$8,594.

Net revenues of the City’s enterprise funds defined as net operating income, plus depreciation expense, plus investment income, plus gas lease revenues (only Municipal Golf Fund) have been pledged for repayment of long-term bonded debt incurred by these funds. The amount pledged is equal to the remaining outstanding debt service requirements for these bonds. The pledge continues for the life of the bonds. For the year ended September 30, 2011, net pledged revenue by fund was as follows:

Fund	FY2011 Net Pledged Revenues	FY2011 Debt Service	Purpose of Debt
Water & Sewer Fund	\$ 155,234	\$ 87,897	Extending and improving the water and sewer system
Solid Waste Fund	12,473	2,037	Landfill improvements
Storm Water Fund	13,818	4,373	Improvements of storm drains, roadways, and erosion protection
Municipal Parking	5,352	3,344	Construction of City owned parking garage
Municipal Golf	(35)	234	Municipal Golf's portion of new financial management system
Total	\$ 186,842	\$ 97,885	

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

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

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The City is responsible for environmental cleanup of Riverside Park by the Water and Sewer Fund and asbestos removal before environmental cleanup of City owned buildings by the Environmental Management Fund (nonmajor governmental). The City is required to report the estimated liability for pollution remediation activities in accordance with GASB Statement No. 49, *Reporting for Pollution Remediation Obligations*. As of September 30, 2011 the City's liability was \$8,751 for the Water and Sewer Fund and \$87 is shown as a current year liability in the nonmajor governmental funds. Included in Water and Sewer Fund's liability is \$2,677 for closure costs of the Riverside Wastewater Treatment Plant. The City's estimated outlays for the cleanup were generated using the expected cash flows technique. The amount of the estimated pollution remediation liability assumes that there will be no major increases in the cost of providing these cleanup services. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations.

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

The annual requirements to amortize all bonded and contractual debt outstanding as of September 30, 2011, is disclosed by Governmental type as shown on the following pages.

Governmental Activities:								
Year Ending					Convention Center			
September	General Obligations		Certificates of		Installment		Equipment Notes	
30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 26,095	\$ 18,336	\$ 12,640	\$ 7,697	\$ 635	\$ 252	\$ 3,555	\$ 1,531
2013	25,530	17,354	12,735	6,613	675	217	7,590	1,238
2014	24,865	14,434	12,825	6,192	710	178	7,715	1,026
2015	24,985	13,285	12,915	5,752	750	138	7,840	810
2016	26,965	12,059	12,655	5,315	795	95	3,915	657
2017-2021	142,330	38,899	77,650	16,541	840	49	27,390	833
2022-2026	76,730	13,518	41,760	7,555	-	-	-	-
2027-2031	24,260	1,453	19,700	1,664	-	-	-	-
	<u>\$ 371,760</u>	<u>\$ 129,338</u>	<u>\$ 202,880</u>	<u>\$ 57,329</u>	<u>\$ 4,405</u>	<u>\$ 929</u>	<u>\$ 58,005</u>	<u>\$ 6,095</u>

(continued)

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Governmental Activities:									
Year Ending	Wells Fargo		HUD Installment		Service Center		Fort Worth Housing		
September	Loan		Obligations		Obligation		Finance Corp		
30,	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 66	\$ 6	\$ 727	\$ 395	\$ 515	\$ 918	\$ 88	\$ 572	
2013	78	2	752	352	535	897	94	566	
2014	-	-	778	306	555	875	100	560	
2015	-	-	805	260	580	851	106	553	
2016	-	-	834	212	605	825	113	547	
2017-2021	-	-	2,865	384	3,455	3,701	685	2,614	
2022-2026	-	-	-	-	4,310	2,839	937	2,362	
2027-2031	-	-	-	-	5,485	1,667	1,280	2,018	
2032-2036	-	-	-	-	3,990	298	1,750	1,549	
2037-2041	-	-	-	-	-	-	2,392	907	
2042-2044	-	-	-	-	-	-	1,616	143	
	<u>\$ 144</u>	<u>\$ 8</u>	<u>\$ 6,761</u>	<u>\$ 1,909</u>	<u>\$ 20,030</u>	<u>\$ 12,871</u>	<u>\$ 9,161</u>	<u>\$ 12,391</u>	

(continued)

Governmental Activities:									
Year Ending	State Energy		State Energy		ESPC Phase IV		Total Governmental		
September	Conservation Loan		Conservation Loan		ESPC Phase IV		Activities		
30,	Phase I & II		Phase III		ESPC Phase IV		Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 657	\$ 70	\$ 495	\$ 104	\$ 535	\$ 388	\$ 46,008	\$ 30,269	
2013	677	50	510	89	532	362	49,708	27,740	
2014	697	29	526	73	581	336	49,352	24,009	
2015	549	8	542	57	643	308	49,715	22,022	
2016	-	-	558	41	698	276	47,138	20,027	
2017-2021	-	-	967	82	3,424	858	259,606	63,961	
2022-2026	-	-	-	-	1,939	152	125,676	26,426	
2027-2031	-	-	-	-	-	-	50,725	6,802	
2032-2036	-	-	-	-	-	-	5,740	1,847	
2037-2041	-	-	-	-	-	-	2,392	907	
2041-2044	-	-	-	-	-	-	1,616	143	
	<u>\$ 2,580</u>	<u>\$ 157</u>	<u>\$ 3,598</u>	<u>\$ 446</u>	<u>\$ 8,352</u>	<u>\$ 2,680</u>	<u>\$ 687,676</u>	<u>\$ 224,153</u>	

(concluded)

The City has three blended component units whose long-term debt is paid through revenues transferred from discretely presented component units (TIFs). TIF 2A makes debt service payments on Fort Worth Sports Authority's \$15,337 debt obligation. TIF4 makes debt service payments on Central City Local Government Corp's \$1,376 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

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has an additional obligation with no predeterminable debt payment schedules – Beechwood Bridge Obligation (\$333).

The annual requirements to amortize all Major Fund Business-Type bonded and contractual debt outstanding as of September 30, 2011 is as follows:

Major Business-Type Activities:						
Year	Water and Sewer		Water and Sewer		Total	
Ending	Revenue		TRA		Major	
September					Business-Type	
30,	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 61,715	\$ 34,428	\$ 495	\$ 320	\$ 62,210	\$ 34,748
2013	59,005	31,183	520	299	59,525	31,482
2014	61,200	28,617	545	277	61,745	28,894
2015	62,805	24,379	575	253	63,380	24,632
2016	58,290	54,286	605	228	58,895	54,514
2017-2021	258,215	72,219	3,570	665	261,785	72,884
2022-2026	165,065	28,712	840	21	165,905	28,733
2027-2031	63,185	4,306	-	-	63,185	4,306
	<u>\$ 789,480</u>	<u>\$ 278,130</u>	<u>\$ 7,150</u>	<u>\$ 2,063</u>	<u>\$ 796,630</u>	<u>\$ 280,193</u>

The annual requirements to amortize all Nonmajor Fund Business-Type bonded and contractual debt outstanding as of September 30, 2011 is as follows:

Nonmajor Business-Type Activities:												
Year Ending	Municipal		Solid		Municipal		Solid		Stormwater		Total	
September	Parking		Waste		Golf		Waste		Utility		Non-Major	
30,	CO		CO		CO		Equipment Notes		Revenue		Business-Type	
30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 955	\$ 2,667	\$ 435	\$ 243	\$ 135	\$ 99	\$ 1,300	\$ 42	\$ 1,590	\$ 2,804	\$ 4,415	\$ 5,855
2013	1,005	2,620	435	225	140	93	749	11	1,665	2,737	3,994	5,686
2014	1,495	2,561	435	207	150	85	-	-	1,745	2,678	3,825	5,531
2015	1,565	2,490	435	189	155	79	-	-	1,830	2,621	3,985	5,379
2016	1,640	2,419	435	171	160	74	-	-	1,920	2,548	4,155	5,212
2017-2021	9,245	10,794	2,175	583	885	281	-	-	11,090	11,376	23,395	23,034
2022-2026	11,105	8,006	1,740	143	860	72	-	-	13,960	8,632	27,665	16,853
2027-2031	14,765	4,343	-	-	-	-	-	-	17,760	5,178	32,525	9,521
2032-2033	7,210	428	-	-	-	-	-	-	14,270	1,137	21,480	1,565
	<u>\$ 48,985</u>	<u>\$ 36,328</u>	<u>\$ 6,090</u>	<u>\$ 1,761</u>	<u>\$ 2,485</u>	<u>\$ 783</u>	<u>\$ 2,049</u>	<u>\$ 53</u>	<u>\$ 65,830</u>	<u>\$ 39,711</u>	<u>\$ 125,439</u>	<u>\$ 78,636</u>

The Water and Sewer Fund’s ESPC Phase V liability of \$15,365 will not have a definitive debt payment schedule until after the projects being funded have been completed.

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G.6. ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2011, the City did not incur an arbitrage liability.

G.7. LEASES

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

The following is a summary of capital lease transactions of the City for the year ended September 30, 2011:

Capital lease obligations, October 1, 2010	\$ 5
New capital leases	4,419
Principal payments	105
Capital lease obligations, September 30, 2011	<u>\$ 4,319</u>

Future minimum lease payments for these leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Lease</u> <u>Payments</u>
2012	\$ 681
2013	688
2014	695
2015	702
2016	710
2017-2021	3,140
Less: Amount representing interest	<u>(2,297)</u>
Present value of minimum lease payments	<u>\$ 4,319</u>

The following schedule provides an analysis of the City's investment in capital assets under lease arrangements as of September 30, 2011.

Buildings	\$ 4,419
Less: Accumulated depreciation	<u>(246)</u>
Total net book value of lease assets	<u>\$ 4,173</u>

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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, 2011:

<u>Year Ending</u> <u>September 30,</u>	
2012	\$ 2,589
2013	1,694
2014	694
2015	17
2016	<u>1</u>
Total minimum payments required	<u><u>\$ 4,995</u></u>

Total rental expense for the year was \$3,465.

In 1996, 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 \$15,337, payable through 2026. In FY2009 the City entered into an agreement with Texas Motor Speedway Corp. concerning gas bonus and lease revenues related to the racetrack. The agreement stated that upon the corporation initiating a gas lease agreement, the corporation would use this revenue to offset the amount the City owed for the racetrack. In accordance with this agreement, TIF2A debt payments (City portion) are suspended in anticipation of this lease. The Corporation had not entered into a gas lease agreement as of September 30, 2011. 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.

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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, 2011, the following outstanding bonds are considered defeased:

General Obligation Bonds and Certificates of Obligation <i>Series 1990 through 2005</i>	\$ 71,535
Water and Sewer System Revenue Bonds <i>Series 1997 through 2001</i>	<u>88,450</u>
Bonds defeased	<u>\$159,985</u>

G.9. DISCRETELY PRESENTED COMPONENT UNIT DEBT

During FY2011 Taxing Increment Reinvestment Zone No. 9 (TIRZ #9) entered into an agreement with Tarrant Regional Water District (TRWD) to reimburse TRWD for discretely presented component unit's share of the Trinity River Vison project's cost. As of September 30, 2011, the unreimbursed amount due to TRWD was \$11,920. The reimbursement will be made from property tax collections for TIRZ #9. Debt payments by this TIRZ are determined based on revenues during the year, therefore, no definitive debt payment schedule has been determined.

G. 10. CONDUIT DEBT

On October 30, 1991, the Alliance Airport Authority, Inc. issued Special Facilities Revenue Bonds, Series 1991 in the amount of \$125,745, of which \$125,745 is outstanding as of September 30, 2011. The bonds do not constitute a debt of the Authority or of the City of Fort Worth.

On May 12, 2006 the Alliance Airport Authority, Inc. issued Special Facilities Revenue Refunding Bonds, Series 2006 in the amount of \$245,150 to defease the Special Facilities Revenue Bonds Series 1996. As of September 30, 2011, \$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, 2011, \$357,130 is outstanding. The bonds do not constitute a debt of the Authority or of the City of Fort Worth.

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H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the City to place a final cover on its Southeast landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The City has contracted out the operations of the landfill, but the legal liability for closure and postclosure care costs remains with the City. The City is required by state and federal laws and regulations to provide financial assurance for closure and postclosure care. Through a standby letter of credit filed with the state, the City is in compliance with these requirements.

The City reported \$3,404 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2011. This represents the cumulative amount reported to date based on the use of 27 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$9,305 as the remaining estimated capacity is filled. The City expects to close the landfill in 65 years from the end of the current fiscal year, or the year 2076. The total cost of closure and postclosure is an estimate and is subject to changes resulting from inflation, deflation, technology changes, or changes in applicable laws and regulations.

Furthermore, at September 30, 2011, the City reported cash and cash equivalents of \$1,629 as restricted assets for closure and postclosure care and has \$1,775 in a trust instrument for these costs provided from its contractor (Allied Waste, Inc). The City expects that future closure and postclosure care costs and inflation costs will be completely covered by the trust instrument, in accordance with the contractual agreement with Allied Waste, Inc. Allied will operate and close the landfill once it has reached capacity, and maintain and monitor the landfill during the postclosure care period.

NOTE I: D/FW INTERNATIONAL AIRPORT

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

Joint Revenue Bonds were issued to construct the Airport. Concurrent Bond Ordinances 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. Outstanding debt and related debt service are accounted for by the Dallas/Fort Worth International Airport. The current portion of the Joint Revenue Bonds payable totaled \$47,230 and the long-term portion was \$3,886,375 as of September 30, 2011.

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The following condensed financial information has been taken from the Airport's September 30, 2011 financial statements.

Total Assets	\$ 5,484,562
Total Liabilities	4,237,301
Net Assets	<u>\$ 1,247,261</u>
Operating Revenues	\$ 514,600
Operating Expenses	611,470
Non-Operating Revenues (Expenses)	(71,421)
Capital Contributions	23,552
Special Item	39,162
Change in Net Assets	<u>\$ (105,577)</u>

The Cities have executed covenants individually, by ordinance, to levy a maintenance tax if necessary to assure that the Airport will be efficiently operated and maintained. The amount of such tax is limited for each city in its respective ratio to the lesser of 5 cents per one hundred dollars of assessed valuation of the property in each city or the amount of the maintenance tax required. The Airport Board has entered into agreements with air carriers and other parties utilizing the Airport which provide for adjustments to rentals, fees and other charges which management believes preclude the need for a maintenance tax. To date, no maintenance tax has been levied by the Cities.

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

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

Plan Description

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

The City has received a favorable letter of determination from the Internal Revenue Service (IRS) that its Plan is qualified under Section 401(a) of the Internal Revenue Code. The authority to define or amend employer and employee contribution rates or benefits is given to the Fort Worth City Council (the City Council). The Plan is considered part of the City's financial reporting entity and is included in the City's basic financial statements as a pension trust fund. The City's payroll for employees covered by the City Plan for the year ended September 30, 2011 was approximately \$380,000 and total payroll was approximately \$385,000.

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.

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Article 6243i also permitted the Board to create administrative rules that govern the Plan. The administrative rules govern the administration and benefits of the plan. The Board may change the administrative operation of the Plan without the City's approval, while any increases to the benefit structure must be approved by the City, following an actuarial assessment. A reduction in benefits must be proposed by the City, and the City must notify the Board 90 days in advance of such benefit reduction.

As of January 1, 2011 (date of most recent actuarial valuation) and January 1, 2010, the Plan's membership consisted of the following members (numbers in table below are not in thousands):

	January 1, 2011	January 1, 2010
Retirees and beneficiaries currently receiving benefits	3,517	3,449
Terminated employees entitled to benefits but not yet paid	291	290
	<u>3,808</u>	<u>3,739</u>
Active members	6,144	6,277
Total	<u>9,952</u>	<u>10,016</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.

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

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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. Non-vested 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 2011 the City contributes to the Plan an amount equal to 19.74% (20.46% for sworn police officers) of the salaries of members. This is an increase of 4% from the prior year. The City Council, through its budget appropriation, has the right to contribute an additional amount over and above the members' contributions, in accordance with state law, plus the cost of administration of the Plan. No additional contributions were made during 2011. Employees of the City, as a condition of employment, commencing on the effective date of their membership in the Plan, shall contribute 8.25% (8.73% for sworn police officers) of their salary to the Plan until the date of their actual retirement or earlier termination of employment. The employer and employee contribution rates are not used when the actuary determines the annual required contributions to the Plan.

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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, 2011, valuation shows that the unfunded accrued actuarial liability of the Plan increased by approximately \$147,300 from the valuation prepared as of January 1, 2010. The funded ratio of the Plan decreased from 81.2% to 76.6%, with a funding period of 19.5 years. This is a 21-year decrease in the effective period, from 40.5 last year. Much of this decrease in the effective period is due to a 4.00% increase in the City's contribution rate to the Fund since the last valuation. The table below represents the most recent actuarial determined funding progress of the Plan, a historical schedule of funding progress can be found following the financial statement notes in the required supplementary information to be used to determine trend information about the funding status of the Plan (all amounts presented in 000's except percentages).

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
			(3)-(2)	(2)/(3)		(4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1/1/2011	\$ 1,894,700	\$ 2,473,700	\$ 579,000	76.6%	\$ 367,600	157.5%

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2011 actuarial valuation:

Valuation Date	January 1, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay, open
Remaining amortization period	30 years
Assets valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate return	8.25%
Projected salary increases	4.75%-29.25%
Cost-of-living adjustments	2.0%
Includes inflation at:	3.0%

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

	<u>September 30,</u> <u>2009</u>	<u>September 30,</u> <u>2010</u>	<u>September 30,</u> <u>2011</u>
Annual required contribution	\$ 50,266	\$ 71,154	\$ 60,042
Interest on net pension obligation	6,824	6,213	6,827
Adjustment to annual required contribution	(4,463)	(4,399)	(4,892)
Annual pension cost	<u>52,627</u>	<u>72,968</u>	<u>61,977</u>
Contributions made	<u>59,453</u>	<u>65,573</u>	<u>74,577</u>
Increase (decreases) in net pension obligation	(6,826)	7,395	(12,600)
Net pension obligation beginning of year	79,986	73,160	80,555
Net pension obligation end of year	<u>\$ 73,160</u>	<u>\$ 80,555</u>	<u>\$ 67,955</u>
Percentage of annual pension cost contributed	113.0%	89.9%	120.3%
Percentage of annual required contribution contributed	118.3%	92.2%	124.2%

The net pension obligation as of September 30, 2011 is reported in the Governmental Activities and Business-Type Activities statement of net assets as \$59,539 and \$8,416, respectively.

NOTE K: EMPLOYEE BENEFITS

K. 1. POSTEMPLOYMENT BENEFITS

Plan Descriptions

In addition to the pension benefits described in Note J, the City of Fort Worth provides postemployment health care benefits, established under legal authority of the City Charter and administered by the City. The single-employer plan coverage is offered to all employees who retire from the City in accordance with criteria listed in Note J. However, some retirees elect not to continue the health coverage during their retirement. Currently 2,521 (not in thousands) retirees and beneficiaries meet those eligibility requirements. The City also provides a \$5 lump sum death benefit single-employer plan for beneficiaries of retired employees who retired on or after January 1, 1970. Neither of these plans issue stand-alone financial statements.

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Provided below are the statement of fiduciary net assets and the statement of changes in fiduciary net assets for the post Retiree Healthcare Plan as of and for the year ended September 30, 2011.

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 588
Cash and Investments Held by Trustees:	
Short Term Mutual Fund Investments	14,740
Total Current Assets	<u>15,328</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS	
Postemployment Healthcare Plan	<u>\$ 15,328</u>
ADDITIONS	
Interest and Dividend Income	\$ 164
Less: Investment Management Fees and Interest Expense	(70)
Employer Contributions	24,960
Total Additions	<u>25,054</u>
DEDUCTIONS	
Benefit payments	19,960
Total Deductions	<u>19,960</u>
Change in Net Assets	5,094
Net Assets-Beginning of the Year	<u>10,234</u>
Net Assets-End of the Year	<u>\$ 15,328</u>

For those employees who terminate and are vested in the City's retirement plan, health care benefits may continue until the employee retires by paying the full cost of coverage. For all other employees who terminate without retirement, health care benefits continue for 30 days after termination. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Reconciliation Act of 1985. In accordance with GASB 45, the City will perform actuarial studies once every two years. The actuarial information presented in the notes and in the required supplementary section represent the December 31, 2010 actuarial valuation.

Funding Policies

For the health care benefits and the death benefit, contractual requirements for the City are established and may be amended by the City Council. During the fiscal year 2011, 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 76 percent of the cost for coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium was paid by the retirees for their dependents or the surviving spouse. Expenditures for postemployment health care are recognized as claims or premiums when paid. During fiscal year 2011, the cost for health care benefits for retirees, dependents and surviving spouses was \$26,416. For fiscal year 2011, death benefit payments totaled \$285.

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Annual OPEB Costs

The City's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for fiscal years ended September 30, 2009, September 30, 2010, and September 30, 2011 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>		
	<u>9/30/2009</u>	<u>9/30/2010</u>	<u>9/30/2011</u>	<u>9/30/2009</u>	<u>9/30/2010</u>	<u>9/30/2011</u>
Contribution Rates						
City	33% - 100% *			100%		
Plan members	0% - 67% *			N/A		
Annual required contribution	\$ 108,616	\$ 103,633	\$ 110,705	\$ 924	\$ 2,842	\$ 984
Interest on net OPEB obligation	3,282	7,044	9,970	20	46	143
Adjustment to annual required contribution	(2,805)	(10,006)	(14,270)	(48)	(274)	(127)
Annual OPEB cost (expense)	109,093	100,671	106,405	896	2,614	1,000
Contributions made	(22,127)	(29,305)	(24,960)	(304)	(270)	(175)
Increase in net OPEB obligation	86,966	71,366	81,445	592	2,344	825
Net OPEB obligation—beginning of year	84,842	171,808	243,174	540	1,132	3,476
Net OPEB obligation—end of year	<u>\$ 171,808</u>	<u>\$ 243,174</u>	<u>\$ 324,619</u>	<u>\$ 1,132</u>	<u>\$ 3,476</u>	<u>\$ 4,301</u>
Percentage of annual OPEB cost contributed	20.3%	29.1%	23.5%	33.9%	10.3%	17.5%
Percentage of annual required contribution contributed	20.4%	28.3%	22.5%	32.9%	9.5%	17.8%

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

At September 30, 2011, the total liability of \$328,920 for Net OPEB obligation was \$284,823 for governmental activities and \$44,097 for business-type activities. The employer's required contribution rate as a percentage of payroll for fiscal year 2011 was 33.4%.

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2010 was as follows:

	<u>Healthcare</u>	<u>Death Benefit</u>
Actuarial accrued liability (a)	\$ 1,055,308	\$ 11,025
Actuarial value of plan assets (b)	15,388	161
Unfunded actuarial accrued liability (a) – (b)	<u>\$ 1,039,920</u>	<u>\$ 10,864</u>
Funded ratio (b) / (a)	1.5%	1.5%
Covered payroll (c)	334,726	334,726
Unfunded actuarial accrued liability as a percentage of covered payroll ((a) – (b)) / (c)	311%	3%

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

Actuarial Methods and Assumptions

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

Significant methods and assumptions were as follows:

	<u>Healthcare</u>	<u>Death Benefit</u>
Actuarial valuation date	12/31/2010	12/31/2010
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar, Open	Level Dollar, Open
Remaining amortization period	30	30
Asset valuation method	N/A	N/A
Actuarial assumptions:		
Investment rate of return	4.1%	4.1%
Healthcare cost trend rate	10% Initial, 5% Ultimate (in 2016)	N/A
Healthcare inflation rate	3%	N/A

K. 2. DEFERRED COMPENSATION PLAN

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

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NOTE L: COMMITMENTS AND CONTINGENCIES

The City has executed a long-term supply agreement with Tarrant Regional Water District (District) for all of its raw water needs whereby the City makes monthly payments to fund its water purchases. The fiscal year 2011 payments to the District under the agreement were \$49,270. Future payments will be a direct result of future water usage.

The City is subject to extensive and rapidly changing Federal and State environmental regulations governing wastewater discharges, solid and hazardous waste management and site remediation and restoration activities. The City's policy is to accrue environmental and related remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. As discussed in Note G.4., as of September 30, 2011, the City has recorded a pollution remediation liability of \$8,838 in accordance with GASB Statement No. 49, *Reporting for Pollution Remediation Obligations*. No other liabilities have been specifically identified and no such costs have been accrued other than those disclosed.

The City has received Federal and State financial assistance in the form of grants and entitlements that are subject to review and audit by the grantor agencies. Such audits could result in requests for reimbursement by the grantor agency for expenditures disallowed under terms and conditions specified in the grant agreements. In the opinion of City management, such disallowances, if any, will not be significant.

The City has significant construction commitments at September 30, 2011, composed of the following:

	Project Authorization	Expended to September 30, 2011	Committed
Governmental Activities			
Capital Assets	\$ 2,078,423	\$ 1,805,144	\$ 273,279
Water and Sewer	741,673	398,313	343,360
Total	<u>\$ 2,820,096</u>	<u>\$ 2,203,457</u>	<u>\$ 616,639</u>

Various other claims and lawsuits are pending against the City. At September 30, 2011, the City had potential losses from pending litigation that are reasonably possible totaling \$2,726 that have not been recorded. At September 30, 2011, the City recorded liabilities of \$38,284 for probable judgments and claims.

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

M.1. COMPONENT UNITS

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

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Condensed financial information for all component units is presented below:

Condensed Schedule of Net Assets:

	FWPID #1	TIRZ #2A	TIRZ #3	TIRZ #4	TIRZ #8	TIRZ #9	OTHER	TOTAL
Current Assets	\$ 625	\$ 1,491	\$ 4,188	\$ 12,576	\$ 6,549	\$ 5,725	\$ 6,870	\$ 38,024
Receivables	7	5	13	38	18	16	27	124
Liabilities	264	916	87	20	-	11,920	379	13,586
Total Net Assets	\$ 368	\$ 580	\$ 4,114	\$ 12,594	\$ 6,567	\$ (6,179)	\$ 6,518	\$ 24,562

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

	FWPID #1	TIRZ #2A	TIRZ #3	TIRZ #4	TIRZ #8	TIRZ #9	OTHER	TOTAL
Revenues	\$ 1,816	\$ 1,057	\$ 4,447	\$ 5,903	\$ 2,639	\$ 2,122	\$ 6,482	\$ 24,466
Expenses	2,184	952	4,031	4,251	133	11,920	5,200	28,671
Change In Net Assets	(368)	105	416	1,652	2,506	(9,798)	1,282	(4,205)
Total Net Assets Beginning	736	475	3,698	10,942	4,061	3,619	5,236	28,767
Total Net Assets Ending	\$ 368	\$ 580	\$ 4,114	\$ 12,594	\$ 6,567	\$ (6,179)	\$ 6,518	\$ 24,562

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M.2. NONMAJOR ENTERPRISE FUNDS

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

	Municipal Airports Fund	Municipal Parking Fund	Municipal Golf Fund	Stormwater Utility Fund	Solid Waste Fund	Total Nonmajor Enterprise Funds
Condensed Schedule of Net Assets						
Assets						
Current assets	\$ 88,831	\$ 2,035	\$ 285	\$ 25,425	\$ 45,178	\$ 161,754
Other assets	36,181	10,899	2,686	56,748	4,165	110,679
Capital assets	161,536	48,215	5,428	41,399	12,849	269,427
Total assets	<u>286,548</u>	<u>61,149</u>	<u>8,399</u>	<u>123,572</u>	<u>62,192</u>	<u>541,860</u>
Liabilities						
Due to other funds	137	-	329	-	-	466
Other current liabilities	87,594	1,406	523	5,591	11,644	106,758
Advances from other funds	351	-	6,119	3,500	-	9,970
Other noncurrent liabilities	1,255	49,356	4,488	69,513	13,269	137,881
Total liabilities	<u>89,337</u>	<u>50,762</u>	<u>11,459</u>	<u>78,604</u>	<u>24,913</u>	<u>255,075</u>
Net assets						
Invested in capital assets, net of related debt	159,721	5,299	2,943	16,399	4,708	189,070
Restricted	-	285	387	1,224	404	2,300
Unrestricted	37,490	4,803	(6,390)	27,345	32,167	95,415
Total net assets	<u>\$ 197,211</u>	<u>\$ 10,387</u>	<u>\$ (3,060)</u>	<u>\$ 44,968</u>	<u>\$ 37,279</u>	<u>\$ 286,785</u>
Condensed Schedule of Revenues, Expenses and Changes in Net Assets						
Operating revenues	\$ 5,034	\$ 7,643	\$ 4,277	\$ 29,466	\$ 54,972	\$ 101,392
Depreciation expense	7,735	1,295	453	1,621	991	12,095
Other operating expenses	5,606	2,448	5,295	16,522	42,945	72,816
Operating income (loss)	<u>(8,307)</u>	<u>3,900</u>	<u>(1,471)</u>	<u>11,323</u>	<u>11,036</u>	<u>16,481</u>
Nonoperating revenues (expenses):						
Investment income	1,371	157	20	874	446	2,868
Interest and Service Charges	-	(2,108)	(113)	(819)	(324)	(3,364)
Gas leases and royalties	9,877	-	851	-	-	10,728
Other nonoperating revenues (expenses)	(8)	-	(3)	(10)	13	(8)
Capital contributions	3,364	-	45	2,000	-	5,409
Transfers in	2,061	995	-	2	3	3,061
Transfers out	(14,188)	(3,319)	(2,657)	(2,575)	(4,561)	(27,300)
Change in net assets	<u>(5,830)</u>	<u>(375)</u>	<u>(3,328)</u>	<u>10,795</u>	<u>6,613</u>	<u>7,875</u>
Beginning net assets	203,041	10,762	268	34,173	30,666	278,910
Ending net assets (deficit)	<u>\$ 197,211</u>	<u>\$ 10,387</u>	<u>\$ (3,060)</u>	<u>\$ 44,968</u>	<u>\$ 37,279</u>	<u>\$ 286,785</u>
Condensed Schedule of Cash Flows						
Net cash provided (used) by:						
Operating activities	\$ 10,765	\$ 5,026	\$ (80)	\$ 14,748	\$ 12,643	\$ 43,102
Noncapital financing activities	(15,627)	(2,324)	(1,467)	927	(4,558)	(23,049)
Capital and related financing activities	(655)	(1,862)	1,901	(13,038)	(2,616)	(16,270)
Investing activities	1,405	154	24	875	441	2,899
Net increase (decrease)	<u>(4,112)</u>	<u>994</u>	<u>378</u>	<u>3,512</u>	<u>5,910</u>	<u>6,682</u>
Beginning cash and cash equivalents	121,389	10,959	2,299	74,102	37,345	246,094
Ending cash and cash equivalents	<u>\$ 117,277</u>	<u>\$ 11,953</u>	<u>\$ 2,677</u>	<u>\$ 77,614</u>	<u>\$ 43,255</u>	<u>\$ 252,776</u>

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NOTE N: SUBSEQUENT EVENTS

The City drew down the eighteenth (October 12, 2011), nineteenth (October 29, 2011) and twentieth (February 8, 2012) installments of the Water and Sewer System Revenue Bonds, Series 2009 totaling \$525. These bonds bear no interest rates and have a final maturity date of February 15, 2027.

On October 27, 2011, the City issued Drainage Utility System Revenue Bonds, Series 2011 in the amount of \$78,325. The proceeds will be used for the purpose of acquiring, constructing, improving, enlarging and repairing all or a part of the municipal drainage utility system located in the City. Interest is payable February 15 and August 15 of each year. The interest rates on the bonds are from 2.0% to 5.0% and have a final maturity date of February 15, 2036.

The City drew down the thirteenth (October 6, 2011), fourteenth (October 25, 2011), fifteenth (December 7, 2011), sixteenth (January 6, 2012), seventeenth (February 10, 2012) and eighteenth (March 2, 2012) installments of the Texas Water and Sewer System Revenue Bonds, Series 2010A totaling \$11,890. The interest rates on the bonds are from 0.8% to 1.97% and have a final maturity dates between of February 15, 2019 and February 15, 2022.

NOTE O: NEW ACCOUNTING STANDARDS

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. This Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers. The provisions related to the use and reporting of the alternative method are effective immediately. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plans financial statements for City's financial periods beginning October 1, 2011.

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

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity - Omnibus -- An Amendment of GASB Statements No. 14 and No. 34*. This Statement is designed to improve financial reporting for

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(in 000's)

(continued)

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

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

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

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

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

In June 2011, the GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (an amendment of GASB Statement No. 53). This Statement clarifies that when certain conditions are met, the use of hedge accounting should not be terminated. The conditions specified in this Statement are:

- Collectibility of swap payments is considered to be probable;
- Replacement of the counterparty or credit support provider meets the criteria of an assignment or in-substance assignment as described in GASB 64; and

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(in 000's)

(continued)

- The counterparty or counterparty credit support provider (and not the government) has committed the act of default or termination event.

When all of these conditions exist, the GASB believes that the hedging relationship continues and hedge accounting should continue to be applied. This Statement is effective for the City's financial periods beginning October 1, 2011.

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



The 2011 Rose Bowl Trophy on display at the TCU victory celebration

REQUIRED SUPPLEMENTAL INFORMATION



Extreme speed is the name of the game at Texas Motor Speedway

**CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND - BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

(in 000's)

(Unaudited)

	Budgeted Amounts		Budgetary	Variance with
	Original	Final	Basis Actual	Final Budget - Positive (Negative)
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	\$ 284,632	\$ 284,632	\$ 285,525	\$ 893
Sales Taxes	96,351	96,351	105,583	9,232
Other Local Taxes	8,803	8,803	8,572	(231)
Charges for Services	23,627	23,627	21,550	(2,077)
Licenses and Permits	42,805	42,805	50,839	8,034
Fines and Forfeitures	16,399	16,399	15,997	(402)
Revenue from Use of Money and Property	5,138	5,138	7,226	2,088
Intergovernmental	1,260	1,260	1,280	20
Other	2,612	2,647	5,011	2,364
Total Revenue	481,627	481,662	501,583	19,921
Other Financing Sources:				
Transfers In - Other Funds	39,125	45,794	64,389	18,595
Intrafund Transfer In - Other General	1,600	1,600	1,805	205
Total Other Financing Sources	40,725	47,394	66,194	18,800
Total Revenue and Other Financing Sources	522,352	529,056	567,777	38,721
Expenditures:				
Departmental:				
City Manager	6,312	6,312	6,196	116
Internal Audit	2,183	2,499	2,437	62
City Secretary	1,057	1,057	1,022	35
Legal	5,980	6,440	5,815	625
Financial Management Services	7,634	8,101	7,365	736
Human Resources	3,531	3,762	3,218	544
Code Compliance	14,247	15,235	14,702	533
Nondepartmental	54,753	87,130	83,683	3,447
Police	181,242	183,258	183,258	-
Fire	111,778	111,902	109,788	2,114
Municipal Court	14,802	15,644	14,424	1,220
Transportation and Public Works	52,613	58,472	53,034	5,438
Parks and Community Services	38,618	39,095	36,183	2,912
Public Library	18,905	19,876	18,793	1,083
Planning and Development	11,546	12,717	12,143	574
Housing and Economic Development	6,169	6,419	6,226	193
Total Expenditures	531,370	577,919	558,287	19,632
Source / (Use) of Fund Balance	\$ (9,018)	\$ (48,863)	\$ 9,490	\$ 58,353

(continued)

See accompanying notes to the required supplementary information.

**CITY OF FORT WORTH, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND - BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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

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

Source / (Use) of Fund Balance (Budgetary Basis)	\$ 9,490
Differences - Budgetary to GAAP	
Current year non-budgeted activities treated as revenue for financial reporting purposes but not as a budgetary inflows.	2,048
Current year non-budgeted loan proceeds treated as other financing sources for financial reporting purposes but not as a budgetary inflows.	3,686
Current year non-budgeted transfers treated as other financing sources for financial reporting purposes but not as a budgetary inflows.	17,023
Current year non-budgeted activities treated as expenditures for financial reporting purposes but not as a budgetary outflows.	(7,610)
Current year non-budgeted transfers treated as other financing uses for financial reporting purposes but not as a budgetary outflows.	<u>(23,923)</u>
Net Change in Fund Balance (GAAP Basis)	<u>\$ 714</u> (concluded)

See accompanying notes to the required supplementary information.

CITY OF FORT WORTH, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2011
(000's omitted)
(Unaudited)

ADOPTED BUDGET

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

The City adheres to the following procedures in establishing the operating budget:

On or before August 15 of each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted. The budget is legally enacted by the City Council through passage of appropriation and tax levying ordinances prior to September 30 and is published under a separate cover.

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

The City Council must approve any transfer of appropriation balances or portions thereof from one department to another. The City Manager has the authority, without City Council approval, to transfer appropriation balances from one expenditure account to another within a single department of the City. Supplemental appropriations of \$46,549 were approved by the City Council. The reported budgetary data includes amendments made during the year. At the close of each fiscal year, any appropriated balance in the General Fund lapses to fund balance.

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

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

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3)-(2)	Funded Ratio (2)/(3)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
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%
1/1/2009	1,596,300	2,192,100	595,800	72.8%	372,900	159.8%
1/1/2010	1,868,800	2,300,500	431,700	81.2%	368,300	117.2%
1/1/2011	1,894,700	2,473,700	579,000	76.6%	367,600	157.5%

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

Year Ended	Annual Required Contribution	Percentage Contributed	Net Pension Obligation
9/30/2006	\$ 52,057	66%	\$ 41,505
9/30/2007	60,144	62%	65,205
9/30/2008	70,369	82%	79,986
9/30/2009	50,266	118%	73,160
9/30/2010	71,154	92%	80,555
9/30/2011	60,042	124%	67,955

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 Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (c)	UAAL as % of Payroll ((b - a) / c)
Healthcare						
9/30/2008	\$ -	\$ 976,135	\$ 976,135	0%	\$ 359,308	272%
12/31/2009	5,000	989,851	984,851	1%	334,726	294%
12/31/2010	15,388	1,055,308	1,039,920	1%	334,726	311%
Death Benefit						
9/30/2008	\$ -	\$ 10,253	\$ 10,253	0%	\$ 359,308	3%
12/31/2009	-	10,631	10,631	0%	334,726	3%
12/31/2010	161	11,025	10,864	1%	334,726	3%

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

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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

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

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

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

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

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

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



Eighteenth hole of the Crowne Plaza Invitational golf tournament at the Colonial Country Club

**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(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	\$ 26,586	\$ 7,639	\$ 11,333	\$ 1,877
Cash and Cash Equivalents Held by Trustees	-	-	-	-
Receivables, net of allowance for uncollectibles:				
Grants and Other Governments	8,219	-	-	-
Loans	-	-	737	-
Interest	82	22	39	6
Accounts and Other	85	362	5	43
Due from Other Funds	-	-	-	-
Inventories (at Cost)	-	-	1,068	260
Advances to Other Funds	-	-	-	-
Prepays, Deposits, and Other	-	-	76	-
Long-Term Loans Receivable	-	-	-	-
Total Assets	<u>\$ 34,972</u>	<u>\$ 8,023</u>	<u>\$ 13,258</u>	<u>\$ 2,186</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 218	\$ 10	\$ -	\$ -
Construction Payable	3,424	725	150	20
Escrow Accounts	-	-	-	-
Accrued Payroll	541	32	-	-
Due to Other Governments	-	-	-	-
Accrued Interest	-	18	-	-
Due to Other Funds	-	-	-	-
Other	-	-	71	-
Advances from Other Funds	-	-	-	-
Deferred Revenue	-	-	739	-
Total Liabilities	<u>4,183</u>	<u>785</u>	<u>960</u>	<u>20</u>
Fund Balances (Deficit):				
Nonspendable	-	-	1,144	260
Restricted	25,684	4,019	224	18
Committed	402	1,071	-	1,451
Assigned	4,703	2,148	10,930	437
Unassigned	-	-	-	-
Total Fund Balances	<u>30,789</u>	<u>7,238</u>	<u>12,298</u>	<u>2,166</u>
Total Liabilities and Fund Balances	<u>\$ 34,972</u>	<u>\$ 8,023</u>	<u>\$ 13,258</u>	<u>\$ 2,186</u>

Special Revenue Funds

HUD 108 Loan	Special Projects	Culture & Tourism	Grants	Other Blended Component Units	Other Special Revenue	The Fort Worth Fund	Special Revenue Funds Subtotal
\$ 901	\$ 23,614	\$ 14,187	\$ 11,447	\$ 747	\$ 8,609	\$ 13,011	\$ 119,951
3,776	309	-	3,165	-	-	-	7,250
-	-	-	16,321	-	-	-	24,540
-	-	-	5,789	-	-	-	6,526
3	49	60	40	-	23	37	361
-	-	4,756	-	1,002	12	537	6,802
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,328
-	-	-	-	-	-	-	-
-	-	707	7,993	-	-	-	8,776
1,015	-	-	10,626	-	-	-	11,641
<u>\$ 5,695</u>	<u>\$ 23,972</u>	<u>\$ 19,710</u>	<u>\$ 55,381</u>	<u>\$ 1,749</u>	<u>\$ 8,644</u>	<u>\$ 13,585</u>	<u>\$ 187,175</u>
\$ -	\$ 315	\$ 833	\$ 24	\$ -	\$ 2,605	\$ -	\$ 4,005
-	696	-	4,336	3	263	-	9,617
-	20	359	65	-	3	-	447
-	36	134	190	-	6	-	939
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	18
-	-	-	663	-	-	-	663
-	-	-	-	-	-	-	71
-	-	-	-	-	-	-	-
-	-	943	42,443	-	-	-	44,125
-	1,067	2,269	47,721	3	2,877	-	59,885
1,015	-	707	7,993	-	-	-	11,119
-	14,586	-	132	-	-	-	44,663
503	1,730	-	-	1,232	-	13,585	19,974
4,177	6,589	16,734	-	514	5,767	-	51,999
-	-	-	(465)	-	-	-	(465)
<u>5,695</u>	<u>22,905</u>	<u>17,441</u>	<u>7,660</u>	<u>1,746</u>	<u>5,767</u>	<u>13,585</u>	<u>127,290</u>
<u>\$ 5,695</u>	<u>\$ 23,972</u>	<u>\$ 19,710</u>	<u>\$ 55,381</u>	<u>\$ 1,749</u>	<u>\$ 8,644</u>	<u>\$ 13,585</u>	<u>\$ 187,175</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(in 000's)**

	Capital Projects Funds			
	Fire Protection Improvements	Street Improvements	Parks and Community Services Improvements	Public Events Improvements
ASSETS				
Cash, Cash Equivalents and Investments	\$ 1,357	\$ 155,616	\$ 38,680	\$ 24,635
Cash and Cash Equivalents Held by Trustees	-	-	27	-
Receivables, net of allowance for uncollectibles:				
Grants and Other Governments	-	-	-	-
Loans	-	-	-	-
Interest	-	120	110	-
Accounts and Other	-	-	74	-
Due from Other Funds	-	2,163	-	-
Inventories (at Cost)	-	-	-	-
Advances to Other Funds	-	-	-	-
Prepays, Deposits, and Other	-	11,757	-	-
Long-Term Loans Receivable	-	-	-	-
Total Assets	\$ 1,357	\$ 169,656	\$ 38,891	\$ 24,635
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Construction Payable	-	4,776	2,294	2,709
Escrow Accounts	-	-	-	-
Accrued Payroll	-	4	12	2
Accrued Interest	-	92	-	-
Due to Other Funds	-	-	-	-
Other	-	-	-	-
Advances from Other Funds	-	1,750	-	-
Deferred Revenue	-	-	-	-
Total Liabilities	-	6,622	2,306	2,711
Fund Balances (Deficit):				
Nonspendable	-	11,757	-	-
Restricted	1,024	72,110	6,579	20,344
Committed	139	64,386	24,579	1,380
Assigned	194	14,781	5,427	200
Unassigned	-	-	-	-
Total Fund Balances	1,357	163,034	36,585	21,924
Total Liabilities and Fund Balances	\$ 1,357	\$ 169,656	\$ 38,891	\$ 24,635

Capital Projects Funds

<u>Library Improvements</u>	<u>Animal Shelter Improvements</u>	<u>Capital Projects Reserve</u>	<u>Certificate of Obligations Special Projects</u>	<u>2007 Critical Capital Projects</u>	<u>Other Capital Projects</u>	<u>Capital Project Funds Subtotal</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 785	\$ 1	\$ 30,212	\$ 593	\$ 101,365	\$ 16,445	\$ 369,689	\$ 489,640
-	-	338	-	-	-	365	7,615
-	-	-	-	-	-	-	24,540
-	-	-	-	-	-	-	6,526
-	-	104	-	-	7	341	702
-	-	911	-	-	-	985	7,787
-	-	137	-	-	-	2,300	2,300
-	-	-	-	-	-	-	1,328
-	-	351	-	-	-	351	351
-	-	-	-	-	314	12,071	20,847
-	-	-	-	-	-	-	11,641
<u>\$ 785</u>	<u>\$ 1</u>	<u>\$ 32,053</u>	<u>\$ 593</u>	<u>\$ 101,365</u>	<u>\$ 16,766</u>	<u>\$ 386,102</u>	<u>\$ 573,277</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,005
-	-	-	-	2,318	746	12,843	22,460
-	-	-	-	-	-	-	447
-	-	-	-	8	3	29	968
-	-	-	-	-	-	92	110
-	-	-	-	1,500	4,084	5,584	6,247
-	-	-	-	-	-	-	71
-	-	-	-	-	-	1,750	1,750
-	-	-	-	-	-	-	44,125
-	-	-	-	3,826	4,833	20,298	80,183
-	-	351	-	-	314	12,422	23,541
513	1	-	-	88,861	-	189,432	234,095
247	-	18,474	593	8,678	9,311	127,787	147,761
25	-	13,228	-	-	2,308	36,163	88,162
-	-	-	-	-	-	-	(465)
<u>785</u>	<u>1</u>	<u>32,053</u>	<u>593</u>	<u>97,539</u>	<u>11,933</u>	<u>365,804</u>	<u>493,094</u>
<u>\$ 785</u>	<u>\$ 1</u>	<u>\$ 32,053</u>	<u>\$ 593</u>	<u>\$ 101,365</u>	<u>\$ 16,766</u>	<u>\$ 386,102</u>	<u>\$ 573,277</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, 2011
(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	47,453	-	-	-
Charges for Services	-	4,103	-	-
Fines and Forfeitures	-	-	-	-
Revenue from Use of Money and Property	-	-	2,053	525
Investment Income	281	82	124	19
Intergovernmental	4,567	-	14	-
Gas Leases and Royalties	-	-	209	198
Other Revenue	234	26	144	-
Contributions	-	-	1	-
Total Revenue	<u>52,535</u>	<u>4,211</u>	<u>2,545</u>	<u>742</u>
Expenditures:				
Current:				
General Administration	-	2,939	668	-
Public Safety	34,882	-	-	-
Transportation and Public Works	-	869	-	-
Parks and Community Service:	857	-	-	-
Public Library	-	-	-	-
Public Events and Facilities	-	-	-	-
Planning and Development	-	-	-	-
Housing	-	-	2,305	1,258
Capital Outlay	8,206	20	-	-
Debt Service:				
Principal Retirement	25	273	83	-
Interest and Service Charges	84	43	-	-
Total Expenditures	<u>44,054</u>	<u>4,144</u>	<u>3,056</u>	<u>1,258</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,481</u>	<u>67</u>	<u>(511)</u>	<u>(516)</u>
Other Financing Sources (Uses):				
Long Term Debt Issued	-	-	-	-
Premium on Issuance	-	-	-	-
Proceeds from Loans	733	-	-	-
Proceeds from Disposal of Property	-	-	-	-
Transfers In	23	373	-	-
Transfers Out	(8,575)	(182)	(252)	(2)
Total Other Financing Sources (Uses)	<u>(7,819)</u>	<u>191</u>	<u>(252)</u>	<u>(2)</u>
Net Change in Fund Balances	<u>662</u>	<u>258</u>	<u>(763)</u>	<u>(518)</u>
Fund Balances, Beginning of Year	30,127	6,980	13,061	2,684
Fund Balances, End of Year	<u>\$ 30,789</u>	<u>\$ 7,238</u>	<u>\$ 12,298</u>	<u>\$ 2,166</u>

Special Revenue Funds

HUD 108 Loan	Special Projects	Culture & Tourism	Grants	Other Blended Component Units	Other Special Revenue	The Fort Worth Fund	Special Revenue Funds Subtotal
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	23,608	-	-	-	-	71,061
-	996	-	-	-	811	-	5,910
-	791	-	-	-	7,911	-	8,702
-	240	9,749	321	1,498	-	-	14,386
10	175	208	70	-	86	141	1,196
-	3,285	-	53,003	-	-	-	60,869
-	-	-	-	-	-	4,046	4,453
-	1,260	32	-	-	3	-	1,699
-	4,214	-	20	1,335	-	-	5,570
<u>10</u>	<u>10,961</u>	<u>33,597</u>	<u>53,414</u>	<u>2,833</u>	<u>8,811</u>	<u>4,187</u>	<u>173,846</u>
-	889	-	2,851	-	-	-	7,347
-	1,510	-	7,508	-	-	-	43,900
-	182	-	3,183	-	6,118	-	10,352
-	1,883	-	10,779	-	-	3	13,522
-	19	-	677	-	-	-	696
-	-	26,693	-	-	-	-	26,693
-	-	-	204	-	-	-	204
-	890	-	23,519	180	-	26	28,178
-	261	249	11,518	-	-	-	20,254
704	-	-	-	1,028	-	-	2,113
437	-	-	-	1,371	-	-	1,935
<u>1,141</u>	<u>5,634</u>	<u>26,942</u>	<u>60,239</u>	<u>2,579</u>	<u>6,118</u>	<u>29</u>	<u>155,194</u>
<u>(1,131)</u>	<u>5,327</u>	<u>6,655</u>	<u>(6,825)</u>	<u>254</u>	<u>2,693</u>	<u>4,158</u>	<u>18,652</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	733
-	22	-	-	-	-	-	22
732	2,634	17,341	4,233	-	-	-	25,336
-	(16,187)	(6,555)	(2,433)	-	(2)	(59)	(34,247)
<u>732</u>	<u>(13,531)</u>	<u>10,786</u>	<u>1,800</u>	<u>-</u>	<u>(2)</u>	<u>(59)</u>	<u>(8,156)</u>
(399)	(8,204)	17,441	(5,025)	254	2,691	4,099	10,496
6,094	31,109	-	12,685	1,492	3,076	9,486	116,794
<u>\$ 5,695</u>	<u>\$ 22,905</u>	<u>\$ 17,441</u>	<u>\$ 7,660</u>	<u>\$ 1,746</u>	<u>\$ 5,767</u>	<u>\$ 13,585</u>	<u>\$ 127,290</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, 2011
(in 000's)**

	Capital Projects Funds			
	Fire Protection Improvements	Street Improvements	Parks and Community Services Improvements	Public Events Improvements
Revenues:				
Property Tax	\$ -	\$ 390	\$ -	\$ -
Other Local Taxes	-	-	-	-
Charges for Services	-	254	317	-
Fines and Forfeitures	-	-	-	-
Revenue from Use of Money and Property	-	-	250	-
Investment Income	1	461	359	-
Intergovernmental	-	5,416	-	-
Gas Leases and Royalties	-	-	1,619	-
Other	-	5,495	11	-
Contributions	-	3,612	723	-
Total Revenue	<u>1</u>	<u>15,628</u>	<u>3,279</u>	<u>-</u>
Expenditures:				
Current:				
General Administration	-	89	-	-
Public Safety	-	-	-	-
Transportation and Public Works	-	1,073	-	-
Parks and Community Services	-	-	35	-
Public Library	-	-	-	-
Public Events and Facilities	-	-	-	(1)
Planning and Development	-	-	-	-
Housing	-	-	-	-
Capital Outlay	77	45,083	16,881	13,449
Debt Service:				
Principal Retirement	-	390	-	-
Interest and Service Charges	-	74	-	-
Total Expenditures	<u>77</u>	<u>46,709</u>	<u>16,916</u>	<u>13,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(76)</u>	<u>(31,081)</u>	<u>(13,637)</u>	<u>(13,448)</u>
Other Financing Sources (Uses):				
Long-Term Debt Issued	-	20,590	-	-
Premium on Issuance	-	590	-	-
Proceeds from Loans	-	-	-	-
Proceeds from Disposal of Property	-	-	-	-
Transfers In	-	15,949	924	-
Transfers Out	-	(8,778)	(1,068)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>28,351</u>	<u>(144)</u>	<u>-</u>
Net Change in Fund Balance	(76)	(2,730)	(13,781)	(13,448)
Fund Balance, Beginning of Year	1,433	165,764	50,366	35,372
Fund Balance, End of Year	<u>\$ 1,357</u>	<u>\$ 163,034</u>	<u>\$ 36,585</u>	<u>\$ 21,924</u>

Capital Projects Funds

Library Improvements	Animal Animal Shelter Improvements	Capital Capital Projects Reserve	Certificate of Obligation Special Projects	2007 Critical Capital Projects	Other Capital Projects	Capital Project Funds Subtotal	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390	\$ 390
-	-	-	-	-	-	-	71,061
-	-	-	-	-	-	571	6,481
-	-	-	-	-	-	-	8,702
-	-	-	-	-	-	250	14,636
-	(1)	440	(1)	2	16	1,277	2,473
-	-	-	-	3,449	3	8,868	69,737
-	-	16,587	-	-	-	18,206	22,659
-	-	-	-	-	790	6,296	7,995
-	-	2	-	1,256	70	5,663	11,233
-	(1)	17,029	(1)	4,707	879	41,521	215,367
-	-	181	-	2,132	5,433	7,835	15,182
-	-	-	-	-	-	-	43,900
-	-	-	-	-	-	1,073	11,425
-	-	-	-	-	-	35	13,557
-	-	-	-	-	-	-	696
-	-	-	-	-	-	(1)	26,692
-	-	26	-	-	-	26	230
-	-	-	-	-	-	-	28,178
345	-	-	55	22,398	4,648	102,936	123,190
-	-	-	-	-	-	390	2,503
-	-	-	-	-	-	74	2,009
345	-	207	55	24,530	10,081	112,368	267,562
(345)	(1)	16,822	(56)	(19,823)	(9,202)	(70,847)	(52,195)
-	-	-	-	30,531	3,642	54,763	54,763
-	-	-	-	3,144	113	3,847	3,847
-	-	-	-	-	-	-	733
-	-	-	-	-	-	-	22
-	-	15,956	-	4,528	17,852	55,209	80,545
-	-	(13,883)	-	(551)	(472)	(24,752)	(58,999)
-	-	2,073	-	37,652	21,135	89,067	80,911
(345)	(1)	18,895	(56)	17,829	11,933	18,220	28,716
1,130	2	13,158	649	79,710	-	347,584	464,378
\$ 785	\$ 1	\$ 32,053	\$ 593	\$ 97,539	\$ 11,933	\$ 365,804	\$ 493,094

(concluded)

CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS
SEPTEMBER 30, 2011
(in 000's)

	Special Revenue Funds				Total Other Blended Component Units
	Service Center Relocation, Inc. (James Street)	Fort Worth Sports Authority	Lone Star Local Development Corporation	Central City Local Government Corporation	
ASSETS					
Cash, Cash Equivalents and Investments	\$ -	\$ 65	\$ 57	\$ 625	\$ 747
Receivables:					
Accounts and Other	-	1,002	-	-	1,002
Total Assets	<u>\$ -</u>	<u>\$ 1,067</u>	<u>\$ 57</u>	<u>\$ 625</u>	<u>\$ 1,749</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Construction Payable	\$ -	\$ -	\$ -	\$ 3	\$ 3
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Fund Balances:					
Committed	-	625	-	607	1,232
Assigned	-	442	57	15	514
Total Fund Balance	<u>-</u>	<u>1,067</u>	<u>57</u>	<u>622</u>	<u>1,746</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 1,067</u>	<u>\$ 57</u>	<u>\$ 625</u>	<u>\$ 1,749</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(in 000's)**

	Special Revenue Funds				Total Other Blended Component Units
	Service Center Relocation, Inc. (James Street)	Fort Worth Sports Authority	Lone Star Local Government Corporation	Central City Local Government Corporation	
Revenues:					
Revenue from Use of Money and Property	\$ 1,428	\$ 70	\$ -	\$ -	\$ 1,498
Contributions	-	352	376	607	1,335
Total Revenue	<u>1,428</u>	<u>422</u>	<u>376</u>	<u>607</u>	<u>2,833</u>
Expenditures:					
Current:					
Housing	-	114	-	66	180
Debt Service:					
Principal Retirement	490	105	-	433	1,028
Interest and Service Charges	938	-	320	113	1,371
Total Expenditures	<u>1,428</u>	<u>219</u>	<u>320</u>	<u>612</u>	<u>2,579</u>
Net Change in Fund Balances	-	203	56	(5)	254
Fund Balance, Beginning of Year	-	864	1	627	1,492
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 1,067</u>	<u>\$ 57</u>	<u>\$ 622</u>	<u>\$ 1,746</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY BASIS COMPARISON SCHEDULE
 CRIME CONTROL AND PREVENTION DISTRICT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Sales Taxes	\$ 42,238	\$ 42,238	\$ 47,453	\$ 5,215
Interest Income	345	345	281	(64)
Intergovernmental	4,688	4,688	4,567	(121)
Other	164	164	234	70
Total Revenue	<u>47,435</u>	<u>47,435</u>	<u>52,535</u>	<u>5,100</u>
Other Financing Sources:				
Transfers in	-	-	23	23
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>23</u>	<u>23</u>
Total Revenues and Other Financing Sources	<u>47,435</u>	<u>47,435</u>	<u>52,558</u>	<u>5,123</u>
Expenditures:				
Department:				
Police	46,310	54,183	51,039	3,144
Parks and Community Services	<u>1,125</u>	<u>1,098</u>	<u>857</u>	<u>241</u>
Total Expenditures	<u>47,435</u>	<u>55,281</u>	<u>51,896</u>	<u>3,385</u>
Source / (Use) of Fund Balance	<u>\$ -</u>	<u>\$ (7,846)</u>	<u>\$ 662</u>	<u>\$ 8,508</u>

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

Source / (Use) of Fund Balance (Budgetary Basis)		\$ 662
Differences - Budgetary to GAAP		
Current year capital lease proceeds treated as other financing sources for financial reporting purposes but not as a budgetary inflow.	\$ 733	
Current year expenditure of lease proceeds treated as expenditure for financial reporting purposes but not as a budgetary outflow.	<u>(733)</u>	
Net Change in Fund Balance (GAAP Basis)		<u>\$ 662</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY BASIS COMPARISON SCHEDULE
 CULTURE AND TOURISM FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget-- Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Other Local Taxes	\$ 21,000	\$ 21,000	\$ 23,608	\$ 2,608
Revenue from Use of Money and Property	8,729	8,729	9,957	1,228
Other	-	-	32	32
Total Revenue	<u>29,729</u>	<u>29,729</u>	<u>33,597</u>	<u>3,868</u>
Other Financing Sources:				
Transfers in	-	-	561	561
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>561</u>	<u>561</u>
Total Revenues and Other Financing Sources	<u>29,729</u>	<u>29,729</u>	<u>34,158</u>	<u>4,429</u>
Expenditures:				
Department:				
Public Events	<u>29,729</u>	<u>35,047</u>	<u>33,497</u>	<u>1,550</u>
Total Expenditures	<u>29,729</u>	<u>35,047</u>	<u>33,497</u>	<u>1,550</u>
Source / (Use) of Fund Balance	<u>\$ -</u>	<u>\$ (5,318)</u>	<u>\$ 661</u>	<u>\$ 5,979</u>

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

Source / (Use) of Fund Balance (Budgetary Basis)	\$ 661
Differences - Budgetary to GAAP	
Current year non-budgeted transfers treated as other financing sources for financial reporting purposes but not as a budgetary inflows.	<u>16,780</u>
Net Change in Fund Balance (GAAP Basis)	<u>\$ 17,441</u>



Public Information Officers supporting Super Bowl XLV in the Joint Emergency Operations Center

NON-MAJOR PROPRIETARY FUNDS

Nonmajor Enterprise Funds

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

Municipal Airports Fund

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

Municipal Parking Fund

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

Municipal Golf Fund

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

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 ENTERPRISE FUNDS
SEPTEMBER 30, 2011
(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Municipal Golf</u>	<u>Stormwater Utility</u>	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS						
Current Assets:						
Cash, Cash Equivalents and Investments	\$ 2,179	\$ 2,010	\$ 5	\$ 21,345	\$ 38,380	\$ 63,919
Interest Receivable	1	6		97	126	230
Accounts and Other Receivables, net of allowance for uncollectibles	1,838	19	154	2,583	5,944	10,538
Inventories , at Cost	-	-	121	-	-	121
Prepays, Deposits, and Other	286	-	5	1,400	-	1,691
Restricted Assets:						
Cash and Cash Equivalents	84,527	-	-	-	728	85,255
Total Current Assets	<u>88,831</u>	<u>2,035</u>	<u>285</u>	<u>25,425</u>	<u>45,178</u>	<u>161,754</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	30,435	9,943	2,672	56,269	2,372	101,691
Cash and Cash Equivalents Held by Trustees	136	-	-	-	1,775	1,911
Interest Receivable	360	32	5	153	-	550
Total Restricted Assets	<u>30,931</u>	<u>9,975</u>	<u>2,677</u>	<u>56,422</u>	<u>4,147</u>	<u>104,152</u>
Advances to Other Funds	5,250	-	-	-	-	5,250
Deferred Bond Issue Cost	-	924	9	326	18	1,277
Capital Assets (at Cost)						
Land	58,673	1,561	360	18	1,097	61,709
Buildings	12,131	48,929	1,311	63	2,185	64,619
Improvements Other than Buildings	176,545	1,027	9,323	5,362	15,805	208,062
Machinery and Equipment	3,269	21	2,258	9,274	2,841	17,663
Construction in Progress	34,138	741	2,102	34,239	-	71,220
Accumulated Depreciation	<u>(123,220)</u>	<u>(4,064)</u>	<u>(9,926)</u>	<u>(7,557)</u>	<u>(9,079)</u>	<u>(153,846)</u>
Net Capital Assets	<u>161,536</u>	<u>48,215</u>	<u>5,428</u>	<u>41,399</u>	<u>12,849</u>	<u>269,427</u>
Total Noncurrent Assets	<u>197,717</u>	<u>59,114</u>	<u>8,114</u>	<u>98,147</u>	<u>17,014</u>	<u>380,106</u>
Total Assets	<u>286,548</u>	<u>61,149</u>	<u>8,399</u>	<u>123,572</u>	<u>62,192</u>	<u>541,860</u>

(continued)

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2011
(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Municipal Golf</u>	<u>Stormwater Utility</u>	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 943	\$ 198	\$ 127	\$ 1,091	\$ 3,330	\$ 5,689
Accrued Payroll	27	8	47	113	79	274
Due to Other Funds	137	-	329	-	-	466
Unearned Revenue	234	-	-	-	5,530	5,764
Construction Payable	1,815	3	-	1,878	-	3,696
Current Portion of Long-Term						
Liabilities	48	975	341	1,875	1,946	5,185
Accrued Interest Payable	-	222	8	634	31	895
Payable from Restricted Assets:						
Customer Deposits	37	-	-	-	728	765
Unearned Revenue	84,490	-	-	-	-	84,490
Total Current Liabilities	<u>87,731</u>	<u>1,406</u>	<u>852</u>	<u>5,591</u>	<u>11,644</u>	<u>107,224</u>
Long-Term Liabilities:						
Advances from Other Funds	351	-	6,119	3,500	-	9,970
Long-Term Liabilities Due in More						
Than One Year	<u>1,255</u>	<u>49,356</u>	<u>4,488</u>	<u>69,513</u>	<u>13,269</u>	<u>137,881</u>
Total Long-Term Liabilities	<u>1,606</u>	<u>49,356</u>	<u>10,607</u>	<u>73,013</u>	<u>13,269</u>	<u>147,851</u>
Total Liabilities	<u>89,337</u>	<u>50,762</u>	<u>11,459</u>	<u>78,604</u>	<u>24,913</u>	<u>255,075</u>
NET ASSETS (DEFICIT)						
Invested in Capital Assets,						
Net of Related Debt	159,721	5,299	2,943	16,399	4,708	189,070
Restricted for:						
Debt Service	-	285	387	1,224	404	2,300
Unrestricted	<u>37,490</u>	<u>4,803</u>	<u>(6,390)</u>	<u>27,345</u>	<u>32,167</u>	<u>95,415</u>
Total Net Assets (Deficit)	<u>\$ 197,211</u>	<u>\$ 10,387</u>	<u>\$ (3,060)</u>	<u>\$ 44,968</u>	<u>\$ 37,279</u>	<u>\$ 286,785</u>

(concluded)



TCU fans celebrate the 2011 Rose Bowl victory

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(in 000's)

	Municipal Airports	Municipal Parking	Municipal Golf	Stormwater Utility	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES						
Charges for Services	\$ 4,800	\$ 7,635	\$ 4,260	\$ 29,397	\$ 48,314	\$ 94,406
Other	234	8	17	69	6,658	6,986
Total Operating Revenues	<u>5,034</u>	<u>7,643</u>	<u>4,277</u>	<u>29,466</u>	<u>54,972</u>	<u>101,392</u>
OPERATING EXPENSES						
Personnel Services	1,749	432	3,013	7,116	5,065	17,375
Supplies and Materials	198	82	800	1,393	1,161	3,634
Contractual Services	3,659	1,934	1,482	8,013	36,555	51,643
Landfill Closure and Postclosure Cost	-	-	-	-	164	164
Depreciation	7,735	1,295	453	1,621	991	12,095
Total Operating Expenses	<u>13,341</u>	<u>3,743</u>	<u>5,748</u>	<u>18,143</u>	<u>43,936</u>	<u>84,911</u>
Operating Income (Loss)	<u>(8,307)</u>	<u>3,900</u>	<u>(1,471)</u>	<u>11,323</u>	<u>11,036</u>	<u>16,481</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	1,371	157	20	874	446	2,868
Gain (Loss) on Sale of Equipment	(15)	-	(3)	(10)	13	(15)
Interest and Service Charges	-	(2,108)	(113)	(819)	(324)	(3,364)
Gas Leases and Royalties	9,877	-	851	-	-	10,728
Other Revenue	7	-	-	-	-	7
Total Nonoperating Revenues (Expenses)	<u>11,240</u>	<u>(1,951)</u>	<u>755</u>	<u>45</u>	<u>135</u>	<u>10,224</u>
Income (Loss) before Transfers and Contributions	2,933	1,949	(716)	11,368	11,171	26,705
Transfers In	2,061	995	-	2	3	3,061
Transfers Out	(14,188)	(3,319)	(2,657)	(2,575)	(4,561)	(27,300)
Capital Contributions	3,364	-	45	2,000	-	5,409
Change in Net Assets (Deficit)	<u>(5,830)</u>	<u>(375)</u>	<u>(3,328)</u>	<u>10,795</u>	<u>6,613</u>	<u>7,875</u>
Total Net Assets - Beginning of year	<u>203,041</u>	<u>10,762</u>	<u>268</u>	<u>34,173</u>	<u>30,666</u>	<u>278,910</u>
Total Net Assets (Deficit) - Ending of year	<u>\$ 197,211</u>	<u>\$ 10,387</u>	<u>\$ (3,060)</u>	<u>\$ 44,968</u>	<u>\$ 37,279</u>	<u>\$ 286,785</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(in 000's)**

	Municipal Airports	Municipal Parking	Municipal Golf	Stormwater Utility	Solid Waste	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 5,735	\$ 7,621	\$ 4,111	\$ 30,574	\$ 47,919	\$ 95,960
Receipts from Other Operating Sources	234	8	17	69	6,658	6,986
Receipts from Gas Leases and Royalties	9,877	-	851	-	-	10,728
Other Receipts	7	-	-	-	-	7
Payments to Employees	(1,559)	(449)	(2,851)	(6,369)	(4,461)	(15,689)
Payments to Suppliers	(198)	(82)	(781)	(1,393)	(1,161)	(3,615)
Payments for Contractual Services	(3,331)	(2,072)	(1,427)	(8,133)	(36,312)	(51,275)
Net Cash Provided by (Used for) Operating Activities	<u>10,765</u>	<u>5,026</u>	<u>(80)</u>	<u>14,748</u>	<u>12,643</u>	<u>43,102</u>
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	2,061	995	-	2	3	3,061
Receipts from Other Funds	-	-	329	-	-	329
Advances from Other Funds	-	-	861	3,500	-	4,361
Transfers Out to Other Funds	(14,188)	(3,319)	(2,657)	(2,575)	(4,561)	(27,300)
Advances to Other Funds	(3,500)	-	-	-	-	(3,500)
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>(15,627)</u>	<u>(2,324)</u>	<u>(1,467)</u>	<u>927</u>	<u>(4,558)</u>	<u>(23,049)</u>
Cash Flows from Capital and Related Financing Activities:						
Bond Principal Received	-	1,955	2,615	-	-	4,570
Bond Premium Received	-	8	-	-	-	8
Proceeds from Sale of Machinery and Equipment	-	-	-	-	13	13
Contributions	8,069	-	45	2,000	-	10,114
Acquisition and Construction of Property, Plant and Equipment	(8,724)	(475)	(512)	(10,614)	(591)	(20,916)
Principal Paid on Long-Term Debt	-	(640)	(130)	(1,515)	(1,705)	(3,990)
Principal Paid on Capital Lease	-	-	(5)	-	-	(5)
Interest Paid on Long-Term Obligations	-	(2,704)	(104)	(2,847)	(333)	(5,988)
Bond Issuance Costs Paid	-	(6)	(8)	(62)	-	(76)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(655)</u>	<u>(1,862)</u>	<u>1,901</u>	<u>(13,038)</u>	<u>(2,616)</u>	<u>(16,270)</u>
Cash Flows from Investing Activities:						
Investment Income Received	1,405	154	24	875	441	2,899
Net Cash Provided by Investing Activities	<u>1,405</u>	<u>154</u>	<u>24</u>	<u>875</u>	<u>441</u>	<u>2,899</u>
Net Increase (Decrease) in Cash and Cash Equivalents						
Cash and Cash Equivalents, Beginning of Year	121,389	10,959	2,299	74,102	37,345	246,094
Cash and Cash Equivalents, End of Year	<u>\$ 117,277</u>	<u>\$ 11,953</u>	<u>\$ 2,677</u>	<u>\$ 77,614</u>	<u>\$ 43,255</u>	<u>\$ 252,776</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Municipal Golf</u>	<u>Stormwater Utility</u>	<u>Solid Waste</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Operating Income (Loss)	\$ (8,307)	\$ 3,900	\$ (1,471)	\$ 11,323	\$ 11,036	\$ 16,481
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	7,735	1,295	453	1,621	991	12,095
Gas Leases and Royalties Receipts	9,877	-	851	-	-	10,728
Other Receipts	7	-	-	-	-	7
Change in Assets and Liabilities:						
Accounts and Other Receivables	632	(14)	(150)	371	63	902
Inventories	-	-	19	-	-	19
Prepays, Deposits, and Other Assets	300	-	1	806	-	1,107
Accounts Payable	328	(138)	55	(120)	243	368
Accrued Compensation	190	(17)	162	747	604	1,686
Customer Deposits	3	-	-	-	23	26
Unearned Revenue	-	-	-	-	(481)	(481)
Landfill Closure Costs	-	-	-	-	164	164
Total Adjustments	19,072	1,126	1,391	3,425	1,607	26,621
Net Cash Provided by (Used For) Operating Activities	<u>\$ 10,765</u>	<u>\$ 5,026</u>	<u>\$ (80)</u>	<u>\$ 14,748</u>	<u>\$ 12,643</u>	<u>\$ 43,102</u>
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:						
Current - Cash, Cash Equivalents and Investments	\$ 2,179	\$ 2,010	\$ 5	\$ 21,345	\$ 38,380	\$ 63,919
Current Restricted - Cash and Cash Equivalents	84,527	-	-	-	728	85,255
Noncurrent Restricted - Cash and Cash Equivalents	30,435	9,943	2,672	56,269	2,372	101,691
Noncurrent Restricted - Cash Held by Trustees	136	-	-	-	1,775	1,911
Total Cash and Cash Equivalents	<u>\$ 117,277</u>	<u>\$ 11,953</u>	<u>\$ 2,677</u>	<u>\$ 77,614</u>	<u>\$ 43,255</u>	<u>\$ 252,776</u>

(concluded)



Fans from Fort Worth and around the country enthusiastically support racing events at the Texas Motor Speedway

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, 2011
(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	\$ -	\$ 242	\$ 532	\$ 7,042	\$ 2,338	\$ 10,154
Interest Receivable	-	-	1	23	8	32
Accounts and Other Receivables	-	35	-	38	-	73
Inventories (at Cost)	140	974	-	115	-	1,229
Total Current Assets	<u>140</u>	<u>1,251</u>	<u>533</u>	<u>7,218</u>	<u>2,346</u>	<u>11,488</u>
Noncurrent Assets:						
Restricted Assets:						
Cash and Cash Equivalents	-	-	-	34,943	-	34,943
Capital Assets (at cost):						
Land	-	1,119	-	-	4	1,123
Buildings	-	4,656	-	594	-	5,250
Improvements Other than Buildings	-	990	-	-	91	1,081
Machinery and Equipment	568	2,147	-	12,094	2,398	17,207
Construction in Progress	-	-	-	4,274	-	4,274
Accumulated Depreciation	(568)	(5,830)	-	(10,281)	(2,110)	(18,789)
Net Capital Assets	<u>-</u>	<u>3,082</u>	<u>-</u>	<u>6,681</u>	<u>383</u>	<u>10,146</u>
Total Noncurrent Assets	<u>-</u>	<u>3,082</u>	<u>-</u>	<u>41,624</u>	<u>383</u>	<u>45,089</u>
Total Assets	<u>140</u>	<u>4,333</u>	<u>533</u>	<u>48,842</u>	<u>2,729</u>	<u>56,577</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	67	1,341	8	823	128	2,367
Accrued Payroll	10	111	11	168	215	515
Construction Payable	-	-	-	133	-	133
Current Portion of Long-Term Liabilities	43	348	2	325	583	1,301
Total Current Liabilities	<u>120</u>	<u>1,800</u>	<u>21</u>	<u>1,449</u>	<u>926</u>	<u>4,316</u>
Long-Term Liabilities:						
Advances from Other Funds	597	-	-	-	-	597
Long-Term Liabilities Due in More Than One Year	12	445	6	908	1,258	2,629
Total Long-Term Liabilities	<u>609</u>	<u>445</u>	<u>6</u>	<u>908</u>	<u>1,258</u>	<u>3,226</u>
Total Liabilities	<u>729</u>	<u>2,245</u>	<u>27</u>	<u>2,357</u>	<u>2,184</u>	<u>7,542</u>
NET ASSETS (DEFICIT)						
Invested in Capital Assets, Net of Related Debt	-	3,082	-	6,681	383	10,146
Restricted	-	-	-	34,943	-	34,943
Unrestricted	(589)	(994)	506	4,861	162	3,946
Total Net Assets (Deficit)	<u>\$ (589)</u>	<u>\$ 2,088</u>	<u>\$ 506</u>	<u>\$ 46,485</u>	<u>\$ 545</u>	<u>\$ 49,035</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, 2011
(in 000's)

	<u>Office Services</u>	<u>Equipment Services</u>	<u>Temporary Labor</u>	<u>Information Systems</u>	<u>Engineering Services</u>	<u>Total</u>
OPERATING REVENUES						
Charges for Services	\$ 1,676	\$ 23,474	\$ 923	\$ 23,450	\$ 14,191	\$ 63,714
Total Operating Revenues	<u>1,676</u>	<u>23,474</u>	<u>923</u>	<u>23,450</u>	<u>14,191</u>	<u>63,714</u>
OPERATING EXPENSES						
Personnel Services	620	6,899	841	8,320	11,497	28,177
Supplies and Materials	202	13,520	-	648	401	14,771
Contractual Services	728	2,925	16	12,535	1,467	17,671
Depreciation	-	237	-	871	187	1,295
Total Operating Expenses	<u>1,550</u>	<u>23,581</u>	<u>857</u>	<u>22,374</u>	<u>13,552</u>	<u>61,914</u>
Operating Income (Loss)	<u>126</u>	<u>(107)</u>	<u>66</u>	<u>1,076</u>	<u>639</u>	<u>1,800</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	1	2	5	66	25	99
Gain (Loss) on Sale of Equipment	-	(4)	-	(1)	4	(1)
Other Expense	-	-	-	(11,804)	-	(11,804)
Other Revenue	1	31	-	-	15	47
Total Nonoperating Revenues (Expenses)	<u>2</u>	<u>29</u>	<u>5</u>	<u>(11,739)</u>	<u>44</u>	<u>(11,659)</u>
Income (Loss) Before Transfers and Contributions	128	(78)	71	(10,663)	683	(9,859)
Transfers In	-	5	-	42,901	2	42,908
Transfers Out	(15)	(168)	(1)	(98)	(203)	(485)
Capital Contributions	-	3	-	164	-	167
Change in Net Assets (Deficit)	113	(238)	70	32,304	482	32,731
Total Net Assets (Deficit) - Beginning	<u>(702)</u>	<u>2,326</u>	<u>436</u>	<u>14,181</u>	<u>63</u>	<u>16,304</u>
Total Net Assets (Deficit) - Ending	<u>\$ (589)</u>	<u>\$ 2,088</u>	<u>\$ 506</u>	<u>\$ 46,485</u>	<u>\$ 545</u>	<u>\$ 49,035</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(in 000's)

	<u>Office Services</u>	<u>Equipment Services</u>	<u>Temporary Labor</u>	<u>Information Systems</u>	<u>Engineering Services</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 1,676	\$ 23,439	\$ 923	\$ 23,415	\$ 14,195	\$ 63,648
Other Receipts	1	31	-	-	15	47
Payments to Employees	(646)	(7,315)	(883)	(8,341)	(11,845)	(29,030)
Payments to Suppliers	(184)	(14,027)	-	(671)	(401)	(15,283)
Payments for Contractual Service:	(722)	(2,482)	(8)	(14,454)	(1,398)	(19,064)
Net Cash Provided by (Used for) Operating Activities	125	(354)	32	(51)	566	318
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	-	5	-	1	2	8
Advances from Other Funds	(111)	-	-	-	-	(111)
Transfers Out to Other Funds	(15)	(168)	(1)	(98)	(203)	(485)
Net Cash Used for Noncapital Financing Activities	(126)	(163)	(1)	(97)	(201)	(588)
Cash Flows from Capital and Related Financing Activities:						
Governmental Bond Proceeds	-	-	-	42,900	-	42,900
Proceeds from Sale of Machinery and Equipment	-	-	-	-	4	4
Contributions	-	-	-	164	-	164
Acquisition of Property, Plant and Equipment	-	(108)	-	(14,641)	(104)	(14,853)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(108)	-	28,423	(100)	28,215
Cash Flows from Investing Activities						
Investment Income Received	1	4	6	77	25	113
Net Cash Provided by Investing Activities	1	4	6	77	25	113
Net Increase (Decrease) in Cash and Cash Equivalents						
Cash and Cash Equivalents, Beginning of Year	-	863	495	13,633	2,048	17,039
Cash and Cash Equivalents, End of Year	\$ -	\$ 242	\$ 532	\$ 41,985	\$ 2,338	\$ 45,097
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Operating Income (Loss)	\$ 126	\$ (107)	\$ 66	\$ 1,076	\$ 639	\$ 1,800
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation	-	237	-	871	187	1,295
Other Receipts	1	31	-	-	15	47
Change in Assets and Liabilities:						
Accounts and Other Receivables	-	(35)	-	(35)	4	(66)
Inventories	18	(507)	-	(23)	-	(512)
Accounts Payable	6	443	8	(1,919)	69	(1,393)
Accrued Compensation	(26)	(416)	(42)	(21)	(348)	(853)
Total Adjustments	(1)	(247)	(34)	(1,127)	(73)	(1,482)
Net Cash Provided by (Used for) Operating Activities	\$ 125	\$ (354)	\$ 32	\$ (51)	\$ 566	\$ 318
The Cash and Cash Equivalents are reported in the Statement of Net Assets as follows:						
Current - Cash, Cash Equivalents and Investments	\$ -	\$ 242	\$ 532	\$ 7,042	\$ 2,338	\$ 10,154
Noncurrent Restricted -						
Cash and Cash Equivalents	-	-	-	34,943	-	34,943
Total Cash and Cash Equivalents	\$ -	\$ 242	\$ 532	\$ 41,985	\$ 2,338	\$ 45,097
Noncash Investing, Capital, and Financing Activities:						
Intra-Government Net Capital Assets Transfers	\$ -	\$ 3	\$ -	\$ (11,804)	\$ -	\$ (11,801)

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held by the City as a trustee or agent. Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City reports the following fiduciary funds:

Employees' Retirement Pension Trust Fund

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

Retiree Healthcare Trust Fund

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

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
SEPTEMBER 30, 2011
(in 000's)

	Employees' Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 473	\$ 588	\$ 1,061
Cash and Investments Held by Trustees:			
Asset & Mortgage Backed Obligations	42,324	-	42,324
Corporate Obligations	90,527	-	90,527
Government Agency Obligations	82,457	-	82,457
International Obligations	99,019	-	99,019
Securities Lending Collateral	117,264	-	117,264
US Treasuries	54,236	-	54,236
Short Term Mutual Fund Investments	115,541	14,740	130,281
Corporate Stock	404,511	-	404,511
Alternative Investments	433,475	-	433,475
Commingled Funds	329,244	-	329,244
Less: Investments in Non-City Funded Staff Plan	(1,113)	-	(1,113)
Total Cash and Investments Held by Trustees	<u>1,767,485</u>	<u>14,740</u>	<u>1,782,225</u>
Prepaid Expenses	3	-	3
Other Receivables	11,299	-	11,299
Due from Broker Securities Sold	118,764	-	118,764
Total Current Assets	<u>1,898,024</u>	<u>15,328</u>	<u>1,913,352</u>
Capital Assets (at cost):			
Land	405	-	405
Buildings	3,423	-	3,423
Machinery and Equipment	267	-	267
Accumulated Depreciation	(321)	-	(321)
Net Capital Assets	<u>3,774</u>	<u>-</u>	<u>3,774</u>
Total Assets	<u>1,901,798</u>	<u>15,328</u>	<u>1,917,126</u>
LIABILITIES			
Current Liabilities:			
Accrued Payable	130	-	130
Obligations Under Securities Lending	117,190	-	117,190
Due to Broker Securities Purchased	133,162	-	133,162
Total Current Liabilities	<u>250,482</u>	<u>-</u>	<u>250,482</u>
NET ASSETS			
Net Assets Held in Trust for Pension and Other Employee Benefits:			
Benefit Pension Plans	1,651,316	-	1,651,316
Postemployment Healthcare Plans	-	15,328	15,328
Total Net Assets	<u>\$ 1,651,316</u>	<u>\$ 15,328</u>	<u>\$ 1,666,644</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(in 000's)

	Employees' Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ADDITIONS			
Interest and Dividend Income	\$ 42,844	\$ 164	\$ 43,008
Less: Investment Management Fees and Interest Expense	(7,372)	(70)	(7,442)
Net Gain (Loss) in Fair Value of Investments	(15,756)	-	(15,756)
Other Income	687	-	687
Employer Contributions	74,577	24,960	99,537
Employee Contributions	32,039	-	32,039
Total Additions	<u>127,019</u>	<u>25,054</u>	<u>152,073</u>
DEDUCTIONS			
Benefit Payments	126,153	19,960	146,113
Refunds	3,524	-	3,524
Administrative Expenses	3,290	-	3,290
Total Deductions	<u>132,967</u>	<u>19,960</u>	<u>152,927</u>
Change in Net Assets	(5,948)	5,094	(854)
Net Assets-Beginning of the Year	1,657,264	10,234	1,667,498
Net Assets-End of the Year	<u>\$ 1,651,316</u>	<u>\$ 15,328</u>	<u>\$ 1,666,644</u>



Fort Worth volunteer Ambassadors provided support to Fort Worth visitors during Super Bowl XLV

DISCRETELY PRESENTED COMPONENT UNITS

DISCRETELY PRESENTED COMPONENT UNITS

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

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 1

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

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 6

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

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 7

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

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 8

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

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 11

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

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 12

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

FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 14

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

TAXING INCREMENT REINVESTMENT ZONE NO. 2A

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

TAXING INCREMENT REINVESTMENT ZONE NO. 2B

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

TAXING INCREMENT REINVESTMENT ZONE NO. 3

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

TAXING INCREMENT REINVESTMENT ZONE NO. 3A

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

TAXING INCREMENT REINVESTMENT ZONE NO. 4

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

TAXING INCREMENT REINVESTMENT ZONE NO. 6

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

TAXING INCREMENT REINVESTMENT ZONE NO. 7

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

TAXING INCREMENT REINVESTMENT ZONE NO. 7A

The Taxing Increment Reinvestment Zone Number Seven A 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 expand the boundary of TIF 7.

TAXING INCREMENT REINVESTMENT ZONE NO. 8

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

TAXING INCREMENT REINVESTMENT ZONE NO. 9

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

TAXING INCREMENT REINVESTMENT ZONE NO. 9A

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

TAXING INCREMENT REINVESTMENT ZONE NO. 10

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

TAXING INCREMENT REINVESTMENT ZONE NO. 10A

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

TAXING INCREMENT REINVESTMENT ZONE NO. 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. This discretely presented component unit was closed during FY 2011.

TAXING INCREMENT REINVESTMENT ZONE NO. 12

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

TAXING INCREMENT REINVESTMENT ZONE NO. 13

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

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2011
(in 000's)

	FWPID	TIRZ	TIRZ	TIRZ	TIRZ						
	#1	#6	#7	#8	#11	#12	#14	#2A	#2B	#3	#3A
ASSETS											
Cash, Cash Equivalents, and Investments	\$ 625	\$ 584	\$ 263	\$ 328	\$ 7	\$ 17	\$ 15	\$ 1,491	\$ 158	\$ 4,188	\$ 3,539
Interest Receivable	4	3	3	2	-	-	-	5	-	13	11
Accounts and Other Receivables	3	1	1	-	1	-	-	-	-	-	-
Total Assets	632	588	267	330	8	17	15	1,496	158	4,201	3,550
LIABILITIES											
Accounts Payable	264	83	92	77	-	2	2	916	101	87	-
Due in More Than One Year	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	264	83	92	77	-	2	2	916	101	87	-
NET ASSETS (DEFICIT)											
Unreserved	368	505	175	253	8	15	13	580	57	4,114	3,550
Total Net Assets	368	505	175	253	8	15	13	580	57	4,114	3,550
(Deficit) - Unrestricted	\$ 368	\$ 505	\$ 175	\$ 253	\$ 8	\$ 15	\$ 13	\$ 580	\$ 57	\$ 4,114	\$ 3,550

TIRZ #4	TIRZ #6	TIRZ #7	TIRZ #7A	TIRZ #8	TIRZ #9	TIRZ #9A	TIRZ #10	TIRZ #10A	TIRZ #11	TIRZ #12	TIRZ #13	Total
\$ 12,576	\$ 1	\$1,687	\$ -	\$6,549	\$ 5,725	\$ 7	\$ 1	\$ 4	\$ -	\$ 113	\$ 146	\$ 38,024
38	-	4	-	18	16	-	-	-	-	1	-	118
-	-	-	-	-	-	-	-	-	-	-	-	6
<u>12,614</u>	<u>1</u>	<u>1,691</u>	<u>-</u>	<u>6,567</u>	<u>5,741</u>	<u>7</u>	<u>1</u>	<u>4</u>	<u>-</u>	<u>114</u>	<u>146</u>	<u>38,148</u>
20	4	-	-	-	-	-	-	-	-	18	-	1,666
-	-	-	-	-	11,920	-	-	-	-	-	-	11,920
<u>20</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>13,586</u>
12,594	(3)	1,691	-	6,567	(6,179)	7	1	4	-	96	146	24,562
<u>\$ 12,594</u>	<u>\$ (3)</u>	<u>\$1,691</u>	<u>\$ -</u>	<u>\$6,567</u>	<u>\$ (6,179)</u>	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 146</u>	<u>\$ 24,562</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
SEPTEMBER 30, 2011
(in 000's)

	FWPID	FWPID	FWPID	FWPID	FWPID	FWPID	FWPID	TIRZ	TIRZ	TIRZ	TIRZ
	#1	#6	#7	#8	#11	#12	#14	#2A	#2B	#3	#3A
Revenues:											
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,042	\$ 303	\$ 4,395	\$ 605
Investment Income	10	10	7	5	-	1	-	15	1	52	39
Other	1,806	1,297	1,467	360	66	51	24	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>1,816</u>	<u>1,307</u>	<u>1,474</u>	<u>365</u>	<u>66</u>	<u>52</u>	<u>24</u>	<u>1,057</u>	<u>304</u>	<u>4,447</u>	<u>644</u>
Expenses:											
General Administration	2,184	1,337	1,630	488	61	40	15	952	303	4,031	-
Transportation and Public Works	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	<u>2,184</u>	<u>1,337</u>	<u>1,630</u>	<u>488</u>	<u>61</u>	<u>40</u>	<u>15</u>	<u>952</u>	<u>303</u>	<u>4,031</u>	<u>-</u>
Change in Net Assets (Deficit)	(368)	(30)	(156)	(123)	5	12	9	105	1	416	644
Total Net Assets - Beginning of Year	736	535	331	376	3	3	4	475	56	3,698	2,906
Total Net Assets (Deficit) - End of Year	<u>\$ 368</u>	<u>\$ 505</u>	<u>\$ 175</u>	<u>\$ 253</u>	<u>\$ 8</u>	<u>\$ 15</u>	<u>\$ 13</u>	<u>\$ 580</u>	<u>\$ 57</u>	<u>\$ 4,114</u>	<u>\$ 3,550</u>

TIRZ #4	TIRZ #6	TIRZ #7	TIRZ #7A	TIRZ #8	TIRZ #9	TIRZ #9A	TIRZ #10	TIRZ #10A	TIRZ #11	TIRZ #12	TIRZ #13	Total
\$ 5,766	\$ 239	\$ 1,527	\$ -	\$ 2,569	\$ 2,068	\$ 7	\$ 376	\$ 4	\$ -	\$ 77	\$ -	\$ 18,978
130	(6)	18	-	70	54	-	-	-	-	2	2	410
-	-	-	-	-	-	-	-	-	-	-	-	5,071
7	-	-	-	-	-	-	-	-	-	-	-	7
<u>5,903</u>	<u>233</u>	<u>1,545</u>	<u>-</u>	<u>2,639</u>	<u>2,122</u>	<u>7</u>	<u>376</u>	<u>4</u>	<u>-</u>	<u>79</u>	<u>2</u>	<u>24,466</u>
4,153	250	240	-	133	-	-	376	-	235	225	-	16,653
98	-	-	-	-	11,920	-	-	-	-	-	-	12,018
<u>4,251</u>	<u>250</u>	<u>240</u>	<u>-</u>	<u>133</u>	<u>11,920</u>	<u>-</u>	<u>376</u>	<u>-</u>	<u>235</u>	<u>225</u>	<u>-</u>	<u>28,671</u>
1,652	(17)	1,305	-	2,506	(9,798)	7	-	4	(235)	(146)	2	(4,205)
10,942	14	386	-	4,061	3,619	-	1	-	235	242	144	28,767
<u>\$12,594</u>	<u>\$ (3)</u>	<u>\$ 1,691</u>	<u>\$ -</u>	<u>\$ 6,567</u>	<u>\$(6,179)</u>	<u>\$ 7</u>	<u>\$ 1</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ 146</u>	<u>\$ 24,562</u>



The 2011 Rose Bowl Trophy held high by the TCU football team

**STATISTICAL SECTION
AND OTHER (UNAUDITED)**

**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.



The green flag drops indicating the start of one of the many major automotive racing events held at the Texas Motor Speedway each year

FINANCIAL TRENDS

CITY OF FORT WORTH, TEXAS
NET ASSETS BY COMPONENT
LAST TEN 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>	<u>2009</u>	<u>2010</u>	<u>2011</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	\$ 979,581	\$ 943,984	\$ 1,015,491
Restricted for Capital Projects	20,874	55,765	5,691	9,539	-	-	-	-	8,393	12,818
Restricted for Debt Service	28,561	26,198	31,318	36,055	45,988	7,376	15,974	15,613	16,437	5,478
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	19,795	32,197	(32,846)
Total Governmental Activities										
Net Assets	<u>\$ 387,858</u>	<u>\$ 411,165</u>	<u>\$ 684,130</u>	<u>\$ 779,016</u>	<u>\$ 969,329</u>	<u>\$ 1,029,600</u>	<u>\$ 1,030,899</u>	<u>\$ 1,014,989</u>	<u>\$ 1,001,011</u>	<u>\$ 1,000,941</u>
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	\$ 1,560,269	\$ 1,594,876	\$ 1,569,470
Restricted for Debt Service	42,100	14,229	269	88	225	29,668	35,859	41,532	37,739	42,407
Restricted for Capital Projects	108,040	200,139	-	-	-	-	-	-	67,661	47,464
Unrestricted	84,461	28,792	121,748	191,719	219,651	189,885	258,686	232,086	224,958	327,535
Total Business-type Activities										
Net Assets	<u>\$ 1,063,615</u>	<u>\$ 1,102,768</u>	<u>\$ 1,188,242</u>	<u>\$ 1,321,296</u>	<u>\$ 1,491,907</u>	<u>\$ 1,635,992</u>	<u>\$ 1,754,278</u>	<u>\$ 1,833,887</u>	<u>\$ 1,925,234</u>	<u>\$ 1,986,876</u>
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	\$ 2,539,850	\$ 2,538,860	\$ 2,584,961
Restricted for Capital Projects	128,914	255,904	5,691	9,539	-	-	-	-	76,054	60,282
Restricted for Debt Service	70,661	40,427	31,587	36,143	46,213	37,044	51,833	57,145	54,176	47,885
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	251,881	257,155	294,689
Total Primary Government										
Net Assets	<u>\$ 1,451,473</u>	<u>\$ 1,513,933</u>	<u>\$ 1,872,372</u>	<u>\$ 2,100,312</u>	<u>\$ 2,461,236</u>	<u>\$ 2,665,592</u>	<u>\$ 2,785,177</u>	<u>\$ 2,848,876</u>	<u>\$ 2,926,245</u>	<u>\$ 2,987,817</u>

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

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

TABLE 2

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental Activities:										
General Administration	\$ 34,292	\$ 28,037	\$ 67,455	\$ 87,687	\$ 94,239	\$ 110,802	\$ 161,180	\$ 111,114	\$ 112,638	\$ 118,104
Public Safety	212,708	214,399	240,176	263,491	292,220	319,561	359,813	379,865	391,755	407,601
Transportation and Public Works	63,487	63,663	76,757	75,631	100,626	106,543	100,276	117,540	108,481	128,611
Parks and Community Services	37,681	32,488	33,768	35,898	41,291	44,533	51,145	55,110	55,022	57,815
Public Library	14,329	13,966	15,220	16,440	17,843	19,493	18,633	20,200	20,531	22,348
Public Health	7,234	8,350	9,665	11,532	10,791	11,707	11,077	1,292	-	-
Public Events and Facilities	17,776	20,778	23,213	22,445	23,937	28,167	27,453	32,204	28,020	32,844
Non-Departmental	27,644	33,667	-	-	-	-	-	-	-	-
Planning and Development	8,185	8,951	9,594	9,126	11,303	13,106	11,751	14,654	12,520	13,534
Finance	5,510	5,006	5,096	4,519	-	-	-	-	-	-
Housing and Economic Development	10,382	10,548	11,562	10,192	10,613	15,437	14,733	27,558	37,944	35,699
Interest on Long-term Debt	19,734	18,323	16,080	15,150	15,793	22,216	20,689	26,910	29,220	31,472
Total Governmental Activities	458,962	458,176	508,586	552,111	618,656	691,565	776,750	786,447	796,131	848,028
Business-type activities:										
Water and Sewer	181,880	198,069	185,491	177,071	237,405	221,774	240,960	260,544	269,723	288,452
Municipal Airports	7,976	7,514	7,783	10,197	11,942	10,623	12,480	12,238	12,656	13,356
Solid Waste	26,616	40,056	30,988	35,173	36,647	39,389	41,478	44,296	39,241	44,247
Municipal Parking	459	490	428	410	314	1,035	586	2,067	3,552	5,851
Municipal Golf	6,162	4,945	4,338	4,614	5,437	5,119	6,174	6,126	5,949	5,864
Stormwater Utility	-	-	-	-	483	4,735	11,339	14,265	19,961	18,972
Total Business-type Activities	223,093	251,074	229,028	227,465	292,228	282,675	313,017	339,536	351,082	376,742
Total Primary Government Expenses	\$ 682,055	\$ 709,250	\$ 737,614	\$ 779,576	\$ 910,884	\$ 974,240	\$ 1,089,767	\$ 1,125,983	\$ 1,147,213	\$ 1,224,770
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 50,064	\$ 37,402	\$ 50,858	\$ 12,425	\$ 16,384	\$ 16,133	\$ 17,549	\$ 19,213	\$ 16,903	\$ 14,701
Public Safety	21,029	35,524	23,328	23,301	18,667	21,252	21,374	22,506	18,306	19,925
Transportation and Public Works	1,111	1,196	1,635	2,266	3,022	3,140	4,415	4,381	6,469	10,627
Parks and Community Services	897	2,254	812	2,253	763	1,047	1,392	1,826	1,988	2,750
Public Library	464	420	495	527	629	644	724	668	601	666
Public Health	2,755	2,396	2,341	2,715	3,077	3,284	3,300	312	-	-
Public Events and Facilities	5,652	5,828	6,689	7,359	6,833	5,772	6,861	8,515	8,838	9,749
Non-Departmental	1,151	623	-	-	-	-	-	-	-	-
Planning and Development	5,622	6,160	6,500	9,268	9,128	10,422	11,659	10,262	10,776	11,673
Finance	2,918	6,883	961	749	-	-	-	-	-	-
Housing and Economic Development	10	726	239	883	2,275	2,244	1,608	2,334	1,979	3,028
Operating Grants and Contributions	32,973	19,595	38,735	44,766	52,702	47,334	34,014	35,532	56,798	56,825
Capital Grants and Contributions	14,389	14,171	77,184	103,477	86,145	90,172	63,088	40,063	35,987	54,686
Total Governmental Activities	139,035	133,178	209,777	209,989	199,625	201,444	165,984	145,612	158,645	184,630
Business-type Activities:										
Charges for Services:										
Water and Sewer	192,790	208,197	221,939	247,255	293,792	257,989	298,118	303,111	304,831	348,650
Municipal Airports	3,027	3,104	3,275	3,432	3,003	2,948	3,157	3,406	3,987	4,800
Solid Waste	25,198	27,607	26,966	35,581	37,259	40,632	44,095	45,465	46,710	48,314
Municipal Parking	604	528	589	625	3,645	3,683	4,099	4,533	6,394	7,635
Municipal Golf	4,797	4,179	4,084	3,630	4,542	4,337	5,169	5,072	4,374	4,260
Stormwater Utility	-	-	-	-	3,670	15,165	17,753	20,803	26,530	29,397
Capital Grants and Contributions	28,736	27,902	57,516	78,833	118,749	87,818	44,127	54,827	31,186	18,846
Total Business-type Activities	255,152	271,517	314,369	369,356	464,660	412,572	416,518	437,217	424,012	461,902
Total Primary Government Program Revenues	\$ 394,187	\$ 404,695	\$ 524,146	\$ 579,345	\$ 664,285	\$ 614,016	\$ 582,502	\$ 582,829	\$ 582,657	\$ 646,532

(continued)

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

TABLE 2

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense) Revenue										
Governmental Activities	\$ (319,927)	\$ (324,998)	\$ (298,809)	\$ (342,122)	\$ (419,031)	\$ (490,121)	\$ (610,766)	\$ (640,835)	\$ (637,486)	\$ (663,398)
Business-type Activities	32,059	20,443	85,341	141,891	172,432	129,897	103,501	97,681	72,930	85,160
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>	<u>\$ (543,154)</u>	<u>\$ (564,556)</u>	<u>\$ (578,238)</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	\$ 344,172	\$ 354,815	\$ 341,820
Other Local Taxes	128,983	129,424	134,240	145,514	162,076	172,621	183,833	173,559	174,092	179,802
Franchise Fees	-	-	-	31,741	34,764	33,316	36,749	34,717	35,148	45,178
Gas Lease and Royalties	-	-	-	-	5,143	12,154	28,684	13,866	13,963	23,506
Assessments	656	507	357	426	1	868	30	13	11	-
Investment Income	14,611	5,738	9,612	8,939	12,191	19,974	18,615	15,746	11,572	8,601
Change in Fair Value of Investments	-	-	(3,930)	(2,342)	-	-	-	-	-	-
Other	99	(61)	230	100	6,384	8,376	6,896	14,465	14,688	13,744
Gain (Loss) on Disposal of Capital Assets	-	-	(17)	(20)	1,227	63	401	430	352	3,508
Transfers	(372)	3,214	7,352	16,776	19,420	14,295	19,340	27,957	18,867	47,169
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>	<u>624,925</u>	<u>623,508</u>	<u>663,328</u>
Business-type Activities:										
Investment Income	14,120	5,457	3,760	3,858	9,279	14,638	18,647	9,605	7,687	5,283
Gas Lease and Royalties	-	-	-	-	4,197	8,542	21,424	5,540	23,708	11,298
Other	11,928	16,181	2,933	4,078	5,185	6,582	7,857	4,202	5,889	7,070
Gain (Loss) on Disposal of Capital Assets	-	286	(41)	3	(1,062)	(1,279)	(13,803)	(237)	-	-
Transfer	372	(3,214)	(7,352)	(16,776)	(19,420)	(14,295)	(19,340)	(27,957)	(18,867)	(47,169)
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>	<u>(8,847)</u>	<u>18,417</u>	<u>(23,518)</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>	<u>\$ 616,078</u>	<u>\$ 641,925</u>	<u>\$ 639,810</u>
Change in Net Assets										
Governmental Activities	\$ 14,203	\$ 23,307	\$ 72,650	\$ 94,886	\$ 78,805	\$ 60,271	\$ 1,299	\$ (15,910)	\$ (13,978)	\$ (70)
Business-type Activities	58,479	39,153	84,641	133,054	170,611	144,085	118,286	88,834	91,347	61,642
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>	<u>\$ 72,924</u>	<u>\$ 77,369</u>	<u>\$ 61,572</u>
Change in Accounting Principle	<u>\$ -</u>	<u>\$ (9,225)</u>	<u>\$ -</u>	<u>\$ -</u>						

(concluded)

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Reserved	\$ 3,457	\$ 3,459	\$ 3,767	\$ 16,827	\$ 29,859
Unreserved	53,643	70,022	76,056	82,886	74,002
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>57,100</u>	<u>73,481</u>	<u>79,823</u>	<u>99,713</u>	<u>103,861</u>
All Other Governmental Funds					
Reserved	43,047	39,773	40,765	51,558	73,133
Unreserved, designated for authorized expenditures	119,134	150,766	122,129	122,491	113,271
Unreserved, undesignated special revenue funds	-	-	-	-	(29,445)
Nonspendable, reported in:					
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Restricted, reported in:					
Debt service	-	-	-	-	-
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Committed, reported in:					
Debt service	-	-	-	-	-
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Assigned, reported in:					
Debt service	-	-	-	-	-
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all Other Governmental Funds	<u>162,181</u>	<u>190,539</u>	<u>162,894</u>	<u>174,049</u>	<u>156,959</u>
Total all Governmental Funds	<u>\$ 219,281</u>	<u>\$ 264,020</u>	<u>\$ 242,717</u>	<u>\$ 273,762</u>	<u>\$ 260,820</u>

Source: Comprehensive Annual Financial Report for the respective years.

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

TABLE 3

2007	2008	2009	2010	2011*
\$ 16,755	\$ 16,384	\$ 15,885	\$ 23,114	\$ -
85,271	106,271	127,656	139,779	-
-	-	-	-	10,194
-	-	-	-	646
-	-	-	-	54,183
-	-	-	-	45,447
-	-	-	-	53,137
<u>102,026</u>	<u>122,655</u>	<u>143,541</u>	<u>162,893</u>	<u>163,607</u>
24,086	37,620	44,371	51,485	-
286,250	252,744	443,043	422,310	-
2,155	16,695	33,296	17,156	-
-	-	-	-	11,119
-	-	-	-	12,422
-	-	-	-	10,599
-	-	-	-	44,663
-	-	-	-	189,432
-	-	-	-	6,393
-	-	-	-	19,974
-	-	-	-	127,787
-	-	-	-	478
-	-	-	-	51,999
-	-	-	-	36,163
-	-	-	-	(465)
<u>312,491</u>	<u>307,059</u>	<u>520,710</u>	<u>490,951</u>	<u>510,564</u>
<u>\$ 414,517</u>	<u>\$ 429,714</u>	<u>\$ 664,251</u>	<u>\$ 653,844</u>	<u>\$ 674,171</u>

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

	2002	2003	2004	2005	2006
REVENUES:					
General Property Tax	\$ 191,563	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483
Other Local Taxes	128,983	129,424	134,240	145,514	162,076
Franchise Fees	-	-	-	-	-
Assessments	656	507	357	426	1
Charges for Services	16,456	17,814	19,471	22,765	19,546
Licenses and Permits	43,482	44,596	44,588	38,026	49,642
Fines and Forfeitures	13,685	13,751	14,894	14,099	11,690
Revenue from Use of Money and Property	14,271	12,882	11,928	13,805	16,088
Investment Income	14,473	4,844	8,372	7,488	12,108
Change in Fair Value Investments	-	-	(3,902)	(2,342)	51,167
Intergovernmental	29,029	24,141	27,375	53,845	5,142
Gas Leases and Royalties	-	-	-	-	-
Other	7,357	3,343	3,023	7,015	6,233
Contributions	14,757	16,651	16,527	23,356	25,436
Total Revenues	474,712	476,065	498,984	559,640	618,612
EXPENDITURES:					
Current					
General Administration	36,680	33,281	64,484	77,883	86,908
Public Safety	204,906	208,453	224,543	244,857	265,353
Transportation and Public Works	32,656	32,189	33,341	32,181	36,039
Parks and Community Services	27,214	28,614	29,089	30,886	36,690
Public Library	13,615	13,489	14,055	14,725	15,849
Public Health	7,046	8,266	9,436	11,180	10,164
Public Events and Facilities	15,309	15,158	15,379	16,466	17,764
Non-Departmental	27,240	33,719	-	-	-
Planning and Development	8,152	8,892	9,197	8,762	10,765
Finance	5,349	5,048	4,846	4,343	-
Housing and Economic Development	10,265	10,503	11,236	9,694	9,981
Claims and Premiums	2,427	-	-	-	-
Capital Outlay	90,579	62,038	55,823	149,894	115,783
Debt Service:					
Principal Retirement	41,042	64,045	34,281	31,466	36,954
Interest and Service Charges	17,135	15,352	17,723	15,063	16,477
Total Expenditures	539,615	539,047	523,433	647,400	658,727
Excess (deficiency) of revenues over expenditures	(64,903)	(62,982)	(24,449)	(87,760)	(40,115)
OTHER FINANCING SOURCES (USES):					
Long-Term Debt Issued	28,664	74,032	-	99,237	3,574
Proceeds from Capital Leases	-	-	988	615	1,781
Proceeds from Owner Advance	-	-	-	279	-
Proceeds from Disposal of Property	-	-	-	-	1,350
Refunding Bonds Issued	23,304	68,833	42,700	46,230	-
Premium on Issuance of Bonds	-	-	2,262	4,460	-
Refunded Bonds Redeemed	-	-	-	-	-
Payment to Bond Escrow Agent	(23,093)	(39,514)	(44,518)	(50,209)	-
Transfers In	72,564	76,133	80,027	92,413	113,815
Transfers Out	(72,763)	(71,763)	(73,386)	(74,220)	(93,347)
Total Other Financing Sources (Uses)	28,676	107,721	8,073	118,805	27,173
Net Change in Fund Balances	\$ (36,227)	\$ 44,739	\$ (16,376)	\$ 31,045	\$ (12,942)
Debt service as a percentage of noncapital expenditures	12.96%	16.55%	11.25%	9.43%	9.87%

Source: Comprehensive Annual Financial Report for the respective years.

TABLE 4

2007	2008	2009	2010	2011
\$ 289,177	\$ 317,920	\$ 343,973	\$ 353,606	\$ 343,954
172,621	183,833	173,559	174,092	179,802
-	-	-	-	45,178
868	30	13	11	-
20,231	22,323	20,494	13,313	14,390
49,552	52,475	49,870	52,429	18,447
12,512	15,513	18,738	19,652	24,705
14,784	14,319	15,821	15,612	15,577
19,902	18,449	15,364	11,385	8,502
-	-	-	-	-
53,854	32,204	46,691	65,753	70,276
12,150	28,658	13,866	13,963	23,506
8,040	6,815	12,592	14,610	13,696
24,513	12,213	12,263	12,594	12,154
<u>678,204</u>	<u>704,752</u>	<u>723,244</u>	<u>747,020</u>	<u>770,187</u>
104,662	105,942	103,235	105,557	109,265
281,149	308,374	320,527	331,529	348,165
35,284	35,420	46,083	36,414	46,853
38,090	41,507	46,195	46,115	48,544
17,369	17,626	17,151	17,593	19,355
10,837	10,706	1,199	-	-
19,529	22,806	26,116	22,033	26,692
-	-	-	-	-
12,151	11,768	12,926	10,871	12,074
-	-	-	-	-
14,497	14,461	26,282	36,445	34,073
-	-	-	-	-
111,127	103,778	114,595	129,407	137,100
85,409	38,368	46,160	46,397	47,351
20,329	24,542	25,301	29,169	31,451
<u>750,433</u>	<u>735,298</u>	<u>785,770</u>	<u>811,530</u>	<u>860,923</u>
<u>(72,229)</u>	<u>(30,546)</u>	<u>(62,526)</u>	<u>(64,510)</u>	<u>(90,736)</u>
200,910	-	253,565	34,685	101,665
6,409	26,241	9,066	-	4,419
1,923	-	-	-	-
-	336	1,049	386	4,444
-	-	-	-	46,680
2,239	-	9,792	-	12,554
-	-	-	-	(9,146)
-	-	-	-	(54,299)
120,646	117,591	87,407	86,864	161,129
<u>(106,201)</u>	<u>(98,425)</u>	<u>(63,816)</u>	<u>(67,832)</u>	<u>(156,383)</u>
<u>225,926</u>	<u>45,743</u>	<u>297,063</u>	<u>54,103</u>	<u>111,063</u>
<u>\$ 153,697</u>	<u>\$ 15,197</u>	<u>\$ 234,537</u>	<u>\$ (10,407)</u>	<u>\$ 20,327</u>
16.54%	9.96%	10.64%	11.10%	10.80%



Graphic decorating the Fort Worth Omni Hotel, which was the Super Bowl home for the Pittsburgh Steelers

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 ^(c)	Personal ^(d)	Total Taxable	
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
2009	31,656,681	6,700,445	38,357,126	8.5500
2010	32,716,055	7,008,775	39,724,830	8.5500
2011	33,057,998	6,778,195	39,836,194	8.5500

(a) The Assessed Value is 100%.

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

(c) Includes the following categories: Residential, Commercial, Industrial, Mineral Lease and Agricultural.

(d) Includes the following categories: Residential and Industrial

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
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
2009	7.109	1.441	8.550	12.570	2.640	2.279	1.380
2010	7.109	1.441	8.550	13.220	2.640	2.279	1.376
2011	7.109	1.441	8.550	13.220	2.640	2.279	1.490

(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
2002	\$ 193,293	\$ 187,827	97.17%	\$ 3,673	\$ 190,430	98.52%
2003	204,974	199,774	97.46%	3,747	203,521	99.29%
2004	221,999	216,524	97.53%	4,121	220,645	99.39%
2005	235,296	230,241	97.85%	3,638	233,879	99.40%
2006	257,957	253,028	98.09%	3,097	256,125	99.29%
2007	292,466	286,805	98.06%	2,800	289,605	99.02%
2008	320,668	315,147	98.28%	3,308	318,455	99.31%
2009	350,946	343,530	97.89%	3,702	347,232	98.94%
2010	362,551	354,605	97.81%	1,351	354,605	97.81%
2011	350,050	343,622	98.16%	-	343,622	98.16%

Source: Tarrant County Tax Office

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

TABLE 8

Name of Taxpayer	Nature of Property	2011			2002		
		Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
		Valuation		Valuation	Valuation		Valuation
TU Electric/Oncor Electric Delivery Co, LLC	Electric Utility	\$ 348,188	1	0.88%	\$ 358,921	2	1.61%
Bell Helicopter Inc.	Aircraft Manufacturing	323,958	2	0.82%	171,168	4	0.77%
XTO Energy Inc	Oil/Gas Producer	280,520	3	0.71%			
Chesapeake Operating (WI)	Natural Gas Producer	218,163	4	0.55%			
DDR/DTC City Investments, LP	Real Estate	197,509	5	0.50%			
Alcon Laboratories, Inc.	Pharmaceuticals	181,227	6	0.46%	156,238	5	0.70%
AMR Corp/American Airlines, Inc.	Air Travel	173,420	7	0.44%	397,577	1	1.79%
Mercantile Partners	Land Subdividers and Developers	154,204	8	0.39%			
Southwestern Bell	Telephone Utility	150,925	9	0.38%	215,793	3	0.97%
Quicksilver Resources, Inc.	Quicksilver Resources, Inc.	142,984	10	0.36%			
City Center Development	Developer				124,038	7	0.56%
Sprint Communications Co.	Telephone Utility				115,235	9	0.52%
Tandy Corporation	Electronics Manufacturing & Retail				131,539	6	0.59%
Miller Brewing	Beer Brewing				120,608	8	0.54%
Albertson, Inc.	Grocery Retailer				107,371	10	0.48%
		<u>\$ 2,171,098</u>		<u>5.47%</u>	<u>\$ 1,898,488</u>		<u>8.53%</u>

Source: Tarrant Appraisal District Supplemental Certification Report

DEBT CAPACITY



Night racing adds to the excitement at Texas Motor Speedway in Fort Worth

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental:				
General Obligation Bonds	\$ 176,526	\$ 228,815	\$ 246,271	\$ 235,486
Certificates of Obligation	107,800	121,410	73,350	69,960
General Purpose Commercial Paper	29,000	-	-	-
Installment Obligation	8,880	8,475	8,050	7,605
Equipment Notes Payable	1,019	7,734	6,070	7,150
HUD Installment Obligation	9,822	9,121	8,600	15,560
Service Center Obligation	-	-	-	22,725
Helicopter Installment Obligation	-	-	895	706
Fort Worth Housing Corp Obligation	-	-	-	9,588
Fort Worth Housing Fannie Mae Loan	-	-	-	-
Villas of Eastwood Terrace	-	-	-	894
Fort Worth Sports Authority	-	-	-	9,265
Lone Star Local Govt Corp Obligation	-	-	-	31,617
Central City Local Govt Corp Obligation	-	-	-	-
State Energy Conservation Loan Phase I & II	-	-	-	-
State Energy Conservation Loan Phase III	-	-	-	-
ESPC Phase IV	-	-	-	-
Wells Fargo Loan	-	-	-	-
Beechwood Bridge Obligation	-	-	-	-
Capital Leases	-	-	-	-
Business-type:				
General Obligation Bonds	2,494	1,949	1,488	1,448
Revenue Bonds	626,675	635,055	645,328	658,528
Certificates of Obligation	5,930	5,345	4,760	3,800
Municipal Golf Capital Lease	-	-	-	-
Equipment Notes Payable	496	11,309	10,383	16,650
Trinity River Authority	16,465	16,000	15,415	14,800
ESPC Phase V	-	-	-	-
Total Primary Government	<u>\$ 985,107</u>	<u>\$ 1,045,213</u>	<u>\$ 1,020,610</u>	<u>\$ 1,105,782</u>
Personal Income (a)	\$ 10,543,341	\$ 10,937,273	\$ 11,334,992	\$ 11,834,034
Debt as a Percentage of Personal Income	9%	10%	9%	9%
Population (b)	557	578	599	625
Debt Per Capita	\$ 1,769	\$ 1,808	\$ 1,704	\$ 1,769

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

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

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

TABLE 9

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	212,909	\$ 322,296	\$ 295,925	\$ 406,006	\$ 380,125	\$ 371,760
	62,610	67,605	60,230	166,215	188,655	202,880
	-	-	-	-	-	-
	7,135	6,645	6,130	5,585	5,010	4,405
	5,030	3,160	26,600	22,634	18,852	58,005
	14,656	9,449	8,808	8,147	7,465	6,761
	22,315	21,890	21,450	20,995	20,520	20,030
	512	312	105	-	-	-
	9,528	9,464	9,395	9,322	9,244	9,161
	-	1,000	1,000	-	-	-
	-	-	-	-	-	-
	8,077	16,359	15,903	15,903	15,442	15,337
	31,617	31,617	31,617	31,617	31,617	31,617
	3,074	2,933	2,596	2,219	1,809	1,376
	3,200	4,610	4,433	3,730	3,216	2,580
	-	3,794	5,000	4,397	4,080	3,598
	-	-	-	9,066	8,795	8,352
	306	296	269	245	196	144
	-	1,449	1,287	1,127	724	333
	-	-	-	-	-	4,319
	706	284	140	65	-	-
	653,690	737,480	757,885	710,675	745,155	855,310
	10,940	31,165	30,905	57,240	54,195	57,560
	246	187	132	69	5	-
	8,081	6,875	5,730	4,545	3,319	2,049
	14,150	8,895	8,490	8,065	7,620	7,150
	-	-	-	-	15,365	15,365
	<u>\$ 1,068,782</u>	<u>\$ 1,287,765</u>	<u>\$ 1,294,030</u>	<u>\$ 1,487,867</u>	<u>\$ 1,521,409</u>	<u>\$ 1,678,092</u>
\$	12,577,390	\$ 13,008,252	\$ 13,311,276	\$ 13,640,815	\$ 17,334,565	\$ 20,399,090
	8%	10%	10%	11%	9%	8%
	664	687	703	720	736	746
\$	1,610	\$ 1,875	\$ 1,841	\$ 2,066	\$ 2,067	\$ 2,249

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				
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%	578	606
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
2009	406,006	166,215	572,221	38,357,126	1.49%	703	814
2010	380,125	188,655	568,780	39,724,830	1.43%	736	773
2011	371,760	202,880	574,640	39,836,194	1.44%	746	770

(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, 2011 (Unaudited)
(in 000's)

TABLE 11

Assessed Valuation, 2011 tax roll \$ 39,836,194

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund	\$ 6.467	\$6.707	\$ 6.799	\$ 7.107	\$ 7.107	\$ 7.259	\$ 7.209	\$ 7.109	\$ 7.109	\$7.009
Debt Service Fund	<u>2.183</u>	<u>1.943</u>	<u>1.851</u>	<u>1.543</u>	<u>1.543</u>	<u>1.341</u>	<u>1.341</u>	<u>1.441</u>	<u>1.441</u>	<u>1.541</u>
Total City Tax Rate	<u>\$ 8.650</u>	<u>\$8.650</u>	<u>\$ 8.650</u>	<u>\$ 8.650</u>	<u>\$ 8.650</u>	<u>\$ 8.600</u>	<u>\$ 8.550</u>	<u>\$ 8.550</u>	<u>\$ 8.550</u>	<u>\$8.550</u>

Source: Tarrant Appraisal District

CITY OF FORT WORTH, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
YEAR ENDED SEPTEMBER 30, 2011
(in 000's)
(Unaudited)

TABLE 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^(b)	Estimated Share of Overlapping Debt
Arlington Independent School District	\$ 477,462	0.04%	\$ 191
Azle Independent School District	22,460	2.33%	523
Birdville Independent School District	227,200	6.17%	14,018
Burleson Independent School District	312,863	16.58%	51,873
Castleberry Independent School District	48,955	42.87%	20,987
Crowley Independent School District	299,667	72.87%	218,367
Denton County	477,705	2.31%	11,035
Eagle Mountain-Saginaw Independent School District	576,742	58.33%	336,413
Everman Independent School District	59,910	63.33%	37,941
Fort Worth Independent School District	753,760	86.53%	652,229
Hurst-Euless-Bedford Independent School District	323,967	27.43%	88,864
Keller Independent School District	712,857	43.76%	311,946
Kennedale Independent School District	47,925	0.76%	364
Lake Worth Independent School District	76,540	46.36%	35,484
Mansfield Independent School District	694,428	0.01%	69
Northwest Independent School District	599,802	34.79%	208,671
Parker County	78,960	0.29%	229
Tarrant County	335,050	37.45%	125,476
Tarrant County College District	29,780	37.45%	11,153
Tarrant County Hospital District	27,160	37.45%	10,171
White Settlement Independent School District	172,973	50.44%	87,248
Wise County	9,010	0.06%	5
Subtotal, overlapping debt	6,365,176		2,223,257
City of Fort Worth Net Direct Debt	557,170	100.00 %	557,170
Total direct and overlapping debt	\$ 6,922,346		\$ 2,780,427

^(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

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

Source: Municipal Advisory Council of Texas

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

TABLE 13

Fiscal Year	Revenues			Debt Service Requirements			Bond Coverage ^(c)
	Total Revenues ^(a)	Less: Operating Expense ^(b)	Net Revenue	Principal	Interest	Annual Requirement	
Water and Sewer^(d)							
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
2009	310,122	183,311	126,811	51,831	32,018	83,849	1.51
2010	321,366	189,329	132,037	51,025	28,592	79,617	1.66
2011	351,712	196,478	155,234	57,195	30,702	87,897	1.77
Municipal Parking^(e)							
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
2009	5,133	1,423	3,710	100	1,895	1,995	1.86
2010	6,543	2,189	4,354	300	2,651	2,951	1.48
2011	7,800	2,448	5,352	640	2,704	3,344	1.60
Solid Waste^(f)							
2002	25,793	25,734	59	100	32	132	0.45
2003	27,913	39,162	(11,249)	99	290	389	(28.92)
2004	29,897	30,138	(241)	1,099	361	1,460	(0.17)
2005	39,011	33,812	5,199	1,133	363	1,496	3.48
2006	41,019	35,578	5,441	1,169	601	1,770	3.07
2007	45,727	38,267	7,460	1,206	578	1,784	4.18
2008	52,243	40,343	11,900	1,145	535	1,680	7.08
2009	49,442	42,976	6,466	1,625	484	2,109	3.07
2010	52,787	37,966	14,821	1,661	491	2,152	6.89
2011	55,418	42,945	12,473	1,704	333	2,037	6.12
Stormwater^(g)							
2008	18,968	10,024	8,944	310	907	1,217	7.35
2009	21,675	12,711	8,964	520	1,158	1,678	5.34
2010	27,786	17,737	10,049	1,445	2,752	4,197	2.39
2011	30,340	16,522	13,818	1,515	2,858	4,373	3.16

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

^(b) Exclusive of depreciation charges.

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

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

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

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

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



Graphic decorating the Fort Worth Omni Hotel, celebrating Super Bowl XLV

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)
2002	556,700	\$ 10,543,341,300	\$ 18,939 ^(d)	31.2 ^(c)	21,553	7.7%
2003	577,500	10,937,272,500	18,939 ^(d)	31.2 ^(c)	22,859	8.1%
2004	598,500	11,334,991,500	18,939 ^(d)	31.2 ^(c)	19,582	6.9%
2005	624,850	11,834,034,150	18,939 ^(d)	31.2 ^(c)	16,065	5.4%
2006	664,100	12,577,389,900	18,939 ^(d)	31.2 ^(d)	15,061	4.9%
2007	686,850	13,008,252,150	18,939 ^(d)	31.2 ^(d)	14,485	4.6%
2008	702,850	13,311,276,150	18,939 ^(d)	31.2 ^(d)	17,154	5.3%
2009	720,250	13,640,814,750	18,939 ^(d)	31.2 ^(d)	26,982	8.1%
2010	736,200	17,334,565,200	23,546 ^(d)	31.9 ^(d)	28,044	8.3%
2011	746,290	20,399,090,860	27,334 ^(d)	31.5 ^(d)	29,813	8.7%

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

(b) Source: BLS Local Area Unemployment Statistics.

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

(d) Source: U. S. Bureau of Census 2006-2008 American Community Survey

**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	2011			2002		
	Employees	Rank	Percentage of Total Employment ^(g)	Employees ^(f)	Rank	Percentage of Total Employment ^(e)
Lockheed Martin Tactical Aircraft Systems	13.5 ^(d)	1	2.49%	14.5	2	3.22%
NAS Fort Worth Joint Reserve Base	11.4 ^(d)	2	2.09%			
Fort Worth Independent School District	10.1 ^(a)	3	1.87%	11.2	3	2.49%
AMR Corp./American Airlines	6.5 ^(d)	4	1.20%	18.0	1	4.00%
City of Fort Worth	6.1 ^(e)	5	1.11%	5.5	6	1.22%
JPS Health Network/John Peter Smith Hospital	4.3 ^(d)	6	0.79%			
Harris Methodist Hospital (b)	4.0 ^(d)	7	0.73%			
Bell Helicopter-Textron, Inc.	3.8 ^(d)	8	0.70%	3.7	9	0.82%
Alcon Laboratories Inc	3.3 ^(d)	9	0.61%			
Cook Children's Medical Center	3.1 ^(d)	10	0.57%			
Texas Health Resources				7.2	5	1.60%
Arlington Independent School District				8.1	4	1.80%
Tandy Corp.				4.3	7	0.96%
U. S. Postal Service				3.7	10	0.82%
Tarrant County Government				4.2	8	0.93%
	<u>66.0</u>		<u>12.17%</u>	<u>80.4</u>		<u>17.87%</u>

^(a) Source: Fort Worth ISD Profile

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

^(c) Total employment in the year 2000 equals 449,793 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: City of Fort Worth, Texas CAFR For the Fiscal Year Ended September 30, 2002.

^(g) Estimated total employment of 542,452 for 2010 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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Mayor and Council ^(a)	28	27	25	25	29	28	28	26	26	-
City Manager	121	126	125	111	111	106	103	41	52	90
Budget and Management Services ^(b)	-	-	-	21	19	16	17	9	8	-
Housing	46	48	48	47	50	49	50	83	85	75
Development	81	86	88	89	119	151	136	140	137	135
Community Relations	15	16	29	24	24	35	29	72	45	-
Internal Audit	15	14	15	14	16	16	16	14	14	14
City Secretary	7	7	7	7	8	7	8	11	12	10
Legal	41	41	40	42	44	46	46	51	52	46
Finance	66	61	61	63	60	68	67	70	71	72
Human Resources	143	150	128	162	166	143	101	126	103	104
Economic and Community Development ^(c)	20	23	26	30	29	35	38	-	-	-
Transportation Public Works ^(d)	391	375	398	400	400	443	426	559	550	588
Planning	21	21	22	21	22	-	-	-	-	-
Code Compliance	76	90	99	110	103	110	116	173	173	272
Public Events	143	136	132	135	132	135	126	132	127	127
Municipal Court	154	169	172	167	166	173	174	180	177	191
Public Health	121	128	129	137	144	149	130	-	-	-
Environmental Management ^(f)	125	133	118	113	124	123	115	107	113	-
Parks and Community Services	793	759	812	846	860	714	809	756	705	727
Zoo (Contract) ^(e)	5	5	4	3	2	-	-	-	-	-
Library	273	272	261	258	273	283	259	260	275	286
Retirement	6	7	6	7	8	-	-	-	-	-
Subtotal	2,691	2,694	2,745	2,832	2,909	2,830	2,794	2,810	2,725	2,737
Enterprise Fund										
Water/Wastewater	758	782	766	807	805	833	812	880	891	892
Aviation	32	29	37	34	33	28	27	24	22	24
Subtotal	790	811	803	841	838	861	839	904	913	916
Internal Service Fund										
IT Solutions	93	94	102	115	114	123	118	99	90	100
Equipment Services	133	118	124	116	121	126	120	119	104	97
Engineering	143	144	153	168	170	161	171	0	-	-
Subtotal	369	356	379	399	405	410	409	218	194	197
Public Safety										
Police-Uniform	1,276	1,304	1,350	1,381	1,399	1,470	1,521	1,538	1,524	1,534
Police-Civilian	601	591	581	625	653	647	658	675	660	647
Fire-Uniform	763	797	812	799	828	892	923	891	869	894
Fire-Civilian	47	44	47	52	45	49	48	57	55	44
Subtotal	2,687	2,736	2,790	2,857	2,925	3,058	3,150	3,161	3,108	3,119
Total	6,537	6,597	6,717	6,929	7,077	7,159	7,192	7,093	6,940	6,969

^(a) Mayor and Council Office are now part of City Manager's Office.

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

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

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

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

^(f) Environmental Management is now part of Code Compliance.

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

Function/Program	2002	2003	2004	2005	2006
Public Safety					
Fire					
Calls for Service - Fire	3,101 ^(a)	3,529	2,723	3,825	2,906
Calls for Service - EMS	37,247 ^(a)	38,058	38,580	37,725	37,819
Police					
Calls for Service	329,679	305,463	303,159	310,056	317,446
Library					
Libraries	16	16	15	15	15
Books and audio/visual materials (millions)	2.4	2.4	2.4	2.3	1.1 ^(b)
Average Monthly Circulation	219,861	229,301	286,317	302,096	311,050
Building Permits (000's Omitted)					
Permits issued	11.4	12.6	16.1	13.8	17.0
Estimated Value	\$ 1,406,170	\$ 1,683,676	\$ 1,778,279	\$ 1,809,740	\$ 2,444,399
Airport					
Airport Operations (Takeoffs and Landings)	351,621	287,159	265,917	223,873	230,068
Utilities					
Number of Water Accounts (000'a Omitted)	155	160	166	176	186
Water Usage - Peak (million of gallons)	273	331	266	304	344
Water Usage - Average (million of gallons)	160	165	159	174	208
System Storage Capacity (gallons per day)	76	76	75	75	75

N/A = Information not available

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

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

TABLE 17

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
2,287	3,486	2,776	2,281	12,392
49,892	51,401	52,566	53,837	65,190
314,132	312,219	314,942	312,061	299,750
15	15	15	15	16
1.1 ^(b)				
320,791	337,768	349,247	339,556	375,965
12.0	12.0	9.7	10.0	9.8
\$ 2,216,067	\$ 2,186,348	\$ 1,487,296	\$ 1,678,179	\$ 1,352,438
257,983	312,799	263,077	229,845	260,059
212	216	220	221	223
271	335	323	313	368
172	183	178	170	205
75	88	92	93	93

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

Function/Program	2002	2003	2004	2005	2006
<u>Public Safety</u>					
Police Stations Owned	9	9	9	9	9
Police Stations Leased	10	10	10	10	10
Fire Stations	38	39	39	40	41
<u>Public Works</u>					
Streets - Linear Miles Maintained Annually	6,519	6,561	6,638	6,830	7,000
Lane Miles - Resurfaced	304	166	269	274	219
Traffic Signals	592	609	628	653	696
Street Lights	53,114	54,595	55,300	56,592	58,565
<u>Parks and Recreation</u>					
Parks and Public Spaces	219	220	223	227	231
Parks Acres	10,500	10,542	10,595	10,715	10,762
Miles of Trails (Jogging, Hiking & Biking)	58	58	58	59	60
Swimming Pools	7	7	7	7	7
Athletic Fields (Soccer, Football, Baseball & Rugby)	175	175	175	175	178
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	21	21	21	21	21
<u>Water</u>					
Water Mains (Miles)	2,625	2,654	2,767	2,837	3,177
Fire Hydrants	13,076	13,270	14,002	14,803	16,929
<u>Wastewater</u>					
Miles of Sanitary Sewers	2,589	2,655	2,726	2,804	3,218
<u>Stormwater</u>					
Miles of Channels	N/A	N/A	191	236	281
Miles of Storm Pipes	N/A	N/A	648	700	750

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

N/A= Information not available

Source: City of Fort Worth respective departments.

TABLE 18

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
9	10	11	11	10
10	11	10	9	8
40	40	41	41	41
7,173	7,218	7,291	7,317	7,325
152	177	208	164	177
603 (a)	588 (a)	620 (a)	635 (a)	644 (a)
60,026	60,950	61,593	62,075	63,007
236	243	249	253	257
10,832	10,929	11,094	11,292	11,609
58	60	63	64	66
7	7	7	7	7
184	181	181	181	181
1	1	1	1	1
16	16	16	16	16
82	82	82	82	82
106	107	107	107	107
5	5	5	5	5
21	21	21	21	21
3,292	3,395	3,449	3,469	3,480
17,040	17,580	17,947	18,275	18,388
3,315	3,380	3,421	3,454	3,527
327	326	333	327	330
680	700	714	800	900



Local students supported fundraisers during Super Bowl XLV by decorating ceramic cowboy boots which were the focus of a silent auction

Fort Worth



1964 • 1993 • 2011

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY of FORT WORTH

FINANCE DEPARTMENT

1000 THROCKMORTON STREET

FORT WORTH, TEXAS 76102

www.fortworthtexas.gov