



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2016

CITY OF FORT WORTH, TEXAS



7th Street Bridge, November 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2016

CITY OF FORT WORTH, TEXAS

ELECTED OFFICIALS

2016 CITY COUNCIL

Betsy Price, Mayor

Salvador Espino
W.B. "Zim" Zimmerman
Cary Moon
Gyna Bivens

Jungus Jordan
Dennis Shingleton
Kelly Allen Gray
Ann Zadeh

CITY MANAGER

David Cooke

CHIEF FINANCIAL OFFICER

Aaron J. Bovos

INDEPENDENT AUDITORS

Weaver and Tidwell, L.L.P.

Prepared by the Department of Finance

FORT WORTH®



City of Fort Worth, Texas

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INTRODUCTORY SECTION



March 27, 2017

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Fort Worth, Texas (the “City” or “Fort Worth”), for the fiscal year ending September 30, 2016. The Department of Financial Management Services prepared this report to present the financial position of the City. The CAFR describes the financial results of our operations, the cash flows of our proprietary fund types, and changes in plan net positions of our pension and post-employment benefit trusts. The financial statements and supporting schedules have been prepared in accordance with generally accepted accounting principles and meet the requirements of the State of Texas and the City Charter.

The City Charter Chapter X, Section 11 requires that an annual audit of all accounts of the City be made by an independent certified public accountant and an annual financial report be published by the City. The annual financial report must be printed and furnished to the Mayor and each member of the City Council, the City Manager and to each citizen who requests a copy. This report is published to fulfill the aforementioned requirements for the most recent fiscal year. In addition, this report is used to communicate background information on the City and the environment which it operates, schedules that demonstrate compliance with finance-related legal and contractual provisions and statistical information that offers multi-year trend information, along with relevant economic and demographic information.

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

Weaver and Tidwell, L.L.P. issued an unmodified opinion on the City’s financial statements for the year ended September 30, 2016. The Independent Auditor’s Report is located on page 1 of this report.

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

DEPARTMENT OF FINANCE

CITY OF FORT WORTH ★ 200 TEXAS STREET ★ FORT WORTH, TEXAS 76102
817-392-8500 ★ Fax 817-392-8966

City of Fort Worth Profile

Fort Worth, incorporated in 1873, is a political subdivision and municipal corporation of the State of Texas, located in Tarrant, Denton, Parker, Wise and Johnson Counties. The City covers approximately 350 square miles and serves a population of 833,319.

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

Services provided by the City under general governmental functions include public safety (municipal courts, police and fire protection), highways and streets, culture and recreation, libraries, economic opportunity, urban redevelopment and housing, sanitation, water, health and welfare, and general government services.

Water and sewer services, stormwater utility services, city owned parking garages, airports, and solid waste collection 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 services, information systems, capital project services, group health and life, and risk financing are provided through internal service funds.

As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes all funds of the primary government (the City), as well as the City's component units. Component units are legally separate entities for which the primary government is financially accountable. Organizations that do not meet the financial accountability criteria for inclusion as a component unit could be included based upon management's determination that it would be misleading to exclude them. During Fiscal Year 2016, there were eight blended component units. One of the blended component units (Fort Worth Housing Finance Corporation) also has seven Limited Liability Corporations (LLCs) which are reported as blended component units and one Limited Liability Partnership that is discretely presented.

The fiscal year of the City begins on the first day of October and ends on the last day of September. On or before the fifteenth day of August of each year, the City Manager submits to the City Council a proposed budget for the ensuing fiscal year. The City Manager's proposed budget provides a complete financial plan of all city funds and activities for the upcoming fiscal year. The budget is prepared by fund, organization unit or department, program, purpose or activity, and object. As required by the City Charter, the auditors completed a separate review of the City's budget adoption process. The City Manager may transfer resources within a department. Transfers between departments, however, require approval from the City Council. Delegated authority has been provided by the Mayor and City Council to the City Manager to complete certain and specific budgeted transfers between departments and to utilize Non-Departmental appropriations as anticipated.

Local Economy

Fort Worth is a Sunbelt city marked by its steady growth and diverse economy. Relocation of major firms to the greater Fort Worth area, renovation of many historical landmarks, shopping areas, and a host of public-private cooperative development ventures comprise Fort Worth's economic past. For the future, the ground has already been broken for ambitious commercial, retail, and residential developments. Fort Worth is one of two major cities in the Dallas/Fort Worth metropolitan area. According to the United States (U.S.) Census Bureau 2015 estimates, the Dallas/Fort Worth metropolitan area has a population of over 7.1 million people.

Fort Worth continues to be a strong draw for new residents and businesses as shown by being named one of the country's fastest-growing cities according to 2015 census figures released by the United States (U.S.) Census Bureau. From 2010 to 2015, Fort Worth's population grew an estimated 12%. Fort Worth is consistently ranked among the top places in the nation to live, work, and play. With a growing workforce, top educational facilities, low cost of doing business, high quality of life, and prime location and climate, the City is an attractive choice for companies looking to relocate or expand their operations. According to the U.S. Census Bureau, the 2015 estimated median household income for Fort Worth was \$55,888; Texas was \$55,653, while the United States was \$55,775.

The Fort Worth-Arlington Metropolitan Division (MD) boasts a strong labor force of over one million that continues to grow. According to preliminary numbers published by the Bureau of Labor Statistics, in August 2016, the unemployment rate for the Fort Worth-Arlington Metropolitan Division reached 4.3%, lower than the 4.7% unemployment rate of Texas, and the 4.9% unemployment rate of the United States.

There are over 39,000 registered businesses in the Fort Worth-Arlington MD. Approximately 51% of these entities are small to mid-size firms that employ anywhere from 1 to 249 individuals, which highlights the continued importance of small business development. Large business firms with over 1,000 employees make up 28.8% of the area's workforce.

Employment within professional business services remains an important part of the Fort Worth economy. The Texas Workforce Commission reports that as of September 2016, 119,000 people were employed in professional business services, an increase of 6.4% compared to the previous year. The financial activities sector saw a 5% annual increase with 59,100 people employed in that area as of September 2016.

The City's industry clusters remain diverse with trade, transportation, and utilities making up the largest percentage of the Fort Worth-Arlington MD industry composition at 24%. Government, education & health services, and leisure & hospitality are also large sectors, comprising 13%, 13%, and 11% of the workforce, respectively. As of September 2016, mining, logging and construction comprised 7% of the workforce, a 5.1% increase from the previous year. Manufacturing makes up 9% of the workforce.

Local Economy (Continued)

Tourism is an important contributor to the local economy. New economic impact research shows significant growth in visitation, spending and jobs directly related to the Fort Worth tourism and hospitality industry. According to the Fort Worth Convention & Visitors Bureau (FWCVB), Fort Worth receives nearly 8.5 million visitors per year contributing \$1.9 billion in annual economic impact to Fort Worth. The research shows that 19,350 jobs are supported by tourism, and that tourism produces \$111 million in local tax revenue.

The AllianceTexas development in north Fort Worth continued its growth with an estimated economic impact to the North Texas region of \$4.66 billion in 2016 and a growing workforce in the medical district at Alliance Town Center. The 18,000-acre mixed-use development, started in 1989 with the opening of the industrial airport, has had a total economic impact of \$64.35 billion from 1990 to 2016 and has created 47,500 direct jobs over the life of the development. In 2016, Tallgrass Village, an urban living apartment community, opened with 284 units within walking distance of Alliance Town Center, offering innovative new ways for Fort Worth residents to work, live, shop and play.

Moody's Investor Service, Inc. (Moody's), Standard & Poor's Rating Services (S&P), and Fitch Ratings (Fitch) have all assigned positive ratings to the City of Fort Worth due to favorable financial performance, maintaining reserves, and implementing strategies to maintain a balanced budget. The City's general obligation bonds are rated Aa2 by Moody's, and AA+ by both S&P and Fitch. The City's water and sewer system revenue bonds are rated Aa1 by Moody's, AA+ by S&P and AA by Fitch. The City's drainage utility system revenue bonds are not rated by Moody's, and are rated AA+ by both S&P and Fitch.

Long-term Financial Planning and Major Initiatives

The City's strategic goals enable the City Council to:

- Better understand Fort Worth's cultural heritage
- Have a consensus on what to accomplish over the next five years
- 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

City Council will refine and adjust the strategic goals, as circumstances change. Overall, the City of Fort Worth concentrated on nine top-priority strategic challenges and opportunities for fiscal year 2016. These areas were identified to provide a clear and concise statement about where the Mayor and City Council want Fort Worth to focus over the next five years and to stimulate broader discussion of the important issues facing Fort Worth now and in the future. A number of ongoing administrative and community processes will make the goals reality.

Long-term Financial Planning and Major Initiatives (Continued)

The City Council's strategic challenges and opportunities:

- Effective Resource Management
- Sustainable Growth
- Public Infrastructure
- Transportation
- Housing
- Financial Stability
- City Service Delivery
- Education & Workforce Development
- Leadership and Engagement

These strategic challenges and opportunities enable the City Council to have a consensus on values, vision and a mission for the future as follows:

Mission: Working together to build a strong community.

Building a strong community means building strong neighborhoods, developing a sound economy, providing a safe community and fostering a healthy environment.

Vision: Fort Worth will be the most livable and best managed city in the country.

The city's vision statement sets forth our aspiration to become even better than we are today as a community and as an organization.

Values: There are six values that guide our employees as they go about this work.

- Exceptional Customer Experience
- Accountability
- Ethical Behavior
- Diversity
- Mutual Respect
- Continuous Improvement

The City continues to focus major efforts on these strategic challenges and opportunities which drive decision-making and help the City Council further the City's mission and vision by translating 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 challenges and address community issues are numerous and varied.

Relevant Financial Policies

The City has adopted a comprehensive set of Financial Management Policy Statements to help ensure that the City's financial resources are managed in a prudent manner. The City will maintain a minimum Unassigned Fund Balance in the General Fund equivalent to ten percent (10%) of regular ongoing operating expenditures, with a goal of two months (16.67%) of regular ongoing operating expenditures. In the event Reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess Reserves may be used in the following ways:

1. Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget ordinance. Priority will be given to those items that relieve budget or financial operating pressure in future periods;
2. Appropriated to lower the amount of bonds or increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
3. One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
4. Start-up expenditures for new programs, provided that such action is approved by the City Council and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Department of Finance.

The use of funds within the Capital Projects Fund shall be guided by the Capital Expenditures and Improvements Policy Statements. The City maintains reserve policies for the various fund types, please refer to Note A.12. for the remaining Financial Management Policies related to fund balance.

The unassigned balance in the General fund at the end of the fiscal year was \$68.4 million or 12.1% of total General Fund expenditures.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2015. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both U.S. GAAP and applicable program requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2015. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, operations guide, and a communications device.

Acknowledgements

The preparation of this report could not have been accomplished without the full support and involvement of the City Manager's Office and all City departments who provided information and analyses contained within this document. A very special thanks is due to the staff of the Department of Finance for their dedicated service to the City and to the citizens of Fort Worth. In addition, we acknowledge the thorough, professional, and timely manner in which our independent auditors, Weaver and Tidwell, L.L.P., conducted the audit. Finally, we express appreciation to the Mayor and City Council for their unfailing support for maintaining the highest standards and professionalism in the management of the City's finances.

Sincerely,



David Cooke
City Manager



Aaron J. Bovos
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

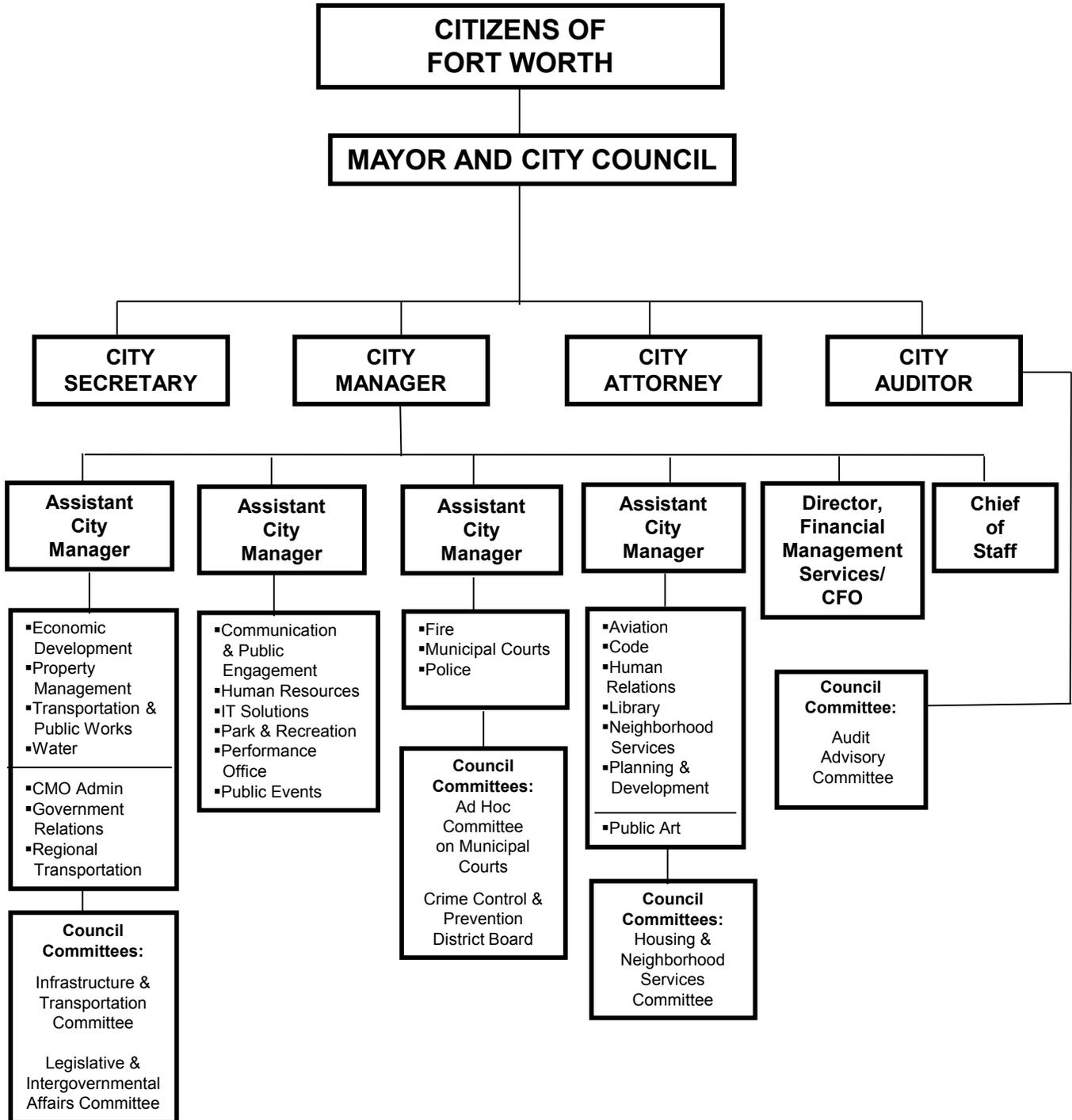
**City of Fort Worth
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

**CITY OF FORT WORTH, TEXAS
ORGANIZATION OF CITY GOVERNMENT
September 9, 2016**



**Elected Officials
City of Fort Worth, Texas
Mayor and Council Members for Fiscal Year 2016**



**Betsy Price
Mayor**



**Salvador Espino
Council District 2**



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



**Cary Moon
Council District 4**



**Gyna Bivens
Council District 5**



**Jungus Jordan
Council District 6**



**Dennis Shingleton
Council District 7**



**Kelly Allen Gray
Council District 8**



**Ann Zadeh
Council District 9**

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Worth, Texas (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Employees' Retirement Fund of the City of Fort Worth, which represent 97 percent, 99 percent, 97 percent, and 89 percent, respectively, of the assets, liabilities, net position, and additions to net position of the fiduciary trust funds of the City. We did not audit the financial statements of the Fort Worth Housing Finance Corporation, which represent 10 percent, 5 percent, 11 percent, and 1 percent, respectively, of the assets, liabilities, fund balance, and revenues of the nonmajor governmental funds of the City. We did not audit the financial statements of Terrell Homes, Ltd. which represents 100 percent of the assets, liabilities, net position, and revenues of the discretely presented component unit of the City. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Employees' Retirement Fund of the City of Fort Worth, the Fort Worth Housing Finance Corporation and Terrell Homes, Ltd., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Employees' Retirement Fund of the City of Fort Worth were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Worth, Texas, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules and the other supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules and other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
March 27, 2017



**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)**

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, 2016 (FY2016). The MD&A is offered here by the management of the City to the readers of its financial statements. Readers should use the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found in the Introductory Section of this Comprehensive Annual Financial Report (CAFR).

Financial Highlights

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at September 30, 2016, by \$1,938,463,000 (net position). For FY2016, the City reported a deficit unrestricted net position primarily due to the continued affect of the Net Pension Liability (\$2,124,073,000).

The City's total net position increased by \$72,090,000 in comparison with the amount originally reported in FY2015. This increase can be attributed to strong revenues generated in the enterprise funds as well as increases in property tax revenue, sales tax revenue, grants and contributions for governmental activities.

At September 30, 2016, the City's governmental funds reported combined ending fund balances of \$705,505,000, an increase of \$63,140,000 in comparison with FY2015. Approximately 46.3 percent of ending fund balances (\$326,589,000) is available for spending at the government's discretion (\$167,244,000 committed fund balance, \$92,703,000 assigned fund balance and \$66,642,000 unassigned fund balance).

The City's total long-term liabilities increased by \$676,543,000 in comparison with FY2015. The key factors in this increase occurred for Net Pension Liability of \$594,974,000, the City's Other Postemployment Benefits Obligation of \$33,914,000, and \$29,504,000 of Trinity River Water District loans. During the year, long-term liabilities were reduced by principal payments of \$61,840,000 in governmental activities and \$67,885,000 in business-type activities. Additionally, the City issued \$106,520,000 of revenue bonds, \$164,945,000 of general obligation bonds, and defeased or refunded \$42,580,000 for governmental activities, and \$90,935,000 for business-type activities 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 of this document is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The basic financial statements are comprised of 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.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Government-wide Financial Statements

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

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

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

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

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

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

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

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Fund Financial Statements

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

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

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

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

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Fund Financial Statements (continued)

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

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment services, information systems, capital project services, group health and life, and risk financing.

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 and the Stormwater Utility Funds, which are considered to be the major proprietary funds of the City. The nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

Notes to the Financial Statements

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

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Government-Wide Financial Analysis

Total assets of the City at September 30, 2016, were \$6,543,223,000 and deferred outflows were \$565,171,000 while total liabilities were \$5,085,685,000 and total deferred inflows of resources were \$84,246,000, resulting in a net position of \$1,938,463,000.

The City's net investment in capital assets was \$3,354,986,000. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports net investment in capital assets, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$79,651,000 represents resources that are subject to external restrictions on how they may be used. The City has a deficit unrestricted net position of \$1,496,174,000.

Condensed Schedule of Net Position (Deficit)

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and Other Assets	\$ 809,406	\$ 886,073	\$ 629,970	\$ 682,984	\$ 1,439,376	\$ 1,569,057
Capital Assets	1,932,264	2,025,361	2,886,173	2,948,805	4,818,437	4,974,166
Total Assets	<u>2,741,670</u>	<u>2,911,434</u>	<u>3,516,143</u>	<u>3,631,789</u>	<u>6,257,813</u>	<u>6,543,223</u>
Deferred Outflows	86,661	482,429	20,152	82,742	106,813	565,171
Long-term Liabilities Outstanding	2,901,446	3,506,573	1,304,951	1,376,367	4,206,397	4,882,940
Other Liabilities	120,238	137,672	77,812	65,073	198,050	202,745
Total Liabilities	<u>3,021,684</u>	<u>3,644,245</u>	<u>1,382,763</u>	<u>1,441,440</u>	<u>4,404,447</u>	<u>5,085,685</u>
Deferred Inflows	78,392	70,515	15,414	13,731	93,806	84,246
Net Position (Deficit):						
Net Investment in Capital Assets	1,228,012	1,302,450	1,990,723	2,052,536	3,218,735	3,354,986
Restricted	52,358	53,854	29,922	25,797	82,280	79,651
Unrestricted	(1,552,115)	(1,677,201)	117,473	181,027	(1,434,642)	(1,496,174)
Total Net Position (Deficit)	<u>\$ (271,745)</u>	<u>\$ (320,897)</u>	<u>\$ 2,138,118</u>	<u>\$ 2,259,360</u>	<u>\$ 1,866,373</u>	<u>\$ 1,938,463</u>

At September 30, 2016, the City of Fort Worth is able to report positive balances in net position for the government as a whole and business-type activities. Governmental activities report a deficit net position at year end. There was an increase in restricted net position reported in the City's governmental activities of \$1,496,000, which resulted from the increased property tax collections and an increase in impact fees collected for future development. The governmental activities' unrestricted net position balance decreased by \$125,086,000, mostly due to increases in other postemployment benefits, net pension liability, and the liability for Trinity River Water District.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)

Government-Wide Financial Analysis (continued)

Condensed Schedule of Changes in Net Position

	Governmental Activities		Business -Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 76,707	\$ 88,874	\$ 490,493	\$ 519,908	\$ 567,200	\$ 608,782
Operating Grants and Contributions	37,810	61,189	-	-	37,810	61,189
Capital Grants and Contributions	62,794	76,667	88,617	87,851	151,411	164,518
General Revenues:						
General Property Taxes	413,687	426,247	-	-	413,687	426,247
Sales Taxes	191,140	204,117	-	-	191,140	204,117
Other Local Taxes	34,888	31,029	-	-	34,888	31,029
Franchise Fees	53,129	49,031	-	-	53,129	49,031
Gas Leases and Royalties	15,717	18,485	8,372	15,869	24,089	34,354
Investment Income	6,025	3,703	3,475	2,809	9,500	6,512
Other	37,594	33,410	6,087	9,451	43,681	42,861
<i>Total revenues</i>	<u>929,491</u>	<u>992,752</u>	<u>597,044</u>	<u>635,888</u>	<u>1,526,535</u>	<u>1,628,640</u>
Expenses:						
General Government	202,450	160,124	-	-	202,450	160,124
Public Safety	529,188	551,562	-	-	529,188	551,562
Highways and Streets	131,535	154,346	-	-	131,535	154,346
Culture and Recreation	129,115	128,444	-	-	129,115	128,444
Health and Welfare	3,548	6,863	-	-	3,548	6,863
Urban Redevelopment and Housing	36,544	68,782	-	-	36,544	68,782
Interest and Service Charges	26,448	30,493	-	-	26,448	30,493
Water and Sewer	-	-	340,113	358,053	340,113	358,053
Stormwater Utility	-	-	28,198	24,365	28,198	24,365
Municipal Airports	-	-	14,194	20,519	14,194	20,519
Municipal Parking	-	-	7,602	7,387	7,602	7,387
Solid Waste	-	-	52,586	53,089	52,586	53,089
<i>Total expenses</i>	<u>1,058,828</u>	<u>1,100,614</u>	<u>442,693</u>	<u>463,413</u>	<u>1,501,521</u>	<u>1,564,027</u>
Special Items	31,490	-	-	-	31,490	-
Insurance Recoveries	-	7,477	-	-	-	7,477
Excess (Deficiency) of Revenues Over (Under)						
Expenses	(97,847)	(100,385)	154,351	172,475	56,504	72,090
Transfers	55,535	51,233	(55,535)	(51,233)	-	-
Changes in Net Position	(42,312)	(49,152)	98,816	121,242	56,504	72,090
Restatements	(1,143,672)	-	(176,465)	-	(1,320,137)	-
Net Position - Beginning of Year	914,239	(271,745)	2,215,767	2,138,118	3,130,006	1,866,373
Net Position (Deficit) - End of Year	<u>\$ (271,745)</u>	<u>\$ (320,897)</u>	<u>\$ 2,138,118</u>	<u>\$ 2,259,360</u>	<u>\$ 1,866,373</u>	<u>\$ 1,938,463</u>

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Government-Wide Financial Analysis (continued)

Overall, the governmental activities change in net position totaled a decrease of \$49,152,000 as a result of current fiscal year activity. Factors that contributed to the governmental activities net position decrease were expenditures of \$1,100,614,000 exceeding revenues of \$1,000,229,000, net of transfers from business-type activities of \$51,233,000. Transfers from business-type activities decreased \$4,302,000 compared to the prior fiscal year. This decrease was due to reduced funding requirements for various capital projects.

In addition, governmental expenditures increased by \$41,786,000 when compared to FY2015. This increase was primarily due to the affect of the increase of the net pension liability for FY2016.

Business-type activities net position increased \$121,242,000 during the current fiscal year which is \$22,426,000 higher than the previous year increase. The major factors that contributed to the business-type activities net position increase were an increase of \$29,415,000 in charges for services and a \$9,429,000 increase in other revenues. This was offset by an increase in operating expenses of \$20,720,000.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$705,505,000. Approximately 18.7 percent or \$131,921,000 constitutes the General Fund's fund balance. As of September 30, 2016, the General Fund's nonspendable fund balance includes \$24,863,000 for advances to other funds, \$2,014,000 for inventories, and \$946,000 for prepaids, deposits and other. The restricted fund balance includes \$11,138,000 for park improvements and \$1,600,000 is related to the collective bargaining agreement. The committed fund balance includes amounts of \$6,941,000 for repayment of State loans and \$15,983,000 for public events and facilities totaling \$22,924,000. As of September 30, 2016, the General Fund had an unassigned fund balance of \$68,436,000.

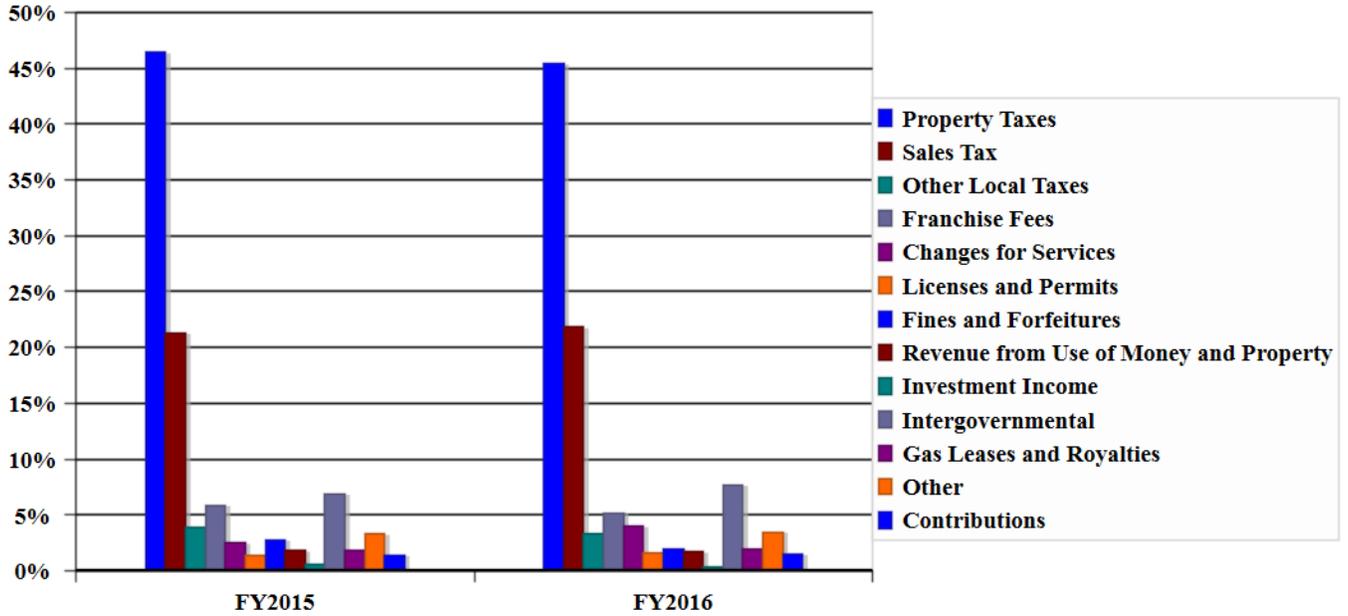
The Nonmajor Governmental Funds' fund balance of \$114,957,000 is 16.3 percent of total governmental fund balance and includes nonspendable fund balance of \$5,294,000, restricted fund balance of \$74,775,000, committed fund balance of \$6,458,000, assigned fund balance of \$30,224,000, and an unassigned deficit of \$1,794,000. The Debt Service Fund has a fund balance of \$31,370,000 or 4.4 percent of total governmental fund balance of which \$22,680,000 is restricted fund balance, \$8,583,000 is committed fund balance, and \$107,000 is assigned fund balance. The Capital Projects fund has a fund balance of \$427,257,000 or 60.6 percent of total governmental fund balance of which \$531,000 is nonspendable fund balance, \$235,075,000 is restricted fund balance, \$129,279,000 is committed fund balance, and \$62,372,000 is assigned fund balance.

As shown in the following charts (on the next page) for governmental funds for FY2015 and FY2016, property taxes and sales tax were the primary sources of revenue for both years, while public safety and capital outlay were the largest expenditures by function. The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$131,921,000. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of \$68,436,000, represents 12.1 percent of total General Fund expenditures. The total fund balance of \$131,921,000 represents 23.3 percent of total General Fund expenditures. Fund balance in the General Fund increased by \$7,360,000.

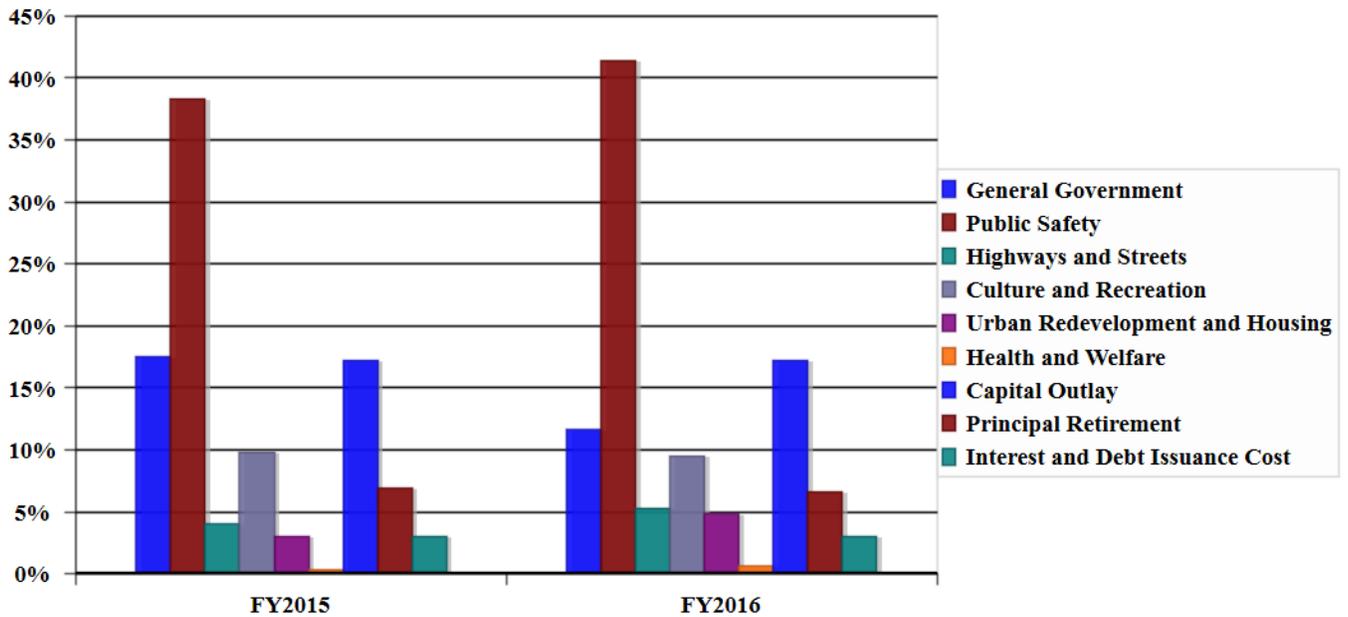
**CITY OF FORT WORTH, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
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 (000's omitted in tables)
 (continued)**

Revenues and Expenditures – Governmental Funds

Revenue by Source – Governmental Funds



Expenditures by Function - Governmental Funds



**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Financial Analysis of the Proprietary Funds

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

Unrestricted net position for the City's major Proprietary Funds, the Water and Sewer Fund and Stormwater Utility Fund, were \$91,864,000 and \$10,736,000, respectively, at the end of the fiscal year. Total net position in the Water and Sewer Fund increased \$74,547,000. The increase in net position was primarily due to charges for various services provided by the Water and Sewer Fund of \$415,125,000, which exceeded operating expenses by \$75,939,000. Total net position in the Stormwater Utility Fund increased by \$8,840,000. The increase in net position from operations was primarily due to utility fees charges which exceeded operating expenses by \$13,518,000. Other business-type activities increased the City's net position by \$37,855,000.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget resulted in a \$9,791,000 increase in appropriations and is briefly summarized as follows:

- Budget carryforwards of encumbrances resulted in an increase of \$85,000.
- Other appropriation increases to the original budget were made in the amount of \$9,706,584. Significant activities which necessitated these increases included: \$4,555,290 to reflect the appropriations needed for FY2016 operations for seven departments due to reallocation of resources during a mid-year adjustment; \$4,184,000 to reflect the transfer to the Capital Projects Services Fund to address the fund's negative net position; \$511,607 to reflect the transfer of funds to the General Fund and appropriation to manage the Fort Worth Public Art Program for FY2016; \$300,000 for the development of the Historic Stockyards form-based code and Historic District standards and guidelines; \$115,687 to reflect the acceptance and allocation of funds from the Tarrant County 9-1-1 District associated with the Public Safety Answering Points' Assistance Reimbursement Program; and \$40,000 to reflect the transfer designation and appropriation of Gas Lease Revenues in the General Fund for outside counsel fees related to a bankruptcy proceeding.

The City also increased budgeted revenues and other financing sources by \$667,294 to reflect the additional resources received by the General Fund for funding the Fort Worth Public Art Program, the Public Safety Answering Points, and the outside counsel fees mentioned above.

There were no significant variances between the final amended budget and actual expenditures. Actual expenditures were \$8,166,000, or 1.3 percent less than the final amended budget primarily due to salary savings and lower electricity costs.

**CITY OF FORT WORTH, TEXAS
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(000's omitted in tables)
(continued)**

Capital Asset and Debt Administration

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounted to \$4,974,166,000 (net of accumulated depreciation/amortization). This investment in capital assets includes land/right of way, construction in progress, works of art, buildings, vehicles, machinery and equipment, infrastructure, and intangibles. The total increase in the City’s capital assets for the current fiscal year was \$155,729,000 (3.2 percent). Major capital assets events during the current fiscal year included the following:

- The completion of governmental projects throughout the City added \$117,104,276 to capital assets, while governmental capital contributions were \$53,017,011.
- The completion of water and sewer projects throughout the City added \$91,996,920 to capital assets, while water and sewer capital contributions were \$23,171,968.
- The completion of drainage projects throughout the City added \$15,283,565 to capital assets.
- These additions were offset by depreciation/amortization of \$232,208,000 and retirements during the year.

Capital Assets, net of Accumulated Depreciation/Amortization

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land/Right of Way	\$ 196,541	\$ 220,735	\$ 108,332	\$ 109,294	\$ 304,873	\$ 330,029
Construction in Progress	410,279	331,668	448,400	411,634	858,679	743,302
Works of Art	16,177	16,512	-	-	16,177	16,512
Buildings	204,321	261,748	87,431	82,091	291,752	343,839
Vehicles, Machinery and Equipment	58,032	87,961	141,787	134,158	199,819	222,119
Infrastructure	1,040,338	1,079,991	2,100,223	2,211,628	3,140,561	3,291,619
Intangibles	6,576	26,746	-	-	6,576	26,746
Total	\$ 1,932,264	\$ 2,025,361	\$ 2,886,173	\$ 2,948,805	\$ 4,818,437	\$ 4,974,166

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

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(000's omitted in tables)
(continued)

Capital Asset and Debt Administration (continued)

Long-term Liabilities – At the end of the current fiscal year, the City had total long-term liabilities of \$4,882,940,000. Of this amount, \$763,435,000 comprises debt backed by the full faith and credit of the government, and \$1,114,225,000 represents self-supported debt issues.

Long-Term Liabilities Outstanding

	Governmental		Business-Type		Total	
	Activities		Activities		2015	2016
	2015	2016	2015	2016		
General Obligation Bonds	\$ 452,412	\$ 499,217	\$ 4,463	\$ 38,428	\$ 456,875	\$ 537,645
Revenue Bonds	-	-	882,395	870,315	882,395	870,315
Certificates of Obligation	242,290	221,565	43,965	4,225	286,255	225,790
Conv. Center Installment Obligation	1,620	825	-	-	1,620	825
HUD Installment Obligation	3,699	2,865	-	-	3,699	2,865
Fort Worth Sports Authority	2,495	-	-	-	2,495	-
Lone Star Local Govt Corp	31,617	31,617	-	-	31,617	31,617
State Obligation - City	7,407	6,941	-	-	7,407	6,941
State Obligation - CCPD	2,878	2,697	-	-	2,878	2,697
TRWD Obligation	124,349	153,853	-	-	124,349	153,853
State Energy Conserv Loan III	1,528	971	-	-	1,528	971
ESPC Phase VII	17,426	16,472	-	-	17,426	16,472
Capital Leases	1,122	836	-	-	1,122	836
Southwest Bank Loan (LDC SW Bldg.)	2,200	1,844	-	-	2,200	1,844
Lancaster Corridor Construction Loan	1,774	10,276	-	-	1,774	10,276
Trinity River Authority Oblig.	-	-	4,885	4,250	4,885	4,250
ESPC Phase V	-	-	11,938	10,463	11,938	10,463
Unamort. Bond Premium/Discount, net	57,073	68,272	61,263	68,508	118,336	136,780
Retainage Payable	4,663	-	-	-	4,663	-
Compensated Absences	119,036	118,248	10,210	10,580	129,246	128,828
Claims Payable	37,775	34,386	-	-	37,775	34,386
Arbitrage	-	-	-	3	-	3
Landfill Postclosure Liability	-	-	5,020	5,426	5,020	5,426
Pollution Remediation Liability	-	-	7,166	7,241	7,166	7,241
Other Postemployment Benefits Oblig.	464,788	494,180	69,841	74,363	534,629	568,543
Net Pension Liability	1,325,294	1,841,508	203,805	282,565	1,529,099	2,124,073
Total	<u>\$ 2,901,446</u>	<u>\$ 3,506,573</u>	<u>\$ 1,304,951</u>	<u>\$ 1,376,367</u>	<u>\$ 4,206,397</u>	<u>\$ 4,882,940</u>

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

Capital Asset and Debt Administration (continued)

Long-term Liabilities (continued)

The City's total long-term liabilities increased by \$676,543,000 during FY2016 mainly due to the issuance of bonds and notes in excess of principal payments made during the year. Net Pension Liability increased by \$594,794,000, the City's Other Postemployment Benefits Obligation increased by \$33,914,000, and the City added a net \$29,504,000 loan from Trinity River Water District. For governmental activities, the City made payments of principal balances for bonded debt of \$41,115,350 and \$20,725,000 on its General Obligation Bonds and its Certificates of Obligation, respectively. For business-type activities, the City made payments of principal for revenue bond debt of \$65,765,000, which included \$61,635,000 for Water and Sewer revenue bonds and \$4,130,000 for Stormwater revenue bonds.

In FY2016, the outstanding ad valorem tax supported debts of the City of Fort Worth are rated "Aa2" by Moody's Investors Services (Moody's) and "AA+" by Standard and Poor Ratings (S&P) and Fitch Rating Services (Fitch). The water and sewer system revenue debts are rated "Aa1" by Moody's, "AA+" by S&P and "AA" by Fitch. The City's drainage utility system revenue bonds are not rated by Moody's, and are rated "AA+" by both S&P and Fitch.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to 1.90 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 1.53 percent (Statistical Section on Table 15).

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

Economic Factors and Next Year's Budgets and Rates

The overall economic outlook for the City remains positive. Sales taxes have climbed steadily since the recession ended in late 2010. Declining unemployment rates and continued population growth suggest these trends should continue well into 2017. Existing households are likely to continue spending at current rates, while new residents will add to the City's sales tax base. Population growth and steady strides in the residential real estate market support improved property tax revenues in the future while the increasing volume of building permits continues to increase the overall tax base. Demand for existing homes supports the slow but steady growth in values, which also yields more property tax revenues. Property tax revenues will be slower to materialize than sales taxes, as homes built in 2016 are added to the tax roll in 2017 and actually do not begin paying taxes until 2018. However, this revenue growth is more certain than other sources, as the lagging nature of the revenue buffers property tax revenue from short-term economic trends.

The FY2017 adopted budget reduced the City's property tax rate at \$0.8350 per \$100 net taxable valuation. The total appraised value of the City's property tax roll increased \$7.9 billion or 11.8 percent from the July 2015 certified roll to the July 2016 certified roll. Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased \$4.9 billion or 9.9 percent in the same time period across all properties within the City. Adjusted Net Taxable Value is the basis for the City's property tax revenue calculation.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016
(000's omitted in tables)
(continued)**

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

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

For FY2017, the City's combined property tax rate was reduced to \$0.8350 per \$100 of assessed valuation with a 98.5% collection rate. Based on the M&O levy rate of \$0.6615 per \$100 of assessed valuation, the General Fund portion of the property tax rate is expected to yield approximately \$338.7 million in revenue for FY2017. The debt service levy rate of \$0.1735 per \$100 of assessed valuation is expected to yield approximately \$88.8 million, which will allow the repayment of all current and proposed debt obligations.

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 \$140.4 million, an increase of \$5.4 million or 4.0 percent from the FY2016 budget. This revenue is dependent on the level of wholesale and retail sales. Over the past ten years, the City's sales tax collection grew from \$105.0 million in 2008 to the anticipated amount of \$140.4 million in 2017. This represents a 33.3% growth over the last ten years.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016
(in 000's)

	<u>Primary Government</u>			Discretely Presented Component Unit
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash, Cash Equivalents, & Investments	\$ 724,176	\$ 124,959	\$ 849,135	\$ 48
Receivables, Net of Allowance for Uncollectibles:				
Taxes	7,724	-	7,724	-
Grants and Other Governments	48,876	-	48,876	-
Loans	10,615	-	10,615	-
Interest	869	113	982	-
Accounts and Other	26,299	64,319	90,618	10
Internal Balances	9,755	(9,755)	-	-
Inventories (at Cost)	7,602	3,479	11,081	-
Prepays, Deposits, and Other	3,251	102	3,353	584
Long-Term Loans Receivable	11,213	-	11,213	-
Restricted Assets:				
Cash, Cash Equivalents, & Investments	4,812	424,082	428,894	277
Cash, Cash Equivalents, & Investments Held by Trustees	30,881	45,389	76,270	-
Grants Receivable	-	29,614	29,614	-
Interest Receivable	-	460	460	-
Prepaid Bond Insurance	-	222	222	-
Capital Assets, Net of Accumulated Depreciation:				
Non-Depreciable	568,915	520,928	1,089,843	-
Depreciable	1,456,446	2,427,877	3,884,323	8,227
Total Assets	<u>2,911,434</u>	<u>3,631,789</u>	<u>6,543,223</u>	<u>9,146</u>
Deferred Outflows of Resources	<u>482,429</u>	<u>82,742</u>	<u>565,171</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>3,393,863</u>	<u>3,714,531</u>	<u>7,108,394</u>	<u>9,146</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	27,622	10,002	37,624	12
Escrow Accounts Payable	6,323	4,049	10,372	-
Accrued Payroll	14,849	2,212	17,061	-
Other	1,034	-	1,034	-
Unearned Revenue	47,108	-	47,108	3
Accrued Interest Payable	21,178	4,535	25,713	39
Payables from Restricted Assets:				
Construction Payable	19,558	23,413	42,971	-
Customer Deposits	-	16,940	16,940	6
Unearned Revenue	-	3,922	3,922	-
Long-Term Liabilities:				
Due Within One Year	132,201	78,447	210,648	22
Due in More Than One Year	3,374,372	1,297,920	4,672,292	3,278
Total Liabilities	<u>3,644,245</u>	<u>1,441,440</u>	<u>5,085,685</u>	<u>3,360</u>
Deferred Inflows of Resources	<u>70,515</u>	<u>13,731</u>	<u>84,246</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	1,302,450	2,052,536	3,354,986	-
Restricted for:				
Debt Service	10,977	10,576	21,553	-
Capital Projects	42,877	15,221	58,098	-
Partnership Equity	-	-	-	5,786
Unrestricted (Deficit)	<u>(1,677,201)</u>	<u>181,027</u>	<u>(1,496,174)</u>	<u>-</u>
Total Net Position (Deficit)	<u>\$ (320,897)</u>	<u>\$ 2,259,360</u>	<u>\$ 1,938,463</u>	<u>\$ 5,786</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

Program Revenues

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Function/Program Activities				
Primary Government:				
Governmental Activities:				
General Government	\$ 160,124	\$ 22,900	\$ 4,134	\$ 2,926
Public Safety	551,562	13,110	16,409	-
Highways and Streets	154,346	12,549	212	68,471
Culture and Recreation	128,444	19,491	12,273	4,926
Health and Welfare	6,863	-	8,286	-
Urban Redevelopment and Housing	68,782	20,824	19,875	344
Interest and Service Charges	30,493	-	-	-
Total Governmental Activities	<u>1,100,614</u>	<u>88,874</u>	<u>61,189</u>	<u>76,667</u>
Business-Type Activities:				
Water and Sewer	358,053	415,125	-	37,071
Stormwater Utility	24,365	36,887	-	-
Municipal Airports	20,519	6,078	-	50,780
Municipal Parking	7,387	7,815	-	-
Solid Waste	53,089	54,003	-	-
Total Business-Type Activities	<u>463,413</u>	<u>519,908</u>	<u>-</u>	<u>87,851</u>
Total Primary Government	<u>\$ 1,564,027</u>	<u>\$ 608,782</u>	<u>\$ 61,189</u>	<u>\$ 164,518</u>
Discretely Presented Component Unit:				
Terrell Homes, Ltd.	\$ 971	\$ 512	\$ -	\$ 470
Total Discretely Presented Component Unit	<u>\$ 971</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ 470</u>

Changes in Net Position:

General Revenues:

Taxes:

General Property Taxes

Other Local Taxes:

Sales Taxes

Hotel/Motel Taxes

Other Taxes

Franchise Fees

Gas Leases and Royalties

Investment Income

Other

Transfers

Insurance Recoveries

Total General Revenues, Transfers and Insurance Recoveries

Change in Net Position

Net Position (Deficit), Beginning of Year

Net Position (Deficit), End of Year

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (130,164)		\$ (130,164)	
(522,043)		(522,043)	
(73,114)		(73,114)	
(91,754)		(91,754)	
1,423		1,423	
(27,739)		(27,739)	
(30,493)		(30,493)	
<u>(873,884)</u>		<u>(873,884)</u>	
	\$ 94,143	94,143	
	12,522	12,522	
	36,339	36,339	
	428	428	
	914	914	
	<u>144,346</u>	<u>144,346</u>	
<u>(873,884)</u>	<u>144,346</u>	<u>(729,538)</u>	
			\$ <u>11</u>
			<u>11</u>
426,247	-	426,247	-
204,117	-	204,117	-
26,402	-	26,402	-
4,627	-	4,627	-
49,031	-	49,031	-
18,485	15,869	34,354	-
3,703	2,809	6,512	-
33,410	9,451	42,861	23
51,233	(51,233)	-	-
7,477	-	7,477	-
<u>824,732</u>	<u>(23,104)</u>	<u>801,628</u>	<u>23</u>
(49,152)	121,242	72,090	34
(271,745)	2,138,118	1,866,373	5,752
<u>\$ (320,897)</u>	<u>\$ 2,259,360</u>	<u>\$ 1,938,463</u>	<u>\$ 5,786</u>

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
(in 000's)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash, Cash Equivalents, & Investments	\$ 61,859	\$ 31,092	\$ 457,407	\$ 115,306	\$ 665,664
Cash, Cash Equivalents, & Investments Held by Trustees	26,512	-	-	1,504	28,016
Receivables, Net of Allowance for Uncollectibles:					
Taxes	6,036	1,688	-	-	7,724
Grants and Other Governments	25,102	-	-	23,774	48,876
Loans	-	-	-	10,615	10,615
Interest	236	52	220	293	801
Accounts and Other	13,246	-	1,162	11,833	26,241
Inventories (at Cost)	2,014	-	-	5,217	7,231
Advances to Other Funds	24,863	-	-	-	24,863
Prepays, Deposits, and Other	946	-	531	77	1,554
Long-Term Loans Receivable	-	-	-	11,213	11,213
Total Assets	<u>\$ 160,814</u>	<u>\$ 32,832</u>	<u>\$ 459,320</u>	<u>\$ 179,832</u>	<u>\$ 832,798</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 7,742	\$ -	\$ 34	\$ 15,638	\$ 23,414
Construction Payable	30	-	15,561	3,967	19,558
Escrow Accounts Payable	3,129	-	2,739	455	6,323
Accrued Payroll	12,188	-	91	1,781	14,060
Accrued Interest Payable	2	-	-	689	691
Other	451	-	-	583	1,034
Advances from Other Funds	-	-	13,638	-	13,638
Unearned Revenue	338	-	-	32,787	33,125
Total Liabilities	<u>23,880</u>	<u>-</u>	<u>32,063</u>	<u>55,900</u>	<u>111,843</u>
Deferred Inflows of Resources	<u>5,013</u>	<u>1,462</u>	<u>-</u>	<u>8,975</u>	<u>15,450</u>
Fund Balances (Deficit):					
Nonspendable	27,823	-	531	5,294	33,648
Restricted	12,738	22,680	235,075	74,775	345,268
Committed	22,924	8,583	129,279	6,458	167,244
Assigned	-	107	62,372	30,224	92,703
Unassigned (Deficit)	68,436	-	-	(1,794)	66,642
Total Fund Balances	<u>131,921</u>	<u>31,370</u>	<u>427,257</u>	<u>114,957</u>	<u>705,505</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 160,814</u>	<u>\$ 32,832</u>	<u>\$ 459,320</u>	<u>\$ 179,832</u>	<u>\$ 832,798</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016
(in 000's)

Total fund balances--governmental funds \$ 705,505

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets (including internal service fund assets of \$4,784) consist of:

Land/right of way	\$	220,735	
Construction in progress		331,668	
Works of art		16,512	
Buildings		479,006	
Vehicles, machinery and equipment		279,606	
Infrastructure		2,849,056	
Intangibles		29,360	
Accumulated depreciation/amortization		<u>(2,180,582)</u>	
Total capital assets		<u>2,025,361</u>	2,025,361

Some revenues in the governmental funds are not recognized because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 15,450

Internal service funds are used by management to charge the costs of certain activities, such as office services, equipment services, risk management, information systems, and capital project services, to individual funds. A portion of the net position of the internal service funds is included in governmental activities in the Statement of Net Position (amount is net of capital assets of \$4,784 and compensated absences of (\$3,900)). 27,530

Deferred outflows of resources are not reported in the governmental funds related to:

Pension contributions after actuarial valuation measurement date		73,308	
Difference in projected and actual earnings on investments - pensions		130,302	
Changes in actuarial assumptions - pensions		263,537	
Deferred charges on debt refundings		<u>15,282</u>	
Total deferred outflows of resources		<u>482,429</u>	482,429

Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities (including allocated internal service fund compensated absences of \$3,900) consist of:

Long-term compensated absences		(118,248)	
Other postemployment benefits obligation		(494,180)	
Net pension liability		(1,841,508)	
Accrued interest payable		(20,487)	
Long-term debt, including premium/discount		<u>(1,018,251)</u>	
Total long-term liabilities		<u>(3,492,674)</u>	(3,492,674)

Unearned revenues are resources received in advance and should be reported as liabilities until the period of the exchange. This liability consists of a long-term land lease entered into by a blended component unit of the City. (13,983)

Deferred inflows of resources are not reported in the governmental funds related to:

Difference in expected and actual total pension liability experience		(69,815)	
Difference in projected and actual earnings on investments - pensions		<u>(700)</u>	
Total deferred inflows of resources		<u>(70,515)</u>	(70,515)

Net position (deficit) of governmental activities \$ (320,897)

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, 2016
(in 000's)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
REVENUES:					
General Property Taxes	\$ 324,654	\$ 85,660	\$ -	\$ 14,144	\$ 424,458
Sales Taxes	138,497	-	-	64,974	203,471
Other Local Taxes	4,627	-	-	26,402	31,029
Franchise Fees	49,031	-	-	-	49,031
Charges for Services	21,039	-	4,022	12,527	37,588
Licenses and Permits	15,304	-	-	21	15,325
Fines and Forfeitures	7,553	-	-	10,503	18,056
Revenue from Use of Money and Property	646	109	821	14,139	15,715
Investment Income (Loss)	3,354	636	812	(1,201)	3,601
Intergovernmental	459	-	3,126	68,908	72,493
Gas Leases and Royalties	1,088	38	15,151	2,208	18,485
Other	3,590	-	12,246	17,302	33,138
Contributions	74	-	10,702	3,152	13,928
Total Revenues	<u>569,916</u>	<u>86,443</u>	<u>46,880</u>	<u>233,079</u>	<u>936,318</u>
EXPENDITURES:					
Current:					
General Government	57,274	1	5,415	61,591	124,281
Public Safety	381,237	-	602	61,891	443,730
Highways and Streets	29,509	-	1,750	25,500	56,759
Culture and Recreation	60,747	-	1,697	39,795	102,239
Health and Welfare	-	-	-	6,716	6,716
Urban Redevelopment and Housing	35,767	-	-	15,703	51,470
Capital Outlay	514	-	156,819	26,984	184,317
Debt Service:					
Principal Retirement	511	62,764	118	7,091	70,484
Interest and Debt Issuance Costs	173	30,174	3	1,915	32,265
Total Expenditures	<u>565,732</u>	<u>92,939</u>	<u>166,404</u>	<u>247,186</u>	<u>1,072,261</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,184</u>	<u>(6,496)</u>	<u>(119,524)</u>	<u>(14,107)</u>	<u>(135,943)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of Long-Term Debt	-	-	103,000	-	103,000
Premium on Issuance	-	21,131	-	-	21,131
Issuance of Refunding Bonds	-	27,500	-	-	27,500
Construction Loans	-	-	-	40,373	40,373
Payments to Refunding Bond Escrow Agent	-	(47,650)	-	-	(47,650)
Proceeds from Disposal of Property	97	-	278	158	533
Insurance Recoveries	-	-	7,477	-	7,477
Transfers In	42,457	11,697	86,593	21,736	162,483
Transfers Out	(39,378)	(501)	(5,291)	(70,594)	(115,764)
Total Other Financing Sources (Uses)	<u>3,176</u>	<u>12,177</u>	<u>192,057</u>	<u>(8,327)</u>	<u>199,083</u>
Net Change in Fund Balances	7,360	5,681	72,533	(22,434)	63,140
Fund Balances, Beginning of Year	124,561	25,689	354,724	137,391	642,365
Fund Balances, End of Year	<u>\$ 131,921</u>	<u>\$ 31,370</u>	<u>\$ 427,257</u>	<u>\$ 114,957</u>	<u>\$ 705,505</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, 2016
(in 000's)**

Net change in fund balances - total governmental funds \$ 63,140

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	\$ 53,017	
Capital outlay expenditures	176,612	
Depreciation and amortization expense	<u>(142,059)</u>	
Net adjustment	<u>87,570</u>	87,570

In the Statement of Activities, the gain on sale of capital assets is reported. In the governmental funds, the proceeds from the disposal of assets were reported as an other financing source. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (286)

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. 207

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

Debt issued:		
General obligation bonds	(130,500)	
Other obligations	<u>(40,373)</u>	
Total proceeds	(170,873)	
Premium on debt issued	(21,131)	
Repayments:		
To bondholders	70,484	
To escrow for refunding	<u>47,650</u>	
Total repayments	118,134	
Amortization of premiums and discounts	<u>9,932</u>	
Net adjustment	<u>(63,938)</u>	(63,938)

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	(1,701)	
Increase in net pension liability	(516,214)	
Increase in other postemployment benefits obligation	(29,392)	
Decrease in compensated absences liability	<u>715</u>	
Net adjustment	<u>(546,592)</u>	(546,592)

(continued)

CITY OF FORT WORTH, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

Governmental funds report pension contributions as expenditures when made. However, in the Statement of Activities, pension expense is the cost of benefits earned adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, the investment experience, and changes in actuarial assumptions.

Deferred outflows of resources	397,154	
Deferred inflows of resources	<u>7,877</u>	
Net adjustment	<u>405,031</u>	405,031

Internal service funds are used by management to charge the costs of certain activities, such as office services, equipment services, risk management, information systems, and capital project services, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

9,339

Revenue on the Statement of Activities includes current recognition of unearned revenues related to a long-term land lease entered into by a component unit of the City. This amount is combined with an adjustment to increase sales tax revenue on the Statement of Activities for a liability on the Statement of Net Position for the State Tax Agreement.

2,836

Governmental funds report the amount of refinance debt as a current resource and do not calculate a gain or loss on the defeasance of the extinguished debt. This adjustment represents the amount of amortization for the current year of the deferred outflow of refunding loss.

(6,459)

Change in net position of governmental activities

\$ (49,152)



CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016
(in 000's)

	Business-Type Activities-- Enterprise Funds			Governmental Activities	
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Current Assets:					
Cash, Cash Equivalents, & Investments	\$ 81,786	\$ 16,607	\$ 26,566	\$ 124,959	\$ 58,512
Interest Receivable	64	21	28	113	68
Accounts and Other Receivables, Net of Allowance for Uncollectibles	53,783	3,273	7,263	64,319	58
Inventories (at Cost)	3,479	-	-	3,479	371
Prepays, Deposits, and Other	96	-	6	102	1,697
Restricted Assets:					
Cash & Cash Equivalents	34,625	3,487	8,739	46,851	-
Total Current Assets	<u>173,833</u>	<u>23,388</u>	<u>42,602</u>	<u>239,823</u>	<u>60,706</u>
Noncurrent Assets:					
Restricted Assets:					
Cash & Cash Equivalents	298,529	50,549	28,153	377,231	4,812
Cash, Cash Equivalents, & Investments Held by Trustees	11,605	-	33,784	45,389	2,865
Grants and Other Receivables	1,228	35	28,351	29,614	-
Interest Receivable	307	66	87	460	-
Total Restricted Assets	<u>311,669</u>	<u>50,650</u>	<u>90,375</u>	<u>452,694</u>	<u>7,677</u>
Advances to Other Funds	-	-	13,638	13,638	-
Prepaid Bond Insurance	222	-	-	222	-
Capital Assets (at Cost):					
Land/Right of Way	26,408	12,242	70,644	109,294	1,123
Buildings	62,504	8,472	64,193	135,169	5,250
Infrastructure	2,842,182	113,941	261,529	3,217,652	1,039
Vehicles, Machinery and Equipment	350,957	11,779	9,496	372,232	18,424
Construction in Progress	261,654	25,875	124,105	411,634	284
Accumulated Depreciation	(1,080,490)	(27,048)	(189,638)	(1,297,176)	(21,336)
Net Capital Assets	<u>2,463,215</u>	<u>145,261</u>	<u>340,329</u>	<u>2,948,805</u>	<u>4,784</u>
Total Noncurrent Assets	<u>2,775,106</u>	<u>195,911</u>	<u>444,342</u>	<u>3,415,359</u>	<u>12,461</u>
Total Assets	<u>2,948,939</u>	<u>219,299</u>	<u>486,944</u>	<u>3,655,182</u>	<u>73,167</u>
Deferred Outflows of Resources	<u>65,227</u>	<u>7,399</u>	<u>10,116</u>	<u>82,742</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 3,014,166</u>	<u>\$ 226,698</u>	<u>\$ 497,060</u>	<u>\$ 3,737,924</u>	<u>\$ 73,167</u>

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Liabilities					
Current Liabilities:					
Accounts Payable	\$ 5,553	\$ 182	\$ 4,267	\$ 10,002	\$ 4,208
Escrow Accounts Payable	4,049	-	-	4,049	-
Accrued Payroll	1,732	205	275	2,212	789
Current Portion of Long-Term Liabilities	70,225	4,752	3,470	78,447	15,997
Payables from Restricted Assets:					
Construction Payable	13,480	2,876	7,057	23,413	-
Customer Deposits	16,052	-	888	16,940	-
Accrued Interest Payable	3,768	611	156	4,535	-
Unearned Revenue	1,325	-	2,597	3,922	-
Total Current Liabilities	<u>116,184</u>	<u>8,626</u>	<u>18,710</u>	<u>143,520</u>	<u>20,994</u>
Long-Term Liabilities:					
Advances from Other Funds	-	-	24,863	24,863	-
Long-Term Liabilities Due in More Than One Year	1,056,262	155,562	86,096	1,297,920	22,289
Total Long-Term Liabilities	<u>1,056,262</u>	<u>155,562</u>	<u>110,959</u>	<u>1,322,783</u>	<u>22,289</u>
Total Liabilities	<u>1,172,446</u>	<u>164,188</u>	<u>129,669</u>	<u>1,466,303</u>	<u>43,283</u>
Deferred Inflows of Resources	<u>8,552</u>	<u>1,011</u>	<u>4,168</u>	<u>13,731</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	1,721,503	46,025	285,008	2,052,536	4,784
Restricted for:					
Debt Service	4,580	4,738	1,258	10,576	-
Capital Projects	15,221	-	-	15,221	-
Unrestricted	91,864	10,736	76,957	179,557	25,100
Total Net Position	<u>\$ 1,833,168</u>	<u>\$ 61,499</u>	<u>\$ 363,223</u>	<u>\$ 2,257,890</u>	<u>\$ 29,884</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				1,470	
Net Position of Business-Type Activities				<u>\$ 2,259,360</u>	

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

	Business-Type Activities-- Enterprise Funds			Governmental Activities	
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	\$ 415,125	\$ 36,887	\$ 67,896	\$ 519,908	\$ 149,039
Other	2,174	17	7,260	9,451	13,580
Total Operating Revenues	<u>417,299</u>	<u>36,904</u>	<u>75,156</u>	<u>529,359</u>	<u>162,619</u>
OPERATING EXPENSES					
Personnel Services	83,541	9,400	11,928	104,869	28,224
Supplies and Materials	23,077	1,027	1,100	25,204	9,826
Contractual Services	163,086	6,123	54,174	223,383	119,131
Landfill Closure and Postclosure Cost	-	-	406	406	-
Depreciation	71,656	6,836	10,917	89,409	740
Total Operating Expenses	<u>341,360</u>	<u>23,386</u>	<u>78,525</u>	<u>443,271</u>	<u>157,921</u>
Operating Income (Loss)	<u>75,939</u>	<u>13,518</u>	<u>(3,369)</u>	<u>86,088</u>	<u>4,698</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	2,170	379	260	2,809	102
Gain (Loss) on Sale of Property and Equipment	(2,030)	22	1	(2,007)	25
Interest and Service Charges	(14,663)	(1,001)	(2,471)	(18,135)	-
Gas Leases and Royalties	2,250	-	13,619	15,869	-
Total Nonoperating Revenues (Expenses)	<u>(12,273)</u>	<u>(600)</u>	<u>11,409</u>	<u>(1,464)</u>	<u>127</u>
Income Before Transfers and Contributions	<u>63,666</u>	<u>12,918</u>	<u>8,040</u>	<u>84,624</u>	<u>4,825</u>
Transfers In	2,395	279	496	3,170	28,020
Transfers Out	(28,585)	(4,357)	(21,461)	(54,403)	(23,506)
Capital Contributions	28,653	-	50,780	79,433	-
Capital Contributions - Impact Fees	8,418	-	-	8,418	-
Changes in Net Position	74,547	8,840	37,855	121,242	9,339
Total Net Position, Beginning of Year	<u>1,758,621</u>	<u>52,659</u>	<u>325,368</u>	<u>2,136,648</u>	<u>20,545</u>
Total Net Position, End of Year	<u>\$ 1,833,168</u>	<u>\$ 61,499</u>	<u>\$ 363,223</u>	<u>\$ 2,257,890</u>	<u>\$ 29,884</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				-	
Change in Net Position of Business-Type Activities				<u>\$ 121,242</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, 2016
(in 000's)

	Business-Type Activities-- Enterprise Funds			Governmental Activities	
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 428,439	\$ 36,846	\$ 69,110	\$ 534,395	\$ -
Receipts from Other Funds	-	-	-	-	147,421
Receipts from Other Operating Sources	2,174	17	7,260	9,451	13,580
Payments to Employees	(65,812)	(7,198)	(9,665)	(82,675)	(28,140)
Payments to Vendors	(184,700)	(7,485)	(55,330)	(247,515)	(28,801)
Payments for Benefits	-	-	-	-	(101,689)
Net Cash Provided by (Used for) Operating Activities	<u>180,101</u>	<u>22,180</u>	<u>11,375</u>	<u>213,656</u>	<u>2,371</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	2,395	279	496	3,170	28,020
Receipts from (Repayments to) Other Funds	(5,157)	-	-	(5,157)	-
Advances from Other Funds	-	(762)	24,863	24,101	(2,791)
Transfers Out to Other Funds	(28,585)	(4,357)	(21,461)	(54,403)	(23,506)
Repayments from (Advances to) Other Funds	-	-	2,291	2,291	-
Net Cash Used for Noncapital Financing Activities	<u>(31,347)</u>	<u>(4,840)</u>	<u>6,189</u>	<u>(29,998)</u>	<u>1,723</u>
Cash Flows from Capital and Related Financing Activities:					
Bond Principal Received	59,180	-	34,445	93,625	-
Refunding Principal Received	29,835	17,505	-	47,340	-
Bond Premium Received	9,220	1,752	6,109	17,081	-
Proceeds from Sale of Machinery and Equipment	151	22	1	174	25
Contributions	3,711	-	9,170	12,881	-
Contributions - Impact Fees	8,418	-	-	8,418	-
Acquisition and Construction of Property, Plant and Equipment	(65,794)	(9,548)	(40,284)	(115,626)	(1,492)
Principal Paid on Long-Term Debt	(63,745)	(4,130)	(2,120)	(69,995)	-
Principal Paid to Escrow Agent	(34,335)	(18,500)	(38,100)	(90,935)	-
Interest Paid on Long-Term Obligations	(30,916)	(6,451)	(5,710)	(43,077)	-
Bond Issuance Cost Paid	(1,530)	(274)	(272)	(2,076)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(85,805)</u>	<u>(19,624)</u>	<u>(36,761)</u>	<u>(142,190)</u>	<u>(1,467)</u>
Cash Flows from Investing Activities:					
Receipts from Gas Leases and Royalties	2,250	-	13,619	15,869	-
Purchases of Investments	(723)	-	(3,255)	(3,978)	-
Sales of Investments	435	-	2,242	2,677	-
Investment Income Received	2,145	388	491	3,024	114
Net Cash Provided by Investing Activities	<u>4,107</u>	<u>388</u>	<u>13,097</u>	<u>17,592</u>	<u>114</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>67,056</u>	<u>(1,896)</u>	<u>(6,100)</u>	<u>59,060</u>	<u>2,741</u>
Cash and Cash Equivalents, Beginning of Year	<u>353,850</u>	<u>72,539</u>	<u>75,988</u>	<u>502,377</u>	<u>63,448</u>
Cash and Cash Equivalents, End of Year	<u>\$ 420,906</u>	<u>\$ 70,643</u>	<u>\$ 69,888</u>	<u>\$ 561,437</u>	<u>\$ 66,189</u>

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

	Business-Type Activities-- Enterprise Funds			Governmental Activities	
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ 75,939	\$ 13,518	\$ (3,369)	\$ 86,088	\$ 4,698
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	71,656	6,836	10,917	89,409	740
Changes in Assets and Liabilities:					
Accounts and Other Receivables	10,647	(41)	1,685	12,291	(26)
Inventories	60	-	-	60	293
Prepays, Deposits, and Other Assets	(42)	-	(6)	(48)	(1,592)
Deferred Outflows of Resources (Pension)	(48,485)	(5,860)	(6,323)	(60,668)	-
Accounts Payable	1,328	(335)	(56)	937	1,562
Escrow Accounts Payable	1,248	-	-	1,248	-
Accrued Payroll and Compensation	511	98	173	782	86
Customer Deposits	1,461	-	16	1,477	-
Accrued Benefits	-	-	-	-	(3,390)
Landfill Closure and Postclosure Liability	-	-	406	406	-
Pollution Remediation Costs	75	-	-	75	-
Other Postemployment Benefits Obligation	3,560	423	539	4,522	-
Net Pension Liability	63,120	7,653	7,987	78,760	-
Deferred Inflows of Resources (Pension)	(977)	(112)	(113)	(1,202)	-
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)	-
Total Adjustments	104,162	8,662	14,744	127,568	(2,327)
Net Cash Provided by (Used for) Operating Activities	\$ 180,101	\$ 22,180	\$ 11,375	\$ 213,656	\$ 2,371
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:					
Current - Cash, Cash Equivalents, & Investments	\$ 81,786	\$ 16,607	\$ 26,566	\$ 124,959	\$ 58,512
Current Restricted - Cash & Cash Equivalents	34,625	3,487	8,739	46,851	-
Noncurrent Restricted - Cash & Cash Equivalents	298,529	50,549	28,153	377,231	4,812
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	11,605	-	33,784	45,389	2,865
Less: Gas Well Investments Held by Trustees	(5,639)	-	(27,354)	(32,993)	-
Total Cash and Cash Equivalents	\$ 420,906	\$ 70,643	\$ 69,888	\$ 561,437	\$ 66,189
Noncash Investing, Capital, and Financing Activities:					
Capitalized Interest	\$ 9,290	\$ 3,911	\$ -	\$ 13,201	\$ -
Amortization of Bond Premium	8,548	542	746	9,836	-
Capital Asset Contributions from Developers	23,462	-	-	23,462	-
Amortization of Bond Defeasement Loss	(1,371)	(8)	(43)	(1,422)	-

See accompanying notes to the basic financial statements.

(concluded)

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 1,111
Cash & Investments Held by Trustees:	
Asset and Mortgage Backed Obligations	67,129
Corporate Obligations	111,668
Government Agency Obligations	98,279
International Obligations	59,026
Securities Lending Collateral	163,984
U.S. Treasuries	63,574
Short-Term Mutual Fund Investments	143,892
Corporate Stock	724,017
Alternative Investments	589,676
Commingled Funds	<u>382,656</u>
Total Cash & Investments Held by Trustees	2,403,901
Prepays	650
Accrued Income	4,318
Other Receivables	5,602
Due from Broker Securities Sold	<u>249,270</u>
Total Current Assets	<u>2,664,852</u>
Capital Assets (at Cost):	
Land	405
Buildings	3,471
Machinery and Equipment	363
Accumulated Depreciation	<u>(976)</u>
Net Capital Assets	<u>3,263</u>
Total Assets	<u>2,668,115</u>
LIABILITIES	
Current Liabilities:	
Accrued Liabilities	3,283
Obligations Under Securities Lending	163,984
Due to Broker Securities Purchased	<u>332,301</u>
Total Current Liabilities	<u>499,568</u>
NET POSITION	
Net Position Held in Trust for:	
Benefit Pension Plans	2,101,433
Postemployment Healthcare Plan	<u>67,114</u>
Total Net Position	<u>\$ 2,168,547</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ADDITIONS	
Interest and Dividend Income	\$ 28,754
Less: Investment Management Fees and Interest Expense	(7,078)
Net Gain (Loss) in Fair Value of Investments	136,664
Other Income	13,073
Employer Contributions	108,711
Employee/Retiree Contributions	41,194
Total Additions	<u>321,318</u>
DEDUCTIONS	
Benefit Payments	208,177
Refunds	3,790
Administrative Expenses	13,201
Total Deductions	<u>225,168</u>
CHANGE IN NET POSITION	
Benefit Pension Plans	95,075
Postemployment Healthcare Plan	1,075
Total Change in Net Position	<u>96,150</u>
NET POSITION - BEGINNING OF YEAR	
Benefit Pension Plans	2,006,358
Postemployment Healthcare Plan	66,039
Total Beginning Net Position	<u>2,072,397</u>
NET POSITION - END OF YEAR	
Benefit Pension Plans	2,101,433
Postemployment Healthcare Plan	67,114
Total Ending Net Position	<u>\$ 2,168,547</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

Note A: Summary of Significant Accounting Policies

Note B: Cash, Cash Equivalents, & Investments

Note C: Receivables and Interfund Balances

Note D: Fund Equity

Note E: Restricted Assets

Note F: Capital Assets

Note G: Debt Obligations

Note H: Landfill Closure and Postclosure Care Costs

Note I: 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: Segment Financial Information

Note N: Subsequent Events

Note O: New Accounting Standards

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Fort Worth, Texas (the City) as reflected in the accompanying financial statements for the year ended September 30, 2016, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City's significant accounting policies applied in the preparation of the accompanying financial statements follows.

A.1. FINANCIAL REPORTING ENTITY

In evaluating the City's financial reporting entity, management has considered all potential component units. The decision to include a potential component unit in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *Financial Reporting Entity-Omnibus*. Organizations are included if the City is financially accountable for them, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading. Inclusion is determined on the basis of the City's ability to exercise significant influence. Significant influence or accountability is based primarily on its operational or financial relationship with the City (as distinct from a legal relationship).

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

Blended Component Units

Blended component units, although legally separate entities, are reported as part of the primary government because they meet the criteria above, and are so intertwined with the City that they are, in substance, the same as the City. In Fiscal Year 2016 (FY2016), most of the blended component units prepared and published separate financial statements, copies of which are available by contacting the respective parties noted in the following paragraphs. The seven blended component units below are reported as part of the primary government:

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Fort Worth Housing Finance Corporation—The Fort Worth Housing Finance Corporation (FWHFC) was created 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 members of the City Council are substantially the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore, the FWHFC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. Separate financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102. FWHFC is the sole member of the following Limited Liability Corporations (LLC): Decatur Angle GP, LLC, Enclave Westport GP, LLC, Race Streets Lofts GP, LLC, Reserve at Quebec GP, LLC, and Terrell Homes GP, LLC. These LLC's are limited partners with a 0.005% to 0.01% respective interest in the following Limited Liability Partnerships: Decatur Angle Ltd., Enclave Westport, LP, Race Streets Lofts, Ltd., Reserve at Quebec, LLC, and Terrell Homes, Ltd. Included in the FWHFC is its discretely presented component unit: Terrell Homes, Ltd., which is discussed under the discretely presented component unit section.

Fort Worth Local Development Corporation—The Fort Worth Local Development Corporation (FWLDC) is a 501(c)(3) organization and a Texas nonprofit corporation formed in 1987 by the City Council. The original purpose of the FWLDC was to administer a low-interest rate program for business development in and around the Stockyards area in accordance with the Economic Development Administration Block Grant Program. However, the articles of incorporation are broad enough to allow involvement in almost any kind of city-wide economic development activities. Although it is a legally separate entity from the City, the members of the Board of the FWLDC and members of the City Council are substantially the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore, the FWLDC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. Included in FWLDC is its component unit: Lancaster Corridor Redevelopment, LLC. Separate financial statements can be obtained by contacting the Fort Worth Local Development Corporation at P.O Box 17286, Fort Worth, Texas 76102.

Lancaster Corridor Redevelopment, LLC—Lancaster Corridor Redevelopment, LLC (the Company), a Texas limited liability company, was created as a subsidiary of FWLDC pursuant to the Texas Limited Liability Company Act for the purpose of supporting mixed use redevelopment along the Lancaster Corridor. The financial information of the Company is blended into that of the FWLDC.

Alliance Airport Authority, Inc.—The Alliance Airport Authority, Inc. (the Authority) was created in 1989. It is an industrial development corporation created to benefit the City and to, among other things, issue bonds, promote and develop new and expanded business enterprises in the City, promote and encourage employment, and otherwise to benefit the public in accordance with the Development Corporation Act of 1979. Although it is a legally separate entity from the City, the members of the Board of the Authority and members of the City Council are substantially the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore the Authority has been blended into the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Alliance Airport Authority, Inc. at P.O Box 17286, Fort Worth, Texas 76102.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Fort Worth Sports Authority, Inc.—The Fort Worth Sports Authority, Inc. (Sports Authority) was created pursuant to the provisions of Section 4B, Article 5190.6, Vernon's Texas Civil Statutes, which authorizes the Sports Authority to jointly assist and act on behalf of the City and to engage in activities in furtherance of the purposes for its creation. The Sports Authority is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in the construction of projects on behalf of the City. The Sports Authority financed the purchase of the Texas Motor Speedway (Speedway) and the infrastructure in and around that property; however, it does not operate the Speedway. Although, it is legally separate from the City, the City Council appoints all the Board of Directors of the Sports Authority. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Due to the Sports Authority benefiting and providing services almost exclusively to the City, the Sports Authority has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Fort Worth Sports Authority, Inc. at P.O Box 17286, Fort Worth, Texas 76102.

Lone Star Local Government Corporation—The Lone Star Local Government Corporation (LSLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code, and Chapter 394 of the Texas Local Government Code. The LSLGC is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing of projects on behalf of the City. Although it is legally separate from the City, the members of the Board of the LSLGC and the members of the City Council are substantially the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore, the LSLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Lone Star Local Government Corporation at P.O Box 17286, Fort Worth, Texas 76102.

Fort Worth Central City Local Government Corporation—The Fort Worth Central City Local Government Corporation (FWCCLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code. The FWCCLGC is organized for the purpose of aiding, assisting and acting on behalf of the City in the 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 substantially the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore, the FWCCLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Fort Worth Central City Local Government Corporation at P.O Box 17286, Fort Worth, Texas 76102.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Discretely Presented Component Unit

The following legally separate entity is reported as a discretely presented component unit of the City in a separate column in the government-wide financial statements because it is legally separate from the City. Terrell Homes GP, LLC is the General Partner of Terrell Homes, Ltd. noted below:

Terrell Homes, Ltd.— Terrell Homes, Ltd. (the Partnership) is a Texas limited partnership formed on December 9, 2011, to construct, develop and operate 54 single-family homes, known as the Terrell Homes I Apartments located on scattered sites in Fort Worth (project). The project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided for in Internal Revenue Code Section 42. For the calendar year ended December 31, 2015 financial information of the Partnership, which is presented in a separate column in the government-wide financial statements, can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

Pension and Retiree Healthcare Trust Funds

Retirement Pension Trust Fund of the City of Fort Worth—The Employees' Retirement Fund of the City of Fort Worth (the "Retirement Fund") is comprised of two separate defined benefit plans providing benefits for City of Fort Worth employees and employees of the Employees' Retirement Fund. The Retirement Fund was established under legal authority of the City Charter and is administered by the Retirement Fund Board of Directors. The authority to define or amend employer and employee contribution rates or benefits is given to the Fort Worth City Council. The Retirement Fund Board is solely responsible for managing the assets for the City of Fort Worth employees plan, and defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. As disclosed in Note J, this fiduciary fund of the City issues separate audited financial statements which are publicly available and can be obtained by contacting the Employees' Retirement Fund at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

Retiree Healthcare Trust Fund of the City of Fort Worth—The single-employer defined benefit retirement health care trust 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Related Entities

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

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

Dallas/Fort Worth International Airport—Dallas/Fort Worth International Airport (D/FW Airport) was created by the contract and agreement between the City of Fort Worth and the City of Dallas for the purpose of developing and operating an airport as joint venture between the two Cities. The D/FW Airport is governed by a 12-member board comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member chosen from the neighboring cities of Irving, Grapevine, Euless, and Coppell. The audited financial statements for the D/FW Airport can be obtained by contacting: the Office of the Executive Vice President and Chief Financial Officer, 2400 Aviation Drive, P.O. Box 619428, D/FW Airport, Texas 75261-9428. Refer to further information in Note I.

Fort Worth Housing Authority—The Fort Worth Housing Authority (Housing 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 Housing Authority is vested solely with the Housing Authority's Board of Commissioners. The Housing 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. The audited financial statements for the Housing Authority can be obtained by contacting: The Vice President and Chief Financial Officer, 1201 E. 13th Street, Fort Worth, Texas 76102.

Fort Worth Transportation Authority—The Fort Worth Transportation Authority (Transportation Authority) is an independent organization that provides public transportation services for Tarrant County and the North Central Texas region. Under Texas State Statutes, the responsibility for the administration and operations of the Transportation Authority is vested solely with the Transportation 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. As a result the City is not responsible for any deficits incurred and has no fiscal management control. The audited financial statement for the Transportation Authority can be obtained by contacting: the Chief Financial Officer, 1600 E. Lancaster Avenue, Fort Worth, Texas 76102.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION

Government-Wide Statements

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

The Statement of Activities demonstrates the extent to which the direct expenses of a functional category are offset by program revenues. Direct expenses are those that are 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 are properly excluded from program revenues and reported as general revenues.

The government-wide financial statements also present the calendar year (December 31, 2015) financial information of the City's Discretely Presented Component Unit: Terrell Homes, Ltd.

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management activities 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 Government, Public Safety, Highways and Streets, etc.).

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Governmental Funds

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

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

The General Fund also includes the Parks and Community Services Department (PACS) Endowment Gas Lease Fund and the General Endowment Gas Lease Fund, as both funds have no assigned or specific expenditures for the majority of their revenues. These funds were established in FY2008 for the purpose of aggregating specific gas well revenues that belong to the General Fund (Parks and Community Services land and any other City of Fort Worth owned land) so that gas well related revenue would remain intact and only investment generated revenue would be spent for specific purposes (as documented in the City's Comprehensive Annual Financial Report in 2008).

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

Capital Projects Fund accounts for the City's purchase or construction of major capital facilities, which are not financed by other funds.

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

Special Revenue Funds accounts for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Proprietary Funds

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

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

Enterprise Funds

The City reports the following major enterprise funds:

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

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has five internal service funds, which include: Equipment Services, Information Systems, Capital Project Services, Group Health and Life Insurance, and Risk Financing. During FY2016, the City decided to replace Risk Management and Workers' Compensation Insurance with a combined single Risk Financing Fund, and eliminate Unemployment Compensation. See Note C.3 for additional details on the transfer of funds.

Fiduciary Funds

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

Pension and Other Employee Benefits Trust Funds—For accounting measurement purposes, the Pension and Other Employee Benefits Trust Funds are accounted for in essentially the same manner as proprietary funds. The Pension and Other Employee Benefits Trust Funds account for the assets of the City's retirement and postemployment healthcare benefit plans.

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

Reconciliation of Government-Wide and Fund Financial Statements

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.3. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current 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, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements—an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statements No. 10, 16, and 18.*

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 2016 have been recorded as receivables, net of allowance for refunds and uncollectible amount. The net receivables collected during 2016 and those considered "available" at FY2016, (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2016. The remaining receivables have been reflected as deferred inflows of resources. In the government-wide financial statements, tax revenue is recognized in the year in which the taxes are levied.

The State Constitution limits the tax rate to \$2.50 per \$100 of assessed valuation including debt service. However, the City Charter further limits the tax rate to \$1.90 per \$100 or \$19.00 per \$1,000 of assessed valuation including debt service. The property tax rate currently levied by the City is \$0.8550 per \$100 of valuation.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.5. CASH, CASH EQUIVALENTS, & INVESTMENTS

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

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

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

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

Fair Value—In FY2016, the City implemented GASB issued Statement No. 72, *Fair Value Measurement and Application*, which amended disclosures to categorize fair values according to their reliability and to describe positions held in many alternative investments. The new guidance establishes a hierarchy of Levels 1, 2, and 3, which are based on valuation techniques. All three levels are designed for the development of a more consistent and measurable valuation. These levels are defined as:

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

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Valuation of Investments—Investments are stated at fair value. Investments that do not have quoted market prices are priced from information received from the external manager. This information includes audited financial statements, quarterly valuation statements, adjustments for cash receipts, cash disbursements and securities distributions through September 30, 2016. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date (date usually 2 days prior to the record date).

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

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

Due to/from Broker—The balance due to broker securities purchased and due from broker securities sold in FY2016 represents trades pending settlement and amounts due to foreign currency contracts.

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

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

Investments and broker accounts denominated in foreign currencies outstanding at September 30, 2016 were converted to the City Plan's functional currency at the foreign exchange rates quoted at September 30, 2016. These foreign exchange gains and losses are included in change to net gain (loss) in fair value of investments in the accompanying Statement of Changes in Fiduciary Net Position.

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

Valuation of Investments—Investments are stated at fair value as of September 30, 2016 for both reporting and actuarial purposes. The Retiree Healthcare Trust Fund is charged with receiving employee and employer contributions, paying medical and dental claims, and prudently investing money in the fund not immediately needed to pay claims.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.6. INVENTORIES

In governmental funds, inventories are valued at cost using the weighted average 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, works of art, intangibles, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at original cost or estimated fair value as of the date of acquisition or 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.

The capitalization threshold below is determined by the asset class (except for water and sewer capital assets which are considered to be one system and will be capitalized at their cost):

- a) Land is capitalized regardless of the value or cost;
- b) Buildings, infrastructure, and intangible assets must be capitalized when the useful life is at least 3 years and the cost is \$100,000 or more; and
- c) Vehicles, machinery and equipment must be capitalized when the useful life is at least 2 years and the cost is \$5,000 or more.

Depreciation is recorded on each class of depreciable property using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

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

The City capitalizes certain computer software, works of art, and aviation easements as intangible assets. In accordance with the City's capitalization policy, the intangible assets are amortized over the useful life of the related assets, as it does for its equipment assets. The City's capitalized works of art are reported in the government-wide financial statements under governmental activities. These assets are recorded at either their historical cost or fair value at date of donation. During FY2016, the City capitalized aviation easements at the City's airports. These aviation easements represent a property right acquired from a landowner which protects the use of airspace above a specified height, and imposes limitations on use of the land subject to the easement.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.8. INTERFUND TRANSACTIONS

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

A.9. COMPENSATED ABSENCES

City employees earn personal leave, which may either be taken or accumulated until paid upon termination or retirement. Unused sick leave, accrued holidays, and compensated time may be accumulated to a specific maximum amount and is paid upon termination, retirement or death for Civil Service employees. All other employees are paid up to an established limit for personal leave upon retirement or death. Accumulated vacation and sick leave is accrued when incurred in the government-wide Statement of Net Position and the 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 respective funds of the employees.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK FINANCING

A.10.A. RISK FINANCING

The Risk Financing internal service fund accounts for the administration of risk management activities and programs in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. These activities and programs are as follows: third party liability claims and coordination with the Department of Law on litigation, property and casualty insurance, workers' compensation, group health and life insurance plan, unemployment compensation insurance, and retired employees' group death benefits for certain retirees.

All funds of the City participate in the program and make payments to the Risk Financing internal service fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Since the City is primarily self-insured, settlement amounts have not exceeded coverage in any of the prior three fiscal years. An accrual for unpaid claims and claims incurred but not reported is reflected in the internal service funds and government-wide financial statements as estimated claims payable. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on City experience since the inception of the insurance programs. In accordance with GASB Statement No. 10, the estimated claims payables are based on the estimated ultimate cost of settling the claims. The total estimated claims payable includes estimates of allocated loss adjustment expenses. A discount rate of 3% has been applied to some estimated claims payable. The undiscounted total estimated claims payable is \$40,333,715, which includes \$2,447,283 of claims incurred but not reported on the Retiree Healthcare Trust Fund on the Statement of Fiduciary Net Position.

The total discounted estimated claims payable for the Group Health and Life Insurance Fund and the Risk Financing Fund at September 30, 2016, is \$34,386,058, of which \$16,976,716 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the Internal Service Funds statements.

	Balance at October 1, 2014	Additions	Deletions	Balance at September 30, 2015	Additions	Deletions	Balance at September 30, 2016
Judgments and Claims	\$ 38,893	\$ 75,933	\$ (77,051)	\$ 37,775	\$ 84,619	\$ (88,008)	\$ 34,386

Provisions under each type of insurance are presented below and on the following page:

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, herd, international center, and crime insurance. There were no significant changes in coverage limits for liability insurance.

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK FINANCING (CONTINUED)

A.10.C. PROPERTY AND CASUALTY INSURANCE

An “all risk” property policy is provided by multiple commercial insurance companies for losses in excess of \$250,000 per occurrence for all covered perils. The City self-insures most property losses less than \$250,000. Boiler and machinery insurance, and crime insurance are also maintained on a commercial insurance basis. There were no significant changes in coverage limits for property and casualty insurance.

A.10.D. WORKERS' COMPENSATION

The City largely self-funds the risk for workers' compensation claims. Catastrophic loss protection for workers' compensation is provided by a commercial insurer on a policy with a self-insured retention limit of \$2,250,000 per occurrence for police officers and fire fighters and \$1,500,000 for any single occurrence for all other employees. Coverage limits for workers' compensation are the statutory limits required by the Texas Workers' Compensation Act.

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. The City's self-insured Preferred Provider Organization plan is offered to the active employees and the non-Medicare retirees. There are two plan options, one being a high deductible health plan with a Health Savings Account – contributions to the fund are provided by both the City and participating employees and retirees; and one being deductible and copays. There is a fully insured plan offered to the Medicare retirees, - a Medicare Advantage Preferred Provider Organization which includes a Prescription Drug Plan. The Medicare HMO plan was terminated effective January 1, 2015.

Effective January 1, 2015, the City increased employee basic group life insurance and Accidental Death and Dismemberment insurance from \$10,000 to one time base annual salary. Effective April 1, 2014, the specific stop loss insurance was increased to \$1,000,000; the specific stop loss insurance assumes the risk for claims on any individual in excess of \$1,000,000 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 a third party administrator who then forwards to the City concerning claims paid on behalf of the City to eligible former employees. A third party administrator reviews the claims but responds to TWC based on information the City provides. There were no significant changes in coverage levels for unemployment compensation.

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position presents a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in the government-wide and proprietary fund Statements of Net Position relate to debt refunding and the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No.27*.

The City reports \$15,282,103 as deferred outflow of resources for unamortized loss on debt refunding in the governmental activities and \$11,395,003 in the business-type activities in the Statement of Net Position. The unamortized loss on debt refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The City recorded total deferred outflows of resources of \$538,494,000 as of September 30, 2016 in relation to the implementation of GASB Statement No. 68. The City recorded \$84,566,000 of deferred outflows of resources related to pension contributions made after the measurement date September 30, 2015, of which \$73,308,000 and \$11,258,000 are reported under governmental and business-type activities, respectively. The City recorded \$150,183,000 of deferred outflow of resources related to the net difference between projected and actual earnings on pension plan investments, of which \$130,302,000 and \$19,881,000 are reported under governmental activities and business-type activities, respectively. The net difference between projected and actual earnings on pension plan investments is recognized over a closed five-year period. The City recorded \$303,745,000 of deferred outflows of resources related to changes of assumptions, of which \$263,537,000 and \$40,208,000 are reported under governmental activities and business-type activities, respectively. Changes of assumptions are recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period, which is six years for FY2016.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)

In addition to liabilities, the Statement of Net Position presents a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources in the governmental funds results from the City's unavailable revenue which are receivables for revenue that are not considered available to liquidate liabilities in the current period. The City reports deferred inflows of resources in its business-type activities in the Statement of Net Position. These amounts represent the service concession arrangement (SCA) for the Southeast Landfill and differences between expected and actual experience/earnings relating to the implementation of GASB Statement No. 68. The City's SCA is briefly described below:

In 2003, the City entered into an agreement with Allied Waste Systems (D/B/A Trinity Waste Services) to operate the City's Southeast Landfill. As part of this agreement, Allied Waste Systems is compensated by third party users of the landfill. The City owns the land for the landfill and retains ownership (residual interest) in the land at the end of the 20 year agreement. In 2003, Allied Waste Systems made an initial payment of \$9,600,000 to the City. This upfront payment is being amortized over the 20 year contract term. As of September 30, 2016, the City recognized a deferred inflow of resources in the amount of \$3,125,844 in the Solid Waste Fund.

The City recorded total deferred inflows of resources of \$81,120,000 as of September 30, 2016 in relation to the implementation of GASB Statement No. 68. The difference between expected and actual total pension liability experience is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period, which is six years for FY2015 and FY2016. The City recorded \$80,315,000 of deferred inflows of resources related to the difference between expected and actual total pension liability experience, of which \$69,815,000 and \$10,500,000 are reported under governmental activities and business-type activities, respectively. The net pension plan difference between projected and actual earnings on pension plan investments is recognized over a closed five-year period. The City recorded \$805,000 of deferred inflows of resources related to the net difference between projected and actual earnings on pension plan investments, of which \$700,000 and \$105,000 are reported under governmental activities and business-type activities, respectively.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION

Net position is presented on the Statement of Net Position. Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt related to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund balance is presented on the Balance Sheet for Governmental Funds. The components of fund balance include the following line items: a) nonspendable fund balance, b) restricted fund balance, c) committed fund balance, d) assigned fund balance and e) unassigned fund balance. For further explanation of each fund balance component, please see the following:

a) **Nonspendable fund balance** (inherently nonspendable) include the:

- Portion of net resources that cannot be spent because of their form.
- Portion of net resources that cannot be spent because they must be maintained intact.

b) **Restricted fund balance** (externally enforceable limitations on use) include amounts subject to:

- Limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
- Limitations imposed by law through constitutional provision or enabling legislation.

c) **Committed fund balance** (self-imposed limitations set in place prior to the end of the period) include amounts subject to:

- Limitations imposed at the highest level of decision making that requires formal action (passage of City Ordinance) at the same level to remove. For the City, the City Council is the highest level of decision making.

d) **Assigned fund balance** (limitation resulting from intended use) consists of amounts where the:

- Intended use is established by the body designated for that purpose (City Council).
- Through Mayor and City Council ordinance, the City Manager has been delegated the authority to assign fund balances that are constrained by specific purposes that are neither restricted nor committed.

e) **Unassigned fund balance** (residual net resources) is the:

- Total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance.
- Negative unassigned fund balance is the excess of nonspendable, restricted, and committed fund balance over total fund balance.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

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

The City's Financial Management Policy Statements establish and document the City's policies concerning maintaining the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position. The policy provides for the following:

General Fund and Debt Service Funds

General Fund

The City will maintain a minimum unassigned fund balance in the General Fund equivalent to ten percent (10%) of regular ongoing operating expenditures, with a goal of two months (16.67%) of regular ongoing operating expenditures.

Debt Service Fund

The City will maintain a minimum level of restricted, committed, and assigned fund balance in the Debt Service Fund between two (16.67%) to three (25%) months of the highest projected debt service over the succeeding debt service forecast. Amounts used in this calculation shall not include any amounts allocated for other purposes by the City Council.

While the reserves for the General Fund and Debt Service Fund are calculated separately, the resulting individual reserve requirements will be combined into one figure to be compared with the General Fund and Debt Service Fund's fund balance.

Capital Projects Fund

The City will maintain a reserve in the Capital Projects Fund that will not exceed the amount needed to fully fund the approved projects set forth in the five-year Capital Improvement Plan.

Special Revenue Funds

The City will maintain the following minimum assigned fund balance:

- A minimum fund balance in Special Revenue Funds equivalent to two months (16.67%) of regular, on-going operating expenditures (including transfers out). This calculation shall not include non-recurring items.
- A minimum fund balance in Special Revenue Funds equivalent to two months (16.67%) of the amount being paid in debt service payments for the subsequent fiscal year.
- The applicable cumulative total of all above requirements will be the minimum reserve requirement for each Special Revenue Fund.
- For CCPD, restricted and assigned fund balances are combined for the minimum reserve calculation.

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

Enterprise Funds

The City will maintain the following minimum reserve levels in each Enterprise Fund, consistent with State law and the terms of ordinances pursuant to which obligations have been issued or incurred that are secured in whole or in part by revenues held in or credited to an Enterprise Fund:

- Water and Sewer Fund— A minimum reserve of 100 days Cash on Hand with a goal of 365 days Cash on Hand.
- All other Enterprise Funds:
 - A minimum level of Working Capital in Enterprise Funds equivalent to three (25%) months of regular, on-going operating expenses (including transfers out). This calculation shall not include non-recurring items.
 - A minimum level of Working Capital in Enterprise Funds equivalent to three (25%) months of the amount being paid in debt service payments for the subsequent fiscal year.
 - The applicable cumulative total of all above requirements will be the minimum reserve requirement for each applicable Enterprise Fund.
 - In addition, no Enterprise Fund shall have a negative unrestricted net position.

Internal Service Funds—Insurance Funds (Insurance Funds)

The City will maintain the following minimum reserve levels in all Insurance Funds:

- A minimum level of Working Capital in Insurance Funds between two (16.67%) and three (25%) months of regular, on-going operating expenses (including transfers out). This calculation shall not include non-recurring items.
- In addition, no Insurance Fund shall have a negative unrestricted net position.

Internal Service Funds—Non-Insurance Funds (Non-Insurance Funds)

The City will maintain the following minimum reserve levels in all Non-Insurance Funds:

- A minimum level of Working Capital in Non-Insurance Funds equivalent to three percent (3%) of regular, on-going operating expenses (including transfers out). This calculation does not include non-recurring items.
- In addition, no Non-Insurance Fund shall have a negative unrestricted net position.

When Reserves are not met:

If, based on staff's analysis and forecasting, the target level of reserves is not met at fiscal year-end or is not likely to be met at any point within a five-year time horizon, then during the annual budget process a plan to replenish the reserve levels will be developed by collaboration among affected departments and the Department of Finance based on the requirements outlined in this policy.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

Excess of Reserves:

In the event reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess reserves may be used in the following ways:

General Fund, Special Revenue Funds, and Enterprise Funds

- Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget ordinance. Priority will be given to those items that relieve budget or financial operating pressure in future periods;
- Appropriated to lower the amount of bonds or increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
- One-time expenditures/expenses that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
- Start-up expenditures/expenses for new programs, provided that such action is approved by the City Council and is considered in the context of multi-year projections of revenue and expenditures/expenses as prepared by the Department of Finance.

Debt Service Fund— Use to re-pay any outstanding debt or obligations.

Capital Projects Fund

- Appropriated to lower the amount of bonds or increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
- To pay for non-routine and one-time expenditures such as land and building purchases, construction and maintenance projects with at least a 10-year life, feasibility, design, and engineering studies related to such projects, capital equipment and vehicles with at least a 10-year life, and technology improvements with at least a 5-year life.

Internal Service Funds— Insurance and Non-Insurance Funds

- Fund accrued liabilities, including but not limited to debt service, pension, and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget ordinance. Priority will be given to those items that relieve budget or financial operating pressure in future periods;
- One-time expenses that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
- Start-up expenses for new programs, provided that such action is approved by the City Council and is considered in the context of multi-year projections of revenue and expenses as prepared by the Department of Finance.

The reserve policy for major funds of the City are calculated in the Statistical Section on Table 5 - Reserve Requirement Compliance.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

The following table provides detail regarding the fund balance categories and classifications for the governmental funds which shows components of nonspendable fund balance, as well as the purposes for restricted, committed, and assigned fund balance. The unassigned fund balance is also shown.

Fund Balance Categories and Classifications					
Fund Balance	General Fund	Debt Service	Capital Projects*	Nonmajor Governmental Funds**	Total Fund Balance
Nonspendable					
Inventory	\$ 2,014	\$ -	\$ -	\$ 5,217	\$ 7,231
Advances	24,863	-	-	-	24,863
Prepays	946	-	531	77	1,554
Total Nonspendable	27,823	-	531	5,294	33,648
Restricted					
Park Improvements	11,138	-	-	-	11,138
Debt Service	-	22,680	-	-	22,680
Crime Control and Prevention	-	-	-	11,206	11,206
Environmental Management	-	-	-	3,143	3,143
Enhancement of Culture and Tourism	-	-	-	6,438	6,438
Construction of Multi-Purpose Arena	-	-	-	3,115	3,115
Hyatt Regency Parking Garage	-	-	-	1,020	1,020
Red Light Enforcement Program	-	-	-	2,981	2,981
City Television	-	-	-	7,312	7,312
Court Technology	-	-	-	2,454	2,454
Library Sharing	-	-	-	1,894	1,894
Police Operations	-	-	-	4,739	4,739
Southside Medical Dist. Development	-	-	-	9,516	9,516
North Tarrant Parkway Development	-	-	-	2,374	2,374
Lancaster Corridor Development	-	-	-	9,260	9,260
Fort Worth Downtown Development	-	-	-	2,494	2,494
Evans/Rosedale Section	-	-	8,554	-	8,554
Urban Redevelopment	-	-	7,637	-	7,637
Hemphill Street Project	-	-	14,988	-	14,988
Lakeshore Drive-Wilbarger Street Project	-	-	6,522	-	6,522
Parker - Henderson Road Project	-	-	6,727	-	6,727
Basswood Blvd to Almonda Project	-	-	4,149	-	4,149
Westport Parkway Project	-	-	3,041	-	3,041
Street Maintenance	-	-	7,103	-	7,103
Bond Program 2014:					
Street Reconstruction	-	-	6,064	-	6,064
Transportation	-	-	68,565	-	68,565
Park, Recreation & Community Centers	-	-	8,000	-	8,000
Library	-	-	6,000	-	6,000
Fire Safety	-	-	5,000	-	5,000
Service Facilities	-	-	13,435	-	13,435
Future Arterial Streets Projects	-	-	14,245	-	14,245
Future Highway and Streets Construction	-	-	32,119	-	32,119
New Arena Project	-	-	22,926	-	22,926
Other	1,600	-	-	6,829	8,429
Total Restricted	12,738	22,680	235,075	74,775	345,268

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION (CONTINUED)

Fund Balance Categories and Classifications					
Fund Balance	General Fund	Debt Service	Capital Projects*	Nonmajor Governmental Funds**	Total Fund Balance
Committed					
Public Events and Facilities	\$ 15,983	\$ -	\$ -	\$ -	\$ 15,983
Debt Service	-	8,583	-	-	8,583
Vehicle and Equipment Replacement	-	-	-	3,823	3,823
Sixth Patrol Division Facility	-	-	10,467	-	10,467
Project Management Software	-	-	7,627	-	7,627
ERP Phase 2 Project	-	-	17,871	-	17,871
State Hwy 121/Trinity Corridor Project	-	-	3,081	-	3,081
North Service Center	-	-	7,225	-	7,225
Network Infrastructure Project	-	-	3,190	-	3,190
Fire Vehicle Replacement	-	-	3,467	-	3,467
Police Vehicle Replacement	-	-	5,082	-	5,082
Facility Maintenance and Repair	-	-	4,603	-	4,603
Police Facility Renovation	-	-	6,257	-	6,257
Future Highway and Streets Construction	-	-	7,430	-	7,430
New Arena Project	-	-	3,679	-	3,679
State Sales Tax Agreement	6,941	-	-	2,635	9,576
Other	-	-	49,300	-	49,300
Total Committed	<u>22,924</u>	<u>8,583</u>	<u>129,279</u>	<u>6,458</u>	<u>167,244</u>
Assigned					
Environmental Management	-	-	-	857	857
Low Income Housing Loans	-	-	-	1,204	1,204
Culture and Tourism	-	-	-	2,151	2,151
Aircraft Maintenance Program	-	-	-	8,532	8,532
Urban Redevelopment and Housing	-	-	-	7,787	7,787
Park and Recreation Programs	-	-	-	1,501	1,501
Park Improvements	-	-	12,999	-	12,999
2016 Hail Storm Repairs	-	-	3,918	-	3,918
Casino Beach - Watercress Project	-	-	3,106	-	3,106
Lake Worth Trail - Phase 1	-	-	6,543	-	6,543
Other	-	107	35,806	8,192	44,105
Total Assigned	<u>-</u>	<u>107</u>	<u>62,372</u>	<u>30,224</u>	<u>92,703</u>
Unassigned (Deficit)	<u>68,436</u>	<u>-</u>	<u>-</u>	<u>(1,794)</u>	<u>66,642</u>
Total Fund Balance	<u>\$ 131,921</u>	<u>\$ 31,370</u>	<u>\$ 427,257</u>	<u>\$ 114,957</u>	<u>\$ 705,505</u>

*The Other category and classification for the Capital Projects Fund for committed and assigned fund balance consists of various smaller construction projects at the end of the fiscal year.

**The Other category and classification for the Nonmajor Governmental Funds for restricted and assigned fund balance consists of smaller projects and activities at the end of the fiscal year.

The City sets aside funds restricted for retiree health benefits as identified in the Collective Bargaining Agreement between the City and the Fort Worth Professional Firefighters Association. These funds are restricted but are not yet deposited into a formal trust. The amount set aside as of September 30, 2016 was \$1,600,000 and is presented as restricted for general administration purposes.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.13. LONG-TERM OBLIGATIONS

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

For the government-wide financial statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the 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 expensed as incurred apart from prepaid bond insurance which is classified as an asset and amortized on a straight-line basis over the term of the related debt. In addition, gains and losses on bond refundings are reported as deferred outflows/inflows of resources and are amortized over the term of the lesser of the life of the new bonds or the life of the refunded bonds using the straight-line method. In governmental funds, all bond related items are recognized in the current period.

A.14. USE OF ESTIMATES

The preparation of the basic financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, but the City believes that the differences will be insignificant.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
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NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.15. IMPLEMENTATION OF NEW GASB STATEMENTS

During the year, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Additional information on the implementation of these statements are noted in Note A.5.A. and below:

GASB Statement No. 72, addresses the accounting and financial reporting issues related to fair value measurements, and will provide guidance for determining and applying fair value measurements to certain investments and disclosures. See Note A.5.A. for additional information related to the implementation of this Statement as it pertains to the City's valuation of investments.

GASB Statement No. 76, supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, with the objective to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local government entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 79, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS

B.1. POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all operating, capital project, and special revenue funds. Each fund's portion of this pool is displayed separately on the Statement of Net Position as "Cash, Cash Equivalents, & Investments." The cash and investments of the Employees' Retirement Fund and investments of the OPEB Trust are managed and accounted for separately from those of the City. The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, see Note A.5.A.

Pooled Portfolio

The investment policies of the City are governed by State statutes and the City Council's adopted Investment Policy and Strategy (Policy). Major controls stipulated in the Policy include: depository limitations; Federal Deposit Insurance Corporation (FDIC) insurance or collateralization; repurchase agreements restrictions regarding primary dealers; independent third party custody for all collateral; settlement by delivery versus payment; defined authorized investments; and diversification guidelines. Maximum maturity and maximum weighted average maturity (WAM) limits are set by the Policy.

State statutes and the Policy authorize investment in obligations of the U.S. Government, its agencies and instrumentalities, municipal obligations rated AA or better, repurchase agreements, A1/P1 commercial paper, AAA-rated constant dollar public funds investment pools, and Security and Exchange Commission (SEC) registered money market mutual funds. State statutes require that repurchase agreement collateral be limited to federal government securities with a market value with of a 102 percent margin.

The City, as authorized by the City Council, engages in securities lending through a contract with Citibank whereby all of the U.S. Treasury securities and agency securities are available to be lent to an authorized dealer. All loans can be terminated on demand by either party. The State law indirectly addresses reinvestment of collateral through the reverse repurchase agreement requirements. The law requires that reinvestment of the funds received "must mature not later than the expiration date" of the loan (Section 2256.011d of the Public Funds Investment Act). The City receives defined collateral of at least 102 percent of fair value. At no time is ownership on the underlying securities transferred to the primary dealer. The City does not have the ability to pledge or sell collateral securities outside of borrower default. Therefore, in accordance with 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, 2016, the carrying and fair value of securities on loan was \$392,376,916 and the fair value of collateral held against the loaned securities was \$400,208,547.

The Public Funds Investment Act, Chapter 2256, Texas Government Code (the PFIA) directs authorized investments of the City. State statutes and the Policy require all time and demand deposits to be fully FDIC insured or collateralized. As of September 30, 2016, the City's demand and time deposits totaled \$378,581,136. Of the \$378,549,649 bank balance, \$250,000 in each bank account was insured by FDIC deposit insurance with the remainder collateralized with pledged securities held by an independent custodian. As of September 30, 2016, all funds were insured or collateralized with the exception of \$15,190 held by a blended component unit.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

As of September 30, 2016, the City’s investment portfolios (Portfolio) (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) were held by the City’s custodians in the City’s name under written agreements. The City’s custodians are Citibank (securities lending) and JP Morgan Chase.

The City generally holds all pooled investments to maturity for investment and income, not speculation. For the year ended September 30, 2016, interest earned of \$615,819 on investments in the Capital Projects Fund was assigned to and reported as investment income in the Debt Service Fund for future debt service payments.

Interest Rate Risk—In order to limit interest and market rate risk, the Policy sets specific maximum maturity dates and WAM for each of the City’s investment portfolios. The City’s liquid investment portfolio has investments held for one year or less. For the City’s short-term portfolio, the WAM is two and one half (2½) years with a maximum stated maturity of five (5) years. The City’s long-term portfolio has a WAM of seven and one half (7½) years and a maximum stated maturity of (10) years.

The Policy sets guidelines for maturity ranges which are dependent on interest rate conditions.

<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>
Targeted Portfolio %	40.00	15.00	15.00	15.00	15.00
Actual %	36.97	17.73	23.98	6.93	14.39

As of September 30, 2016, the Portfolio included:

- no holdings with a stated maturity date beyond April 28, 2026;
- holdings maturing beyond one year represented 63.03 percent; and
- the WAM was 763 days.

The Portfolio invests in agency debentures which are based on the credit of the agency. The Portfolio does not invest in any agency mortgage-backed securities. Certain debentures have embedded call options which are exercised dependent upon the type of call creating a unique “structure” for that security. Calls are normally scheduled on a one-time, quarterly, or continuous call basis. As of September 30, 2016, the Portfolio contained U.S. Government notes (debentures) with various callable structures totaling \$393,078,232. The callable debentures included \$293,715,465 in quarterly callable notes, \$27,368,132 in continuously callable notes, and \$71,994,635 in step-up callable notes. The step-up callable notes will step-up in coupon rate if it is not called on the call date.

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

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Credit Risk—The primary stated objective of the Policy is the safety of principal and avoidance of principal loss. State statutes and the Policy restrict time and demand deposits to banks doing business in Texas and require FDIC insurance or collateralization. Certificates of deposit are limited to a stated maturity not to exceed one (1) year. A 102 percent margin on collateral is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Securities are priced at fair value on a daily basis as a contractual responsibility of the bank.

State statutes and the Policy limit repurchase agreements to those with defined termination dates executed with a Texas bank or a primary dealer. The Policy requires an industry standard, written master repurchase agreement and a 102 percent margin on collateral, as well as, delivery versus payment settlement and independent safekeeping.

The Policy restricts investments in commercial paper to dual rated, A1/P1 commercial paper. The Policy also states maximum maturity for commercial paper is 180 days.

The Policy restricts investment in pools to AAA-rated local government investment pools.

As of September 30, 2016, the Portfolio consisted of:

- U.S. Treasury Notes and Bills represented 43.01%;
- U.S. Obligations represented 48.31%; and
- Municipal Obligations represented 8.68%

See Note B.3. for a detailed listing of investments as of September 30, 2016.

Credit risk in the securities lending program is mitigated by diversification of the borrowers through Citibank's automated process and the 102 percent margin required on every transaction. As a muni-swap contract, Citibank uses only A or better state and local governmental collateral for securities lending. There has not been any default by a borrower or lending agent under the City's securities lending program since its inception. Collateral provided under the securities lending program is not reported as an asset of the City.

Concentration of Credit Risk—The City recognizes over-concentration of assets by market sector or maturity as a market risk. The Policy establishes diversification as a major objective and sets diversification limits and strategy percentage directives which are monitored on at least a monthly basis.

The City's balances and investment horizon are managed in accordance with cash flow needs, prevailing market conditions, and general economic factors. The Portfolio takes advantage of interest rate fluctuations.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk—To control custody and safekeeping risk, State statutes and the Policy require FDIC insurance or collateral for all time and demand deposits, as well as collateral for repurchase agreements and security lending positions. All collateral is held by an independent party approved by the City. The custodian provides original safekeeping receipts and full monthly reporting. Depository agreements are executed under the terms of the Financial Institutions Resource and Recovery Enforcement Act.

As of September 30, 2016, the Portfolio contained no certificates of deposit and no repurchase agreements.

Custody of collateral under the securities lending program utilizes an independent third party custodian in a segregated account for all collateral. All collateral is held in the name of the City and marked-to-market daily. If the value falls below 102 percent additional collateral is provided. The lender does not act as a borrower.

Gas Lease Portfolio

Section 2256.0202 of the PFIA authorizes municipal funds from the management and development of mineral rights to be invested in accordance with the Texas Trust Code (Subtitle B, Title 9, Property Code). The Texas Trust Code allows any security that a “Prudent Investor” would be willing to utilize. The City Council has adopted a separate Gas Lease Investment Policy (GLI Policy) statement for these funds. The GLI Policy defines authorized investments and sets the objectives of security, liquidity, and diversification. In addition to the authorized investments allowed under the Investment Policy and Strategy, the GLI Policy authorizes investments in municipal obligations rated A or better; prime banker’s acceptances; domestic and international bond mutual funds with a Morningstar rating of at least two stars; domestic and international equity, and preferred stock mutual funds; domestic and international stocks; real assets; real estate; complementary strategies (currently hedge funds); and corporate and asset backed securities rated A or better. The balance of this Gas Lease Portfolio was \$57,882,000.

The GLI Policy sets maximum maturity limits for each authorized investment type. The maximum stated maturity for fixed income securities is 20 years. As of September 30, 2016, no holdings have a stated maturity date beyond March 1, 2027. The following schedule details fair values and maturities for fixed income securities and mutual funds:

Fixed Income Securities	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total
Government Obligations	\$ 1,192	\$ 3,340	\$ 80	\$ 461	\$ 5,073
Mortgage Backed Securities	-	553	354	-	907
Municipal Bonds	331	577	-	-	908
Corporate Obligations	742	4,471	-	-	5,213
Domestic Mutual Funds	3,574	-	-	-	3,574
International Mutual Funds	2,217	-	-	-	2,217
Total Fixed Income Securities	<u>\$ 8,056</u>	<u>\$ 8,941</u>	<u>\$ 434</u>	<u>\$ 461</u>	<u>\$ 17,892</u>

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

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

All cash equivalents held by Trustees are held in depositories and SEC-registered money market funds.

B.3. CASH, CASH EQUIVALENTS, & INVESTMENTS

Below are the City's investments measured at fair value as of September 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Federal Farm Credit Bank (FFCB)	\$ 27,368	\$ -	\$ 27,368	\$ -
Federal Home Loan Bank (FHLB)	7,001	-	7,001	-
Federal Home Loan Mortgage Corporation (FHLMC)	153,969	-	153,969	-
Federal National Mortgage Association (FNMA)	219,748	-	219,748	-
U.S. Treasury Notes	363,326	363,326	-	-
Municipal Obligations - Short Term	73,386	-	73,386	-
Investments Held by Trustees for the City				
Gas Lease Revenue - Fixed Income	12,101	-	12,101	-
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	5,791	5,791	-	-
Gas Lease Revenue - Equities	16,691	16,691	-	-
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	8,454	8,454	-	-
Gas Lease Revenue - Real Assets Funds	7,674	7,674	-	-
Gas Lease Revenue - Complementary Strategies Funds	7,171	7,171	-	-

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

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.3. CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

The City held the following cash, cash equivalents, & investments as of September 30, 2016:

	<u>Fair Value</u>	<u>WAM by Days</u>	<u>Moody's Credit Rating</u>
Pooled Cash, Cash Equivalents, & Investments Managed by the City			
Cash	\$ 418,988	N/A	N/A
Cash in Bank - Blended Component Units	14,243	N/A	N/A
Federal Farm Credit Bank (FFCB)	27,368	N/A	Aaa
Federal Home Loan Bank (FHLB)	7,001	N/A	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	153,969	N/A	Aaa
Federal National Mortgage Association (FNMA)	219,748	N/A	Aaa
U.S. Treasury Notes	363,326	N/A	Aaa
Municipal Obligations - Short Term	73,386	N/A	Aaa-Aa2
Total Cash, Cash Equivalents, & Investments Managed by the City	<u>1,278,029</u>		
Cash, Cash Equivalents, & Investments Held by Trustees for the City			
Gas Lease Revenue - Cash	3,900	N/A	N/A
Gas Lease Revenue - Fixed Income	12,101	N/A	Note B.1.
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	5,791	N/A	Note B.1.
Gas Lease Revenue - Equities	16,691	N/A	N/A
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	8,454	N/A	N/A
Gas Lease Revenue - Real Assets Funds	7,674	N/A	N/A
Gas Lease Revenue - Complementary Strategies Funds	7,171	N/A	N/A
Cash Held by Trustee - United Healthcare	1,870	N/A	N/A
Cash Held by Trustee - York	995	N/A	N/A
Cash Held by Trustee - Department of Justice Grant	70	N/A	N/A
Cash Held by Trustee - TWDB 2015B SWIRF	130	N/A	N/A
Cash Held by Trustee - CWSRF2015	5,500	N/A	N/A
Cash Held by Trustee - HUD 108 Loan Fund (Evans/Rosedale/Mercado)	984	N/A	N/A
Cash Held by Trustee - Southeast Landfill	4,939	N/A	N/A
Total Cash, Cash Equivalents, & Investments Held by Trustees for the City	<u>76,270</u>		
Total Cash, Cash Equivalents, & Investments - Primary Government	<u>\$ 1,354,299</u>		
Cash & Cash Equivalents Managed by the Employees' Retirement Fund			
Cash in Bank	\$ 178	N/A	N/A
Investments Managed by the Employees' Retirement Fund			
Investments	<u>2,335,851</u>	See Note B.5.	
Total Cash, Cash Equivalents, & Investments - Employees' Retirement Fund	<u>\$ 2,336,029</u>		
Cash & Cash Equivalents Managed by the Retiree Healthcare Trust Fund			
Cash in Bank	\$ 933	N/A	N/A
Investments Managed by the Retiree Healthcare Trust Fund			
Investments	<u>68,050</u>	See Note B.4.	
Total Cash, Cash Equivalents, & Investments - Retiree Healthcare Trust Fund	<u>\$ 68,983</u>		
Cash & Cash Equivalents Managed by the Discretely Presented Component Unit			
Cash in Bank	\$ 325	N/A	N/A
Total Cash & Cash Equivalents - Discretely Presented Component Unit	<u>\$ 325</u>		
Total Cash, Cash Equivalents, & Investments	<u><u>\$ 3,759,636</u></u>		

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

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.3. CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Cash, Cash Equivalents, & Investments, per Note	
Primary Government	\$ 1,354,299
Employees' Retirement Fund	2,336,029
Retiree Healthcare Trust Fund	68,983
Discretely Presented Component Unit	325
Total, per note	<u>\$ 3,759,636</u>
Cash, Cash Equivalents, & Investments, per Basic Financial Statements	
Statement of Net Position - Primary Government	\$ 849,135
Statement of Net Position - Primary Government Restricted	505,164
Statement of Net Position - Discretely Presented Component Unit	325
Statement of Fiduciary Net Position - Cash and Cash Equivalents	1,111
Statement of Fiduciary Net Position - Cash and Investments Held by Trustees	2,403,901
Total, per Basic Financial Statements	<u>\$ 3,759,636</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

B.4. INVESTMENTS OF THE RETIREE HEALTHCARE TRUST FUND (THE OPEB TRUST)

All OPEB Trust investments are held in the Public Agencies Retirement Services (PARS) Post-Retirement Health Care Plan Trust by its trustee, US Bank. The Trustee is contracted to manage the portfolio in accordance with the Trust documents as approved by the City Council. The Trust Policy mandates a diversified portfolio in real estate, fixed income securities, and equity securities.

Custodial Credit Risk—The OPEB Trust does not have a formal policy for custodial credit risk, but as of September 30, 2016, all investments are registered in the name of the City of Fort Worth PARS Post-Retirement Health Care Plan Trust in a master trust custodial agreement.

Credit Risk of Debt Securities—The OPEB Trust investments as of September 30, 2016, are shown below:

Investment Type	Rating	Fair Value*
Fixed Income Mutual Funds:		
Ishares (US Bond Market)	N/A	\$ 43,040
Vanguard Short-Term Investment Grade	N/A	3,985
Total Fixed Income Mutual Funds		47,025
Equity Mutual Funds:		
Ishares S&P 500 ETF	N/A	2,309
Ishare S&P 500 Growth ETF	N/A	2,798
Ishare S&P 500 Value ETF	N/A	4,707
Ishare Msci Eafe ETF	N/A	3,764
Ishare Russell Midcap Value ETF	N/A	424
Ishare Russell Midcap Growth ETF	N/A	1,128
Ishare Russell 2000 Value Index ETF	N/A	2,366
Ishare Russell 2000 Growth ETF	N/A	1,478
Vanguard Emerg Mkt	N/A	1,099
Vanguard Reit ETF	N/A	952
Total Equity Mutual Funds	N/A	21,025
Total Investments		\$ 68,050

**All OPEB Trust assets were valued using Level 1 inputs.*

Concentration of Credit Risk—The OPEB Trust Policy addresses concentration limits on a manager basis. As of September 30, 2016, the OPEB Trust’s investments were all registered in the Trust’s name.

Interest Rate Risk—The OPEB Trust does not have a formal policy limiting investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

CITY OF FORT WORTH, TEXAS
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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Fair Value—The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as described in Note A.5.A.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Investments that use inputs that are of different levels are categorized based on the lowest level of input used to determine the fair value of the investment.

The Plan's Assets listed in the Investments Measured at Net Asset Value table in Note B.5. are invested with managers in structures that the Plan receives values for shares held in the investment structure with the manager. The liquidity of these structures is listed below on the following pages:

Equity Investments—This consists of one Commingled US Equity Fund that is an institutional investment fund that invests in U.S. equities diversified across all sectors focused on large to mid-cap equities and one Commingled Emerging Market Equity Fund that is an institutional investment fund that invests in emerging market equities diversified across all sectors focused on large to mid-cap equities.

Absolute Return Funds—This category consists of several different styles of funds as well as different liquidity structures. Directional funds include investments in four funds that invest in a directional nature based on their views of markets, at times these funds may invest without a directional bias. Equity Long/Short funds include investments in six funds with two of those funds currently in redemption consisting of less than 1% of assets in this category. Equity Long/Short funds maintain some level of market exposure by investing in U.S. or global equities both long and short with the level of exposure varying over time. One fund of this type, consisting of 30% of assets in this category, allows liquidity on an annual basis. Event driven funds include investments in nine (9) funds with four (4) of those funds currently in redemption consisting of 8% of assets in this category, with most of that expected to be received over the next six (6) months. These funds seek to gain an advantage from pricing inefficiencies that may arise based on corporate actions or events which may change the nature of the underlying investment. The nature of event driven investments often restricts the liquidity of those investments. In this category 16% of the assets may only be redeemed in three (3) year intervals, while 21% may only be redeemed on an annual basis. The remaining 54% of assets may be redeemed either quarterly or monthly. Multi-Strategy funds include investments in five (5) funds with two (2) funds currently in redemption consisting of less than 2% of assets in this category. Multi-Strategy funds invest in multiple strategies in order to diversify risks and reduce volatility. There is one (1) fund in this category with bi-annual liquidity which represents 33% of assets in this category. The remaining 65% of assets in this category are available through quarterly redemptions. Relative Value funds include investments in three (3) funds in this category. Relative Value funds seek returns by identifying mispricing of related securities or financial instruments. One (1) fund in this category representing 22% of assets in this category has quarterly liquidity with a limit of 1/6 of assets being redeemed at one time, thus extending liquidity to 18 months. This limit would make 7% of the assets in this category available past a one (1) year from initial redemption.

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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Alternative Assets—This category consists of limited partnership structures that invest in companies or real estate which allow for limited or no liquidity for the investor. Private Equity partnerships consists of funds that invest in buyouts, growth equity, venture capital, special situations, mezzanine and distressed debt. There are 74 partnerships in this category and these partnerships are typically structured with a life from 7-10 years and are considered illiquid. As investments are sold out of the partnerships assets are returned to the investors. These funds fair value are determined using net asset values one (1) quarter in arrears and adjusted for cash flows of the most recent quarter. Real Estate - Core partnerships invest in highly leased lower leverage properties that provide consistent income to the investors. These funds allow quarterly liquidity to the investors. There are three (3) partnerships in this category. Real Estate – Non-Core partnerships invest in properties that require some kind of development or improvements to improve the position of the property. There are 24 partnerships in this category and these partnerships are typically structured with a life from 7-10 years and are considered illiquid. As properties are sold out of the partnership assets are returned to the investors. These funds fair value are determined using net asset values one (1) quarter in arrears and adjusted for cash flows of the most recent quarter.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Below are the Plan's investments and derivative instruments measured at fair value as of September 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Short Term Securities	\$ 244,461	\$ -	\$ 244,461	\$ -
Debt Securities				
Collateralized Debt Obligations	50,808	-	25,500	25,308
Commercial Mortgage-Backed Securities	15,797	-	12,486	3,311
Corporates	111,668	-	111,161	507
Debt Other	150,815	150,815	-	-
Municipals	13,682	-	13,682	-
Non U.S. Government	55,601	-	55,601	-
U.S. Government Agencies	88,546	-	86,946	1,600
U.S. Treasuries	63,574	63,574	-	-
Total Debt Securities	<u>550,491</u>	<u>214,389</u>	<u>305,376</u>	<u>30,726</u>
Equity Securities				
Consumer Discretionary	62,919	62,874	-	45
Consumer Staples	35,839	35,745	94	-
Energy	52,884	52,682	202	-
Equity Other	102,310	102,310	-	-
Financials	55,127	55,034	93	-
Health Care	60,729	60,002	-	727
Industrials	77,380	77,380	-	-
Information Technology	78,566	78,566	-	-
Materials	21,841	21,841	-	-
Real Estate	40,717	40,204	512	1
Telecommunication Services	4,149	4,149	-	-
Utilities	11,222	11,222	-	-
Total Equity Securities	<u>603,683</u>	<u>602,009</u>	<u>901</u>	<u>773</u>
Investment Derivative Instruments				
Swaps	(4,383)	-	(4,372)	(11)
FX Forwards	(253)	-	(253)	-
Total Investment Derivative Instruments	<u>(4,636)</u>	<u>-</u>	<u>(4,625)</u>	<u>(11)</u>
Total Investments by Fair Value Level	<u>\$ 1,393,999</u>	<u>\$ 816,398</u>	<u>\$ 546,113</u>	<u>\$ 31,488</u>
Investments Measured at Net Asset Value*				
Equity Investments				
Commingled US Equity Fund	\$ 107,507			
Commingled Emerging Market Equity Fund	24,828			
Total Equity Investments	<u>132,335</u>			
Absolute Return	335,941			
Alternative Investments				
Private Equity	241,735			
Real Estate - Core	100,643			
Real Estate	131,198			
Total Alternative Investments	<u>473,576</u>			
Total Investments Measured at Net Asset Value	<u>\$ 941,852</u>			

*Investments measured at Net Asset Value have total Unfunded Commitments of \$229,638,166, the Plan's investments at NAV offer redemption frequencies ranging from daily to three (3) years on redeemable investments; with a total of \$372,933,115 of alternative investments that are ineligible for redemption and a redemption notice period of one (1) day to 90 days on eligible assets.

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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

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

GASB Statement No. 40, addresses common deposit and investment risks including custodial credit risk, credit risk of debt securities, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below:

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, 2016, 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 of debt securities is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy (the policy) requires that fixed income securities have a weighted average of no less than investment grade, as rated by Moody's or Standard & Poor's (S&P). However, the policy does provide for high yield fixed income managers to invest in securities with S&P ratings between BB+ and CCC. The policy limits 25% of a manager's portfolio to be rated CCC or lower. Unrated securities should be limited to no more than 20% of a manager's portfolio. GASB Statement No. 40 does not require disclosure of U.S. government obligations explicitly guaranteed.

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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Credit Risk of Debt Securities—The Plan's investments as of September 30, 2016, are shown below:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>
Asset & Mortgage Backed Obligations	AAA	\$ 26,604
Asset & Mortgage Backed Obligations	AA	6,166
Asset & Mortgage Backed Obligations	A	11,053
Asset & Mortgage Backed Obligations	BBB	7,191
Asset & Mortgage Backed Obligations	BB	2,539
Asset & Mortgage Backed Obligations	B	2,148
Asset & Mortgage Backed Obligations	CCC	3,782
Asset & Mortgage Backed Obligations	D	424
Asset & Mortgage Backed Obligations	NR	7,222
Total Asset & Mortgage Backed Obligations		<u>67,129</u>
Corporate Obligations	AAA	8,599
Corporate Obligations	AA	6,790
Corporate Obligations	A	21,235
Corporate Obligations	BBB	54,026
Corporate Obligations	BB	11,949
Corporate Obligations	B	6,207
Corporate Obligations	CC	27
Corporate Obligations	D	79
Corporate Obligations	NR	2,756
Total Corporate Obligations		<u>111,668</u>
Government Agency Obligations	AAA	87,131
Government Agency Obligations	AA	9,435
Government Agency Obligations	BBB	215
Government Agency Obligations	NR	1,498
Total Government Agency Obligations		<u>98,279</u>
International Obligations	AAA	15,181
International Obligations	AA	15,193
International Obligations	A	9,599
International Obligations	BBB	4,054
International Obligations	BB	7,184
International Obligations	B	23
International Obligations	NR	7,792
Total International Obligations		<u>59,026</u>
Securities Lending Collateral	AAA	7,799
Securities Lending Collateral	AA	15,145
Securities Lending Collateral	A	129,250
Securities Lending Collateral	NR	11,790
Total Securities Lending Collateral		<u>163,984</u>
Total Fixed Income Subject to Credit Risk		<u>500,086</u>
U.S. Treasuries (Not Subject to Credit Risk)		63,574
Short-Term Marketable Securities		75,842
Corporate Stock		724,017
Alternative Investments		589,676
Commingled Funds		382,656
Total Investments		<u>\$ 2,335,851</u>

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

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. As of September 30, 2016, the Plan did not have any investments, where the underlying assets were registered in the Plan's name that totaled more than 5% of assets of the Plan.

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

The maturities of investments subject to interest rate risk are as follows:

Investment Type	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total Fair Value
Asset & Mortgage Backed Obligations	\$ 214	\$ 13,062	\$ 5,970	\$ 47,883	\$ 67,129
Corporate Obligations	14,159	37,342	32,382	27,785	111,668
Government Agency Obligations	2,613	1,366	2,116	92,184	98,279
International Obligations	10,017	26,455	8,500	14,054	59,026
Securities Lending Collateral	163,984	-	-	-	163,984
Short-term Fixed Income	75,842	-	-	-	75,842
US Treasuries	1,787	7,218	19,431	35,138	63,574
Total Interest Rate Risk Debt Securities	<u>\$ 268,616</u>	<u>\$ 85,443</u>	<u>\$ 68,399</u>	<u>\$ 217,044</u>	<u>\$ 639,502</u>

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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan has no formal investment policy with regard to foreign currency risk as it is considered an intrinsic risk associated with the investment strategy. The Plan's exposure to foreign currency risk at September 30, 2016, is presented below:

Currency	Debt	Equity	Total
Australian Dollar	\$ 3,575	\$ 2,931	\$ 6,506
Brazilian Real	2,201	2,931	5,132
British Pound Sterling	13,903	20,977	34,880
Canadian Dollar	55	6,090	6,145
Chinese Yuan Renminbi	(898)	-	(898)
Columbian Peso	321	-	321
Danish Krone	(107)	238	131
Euro Currency Unit	45,872	42,875	88,747
HK Offshore Chinese Yuan Renminbi	894	-	894
Hong Kong Dollar	-	13,544	13,544
Hungarian Forint	1,196	-	1,196
Indian Rupee	2,667	227	2,894
Indonesian Rupiah	4,018	-	4,018
Japanese Yen	3,846	21,471	25,317
Malaysian Ringgit	3,441	-	3,441
Mexican New Peso	5,108	124	5,232
New Taiwan Dollar	(924)	2,725	1,801
New Zealand Dollar	1,745	-	1,745
Norwegian Krone	-	1,746	1,746
Philippine Peso	-	1,418	1,418
Polish Zloty	1,420	348	1,768
Russian Ruble	(95)	-	(95)
Singapore Dollar	(1,715)	925	(790)
South African Rand	2,162	-	2,162
South Korean Won	(3,472)	2,969	(503)
Swedish Krona	(5)	3,010	3,005
Swiss Franc	-	7,812	7,812
Thai Baht	3	911	914
Total Securities Subject to Foreign Currency Risk	<u>\$ 85,211</u>	<u>\$ 133,272</u>	<u>\$ 218,483</u>

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

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

FOREIGN CURRENCY EXCHANGE TRANSACTIONS

To manage the foreign currency exchange risks associated with foreign investments, the Plan enters into forward currency contracts. The Plan had a net foreign currency contracts with fair value of approximately \$(253,123) at September 30, 2016, 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, 2016, the fair value of these contracts is included in due to/from broker.

DERIVATIVE FINANCIAL INSTRUMENTS

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

The Plan was in possession of the following types of derivatives at September 30, 2016:

Futures Contracts—A futures contract is a standardized contract between two parties to buy or sell a specified asset of standardized quantity and quality for a price agreed upon today with delivery and payment occurring at a specified future date, the delivery date. The contracts are negotiated at a futures exchange, which acts as an intermediary between the two parties to minimize the risk of default by either party.

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

Swap Agreements—A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future based on an underlying asset. No principal is exchanged at the beginning of the swap. The cash flows the counterparties exchange are tied to a "notional" amount. A swap agreement specifies the 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.

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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

The Investment Derivatives schedule listed below reports the fair value, changes in fair value, and notional amounts of derivatives outstanding as of September 30, 2016, classified by type:

Derivative Type	Changes in Fair Value		Fair Value	
	Classification	Amount	Amount	Notional
Fiduciary Funds				
Investment Derivatives				
Futures Contracts	<i>Investment Income</i>	\$ -	\$ -	\$ 109,023
Forward Contracts	<i>Investment Income</i>	(1,433)	(253)	123,100
Swap Agreements	<i>Investment Income</i>	(3,049)	(4,383)	122,733
	Total	<u>\$ (4,482)</u>	<u>\$ (4,636)</u>	<u>\$ 354,856</u>

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

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of the Plan's investment derivatives by type, as of September 30, 2016. 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, 2016, the Plan has a net exposure to credit risk of \$4,636,000.

Derivative Type	AA	A	BBB	Not Rated	Total Fair Value
Forward Contracts	\$ -	\$ -	\$ -	\$ (253)	\$ (253)
Swap Agreements	1	(105)	(168)	(4,111)	(4,383)
Total	<u>\$ 1</u>	<u>\$ (105)</u>	<u>\$ (168)</u>	<u>\$ (4,364)</u>	<u>\$ (4,636)</u>

CITY OF FORT WORTH, TEXAS
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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

Interest Rate Risk—The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2016, are disclosed in the following table:

<u>Derivative Type</u>	<u>Total Notional Value</u>	<u>Total Fair Value</u>
Interest Rate Swaps	\$ 103,633	\$ (4,395)
Swaptions	19,100	12
Total	<u>\$ 122,733</u>	<u>\$ (4,383)</u>

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

The net exposure column of the schedule below indicates the Plan's net foreign currency risk related to derivatives as of September 30, 2016.

<u>Currency</u>	<u>Forward Contracts</u>	<u>Swap Agreements</u>	<u>Net Exposure</u>
Australian Dollar	\$ (64)	\$ -	\$ (64)
Brazilian Real	(31)	-	(31)
British Pound Sterling	28	(66)	(38)
Canadian Dollar	28	(153)	(125)
Chinese Yuan	13	-	13
HK Offshore Chinese Yuan *	25	-	25
Danish Krone	(47)	-	(47)
Euro Currency Unit	26	(17)	9
Japanese Yen	(151)	-	(151)
Indian Rupee	22	-	22
Indonesian Rupiah	(9)	-	(9)
Mexican Peso	(21)	-	(21)
Malaysian Ringgit	(3)	-	(3)
New Taiwan Dollar	(16)	-	(16)
New Zealand Dollar	(46)	-	(46)
Singapore Dollar	25	-	25
South Korean Won	(29)	-	(29)
Russian Ruble	(3)	-	(3)
Total	<u>\$ (253)</u>	<u>\$ (236)</u>	<u>\$ (489)</u>

*Calculation variance shown on the Plan's audited financial statements.

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS (CONTINUED)

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

SECURITIES LENDING

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

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper and asset backed securities. The contract with Northern Trust specifies guidelines for allowable investments, maturities, and diversification. The Plan 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, 2016.

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, 2016, the value of the collateral held was \$163,983,756 and the value of securities on loan at September 30, 2016, was \$160,634,352. The Plan earned \$603,525 on its securities lending activity for the fiscal year ended September 30, 2016.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE C: RECEIVABLES AND INTERFUND BALANCES

C.1. RECEIVABLES

Receivables at September 30, 2016 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>	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total Governmental Activities</u>
Taxes	\$ 31,730	\$ 8,923	\$ -	\$ -	\$ -	\$ 40,653
Grants and Other Governments Levied, Unbilled Assessments	25,102	-	-	23,774	-	48,876
Loans	-	-	2,082	-	-	2,082
Long-Term Loans	-	-	-	11,230	-	11,230
Interest	236	52	220	293	68	869
Accounts and Other	46,339	-	1,162	11,928	419	59,848
Total Gross Receivables	103,407	8,975	3,464	58,438	487	174,771
Less Allowance for Doubtful Accounts:						
Taxes	(25,694)	(7,235)	-	-	-	(32,929)
Levied, Unbilled Assessments	-	-	(2,082)	-	-	(2,082)
Loans	-	-	-	(615)	-	(615)
Accounts and Other	(33,093)	-	-	(95)	(361)	(33,549)
Total Allowance	(58,787)	(7,235)	(2,082)	(710)	(361)	(69,175)
Total Receivables, Net	\$ 44,620	\$ 1,740	\$ 1,382	\$ 57,728	\$ 126	\$ 105,596

Receivables at September 30, 2016 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>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Business-Type Activities</u>
Interest	\$ 64	\$ 21	\$ 28	\$ 113
Accounts and Other	55,001	3,923	7,695	66,619
Grants - Restricted	1,228	35	28,351	29,614
Interest - Restricted	307	66	87	460
Total Gross Receivables	56,600	4,045	36,161	96,806
Less Allowance for Doubtful Accounts:				
Accounts and Other	(1,218)	(650)	(432)	(2,300)
Total Allowance	(1,218)	(650)	(432)	(2,300)
Total Receivables, Net	\$ 55,382	\$ 3,395	\$ 35,729	\$ 94,506

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.1. RECEIVABLES (CONTINUED)

Governmental funds report deferred inflows of resources, unavailable revenue, in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report a liability, unearned revenue, in connection with resources that have been received, but not yet earned.

At the end of the fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

<u>Description</u>	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes	\$ 6,475	\$ -
Grants and Other Governments	8,975	7,020
Long-Term Loans	-	23,358
Other	-	2,747
	<u>\$ 15,450</u>	<u>33,125</u>
Total Unavailable / Unearned Revenues		<u>\$ 48,575</u>

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

<u>Description</u>	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Business-Type Activities</u>
Rents	\$ 1,325	\$ -	\$ 1,325
Grants	-	2,597	2,597
Total Unearned Revenues	<u>\$ 1,325</u>	<u>\$ 2,597</u>	<u>\$ 3,922</u>

CITY OF FORT WORTH, TEXAS
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NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.2. ADVANCES

Advances from/to other funds at September 30, 2016, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	Nonmajor Enterprise	\$ 24,863
Nonmajor Enterprise	Capital Projects	3,115
Nonmajor Enterprise	Capital Projects	10,523
Total:		<u>\$ 38,501</u>

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

The \$24,863,259 payable to the General Fund from the Nonmajor Enterprise Funds is an advance to the Municipal Airport Grant Fund to cover a construction grant cash deficit that will be repaid by the granting agency.

The \$3,114,877 payable to the Nonmajor Enterprise Funds from the Capital Projects Fund is due from the Specially Funded Capital Projects Fund to the Aviation Endowment Gas Lease Fund for road improvements to North Riverside Drive/Old Denton Road. The loan is reimbursed by increment collected in the Taxing Increment Reinvestment Zone No. 7 district.

The \$10,522,957 payable to the Nonmajor Enterprise Funds from the Capital Projects Fund is due from the Public Safety Training Facility Fund to the Solid Waste Fund for construction costs associated with a new Public Safety Training Center.

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

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.3. TRANSFERS

Transfers made during the year are as follows:

	Transfers In:								Total
	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Internal Service Funds	
Transfers Out:									
General	\$ -	\$ -	\$ 32,022	\$ 3,168	\$ -	\$ 4	\$ -	\$ 4,184	\$ 39,378
Debt Service	-	-	501	-	-	-	-	-	501
Capital Projects	1,099	1,415	-	1,282	-	275	488	732	5,291
Nonmajor Governmental Funds	7,099	9,918	51,436	1,768	373	-	-	-	70,594
Water and Sewer	26,644	14	1,927	-	-	-	-	-	28,585
Stormwater Utility	2,986	4	309	145	913	-	-	-	4,357
Nonmajor Enterprise Funds	4,629	98	252	15,373	1,109	-	-	-	21,461
Internal Service Funds	-	248	146	-	-	-	8	23,104	23,506
Total	<u>\$ 42,457</u>	<u>\$ 11,697</u>	<u>\$ 86,593</u>	<u>\$ 21,736</u>	<u>\$ 2,395</u>	<u>\$ 279</u>	<u>\$ 496</u>	<u>\$ 28,020</u>	<u>\$ 193,673</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due; 2) move restricted amounts from borrowings to the Debt Service Fund to establish mandatory reserve accounts; and 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Significant transfers included the following:

The General Fund transferred \$32,022,000 to the Capital Projects Fund, of which \$19,923,000 was to the General Capital Projects Fund per the Capital Improvement Plan. The General Capital Projects Fund also received \$5,968,000 from the General Fund to fund city-wide capital projects and capital outlay. The Vehicle and Equipment Replacement Fund received \$3,835,000 from the General Fund for replacement and acquisitions of rolling stock. PACS Gas Lease Capital Projects Fund received \$431,000 from the PACS Endowment Gas Lease Fund for capital projects and the General Gas Lease Capital Projects Fund received \$581,000 from the General Endowment Gas Lease Fund for capital projects including arts programming. For reporting purposes, the PACS Endowment Gas Lease Fund and the General Endowment Gas Lease Fund are combined with the General Fund (see Note A.2.).

CITY OF FORT WORTH, TEXAS
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NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.3. TRANSFERS (CONTINUED)

The General Fund transferred \$3,168,000 to the Nonmajor Governmental Funds, of which \$1,213,000 was to the Culture and Tourism Fund to record energy savings subsidy to ensure funding was sufficient for the WRMC Arena. The Golf Fund received a subsidy in the amount of \$850,000 from the General Fund to assist with the costs of operation. The Fort Worth Public Improvement District (PID) Fund #1 Downtown received \$341,000, PID #6 Park Glen received \$174,000, PID #7 Heritage received \$173,000, and PID #8 Camp Bowie received \$40,000 from the General Fund for City payments in lieu of services and assessments.

The General Fund transferred \$4,184,000 to the Internal Service Funds to correct a negative unrestricted net position in the Capital Projects Services Fund.

The Nonmajor Governmental Funds transferred \$7,099,000 to the General Fund, of which \$5,330,000 was from the Crime Control and Prevention District Fund for the Civil Service Pay Plan. The General Fund received \$1,000,000 from the Alliance Airport Facility Maintenance Fund due to a surplus of funds.

The Nonmajor Governmental Funds transferred \$9,918,000 to the Debt Service Fund, of which \$6,872,000 was for the monthly debt service transfer from the Culture and Tourism Fund, and \$3,046,000 was from the Crime Control and Prevention District Fund to pay for debt service of 2011 Tax Notes.

The Nonmajor Governmental Funds transferred \$51,436,000 to the Capital Projects Fund, of which \$25,920,000 was made from the Crime Control and Prevention District Fund and \$892,000 from the Asset Forfeiture Funds for construction commitments relating to facility renovation and maintenance, 6th Patrol Division's new facility, transportation maintenance, and community partnerships. A commitment of FY2015 fund balance in the amount of \$5,071,000 was made by the Crime Control and Prevention District Fund to the Crime Control and Prevention District Capital Projects Fund to offset FY2016 rollover obligations. The Culture and Tourism Fund transferred \$4,349,000 to the Culture and Tourism Capital Projects Fund for the public events capital improvement plan. The Culture and Tourism Capital Projects Fund also received a transfer of \$4,386,000 from the Culture and Tourism Fund for support of the Venue Project (see Note L) that includes the Multi-Purpose Arena adjacent to the Will Rogers Memorial Center. The Culture and Tourism Fund also transferred \$4,863,000 to the Culture and Tourism DFW Revenue Share Capital Project Fund per the capital improvement plan. The Taxing Increment Reinvestment Zone #7 North Tarrant Parkway transferred \$2,500,000 to the Developer Contribution Fund to provide funds for the construction of a multi-lane roundabout intersection improvement at the intersection of Tehama Ridge Parkway and Heritage Trace Parkway. The Alliance Airport Maintenance Facility Fund transferred \$1,000,000 to the General Capital Projects Fund due to a surplus of funds.

The Water and Sewer Fund transferred \$26,644,000 to the General Fund, which includes \$20,369,000 for Street Rental Fees and \$6,156,000 for Payment in Lieu of Taxes (PILOT).

The Stormwater Utility Fund transferred \$2,986,000 to the General Fund of which \$1,854,000 was for Street Rental Fees and \$1,101,000 was for PILOT.

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NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.3. TRANSFERS (CONTINUED)

The Nonmajor Enterprise Funds transferred \$4,629,000 to the General Fund, of which \$2,449,000 was for the monthly transfer of funds from the Solid Waste Fund for street rental and \$141,000 for PILOT. The General Fund also received \$1,692,000 from the Solid Waste Fund for program services.

The Nonmajor Enterprise Funds transferred \$15,373,000 to the Nonmajor Governmental Funds, of which \$15,000,000 was from the Airport Grants Fund to the Grant Capital Projects Fund for a cash match for the GE Test Track project associated with the GE Locomotive Facility in the Vicinity of the Intersection of State Highway 114 and FM 1566.

The Internal Service Funds transferred \$23,104,000 to the Internal Service Funds due to the closure of the Risk Management Fund, Worker's Compensation Insurance Fund, and Unemployment Compensation Fund. Risk Management had a net position balance of \$7,748,000, Worker's Compensation Insurance had a negative balance of \$14,494,000, and Unemployment Compensation had a balance of \$861,000, which were all transferred to a new Risk Financing Fund. Risk Management and Workers' Compensation Funds both focus on risk exposure and financing. By replacing these two separate funds with a combined single Risk Financing Fund, departments are better able to fund and pay claims directly from their operating budgets based on actual expenses incurred in that specific fiscal year. The elimination of the Unemployment Compensation Fund will improve accountability, transparency, and allow more accurate tracking of the true total cost of service by each department and fund. For more information on the Risk Financing Fund see A.10.A.

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

NOTE D: FUND EQUITY

Unassigned Fund Balance

In nonmajor funds, the Grants Fund continues to have a deficit of \$784,000 in unassigned fund balance because revenues were unavailable (collectible during the current period or soon after) to be used to pay liabilities of the current period.

The blended component unit, Central City Local Government Corporation (CCLGC) has a deficit of \$1,010,000 in unassigned fund balance as of September 30, 2016. The fund balance (deficit) decreased by \$2,998,018 due to the CCLGC's capital outlay associated with the development of the Lancaster parking garage. Management of the CCLGC anticipates the deficit will be offset in the future from receipt of revenues.

CITY OF FORT WORTH, TEXAS
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NOTE E: RESTRICTED ASSETS

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

	<u>Water and Sewer</u>	<u>Stormwater Utility</u>	<u>Nonmajor Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Debt Service:					
Cash and Cash Equivalents	\$ 8,260	\$ 5,332	\$ 1,398	\$ -	\$ 14,990
Interest Receivable	53	16	18	-	87
	<u>8,313</u>	<u>5,348</u>	<u>1,416</u>	<u>-</u>	<u>15,077</u>
Capital Improvements:					
Cash and Cash Equivalents	307,379	48,704	28,464	-	384,547
Cash and Cash Equivalents Held by Trustees	5,630	-	-	-	5,630
Grants and Other Receivables	1,151	35	27,710	-	28,896
Interest Receivable	210	39	21	-	270
	<u>314,370</u>	<u>48,778</u>	<u>56,195</u>	<u>-</u>	<u>419,343</u>
Customer Deposits:					
Cash and Cash Equivalents	16,052	-	888	-	16,940
	<u>16,052</u>	<u>-</u>	<u>888</u>	<u>-</u>	<u>16,940</u>
Other Restrictions:					
Cash and Cash Equivalents	1,463	-	6,142	4,812	12,417
Cash and Cash Equivalents Held by Trustees	5,975	-	33,784	2,865	42,624
Grants and Other Receivables	77	-	641	-	718
Interest Receivable	44	11	48	-	103
	<u>7,559</u>	<u>11</u>	<u>40,615</u>	<u>7,677</u>	<u>55,862</u>
Total	<u>\$ 346,294</u>	<u>\$ 54,137</u>	<u>\$ 99,114</u>	<u>\$ 7,677</u>	<u>\$ 507,222</u>

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NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2016, was as follows:

	<u>Beginning Balance</u> <u>October 1, 2015</u>	<u>Additions/</u> <u>Transfers In</u>	<u>Decreases/</u> <u>Transfers Out</u>	<u>Ending Balance</u> <u>September 30,</u> <u>2016</u>
Total Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	\$ 196,541	\$ 24,194	\$ -	\$ 220,735
Construction in Progress	410,279	140,228	(218,839)	331,668
Works of Art	16,177	335	-	16,512
Total Capital Assets, Not Being Depreciated	<u>622,997</u>	<u>164,757</u>	<u>(218,839)</u>	<u>568,915</u>
Capital Assets, Being Depreciated:				
Buildings	407,741	72,044	(779)	479,006
Vehicles, Machinery and Equipment	230,408	54,406	(5,208)	279,606
Infrastructure	2,723,239	141,114	(15,297)	2,849,056
Intangibles	6,660	22,700	-	29,360
Total Capital Assets, Being Depreciated	<u>3,368,048</u>	<u>290,264</u>	<u>(21,284)</u>	<u>3,637,028</u>
Less Accumulated Depreciation/Amortization for:				
Buildings	203,420	14,443	(605)	217,258
Vehicles, Machinery and Equipment	172,376	24,365	(5,096)	191,645
Infrastructure	1,682,901	101,461	(15,297)	1,769,065
Intangibles	84	2,530	-	2,614
Total Accumulated Depreciation and Amortization	<u>2,058,781</u>	<u>142,799</u>	<u>(20,998)</u>	<u>2,180,582</u>
Total Capital Assets, Being Depreciated, Net	<u>1,309,267</u>	<u>147,465</u>	<u>(286)</u>	<u>1,456,446</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,932,264</u>	<u>\$ 312,222</u>	<u>\$ (219,125)</u>	<u>\$ 2,025,361</u>

Capital asset activity for Business-Type Activities for the year ended September 30, 2016, was as follows:

	<u>Beginning Balance</u> <u>October 1, 2015</u>	<u>Additions/</u> <u>Transfers In</u>	<u>Decreases/</u> <u>Transfers Out</u>	<u>Ending Balance</u> <u>September 30,</u> <u>2016</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	\$ 108,332	\$ 962	\$ -	\$ 109,294
Construction in Progress	448,400	137,626	(174,392)	411,634
Total Capital Assets, Not Being Depreciated	<u>556,732</u>	<u>138,588</u>	<u>(174,392)</u>	<u>520,928</u>
Capital Assets, Being Depreciated:				
Buildings	135,169	-	-	135,169
Vehicles, Machinery and Equipment	368,893	4,924	(1,585)	372,232
Infrastructure	3,036,244	184,928	(3,520)	3,217,652
Total Capital Assets, Being Depreciated	<u>3,540,306</u>	<u>189,852</u>	<u>(5,105)</u>	<u>3,725,053</u>
Less Accumulated Depreciation for:				
Buildings	47,738	5,340	-	53,078
Vehicles, Machinery and Equipment	227,106	12,553	(1,585)	238,074
Infrastructure	936,021	71,516	(1,513)	1,006,024
Total Accumulated Depreciation	<u>1,210,865</u>	<u>89,409</u>	<u>(3,098)</u>	<u>1,297,176</u>
Total Capital Assets, Being Depreciated, Net	<u>2,329,441</u>	<u>100,443</u>	<u>(2,007)</u>	<u>2,427,877</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,886,173</u>	<u>\$ 239,031</u>	<u>\$ (176,399)</u>	<u>\$ 2,948,805</u>

CITY OF FORT WORTH, TEXAS
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NOTE F: CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged as follows for the year ended September 30, 2016:

	Depreciation and Amortization Expense
Governmental Activities	
General Government	\$ 20,526
Public Safety	11,885
Highways and Streets	90,432
Culture and Recreation	14,030
Urban Redevelopment and Housing	5,926
Total Governmental Depreciation and Amortization	<u>142,799</u>
Major Business-Type Activities	
Water	71,656
Stormwater Utility	6,836
Nonmajor Business-Type Activities	
Municipal Airports	8,371
Municipal Parking	1,837
Solid Waste	709
Total Business-Type Depreciation	<u>89,409</u>
Total Depreciation and Amortization	<u><u>\$ 232,208</u></u>

The governmental activities depreciation and amortization expense above includes \$740,000 of depreciation expense from the Internal Service Funds.

The City capitalizes interest during the construction period in proprietary fund capital projects. For the year ended September 30, 2016 interest was capitalized in the Water and Sewer Fund and Stormwater Utility Fund in the amounts of \$9,289,968 and \$3,910,600, respectively.

CITY OF FORT WORTH, TEXAS
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SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2016:

	<u>Balance at October 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at September 30, 2016</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 452,412	\$ 130,500	\$ 83,695	\$ 499,217	\$ 46,643
Certificates of Obligation	242,290	-	20,725	221,565	19,620
Convention Center Installment Obligation	1,620	-	795	825	825
HUD Installment Obligations	3,699	-	834	2,865	865
Fort Worth Sports Authority Obligation	2,495	-	2,495	-	-
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
State Obligation - City	7,407	-	466	6,941	465
State Obligation - CCPD	2,878	-	181	2,697	181
TRWD Obligation	124,349	31,870	2,366	153,853	-
State Energy Conservation Loan Phase III	1,528	-	557	971	549
ESPC Phase VII	17,426	-	954	16,472	998
Capital Leases	1,122	-	286	836	195
Southwest Bank Loan (LDC SW Building)	2,200	-	356	1,844	367
Lancaster Corridor Construction Loan	1,774	8,502	-	10,276	523
Net Unamortized Bond Premium/Discount	57,073	21,131	9,932	68,272	-
Retainage Payable	4,663	-	4,663	-	-
Compensated Absences	119,036	46,462	47,250	118,248	47,162
Risk Management Estimated Claims Payable	37,775	84,619	88,008	34,386	13,808
Other Postemployment Benefits Obligation	464,788	29,392	-	494,180	-
Net Pension Liability	<u>1,325,294</u>	<u>516,214</u>	<u>-</u>	<u>1,841,508</u>	<u>-</u>
Total Governmental Activities	<u>2,901,446</u>	<u>868,690</u>	<u>263,563</u>	<u>3,506,573</u>	<u>132,201</u>
Business-Type Activities:					
Water and Sewer - Revenue Bonds	753,600	89,015	95,970	746,645	63,175
Water and Sewer - Trinity River Authority Oblig.	4,885	-	635	4,250	650
Water and Sewer - ESPC Phase V	11,938	-	1,475	10,463	1,508
Stormwater Utility - Revenue Bonds	128,795	17,505	22,630	123,670	4,300
Solid Waste - General Obligation Bonds	4,463	-	480	3,983	472
Municipal Parking - Certificates of Obligation	43,965	-	39,740	4,225	1,710
Municipal Parking - General Obligation Bonds	-	34,445	-	34,445	595
Net Unamortized Bond Premium/Discount	61,263	17,080	9,835	68,508	-
Compensated Absences	10,210	6,429	6,059	10,580	6,037
Landfill Closure and Postclosure Liability	5,020	406	-	5,426	-
Arbitrage	-	3	-	3	-
Pollution Remediation Liability	7,166	264	189	7,241	-
Other Postemployment Benefits Obligation	69,841	4,522	-	74,363	-
Net Pension Liability	<u>203,805</u>	<u>78,760</u>	<u>-</u>	<u>282,565</u>	<u>-</u>
Total Business-Type Activities	<u>1,304,951</u>	<u>248,429</u>	<u>177,013</u>	<u>1,376,367</u>	<u>78,447</u>
Total Long-Term Liabilities	<u>\$ 4,206,397</u>	<u>\$ 1,117,119</u>	<u>\$ 440,576</u>	<u>\$ 4,882,940</u>	<u>\$ 210,648</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.1.CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES (CONTINUED)

Governmental Activities long-term debt is summarized as follows:					
	<u>Interest Rate %</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
General Obligation Bonds:					
Series 2007	4.48	2007	2027	\$ 50,000	\$ 2,500
Series 2007A	4.38-4.531	2007	2027	100,000	4,880
Series 2008	4.64	2008	2018	49,650	4,470
Series 2009	2.5-5.0	2009	2029	85,180	12,780
Series 2010	2.0-4.0	2010	2030	20,590	14,420
Series 2011 Refunding	2.0-5.0	2011	2023	46,680	34,370
Series 2012 Refunding	2.0-5.0	2012	2032	135,485	118,460
Series 2013 Refunding	2.0-4.5	2013	2033	37,130	27,110
Series 2014 Refunding	2.2	2014	2023	35,480	27,590
Series 2015 Refunding	2.33	2015	2025	3,957	3,532
Series 2015A Refunding	3.25-5.0	2015	2035	127,725	118,605
Series 2016 Refunding	3.0-5.0	2016	2036	130,500	130,500
Total General Obligation Bonds					<u>499,217</u>
Certificates of Obligation:					
Series 2007	5.0-5.25	2007	2027	40,250	2,015
Series 2008	4.64	2008	2018	63,150	5,690
Series 2009	3.0-4.375	2009	2029	55,585	27,050
Series 2010	2.0-4.25	2010	2031	34,685	28,380
Series 2010A	3.0-5.0	2010	2030	40,640	25,725
Series 2012	3.0-5.0	2012	2032	85,790	67,890
Series 2013A	2.0-5.0	2013	2033	46,095	38,425
Series 2013B	2.0-4.99	2013	2033	11,140	9,875
Series 2013C	3.0-5.0	2013	2034	19,270	16,515
Total Certificates of Obligation					<u>221,565</u>
Convention Center Installment Obligation:					
Series 1997	5.0-5.8	1997	2017	10,000	825
HUD Installment Obligations:					
Series 2000A	4.46-6.8	2000	2017	3,475	265
Series 2005	4.46-6.8	2005	2020	7,500	2,600
Total HUD Installment Obligations					<u>2,865</u>
Lone Star Local Government Corp Obligation	4.75	2006	2024	31,617	31,617
State Obligation - City	0.0	2014	2031	8,338	6,941
State Obligation - CCPD	0.0	2014	2031	3,239	2,697
TRWD Obligation	0.0	2014	2031	50,933	153,853
State Energy Conservation Loan Phase III	3.0	2007	2018	5,000	971
ESPC Phase VII	2.236	2013	2026	18,443	16,472
Capital Leases	2.91-3.0	2011	2017		836
Southwest Bank Loan (LDC SW Building)	2.93	2014	2021	2,689	1,844
Lancaster Corridor Construction Loan	3.75-5.25	2014	2040	1,774	10,276
Net Unamortized Bond Premium/Discount				N/A	68,272
Compensated Absences	N/A	N/A	N/A	N/A	118,248
Risk Management Estimated Claims Payable	N/A	N/A	N/A	N/A	34,386
Other Postemployment Benefits Obligation	N/A	N/A	N/A	N/A	494,180
Net Pension Liability	N/A	N/A	N/A	N/A	1,841,508
Total Governmental Activities Long-Term Debt					<u>\$ 3,506,573</u>

The Debt Service Fund has been used to liquidate the General Obligation Bonds, Certificates of Obligation, and the Convention Center Installment Obligation. The General Fund and the Special Revenue Funds have been used to liquidate all other governmental activities' long-term debt.

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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.1.CHANGES IN LONG-TERM DEBT OBLIGATIONS AND OTHER LIABILITIES (CONTINUED)

Business-Type long-term debt is summarized as follows:					
	<u>Interest Rate %</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Water and Sewer:					
Revenue Bonds:					
Series 2005 TWDB*	0.35-2.4	2005	2025	\$ 7,890	\$ 385
Series 2007	5.0	2007	2027	100,000	4,690
Series 2007A TWDB*	1.75-3.0	2007	2027	33,560	21,080
Series 2007B TWDB*	2.2-3.0	2007	2027	49,865	31,825
Series 2008 Refunding	3.88	2008	2024	44,085	25,440
Series 2009 TWDB*	0.0	2009	2026	16,265	11,285
Series 2010 Refunding	4.0-5.0	2010	2020	98,855	37,060
Series 2010A TWDB*	0.36-2.62	2010	2030	40,000	29,130
Series 2010B TWDB*	0.15-2.85	2010	2030	28,000	20,405
Series 2010C	4.0-5.25	2010	2030	45,870	35,290
Series 2011 Refunding	4.0-5.25	2011	2031	151,160	117,420
Series 2012 Refunding	2.0-5.0	2012	2025	31,155	26,360
Series 2014 Refunding	2.0-5.0	2014	2034	171,415	134,300
Series 2015 Revenue (Clean Water SRF) TWDB*	0.14-2.04	2015	2035	39,000	37,165
Series 2015A Refunding	3.125-5.0	2015	2035	126,615	126,615
Series 2015B Refunding TWDB*	0.19-2.20	2016	2030	13,000	12,305
Series 2016 Refunding	2.0-5.0	2016	2046	75,890	75,890
Total Revenue Bonds					<u>746,645</u>
Trinity River Authority Obligations:					
Series 2002	4.0-5.0	2011	2022	6,795	4,250
ESPC Phase V	3.68	2010	2018	15,365	10,463
Total Water and Sewer					<u>761,358</u>
Solid Waste:					
General Obligation Bonds:					
Series 2015 Refunding	2.33	2015	2025	4,463	3,983
Municipal Parking:					
General Obligation Bonds:					
Series 2016 Refunding	4.0-5.0	2016	2033	34,445	34,445
Certificates of Obligation:					
Series 2007	5.0-5.25	2007	2033	20,935	645
Series 2009	5.0-5.25	2009	2033	27,135	2,710
Series 2010A	3.0-5.0	2010	2020	1,955	870
Total Certificates of Obligation					<u>4,225</u>
Total Municipal Parking					<u>38,670</u>
Stormwater Utility:					
Revenue Bonds:					
Series 2007	4.25-5.0	2008	2017	24,430	740
Series 2009	2.0-4.3	2009	2035	45,190	37,840
Series 2011	2.0-5.0	2011	2036	78,325	67,585
Series 2016 Refunding	2.0-5.0	2016	2033	17,505	17,505
Total Stormwater Utility					<u>123,670</u>
Net Unamortized Bond Premium/Discount				N/A	68,508
Compensated Absences	N/A	N/A	N/A	N/A	10,580
Landfill Closure and Postclosure Liability	N/A	N/A	N/A	N/A	5,426
Arbitrage	N/A	N/A	N/A	N/A	3
Pollution Remediation Liability	N/A	N/A	N/A	N/A	7,241
Other Postemployment Benefits Obligation	N/A	N/A	N/A	N/A	74,363
Net Pension Liability	N/A	N/A	N/A	N/A	282,565
Total Business-Type Long-Term Debt					<u>\$ 1,376,367</u>

*Texas Water Development Board

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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.2. GOVERNMENTAL ACTIVITIES' DEBT

Long-term liabilities consist of General Obligation Bonds and Certificates of Obligation, as well as other long-term liabilities. Principal and interest payments on debt obligations are either secured solely by ad valorem taxes or secured partially by ad valorem taxes and partially by specific revenue streams.

General Obligation Bonds and Certificates of Obligation indentures require the City to levy the tax required to fund interest and principal at maturity or at least 2 percent of the outstanding principal, whichever is greater. At September 30, 2016, \$22,432,996 of cash and investments is available in the Debt Service Fund to service General Obligation Bonds and Certificates of Obligation for governmental activities.

On June 28, 2016, the City issued General Purpose Refunding and Improvement Bonds, Series 2016, in the amount of \$130,500,000 to refund \$42,580,000 of existing General Obligation Bonds, Series 2009, and to fund capital projects related to the 2014 Bond Program. These bonds will mature on March 1 of each year from 2017 to 2036 in installments ranging from \$4,155,000 to \$12,040,000. Interest is payable on March 1 and September 1 of each year commencing September 2016 with interest rates ranging from 3.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt which covered the \$42,580,000 principal and \$5,070,143 in interest. As a result, the refunded bonds are considered defeased and the liability is not reflected in the Statement of Net Position. The advanced refunding resulted in a reduction of principal and interest payments of \$5,656,925 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old debt and new debt service payments) of \$4,828,005, and a book loss of \$2,356,152.

On December 19, 2014, the Lancaster Corridor Redevelopment, LLC (LLC) entered in a construction loan agreement with Pinnacle Bank for the development of residential and retail rental space on land owned by the LLC. As of September 30, 2016, \$10,276,000 has been borrowed under this agreement. The loan matures at the end of 2040 and bears interest ranging from 3.75 percent to 5.25 percent. The total construction loan amount is not to exceed \$16,500,000 and is collateralized by a first lien Deed of Trust that includes land, building and improvements and an Absolute Assignment of Rents and Leases, et. al.

In FY2011, Taxing Increment Reinvestment Zone No. 9 (TIRZ #9) entered into an agreement with the Tarrant Regional Water District (TRWD) for the work related to the Trinity River Vision project. The agreement stipulated that TIRZ #9 would share in the cost of the project related to the river up to \$320,000,000. TIRZ #9 agreed to reimburse TRWD from the incremental property taxes TIRZ #9 receives annually until the debt is repaid, or the term of TIRZ #9 expires. During FY2016, TIRZ #9 borrowed an additional \$31,870,000 from TRWD. The advances from TRWD to the City to fund the project are repayable without interest from future taxes.

As of September 30, 2016, the following bonds were authorized but not issued:

<u>General Obligation Bonds</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Unissued</u>
2014 Capital Project Program	5/10/2014	\$ 292,075	\$ 149,075

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.3. DIRECT PURCHASE NOTES

In March 2013, the City entered into an agreement with Wells Fargo to provide for the sale of short-term notes in an aggregate principal amount not to exceed \$100,000,000. The maximum amount of Direct Purchase Notes the City may have outstanding, at any one time, cannot exceed \$100 million. There were no outstanding Direct Purchase Notes at year end.

G.4. ENTERPRISE DEBT

Water and Sewer Revenue Bonds and Stormwater Utility Revenue Bonds constitute special obligations of the City secured solely by a lien on and pledge of the net revenues of the Water and Sewer system and the Stormwater system. Certain Certificates of Obligation and General Obligation Bonds are recorded in the Solid Waste Fund, and the Municipal Parking Fund. These bonds have no specific claim against Municipal Parking or Solid Waste revenues. However, debt service requirements are provided by the Water and Sewer Fund, Stormwater Utility Fund, Solid Waste 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, 2016, \$14,976,576 of cash and investments was available for payments of principal and interest on all Enterprise Fund debt. The Water and Sewer Fund has substituted surety bonds in the amount of \$5,382,567 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.

On December 8, 2015, the City issued Water and Sewer System Revenue Bonds, Series 2015B, in the amount of \$13,000,000. Bond proceeds were used to provide the first of the two-part subsidized financing for implementation of the multi-phase Advance Metering Infrastructure (AMI) Project along with an automated leak detection system. The planned project comes under the authority of Texas Water Development Board's State Water Implementation Revenue Fund for Texas (SWIRFT) Program, which provides low-cost financial assistance for eligible projects. The bonds will mature on February 15 of each year from 2016 to 2030 and are payable in installments ranging from \$695,000 to \$980,000. Interest is payable on February 15 and August 15 of each year commencing in February 2016 with an interest rates ranging from 0.19 to 2.2 percent.

On June 28, 2016, the City issued Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2016 in the amount of \$75,890,000 to refund \$34,335,000 of existing Water and Sewer Revenue Bonds, Series 2005B TWDB, and to fund new capital projects in alignment with the Water and Sewer System's Capital Improvement Plan. The bonds will mature on February 15 of each year from 2017 to 2046 in installments ranging from \$1,230,000 to \$5,145,000. Interest is payable on February 15 and August 15 of each year commencing August 2016 at interest rates ranging from 2.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the \$34,335,000 principal and \$310,481 in interest. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the Statement of Net Position. The advanced refunding resulted in a reduction of principal and interest payments of \$1,982,807 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$1,823,612, and a book loss of \$82,976.

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

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.4. ENTERPRISE DEBT (CONTINUED)

On June 28, 2016, the City issued Drainage Utility System Revenue Refunding Bonds, Series 2016 in the amount of \$17,505,000 to refund \$18,500,000 of existing Drainage Utility System Revenue Bonds, Series 2007. These bonds will mature on February 15 of each year from 2018 to 2033 in installments ranging from \$775,000 to \$1,415,000. Interest is payable on February 15 and August 15 of each year commencing August 2016 with an interest rates ranging from 2.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt which covered the \$18,500,000 principal and \$847,943 in interest. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the Statement of Net Position. The advanced refunding resulted in a reduction of principal and interest payments of \$4,178,825 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$3,355,880, and a book loss of \$509,107.

On June 28, 2016, the City issued General Purpose Refunding and Improvement Bonds, Series 2016 in the amount of \$34,445,000 to refund \$16,620,000 of existing Combination Tax and Parking Revenue Certificates of Obligation, Series 2007, and to refund \$21,480,000 of existing Combination Tax and Will Rogers Memorial Center Parking Revenue Certificates of Obligation, Series 2009. These bonds will mature on March 1 of each year from 2017 to 2033 in installments ranging from \$595,000 to \$2,915,000. Interest is payable on March 1 and September 1 of each year commencing September 2016 with interest rates ranging from 4.0 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the debt which covered the \$38,100,000 principal and \$4,007,163 in interest. As a result, the refunded bonds are considered defeased and the liability is not reflected in the Statement of Net Position. The advanced refunding resulted in a reduction of principal and interest payments of \$11,846,307 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old debt and new debt service payments) of \$8,274,086, and a book loss of \$2,752,981.

During 2016, the City withdrew the final installment of Water and Sewer Revenue Bonds, Series 2010A on February 18, 2016 in the amount of \$125,000. These bonds were issued to fund improvements to the sewer system. The installments will mature on February 15 of each year from 2016 to 2030 payable in installments ranging from \$1,820,000 to \$2,405,000. Interest is payable on February 15 and August 15 of each year, commencing in February 2016 with an interest rate of 2.62 percent. The City has pledged future water and sewer customer revenues to repay the revenue bonds.

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

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.4. ENTERPRISE DEBT (CONTINUED)

Net revenues of some of the City’s enterprise funds—defined as net operating income, plus investment income, plus depreciation expense, plus compensated absences expense, plus net pension liability expense, plus OPEB liability expense—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, 2016, net pledged revenue by fund was as follows:

Fund	2016 Net Pledged Revenues	2016 Debt Service	Purpose of Debt
Water and Sewer Fund	\$ 167,101	\$ 90,487	<i>Extending and improving water and sewer system</i>
Stormwater Fund	22,906	8,977	<i>Improvements to storm drains, roadways, and erosion protection</i>
Solid Waste	7,164	578	<i>Improvements to the eastside landfill</i>
Municipal Parking	4,680	2,968	<i>Construction of City-owned parking garage</i>
Total	<u>\$ 201,851</u>	<u>\$ 103,010</u>	

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

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

The City is responsible for environmental cleanup of Riverside Park funded by the Water and Sewer Fund and asbestos removal before environmental cleanup of City owned buildings paid from 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, 2016, the City’s liability was \$7,241,000 for the Water and Sewer Fund. 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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

The annual requirements to amortize all bonded and contractual debt outstanding as of September 30, 2016, is disclosed by Governmental type as shown on the following pages:

Governmental Activities:						
Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Convention Center Installment Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 46,643	\$ 21,557	\$ 19,620	\$ 8,766	\$ 825	\$ 49
2018	39,274	19,745	17,725	8,048	-	-
2019	42,077	17,953	15,040	7,387	-	-
2020	41,819	16,066	14,810	6,767	-	-
2021	41,882	14,169	14,575	6,138	-	-
2022-2026	168,522	44,999	70,460	21,112	-	-
2027-2031	86,780	13,558	56,680	8,083	-	-
2032-2036	32,220	2,308	12,655	471	-	-
	<u>\$ 499,217</u>	<u>\$ 150,355</u>	<u>\$ 221,565</u>	<u>\$ 66,772</u>	<u>\$ 825</u>	<u>\$ 49</u>

Governmental Activities:						
Year Ending September 30,	HUD Installment Obligations		State Energy Conservation Loan Phase III		State Obligation - City	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 865	\$ 145	\$ 549	\$ 23	\$ 465	\$ -
2018	632	109	422	6	465	-
2019	666	75	-	-	465	-
2020	702	39	-	-	465	-
2021	-	-	-	-	465	-
2022-2026	-	-	-	-	2,327	-
2027-2031	-	-	-	-	2,289	-
	<u>\$ 2,865</u>	<u>\$ 368</u>	<u>\$ 971</u>	<u>\$ 29</u>	<u>\$ 6,941</u>	<u>\$ -</u>

Governmental Activities:						
Year Ending September 30,	State Obligation - CCPD		ESPC Phase VII		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 181	\$ -	\$ 998	\$ 360	\$ 70,146	\$ 30,900
2018	181	-	1,172	336	59,871	28,244
2019	181	-	1,652	306	60,081	25,721
2020	181	-	1,689	269	59,666	23,141
2021	181	-	1,727	231	58,830	20,538
2022-2026	904	-	9,234	540	251,447	66,651
2027-2031	888	-	-	-	146,637	21,641
2032-2036	-	-	-	-	44,875	2,779
	<u>\$ 2,697</u>	<u>\$ -</u>	<u>\$ 16,472</u>	<u>\$ 2,042</u>	<u>\$ 751,553</u>	<u>\$ 219,615</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

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

The City has one blended component unit whose long-term debt is paid through revenues transferred from Tax Increment Reinvestment Zones (TIRZs). TIRZ #10 makes debt service payments on Lone Star Local Government Corp's outstanding debt obligation of \$31,617,000. Debt payments by this TIRZ is determined based on the revenue that the TIRZ receives during the year. Therefore, no definitive payment schedule has been determined. Lancaster Corridor, LLC long-term debt will be paid from revenues from its properties. This is a construction loan and a definitive payment schedule has not been determined.

The annual requirements to amortize all Major Fund Business-Type bonded and contractual debt outstanding as of September 30, 2016, is as follows:

Major Business-Type Activities:										
Year Ending September 30,	Water and Sewer Revenue Bonds		Water and Sewer Trinity River Auth.		Water and Sewer ESPC Phase V		Stormwater Utility Revenue Bonds		Total Major Business-Type	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$ 63,175	\$ 29,088	\$ 650	\$ 111	\$ 1,508	\$ 232	\$ 4,300	\$ 4,824	\$ 69,633
2018	51,605	26,817	670	98	1,544	196	4,460	4,678	58,279	31,789
2019	53,260	24,717	690	77	1,580	160	4,640	4,498	60,170	29,452
2020	49,250	22,630	720	55	1,618	122	4,855	4,283	56,443	27,090
2021	50,910	20,552	745	34	1,655	84	5,090	4,048	58,400	24,718
2022-2026	243,845	71,170	775	12	2,558	52	28,910	16,895	276,088	88,129
2027-2031	153,770	29,885	-	-	-	-	35,195	10,818	188,965	40,703
2032-2036	80,830	11,465	-	-	-	-	36,220	3,395	117,050	14,860
	<u>\$ 746,645</u>	<u>\$ 236,324</u>	<u>\$ 4,250</u>	<u>\$ 387</u>	<u>\$ 10,463</u>	<u>\$ 846</u>	<u>\$ 123,670</u>	<u>\$ 53,439</u>	<u>\$ 885,028</u>	<u>\$ 290,996</u>

The annual requirements to amortize all Nonmajor Fund Business-Type bonded and contractual debt outstanding as of September 30, 2016, is as follows:

Nonmajor Business-Type Activities:									
Year Ending September 30,	Solid Waste General Obligation Bonds		Municipal Parking Certificates of Obligation		Municipal Parking General Obligation Bonds		Total Nonmajor Business-Type		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
	2017	\$ 472	\$ 87	\$ 1,710	\$ 162	\$ 595	\$ 1,573	\$ 2,777	\$ 1,822
2018	466	76	1,115	99	1,315	1,525	2,896	1,700	
2019	458	66	1,170	42	1,380	1,457	3,008	1,565	
2020	451	55	230	5	1,590	1,383	2,271	1,443	
2021	443	45	-	-	1,675	1,301	2,118	1,346	
2022-2026	1,693	78	-	-	9,760	5,127	11,453	5,205	
2027-2031	-	-	-	-	12,415	2,474	12,415	2,474	
2032-2036	-	-	-	-	5,715	231	5,715	231	
	<u>\$ 3,983</u>	<u>\$ 407</u>	<u>\$ 4,225</u>	<u>\$ 308</u>	<u>\$ 34,445</u>	<u>\$ 15,071</u>	<u>\$ 42,653</u>	<u>\$ 15,786</u>	

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.6. ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2016, the liability for rebate of arbitrage was \$2,461 for business-type activities. This amount is included in the "Long-Term Liabilities Due in More Than One Year" on the Statement of Net Position.

G.7. LEASES

The City is also committed under capital leases for the acquisition of one municipal building, the Armory Building, and heavy equipment. As of September 30, 2016, the heavy equipment was fully paid and is no longer under a capital lease. The Armory Building lease is recorded as a capital lease in the government-wide reporting. Amortization of the leased asset is included in depreciation expenditures in the government-wide reporting. The leased building had an original cost totaling \$1,484,000.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2016:

Capital Lease Obligation, October 1, 2015	\$ 1,122
Principal Payments	<u>286</u>
Capital Lease Obligation, September 30, 2016	<u><u>836</u></u>

Future minimum lease payments for the lease is as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Lease</u> <u>Payments</u>
2017	\$ 258
2018	266
2019	274
2020	171
Less: Amount Representing Interest	(133)
Present Value of Minimum Lease Payments	<u><u>836</u></u>

The following schedule provides an analysis of the City's investment in capital assets under the lease arrangement as of September 30, 2016:

Building	\$ 1,484
Less: Accumulated Depreciation	(1,030)
Total Net Book Value of Lease Assets	<u><u>454</u></u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.7. LEASES (CONTINUED)

The City entered into operating lease agreements for the utilization of computers and related equipment, office space, vehicles, and golf carts. The lease terms range from 12 to 180 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2016:

Year Ending September 30,		
2017	\$	1,611
2018		1,135
2019		577
2020		26
Total Future Minimum Rental Payments Required	\$	<u>3,349</u>

Total rental expense for the year ended September 30, 2016 was \$2,732,393.

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 Tax Increment Reinvestment Zone #10. Lone Star Local Government Corporation is obligated for tax increment revenues collected through 2024, with the total principal payment price not to exceed \$31,617,000. The 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 \$31,617,000, payable through 2024. The interest rate for this agreement is 4.75 percent.

G.8. DEFEASANCE OF PRIOR DEBT

In prior years, the City defeased certain outstanding General Obligation Bonds, 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, 2016, the following outstanding bonds are considered defeased:

General Obligation Bonds and Certificates of Obligation	\$	226,355
Stormwater Revenue Bonds		18,500
Water and Sewer System Revenue Bonds		62,365
Bonds Defeased	\$	<u>307,220</u>

CITY OF FORT WORTH, TEXAS
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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.9. DISCRETELY PRESENTED COMPONENT UNIT DEBT

On June 2, 2014, Terrell Homes, Ltd. (fiscal year ends December 31) obtained mortgage financing of \$2,000,000 for permanent financing of properties. The mortgage bears an interest rate of 7.0 percent. This mortgage requires monthly payments of principal and interest of \$13,306 based on a thirty-year amortization period and matures on June 2, 2029, at which time the entire unpaid principal balance and accrued interest will become due and payable. During 2015, interest expense was \$142,304. As of December 31, 2015, the unpaid principal balance was \$1,974,230, and there was no accrued interest.

In 2013, Terrell Homes, Ltd. entered into a loan agreement with the City of Fort Worth for \$900,000 for the construction and development of the 54-single family houses (See Note A.1). The loan has a 20-year term. The loan bears a fixed interest rate of 1.0 percent. The loan will be repaid from available cash flow. During 2015, interest expense was \$11,433. As of December 31, 2015, the outstanding principal balance was \$900,000, and there was accrued interest of \$38,426.

NOTE H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

The City reported \$5,425,701 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2016. This represents the cumulative amount reported to date based on the use of 37.3 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$9,104,862 as the remaining estimated capacity is filled. The City expects to close the landfill in 31 years from the end of the current fiscal year, or the year 2047. The total closure and postclosure cost is an estimate and is subject to changes resulting from inflation, deflation, technology changes, or changes in applicable laws and regulations.

Furthermore, at September 30, 2016, the City reported cash and cash equivalents of \$486,669 as restricted assets for closure and postclosure care and has \$4,939,032 in a trust instrument for these costs provided from its contractor (Allied Waste, Inc. (Allied)). The City expects that future closure and postclosure care costs and inflation costs will be completely covered by the trust instrument, in accordance with the contractual agreement with Allied. Allied will operate and close the landfill once it has reached capacity, and maintain and monitor the landfill during the postclosure care period.

CITY OF FORT WORTH, TEXAS
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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) comprises 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 15. The governing body of each city must approve the budget by September 1.

Joint Revenue Bonds were issued to construct 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 \$102,920,000 and the long-term portion was \$6,624,814,000 as of September 30, 2016.

The following condensed financial information has been taken from the Airport's September 30, 2016, financial statements:

Total Assets	\$ 7,486,897
Deferred Outflows of Resources	<u>88,201</u>
Total Assets and Deferred Outflows of Resources	<u>7,575,098</u>
Total Liabilities	7,277,501
Deferred Inflows of Resources	<u>10,909</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,288,410</u>
Net Position	<u>\$ 286,688</u>
Operating Revenues	\$ 745,562
Operating (Expenses)	(750,198)
Non-Operating Revenues (Expenses)	(89,319)
Capital Contributions	<u>5,222</u>
Change in Net Position	<u>\$ (88,733)</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 because the Airport is not under the sole control of the Fort Worth City Council. Separate audited financial statements, which are publicly available, can be obtained by contacting the Airport at 2400 Aviation Drive, P.O. Box 619428, DFW Airport, Texas 75261-9428.

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

Plan Description

The Employees' Retirement Fund of the City of Fort Worth, Texas (the "Retirement Fund") is comprised of two separate defined benefit plans for membership purposes: the City of Fort Worth employees benefit plan (the "City Plan" or the "Plan") and the Retirement Fund employees plan (the "Staff Plan"). The Retirement Fund and City Plan were established by City Ordinance on September 12, 1945. The Staff Plan was established through Administrative Rules in 2007 and both plans are governed by State statute (Vernon's Civil Statutes, Title 109, Article 6243i) effective June 15, 2007. The assets of the City Plan are commingled for investment purposes with the assets of the Staff Plan of the Employees' Retirement Fund, and both plans are administered by the thirteen member Retirement Fund Board of Trustees (Board). The Retirement Fund Board is solely responsible for managing the assets for the City of Fort Worth employees plan, and defining benefits, setting contribution rates, funding contributions, and all other financial components of the Staff Plan. Each plan has a separate actuarial valuation completed annually to determine the respective funded status based on current and projected assets and liabilities. All further references to the Plan and information provided about the City Plan are strictly limited to information about the City employees.

The City Plan provides retirement, disability and death benefits to all employees of the City, except elected officers and non-salaried appointed members of administrative boards and commissions, part-time, temporary and contract employees, and employees paid in part by another governmental agency. The City Plan is established under the legal authority of the State of Texas, and it is administered by the Board. The authority to define or amend employer and employee contribution rates or benefits is given to the Fort Worth City Council (City Council).

The City Plan issues separate audited financial statements that are publicly available. These statements can be obtained by contacting the Plan at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

The City has received a favorable letter of determination from the Internal Revenue Service on December 8, 2014, that its Plan is qualified under Section 401(a) of the Internal Revenue Code.

Effective June 15, 2007, Article 6243i of the Texas Revised Civil Statutes (Article 6243i) changed the structure of the Board and how benefits could be changed by the plan sponsor. Article 6243i also permitted the Board to create administrative rules that govern the City Plan. The administrative rules govern the administration and benefits of the City Plan. The Board may change the administrative operation of the City Plan without the City's approval, while any increases to the benefit structure must be approved by the City, following an actuarial assessment. A reduction in benefits must be proposed by the City, and the City must notify the Board 90 days in advance of such benefit reduction.

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

Plan Description (continued)

As of January 1, 2016, the Plan's membership consisted of the following members (numbers in the following table are not in thousands):

Employees covered by benefit terms:

Pension plan membership consisted of the following:	January 1, 2016
Inactive employees or beneficiaries currently receiving benefits	4,042
Inactive employees entitled to, but not yet receiving benefits	355
Total Inactive Members	<u>4,397</u>
Active members	<u>6,280</u>
Total	<u><u>10,677</u></u>

Actuarial valuations are completed on a calendar year basis, and census data was not collected as of September 30, 2015 (measurement date). It is assumed that the population remains constant between December 31 and September 30.

Contributions

The City contributes 19.74% of retirement-eligible wages to the Employees' Retirement Fund for Municipal and Firefighter employees, and 20.46% for Police Officers. Municipal and Firefighter employees contribute 8.25% of retirement-eligible wages, and Police Officers contribute 8.73%.

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

Summary of Plan Provisions

This exhibit summarizes the major provisions of the City Plan. It is not intended to be, nor should it be interpreted as, a complete statement of all provisions.

Plan Year: Fiscal Year: Plan Status:	<i>January 1 through December 31</i> <i>October 1 through September 30</i> <i>Ongoing</i>
Categories of Employees: <i>Tier I</i> <i>Tier II</i>	<i>Municipal Employees hired prior to July 1, 2011</i> <i>Police Officers hired prior to January 1, 2013</i> <i>Firefighters hired prior to January 10, 2015</i> <i>Municipal Employees hired on or after July 1, 2011</i> <i>Police Officers hired on or after January 1, 2013</i> <i>Firefighters hired on or after January 10, 2015</i>
Categories of Benefits/Service: <i>Blue</i> <i>Orange</i>	<i>Earned prior to October 1, 2013 for Tier I Municipal Employees and Police Officers</i> <i>Earned prior to January 10, 2015 for Tier I Firefighters</i> <i>Earned on or after October 1, 2013 for Tier I Municipal Employees and Police Officers</i> <i>Earned on or after January 10, 2015 for Tier I Firefighters</i> <i>All service for Tier II Employees</i>
Normal Retirement: <i>Age and Service Requirements</i> <i>Amount</i> <i>Final Average Compensation</i>	<i>Age 65 and five years of Credited Service, or age plus years of Credited Service equal to 80 points ("Rule of 80"). Tier II Municipal Employees have a minimum retirement age of 55.</i> <i>Police Officers are also eligible at any age with 25 years of Credited Service.</i> <i>3.00% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.50% of Final Average Compensation multiplied by years of Orange Credited Service</i> <u>Blue</u> : <i>Average of member's highest three calendar years' earnings, including overtime</i> <u>Orange</u> : <i>Average of member's highest five calendar years' earnings, excluding overtime except for "built-in" overtime for Firefighters on 56-hour schedules</i>
Early Retirement: <i>Age and Service Requirements</i> <i>Amount</i> <i>Reduction</i>	<i>Age 50 (Age 55 for Tier II Municipal Employees) and five years of Credited Service</i> <i>2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of Final Average Compensation multiplied by years of Orange Credited Service</i> <i>5/12% for each month the commencement date precedes the member's projected Normal Retirement date</i>

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

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

<p>Disability (in the line of duty): <i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p>	<p><i>None</i></p> <p><u>Tier I:</u> 2.75% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date</p> <p><u>Tier II:</u> 2.25% of Final Average Compensation multiplied by total years of Credited Service projected to member's Normal Retirement date</p> <p><i>\$250 per month</i></p>
<p>Disability (not in the line of duty): <i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p>	<p><i>Five years of credited service</i></p> <p><i>2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of Final Average Compensation multiplied by years of Orange Credited Service</i></p> <p><i>None</i></p>
<p>Vesting: <i>Age Requirement</i></p> <p><i>Service Requirement</i></p> <p><i>Amount</i></p> <p><i>Normal Retirement Age</i></p>	<p><i>None</i></p> <p><i>Five years of Credited Service</i></p> <p><i>Normal pension accrued, based on Credited Service at termination</i></p> <p><i>Age 65, or age plus years of Credited Service projected to Normal Retirement date equal to 80 points</i></p>
<p>Termination Benefits: <i>Age and Service Requirements</i></p> <p><i>Amount</i></p>	<p><i>None</i></p> <p><i>A member with fewer than five years of Credited Service who withdraws from the plan is eligible to receive a refund of contributions accumulated with 5.25% interest, compounded annually while an active member. A member who terminates with five or more years of Credited Service is entitled to a Vested Pension, but may receive a refund of contributions with 5.25% interest, compounded annually while an active member, instead of the Vested Pension.</i></p>
<p>Spouse's Pre-Retirement Death Benefit (death in the line of duty): <i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p> <p><i>Child Benefits</i></p>	<p><i>None</i></p> <p><u>Tier I:</u> 75% of the Normal Retirement benefit, based on a 3.00% multiplier and with years of Credited Service projected to the member's Normal Retirement date.</p> <p><u>Tier II:</u> 75% of the Normal Retirement benefit, based on a 2.50% multiplier and with years of Credited Service projected to the member's Normal Retirement date.</p> <p><i>\$250 per month</i></p> <p><i>Each dependent child under 18 receives \$100 per month; if there is no surviving spouse, the children share equally in the 75% survivor amount (not less than \$250 per child)</i></p>

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

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

<p>Spouse's Pre-Retirement Death Benefit (death not in the line of duty):</p> <p><i>Age and Service Requirements</i></p> <p><i>Amount</i></p> <p><i>Minimum</i></p> <p><i>Child Benefits</i></p>	<p><i>Five years of Credited Service</i></p> <p><u>Tier I:</u> <i>75% of the accrued benefit at death, calculated as 2.75% of Final Average Compensation multiplied by years of Blue Credited Service plus 2.25% of the Final Average Compensation multiplied by years of Orange Credited Service</i></p> <p><u>Tier II:</u> <i>75% of the accrued benefit at death, calculated as 2.25% of the Final Average Compensation Base multiplied by years of Credited Service</i></p> <p><i>\$150 per month</i></p> <p><i>Each dependent child under 18 receives \$100 per month; if there is no surviving spouse, the children share equally in the 75% survivor amount (not less than \$150 per child)</i></p>
<p>Post-Retirement Death Benefit:</p>	<p><i>If married, pension benefits are paid in the form of a 75% joint and survivor annuity unless this form is rejected by the participant and spouse. For Tier II, if the member elects a joint survivor benefit, the retirement benefit is actuarially reduced to reflect the joint and survivor coverage.</i></p>
<p>Contributions:</p> <p><i>Member contributions</i></p> <p><i>City contributions</i></p>	<p><i>8.25% of retirement-eligible compensation for Municipal Employees and Firefighters</i> <i>8.73% of retirement-eligible compensation for Police Officers</i></p> <p><i>19.74% of retirement-eligible compensation for Municipal Employees and Firefighters</i> <i>20.46% of retirement-eligible compensation for Police Officers</i> <i>The City contributes on overtime earnings for Tier I employees. Employees do not contribute on overtime, except for Tier I firefighters who contribute on built-in overtime only.</i></p>
<p>Overtime Contribution Account:</p>	<p><i>Only available for Municipal Employees hired after July 1, 2011, and prior to January 1, 2013. Member contributions made for overtime worked in that period are credited to the Overtime Contribution Account. Upon retirement, the member is entitled to a refund of this account with 5.25% interest, compounded annually. The City will match 100% of the balance of the account. Upon termination the member is entitled to a refund of this account with 5.25% interest, compounded annually.</i></p>

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

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

Summary of Plan Provisions (continued)

If a member continues to work after the normal retirement date, the member is required to make contributions to the Plan until the date of actual retirement. Members continue to accrue credited service until they retire.

In September 2007, the Board voted to allow multiple payment options for members that entered the Deferred Retirement Option Program (DROP). Members must select from the following options upon retirement for their DROP balances:

- A total or partial distribution of their DROP balance made directly to the member or via a rollover to a qualified plan or IRA.
- Annuitize a partial amount or the full amount into a monthly annuity. Annuity payments are determined using the actuarial assumptions for the plan at the time of the annuity selection and the member's demographics. If an annuity is selected the DROP balance is no longer available to the member and the monthly annuity is added to the member's monthly pension benefit.
- Leave the total balance or the remaining balance, after selecting one of the above options, with the City Plan. The member earns the same gains and losses as the City Plan. When selecting this option the member may elect to receive monthly payments from the Plan or receive up to two lump-sum payments per year. All distributions made to the member are deducted from their DROP balance until the full amount (inclusive of gains and losses from the Plan investment performance) has been distributed to the member.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE J: EMPLOYEES' RETIREMENT PLAN OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Obligation to Contribute to the Plan

The City contributes to the City Plan an amount equal to 19.74% (20.46% for sworn police officers) of the retirement eligible earnings of members. The City Council, through its budget appropriation, has the right to contribute an additional amount over and above the members' contributions, in accordance with state law, plus the cost of administration of the City Plan. No additional contributions were made during FY2016. Eligible employees of the City, as a condition of employment, commencing on the effective date of their membership in the Plan, shall contribute 8.25% (8.73% for sworn police officers) of their eligible earnings to the Plan until the date of their actual retirement or earlier termination of employment. The employer and employee contribution rates are not used when the actuary determines the annual required contributions to the City Plan.

Funding Policy

The Plan's actuary conducts an annual valuation for each plan to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the plans, and to analyze changes in the Plan's condition. The City contributes approximately equal to the actuarially determined pension cost for the year. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the actuarial accrued liability. Employer contributions are generally made annually and recognized as additions in the period in which employee services are performed. The City's actuarially determined contribution, contributions, and contribution rates are as follows:

Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency	Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 93,563	\$ 80,821	\$ 12,742	\$ 411,647	19.6%

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

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2015, actuarial valuation:

Valuation date	<i>January 1, 2015</i>
Actuarial cost method	<i>Entry Age</i>
Amortization method	<i>Level percent of payroll</i>
Remaining amortization period	<i>30 years as of January 1, 2015</i>
Asset valuation method	<i>Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.</i>
Actuarial assumptions:	
Investment rate of return	<i>8.00%, including inflation, net of all expenses</i>
Inflation rate	<i>3.00%</i>
Projected salary increases	<i>3.50% - 18.00%</i>
Cost-of-living adjustments	<i>0.00% - 2.00%*</i>
Payroll growth rate	<i>3.25% per annum, used to amortize unfunded actuarial accrued liabilities</i>
Retirement rates	<i>The retirement rates were set by the Fund's actuary based on a study of experience for 2010-2012. The Municipal and Fire rates are age-related, while the Police rates are service-based. Municipal employees have some assumed probability of retirement prior to eligibility for an unreduced pension, whereas the public safety employees are assumed to wait until full benefits are payable.</i>
Mortality	<i>Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward one year, and adjusted using generational projection under Scale AA to reflect future mortality improvement. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, reduced by 20% for males and loaded by 50% for females, and adjusted using generational projection under Scale AA.</i>

*A 2% cost-of-living adjustment (COLA) is assumed for: (1) all benefits of all members in the guaranteed COLA Program, (2) benefits accrued on or after October 1, 2013 by Municipal employees hired prior to July 1, 2011 and Police employees hired prior to January 1, 2013, and (3) benefits accrued on or after January 10, 2015 by Fire employees hired prior to January 10, 2015. For members participating in the ad-hoc COLA program, future COLAs on benefits earned prior to October 1, 2013 for Municipal and Police and prior to January 10, 2015 for Fire are assumed to begin in 2044, and to be 2% for five years, 3% for the next eight years, and 4% thereafter.

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

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

Actuarial Methods and Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	15%	6.70%
International equity	15%	7.40%
Fixed income	18%	1.60%
Real return	10%	3.95%
Real estate	13%	4.50%
Absolute return	19%	3.60%
Private equity	9%	11.80%
Cash	1%	1.00%
Total	100%	

Discount Rate

The blended discount rate used to measure the total pension liability is 6.25%. The projection of cash flows used to determine the discount rate assumed City and plan member contributions will be made at the current contribution rates: 19.74% from the City and 8.25% from the members for Municipal and Firefighter employees, and 20.46% from the City and 8.73% from the members for Police Officers. The City is assumed to continue to contribute for Tier I employees on total pay, including overtime. City contributions for Tier II employees are on base pay, which excludes overtime other than built-in overtime for firefighters. All members are assumed to contribute as a percentage of base pay. Based on these assumptions, the Retirement Fund's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on Retirement Fund investments was applied to the first 35 periods of projected benefit payments, a 3.71% municipal bond rate was applied to the next 56 years, and the long-term rate was again applied for all periods thereafter to determine the total pension liability. The 3.71% municipal bond rate is based on an index of 20-year, tax-exempt general obligation bonds, published weekly by the Federal Reserve. (The chosen rate is the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of September 30, 2015.)

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

**Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources
Related to Pensions**

The Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources related to pensions are allocated to the funds based on each fund's contributions to the pension plan during the annual measurement period. Contributions to the pension plan for employees whose salaries are paid from internal service funds are expected to be paid primarily from resources received from the general government; therefore, the related Net Pension Liability, Pension Expense, and related Deferred Outflows/Inflows of Resources for these funds are reported in the government-wide financial statements under governmental activities and not reported in the financial statements of the individual internal service funds.

Pension Expense for the year ended September 30, 2016, was as follows:

Service Cost	\$ 85,593
Interest on TPL	246,293
Employee Contributions	(32,542)
Administrative expenses	3,823
Other	143
Expected return on assets	(167,093)
Expensed portion of current year period differences between expected and actual experience in Total Pension Liability	(1,803)
Expensed portion of current year period assumption changes	60,749
Current year plan changes	(1,828)
Expensed portion of current year period differences between projected and actual investment earnings	37,546
Current year recognition of deferred inflows and outflows established in prior years	(18,093)
Total pension expense	<u>\$ 212,788</u>

For the year ended September 30, 2016, the City reported the following Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension Liability related to pensions. The following amounts have been allocated to Governmental Activities and Business-Type Activities on the Statement of Net Position, see the table below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred Outflows of Resources			
Pension contributions made after the measurement date	\$ 73,308	\$ 11,258	\$ 84,566
Net difference between projected and actual earnings on pension plan investments	130,302	19,881	150,183
Changes in assumptions	<u>263,537</u>	<u>40,208</u>	<u>303,745</u>
Total Deferred Outflows of Resources	\$ 467,147	\$ 71,347	\$ 538,494
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 69,815	\$ 10,500	\$ 80,315
Net difference between projected and actual earnings on pension plan investments	700	105	805
Total Deferred Inflows of Resources	<u>\$ 70,515</u>	<u>\$ 10,605</u>	<u>\$ 81,120</u>
Net Pension Liability	\$ 1,841,508	\$ 282,565	\$ 2,124,073

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

**Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources
Related to Pensions (continued)**

Amounts reported as Deferred Outflows/(Inflows) of Resources related to pensions will be recognized in pension expense as follows:

	Year Established	Outstanding Balance at October 1, 2015	Amount Recognized During FYE September 30, 2016	Outstanding Balance at September 30, 2016	Deferred Outflows/(Inflows) Recognized in Future Years					
					2017	2018	2019	2020	2021	
Fiscal Year Outflows										
Investment	2016	\$ -	\$ 37,546	\$ 150,183	\$ 37,546	\$ 37,546	\$ 37,546	\$ 37,546	\$ -	-
Assumptions	2016	-	60,749	303,745	60,749	60,749	60,749	60,749	60,749	60,749
Total Outflows		-	98,295	453,928	98,295	98,295	98,295	98,295	98,295	60,749
Fiscal Year Inflows										
Investment	2015	(1,074)	(268)	(805)	(268)	(268)	(269)	-	-	-
Experience Gain	2015	(89,126)	(17,825)	(71,301)	(17,825)	(17,825)	(17,825)	(17,826)	-	-
Experience Gain	2016	-	(1,803)	(9,014)	(1,803)	(1,803)	(1,803)	(1,803)	(1,802)	(1,802)
Plan Change	2016	-	(1,828)	-	-	-	-	-	-	-
Total Inflows		(90,200)	(21,724)	(81,120)	(19,896)	(19,896)	(19,897)	(19,629)	(1,802)	
Total		\$ (90,200)	\$ 76,571	\$ 372,808	\$ 78,399	\$ 78,399	\$ 78,398	\$ 78,666	\$ 58,947	

Note: In accordance with Paragraph 71 of GASB Statement No. 68, the difference between projected and actual earnings on investments is recognized over a closed five-year period. Assumption changes and the difference between expected and actual total pension liability experience are each recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. For FY2016, the period is six years (rounded).

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE J: EMPLOYEES' RETIREMENT PLAN OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

J.1. Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2015	\$ 3,610,674	\$ 2,081,575	\$ 1,529,099
Charges for the year:			
Service Cost	85,593	-	85,593
Interest	246,293	-	246,293
Differences Between Expected and Actual Experience	(10,817)	-	(10,817)
Change of Assumptions	364,494	-	364,494
Change of Benefit Terms	(1,828)	-	(1,828)
Contributions - Employer	-	80,820	(80,820)
Contributions - Employee	-	32,542	(32,542)
Net Investment Income	-	(20,635)	20,635
Benefit Payments, Including Refunds of Employee Contributions	(167,066)	(167,066)	-
Administrative Expenses	-	(3,823)	3,823
Other Changes	-	(143)	143
Net Changes	<u>516,669</u>	<u>(78,305)</u>	<u>594,974</u>
Balances at September 30, 2016	<u>\$ 4,127,343</u>	<u>\$ 2,003,270</u>	<u>\$ 2,124,073</u>

J.1.A. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City Plan, calculated using the discount rate of 6.25%, as well as what the City Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.25%) or one percentage-point higher (7.25%) than the current rate:

1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
\$ 2,845,284	\$ 2,124,073	\$ 1,773,123

Note: The balances as of September 30, 2015 constitute measurements of the net pension liability for the fiscal year ended September 30, 2016.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE K: EMPLOYEE BENEFITS

K.1. POSTEMPLOYMENT BENEFITS

Plan Descriptions

In addition to the pension benefits described in Note J, the City 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 2,898 (not in thousands) retirees and beneficiaries meet those eligibility requirements. The City also provides a \$5,000 lump sum death benefit single-employer plan for beneficiaries of retired employees who retired on or after January 1, 1970. Neither of these plans issue stand-alone financial statements.

A retiree who is either (i) receiving, or (ii) in the process to receive City of Fort Worth retirement benefits at the time of termination, is eligible for medical coverage through the City. Retired employees hired prior to October 5, 1988, will have afforded to them at least one group health care plan option for which the City will pay 100% of the retiree premium equivalent rate for coverage, but may need to contribute to obtain benefits above the City specified plan or to cover any dependents. Retired employees (with less than 25 years of credited service) hired on or after October 5, 1988 and before January 1, 2009, will be required to contribute towards the cost of their group health care benefits at a cost established by the City of Fort Worth; those with 25 years or more of credited service will be afforded the same City premium subsidy as the retiree hired prior to October 5, 1988. Retired employees hired on or after January 1, 2009 are not eligible for a City of Fort Worth retiree premium subsidy, but may enroll for coverage at retirement and pay full premium for coverage for themselves and eligible dependents.

Retiree health care benefits cannot be accessed until the employee actually retires. However, for employees who terminated on or before September 30, 2014 and are vested in the City's retirement plan, health care benefits may continue, until the employee retires, by paying the full cost of coverage. For employees who terminated on or after October 1, 2014 and are vested in the City's retirement plan, health care benefits are only covered if the employee retires/begins receiving retirement benefits at the time separation from the City (with exceptions noted above based on hire date). For all other employees who terminate without retirement, health care benefits continue for one month after termination. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City will perform actuarial studies each year. The actuarial information presented in the notes and in the required supplementary section represent the January 1, 2016, 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 FY2016, retirees' health insurance was provided with separate plan designs depending on whether the retiree was eligible for Medicare. The City paid for a major portion or all of the total health insurance cost for retirees depending on the retiree's date of employment or length of service and on the retiree's coverage election. The City paid 30 to 50 percent of the cost for coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium was paid by the retirees for their dependents or by the surviving spouse. Expenditures for postemployment health care are recognized as claims or premiums when paid. During FY2016, the cost for health care benefits for retirees, dependents, and surviving spouses was \$26,136,000. For FY2016, death benefit payments totaled \$337,667.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE K: EMPLOYEE BENEFITS (CONTINUED)

K.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Costs

The City's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 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, 2014, September 30, 2015, and September 30, 2016, and the related information for each plan, are shown below:

<u>Funding Policy and Annual OPEB Cost</u>						
	<u>Healthcare</u>			<u>Death Benefit</u>		
Contribution Rates						
City	33% - 100% *			100%		
Plan Members	0% - 67% *			N/A		
	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2016</u>
Annual Required Contribution	\$ 88,405	\$ 75,983	\$ 66,789	\$ 916	\$ 795	\$ 907
Interest on Net OPEB Obligation	18,545	20,252	21,626	192	216	294
Adjustment to Annual Required Contribution	(25,433)	(27,775)	(29,659)	(264)	(296)	(403)
Annual OPEB Cost (Expense)	81,517	68,460	58,756	844	715	798
Contributions Made	(40,595)	(32,076)	(25,132)	(608)	(444)	(508)
Increase in Net OPEB Obligation	40,922	36,384	33,624	236	271	290
Net OPEB Obligation, Beginning of Year	450,860	491,782	528,166	5,956	6,192	6,463
Net OPEB Obligation, End of Year	<u>\$ 491,782</u>	<u>\$ 528,166</u>	<u>\$ 561,790</u>	<u>\$ 6,192</u>	<u>\$ 6,463</u>	<u>\$ 6,753</u>
Percentage of Annual OPEB Cost Contributed	49.8 %	46.9 %	42.8 %	72.0 %	62.1 %	63.7 %
Percentage of Annual Required Contribution Contributed	45.9 %	42.2 %	37.6 %	66.4 %	55.8 %	56.0 %

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

At September 30, 2016, the total liability of \$568,543,000 for net OPEB obligation was \$494,180,000 for governmental activities and \$74,363,000 for business-type activities. The employer's required contribution rate as a percentage of payroll for FY2016 was 15.0%.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE K: EMPLOYEE BENEFITS (CONTINUED)

K.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the Plan as of January 1, 2016, was as follows:

	<u>Healthcare</u>	<u>Death Benefit</u>
Actuarial Accrued Liability (a)	\$ 740,143	\$ 10,054
Actuarial Value of Plan Assets (b)	66,039	-
Unfunded Actuarial Accrued Liability (a) – (b)	<u>\$ 674,104</u>	<u>\$ 10,054</u>
Funded Ratio (b) / (a)	8.9 %	- %
Covered Payroll (c)	\$ 450,980	\$ 450,980
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll $([(a) - (b)] / (c))$	149 %	2 %

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	<i>1/1/2016</i>	<i>1/1/2016</i>
Actuarial Cost Method	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>
Amortization Method	<i>Open, Level Dollar</i>	<i>Open, Level Dollar</i>
Remaining Amortization Period	<i>30</i>	<i>30</i>
Asset Valuation Method	<i>Market Value</i>	<i>Market Value</i>
Actuarial Assumptions:		
Discount Rate	<i>4.1%</i>	<i>4.1%</i>
Healthcare Cost Trend Rate	<i>8.0%</i>	<i>N/A</i>
Healthcare Inflation Rate	<i>3.0%</i>	<i>N/A</i>

The discount rate of 4.1% is based on a weighted average of the estimated return on Plan assets of 6% and the estimated return on the City's general investments of 4%.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE K: EMPLOYEE BENEFITS (CONTINUED)

K.2. DEFERRED COMPENSATION PLAN

The City offers its employees a Deferred Compensation Plan (DCP) created in accordance with Internal Revenue Code Section 457. The City's DCP is administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). In 1997, the City implemented the requirements of GASB Statement 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 its 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 DCP other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the DCP in these basic financial statements. Deferred compensation investments are held by outside trustees. The City's DCP investments include mutual funds whose focus is on stocks, bonds, treasury securities, money-market-type investments, or a combination of these. The City's DCP, available to all permanent City employees, permits them to defer income based upon guidelines published by the Internal Revenue Service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

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 FY2016 payments to the District under the agreement were \$74,180,955. 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, 2016, the City has recorded a pollution remediation liability of \$7,241,000 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 will not have a material impact on the financial statements.

The City has outstanding construction commitments of \$126,311,548 as of September 30, 2016.

Various other claims and lawsuits are pending against the City. After consultation with legal counsel, the City had potential losses from pending litigation that are reasonably possible totaling \$4,827,408 as of September 30, 2016.

The City has a major construction project planned as of December 9, 2014. This project is evidenced by contractual commitments and include the following: the City adopted a resolution committing an amount not to exceed \$225,000,000 for the construction of a multipurpose arena at the intersection of Harley Avenue and Gendy Street (the Venue Project). The City shall use its reasonable and best efforts to obtain funds from the issuance, sale, and delivery of one or more series of Arena Complex Bonds in an amount that is net after providing for the payment of issuance costs, the creation of reserves, and the deposit of capitalized interest, and upon terms and conditions that conform to applicable law, and that are satisfactory to the City, equal to \$225,000,000 less the Prior Public Contribution Amount. The City's Prior Public Contribution Amount was approximately \$25,000,000 as of September 30, 2016. Various revenue sources including: admission tax, livestock facility use tax, parking tax, state and local taxes derived in accordance with Chapter 351 of Texas Tax Code, and other revenue that the City deems appropriate will be used as designated resources for the repayment of the Arena Complex Bonds.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE M: SEGMENT FINANCIAL INFORMATION

Segment financial information for the City's Municipal Parking Fund and Solid Waste Fund are presented below:

	Municipal Parking Fund	Solid Waste Fund
Condensed Schedule of Net Position		
Assets		
Current Assets	\$ 1,900	\$ 29,780
Other Assets	2,068	9,060
Advances to Other Funds	-	10,523
Capital Assets	47,589	16,486
Deferred Outflows of Resources	3,341	5,217
Total Assets and Deferred Outflows of Resources	54,898	71,066
Liabilities		
Other Current Liabilities	2,682	6,046
Other Noncurrent Liabilities	45,703	32,648
Total Liabilities	48,385	38,694
Deferred Inflows of Resources	95	3,840
Net Position		
Net Investment in Capital Assets	3,308	12,461
Restricted	760	485
Unrestricted	2,350	15,586
Total Net Position	\$ 6,418	\$ 28,532
Condensed Schedule of Revenues, Expenses, and Changes in Net Position		
Operating Revenues	\$ 7,815	\$ 59,382
Depreciation Expense	1,837	709
Other Operating Expenses	3,176	52,283
Operating Income (Loss)	2,802	6,390
Nonoperating Revenues (Expenses):		
Investment Income	41	65
Interest and Service Charges	(2,374)	(97)
Gas Leases and Royalties	-	74
Transfers Out	(108)	(6,072)
Change in Net Position	361	360
Beginning Net Position	6,057	28,172
Ending Net Position	\$ 6,418	\$ 28,532
Condensed Schedule of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	4,818	8,372
Noncapital Financing Activities	(108)	(6,072)
Capital and Related Financing Activities	(5,070)	(865)
Investing Activities	24	145
Net Increase (Decrease)	(336)	1,580
Beginning Cash and Cash Equivalents	4,219	30,381
Ending Cash and Cash Equivalents	\$ 3,883	\$ 31,961

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE N: SUBSEQUENT EVENTS

On November 17, 2016, the City issued Tax Note, Series 2016, for the amount of \$9,525,000 to purchase fire apparatus and equipment for a new fire station. The specific equipment projected to be acquired consists of: six fire engines, two brush trucks, one tower ladder, two regular ladders, and two rescue vehicles. The notes will be a qualified tax-exempt obligation of the City, backed by the full-faith and credit of the City's taxing authority. The City will begin repayment of the seven-year notes on March 1, 2017, with repayment costs for these notes projected to be fully absorbed by revenue from the debt-rate portion of the City's property taxes without any increase in the rate. The notes will also be callable at the City's option on or after March 1, 2020.

On February 17, 2017, the City entered into a funding agreement that addressed the private and public funding commitments related to the costs to design, develop and construct the multipurpose arena complex (the Venue Project). The base budget for the project is \$450,000,000 to be split 50/50 between private and public funding. All costs over the base budget will be paid from private donations. See Note L for additional information regarding the City's commitment for the Venue Project.

On February 17, 2017, the City entered into a lease agreement for the operation of the multipurpose arena and adjacent support facilities. The lease period is 30 years with options for two 20-year extensions, with the initial term commencing upon the date of the first public event in the arena facility. The lessee will assume and bear all costs incurred for operations, staffing, maintenance, upkeep, security, utilities and improvements of the facilities.

On March 7, 2017, City Council authorized an agreement in the amount of \$7,698,019 (plus an additional \$300,000 for project contingencies) to complete the final cleanup efforts in relation to pollution remediation activities of Riverside Park. Work will include demolition of existing legacy structures and excavation, transportation and disposal of contaminated soil from the abandoned lagoons. See Note G.4. for additional information regarding the City's responsibility for the environmental cleanup of Riverside Park.

On April 4, 2017, the City will adopt an ordinance authorizing the issuance of Water and Sewer System Revenue Bond, Series 2017, for the amount of \$16,045,000 to provide funding for the Water and Sewer sanitary sewer rehabilitation program which is specifically designed to eliminate sewer overflows throughout the City. On September 20, 2016, the City authorized and approved a resolution authorizing the application of funds to the Clean Water State Revolving Fund (CWSRF). The planned project comes under the authority of Texas Water Development Board's CWSRF Program, which provides low-cost financial assistance for eligible projects.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE O: NEW ACCOUNTING STANDARDS

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement is effective for the City's financial periods beginning October 1, 2016.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employers Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for the City's financial periods beginning October 1, 2016.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The purpose of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Information provided by state and local government employers about financial support for OPEB that is provided by other entities will also be improved. This Statement is effective for the City's financial periods beginning October 1, 2017.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period; and
- Commitments made by a government, other than to rebate taxes, as part of a tax abatement agreement.

This Statement is effective for the City's financial periods beginning October 1, 2016.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE O: NEW ACCOUNTING STANDARDS (CONTINUED)

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employers defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement is effective for the City's financial periods beginning October 1, 2016.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. This Statement amends the blending requirements for certain component units and will provide clarification of the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement is effective for the City's financial periods beginning October 1, 2016.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflow of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for the City's financial periods beginning October 1, 2017.

In March 2016, GASB issued Statement No. 82, *Pension Issues*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for the City's financial periods beginning October 1, 2016.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016
(000's omitted in tables)

NOTE O: NEW ACCOUNTING STANDARDS (CONTINUED)

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement also establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires the following:

- That recognition occurs when the liability is both incurred and reasonably estimable;
- The measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred;
- The current value of a government's AROs should be adjusted for the effects of general inflation or deflation at least annually; and
- Disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

This Statement is effective for the City's financial periods beginning October 1, 2018.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify the fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This Statement is effective for the City's financial periods beginning October 1, 2019.

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

**REQUIRED SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

REQUIRED
SUPPLEMENTARY
INFORMATION (UNAUDITED)

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Budgetary</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>Final Budget -</u>
			<u>Actual</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	\$ 323,682	\$ 323,682	\$ 324,654	\$ 972
Sales Taxes	135,065	135,065	138,497	3,432
Other Local Taxes	53,676	53,676	53,658	(18)
Charges for Services	28,623	28,447	28,914	467
Licenses and Permits	13,433	13,433	15,304	1,871
Fines and Forfeitures	8,033	8,033	7,546	(487)
Revenue from Use of Money and Property	3,555	3,555	2,725	170
Intergovernmental	1,110	1,226	459	(767)
Other	791	791	2,067	1,276
Total Revenues	<u>567,968</u>	<u>566,908</u>	<u>573,824</u>	<u>6,916</u>
Other Financing Sources:				
Proceeds from Disposal of Property	1,486	1,486	1,687	201
Transfers In - Other Funds	41,449	43,176	42,689	(487)
Total Other Financing Sources	<u>42,935</u>	<u>44,662</u>	<u>44,376</u>	<u>(286)</u>
Total Revenues and Other Financing Sources	<u>610,903</u>	<u>611,570</u>	<u>618,200</u>	<u>6,630</u>
Expenditures:				
Departmental:				
City Attorney's Office	6,264	6,325	6,174	151
City Auditor's Office	1,627	1,627	1,490	137
City Manager's Office	8,594	8,876	8,765	111
City Secretary's Office	1,234	1,692	1,662	30
Code Compliance	18,822	18,869	18,653	216
Financial Management Services	14,139	14,699	14,594	105
Fire	132,416	135,560	135,368	192
Housing and Economic Development	16,477	15,881	15,881	-
Human Resources	3,863	3,913	3,913	-
Library	20,111	20,171	20,170	1
Municipal Court	17,390	17,493	17,492	1
Neighborhood Services	7,702	7,741	7,621	120
Non-Departmental	15,078	44,340	38,665	5,675
Parks and Community Services	45,735	43,142	42,392	750
Planning and Development	12,290	12,630	12,357	273
Police	229,074	227,972	227,971	1
Property Management	11,180	9,580	9,177	403
Transportation and Public Works	48,907	30,183	30,183	-
Total Expenditures	<u>610,903</u>	<u>620,694</u>	<u>612,528</u>	<u>8,166</u>
Contribution to / (Use of) Fund Balance	<u>\$ -</u>	<u>\$ (9,124)</u>	<u>\$ 5,672</u>	<u>\$ 14,796</u>

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

Contribution to / (Use of) Fund Balance (Budgetary Basis)	\$ 5,672
Differences - Budgetary to GAAP	
Current year non-budgeted transfers treated as revenues for financial reporting purposes but not as budgetary inflows.	2,922
Current year non-budgeted transfers treated as expenditures for financial reporting purposes but not as budgetary outflows.	(1,366)
Current year non-budgeted expenditures treated as expenditures for financial reporting (due to perspective difference) purposes but not as budgetary outflows.	132
Net Change in Fund Balance (GAAP Basis)	<u>\$ 7,360</u>

See accompanying notes to the required supplementary information.

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)
(Unaudited)

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	\$ 85,049	\$ 85,049	\$ 85,660	\$ 611
Revenue from Use of Money and Property	2,335	2,335	745	(1,590)
Other	-	-	38	38
Total Revenues	<u>87,384</u>	<u>87,384</u>	<u>86,443</u>	<u>(941)</u>
Other Financing Sources:				
Issuance of Refunding Bonds/Premium	-	52,030	48,631	(3,399)
Transfers In - Other Funds	11,331	11,555	11,697	142
Total Other Financing Sources	<u>11,331</u>	<u>63,585</u>	<u>60,328</u>	<u>(3,257)</u>
 Total Revenues and Other Financing Sources	 <u>98,715</u>	 <u>150,969</u>	 <u>146,771</u>	 <u>(4,198)</u>
 Expenditures:				
Departmental:				
Financial Management Services	91,907	144,344	141,090	3,254
Total Expenditures	<u>91,907</u>	<u>144,344</u>	<u>141,090</u>	<u>3,254</u>
 Contribution to / (Use of) Fund Balance	 <u>\$ 6,808</u>	 <u>\$ 6,625</u>	 <u>\$ 5,681</u>	 <u>\$ (944)</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016
(000's omitted in tables)

ADOPTED BUDGET

The City's framework for fiscal decision making is a comprehensive set of Financial Management Policy Statements. As required by the City's charter, the City adopts an annual balanced budget for most funds (as more fully described below) which the legal level of control is at the departmental/fund level. Departments may not exceed their appropriations within any specific fund.

The City adopts annual budgets for most governmental funds, including the General Fund, the Debt Service Fund, the Crime Control and Prevention District Fund (CCPD), the Culture and Tourism Fund, the Environmental Management Fund, the Other Special Revenue Fund, our Public Improvement Districts Fund, and the Golf Fund using the modified accrual basis of accounting except for certain revenues, expenditures, other financing sources, administrative costs, indirect costs, and transfers. Therefore a reconciliation is presented on the Budgetary Comparisons Schedules to reconcile the Budgetary Basis Contribution to/Use of Fund Balance to the GAAP Basis Net Change in Fund Balance. Specific information on the budget for each of these fund is included as supplementary information in the Combining and Individual Fund Financial Statements and Schedules section.

All governmental funds have annual adopted budgets. Multi-year project length budgets are adopted for the City's governmental Capital Projects Fund and the Grants Fund in accordance with the City's *Capital Project Improvement Program* and are not presented within this document. Other multi-year budgets have been established for the HUD Fund, the Special Projects Fund, the Taxing Increment Reinvestment Zones Funds, Fort Worth Housing Finance Corporation, Fort Worth Local Development Corporation, Fort Worth Sports Authority, Lone Star Local Development Corporation, Central City Local Government Corporation, and Alliance Airport Authority. Budgets for the Grants Fund are established pursuant to the terms of the related Federal, State, and local grant awards and are therefore considered a legally adopted budget once the specific appropriation is approved.

Prior to action taken by City Council, the CCPD Board of Directors (Board) must approve the original budget for this fund. In addition, the Board as well as the City Council must also approve any supplement or transfer of appropriation balances or portions thereof from one department to another for this fund.

The City also adopts annual budget for most of the proprietary funds, including enterprise funds and internal service funds. Internal service funds are maintained to account for services provided primarily to departments within the City. Budgets for proprietary funds are prepared on the full accrual basis of accounting with the following exceptions:

- Changes in the fair value of investments are not treated as adjustments to revenue in the annual operating budget;
- Debt service and capital lease principal payments are treated as expenses in the annual operating budget;
- Depreciation expense is not recognized in the annual operating budget; and
- Capital purchases are recognized as expense in the annual operating budgets.

At the close of each fiscal year the appropriated balance for annually adopted budgets lapse.

CITY OF FORT WORTH, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016
(000's omitted in tables)

BUDGETARY CONTROL

Budgetary controls begin with the City Charter requirements that the City adopt an annual balanced budget for appropriated funds by formal action. Each department is responsible for administering their respective programs and operations within the financial constraints described by the adopted budget. The City's Department of Finance provides regular reporting to the Mayor and and City Council on the status of actual expenditures, expenses, and revenues compared the the adopted budget.

The City's budget ordinance is deemed balanced when the sum of estimated revenues and appropriated fund balance/net position is equal to expenditure/expense appropriations and contributions to fund balance/net position. Operating revenues and other financing sources must fully cover operating expenditures/expenses, including debt service and other financing uses. Operating expenditures/expenses for the purpose of balancing the annual budget shall include that year's contribution to capital funds required to maintain existing assets. Furthermore, operating expenditures/expenses shall include the portion of funds required to maintain the viability of internal service funds or the purposes in which they were created. Finally, minimum reserve levels as outlined in the Financial Management Policy Statements must be maintained unless reserves are being used in accordance with the purposes permitted by the City's policy.

The overall budget appropriation may be increased via a supplemental appropriation ordinance that allocates funds that are certified as being in excess of those included in the budget and as being otherwise unencumbered. These amendments shall be considered and adopted by the City Council at formal business meetings, except for specific adjustments when limited authority has been delegated to the City Manager as prescribed within the adopted budget ordinance.

The City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, division, or section upon compliance with such conditions as the City Council has established. Upon request of the City Manager, the City Council may by ordinance transfer part or all of any unencumbered appropriation balance from one department to another. No such transfers shall be made of revenues or earnings of any non-tax supported public entity to any other purpose.

For the General Fund, supplemental appropriations of \$9,791,000 were approved by the City Council. The reported budgetary data includes amendments made during the year. At the close of each fiscal year, any appropriated balance in the General Fund lapses to fund balance. Multi-year project length budget appropriations are automatically carried over into the next fiscal year.

BUDGET PROCESS

The City adheres to the following procedures 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. The budget includes proposed expenditures and the means of financing them. Public hearing are conducted. The budget is legally enacted by the City Council through passage of appropriations and the tax levying ordinances prior to September 30 and is published under a separate cover.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
TO THE RETIREMENT FUND – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2016
(in 000's)**

Year Ended September 30,	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2007	(Historical information prior to implementation of GASB 67/68 is not required)				
2008					
2009					
2010					
2011					
2012					
2013					
2014	\$ 82,938	\$ 78,165	\$ 4,773	\$ 397,886	19.6%
2015	93,563	80,821	12,742	411,647	19.6%
2016	101,340	84,747	16,593	450,980	18.8%

* The Actuarially Determined contribution is equal to the total calculated contribution rate in the prior actuarial valuation, minus the portion expected to be covered by employee contributions, multiplied by the covered-employee payroll.

** Covered-employee payroll is estimated based on the actual employer contributions received and a 19.98% weighted average contribution rate.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
- LAST TEN FISCAL YEARS
SEPTEMBER 30, 2016
(in 000's)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Pension Liability						
Service Cost	\$ 85,593	\$ 92,189	(Historical information prior to implementation of GASB 67/68 is not required)			
Interest	246,293	234,701				
Charge of Benefit Terms	(1,828)	110,188				
Differences Between Expected and Actual Experience	(10,817)	(106,951)				
Change of Assumptions	364,494	-				
Benefit Payments, Including Refunds of Employee Contributions	<u>(167,066)</u>	<u>(161,159)</u>				
Net Change in Total Pension Liability	516,669	168,968				
Total Pension Liability - Beginning	<u>3,610,674</u>	<u>3,441,706</u>				
Total Pension Liability - Ending (a)	<u>\$ 4,127,343</u>	<u>\$ 3,610,674</u>				
Plan Fiduciary Net Pension						
Contributions - Employer	\$ 80,820	\$ 78,165				
Contributions - Employee	32,542	31,929				
Net Investment Income	(20,635)	159,994				
Benefit Payments, Including Refunds of Employee Contributions	(167,066)	(161,159)				
Administrative Expense	(3,823)	(3,739)				
Other	<u>(143)</u>	<u>(130)</u>				
Net Change in Plan Fiduciary Net Position	(78,305)	105,060				
Plan Fiduciary Net Position - Beginning	<u>2,081,575</u>	<u>1,976,515</u>				
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,003,270</u>	<u>\$ 2,081,575</u>				
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,124,073</u>	<u>\$ 1,529,099</u>				
Plan Fiduciary Net Position as a % of the Total Pension Liability	48.54%	57.65%				
Covered Employee Payroll	\$ 450,980	\$ 411,647				
Net Pension Liability as a % of Covered Employee Payroll	470.99%	371.46%				

Notes to Schedule:

Benefits changes:

FY2014 - The benefits for Municipal employees hired before July 1, 2011 and Police employees hired before January 1, 2013 (Groups I and III) were bifurcated effective October 1, 2013. Prospectively, the benefit multiplier changed from 3.00% to 2.50% for standard pension benefits and from 2.75% to 2.25% for early retirement, non-duty death and non-duty disability benefits. The compensation base was extended from the highest three years to the highest five years, and overtime earnings are now excluded. Benefits earned on or after October 1, 2013 are subject to an annual 2.00% simple COLA, rather than an ad-hoc COLA.

FY2015 - The benefits for Fire employees hired before January 10, 2015 (Group II) were bifurcated effective January 10, 2015. Prospectively, the benefit multiplier changed from 3.00% to 2.50% for standard pension benefits and from 2.75% to 2.25% for early retirement, non-duty death and non-duty disability benefits. The compensation base was extended from the highest three years to the highest five years, and overtime earnings are now excluded (with the exception of built-in overtime, assumed to be 6.50% of base pay). Benefits earned on or after January 10, 2015 are subject to an annual 2.00% simple COLA, rather than an ad-hoc COLA.

Change of assumptions: The blended interest rate for the FY2014 was 6.98%. The rate for the FY2015 is 6.25%.

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2016
(in 000's)**

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Healthcare						
12/31/2010	\$ 15,388	\$ 1,055,308	\$ 1,039,920	1%	\$ 334,726	311%
1/1/2012	16,000	942,238	926,238	2%	383,802	241%
1/1/2013	24,328	993,541	969,213	2%	376,317	258%
1/1/2014	38,977	932,667	893,690	4%	397,886	225%
1/1/2015	55,626	821,619	765,993	7%	411,647	186%
1/1/2016	66,039	740,143	674,104	9%	450,980	149%
Death Benefit						
12/31/2010	\$ 161	\$ 11,025	\$ 10,864	1%	\$ 334,726	3%
1/1/2012	-	11,589	11,589	0%	383,802	3%
1/1/2013	-	10,921	10,921	0%	376,317	3%
1/1/2014	-	10,252	10,252	0%	397,886	3%
1/1/2015	-	8,743	8,743	0%	411,647	2%
1/1/2016	-	10,054	10,054	0%	450,980	2%

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2016
(in 000's)**

Year Ended	Annual Required Contributions	Percentage Contributed	Net OPEB Obligation
Healthcare			
9/30/2011	\$ 110,705	22.5%	\$ 324,619
9/30/2012	105,502	27.9%	394,908
9/30/2013	98,334	36.0%	450,860
9/30/2014	88,405	45.9%	491,782
9/30/2015	75,983	42.2%	528,166
9/30/2016	66,789	37.6%	561,790
Death Benefit			
9/30/2011	\$ 984	17.8%	\$ 4,301
9/30/2012	1,435	15.7%	5,453
9/30/2013	943	39.2%	5,956
9/30/2014	916	66.4%	6,192
9/30/2015	795	55.8%	6,463
9/30/2016	907	56.0%	6,753



**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

Nonmajor Governmental Funds Special Revenue Funds

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

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

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

Fort Worth Housing Finance Corporation Fund is used to finance the cost of residential ownership and development of single-family dwellings for persons of low and moderate income. This Fund also includes its component unit, 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.

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

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 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), 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), and Alliance Airport Authority, Inc. (which was created for the promotion and development of new and expanded business enterprises at Alliance Airport and to promote and encourage employment and public welfare).

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.

Public Improvement Districts (PIDs) were created by resolution of the City Council pursuant to Chapter 372 of the Local Government Code. PIDs provide a development tool that allocates costs according to the benefits received. In time of declining city revenues, a PID can provide a means to fund supplemental services and improvements to meet community needs which could not otherwise be constructed or provided and be paid by those who most benefit from them.

Taxing Increment Reinvestment Zones (TIRZs) are special zones created by City Council under the Texas Tax Code Chapter 311 (Tax Increment Financing Act). A TIRZ is used to finance public improvements within a defined area. These improvements are intended to promote development or redevelopment in the defined area and surrounding areas. Taxes attributable to new improvements (tax increments) are set aside in a special revenue fund to finance public improvements within the boundaries of the zone.

Golf Fund is used to account for the operation of four City golf courses. The Fund's operations are financed by course fees, golf equipment rentals and merchandise and concession sales to the public and an annual subsidy from the General Fund.



**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016
(in 000's)**

	Special Revenue Funds					
	Crime Control and Prevention District	Environmental Management	Fort Worth Housing Finance Corporation	Fort Worth Local Development Corporation	HUD 108 Loan	Special Projects
ASSETS						
Cash, Cash Equivalents, & Investments	\$ 2,712	\$ 7,803	\$ 10,113	\$ 2,238	\$ 417	\$ 25,805
Cash, Cash Equivalents, & Investments Held by Trustees	-	-	-	-	984	450
Receivables, Net of Allowance for Uncollectibles:						
Grants and Other Governments	11,155	-	-	-	-	-
Loans	-	-	-	-	-	-
Interest	33	8	163	-	-	27
Accounts and Other	732	374	3,106	422	-	147
Inventories (at Cost)	-	-	4,955	187	-	-
Prepays, Deposits, and Other	9	-	3	10	-	37
Long-Term Loans Receivable	-	-	70	-	-	-
Total Assets	<u>\$ 14,641</u>	<u>\$ 8,185</u>	<u>\$ 18,410</u>	<u>\$ 2,857</u>	<u>\$ 1,401</u>	<u>\$ 26,466</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts Payable	\$ 1,269	\$ 229	\$ 3,045	\$ 1,105	\$ -	\$ 597
Construction Payable	-	73	27	1,077	194	44
Escrow Accounts Payable	-	-	2	-	-	378
Accrued Payroll	1,002	54	-	-	-	50
Accrued Interest Payable	-	-	-	-	3	-
Other	-	-	-	448	-	51
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	<u>2,271</u>	<u>356</u>	<u>3,074</u>	<u>2,630</u>	<u>197</u>	<u>1,120</u>
Deferred Inflows of Resources	<u>-</u>	<u>6</u>	<u>2,591</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):						
Nonspendable	9	-	4,958	197	-	37
Restricted	11,206	3,143	-	-	-	17,377
Committed	-	3,823	-	-	-	357
Assigned	1,155	857	7,787	30	1,204	7,575
Unassigned (Deficit)	-	-	-	-	-	-
Total Fund Balances	<u>12,370</u>	<u>7,823</u>	<u>12,745</u>	<u>227</u>	<u>1,204</u>	<u>25,346</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,641</u>	<u>\$ 8,185</u>	<u>\$ 18,410</u>	<u>\$ 2,857</u>	<u>\$ 1,401</u>	<u>\$ 26,466</u>

Special Revenue Funds

Culture and Tourism	Grants	Other Blended Component Units	Other Special Revenue	Public Improvement Districts	Taxing Increment Reinvestment Zones	Golf	Total
\$ 11,605	\$ 8,095	\$ 1,717	\$ 13,663	\$ 2,734	\$ 28,072	\$ 332	\$ 115,306
-	70	-	-	-	-	-	1,504
-	12,619	-	-	-	-	-	23,774
-	10,615	-	-	-	-	-	10,615
16	6	-	7	3	30	-	293
4,266	-	388	2,391	3	-	4	11,833
-	-	-	-	-	-	75	5,217
9	-	-	-	-	-	9	77
-	11,143	-	-	-	-	-	11,213
<u>\$ 15,896</u>	<u>\$ 42,548</u>	<u>\$ 2,105</u>	<u>\$ 16,061</u>	<u>\$ 2,740</u>	<u>\$ 28,102</u>	<u>\$ 420</u>	<u>\$ 179,832</u>

\$ 2,411	\$ 1,158	\$ 291	\$ 4,422	\$ 758	\$ 272	\$ 81	\$ 15,638
-	2,030	522	-	-	-	-	3,967
-	73	-	2	-	-	-	455
232	333	-	40	-	-	70	1,781
-	-	686	-	-	-	-	689
-	-	-	84	-	-	-	583
1,541	30,378	868	-	-	-	-	32,787
<u>4,184</u>	<u>33,972</u>	<u>2,367</u>	<u>4,548</u>	<u>758</u>	<u>272</u>	<u>151</u>	<u>55,900</u>
-	6,378	-	-	-	-	-	8,975
9	-	-	-	-	-	84	5,294
9,552	2,033	-	2,981	653	27,830	-	74,775
-	949	-	-	1,329	-	-	6,458
2,151	-	748	8,532	-	-	185	30,224
-	(784)	(1,010)	-	-	-	-	(1,794)
<u>11,712</u>	<u>2,198</u>	<u>(262)</u>	<u>11,513</u>	<u>1,982</u>	<u>27,830</u>	<u>269</u>	<u>114,957</u>
<u>\$ 15,896</u>	<u>\$ 42,548</u>	<u>\$ 2,105</u>	<u>\$ 16,061</u>	<u>\$ 2,740</u>	<u>\$ 28,102</u>	<u>\$ 420</u>	<u>\$ 179,832</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

	Special Revenue Funds					
	Crime Control and Prevention District	Environmental Management	Fort Worth Housing Finance Corporation	Fort Worth Local Development Corporation	HUD 108 Loan	Special Projects
REVENUES:						
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	64,974	-	-	-	-	-
Other Local Taxes	-	-	-	-	-	-
Charges for Services	-	4,377	-	-	-	1,329
Licenses and Permits	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	735
Revenue from Use of Money and Property	-	-	-	843	-	156
Investment Income (Loss)	79	18	21	18	-	175
Intergovernmental	5,111	-	82	-	-	2,404
Gas Leases and Royalties	-	-	109	96	-	-
Other	342	30	644	-	-	1,981
Contributions	-	-	-	-	-	1,102
Total Revenues	<u>70,506</u>	<u>4,425</u>	<u>856</u>	<u>957</u>	<u>-</u>	<u>7,882</u>
EXPENDITURES:						
Current:						
General Government	-	-	-	-	-	1,380
Public Safety	49,360	3,534	-	-	-	811
Highways and Streets	-	-	-	-	-	-
Culture and Recreation	1,213	-	-	-	-	2,917
Health and Welfare	-	-	-	-	-	-
Urban Redevelopment and Housing	302	-	366	920	-	11
Capital Outlay	-	319	-	10,253	569	84
Debt Service:						
Principal Retirement	83	2	-	356	834	-
Interest and Debt Issuance Costs	40	1	-	271	177	-
Total Expenditures	<u>50,998</u>	<u>3,856</u>	<u>366</u>	<u>11,800</u>	<u>1,580</u>	<u>5,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,508</u>	<u>569</u>	<u>490</u>	<u>(10,843)</u>	<u>(1,580)</u>	<u>2,679</u>
OTHER FINANCING SOURCES (USES):						
Construction Loans	-	-	-	8,503	-	-
Proceeds from Disposal of Property	132	5	-	-	-	-
Transfers In	-	373	-	-	739	83
Transfers Out	(39,367)	(491)	-	-	-	(2,163)
Total Other Financing Sources (Uses)	<u>(39,235)</u>	<u>(113)</u>	<u>-</u>	<u>8,503</u>	<u>739</u>	<u>(2,080)</u>
Net Change in Fund Balances	(19,727)	456	490	(2,340)	(841)	599
Fund Balances, Beginning of Year	32,097	7,367	12,255	2,567	2,045	24,747
Fund Balances, End of Year	<u>\$ 12,370</u>	<u>\$ 7,823</u>	<u>\$ 12,745</u>	<u>\$ 227</u>	<u>\$ 1,204</u>	<u>\$ 25,346</u>

Special Revenue Funds

Culture and Tourism	Grants	Other Blended Component Units	Other Special Revenue	Public Improvement Districts	Taxing Increment Reinvestment Zones	Golf	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,144	\$ -	\$ 14,144
-	-	-	-	-	-	-	64,974
26,402	-	-	-	-	-	-	26,402
3,641	-	-	-	-	-	3,180	12,527
21	-	-	-	-	-	-	21
-	-	-	9,768	-	-	-	10,503
6,142	1,948	2	5,048	-	-	-	14,139
48	(1,869)	72	8	(5)	232	2	(1,201)
8,930	43,630	83	-	-	8,668	-	68,908
-	-	2,003	-	-	-	-	2,208
1,873	-	1	7,012	5,401	-	18	17,302
343	435	1,272	-	-	-	-	3,152
<u>47,400</u>	<u>44,144</u>	<u>3,433</u>	<u>21,836</u>	<u>5,396</u>	<u>23,044</u>	<u>3,200</u>	<u>233,079</u>
-	1,426	-	6,704	6,365	45,716	-	61,591
-	8,186	-	-	-	-	-	61,891
-	15,845	-	9,655	-	-	-	25,500
29,304	2,280	-	-	-	-	4,081	39,795
-	6,716	-	-	-	-	-	6,716
-	13,957	147	-	-	-	-	15,703
-	12,723	3,036	-	-	-	-	26,984
953	-	2,495	2	-	2,366	-	7,091
260	-	1,165	1	-	-	-	1,915
<u>30,517</u>	<u>61,133</u>	<u>6,843</u>	<u>16,362</u>	<u>6,365</u>	<u>48,082</u>	<u>4,081</u>	<u>247,186</u>
<u>16,883</u>	<u>(16,989)</u>	<u>(3,410)</u>	<u>5,474</u>	<u>(969)</u>	<u>(25,038)</u>	<u>(881)</u>	<u>(14,107)</u>
-	-	-	-	-	31,870	-	40,373
7	14	-	-	-	-	-	158
1,213	16,742	-	1,000	728	7	851	21,736
(21,711)	(750)	(2,000)	(1,145)	(117)	(2,776)	(74)	(70,594)
<u>(20,491)</u>	<u>16,006</u>	<u>(2,000)</u>	<u>(145)</u>	<u>611</u>	<u>29,101</u>	<u>777</u>	<u>(8,327)</u>
(3,608)	(983)	(5,410)	5,329	(358)	4,063	(104)	(22,434)
15,320	3,181	5,148	6,184	2,340	23,767	373	137,391
<u>\$ 11,712</u>	<u>\$ 2,198</u>	<u>\$ (262)</u>	<u>\$ 11,513</u>	<u>\$ 1,982</u>	<u>\$ 27,830</u>	<u>\$ 269</u>	<u>\$ 114,957</u>

**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS
SEPTEMBER 30, 2016
(in 000's)**

	Fort Worth Sports Authority	Lone Star Local Development Corporation	Central City Local Government Corporation	Alliance Airport Authority	Total
ASSETS					
Cash, Cash Equivalents, & Investments	\$ 149	\$ 687	\$ 366	\$ 515	\$ 1,717
Receivables:					
Accounts and Other	383	-	-	5	388
Total Assets	<u>\$ 532</u>	<u>\$ 687</u>	<u>\$ 366</u>	<u>\$ 520</u>	<u>\$ 2,105</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 287	\$ -	\$ 4	\$ -	\$ 291
Construction Payable	-	-	522	-	522
Accrued Interest Payable	-	686	-	-	686
Unearned Revenue	18	-	850	-	868
Total Liabilities	<u>305</u>	<u>686</u>	<u>1,376</u>	<u>-</u>	<u>2,367</u>
Fund Balances (Deficit):					
Assigned	227	1	-	520	748
Unassigned (Deficit)	-	-	(1,010)	-	(1,010)
Total Fund Balances	<u>227</u>	<u>1</u>	<u>(1,010)</u>	<u>520</u>	<u>(262)</u>
Total Liabilities and Fund Balances	<u>\$ 532</u>	<u>\$ 687</u>	<u>\$ 366</u>	<u>\$ 520</u>	<u>\$ 2,105</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, 2016
(in 000's)

	Fort Worth Sports Authority	Lone Star Local Development Corporation	Central City Local Government Corporation	Alliance Airport Authority	Total
REVENUES:					
Revenue from Use of Money and Property	\$ -	\$ -	\$ 2	\$ -	\$ 2
Investment Income	71	-	-	1	72
Intergovernmental	83	-	-	-	83
Gas Leases and Royalties	1,903	-	1	99	2,003
Other	1	-	-	-	1
Contributions	-	1,165	107	-	1,272
Total Revenues	2,058	1,165	110	100	3,433
EXPENDITURES:					
Current:					
Urban Redevelopment and Housing	65	-	72	10	147
Capital Outlay	-	-	3,036	-	3,036
Debt Service:					
Principal Retirement	2,495	-	-	-	2,495
Interest and Debt Issuance Costs	-	1,165	-	-	1,165
Total Expenditures	2,560	1,165	3,108	10	6,843
Excess (Deficiency) of Revenues Over (Under) Expenditures	(502)	-	(2,998)	90	(3,410)
OTHER FINANCING SOURCES (USES):					
Transfers Out	-	-	-	(2,000)	(2,000)
Total Other Financing Sources (Uses)	-	-	-	(2,000)	(2,000)
Net Change in Fund Balances	(502)	-	(2,998)	(1,910)	(5,410)
Fund Balances, Beginning of Year	729	1	1,988	2,430	5,148
Fund Balances, End of Year	\$ 227	\$ 1	\$ (1,010)	\$ 520	\$ (262)

CITY OF FORT WORTH, TEXAS
BUDGETARY COMPARISON SCHEDULE
CRIME CONTROL AND PREVENTION DISTRICT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Sales Taxes	\$ 64,803	\$ 64,803	\$ 64,974	\$ 171
Revenue from Use of Money and Property	81	81	79	(2)
Intergovernmental	4,771	4,771	5,111	340
Other	7	7	342	335
Total Revenues	<u>69,662</u>	<u>69,662</u>	<u>70,506</u>	<u>844</u>
Other Financing Sources:				
Proceeds from Disposal of Property	102	102	132	30
Total Other Financing Sources	<u>102</u>	<u>102</u>	<u>132</u>	<u>30</u>
Total Revenues and Other Financing Sources	<u>69,764</u>	<u>69,764</u>	<u>70,638</u>	<u>874</u>
Expenditures:				
Departmental:				
Neighborhood Services	545	545	302	243
Parks and Community Services	1,293	1,293	1,213	80
Police	84,165	89,236	88,850	386
Total Expenditures	<u>86,003</u>	<u>91,074</u>	<u>90,365</u>	<u>709</u>
Contribution to / (Use of) Fund Balance	<u>\$ (16,239)</u>	<u>\$ (21,310)</u>	<u>\$ (19,727)</u>	<u>\$ 1,583</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 ENVIRONMENTAL MANAGEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Charges for Services	\$ 4,364	\$ 4,364	\$ 4,377	\$ 13
Revenue from Use of Money and Property	71	71	18	(53)
Other	13	13	30	17
Total Revenues	<u>4,448</u>	<u>4,448</u>	<u>4,425</u>	<u>(23)</u>
Other Financing Sources:				
Proceeds from Disposal of Property	-	-	5	5
Transfers In - Other Funds	373	373	373	-
Total Other Financing Sources	<u>373</u>	<u>373</u>	<u>378</u>	<u>5</u>
Total Revenues and Other Financing Sources	<u>4,821</u>	<u>4,821</u>	<u>4,803</u>	<u>(18)</u>
Expenditures:				
Departmental:				
Code Compliance	4,821	7,746	7,451	295
Total Expenditures	<u>4,821</u>	<u>7,746</u>	<u>7,451</u>	<u>295</u>
Contribution to / (Use of) Fund Balance	<u>\$ -</u>	<u>\$ (2,925)</u>	<u>\$ (2,648)</u>	<u>\$ 277</u>

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

Contribution to / (Use of) Fund Balance (Budgetary Basis)	\$ (2,648)
Differences Due to Multi-Year Budgets:	
Multi-year budgeted activities treated as other financing sources for financial reporting purposes but not as budgetary inflows in the current year.	3,600
Multi-year budgeted activities treated as expenditures for financial reporting purposes but not as budgetary outflows in the current year.	<u>(496)</u>
Net Change in Fund Balance (GAAP Basis)	<u>\$ 456</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CULTURE AND TOURISM FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016
 (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	\$ 25,718	\$ 25,718	\$ 26,402	\$ 684
Charges for Services	2,902	2,902	3,641	739
Licenses and Permits	20	20	21	1
Revenue from Use of Money and Property	5,350	5,350	6,533	1,183
Intergovernmental	5,500	5,500	8,930	3,430
Other	1,722	1,755	1,873	118
Total Revenues	<u>41,212</u>	<u>41,245</u>	<u>47,400</u>	<u>6,155</u>
Other Financing Sources:				
Proceeds from Disposal of Property	-	-	7	7
Transfers In - Other Funds	2,467	2,467	1,213	(1,254)
Total Other Financing Sources	<u>2,467</u>	<u>2,467</u>	<u>1,220</u>	<u>(1,247)</u>
Total Revenues and Other Financing Sources	<u>43,679</u>	<u>43,712</u>	<u>48,620</u>	<u>4,908</u>
Expenditures:				
Departmental:				
Public Events and Facilities	43,679	52,251	52,228	23
Total Expenditures	<u>43,679</u>	<u>52,251</u>	<u>52,228</u>	<u>23</u>
Contribution to / (Use of) Fund Balance	<u>\$ -</u>	<u>\$ (8,539)</u>	<u>\$ (3,608)</u>	<u>\$ 4,885</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 OTHER SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Fines and Forfeitures	\$ 8,210	\$ 8,552	\$ 9,768	\$ 1,216
Revenue from Use of Money and Property	2,898	2,898	5,056	2,158
Other	9,632	9,632	7,012	(2,620)
Total Revenues	<u>20,740</u>	<u>21,082</u>	<u>21,836</u>	<u>754</u>
Other Financing Sources:				
Transfers In - Other Funds	-	1,000	1,000	-
Total Other Financing Sources	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>20,740</u>	<u>22,082</u>	<u>22,836</u>	<u>754</u>
Expenditures:				
Departmental:				
Property Management	12,155	12,155	7,704	4,451
Transportation and Public Works	9,461	9,804	9,803	1
Total Expenditures	<u>21,616</u>	<u>21,959</u>	<u>17,507</u>	<u>4,452</u>
Contribution to / (Use of) Fund Balance	<u>\$ (876)</u>	<u>\$ 123</u>	<u>\$ 5,329</u>	<u>\$ (3,698)</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 PUBLIC IMPROVEMENT DISTRICTS FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Revenue (Loss) from Use of Money and Property	\$ -	\$ -	\$ (5)	\$ (5)
Other	6,281	5,553	5,401	(152)
Total Revenues	6,281	5,553	5,396	(157)
Other Financing Sources:				
Transfers In - Other Funds	-	728	728	-
Total Other Financing Sources	-	728	728	-
Total Revenues and Other Financing Sources	6,281	6,281	6,124	(157)
Expenditures:				
Departmental:				
Neighborhood Services	6,941	7,258	6,482	776
Total Expenditures	6,941	7,258	6,482	776
Contribution to / (Use of) Fund Balance	\$ (660)	\$ (977)	\$ (358)	\$ 619

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 GOLF FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2016
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Charges for Services	\$ 3,610	\$ 3,610	\$ 3,180	\$ (430)
Revenue from Use of Money and Property	-	-	2	2
Other	10	10	18	8
Total Revenues	<u>3,620</u>	<u>3,620</u>	<u>3,200</u>	<u>(420)</u>
Other Financing Sources:				
Transfers In - Other Funds	850	850	851	1
Total Other Financing Sources	<u>850</u>	<u>850</u>	<u>851</u>	<u>1</u>
Total Revenues and Other Financing Sources	<u>4,470</u>	<u>4,470</u>	<u>4,051</u>	<u>(419)</u>
Expenditures:				
Departmental:				
Parks and Community Services	4,470	4,544	4,155	389
Total Expenditures	<u>4,470</u>	<u>4,544</u>	<u>4,155</u>	<u>389</u>
Contribution to / (Use of) Fund Balance	<u>\$ -</u>	<u>\$ (74)</u>	<u>\$ (104)</u>	<u>\$ (30)</u>



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 Will Rogers 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.

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 POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016
(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Solid Waste</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets:				
Cash, Cash Equivalents, & Investments	\$ 2,902	\$ 1,700	\$ 21,964	\$ 26,566
Interest Receivable	-	-	28	28
Accounts and Other Receivables, Net of Allowance for Uncollectibles	361	52	6,850	7,263
Prepays, Deposits, and Other	6	-	-	6
Restricted Assets:				
Cash & Cash Equivalents	7,653	148	938	8,739
Total Current Assets	<u>10,922</u>	<u>1,900</u>	<u>29,780</u>	<u>42,602</u>
Noncurrent Assets:				
Restricted Assets:				
Cash & Cash Equivalents	21,998	2,035	4,120	28,153
Cash, Cash Equivalents, & Investments Held by Trustees	28,845	-	4,939	33,784
Grants Receivable	28,351	-	-	28,351
Interest Receivable	53	33	1	87
Total Restricted Assets	<u>79,247</u>	<u>2,068</u>	<u>9,060</u>	<u>90,375</u>
Advances to Other Funds	3,115	-	10,523	13,638
Capital Assets (at Cost):				
Land/Right of Way	63,388	1,561	5,695	70,644
Buildings	12,125	49,291	2,777	64,193
Infrastructure	236,239	7,845	17,445	261,529
Vehicles, Machinery and Equipment	4,670	948	3,878	9,496
Construction in Progress	123,911	-	194	124,105
Accumulated Depreciation	(164,079)	(12,056)	(13,503)	(189,638)
Net Capital Assets	<u>276,254</u>	<u>47,589</u>	<u>16,486</u>	<u>340,329</u>
Total Noncurrent Assets	<u>358,616</u>	<u>49,657</u>	<u>36,069</u>	<u>444,342</u>
Total Assets	<u>369,538</u>	<u>51,557</u>	<u>65,849</u>	<u>486,944</u>
Deferred Outflows of Resources	<u>1,558</u>	<u>3,341</u>	<u>5,217</u>	<u>10,116</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 371,096</u>	<u>\$ 54,898</u>	<u>\$ 71,066</u>	<u>\$ 497,060</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016
(in 000's)**

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Solid Waste</u>	<u>Total</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
Liabilities				
Current Liabilities:				
Accounts Payable	\$ 211	\$ 194	\$ 3,862	\$ 4,267
Accrued Payroll	50	17	208	275
Current Portion of Long-Term Liabilities	109	2,323	1,038	3,470
Payables from Restricted Assets:				
Construction Payable	7,015	-	42	7,057
Customer Deposits	-	-	888	888
Accrued Interest Payable	-	148	8	156
Unearned Revenue	2,597	-	-	2,597
Total Current Liabilities	<u>9,982</u>	<u>2,682</u>	<u>6,046</u>	<u>18,710</u>
Long-Term Liabilities:				
Advances from Other Funds	24,863	-	-	24,863
Long-Term Liabilities Due in More Than One Year	7,745	45,703	32,648	86,096
Total Long-Term Liabilities	<u>32,608</u>	<u>45,703</u>	<u>32,648</u>	<u>110,959</u>
Total Liabilities	<u>42,590</u>	<u>48,385</u>	<u>38,694</u>	<u>129,669</u>
Deferred Inflows of Resources	<u>233</u>	<u>95</u>	<u>3,840</u>	<u>4,168</u>
NET POSITION				
Net Investment in Capital Assets	269,239	3,308	12,461	285,008
Restricted for:				
Debt Service	13	760	485	1,258
Unrestricted	59,021	2,350	15,586	76,957
Total Net Position	<u>\$ 328,273</u>	<u>\$ 6,418</u>	<u>\$ 28,532</u>	<u>\$ 363,223</u>

(concluded)



CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Solid Waste</u>	<u>Total</u>
OPERATING REVENUES				
Charges for Services	\$ 6,078	\$ 7,815	\$ 54,003	\$ 67,896
Other	1,881	-	5,379	7,260
Total Operating Revenues	<u>7,959</u>	<u>7,815</u>	<u>59,382</u>	<u>75,156</u>
OPERATING EXPENSES				
Personnel Services	2,224	841	8,863	11,928
Supplies and Materials	218	274	608	1,100
Contractual Services	9,707	2,061	42,406	54,174
Landfill Closure and Postclosure Cost	-	-	406	406
Depreciation	8,371	1,837	709	10,917
Total Operating Expenses	<u>20,520</u>	<u>5,013</u>	<u>52,992</u>	<u>78,525</u>
Operating Income (Loss)	<u>(12,561)</u>	<u>2,802</u>	<u>6,390</u>	<u>(3,369)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	154	41	65	260
Gain (Loss) on Sale of Property and Equipment	1	-	-	1
Interest and Service Charges	-	(2,374)	(97)	(2,471)
Gas Leases and Royalties	13,545	-	74	13,619
Total Nonoperating Revenues (Expenses)	<u>13,700</u>	<u>(2,333)</u>	<u>42</u>	<u>11,409</u>
Income (Loss) Before Transfers and Contributions	<u>1,139</u>	<u>469</u>	<u>6,432</u>	<u>8,040</u>
Transfers In	496	-	-	496
Transfers Out	(15,281)	(108)	(6,072)	(21,461)
Capital Contributions	50,780	-	-	50,780
Changes in Net Position	37,134	361	360	37,855
Total Net Position, Beginning of Year	<u>291,139</u>	<u>6,057</u>	<u>28,172</u>	<u>325,368</u>
Total Net Position, End of Year	<u>\$ 328,273</u>	<u>\$ 6,418</u>	<u>\$ 28,532</u>	<u>\$ 363,223</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

	Municipal Airports	Municipal Parking	Solid Waste	Total
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 7,820	\$ 7,896	\$ 53,394	\$ 69,110
Receipts from Other Operating Sources	1,881	-	5,379	7,260
Payments to Employees	(1,706)	(661)	(7,298)	(9,665)
Payments to Vendors	(9,810)	(2,417)	(43,103)	(55,330)
Net Cash Provided by (Used for) Operating Activities	<u>(1,815)</u>	<u>4,818</u>	<u>8,372</u>	<u>11,375</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	496	-	-	496
Advances from Other Funds	24,863	-	-	24,863
Transfers Out to Other Funds	(15,281)	(108)	(6,072)	(21,461)
Repayments from (Advances to) Other Funds	2,291	-	-	2,291
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>12,369</u>	<u>(108)</u>	<u>(6,072)</u>	<u>6,189</u>
Cash Flows from Capital and Related Financing Activities:				
Bond Principal Received	-	34,445	-	34,445
Bond Premium Received	-	6,109	-	6,109
Proceeds from Sale of Machinery and Equipment	1	-	-	1
Contributions	9,170	-	-	9,170
Acquisition and Construction of Property, Plant and Equipment	(39,997)	-	(287)	(40,284)
Principal Paid on Long-Term Debt	-	(1,640)	(480)	(2,120)
Principal Paid to Escrow Agent	-	(38,100)	-	(38,100)
Interest Paid on Long-Term Obligations	-	(5,612)	(98)	(5,710)
Bond Issuance Cost Paid	-	(272)	-	(272)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(30,826)</u>	<u>(5,070)</u>	<u>(865)</u>	<u>(36,761)</u>
Cash Flows from Investing Activities:				
Receipts from Gas Leases and Royalties	13,545	-	74	13,619
Purchases of Investments	(3,255)	-	-	(3,255)
Sales of Investments	2,242	-	-	2,242
Investment Income Received	396	24	71	491
Net Cash Provided by (Used for) Investing Activities	<u>12,928</u>	<u>24</u>	<u>145</u>	<u>13,097</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(7,344)</u>	<u>(336)</u>	<u>1,580</u>	<u>(6,100)</u>
Cash and Cash Equivalents, Beginning of Year	41,388	4,219	30,381	75,988
Cash and Cash Equivalents, End of Year	<u>\$ 34,044</u>	<u>\$ 3,883</u>	<u>\$ 31,961</u>	<u>\$ 69,888</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Solid Waste</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ (12,561)	\$ 2,802	\$ 6,390	\$ (3,369)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	8,371	1,837	709	10,917
Changes in Assets and Liabilities:				
Accounts and Other Receivables	1,748	81	(144)	1,685
Prepays, Deposits, and Other Assets	(6)	-	-	(6)
Deferred Outflows of Resources (Pension)	(1,323)	(536)	(4,464)	(6,323)
Accounts Payable	115	(82)	(89)	(56)
Accrued Payroll and Compensation	33	(15)	155	173
Customer Deposits	-	-	16	16
Landfill Closure and Postclosure Liability	-	-	406	406
Other Postemployment Benefits Obligation	104	38	397	539
Net Pension Liability	1,730	704	5,553	7,987
Deferred Inflows of Resources (Pension)	(26)	(11)	(76)	(113)
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)
Total Adjustments	<u>10,746</u>	<u>2,016</u>	<u>1,982</u>	<u>14,744</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,815)</u>	<u>\$ 4,818</u>	<u>\$ 8,372</u>	<u>\$ 11,375</u>
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:				
Current - Cash, Cash Equivalents, & Investments	\$ 2,902	\$ 1,700	\$ 21,964	\$ 26,566
Current Restricted - Cash & Cash Equivalents	7,653	148	938	8,739
Noncurrent Restricted - Cash & Cash Equivalents	21,998	2,035	4,120	28,153
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	28,845	-	4,939	33,784
Less Gas Well Investments Held by Trustees	(27,354)	-	-	(27,354)
Total Cash and Cash Equivalents	<u>\$ 34,044</u>	<u>\$ 3,883</u>	<u>\$ 31,961</u>	<u>\$ 69,888</u>
Noncash Investing, Capital, and Financing Activities:				
Amortization of Bond Premium	\$ -	\$ 746	\$ -	\$ 746
Amortization of Bond Defeasement Loss	-	(43)	-	(43)

(concluded)



Internal Service Funds

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

Equipment Services Fund

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

Information Systems Fund

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

Capital Project Services Fund

The Capital Project Services Fund (formerly the Engineering Services Fund) is used to account for general engineering services provided to various City departments.

Risk Management

The Risk Management Fund is comprised of the City's commercial insurance program, self-insured programs, claims, litigation management, and subrogation programs. The goal of risk management is to protect City resources and to minimize the financial impact when losses do occur. This Fund was collapsed into the newly created Risk Financing Fund during Fiscal Year 2016 (See Risk Financing below).

Workers' Compensation Insurance

The Workers' Compensation Insurance Fund is self-insured by the City. Claims are handled by a third-party administrator or contractor. This Fund was collapsed into the newly created Risk Financing Fund during Fiscal Year 2016 (See Risk Financing below).

Group Health and Life Insurance

The Group Health and Life Insurance Fund accounts for medical benefits for City employees, retirees, and their eligible spouses and/or dependents.

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. This Fund was collapsed into the newly created Risk Financing Fund during Fiscal Year 2016 (See Risk Financing below).

Risk Financing

As a review of Fund structure and to align with industry best practices, the City decided to combine the following Funds into the newly created Risk Financing Fund during Fiscal Year 2016: Risk Management, Workers' Compensation Insurance, and Unemployment Compensation. See the descriptions above for the services provided by the respective Funds collapsed into Risk Financing, as they have remained substantially the same.

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016
(in 000's)

	<u>Equipment Services</u>	<u>Information Systems</u>	<u>Capital Project Services</u>	<u>Risk Management</u>
ASSETS				
Current Assets:				
Cash, Cash Equivalents, & Investments	\$ 4,512	\$ 6,004	\$ 1,719	\$ -
Interest Receivable	7	11	-	-
Accounts and Other Receivables, Net of Allowance for Uncollectibles	-	48	-	-
Inventories (at Cost)	284	87	-	-
Prepays, Deposits, and Other	-	1,697	-	-
Total Current Assets	<u>4,803</u>	<u>7,847</u>	<u>1,719</u>	<u>-</u>
Noncurrent Assets:				
Restricted Assets:				
Cash & Cash Equivalents	-	-	-	-
Cash, Cash Equivalents, & Investments Held by Trustees	-	-	-	-
Total Restricted Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets (at Cost):				
Land/Right of Way	1,119	-	4	-
Buildings	4,656	594	-	-
Infrastructure	948	-	91	-
Vehicles, Machinery and Equipment	2,210	14,287	1,927	-
Construction in Progress	-	284	-	-
Accumulated Depreciation	(6,411)	(13,008)	(1,917)	-
Net Capital Assets	<u>2,522</u>	<u>2,157</u>	<u>105</u>	<u>-</u>
Total Noncurrent Assets	<u>2,522</u>	<u>2,157</u>	<u>105</u>	<u>-</u>
Total Assets	<u>7,325</u>	<u>10,004</u>	<u>1,824</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	1,832	1,097	33	-
Accrued Payroll	195	334	188	-
Current Portion of Long-Term Liabilities	<u>480</u>	<u>868</u>	<u>646</u>	<u>-</u>
Total Current Liabilities	<u>2,507</u>	<u>2,299</u>	<u>867</u>	<u>-</u>
Long-Term Liabilities:				
Long-Term Liabilities Due in More Than One Year	<u>434</u>	<u>962</u>	<u>147</u>	<u>-</u>
Total Long-Term Liabilities	<u>434</u>	<u>962</u>	<u>147</u>	<u>-</u>
Total Liabilities	<u>2,941</u>	<u>3,261</u>	<u>1,014</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	2,522	2,157	105	-
Unrestricted	1,862	4,586	705	-
Total Net Position	<u>\$ 4,384</u>	<u>\$ 6,743</u>	<u>\$ 810</u>	<u>\$ -</u>

<u>Workers' Compensation Insurance</u>	<u>Group Health and Life Insurance</u>	<u>Unemployment Compensation</u>	<u>Risk Financing</u>	<u>Total</u>
\$ -	\$ 22,041	\$ -	\$ 24,236	\$ 58,512
-	24	-	26	68
-	-	-	10	58
-	-	-	-	371
-	-	-	-	1,697
-	<u>22,065</u>	-	<u>24,272</u>	<u>60,706</u>
-	-	-	4,812	4,812
-	1,870	-	995	2,865
-	<u>1,870</u>	-	<u>5,807</u>	<u>7,677</u>
-	-	-	-	1,123
-	-	-	-	5,250
-	-	-	-	1,039
-	-	-	-	18,424
-	-	-	-	284
-	-	-	-	(21,336)
-	-	-	-	4,784
-	1,870	-	5,807	12,461
-	<u>23,935</u>	-	<u>30,079</u>	<u>73,167</u>
-	925	-	321	4,208
-	22	-	50	789
-	8,135	-	5,868	15,997
-	<u>9,082</u>	-	<u>6,239</u>	<u>20,994</u>
-	68	-	20,678	22,289
-	68	-	20,678	22,289
-	<u>9,150</u>	-	<u>26,917</u>	<u>43,283</u>
-	-	-	-	4,784
-	14,785	-	3,162	25,100
\$ -	<u>\$ 14,785</u>	\$ -	<u>\$ 3,162</u>	<u>\$ 29,884</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

	<u>Equipment Services</u>	<u>Information Systems</u>	<u>Capital Project Services</u>	<u>Risk Management</u>
OPERATING REVENUES				
Charges for Services	\$ 26,700	\$ 29,133	\$ 8,420	\$ -
Other	13	45	4	-
Total Operating Revenues	<u>26,713</u>	<u>29,178</u>	<u>8,424</u>	<u>-</u>
OPERATING EXPENSES				
Personnel Services	7,854	12,028	5,990	-
Supplies and Materials	9,268	350	156	-
Contractual Services	6,907	12,400	1,535	-
Depreciation	232	383	125	-
Total Operating Expenses	<u>24,261</u>	<u>25,161</u>	<u>7,806</u>	<u>-</u>
Operating Income (Loss)	<u>2,452</u>	<u>4,017</u>	<u>618</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income (Loss)	35	29	5	-
Gain (Loss) on Sale of Property and Equipment	7	3	15	-
Total Nonoperating Revenues (Expenses)	<u>42</u>	<u>32</u>	<u>20</u>	<u>-</u>
Income (Loss) Before Transfers	2,494	4,049	638	-
Transfers In	-	700	4,217	-
Transfers Out	(10)	(12)	(94)	(7,748)
Changes in Net Position (Deficit)	2,484	4,737	4,761	(7,748)
Total Net Position (Deficit), Beginning of Year	1,900	2,006	(3,951)	7,748
Total Net Position, End of Year	<u>\$ 4,384</u>	<u>\$ 6,743</u>	<u>\$ 810</u>	<u>\$ -</u>

<u>Workers' Compensation Insurance</u>	<u>Group Health and Life Insurance</u>	<u>Unemployment Compensation</u>	<u>Risk Financing</u>	<u>Total</u>
\$ -	\$ 72,373	\$ -	\$ 12,413	\$ 149,039
-	134	-	13,384	13,580
-	<u>72,507</u>	-	<u>25,797</u>	<u>162,619</u>
-	750	-	1,602	28,224
-	30	-	22	9,826
-	83,354	-	14,935	119,131
-	-	-	-	740
-	<u>84,134</u>	-	<u>16,559</u>	<u>157,921</u>
-	<u>(11,627)</u>	-	<u>9,238</u>	<u>4,698</u>
-	(35)	-	68	102
-	-	-	-	25
-	<u>(35)</u>	-	<u>68</u>	<u>127</u>
-	<u>(11,662)</u>	-	<u>9,306</u>	<u>4,825</u>
14,494	-	-	8,609	28,020
-	(28)	(861)	(14,753)	(23,506)
14,494	<u>(11,690)</u>	<u>(861)</u>	<u>3,162</u>	<u>9,339</u>
<u>(14,494)</u>	<u>26,475</u>	<u>861</u>	<u>-</u>	<u>20,545</u>
<u>\$ -</u>	<u>\$ 14,785</u>	<u>\$ -</u>	<u>\$ 3,162</u>	<u>\$ 29,884</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

	Equipment Services	Information Systems	Capital Project Services	Risk Management	Workers' Compensation Insurance	Group Health and Life Insurance
Cash Flows from Operating Activities:						
Receipts from Other Funds	\$ 26,700	\$ 27,525	\$ 8,420	\$ -	\$ -	\$ 72,373
Receipts from Other Operating Sources	13	45	4	-	-	134
Payments to Employees	(7,710)	(11,771)	(6,366)	(51)	(139)	(775)
Payments to Vendors	(14,823)	(12,226)	(1,700)	-	-	(30)
Payments for Benefits	-	-	-	(6,732)	(22,007)	(84,658)
Net Cash Provided by (Used for) Operating Activities	<u>4,180</u>	<u>3,573</u>	<u>358</u>	<u>(6,783)</u>	<u>(22,146)</u>	<u>(12,956)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	-	700	4,217	-	14,494	-
Advances from Other Funds	-	-	(2,791)	-	-	-
Transfers Out to Other Funds	(10)	(12)	(94)	(7,748)	-	(28)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(10)</u>	<u>688</u>	<u>1,332</u>	<u>(7,748)</u>	<u>14,494</u>	<u>(28)</u>
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Sale of Machinery and Equipment	7	3	15	-	-	-
Acquisition and Construction of Property, Plant and Equipment	(39)	(1,453)	-	-	-	-
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>(32)</u>	<u>(1,450)</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities:						
Investment Income Received	29	25	-	19	9	(11)
Net Cash Provided by (Used for) Investing Activities	<u>29</u>	<u>25</u>	<u>-</u>	<u>19</u>	<u>9</u>	<u>(11)</u>
Net Increase (Decrease) in Cash and Cash Equivalents						
Cash and Cash Equivalents, Beginning of Year	4,167	2,836	1,705	(14,512)	(7,643)	(12,995)
Cash and Cash Equivalents, End of Year	<u>\$ 4,512</u>	<u>\$ 6,004</u>	<u>\$ 1,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,911</u>

	Unemployment Compensation	Risk Financing	Total
Cash Flows from Operating Activities:			
Receipts from Other Funds	\$ -	\$ 12,403	\$ 147,421
Receipts from Other Operating Sources	-	13,384	13,580
Payments to Employees	-	(1,328)	(28,140)
Payments to Vendors	-	(22)	(28,801)
Payments for Benefits	-	11,708	(101,689)
Net Cash Provided by (Used for) Operating Activities	<u>-</u>	<u>36,145</u>	<u>2,371</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	-	8,609	28,020
Advances from Other Funds	-	-	(2,791)
Transfers Out to Other Funds	<u>(861)</u>	<u>(14,753)</u>	<u>(23,506)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(861)</u>	<u>(6,144)</u>	<u>1,723</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Sale of Machinery and Equipment	-	-	25
Acquisition and Construction of Property, Plant and Equipment	<u>-</u>	<u>-</u>	<u>(1,492)</u>
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>-</u>	<u>-</u>	<u>(1,467)</u>
Cash Flows from Investing Activities:			
Investment Income Received	<u>1</u>	<u>42</u>	<u>114</u>
Net Cash Provided by (Used for) Investing Activities	<u>1</u>	<u>42</u>	<u>114</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(860)	30,043	2,741
Cash and Cash Equivalents, Beginning of Year	<u>860</u>	<u>-</u>	<u>63,448</u>
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 30,043</u>	<u>\$ 66,189</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

	<u>Equipment Services</u>	<u>Information Systems</u>	<u>Capital Project Services</u>	<u>Risk Management</u>	<u>Workers' Compensation Insurance</u>	<u>Group Health and Life Insurance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating Income (Loss)	\$ 2,452	\$ 4,017	\$ 618	\$ -	\$ -	\$ (11,627)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	232	383	125	-	-	-
Changes in Assets and Liabilities:						
Accounts and Other Receivables	-	(16)	-	-	-	-
Inventories	286	7	-	-	-	-
Prepays, Deposits, and Other Assets	-	(1,592)	-	-	-	-
Accounts Payable	1,066	517	(9)	(60)	(289)	16
Accrued Payroll and Compensation	144	257	(376)	(50)	(140)	(24)
Accrued Benefits	-	-	-	(6,673)	(21,717)	(1,321)
Total Adjustments	<u>1,728</u>	<u>(444)</u>	<u>(260)</u>	<u>(6,783)</u>	<u>(22,146)</u>	<u>(1,329)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 4,180</u>	<u>\$ 3,573</u>	<u>\$ 358</u>	<u>\$ (6,783)</u>	<u>\$ (22,146)</u>	<u>\$ (12,956)</u>
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:						
Current - Cash, Cash Equivalents, & Investments	\$ 4,512	\$ 6,004	\$ 1,719	\$ -	\$ -	\$ 22,041
Noncurrent Restricted - Cash & Cash Equivalents	-	-	-	-	-	-
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	-	-	-	-	-	1,870
Total Cash and Cash Equivalents	<u>\$ 4,512</u>	<u>\$ 6,004</u>	<u>\$ 1,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,911</u>

	<u>Unemployment Compensation</u>	<u>Risk Financing</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ -	\$ 9,238	\$ 4,698
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation	-	-	740
Changes in Assets and Liabilities:			
Accounts and Other Receivables	-	(10)	(26)
Inventories	-	-	293
Prepays, Deposits, and Other Assets	-	-	(1,592)
Accounts Payable	-	321	1,562
Accrued Payroll and Compensation	-	275	86
Accrued Benefits	-	26,321	(3,390)
Total Adjustments	<u>-</u>	<u>26,907</u>	<u>(2,327)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ -</u>	<u>\$ 36,145</u>	<u>\$ 2,371</u>
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:			
Current - Cash, Cash Equivalents, & Investments	\$ -	\$ 24,236	\$ 58,512
Noncurrent Restricted - Cash & Cash Equivalents	-	4,812	4,812
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	-	995	2,865
Total Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 30,043</u>	<u>\$ 66,189</u>

(concluded)



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:

Retirement Pension Trust Fund

For accounting measurement purposes, the Retirement Pension Trust Fund is accounted for in essentially the same manner as proprietary funds. The Retirement Pension Trust Fund accounts for the assets of the City's employees and employees of the Employees' Retirement Fund 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 postemployment healthcare benefit.

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
SEPTEMBER 30, 2016
(in 000's)

	Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 178	\$ 933	\$ 1,111
Cash & Investments Held by Trustees:			
Assets and Mortgage Backed Obligations	67,129	-	67,129
Corporate Obligations	111,668	-	111,668
Government Agency Obligations	98,279	-	98,279
International Obligations	59,026	-	59,026
Securities Lending Collateral	163,984	-	163,984
U.S. Treasuries	63,574	-	63,574
Short-Term Mutual Fund Investments	75,842	68,050	143,892
Corporate Stock	724,017	-	724,017
Alternative Investments	589,676	-	589,676
Commingled Funds	382,656	-	382,656
Total Cash & Investments Held by Trustees	<u>2,335,851</u>	<u>68,050</u>	<u>2,403,901</u>
Prepays	29	621	650
Accrued Income	4,317	1	4,318
Other Receivables	4,986	616	5,602
Due from Broker Securities Sold	249,270	-	249,270
Total Current Assets	<u>2,594,631</u>	<u>70,221</u>	<u>2,664,852</u>
Capital Assets (at Cost):			
Land	405	-	405
Buildings	3,471	-	3,471
Machinery and Equipment	363	-	363
Accumulated Depreciation	(976)	-	(976)
Net Capital Assets	<u>3,263</u>	<u>-</u>	<u>3,263</u>
Total Assets	<u>2,597,894</u>	<u>70,221</u>	<u>2,668,115</u>
LIABILITIES			
Current Liabilities:			
Accrued Liabilities	176	3,107	3,283
Obligations Under Securities Lending	163,984	-	163,984
Due to Broker Securities Purchased	332,301	-	332,301
Total Current Liabilities	<u>496,461</u>	<u>3,107</u>	<u>499,568</u>
NET POSITION			
Net Position Held in Trust for Pension and Other Employee Benefits:			
Benefit Pension Plans	2,101,433	-	2,101,433
Postemployment Healthcare Plan	-	67,114	67,114
Total Net Position	<u>\$ 2,101,433</u>	<u>\$ 67,114</u>	<u>\$ 2,168,547</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

	Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ADDITIONS			
Interest and Dividend Income	\$ 27,109	\$ 1,645	\$ 28,754
Less: Investment Management Fees and Interest Expense	(6,864)	(214)	(7,078)
Net Gain (Loss) in Fair Value of Investments	133,274	3,390	136,664
Other Income	13,073	-	13,073
Employer Contributions	84,997	23,714	108,711
Employee/Retiree Contributions	34,108	7,086	41,194
Total Additions	<u>285,697</u>	<u>35,621</u>	<u>321,318</u>
DEDUCTIONS			
Benefit Payments	182,041	26,136	208,177
Refunds	3,790	-	3,790
Administrative Expenses	4,791	8,410	13,201
Total Deductions	<u>190,622</u>	<u>34,546</u>	<u>225,168</u>
Change in Net Position	95,075	1,075	96,150
Net Position, Beginning of Year	<u>2,006,358</u>	<u>66,039</u>	<u>2,072,397</u>
Net Position, End of Year	<u>\$ 2,101,433</u>	<u>\$ 67,114</u>	<u>\$ 2,168,547</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - RETIREMENT PENSION TRUST FUND
SEPTEMBER 30, 2016
(in 000's)

	Retirement Pension Trust Fund (City Plan)	Retirement Pension Trust Fund (Staff Plan)	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 178	\$ -	\$ 178
Cash & Investments Held by Trustees:			
Assets and Mortgage Backed Obligations	67,010	119	67,129
Corporate Obligations	111,471	197	111,668
Government Agency Obligations	98,105	174	98,279
International Obligations	58,922	104	59,026
Securities Lending Collateral	163,694	290	163,984
U.S. Treasuries	63,462	112	63,574
Short-Term Mutual Fund Investments	75,708	134	75,842
Corporate Stock	722,737	1,280	724,017
Alternative Investments	588,634	1,042	589,676
Commingled Funds	381,980	676	382,656
Total Cash & Investments Held by Trustees	<u>2,331,723</u>	<u>4,128</u>	<u>2,335,851</u>
Prepays	29	-	29
Accrued Income	4,310	7	4,317
Other Receivables	4,986	-	4,986
Due From Broker Securities Sold	248,841	429	249,270
Total Current Assets	<u>2,590,067</u>	<u>4,564</u>	<u>2,594,631</u>
Capital Assets (at Cost):			
Land	404	1	405
Buildings	3,465	6	3,471
Machinery and Equipment	362	1	363
Accumulate Depreciation	(974)	(2)	(976)
Net Capital Assets	<u>3,257</u>	<u>6</u>	<u>3,263</u>
Total Assets	<u>2,593,324</u>	<u>4,570</u>	<u>2,597,894</u>
LIABILITIES			
Current Liabilities:			
Accrued Liabilities	176	-	176
Obligations Under Securities Lending	163,702	282	163,984
Due to Broker Securities Purchased	331,729	572	332,301
Total Current Liabilities	<u>495,607</u>	<u>854</u>	<u>496,461</u>
NET POSITION			
Net Position Held in Trust for Pension:			
Benefit Pension Plans	<u>2,097,717</u>	<u>3,716</u>	<u>2,101,433</u>
Total Net Position	<u>\$ 2,097,717</u>	<u>\$ 3,716</u>	<u>\$ 2,101,433</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - RETIREMENT PENSION TRUST FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)

	Retirement Pension Trust Fund (City Plan)	Retirement Pension Trust Fund (Staff Plan)	Total
ADDITIONS			
Interest and Dividend Income	\$ 27,063	\$ 46	\$ 27,109
Less: Investment Management Fees and Interest Expense	(6,852)	(12)	(6,864)
Net Gain (Loss) in Fair Value of Investments	133,045	229	133,274
Other Income	13,050	23	13,073
Employer Contributions	84,747	250	84,997
Employee/Retiree Contributions	33,977	131	34,108
Total Additions	<u>285,030</u>	<u>667</u>	<u>285,697</u>
DEDUCTIONS			
Benefit Payments	182,041	-	182,041
Refunds	3,779	11	3,790
Administrative Expenses	4,763	28	4,791
Total Deductions	<u>190,583</u>	<u>39</u>	<u>190,622</u>
Change in Net Position	94,447	628	95,075
Net Position, Beginning of Year	<u>2,003,270</u>	<u>3,088</u>	<u>2,006,358</u>
Net Position, End of Year	<u>\$ 2,097,717</u>	<u>\$ 3,716</u>	<u>\$ 2,101,433</u>



OTHER SUPPLEMENTAL INFORMATION

**SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

	<u>Water and Sewer</u>	<u>Stormwater Utility</u>
OPERATING REVENUES		
Charges for Services	\$ 415,125	\$ 36,887
Other	2,174	17
Total Operating Revenues	<u>417,299</u>	<u>36,904</u>
OPERATING EXPENSES		
Personnel Services	66,109	7,227
Supplies and Materials	23,077	1,027
Contractual Services	163,182	6,123
Total Operating Expenses	<u>252,368</u>	<u>14,377</u>
Operating Income (Loss)	<u>164,931</u>	<u>22,527</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income	2,052	492
Gain (Loss) on Sale of Property and Equipment	130	22
Interest and Service Charges	(26,942)	(4,800)
Gas Leases and Royalties	2,250	-
Total Nonoperating Revenues (Expenses)	<u>(22,510)</u>	<u>(4,286)</u>
Income (Loss) Before Transfers and Contributions	<u>142,421</u>	<u>18,241</u>
Transfers In	2,395	279
Transfers Out	(28,585)	(4,357)
Capital Contributions	28,653	-
Capital Contributions - Impact Fees	8,418	-
Changes in Net Position	<u>\$ 153,302</u>	<u>\$ 14,163</u>
Reconciliation of Changes in Current Non-Cash Revenues and Expenses:		
OPERATING EXPENSES:		
Personnel Services		
Compensated Absences	\$ (216)	\$ (70)
Net Pension Liability	(13,659)	(1,680)
OPEB Liability	<u>(3,557)</u>	<u>(423)</u>
Total Changes in Personnel Services	(17,432)	(2,173)
Supplies and Materials	96	-
Depreciation	<u>(71,656)</u>	<u>(6,836)</u>
Total Changes in Operating Expenses	(88,992)	(9,009)
NONOPERATING REVENUES (EXPENSES):		
Investment Income (Loss)	118	(113)
Gain (Loss) on Sale of Property and Equipment	(2,160)	-
Interest and Service Charges	12,279	3,799
Total Changes In Nonoperating Revenues (Expenses)	<u>10,237</u>	<u>3,686</u>
Total Non-Cash Adjustments	(78,755)	(5,323)
Changes in Net Position per Schedule	<u>153,302</u>	<u>14,163</u>
Changes in Net Position on Basic Financial Statements	<u>\$ 74,547</u>	<u>\$ 8,840</u>



**STATISTICAL SECTION
(UNAUDITED)**

STATISTICAL SECTION

(Unaudited)

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

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-5
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	6-13
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.	14-19
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.	20-29
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.	30-32

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:					
Net Investment in Capital Assets	\$ 967,070	\$ 986,163	\$ 979,581	\$ 943,984	\$ 1,015,491
Restricted for Capital Projects	-	-	-	8,393	12,818
Restricted for Debt Service	7,376	15,974	15,613	16,437	5,478
Unrestricted (Deficit) ^(a)	<u>55,154</u>	<u>28,762</u>	<u>19,795</u>	<u>32,197</u>	<u>(32,846)</u>
Total Governmental Activities Net Position	<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:					
Net Investment in Capital Assets	\$ 1,416,439	\$ 1,459,733	\$ 1,560,269	\$ 1,594,876	\$ 1,569,470
Restricted for Capital Projects	-	-	-	67,661	47,464
Restricted for Debt Service	29,668	35,859	41,532	37,739	42,407
Unrestricted (Deficit)	<u>189,885</u>	<u>258,686</u>	<u>232,086</u>	<u>224,958</u>	<u>327,535</u>
Total Business-Type Activities Net Position	<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:					
Net Investment in Capital Assets	\$ 2,383,509	\$ 2,445,896	\$ 2,539,850	\$ 2,538,860	\$ 2,584,961
Restricted for Capital Projects	-	-	-	76,054	60,282
Restricted for Debt Service	37,044	51,833	57,145	54,176	47,885
Unrestricted (Deficit)	<u>245,039</u>	<u>287,448</u>	<u>251,881</u>	<u>257,155</u>	<u>294,689</u>
Total Primary Government Net Position	<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.

(a) For FY2015, decrease due to GASB 68 Implementation.

TABLE 1

2012	2013	2014	2015	2016
\$ 1,005,900	\$ 1,053,547	\$ 1,092,890	\$ 1,228,012	\$ 1,302,450
17,350	23,512	33,367	45,773	42,877
9,047	1,660	2,616	6,585	10,977
(53,101)	(128,038)	(214,634)	(1,552,115)	(1,677,201)
<u>\$ 979,196</u>	<u>\$ 950,681</u>	<u>\$ 914,239</u>	<u>\$ (271,745)</u>	<u>\$ (320,897)</u>
\$ 1,715,508	\$ 1,850,152	\$ 1,864,396	\$ 1,990,723	\$ 2,052,536
39,715	35,852	33,276	26,070	15,221
29,919	34,513	27,641	3,852	10,576
261,406	216,989	290,454	117,473	181,027
<u>\$ 2,046,548</u>	<u>\$ 2,137,506</u>	<u>\$ 2,215,767</u>	<u>\$ 2,138,118</u>	<u>\$ 2,259,360</u>
\$ 2,721,408	\$ 2,903,699	\$ 2,957,286	\$ 3,218,735	\$ 3,354,986
57,065	59,364	66,643	71,843	58,098
38,966	36,173	30,257	10,437	21,553
208,305	88,951	75,820	(1,434,642)	(1,496,174)
<u>\$ 3,025,744</u>	<u>\$ 3,088,187</u>	<u>\$ 3,130,006</u>	<u>\$ 1,866,373</u>	<u>\$ 1,938,463</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses					
Governmental Activities:					
General Government	\$ 110,802	\$ 161,180	\$ 111,114	\$ 112,638	\$ 118,104
Public Safety	319,561	359,813	379,865	391,755	407,601
Highways and Streets	-	-	-	-	-
Transportation and Public Works	106,543	100,276	117,540	108,481	128,611
Culture and Recreation	44,533	51,145	55,110	55,022	57,815
Public Library	19,493	18,633	20,200	20,531	22,348
Health and Welfare	11,707	11,077	1,292	-	-
Public Events and Facilities	28,167	27,453	32,204	28,020	32,844
Planning and Development	13,106	11,751	14,654	12,520	13,534
Housing and Economic Development	15,437	14,733	27,558	37,944	35,699
Urban Redevelopment and Housing	-	-	-	-	-
Interest on Long-term Debt	22,216	20,689	26,910	29,220	31,472
Total Governmental Activities	<u>691,565</u>	<u>776,750</u>	<u>786,447</u>	<u>796,131</u>	<u>848,028</u>
Business-Type Activities:					
Water and Sewer	221,774	240,960	260,544	269,723	288,452
Municipal Airports	10,623	12,480	12,238	12,656	13,356
Solid Waste	39,389	41,478	44,296	39,241	44,247
Municipal Parking	1,035	586	2,067	3,552	5,851
Municipal Golf	5,119	6,174	6,126	5,949	5,864
Stormwater Utility	4,735	11,339	14,265	19,961	18,972
Total Business-Type Activities	<u>282,675</u>	<u>313,017</u>	<u>339,536</u>	<u>351,082</u>	<u>376,742</u>
Total Primary Government Expenses	<u>\$ 974,240</u>	<u>\$ 1,089,767</u>	<u>\$ 1,125,983</u>	<u>\$ 1,147,213</u>	<u>\$ 1,224,770</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 16,133	\$ 17,549	\$ 19,213	\$ 16,903	\$ 14,701
Public Safety	21,252	21,374	22,506	18,306	19,925
Highways and Streets	-	-	-	-	-
Transportation and Public Works	3,140	4,415	4,381	6,469	10,627
Culture and Recreation	1,047	1,392	1,826	1,988	2,750
Public Library	644	724	668	601	666
Health and Welfare	3,284	3,300	312	-	-
Public Events and Facilities	5,772	6,861	8,515	8,838	9,749
Planning and Development	10,422	11,659	10,262	10,776	11,673
Housing and Economic Development	2,244	1,608	2,334	1,979	3,028
Urban Redevelopment and Housing	-	-	-	-	-
Operating Grants and Contributions	47,334	34,014	35,532	56,798	56,825
Capital Grants and Contributions	90,172	63,088	40,063	35,987	54,686
Total Governmental Activities	<u>201,444</u>	<u>165,984</u>	<u>145,612</u>	<u>158,645</u>	<u>184,630</u>
Business-Type Activities:					
Charges for Services:					
Water and Sewer	257,989	298,118	303,111	304,831	348,650
Municipal Airports	2,948	3,157	3,406	3,987	4,800
Solid Waste	40,632	44,095	45,465	46,710	48,314
Municipal Parking	3,683	4,099	4,533	6,394	7,635
Municipal Golf ^(a)	4,337	5,169	5,072	4,374	4,260
Stormwater Utility	15,165	17,753	20,803	26,530	29,397
Capital Grants and Contributions	87,818	44,127	54,827	31,186	18,846
Total Business-Type Activities	<u>412,572</u>	<u>416,518</u>	<u>437,217</u>	<u>424,012</u>	<u>461,902</u>
Total Primary Government Program Revenues	<u>\$ 614,016</u>	<u>\$ 582,502</u>	<u>\$ 582,829</u>	<u>\$ 582,657</u>	<u>\$ 646,532</u>

TABLE 2

	2012	2013	2014	2015	2016
\$	108,632	\$ 114,575	\$ 173,634	\$ 202,450	\$ 160,124
	422,626	431,362	424,289	529,188	551,562
	-	-	-	131,535	154,346
	133,691	129,820	147,429	-	-
	60,089	62,626	62,167	129,115	128,444
	22,102	21,736	20,842	-	-
	-	-	-	3,548	6,863
	33,152	35,545	32,876	-	-
	13,156	14,145	12,382	-	-
	24,382	20,388	18,402	-	-
	-	-	-	36,544	68,782
	31,130	34,366	31,522	26,448	30,493
	<u>848,960</u>	<u>864,563</u>	<u>923,543</u>	<u>1,058,828</u>	<u>1,100,614</u>

	306,476	302,447	317,526	340,113	358,053
	14,912	18,768	23,089	14,194	20,519
	46,415	48,903	48,420	52,586	53,089
	6,580	6,621	6,649	7,602	7,387
	7,723	5,614	5,396	-	-
	20,773	22,531	23,745	28,198	24,365
	<u>402,879</u>	<u>404,884</u>	<u>424,825</u>	<u>442,693</u>	<u>463,413</u>
\$	<u>1,251,839</u>	<u>1,269,447</u>	<u>1,348,368</u>	<u>1,501,521</u>	<u>1,564,027</u>

\$	5,436	\$ 5,933	\$ 6,575	\$ 19,229	\$ 22,900
	22,722	25,339	23,023	9,984	13,110
	-	-	-	13,884	12,549
	14,738	14,984	14,683	-	-
	3,165	2,990	4,021	20,266	19,491
	670	629	608	-	-
	-	-	-	-	-
	8,822	10,814	11,421	-	-
	10,336	11,497	11,308	-	-
	2,683	4,845	1,998	-	-
	-	-	-	13,344	20,824
	47,644	45,173	43,700	37,810	61,189
	55,075	52,682	69,149	62,794	76,667
	<u>171,291</u>	<u>174,886</u>	<u>186,486</u>	<u>177,311</u>	<u>226,730</u>

	345,373	352,005	361,853	389,188	415,125
	4,755	4,662	5,074	5,437	6,078
	48,502	50,344	50,338	52,373	54,003
	7,725	7,105	7,082	7,310	7,815
	4,388	3,859	3,621	-	-
	32,615	34,973	35,409	36,185	36,887
	27,578	35,910	42,682	88,617	87,851
	<u>470,936</u>	<u>488,858</u>	<u>506,059</u>	<u>579,110</u>	<u>607,759</u>
\$	<u>642,227</u>	<u>663,744</u>	<u>692,545</u>	<u>756,421</u>	<u>834,489</u>

(continued)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net (Expense) and Revenue					
Governmental Activities	\$ (490,121)	\$ (610,766)	\$ (640,835)	\$ (637,486)	\$ (663,398)
Business-Type Activities	129,897	103,501	97,681	72,930	85,160
Total Primary Government Net Expense	<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 Position					
Governmental Activities:					
Taxes:					
General Property Taxes	\$ 288,725	\$ 317,517	\$ 344,172	\$ 354,815	\$ 341,820
Other Local Taxes	172,621	183,833	173,559	174,092	179,802
Franchise Fees	33,316	36,749	34,717	35,148	45,178
Gas Lease and Royalties	12,154	28,684	13,866	13,963	23,506
Assessments	868	30	13	11	-
Investment Income	19,974	18,615	15,746	11,572	8,601
Other	8,376	6,896	14,465	14,688	13,744
Gain (Loss) on Disposal of Capital Assets	63	401	430	352	3,508
Special Items	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-
Transfers	14,295	19,340	27,957	18,867	47,169
Special Items	-	-	-	-	-
Total Governmental Activities	<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	14,638	18,647	9,605	7,687	5,283
Gas Lease and Royalties	8,542	21,424	5,540	23,708	11,298
Other	6,582	7,857	4,202	5,889	7,070
Gain (Loss) on Disposal of Capital Assets	(1,279)	(13,803)	(237)	-	-
Transfers	(14,295)	(19,340)	(27,957)	(18,867)	(47,169)
Total Business-Type Activities	<u>14,188</u>	<u>14,785</u>	<u>(8,847)</u>	<u>18,417</u>	<u>(23,518)</u>
Total Primary Government	<u>\$ 564,580</u>	<u>\$ 626,850</u>	<u>\$ 616,078</u>	<u>\$ 641,925</u>	<u>\$ 639,810</u>
Change in Net Position					
Governmental Activities	\$ 60,271	\$ 1,299	\$ (15,910)	\$ (13,978)	\$ (70)
Business-Type Activities	144,085	118,286	88,834	91,347	61,642
Total Primary Government	<u>\$ 204,356</u>	<u>\$ 119,585</u>	<u>\$ 72,924</u>	<u>\$ 77,369</u>	<u>\$ 61,572</u>
Implementation of New Accounting Standard and Change in Accounting					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,225)</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Comprehensive Annual Financial Report for the respective years.

Expenditure and Revenue Functions for Governmental Activities were realigned in Fiscal Year 2015.

(a) The Municipal Golf Fund was transferred to Governmental Activities in Fiscal Year 2015.

TABLE 2

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (677,669)	\$ (689,677)	\$ (737,057)	\$ (881,517)	\$ (873,884)
68,057	83,974	81,234	136,417	144,346
<u>\$ (609,612)</u>	<u>\$ (605,703)</u>	<u>\$ (655,823)</u>	<u>\$ (745,100)</u>	<u>\$ (729,538)</u>

\$ 351,277	\$ 361,568	\$ 389,118	\$ 413,687	\$ 426,247
188,884	203,417	217,799	226,028	235,146
47,190	49,489	51,205	53,129	49,031
15,758	10,834	16,500	15,717	18,485
-	-	-	-	-
7,795	3,149	8,622	6,025	3,703
16,593	16,069	20,582	37,594	33,410
-	1,316	-	-	-
-	-	-	31,490	-
-	-	-	-	7,477
28,427	29,282	21,913	55,535	51,233
-	-	-	31,490	-
<u>655,924</u>	<u>675,124</u>	<u>725,739</u>	<u>870,695</u>	<u>824,732</u>

6,666	1,661	6,077	3,475	2,809
7,440	12,377	12,989	8,372	15,869
5,936	22,228	5,861	6,087	9,451
-	-	-	-	-
<u>(28,427)</u>	<u>(29,282)</u>	<u>(21,913)</u>	<u>(55,535)</u>	<u>(51,233)</u>
<u>(8,385)</u>	<u>6,984</u>	<u>3,014</u>	<u>(37,601)</u>	<u>(23,104)</u>
<u>\$ 647,539</u>	<u>\$ 682,108</u>	<u>\$ 728,753</u>	<u>\$ 833,094</u>	<u>\$ 801,628</u>

\$ (21,745)	\$ (14,553)	\$ (11,318)	\$ (10,822)	\$ (49,152)
59,672	90,958	84,248	98,816	121,242
<u>\$ 37,927</u>	<u>\$ 76,405</u>	<u>\$ 72,930</u>	<u>\$ 87,994</u>	<u>\$ 72,090</u>

<u>\$ -</u>	<u>\$ (13,962)</u>	<u>\$ (31,111)</u>	<u>\$ (1,320,137)</u>	<u>\$ -</u>
-------------	--------------------	--------------------	-----------------------	-------------

(concluded)

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>
General Fund					
Reserved	\$ 16,755	\$ 16,384	\$ 15,885	\$ 23,114	\$ -
Unreserved	85,271	106,271	127,656	139,779	-
Nonspendable	-	-	-	-	10,194
Restricted	-	-	-	-	646
Committed	-	-	-	-	54,183
Assigned	-	-	-	-	45,447
Unassigned	-	-	-	-	53,137
Total General Fund	<u>102,026</u>	<u>122,655</u>	<u>143,541</u>	<u>162,893</u>	<u>163,607</u>
All Other Governmental Funds					
Reserved	24,086	37,620	44,371	51,485	-
Unreserved, designated for authorized expenditures	286,250	252,744	443,043	422,310	-
Unreserved, undesignated special revenue funds	2,155	16,695	33,296	17,156	-
Nonspendable, reported in:					
Special Revenue	-	-	-	-	11,119
Capital Projects	-	-	-	-	12,422
Restricted, reported in:					
Debt Service	-	-	-	-	10,599
Special Revenue	-	-	-	-	44,663
Capital Projects	-	-	-	-	189,432
Committed, reported in:					
Debt Service	-	-	-	-	6,393
Special Revenue	-	-	-	-	19,974
Capital Projects	-	-	-	-	127,787
Assigned, reported in:					
Debt Service	-	-	-	-	478
Special Revenue	-	-	-	-	51,999
Capital Projects	-	-	-	-	36,163
Unassigned	-	-	-	-	(465)
Total all Other Governmental Funds	<u>312,491</u>	<u>307,059</u>	<u>520,710</u>	<u>490,951</u>	<u>510,564</u>
Total all Governmental Funds	<u>\$ 414,517</u>	<u>\$ 429,714</u>	<u>\$ 664,251</u>	<u>\$ 653,844</u>	<u>\$ 674,171</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

2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
10,910	11,723	5,180	5,427	27,823
2,735	9,047	3,045	12,153	12,738
60,231	74,177	11,768	22,508	22,924
38,789	8,005	8,755	193	-
55,760	58,383	57,294	84,280	68,436
<u>168,425</u>	<u>161,335</u>	<u>86,042</u>	<u>124,561</u>	<u>131,921</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,854	1,671	2,930	3,891	5,294
314	802	752	601	531
16,890	9,701	8,263	17,497	22,680
45,153	59,590	90,328	95,981	74,775
336,582	323,970	211,029	160,074	235,075
6,106	7,694	11,436	7,993	8,583
20,674	34,609	30,240	4,372	6,458
126,653	130,655	126,850	149,945	129,279
92	24	107	199	107
48,497	41,060	43,919	33,932	30,224
36,107	36,781	35,414	44,104	62,372
-	(3,795)	(1,620)	(785)	(1,794)
<u>639,922</u>	<u>642,762</u>	<u>559,648</u>	<u>517,804</u>	<u>573,584</u>
<u>\$ 808,347</u>	<u>\$ 804,097</u>	<u>\$ 645,690</u>	<u>\$ 642,365</u>	<u>\$ 705,505</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES:					
General Property Tax	\$ 289,177	\$ 317,920	\$ 343,973	\$ 353,606	\$ 343,954
Other Local Taxes	172,621	183,833	173,559	174,092	179,802
Franchise Fees	-	-	-	-	45,178
Assessments	868	30	13	11	-
Charges for Services	20,231	22,323	20,494	13,313	14,390
Licenses and Permits	49,552	52,475	49,870	52,429	18,447
Fines and Forfeitures	12,512	15,513	18,738	19,652	24,705
Revenue from Use of Money and Property	14,784	14,319	15,821	15,612	15,577
Investment Income	19,902	18,449	15,364	11,385	8,502
Intergovernmental	53,854	32,204	46,691	65,753	70,276
Gas Leases and Royalties	12,150	28,658	13,866	13,963	23,506
Other	8,040	6,815	12,592	14,610	13,696
Contributions	24,513	12,213	12,263	12,594	12,154
Total Revenues	<u>678,204</u>	<u>704,752</u>	<u>723,244</u>	<u>747,020</u>	<u>770,187</u>
EXPENDITURES:					
Current:					
General Government	104,662	105,942	103,235	105,557	109,265
Public Safety	281,149	308,374	320,527	331,529	348,165
Highways and Streets	-	-	-	-	-
Transportation and Public Works	35,284	35,420	46,083	36,414	46,853
Culture and Recreation	38,090	41,507	46,195	46,115	48,544
Public Library	17,369	17,626	17,151	17,593	19,355
Health and Welfare	10,837	10,706	1,199	-	-
Public Events and Facilities	19,529	22,806	26,116	22,033	26,692
Planning and Development	12,151	11,768	12,926	10,871	12,074
Housing and Economic Development	14,497	14,461	26,282	36,445	34,073
Urban Redevelopment and Housing	-	-	-	-	-
Capital Outlay	111,127	103,778	114,595	129,407	137,100
Debt Service:					
Principal Retirement	85,409	38,368	46,160	46,397	47,351
Interest and Service Charges	20,329	24,542	25,301	29,169	31,451
Total Expenditures	<u>750,433</u>	<u>735,298</u>	<u>785,770</u>	<u>811,530</u>	<u>860,923</u>
Excess (deficiency) of revenue over expenditures	<u>(72,229)</u>	<u>(30,546)</u>	<u>(62,526)</u>	<u>(64,510)</u>	<u>(90,736)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of Long-Term Debt	200,910	-	253,565	34,685	101,665
Capital Leases Issued	6,409	26,241	9,066	-	4,419
Proceeds from Loans	-	-	-	-	-
Proceeds from Owner Advance	1,923	-	-	-	-
Proceeds from Disposal of Property	-	336	1,049	386	4,444
Issuance of Refunding Bonds	-	-	-	-	46,680
Premium on Issuance	2,239	-	9,792	-	12,554
Refunded Bonds Redeemed	-	-	-	-	(9,146)
Payment to Bond Escrow Agent	-	-	-	-	(54,299)
Insurance Recoveries	-	-	-	-	-
Transfers In	120,646	117,591	87,407	86,864	161,129
Transfers Out	(106,201)	(98,425)	(63,816)	(67,832)	(156,383)
Total Other Financing Sources (Uses)	<u>225,926</u>	<u>45,743</u>	<u>297,063</u>	<u>54,103</u>	<u>111,063</u>
Net Changes in Fund Balances	<u>\$ 153,697</u>	<u>\$ 15,197</u>	<u>\$ 234,537</u>	<u>\$ (10,407)</u>	<u>\$ 20,327</u>
Debt services as a percentage of noncapital expenditures	16.54 %	9.96 %	10.64 %	11.10 %	10.80 %

Source: Comprehensive Annual Financial Report for the respective years.

Expenditure and Revenue Functions for Governmental Activities were realigned in Fiscal Year 2015.

TABLE 4

	2012	2013	2014	2015	2016
\$	351,540	\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458
	188,884	203,417	217,153	225,382	234,500
	47,190	49,489	51,205	53,129	49,031
	-	-	-	-	-
	15,975	16,693	18,284	22,306	37,588
	12,011	12,179	12,771	12,750	15,325
	25,598	28,246	26,968	25,325	18,056
	14,988	19,915	15,614	16,326	15,715
	7,695	3,129	8,200	5,131	3,601
	53,354	59,111	79,239	61,403	72,493
	15,758	10,834	16,500	15,717	18,485
	16,554	16,069	22,315	30,407	33,138
	12,633	17,208	9,840	12,177	13,928
	<u>762,180</u>	<u>793,963</u>	<u>867,579</u>	<u>894,472</u>	<u>936,318</u>
	99,112	106,907	163,945	177,549	124,281
	368,224	381,513	389,058	393,715	443,730
	-	-	-	40,750	56,759
	53,822	47,598	71,106	-	-
	51,036	53,883	54,711	100,930	102,239
	19,209	18,991	18,763	-	-
	-	-	-	3,109	6,716
	28,058	30,528	28,324	-	-
	11,865	12,875	11,656	-	-
	23,158	19,259	17,536	-	-
	-	-	-	31,125	51,470
	107,625	170,502	206,450	178,970	184,317
	53,925	75,611	88,923	70,939	70,484
	30,277	37,517	35,044	31,121	32,265
	<u>846,311</u>	<u>955,184</u>	<u>1,085,516</u>	<u>1,028,208</u>	<u>1,072,261</u>
	<u>(84,131)</u>	<u>(161,221)</u>	<u>(217,937)</u>	<u>(133,736)</u>	<u>(135,943)</u>
	170,970	68,570	19,270	40,000	103,000
	-	-	344	-	-
	-	18,443	46,865	37,356	40,373
	-	-	-	-	-
	286	9,090	1,340	2,394	533
	50,305	25,795	-	127,162	27,500
	32,956	5,150	364	18,668	21,131
	-	-	-	-	-
	(60,437)	(27,286)	-	(154,840)	(47,650)
	-	-	-	-	7,477
	470,463	109,939	143,754	162,071	162,483
	<u>(446,236)</u>	<u>(52,730)</u>	<u>(181,450)</u>	<u>(102,400)</u>	<u>(115,764)</u>
	<u>218,307</u>	<u>156,971</u>	<u>30,487</u>	<u>130,411</u>	<u>199,083</u>
\$	<u>134,176</u>	<u>\$ (4,250)</u>	<u>\$ (187,450)</u>	<u>\$ (3,325)</u>	<u>\$ 63,140</u>
	11.38 %	14.41 %	14.16 %	12.00 %	11.47 %

CITY OF FORT WORTH, TEXAS
RESERVE REQUIREMENT COMPLIANCE
CURRENT YEAR (Unaudited)
(in 000's)

	Fund Balance	Basis for Calculation	Reserve Requirement Ratio (a)	Operating Expenditures/ Projected Debt Service
GOVERNMENTAL FUNDS:				
General Fund	\$ 68,436	Unassigned Fund Balance	12.10 %	\$ 565,732
		Restricted, Committed, and		
Debt Service Fund	<u>31,370</u>	Assigned Fund Balance	25.00 %	<u>97,460</u>
Subtotal ^(b)	99,806			663,192
Special Revenue Funds				
Crime Control and Prevention District Fund (CCPD)	12,361	Restricted and Assigned Fund Balance	16.67 %	50,998
Environmental Management Fund	857	Assigned Fund Balance	16.67 %	3,856
Culture and Tourism Fund ^(d)	2,151	Assigned Fund Balance	16.67 %	30,517
Golf Fund ^(d)	185	Assigned Fund Balance	16.67 %	4,081
	Working Capital/ Cash on Hand	Basis for Calculation	Reserve Requirement Ratio (a)	Operating Expenses/ Projected Debt Service
PROPRIETARY FUNDS:				
Enterprise Funds^(c)				
Water and Sewer Fund ^(d)	\$ 57,649	Working Capital	25.00 %	\$ 335,037
Water and Sewer Fund	81,786	Cash on Hand	62 - 250 Days	269,704
Stormwater Utility Fund	14,762	Working Capital	25.00 %	20,850
Stormwater Utility Fund	16,607	Cash on Hand	62 - 150 Days	16,550
Municipal Airports Fund ^(d)	940	Working Capital	25.00 %	12,149
Municipal Airports Fund	2,902	Cash on Hand	62 - 150 Days	12,149
Municipal Parking Fund ^(d)	(782)	Working Capital	25.00 %	5,481
Municipal Parking Fund	1,700	Cash on Hand	62 - 150 Days	3,176
Solid Waste Fund	23,734	Working Capital	25.00 %	52,755
Solid Waste Fund	21,964	Cash on Hand	62 - 150 Days	52,283
Internal Service Funds^(c)				
(Non-Insurance Funds)				
Equipment Services Fund	2,296	Working Capital	3.00 %	24,029
Information Systems Fund	5,548	Working Capital	3.00 %	24,778
Capital Project Services Fund	852	Working Capital	3.00 %	7,681
(Insurance Funds)				
Group Health and Life Insurance Fund ^(d)	12,983	Working Capital	16.67 %	84,134
Risk Financing Fund	18,033	Working Capital	25.00 %	16,559

Source: City of Fort Worth, Texas Financial Management Policy Statement and Comprehensive Annual Financial Report.

(a) If the minimum Reserve Requirement has been met by a fund, the goal is used in the fund's calculation. For more information, refer to the City's Financial Management Policy Statement.

(b) While reserves for the General Fund and the Debt Service Fund are calculated separately, the resulting individual Reserve Requirements are combined into one figure to be compared with the total General Fund and Debt Service Fund's fund balance.

(c) Enterprise Funds and Internal Service Funds shall not have a negative Unrestricted Net Position.

(d) The City acknowledges that initially, not all funds will meet the minimum requirement for Working Capital. A fund will be considered compliant with the policy as long as the financial position shows continuous improvement each fiscal year.

TABLE 5

Reserve Requirement Amount	Percent of Reserve Met	Excess/ (Deficit)	Compliant
\$ 68,436	12.10 %	\$ -	
24,365	32.19 %	7,005	
92,801	15.05 %	7,005	Y
8,501	24.24 %	3,860	Y
643	22.23 %	214	Y
5,087	7.05 %	(2,936)	N
680	4.53 %	(495)	N

Reserve Requirement Amount	Percent of Reserve Met	Excess/ (Deficit)	Compliant	Unrestricted Net Position	Compliant
\$ 83,759	17.21 %	\$ (26,110)	N	\$ 91,864	Y
45,818 - 184,750	-	35,968 - (102,964)	Y	-	
5,213	70.80 %	9,549	Y	10,736	Y
2,790 - 6,750	-	13,817 - 9,857	Y	-	
3,037	7.74 %	(2,097)	N	59,021	Y
2,046 - 4,950	-	856 - (2,048)	Y	-	
1,370	(14.27)%	(2,152)	N	2,350	Y
558 - 1,350	-	1,142 - 350	Y	-	
13,189	44.99 %	10,545	Y	15,586	Y
8,866 - 21,450	-	13,098 - 514	Y	-	
721	9.56 %	1,575	Y	1,862	Y
743	22.39 %	4,805	Y	4,586	Y
230	11.09 %	622	Y	705	Y
14,025	15.43 %	(1,042)	N	14,785	Y
4,140	108.90 %	13,893	Y	3,162	Y

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

TABLE 6

<u>Fiscal Year</u>	<u>Net Assessed Valuation^(a)</u>			<u>Total Direct Tax Rate^(d)</u>
	<u>Real^(b)</u>	<u>Personal^(c)</u>	<u>Total Taxable</u>	
2007	\$ 27,269,005	\$ 6,387,383	\$ 33,656,388	0.8600
2008	29,566,579	8,065,831	37,632,410	0.8550
2009	32,915,645	7,954,958	40,870,603	0.8550
2010	33,504,557	8,346,458	41,851,015	0.8550
2011	32,195,274	8,826,794	41,022,068	0.8550
2012	33,932,556	8,053,487	41,986,043	0.8550
2013	35,892,406	7,805,257	43,697,663	0.8550
2014	34,792,449	7,628,240	42,420,689	0.8550
2015	37,644,135	8,286,957	45,931,092	0.8550
2016	40,839,940	8,819,802	49,659,742	0.8550

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

(a) The Assessed Value is 100%. Valuation shown for 2007 include Tarrant County only, for 2008 to 2016 valuation shown are from Tarrant, Denton, Parker and Wise County.

(b) Real properties include: residential, commercial and industrial.

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

(d) Tax rate per \$100 of valuation.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction does not include any taxable property.

**CITY OF FORT WORTH, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND
OVERLAPPING TAX RATES
LAST TEN FISCAL YEARS (Unaudited)
(Per \$100 of Assessed Value)**

TABLE 7

Fiscal Year Ended Sept. 30	City Direct Rates ^(b)			Overlapping Rates ^(b)			
	Operating General Rates	General Obligation Debt Service	Total	Fort Worth ISD ^(b)	Tarrant County District ^(a)	Hospital District	Junior College District
2007	\$ 0.7259	\$ 0.1341	\$ 0.8600	\$ 1.5140	\$ 0.2720	\$ 0.2350	\$ 0.1390
2008	0.7209	0.1341	0.8550	1.1900	0.2665	0.2300	0.1390
2009	0.7109	0.1441	0.8550	1.2570	0.2640	0.2279	0.1380
2010	0.7109	0.1441	0.8550	1.3220	0.2640	0.2279	0.1376
2011	0.7109	0.1441	0.8550	1.3220	0.2640	0.2279	0.1490
2012	0.7009	0.1541	0.8550	1.3220	0.2640	0.2279	0.1490
2013	0.6859	0.1691	0.8550	1.3220	0.2640	0.2279	0.1490
2014	0.6759	0.1791	0.8550	1.3220	0.2640	0.2279	0.1495
2015	0.6759	0.1791	0.8550	1.3220	0.2640	0.2279	0.1495
2016	0.6759	0.1791	0.8550	1.3520	0.2640	0.2279	0.1495

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

(b) Source - Tarrant County Appraisal District.

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

TABLE 8

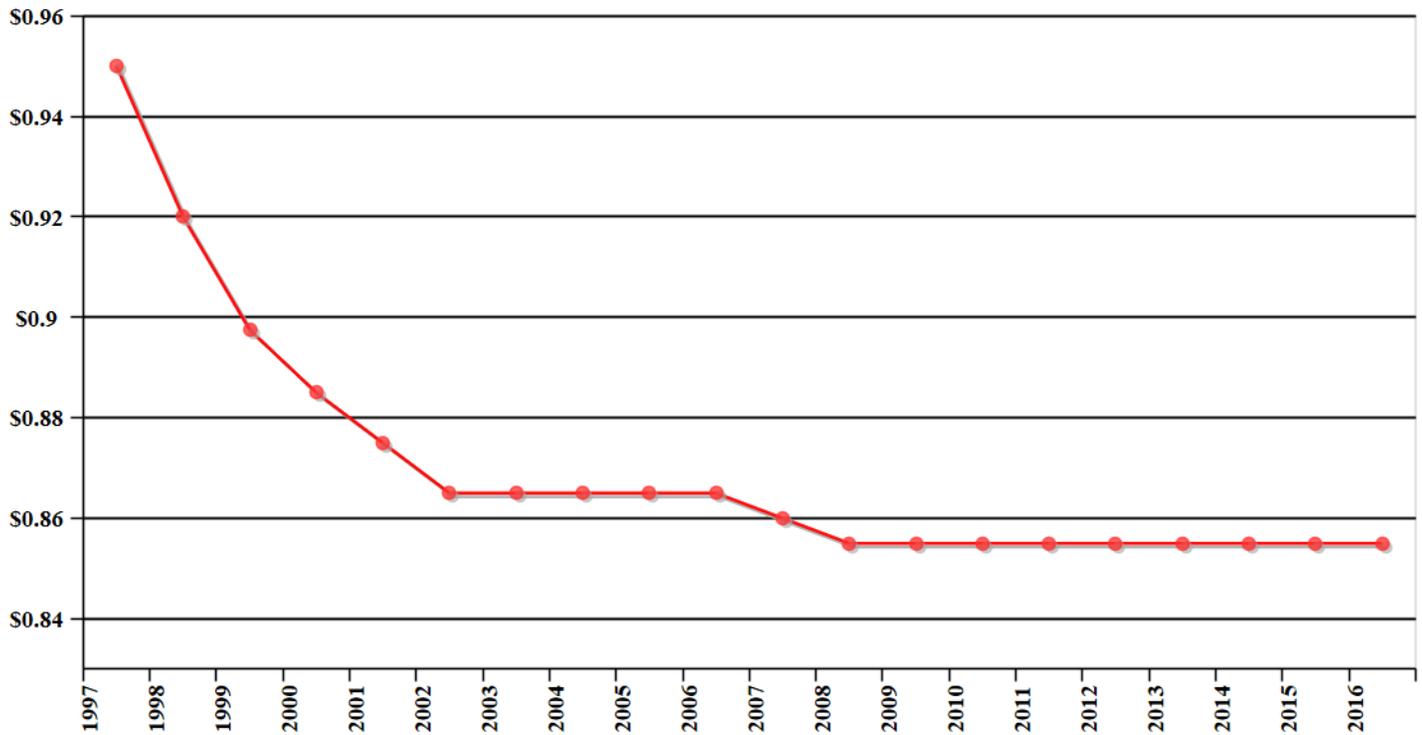
Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2007	\$ 292,466	\$ 286,805	98.06%	\$ 3,252	\$ 290,057	99.18%
2008	320,668	315,147	98.28%	4,048	319,195	99.54%
2009	350,946	343,530	97.89%	4,978	348,508	99.31%
2010	362,551	354,605	97.81%	3,753	358,358	98.84%
2011	350,050	343,622	98.16%	4,101	347,723	99.34%
2012	358,954	352,784	98.28%	3,892	356,676	99.37%
2013	366,361	359,890	98.23%	2,729	362,619	98.98%
2014	377,584	370,904	98.23%	2,351	373,255	98.85%
2015	402,370	393,691	97.84%	2,532	396,223	98.47%
2016	424,203	416,304	98.14%	-	416,304	98.14%

Source: Tarrant County Tax Office

**CITY OF FORT WORTH, TEXAS
PROPERTY TAX RATE TREND
LAST TWENTY FISCAL YEARS (Unaudited)**

TABLE 9

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 0.9500	\$ 0.9200	\$ 0.8975	\$ 0.8850	\$ 0.8750	\$ 0.8650	\$ 0.8650	\$ 0.8650	\$ 0.8650	\$ 0.8650
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 0.8600	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550



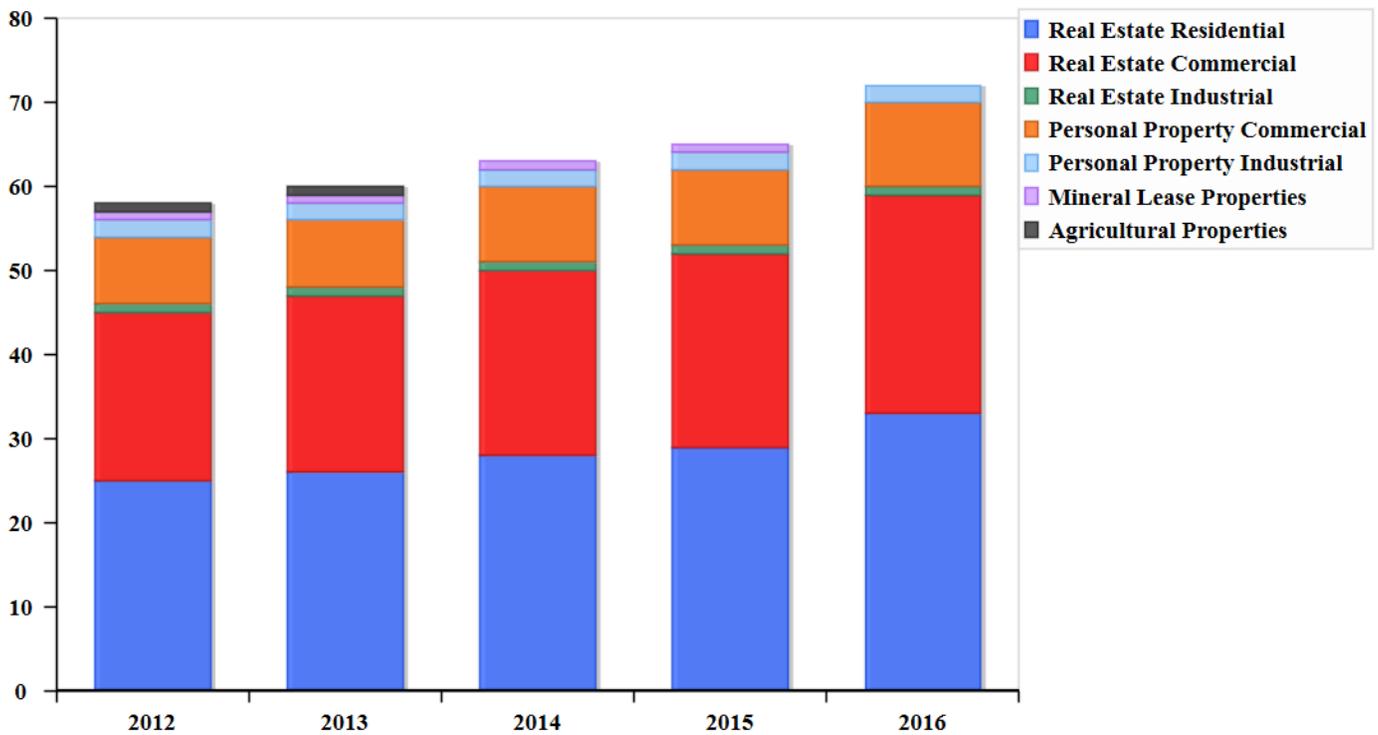
Source: Budget and Research Division, FMS, City of Fort Worth
Tax rate per \$100 of Assessed Value

*Y-Axis adjusted for reader clarity

**CITY OF FORT WORTH, TEXAS
APPRAISED VALUE BY TYPE (Unaudited)
(Inflation Adjusted)**

TABLE 10

Appraisal Year	2012	2013	2014	2015	2016
TAD Value By Type					
Real Estate Residential	\$ 25,200,933,865	\$ 26,088,463,777	\$ 27,838,438,625	\$ 28,893,726,041	\$ 32,960,279,993
Real Estate Commercial	20,331,035,444	21,136,215,188	22,125,666,464	23,127,040,927	26,237,285,606
Real Estate Industrial	659,448,355	661,971,949	685,102,871	688,895,285	764,749,581
Personal Property Commercial	8,313,984,468	8,499,074,603	9,012,689,484	9,174,950,221	10,274,347,397
Personal Property Industrial	2,101,203,472	2,073,079,041	2,204,318,829	2,372,534,332	2,330,591,133
Mineral Lease Properties	1,099,569,440	717,615,030	780,730,910	842,034,470	280,114,160
Agricultural Properties	550,817,835	519,392,178	496,920,328	16,132,705	13,590,832
Total TAD Value	\$ 58,256,992,879	\$ 59,695,811,766	\$ 63,143,867,511	\$ 65,115,313,981	\$ 72,860,958,702
Total CFW Value	\$ 59,832,365,308	\$ 61,219,914,707	\$ 64,934,531,075	\$ 67,008,399,264	\$ 74,906,924,377
% of CFW Value	97.4 %	97.5 %	97.2 %	97.2 %	97.3 %



Source: Tarrant Appraisal District Certified Tax Report.

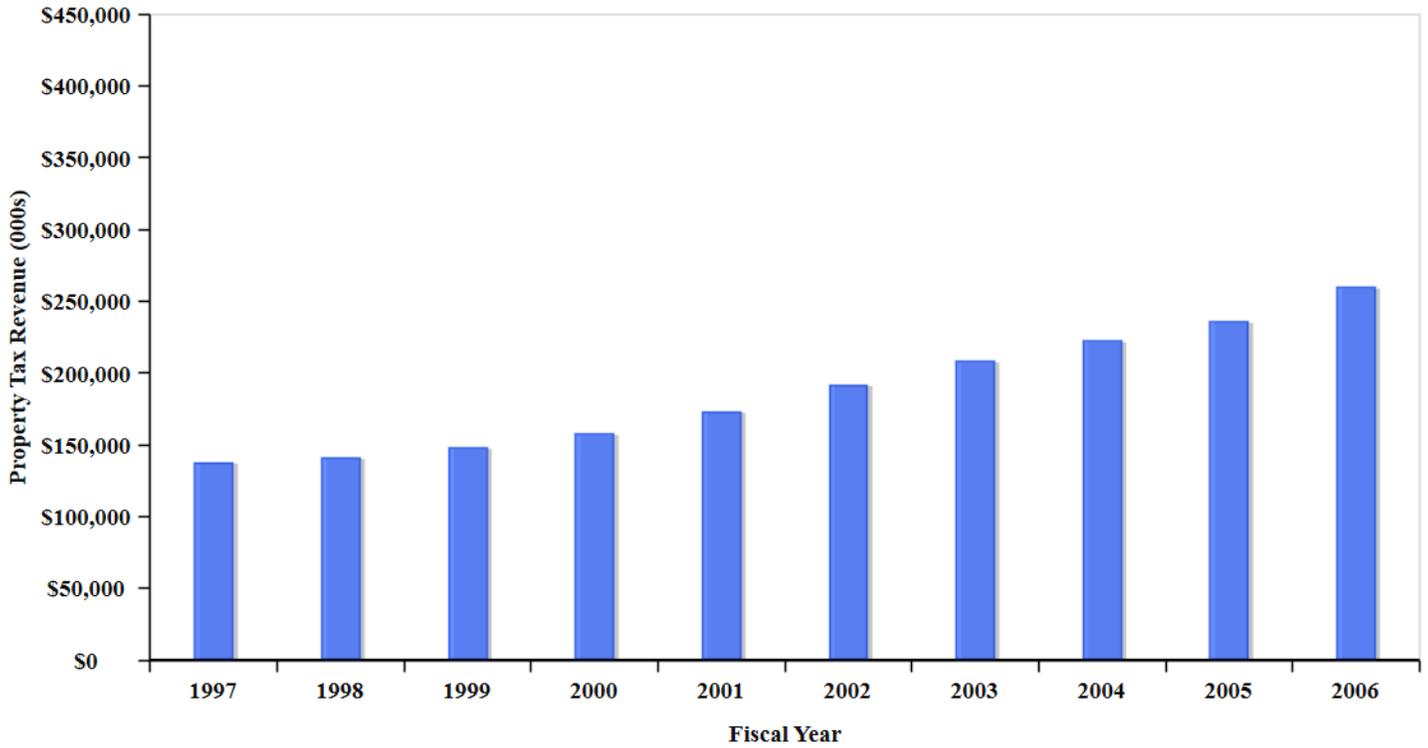
Values reported are for Tarrant County only.

(a) Apartment complexes (multi-family) are included in the commercial category.



**CITY OF FORT WORTH, TEXAS
PROPERTY TAX REVENUE
LAST TWENTY FISCAL YEARS (Unaudited)**

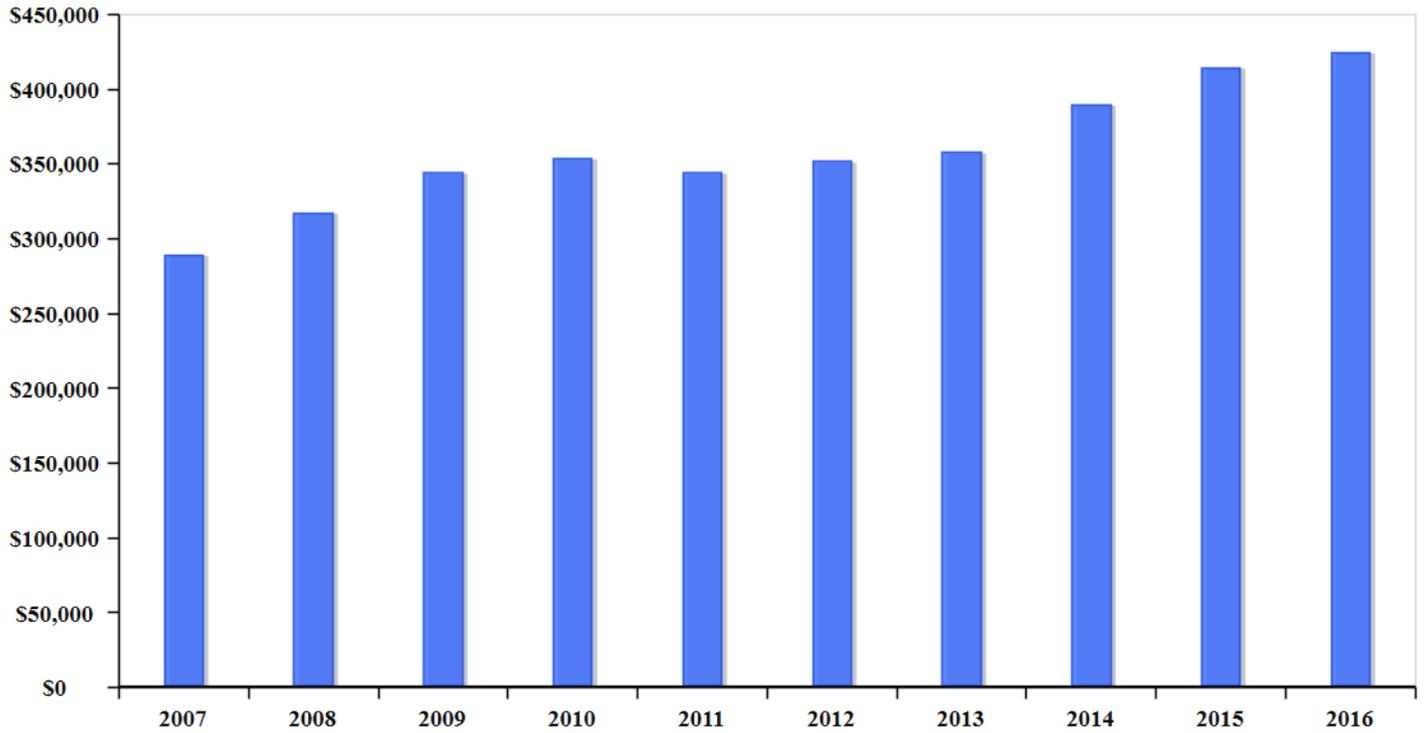
Fiscal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Value (000s)	\$ 137,657	\$ 140,833	\$ 147,760	\$ 157,430	\$ 172,908	\$ 191,563	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483
Percent Change		2.31 %	4.92 %	6.54 %	9.83 %	10.79 %	8.64 %	6.73 %	6.09 %	10.12 %



Source: Financial Reporting Division, FMS, City of Fort Worth

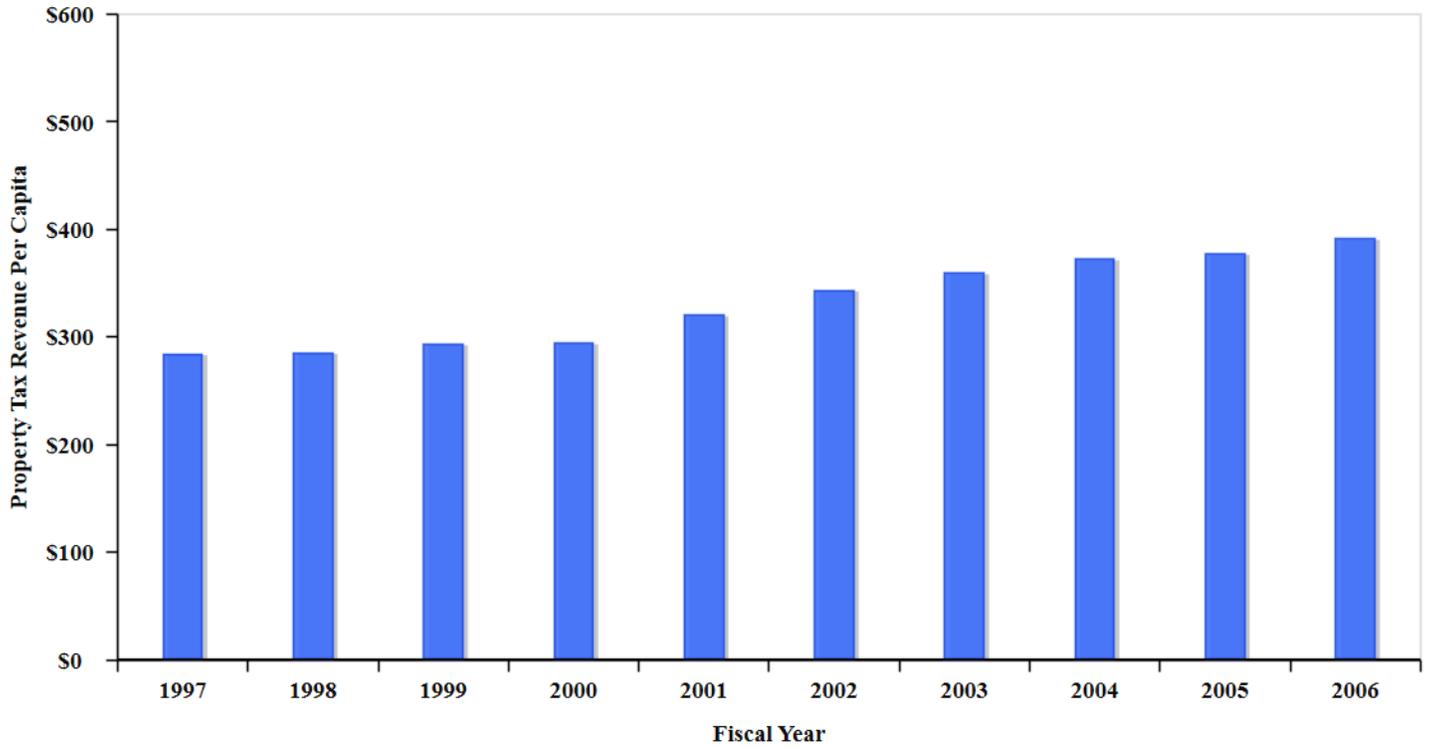
TABLE 11

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 289,177	\$ 317,290	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540	\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458
11.44 %	9.72 %	8.41 %	2.80 %	(2.73)%	2.21 %	1.74 %	8.90 %	6.40 %	2.42 %



**CITY OF FORT WORTH, TEXAS
PROPERTY TAX REVENUE (Per Capita)
LAST TWENTY FISCAL YEARS (Unaudited)**

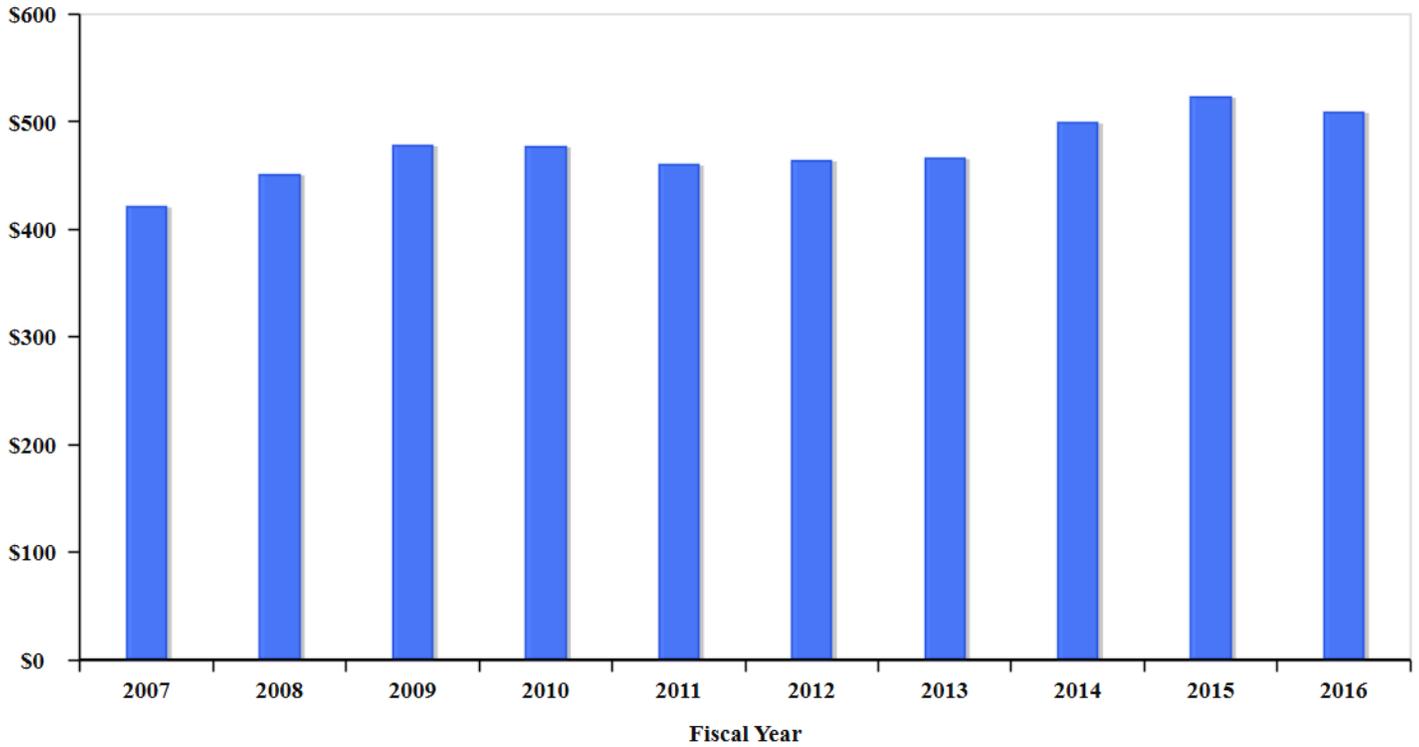
Fiscal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Value (000s)	\$ 137,657	\$ 140,833	\$ 147,760	\$ 157,430	\$ 172,908	\$ 191,563	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483
Population	484,200	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100
Value Per Capita	\$ 284	\$ 285	\$ 293	\$ 294	\$ 320	\$ 343	\$ 359	\$ 372	\$ 377	\$ 391
Percent Change		0.35 %	2.81 %	0.34 %	8.84 %	7.19 %	4.66 %	3.62 %	1.34 %	3.71 %



Source: Financial Reporting Division, FMS, City of Fort Worth

TABLE 12

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$ 289,177	\$ 317,290	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540	\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458
686,850	702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319
\$ 421	\$ 451	\$ 478	\$ 477	\$ 460	\$ 464	\$ 466	\$ 499	\$ 523	\$ 509
7.67 %	7.13 %	5.99 %	(0.21)%	(3.56)%	0.87 %	0.43 %	7.08 %	4.81 %	(2.68)%



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

TABLE 13

Name of Taxpayer	Nature of Property	2016 ^(a)			2007 ^(b)		
		2015 Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	2006 Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
TU Elect./Oncor Elect. Deliv. Co, LLC	Electric Utility	\$ 391,606	1	0.79 %	\$ 358,806	1	1.07 %
Bell Helicopter Inc.	Aircraft Manufacturing	382,448	2	0.77 %			
DDR/DTC City Investments, LP	Real Estate	257,099	3	0.52 %			
XTO Energy Inc	Oil/Gas Producer	229,452	4	0.46 %			
AMR Corp/American Airlines, Inc.	Airline	182,285	5	0.37 %	255,388	3	0.76 %
Alcon Laboratories, Inc.	Pharmaceuticals	175,385	6	0.35 %	173,024	5	0.51 %
Chesapeake Operating (WI)	Natural Gas Producer	175,230	7	0.35 %			
Wal-Mart Real Estate Bus. Trust/Stores	Retailer	166,784	8	0.34 %			
F7 SSSM LLC (Cousins 777 Main Street)	Real Estate	148,283	9	0.30 %			
MillerCoors	Beer Brewing	147,079	10	0.30 %			
Southwestern Bell	Telephone Utility				303,850	2	0.90 %
City Center Development	Developer				244,925	4	0.73 %
Behringer Harvard Burnett PLZ	Commercial Real Estate				166,343	6	0.49 %
KAN AM Riverfront Campus LP	Corporate Campus				157,165	7	0.47 %
DRH Worthington Owner LP	Hotel				133,136	8	0.40 %
BNSF Railway Co	Rail Transportation				122,366	9	0.36 %
Crescent Real Estate	Developer				121,608	10	0.36 %
		<u>\$ 2,255,651</u>		<u>4.55 %</u>	<u>\$ 2,036,611</u>		<u>6.05 %</u>

(a) Source: Tarrant Appraisal District Supplemental Certification Report

(b) Source: Comprehensive Annual Financial Report for the respective year



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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental:					
General Obligation Bonds ^(c)	\$ 322,296	\$ 295,925	\$ 406,006	\$ 380,125	\$ 371,760
Certificates of Obligation ^(c)	67,605	60,230	166,215	188,655	202,880
Installment Obligation	6,645	6,130	5,585	5,010	4,405
Equipment Notes Payable	3,160	26,600	22,634	18,852	58,005
HUD Installment Obligation	9,449	8,808	8,147	7,465	6,761
Service Center Obligation	21,890	21,450	20,995	20,520	20,030
Helicopter Installment Obligation	312	105	-	-	-
Fort Worth Housing Corp Obligation	9,464	9,395	9,322	9,244	9,161
Fort Worth Housing Fannie Mae Loan	1,000	1,000	-	-	-
Fort Worth Sports Authority	16,359	15,903	15,903	15,442	15,337
Lone Star Local Govt Corp Obligation	31,617	31,617	31,617	31,617	31,617
Central City Local Govt Corp Obligation	2,933	2,596	2,219	1,809	1,376
State Obligations	-	-	-	-	-
TRWD Obligation	-	-	-	-	-
State Energy Conservation Loan Phase I & II	4,610	4,433	3,730	3,216	2,580
State Energy Conservation Loan Phase III	3,794	5,000	4,397	4,080	3,598
ESPC Phase IV	-	-	9,066	8,795	8,352
ESPC Phase VII	-	-	-	-	-
Wells Fargo Loan	296	269	245	196	144
Beechwood Bridge Obligation	1,449	1,287	1,127	724	333
Capital Leases	-	-	-	-	4,319
Southwest Bank Loan (LDC SW Building)	-	-	-	-	-
Lancaster Corridor Construction Loan	-	-	-	-	-
Business-type:					
General Obligation Bonds ^(c)	284	140	65	-	-
Revenue Bonds	737,480	757,885	710,675	745,155	855,310
Certificates of Obligation ^(c)	31,165	30,905	57,240	54,195	57,560
Municipal Golf Capital Lease	187	132	69	5	-
Equipment Notes Payable	6,875	5,730	4,545	3,319	2,049
Trinity River Authority	8,895	8,490	8,065	7,620	7,150
ESPC Phase V	-	-	-	15,365	15,365
Total Primary Government	<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>
Personal Income ^(a)	\$ 13,008,252	\$ 13,311,276	\$ 13,640,815	\$ 17,334,565	\$ 20,399,090
Debt as a Percentage of Personal Income	10 %	10 %	11 %	9 %	8 %
Population ^(b)	687	703	720	736	748
Debt Per Capita	\$ 1,875	\$ 1,841	\$ 2,066	\$ 2,067	\$ 2,249

(a) Personal Income calculated using the population and the per capita personal income (source: U. S. Bureau of Census 2010 and estimates)

(b) Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates.

(c) For Fiscal Years 2006 to 2014 General Obligation Bonds and Certificates of Obligation amounts were adjusted for unamortized premium.

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

TABLE 14

	2012	2013	2014	2015	2016
\$	458,800	\$ 463,488	\$ 440,617	\$ 452,412	\$ 499,217
	247,600	302,985	299,441	242,290	221,565
	3,770	3,080	2,370	1,620	825
	54,450	46,860	39,145	-	-
	6,034	5,282	4,504	3,699	2,865
	19,515	18,980	-	-	-
	-	-	-	-	-
	9,073	-	-	-	-
	-	-	-	-	-
	8,476	8,386	6,868	2,495	-
	31,617	31,617	31,617	31,617	31,617
	872	347	-	-	-
	-	-	10,931	10,285	9,638
	-	-	91,998	124,349	153,853
	1,925	1,249	553	-	-
	3,102	2,590	2,064	1,528	971
	7,820	-	-	-	-
	-	18,443	18,064	17,426	16,472
	78	-	-	-	-
	-	-	-	-	-
	4,096	3,816	1,482	1,122	836
	-	-	2,545	2,200	1,844
	-	-	-	1,774	10,276
	-	-	-	-	38,428
	884,010	858,985	950,107	882,395	870,315
	56,035	55,238	53,092	48,428	4,225
	-	-	-	-	-
	750	-	-	-	-
	6,656	6,100	5,500	4,885	4,250
	15,365	14,691	13,355	11,938	10,463
\$	<u>1,820,044</u>	<u>1,842,137</u>	<u>1,974,253</u>	<u>1,840,463</u>	<u>1,877,660</u>
\$	18,827,032	\$ 18,934,769	\$ 19,128,358	\$ 19,600,795	\$ 20,604,646
	10 %	10 %	10 %	9 %	9 %
	758	768	781	793	833
\$	2,313	\$ 2,399	\$ 2,528	\$ 2,321	\$ 2,254

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 15

Fiscal Year	General Bonded Debt Outstanding			Total Net Bonded Debt	Assessed Value ^(b)	Percent Outstanding General Debt to Assessed Value	Estimated Population ^(c)	Outstanding General Debt Per Capita
	General Obligation Bonds ^(a)	Certification of Obligation ^(a)	Resources Restricted for Debt Service					
2007	\$ 322,296	\$ 67,605	\$ -	\$ 389,901	\$ 33,656,388	1.16 %	687	\$ 0.568
2008	295,925	60,230	-	356,155	37,632,410	0.95 %	687	0.518
2009	406,006	166,215	-	572,221	40,870,603	1.40 %	702	0.815
2010	380,125	188,655	-	568,780	41,851,015	1.36 %	741	0.768
2011	371,760	202,880	-	574,640	41,022,067	1.40 %	748	0.768
2012	458,800	247,600	-	706,400	41,986,043	1.68 %	758	0.932
2013	463,488	302,985	-	766,473	43,697,663	1.75 %	768	0.998
2014	440,617	299,441	-	740,058	42,420,689	1.74 %	781	0.948
2015	452,412	290,718	830	742,300	45,931,092	1.62 %	793	0.936
2016	537,645	225,790	1,245	762,190	49,659,742	1.53 %	833	0.915

(a) Includes Business-Type Activities debt

(b) Assessed value is 100%

(c) Source: Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates.



**CITY OF FORT WORTH, TEXAS
 LEGAL DEBT MARGIN INFORMATION
 SEPTEMBER 30, 2016 (Unaudited)
 (in Millions)**

	<u>2007*</u>	<u>2008*</u>	<u>2009*</u>	<u>2010*</u>	<u>2011*</u>
Total Assessed Valuation	\$ 33,656	\$ 37,471	\$ 38,357	\$ 39,725	\$ 39,836
Overall Debt Limitation - 10% of Assessed Valuation					3,984
Net Debt Subject to Limitation					<u>575</u>
Legal Debt Margin Within 10% Limitation					<u>3,409</u>
Legal Debt Margin as a Percentage of the Debt Limit					86 %

Notes:

*Government Code Sec. 1331.051 of the State of Texas Constitution and Statutes limits cities with a population of seven hundred fifty thousand or more to incur a total bonded indebtedness by the issuance of tax-supported bonds in an amount not exceeding ten (10%) percent of the total appraised value of property listed on the most recent appraisal roll for the City. Prior to FY2011, per Article 835p of the State of Texas Civil Statutes, the limit was based upon a population of six hundred thousand according to the last federal census. According to the 2000 Federal Census, the City of Fort Worth had a population of over 516 thousand; therefore the 10% limitation does not apply for 2010 and before. According to the 2010 Federal Census, the City of Fort Worth had a population of over 758 thousand; therefore, the 10% limitation does apply after 2010.

Assessed Value is the appraised value of property net of exemptions, deferrals, incomplete and protested properties.

Net Debt Subject to Limitation includes governmental activities tax supported general obligation bonds and certificates of obligations.

**CITY OF FORT WORTH, TEXAS
 CITY TAX RATE DISTRIBUTION
 LAST TEN FISCAL YEARS (Unaudited)
 (Per \$100 of Assessed Value)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund	\$ 0.726	\$ 0.721	\$ 0.711	\$ 0.711	\$ 0.711
Debt Service Fund	<u>0.134</u>	<u>0.134</u>	<u>0.144</u>	<u>0.144</u>	<u>0.144</u>
Total City Tax Rate	<u>\$ 0.860</u>	<u>\$ 0.855</u>	<u>\$ 0.855</u>	<u>\$ 0.855</u>	<u>\$ 0.855</u>

Source: Tarrant Appraisal District

TABLE 16

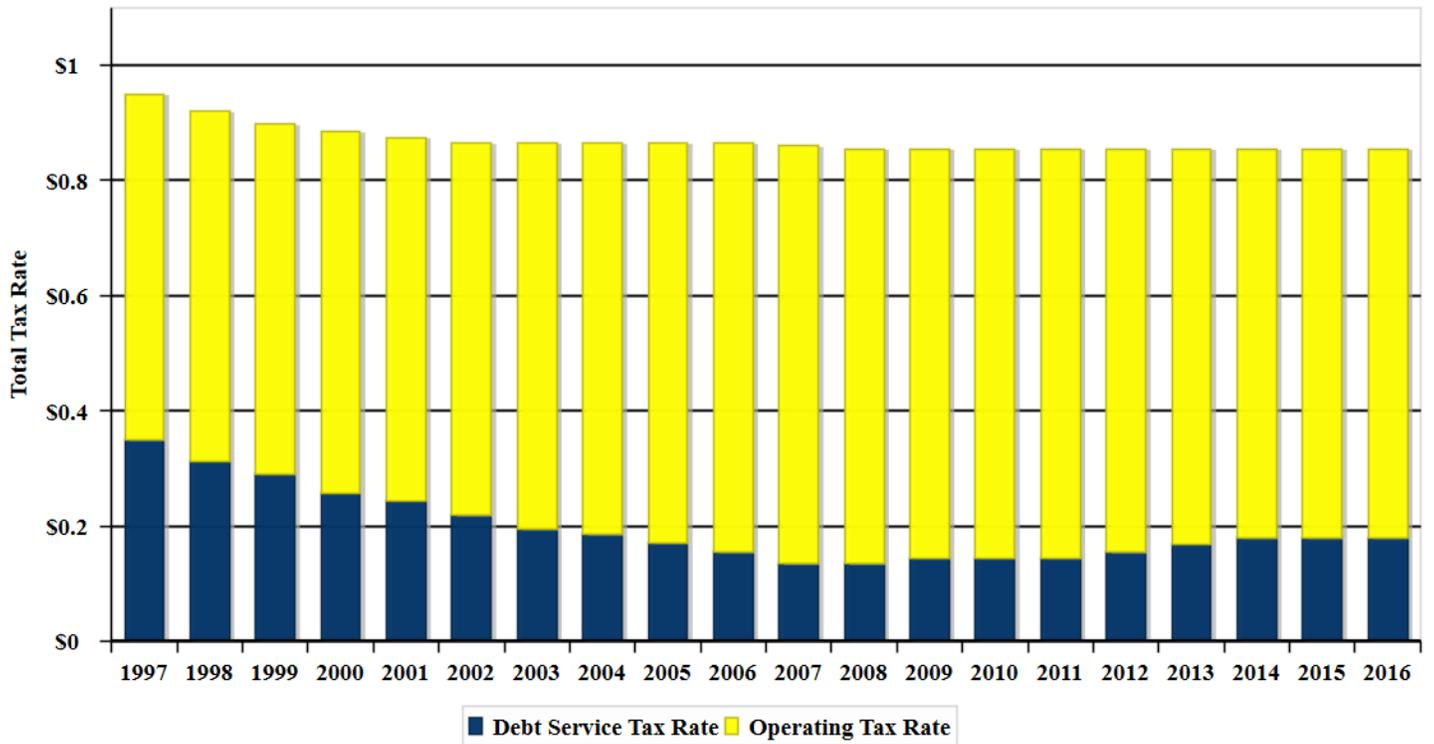
2012*	2013	2014	2015	2016
\$ 41,986	\$ 43,698	\$ 42,421	\$ 45,931	\$ 49,660
4,199	4,370	4,242	4,593	4,966
706	727	695	695	721
<u>3,493</u>	<u>\$ 3,643</u>	<u>\$ 3,547</u>	<u>\$ 3,898</u>	<u>\$ 4,245</u>
83 %	83 %	84 %	85 %	85 %

2012	2013	2014	2015	2016
\$ 0.701	\$ 0.686	\$ 0.676	\$ 0.676	\$ 0.676
0.154	0.169	0.179	0.179	0.179
<u>\$ 0.855</u>				

**CITY OF FORT WORTH, TEXAS
TAX RATE ALLOCATION
LAST TWENTY FISCAL YEARS (Unaudited)**

TABLE 17

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt Service Tax Rate	\$ 0.3492	\$ 0.3131	\$ 0.2899	\$ 0.2576	\$ 0.2438	\$ 0.2183	\$ 0.1943	\$ 0.1851	\$ 0.1704	\$ 0.1543
Operating Tax Rate	\$ 0.6008	\$ 0.6069	\$ 0.6076	\$ 0.6274	\$ 0.6312	\$ 0.6467	\$ 0.6707	\$ 0.6799	\$ 0.6946	\$ 0.7107
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Service Tax Rate	\$ 0.1341	\$ 0.1341	\$ 0.1441	\$ 0.1441	\$ 0.1441	\$ 0.1541	\$ 0.1691	\$ 0.1791	\$ 0.1791	\$ 0.1791
Operating Tax Rate	\$ 0.7259	\$ 0.7209	\$ 0.7109	\$ 0.7109	\$ 0.7109	\$ 0.7009	\$ 0.6859	\$ 0.6759	\$ 0.6759	\$ 0.6759



Source: Budget and Research Division, FMS, City of Fort Worth

**CITY OF FORT WORTH, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT(Unaudited)
YEAR ENDED SEPTEMBER 30, 2016
(in 000's)**

TABLE 18

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable^(b)	Estimated Share of Overlapping Debt
Aledo ISD	\$ 179,386	1.16%	\$ 2,081
Arlington Independent School District	813,959	0.06%	488
Azle Independent School District	32,945	2.22%	731
Birdville Independent School District	279,354	5.81%	16,230
Burleson Independent School District	289,066	14.90%	43,071
Castleberry Independent School District	44,640	43.08%	19,231
Crowley Independent School District	317,517	73.84%	234,455
Denton County	608,895	2.22%	13,517
Eagle Mountain-Saginaw Independent School District	558,609	62.12%	347,008
Everman Independent School District	91,185	64.78%	59,070
Fort Worth Independent School District	922,890	86.17%	795,254
Hurst-Euless-Bedford Independent School District	261,628	27.69%	72,445
Keller Independent School District	728,705	46.76%	340,742
Kennedale Independent School District	38,534	1.07%	412
Lake Worth Independent School District	70,242	48.01%	33,723
Mansfield Independent School District	764,415	0.01%	76
Northwest Independent School District	733,050	40.15%	294,320
Parker County	92,160	0.31%	286
Parker County JCD	5,665	-%	-
Tarrant County	344,185	38.15%	131,307
Tarrant County Hospital District	22,335	38.15%	8,521
White Settlement Independent School District	161,115	50.26%	80,976
Subtotal, overlapping debt			<u>2,493,944</u>
City of Fort Worth Net Direct Debt	952,474	100.00 %	<u>952,474</u>
Total direct and overlapping debt			<u>\$ 3,446,418</u>

(a) All debt figures of the overlapping subdivisions reflect the gross bonded debt of each entity, with the exception of the City of Fort Worth. Net direct debt includes all long-term debt instruments of the governmental activities, which currently includes General Obligation Bonds, Certificates of Obligation, Notes, Loans, and Capital Leases.

(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 19

Fiscal Year	Revenues			Debt Service Requirements ^(a)			Bond Coverage ^(d)
	Total Revenues ^(b)	Less: Operating Expense ^(c)	Net Revenue	Principal	Interest	Annual Requirement	
Water and Sewer^(e)							
2007	\$ 276,263	\$ 151,982	\$ 124,281	\$ 43,395	\$ 29,865	\$ 73,260	1.70
2008	313,388	170,069	143,319	46,198	34,353	80,551	1.78
2009	310,122	183,311	126,811	51,831	32,018	83,849	1.51
2010	321,366	189,329	132,037	51,025	28,592	79,617	1.66
2011	351,712	196,478	155,234	57,195	30,702	87,897	1.77
2012	349,112	217,978	131,134	62,210	33,592	95,802	1.37
2013	353,223	211,493	141,730	59,725	31,162	90,887	1.56
2014	364,660	226,719	137,941	61,800	29,551	91,351	1.51
2015	391,225	253,114	138,111	65,055	30,201	95,256	1.45
2016	419,469	252,368	167,101	61,635	28,852	90,487	1.85
Municipal Parking^(f)							
2007	4,601	339	4,262	-	599	599	7.12
2008	5,404	445	4,959	-	1,150	1,150	4.31
2009	5,133	1,423	3,710	100	1,895	1,995	1.86
2010	6,543	2,189	4,354	300	2,651	2,951	1.48
2011	7,800	2,448	5,352	640	2,704	3,344	1.60
2012	7,808	2,775	5,033	955	2,667	3,622	1.39
2013	7,117	2,891	4,226	1,005	2,620	3,625	1.17
2014	7,127	2,703	4,424	1,495	2,561	4,056	1.09
2015	7,345	3,140	4,205	1,565	2,490	4,055	1.04
2016	7,856	3,176	4,680	1,640	1,328	2,968	1.58
Solid Waste^(g)							
2007	45,727	38,267	7,460	1,206	578	1,784	4.18
2008	52,243	40,343	11,900	1,145	535	1,680	7.08
2009	49,442	42,976	6,466	1,625	484	2,109	3.07
2010	52,787	37,966	14,821	1,661	491	2,152	6.89
2011	55,418	42,945	12,473	1,704	333	2,037	6.12
2012	54,449	45,023	9,426	1,734	285	2,019	4.67
2013	56,325	47,669	8,656	1,185	235	1,420	6.10
2014	55,819	47,128	8,691	435	207	642	13.54
2015	58,622	51,689	6,933	435	152	587	11.81
2016	59,447	52,283	7,164	480	98	578	12.39
Stormwater^(h)							
2008	18,968	10,024	8,944	310	907	1,217	7.35
2009	21,675	12,711	8,964	520	1,158	1,678	5.34
2010	27,786	17,737	10,049	1,445	2,752	4,197	2.39
2011	30,340	16,522	13,818	1,515	2,858	4,373	3.16
2012	34,130	17,929	16,201	3,860	5,426	9,286	1.74
2013	35,208	17,446	17,762	3,715	5,663	9,378	1.89
2014	36,439	17,141	19,298	3,825	5,522	9,347	2.06
2015	36,799	20,706	16,093	3,960	5,380	9,340	1.72
2016	37,283	14,377	22,906	4,130	4,847	8,977	2.55

(a) Principal and Interest does not include general obligation bonds reported in enterprise funds.

(b) Exclusive of other expenses and contributions, gas lease revenue, and includes interest income.

(c) For Water and Sewer and Stormwater operating expense are cash based. All other funds operating expense are exclusive of depreciation charges.

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

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

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

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

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

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

TABLE 20

<u>Fiscal Year</u>	<u>Population^(a)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment^(b)</u>	<u>Unemployment Rate^(b)</u>
2007	686,850	\$ 13,008,252,150	\$ 18,939 ^(c)	31.2 ^(c)	14,485	4.6%
2008	702,850	13,311,276,150	18,939 ^(c)	31.2 ^(c)	17,154	5.3%
2009	720,250	13,640,814,750	18,939 ^(c)	31.2 ^(c)	26,982	8.1%
2010	741,206	18,414,521,864	24,844 ^(d)	31.1 ^(d)	28,044	8.3%
2011	748,450	18,594,491,800	24,844 ^(d)	31.1 ^(d)	29,813	8.7%
2012	757,810	18,827,031,640	24,844 ^(d)	31.1 ^(d)	22,632	6.4%
2013	767,560	17,998,514,440	23,449 ^(e)	31.9 ^(e)	22,566	6.1%
2014	781,100	19,128,357,900	24,489 ^(f)	31.5 ^(f)	18,699	5.0%
2015	792,720	19,600,794,720	24,726 ^(g)	31.8 ^(h)	15,594	4.0%
2016	833,319	20,604,645,594	24,726 ^(g)	31.9 ^(h)	16,600	4.1%

(a) Source: Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates.

(b) Source: BLS Local Area Unemployment Statistics.

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

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

(e) Source: U.S. Census Bureau 2012

(f) Source: U.S. Census Bureau 2013 Estimate

(g) Source: U.S. Census Bureau 2014 Estimate

(h) Source: U.S. Census Bureau, 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 21

Name of Employers	2016			2007		
	Employees	Rank	Percentage of Total Employment^(b)	Employees^(c)	Rank	Percentage of Total Employment^(d)
AMR Corp. /American Airlines	25.0 ^(a)	1	6.65 %	7.5	2	1.49 %
Lockheed Martin Tactical Aircraft Systems	13.7 ^(a)	2	3.65 %	16.4	1	3.25 %
Fort Worth Independent School District	12.0 ^(a)	3	3.19 %	-	-	
NAS Fort Worth Joint Reserve Base	10.0 ^(a)	4	2.66 %	5.4	5	1.07 %
JPS Health Network/John Peter Smith Hospital	6.5 ^(a)	5	1.73 %	3.8	9	0.75 %
City of Fort Worth	6.1 ^(a)	6	1.62 %	7.2	3	1.43 %
Cook Children's Health Care System	6.0 ^(a)	7	1.60 %	3.9	8	0.77 %
Tarrant County College	6.0 ^(a)	9	1.60 %	-	-	
Alcon Laboratories Inc.	5.4 ^(a)	10	1.44 %	-	-	
Bell Helicopter-Textron, Inc.	-	-	- %	5.6	4	1.11 %
Radio Shack	-	-	- %	5.1	6	1.01 %
Harris Methodist Hospital				4.6	7	0.91 %
Burlington Northern Santa Fe Railway				3.4	10	0.67 %
	<u>90.7</u>		<u>24.14 %</u>	<u>62.9</u>		<u>12.46 %</u>

(a) Source: Fort Worth Chamber of Commerce

(b) Estimated total employment of 375,847 for 2015 per U.S. Bureau of Labor Statistics

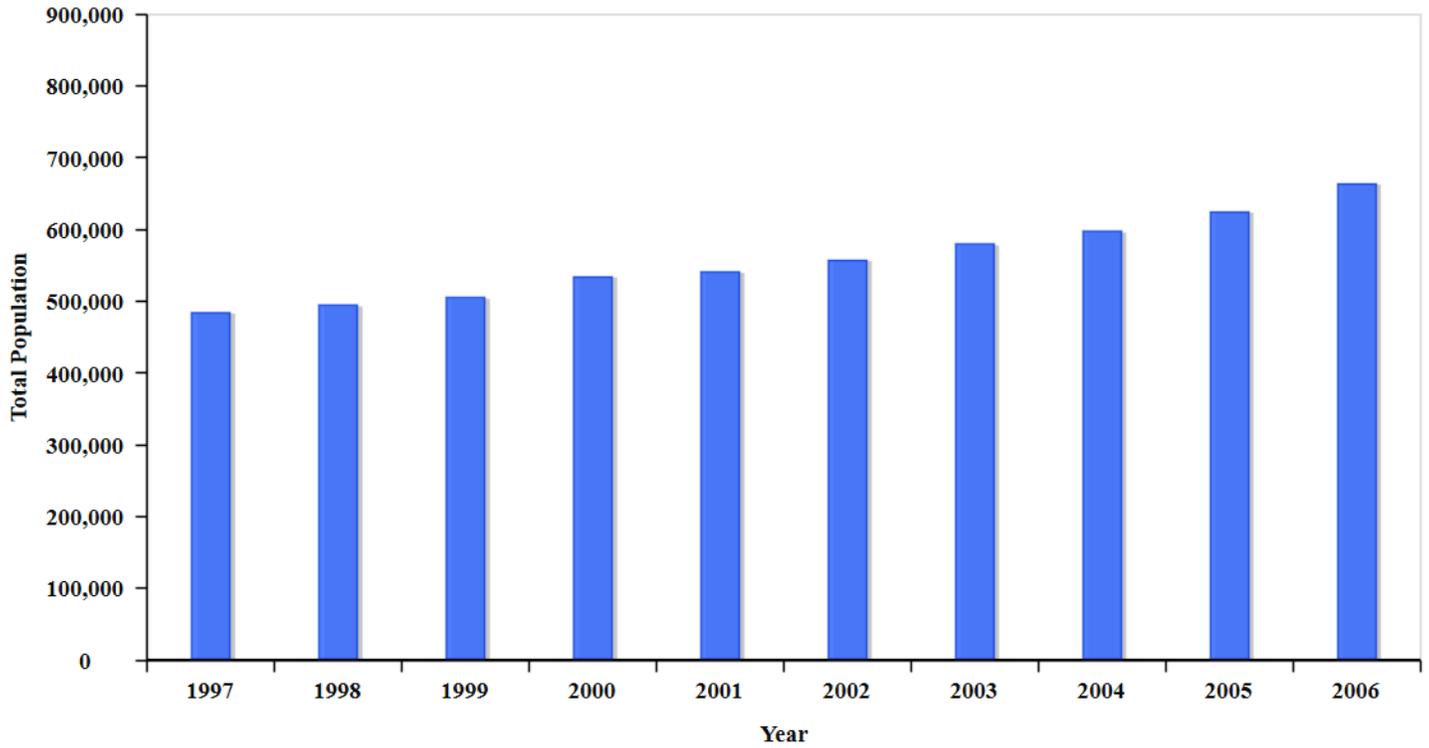
(c) Source: City of Fort Worth, Texas CAFR For the Fiscal Year Ended September 30, 2007

(d) Estimated total employment of 504,441 for 2005 per North Central Texas Council of Governments



**CITY OF FORT WORTH, TEXAS
POPULATION GROWTH
LAST TWENTY FISCAL YEARS (Unaudited)**

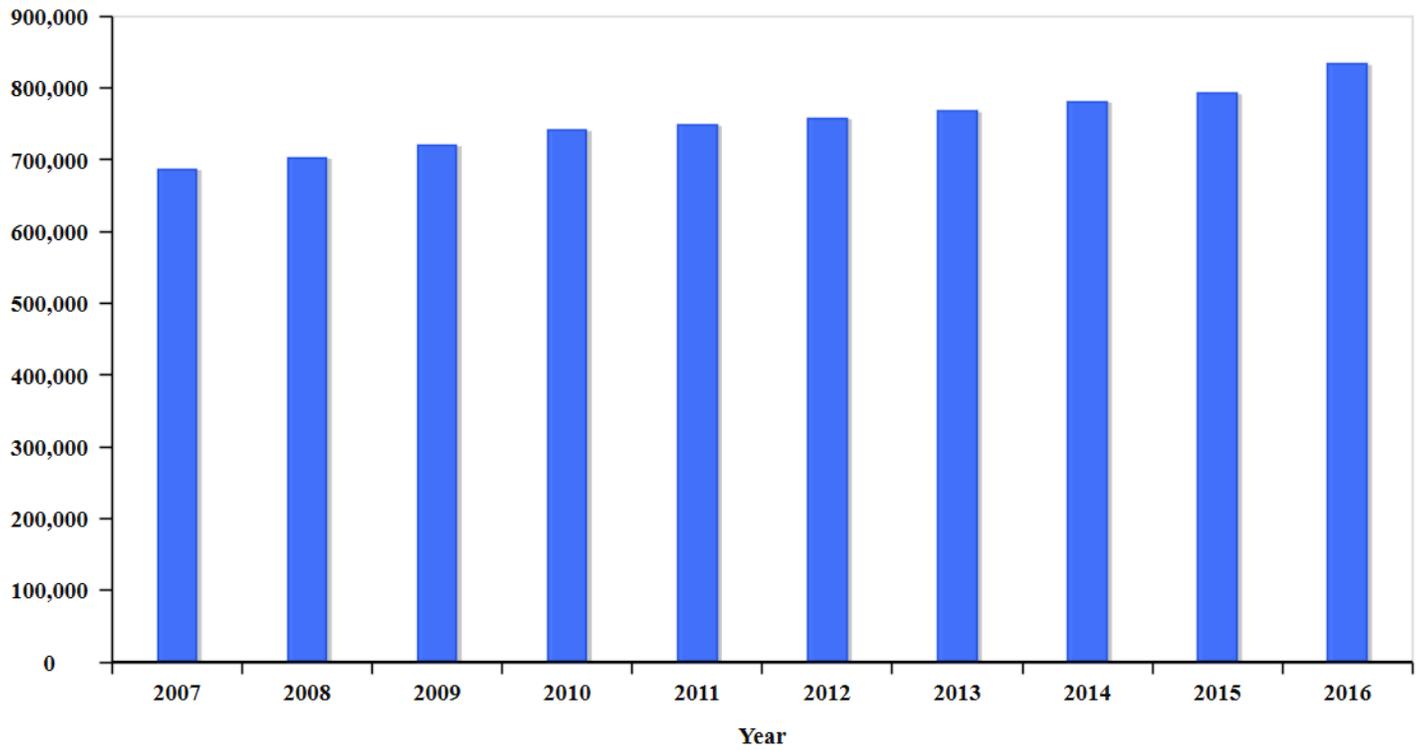
Fiscal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Population	484,200	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100
Percent Change		2.05 %	2.17 %	5.91 %	1.17 %	3.11 %	3.85 %	3.09 %	4.64 %	6.28 %



Source: Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates.

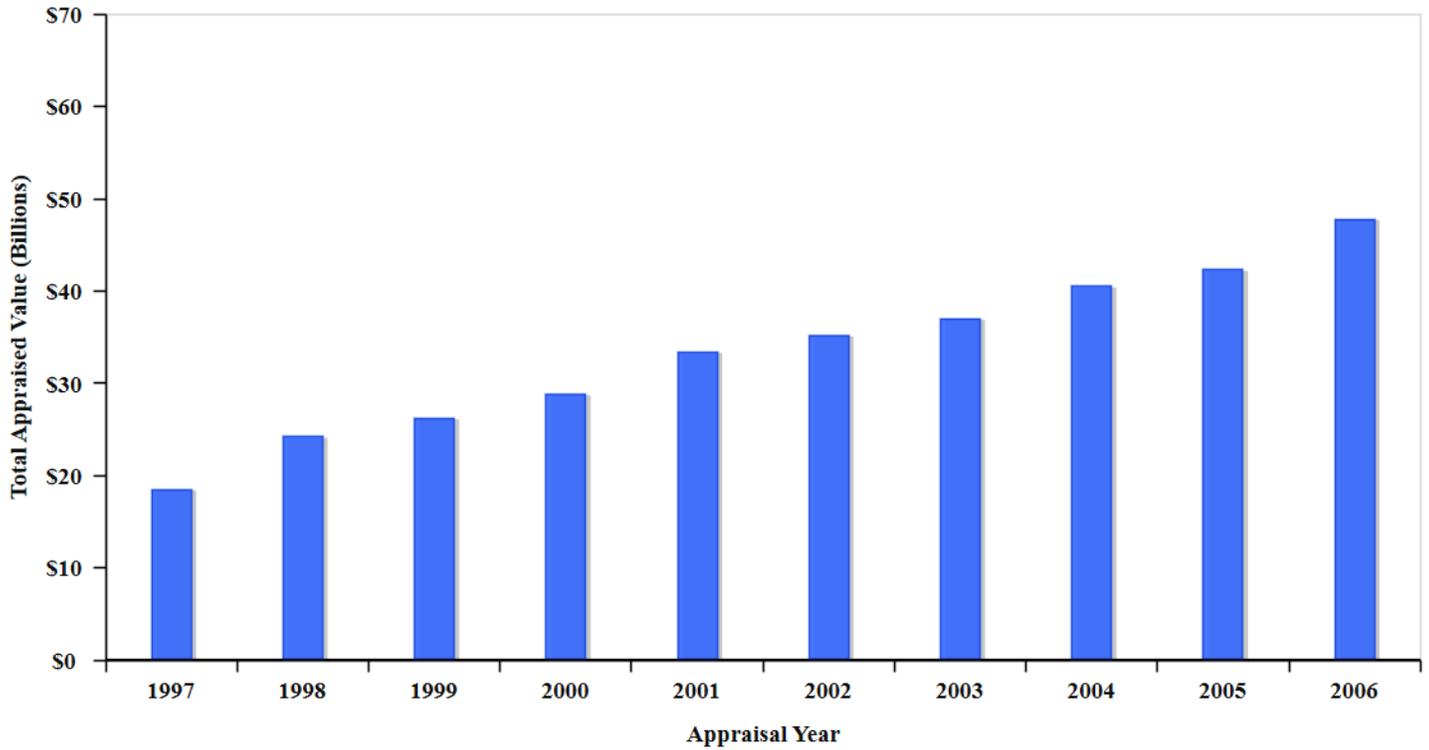
TABLE 22

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
686,850	702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319
3.43 %	2.33 %	2.48 %	2.91 %	0.98 %	1.25 %	1.29 %	1.76 %	1.49 %	5.12 %



**CITY OF FORT WORTH, TEXAS
TOTAL APPRAISED VALUE
LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Value (Billions)	\$ 18.5	\$ 24.2	\$ 26.2	\$ 28.8	\$ 33.4	\$ 35.2	\$ 37.0	\$ 40.5	\$ 42.3	\$ 47.8
Percent Change		30.81 %	8.26 %	9.92 %	15.97 %	5.39 %	5.11 %	9.46 %	4.44 %	13.00 %

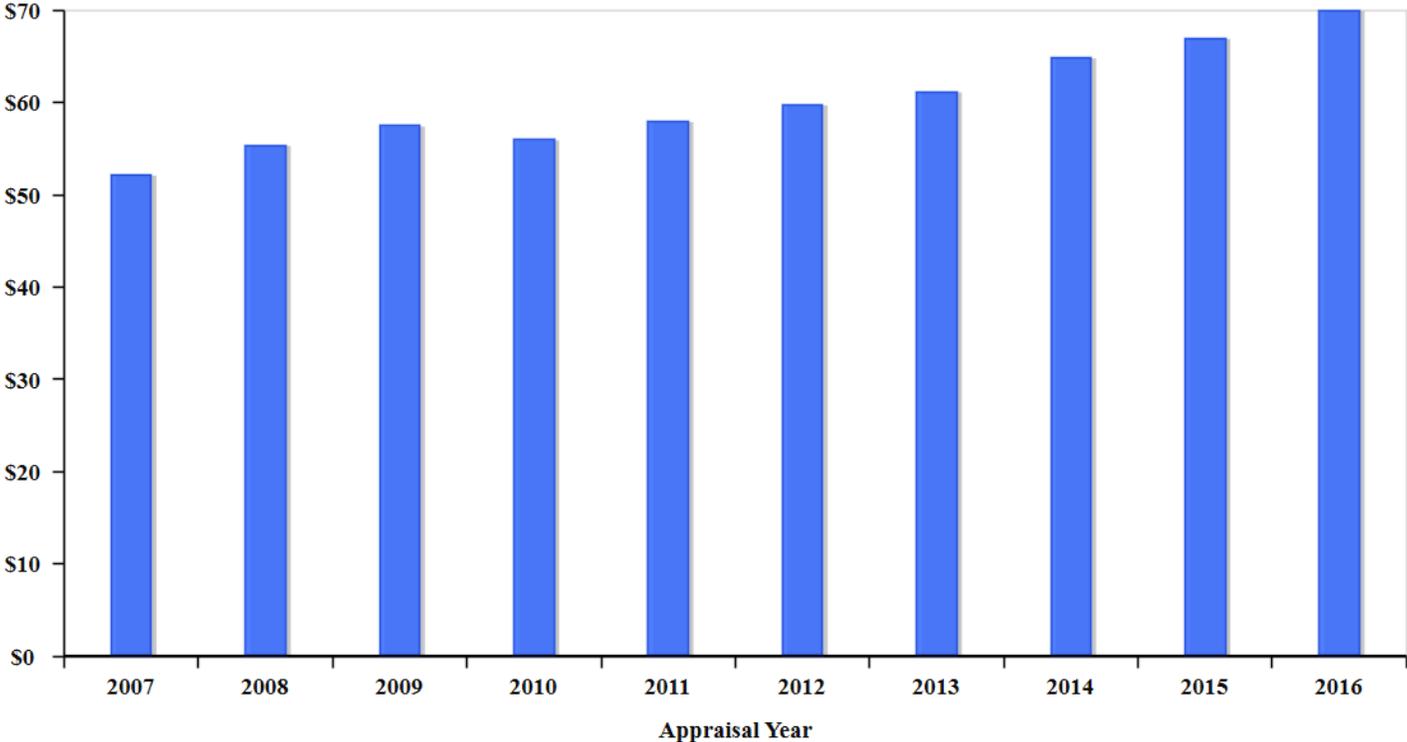


Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction does not include any taxable property.

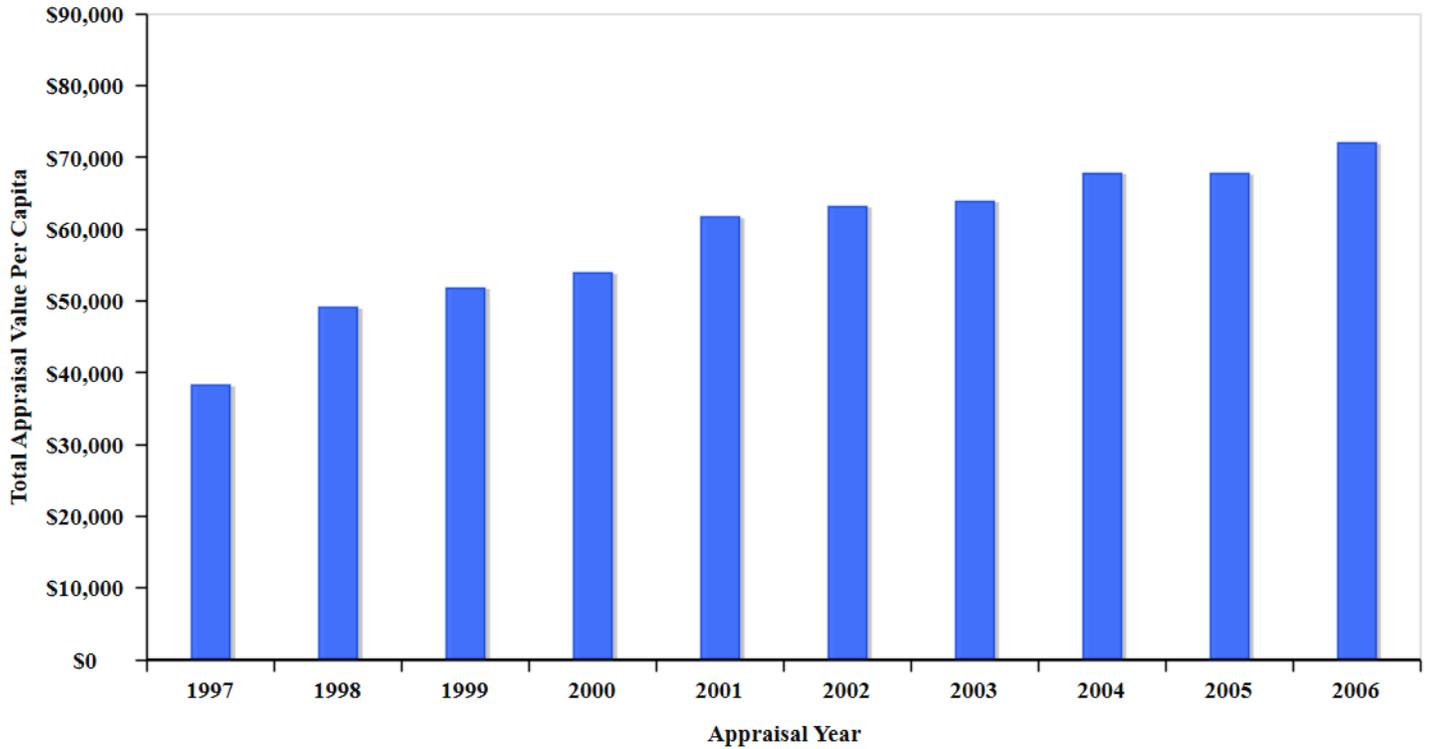
TABLE 23

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$ 52.2	\$ 55.4	\$ 57.5	\$ 56.0	\$ 58.0	\$ 59.8	\$ 61.2	\$ 64.9	\$ 67.0	\$ 74.9
9.21 %	6.13 %	3.79 %	(2.61)%	3.57 %	3.10 %	2.34 %	6.05 %	3.24 %	11.79 %



**CITY OF FORT WORTH, TEXAS
 APPRAISED VALUE PER CAPITA
 LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Value (Billions)	\$ 18.5	\$ 24.2	\$ 26.2	\$ 28.8	\$ 33.4	\$ 35.2	\$ 37.0	\$ 40.5	\$ 42.3	\$ 47.8
Population	484,200	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100
Value Per Capita	\$ 38,229	\$ 49,067	\$ 51,827	\$ 53,902	\$ 61,667	\$ 63,171	\$ 63,884	\$ 67,815	\$ 67,737	\$ 71,999
Percent Change		28.35 %	5.62 %	4.00 %	14.41 %	2.44 %	1.13 %	6.15 %	(0.12)%	6.29 %



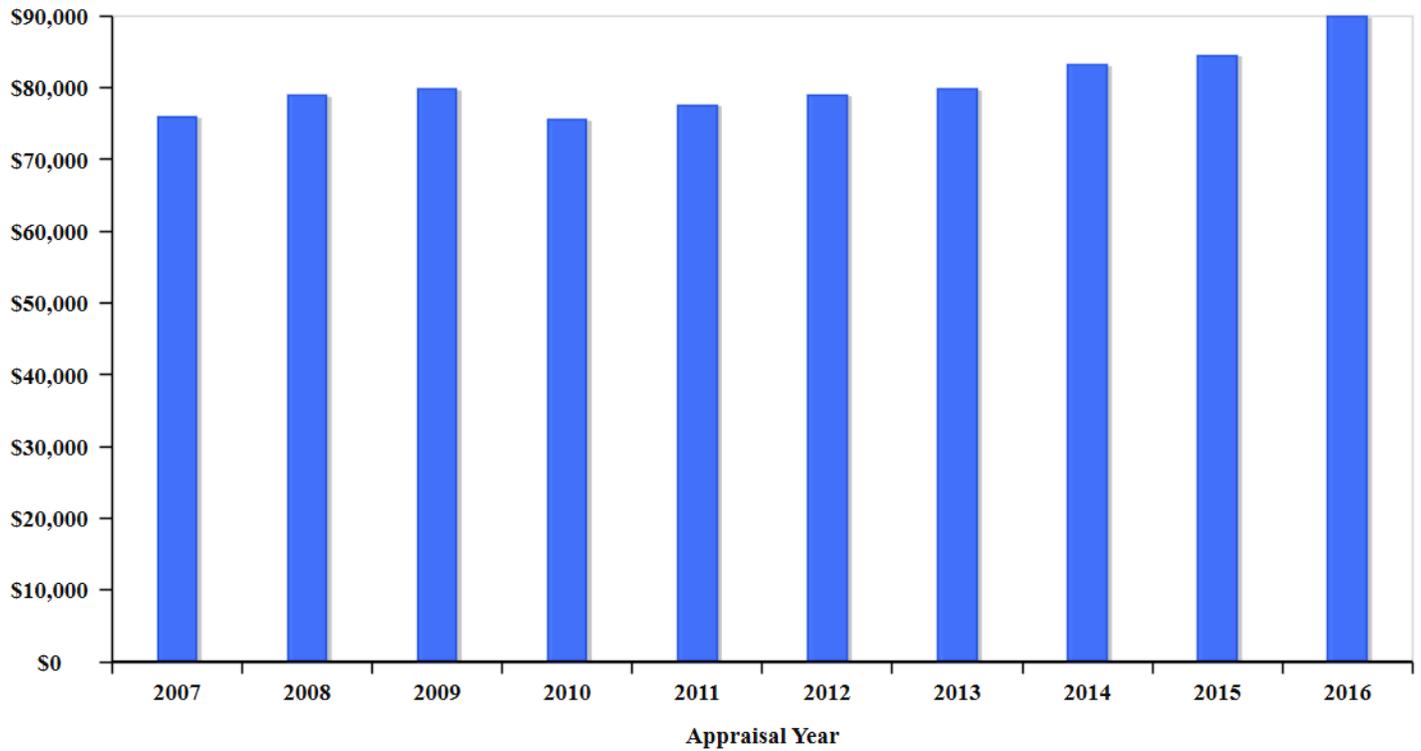
Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction does not include any taxable property.

Population prior to 2016 source is NCTCOG. Population beginning 2016 source is U.S. Bureau of Census 2010 and estimates.

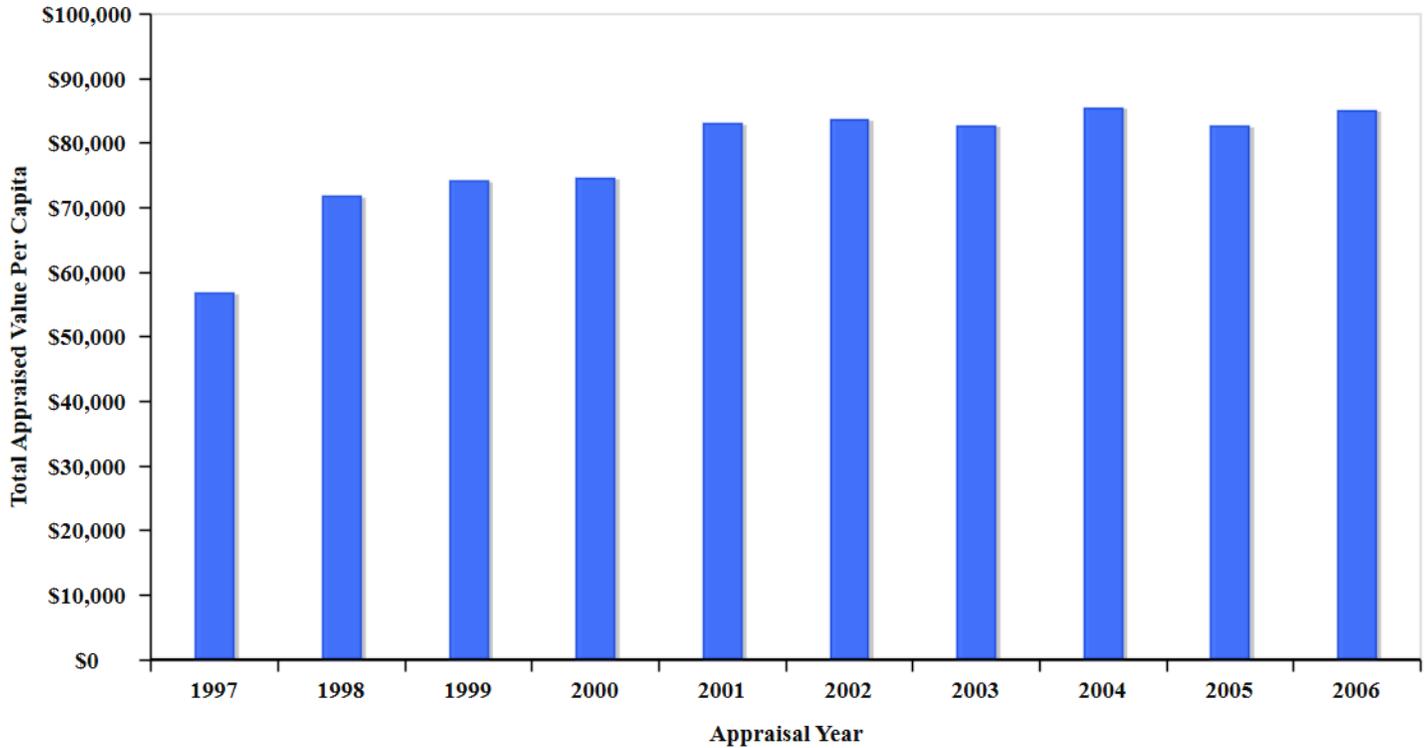
TABLE 24

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$ 52.2	\$ 55.4	\$ 57.5	\$ 56.0	\$ 58.0	\$ 59.8	\$ 61.2	\$ 64.9	\$ 67.0	\$ 74.9
686,850	702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319
\$ 75,929	\$ 78,869	\$ 79,766	\$ 75,528	\$ 77,558	\$ 78,954	\$ 79,759	\$ 83,143	\$ 84,530	\$ 89,882
5.46 %	3.87 %	1.14 %	(5.31)%	2.69 %	1.80 %	1.02 %	4.24 %	1.67 %	6.33 %



**CITY OF FORT WORTH, TEXAS
APPRAISED VALUE PER CAPITA (Inflation Adjusted)
LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Value	\$ 18,510	\$ 24,246	\$ 26,165	\$ 28,821	\$ 33,359	\$ 35,234	\$ 37,005	\$ 40,496	\$ 42,325	\$ 47,815
Adj Value (Billions)	\$ 27.5	\$ 35.4	\$ 37.4	\$ 39.8	\$ 44.9	\$ 46.6	\$ 47.9	\$ 51.0	\$ 51.6	\$ 56.5
Population	484,200	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100
Value Per Capita	\$ 56,695	\$ 71,653	\$ 74,048	\$ 74,508	\$ 82,930	\$ 83,584	\$ 82,644	\$ 85,453	\$ 82,557	\$ 85,010
Percent Change		26.38 %	3.34 %	0.62 %	11.30 %	0.79 %	(1.12)%	3.40 %	(3.39)%	2.97 %



Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

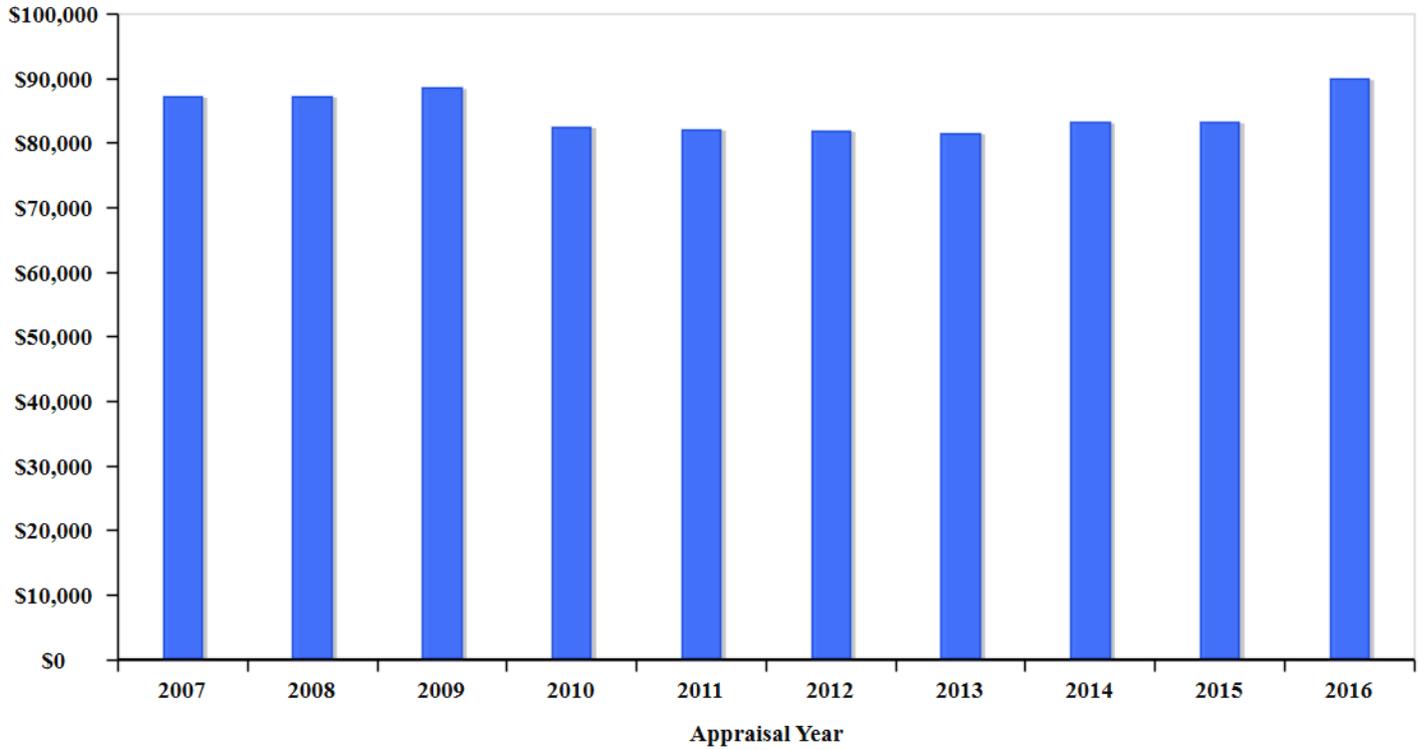
Population prior to 2016 source is NCTCOG. Population beginning 2016 source is U.S. Bureau of Census 2010 and estimates.

Appraisal values adjusted for inflation based on CPI data available at <http://www.usinflationcalculator.com>

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction does not include any taxable property.

TABLE 25

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
\$ 52,152	\$ 55,433	\$ 57,452	\$ 55,982	\$ 58,049	\$ 59,832	\$ 61,220	\$ 64,935	\$ 67,008	\$ 74,907
\$ 59.9	\$ 61.3	\$ 63.7	\$ 61.1	\$ 61.4	\$ 62.0	\$ 62.6	\$ 64.9	\$ 65.9	\$ 74.9
686,850	702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319
\$ 87,168	\$ 87,195	\$ 88,502	\$ 82,447	\$ 82,073	\$ 81,856	\$ 81,496	\$ 83,143	\$ 83,175	\$ 89,882
2.54 %	0.03 %	1.50 %	(6.84)%	(0.45)%	(0.26)%	(0.44)%	2.02 %	0.04 %	8.06 %

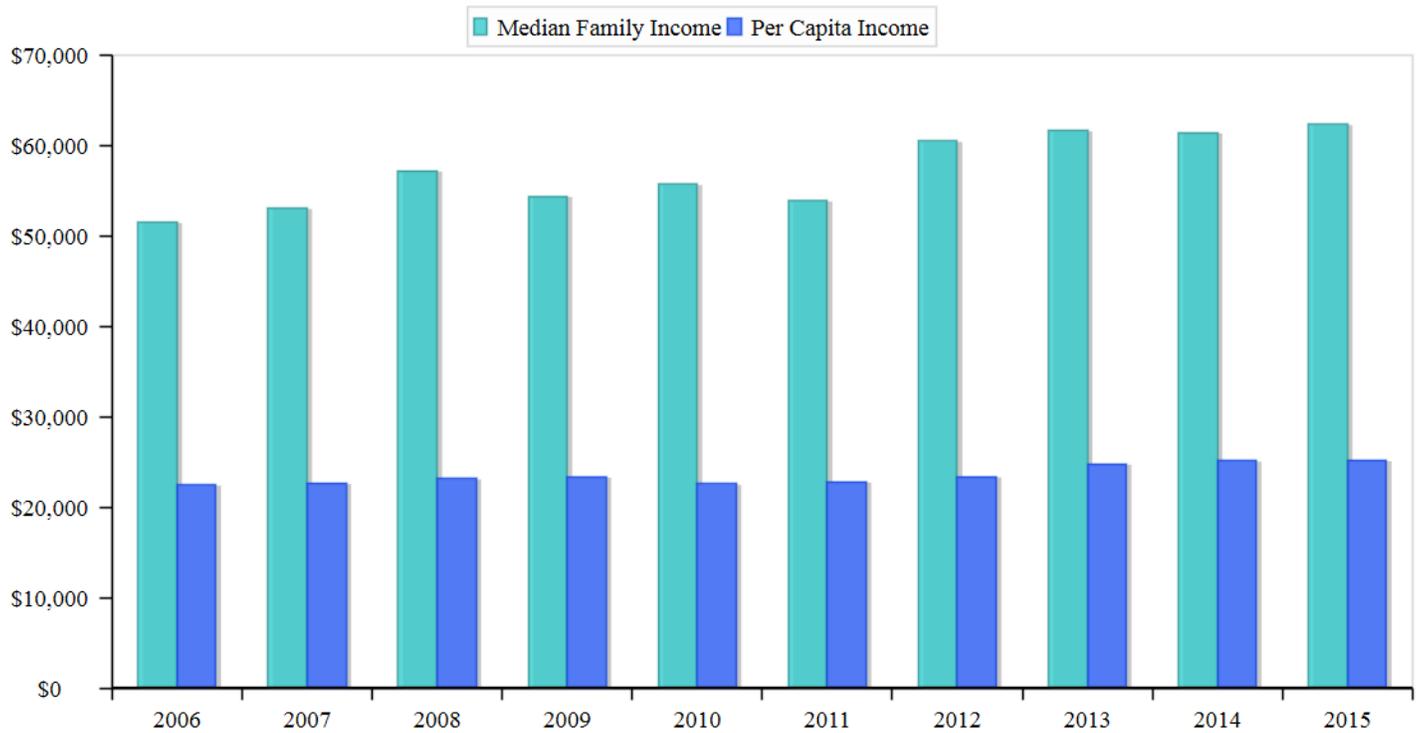


CITY OF FORT WORTH, TEXAS
MEDIAN FAMILY AND PER CAPITA INCOME (Unaudited)
(Unadjusted for Inflation)

TABLE 26

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Median Family Income	\$ 51,538	\$ 53,073	\$ 57,220	\$ 54,404	\$ 55,727	\$ 53,900	\$ 60,489	\$ 61,651	\$ 61,433	\$ 62,345
Percent Change		2.98 %	7.81 %	(4.92)%	2.43 %	(3.28)%	12.22 %	1.92 %	(0.35)%	1.48 %

Fort Worth Per Capita Income (Unadjusted for Inflation)										
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Per Capita Income	\$ 22,526	\$ 22,708	\$ 23,208	\$ 23,399	\$ 22,613	\$ 22,868	\$ 23,449	\$ 24,836	\$ 25,186	\$ 25,225
Percent Change		0.81 %	2.20 %	0.82 %	(3.36)%	1.13 %	2.54 %	5.91 %	1.41 %	0.15 %



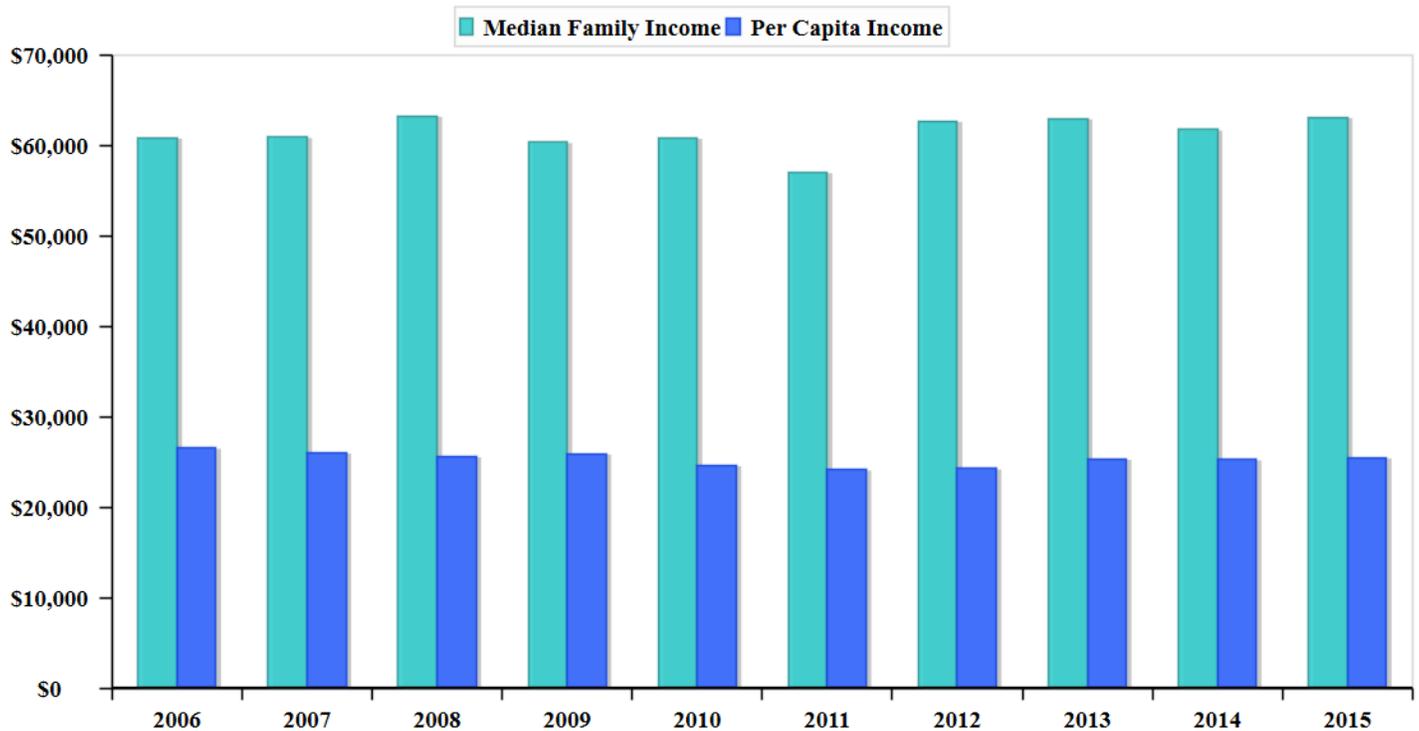
Source: U.S. Census Bureau, American Community Survey

CITY OF FORT WORTH, TEXAS
MEDIAN FAMILY AND PER CAPITA INCOME (Unaudited)
(Adjusted for Inflation)

TABLE 27

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Median Family Income	\$ 60,851	\$ 60,928	\$ 63,260	\$ 60,362	\$ 60,832	\$ 57,037	\$ 62,712	\$ 62,994	\$ 61,747	\$ 63,131
Percent Change		0.13 %	3.83 %	(4.58)%	0.78 %	(6.24)%	9.95 %	0.45 %	(1.98)%	2.24 %

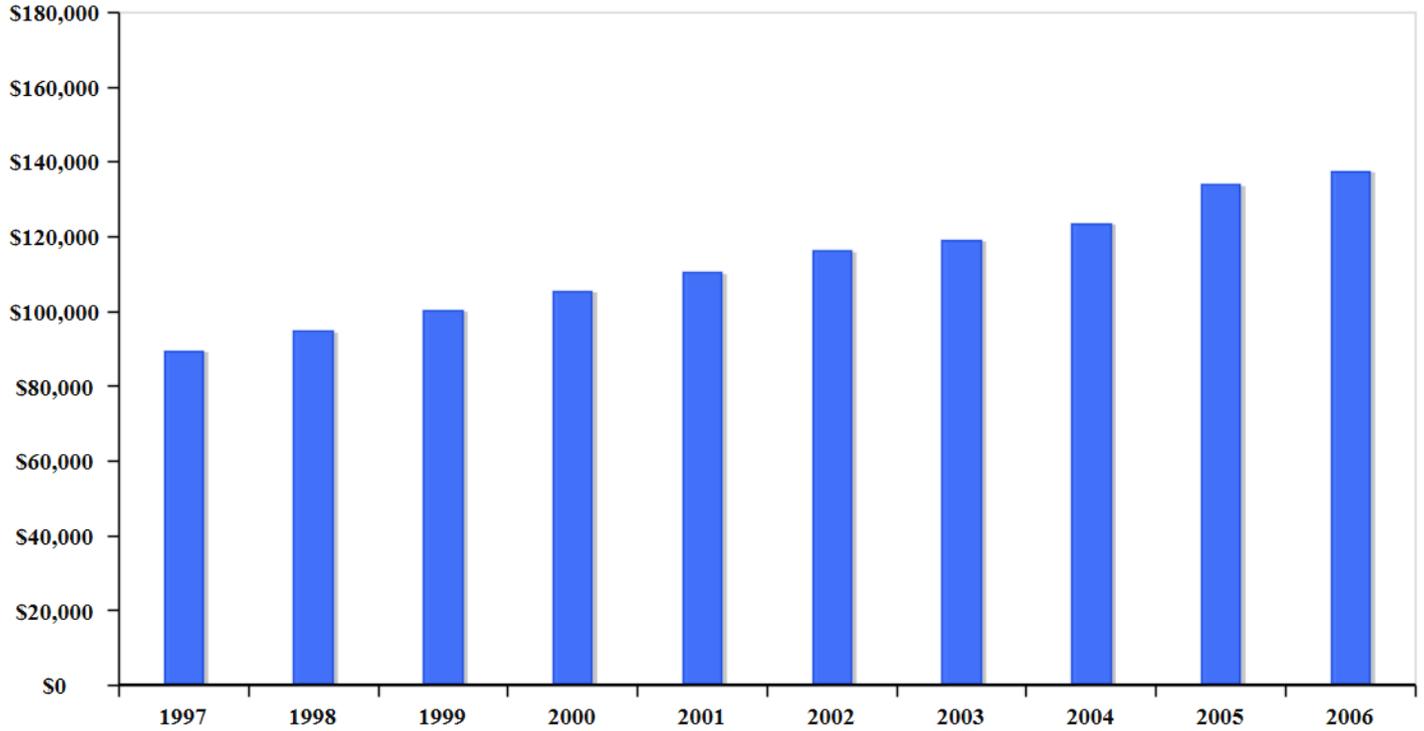
Year	Fort Worth Per Capita Income (Adjusted for Inflation)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Per Capita Income	\$ 26,597	\$ 26,069	\$ 25,658	\$ 25,961	\$ 24,685	\$ 24,199	\$ 24,310	\$ 25,376	\$ 25,315	\$ 25,543
Percent Change		(1.99)%	(1.58)%	1.18 %	(4.92)%	(1.97)%	0.46 %	4.39 %	(0.24)%	0.90 %



Source: U.S. Census Bureau, American Community Survey

**CITY OF FORT WORTH, TEXAS
 AVERAGE HOME VALUE
 LAST TWENTY FISCAL YEARS (Unaudited)**

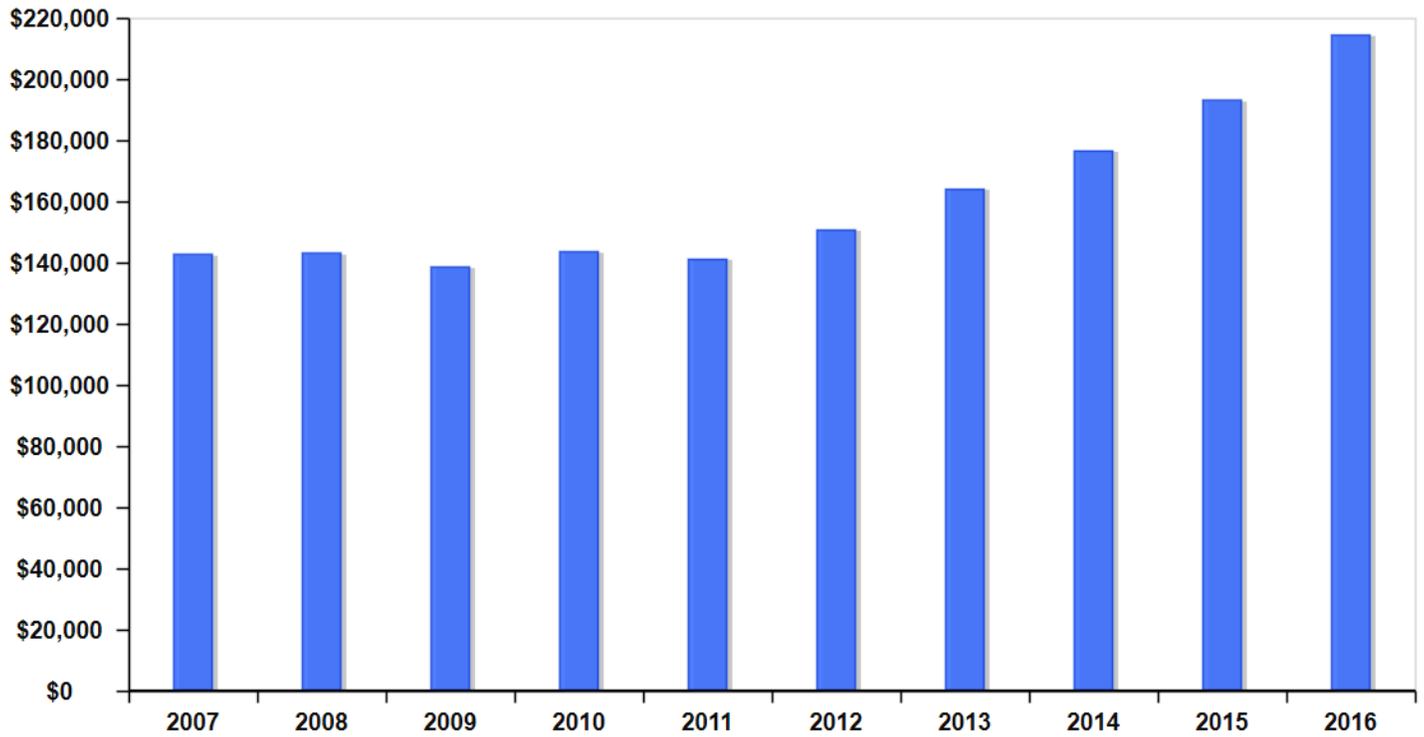
Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Average Home Value	\$ 89,400	\$ 94,600	\$ 100,200	\$ 105,400	\$ 110,300	\$ 116,100	\$ 119,000	\$ 123,500	\$ 133,800	\$ 137,500
% Change		5.82 %	5.92 %	5.19 %	4.65 %	5.26 %	2.50 %	3.78 %	8.34 %	2.77 %



Source: Texas A&M University, Real Estate Center. For years prior to 2016, figures are MLS described geography. Beginning in 2016, figures are geographical for better accuracy.

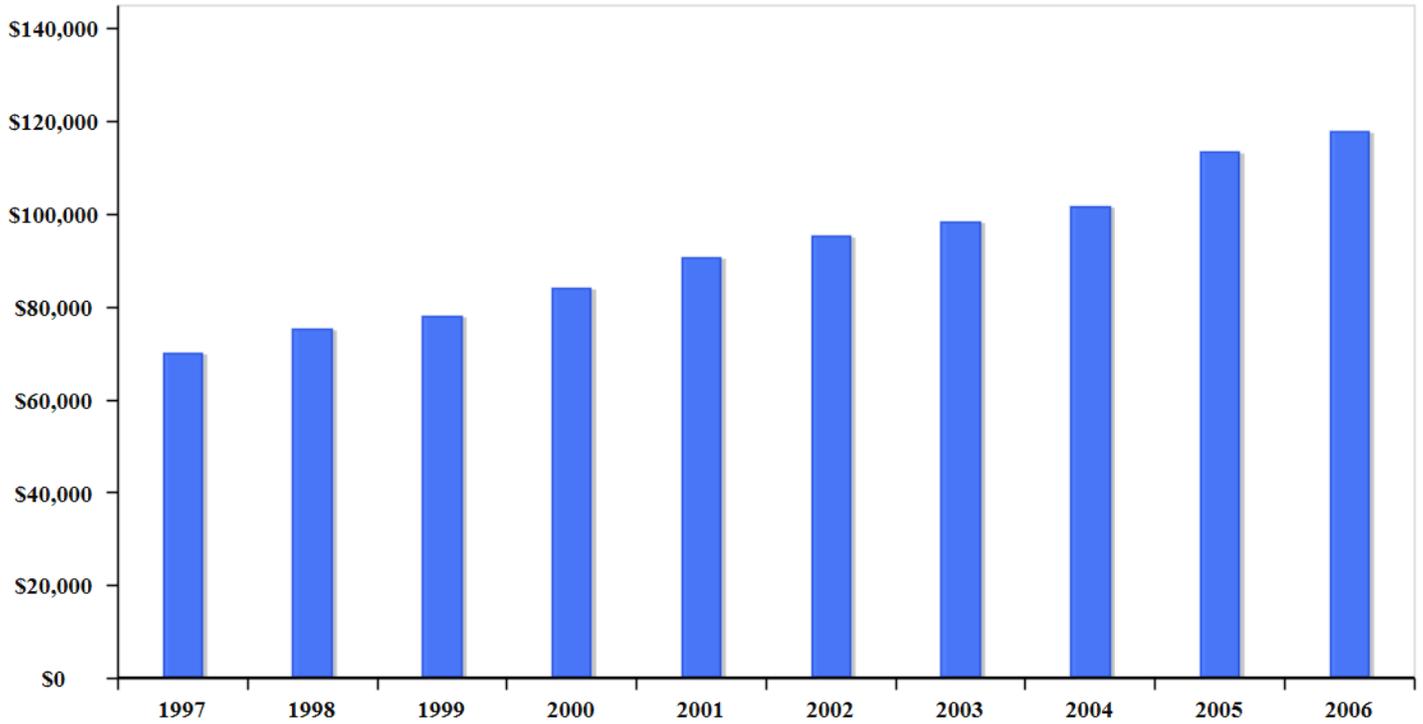
TABLE 28

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 142,700	\$ 143,100	\$ 138,700	\$ 143,700	\$ 141,400	\$ 150,900	\$ 164,300	\$ 176,700	\$ 193,100	\$ 214,506
3.78 %	0.28 %	(3.07)%	3.60 %	(1.60)%	6.72 %	8.88 %	7.55 %	9.28 %	11.09 %



**CITY OF FORT WORTH, TEXAS
 MEDIAN HOME VALUE
 LAST TWENTY FISCAL YEARS (Unaudited)**

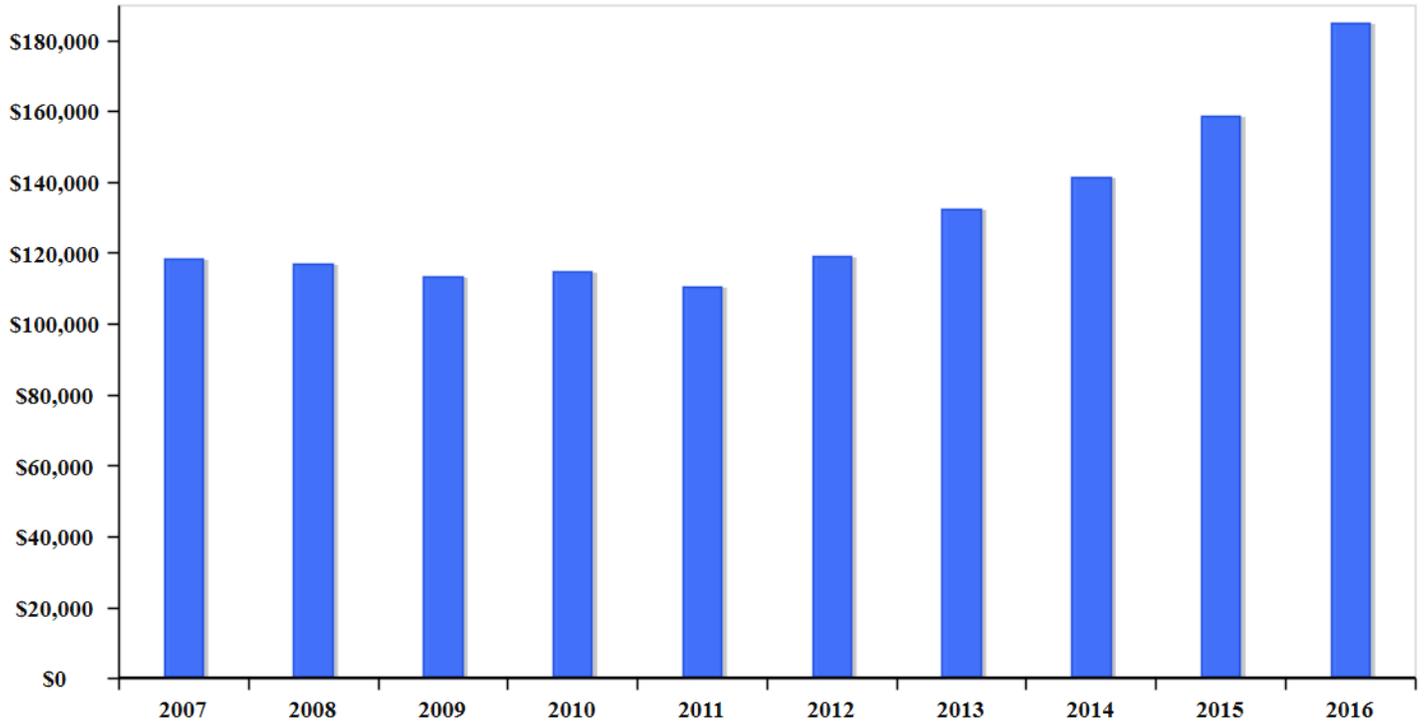
Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Median Home Value	\$ 70,000	\$ 75,200	\$ 78,000	\$ 84,000	\$ 90,600	\$ 95,200	\$ 98,300	\$ 101,600	\$ 113,300	\$ 117,700
% Change		7.43 %	3.72 %	7.69 %	7.86 %	5.08 %	3.26 %	3.36 %	11.52 %	3.88 %



Source: Texas A&M University, Real Estate Center. For years prior to 2016, figures are MLS described geography. Beginning in 2016, figures are geographical for better accuracy

TABLE 29

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 118,400	\$ 117,000	\$ 113,400	\$ 114,800	\$ 110,600	\$ 119,100	\$ 132,500	\$ 141,500	\$ 158,800	\$ 185,000
0.59 %	(1.18)%	(3.08)%	1.23 %	(3.66)%	7.69 %	11.25 %	6.79 %	12.23 %	16.50 %



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

Function/Program	2007	2008	2009	2010	2011
General Government					
Mayor and Council ^(a)	28	28	26	26	-
City Manager	106	103	41	52	90
Budget and Management Services ^(b)	16	17	9	8	-
Housing and Community Development ^(c)	49	50	83	85	75
Planning and Development	151	136	140	137	135
Community Relations	35	29	72	45	-
Internal Audit	16	16	14	14	14
City Secretary	7	8	11	12	10
Legal	46	46	51	52	46
Finance	68	67	70	71	72
Human Resources	143	101	126	103	104
Economic and Community Development ^(c)	35	38	-	-	-
Economic Development ^(c)	-	-	-	-	-
Neighborhood Services ^(c)	-	-	-	-	-
Transportation and Public Works ^(d)	443	426	559	550	588
Property Management ^(h)	-	-	-	-	-
Code Compliance ^(e)	110	116	173	173	272
Public Events	135	126	132	127	127
Municipal Court	173	174	180	177	191
Public Health	149	130	-	-	-
Environmental Management ^(e)	123	115	107	113	-
Park and Recreation ^(g)	714	809	756	705	727
Zoo (Contract) ^(f)	-	-	-	-	-
Library	283	259	260	275	286
Subtotal	<u>2,830</u>	<u>2,794</u>	<u>2,810</u>	<u>2,725</u>	<u>2,737</u>
Enterprise Fund					
Water/Wastewater	833	812	880	891	892
Aviation	28	27	24	22	24
Subtotal	<u>861</u>	<u>839</u>	<u>904</u>	<u>913</u>	<u>916</u>
Internal Service Fund					
IT Solutions	123	118	99	90	100
Equipment Services	126	120	119	104	97
Engineering	161	171	-	-	-
Subtotal	<u>410</u>	<u>409</u>	<u>218</u>	<u>194</u>	<u>197</u>
Public Safety					
Police-Uniform	1,470	1,521	1,538	1,524	1,534
Police-Civilian	647	658	675	660	647
Fire-Uniform	892	923	891	869	894
Fire-Civilian	49	48	57	55	44
Subtotal	<u>3,058</u>	<u>3,150</u>	<u>3,161</u>	<u>3,108</u>	<u>3,119</u>
Total	<u><u>7,159</u></u>	<u><u>7,192</u></u>	<u><u>7,093</u></u>	<u><u>6,940</u></u>	<u><u>6,969</u></u>

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

(b) Budget and Management Services established in FY05, previously a division of City Manager's Office. In FY09 merged into Financial Management Services, moved to City Manager's Office in FY11, and in FY13 moved back to Financial Management Services.

(c) Economic and Community Development was combined with Housing in 2009, and dissolved in FY16 into Economic Development and Neighborhood Services.

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

(e) Environmental Management is combined with Transportation and Public Works since 2011.

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

(g) Parks and Community Services is referred to as Park and Recreation beginning FY16.

(h) Property Management was established in FY16.

Source: Approved Budgets 2007-2016

TABLE 30

2012	2013	2014	2015	2016
-	-	-	-	-
89	58	53	64	63
-	-	-	-	-
57	71	68	76	-
147	155	146	143	132
-	-	-	-	-
16	15	15	15	15
11	12	11	11	11
51	53	53	51	50
90	88	101	104	100
107	52	51	50	59
-	-	-	-	-
-	-	-	-	22
-	-	-	-	155
564	617	589	591	441
-	-	-	-	194
284	289	286	310	353
123	132	133	133	133
195	198	191	184	184
-	-	-	-	-
-	-	-	-	-
690	396	392	397	362
-	-	-	-	-
271	220	220	216	213
2,695	2,356	2,309	2,345	2,487
901	934	940	937	937
21	24	24	24	24
922	958	964	961	961
111	127	133	139	138
96	106	106	106	106
-	-	-	-	-
207	233	239	245	244
1,539	1,594	1,549	1,549	1,599
677	448	445	453	455
897	908	884	884	911
60	47	47	47	60
3,173	2,997	2,925	2,933	3,025
6,997	6,544	6,437	6,484	6,717

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

Function/Program	2007	2008	2009	2010	2011
Public Safety					
Fire					
Calls for Service - Fire	2,287	3,486	2,776	2,281	12,392
Calls for Service - EMS	49,892	51,401	52,566	53,837	65,190
Police					
Calls for Service	314,132	312,219	314,942	312,061	299,750
Municipal Courts					
Citations Entered	439,393	447,949	451,938	415,008	327,779
Warrants Issued	177,729	198,000	273,951	274,833	318,720
Jail Cases Prepared	43,124	62,405	73,566	81,522	136,312
Transportation and Public Works					
Streets - Lane Miles Maintained Annually	7,173	7,218	7,291	7,317	7,325
Lane Miles - Resurfaced	152	177	208	164	177
Library					
Books and audio/visual materials (millions) ^(a)	1.1	1.1	1.1	1.1	1.1
Average Monthly Circulation	320,791	337,768	349,247	342,697	375,965
Building Permits					
Permits issued (in thousands)	12.0	12.0	9.7	10.0	9.8
Estimated Value (in thousands)	2,216,067	2,186,348	1,487,296	1,678,179	1,352,438
Aviation					
Airport Operations (Takeoffs and Landings)	257,983	312,799	263,077	229,845	260,059
Total Fuel Flowage, gallons	7,917,256	7,674,724	7,099,019	6,656,640	7,828,177
Total Fuel Flowage, revenue	715,791	728,683	632,715	770,510	910,116
Water & Sewer					
Number of Water Accounts (in thousands)	212	216	220	221	223
Peak Day Water Consumption (million gallons)	271	335	323	313	368
Average Daily Water Consumption (million gallons)	172	183	178	170	205
Water System Storage Capacity (million gallons)	75	88	92	93	93
Actual Annual Water Pumpage (million gallons)	62,749	66,914	64,984	62,131	74,997
Infrastructure Leakage Index ^(b)	N/A	N/A	N/A	4.52	4.59
Number of Sewer Accounts (in thousands)	204	208	210	212	214
Average daily sewage treatment (million gallons)	122	107	106	135	105
Municipal Parking					
Parking tickets issued	56,368	61,130	64,061	61,715	52,261

N/A = Information not available

(a) Number does not include approximately 1 million governmental documents for the years 2007-2010.

(b) Number based on calendar year per state requirements

Source: Respective City of Fort Worth departments.

TABLE 31

2012	2013	2014	2015	2016
10,111	10,158	10,439	10,333	2,340
58,770	71,511	76,438	79,059	66,712
299,793	266,169	296,561	292,047	289,058
277,672	246,378	232,596	205,553	175,559
219,478	167,764	115,840	195,718	150,281
152,874	141,888	126,739	127,925	104,637
7,341	7,382	7,420	7,437	7,518
169	143	110	139	165
1.1	1.1	1.2	1.2	1.2
369,450	355,877	339,860	309,730	322,724
10.0	10.1	10.8	11.27	12.33
1,454,917	1,214,680	2,143,490	2,118,305	2,753,962
248,650	252,989	257,944	300,013	310,811
7,742,014	8,260,693	7,457,850	8,371,920	7,845,963
908,212	926,437	893,647	1,088,113	1,016,484
225	228	234	238	241
346	324	297	329	312
265	186	179	179	173
93	90	89	90	95
69,469	67,929	65,485	65,119	63,162
4.12	3.67	5.21	5.42	7.07
216	219	225	229	231
110	95	95	114	124
47,211	60,354	44,932	42,667	36,753

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

Function/Program	2007	2008	2009	2010	2011
Library					
Library Facilities Owned	13	13	13	13	14
Library Facilities Leased	2	2	2	2	2
Neighborhood Services ^(a)					
Community and C.A.P. Centers	-	-	-	-	-
Park and Recreation					
Parks and Public Spaces	236	243	249	253	257
Parks Acres	10,832	10,929	11,094	11,292	11,609
Miles of Trails (Jogging, Hiking & Biking) (paved trails)	58	60	63	64	66
Swimming Pools	7	7	7	7	7
Athletic Fields (Soccer, Football, Baseball & Rugby)	184	181	181	181	181
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	106	107	107	107	107
Golf Courses	5	5	5	5	5
Community and C.A.P Centers	21	21	22	22	22
Public Safety					
Police Stations Owned	9	10	11	11	10
Police Stations Leased	10	11	10	9	8
Fire Stations	40	40	42	42	42
Public Works					
Streets - Lane Miles	7,173	7,218	7,291	7,317	7,325
Traffic Signals	603 ^(b)	588 ^(b)	620 ^(b)	635 ^(b)	644 ^(b)
Street Lights	60,026	60,950	61,593	62,075	63,007
Stormwater					
Miles of Channels - Improved	327	326	333	327	330
Miles of Storm Pipes	680	700	714	800	900
Water					
Water Mains (Miles)	3,292	3,395	3,449	3,469	3,480
Fire Hydrants	17,040	17,580	17,947	18,275	18,388
Wastewater					
Miles of Sanitary Sewers	3,315	3,380	3,421	3,454	3,527

(a) Neighborhood Services became a separate department from Park and Recreation in FY2016.

(b) The City also maintains 97 Traffic Signals owned by TXDOT not included in the number noted above.

(c) The City also maintains 100 Traffic Signals owned by TXDOT not included in the number noted above.

(d) The City also maintains 118 Traffic Signals owned by TXDOT not included in the number noted above.

(e) The City also maintains 114 Traffic Signals owned by TXDOT not included in the number noted above.

(f) The City also maintains 193 Traffic Signals owned by TXDOT not included in the number noted above. In FY2016, traffic signal counts were standardized to use intersections within a site as measurement. Prior to FY2016 counts were based on site.

N/A= Information not available

Source: Respective City of Fort Worth departments.

TABLE 32

2012	2013	2014	2015	2016
14	14	14	14	14
2	2	2	2	2
-	-	-	-	9
260	260	263	271	274
11,663	11,663	11,722	11,781	11,878
66	71	71	77	120
7	7	2	2	2
184	188	186	186	192
1	1	1	1	1
16	16	16	16	16
82	87	87	88	86
107	107	107	113	113
5	4	4	4	4
22	22	23	23	14
12	12	14	17	17
11	11	10	11	11
42	42	42	42	42
7,341	7,382	7,420	7,437	7,518
649 ^(c)	667 ^(c)	649 ^(d)	667 ^(e)	697 ^(f)
64,175	64,721	65,489	65,894	66,182
212	212	212	214	214
930	1,163	943	955	970
3,513	3,553	3,596	3,386	3,420
18,616	18,879	19,136	18,709	19,182
3,569	3,610	3,643	3,289	3,313

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