

City of Fort Worth, Texas

FY2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

••••• For the Fiscal Year Ended September 30, 2017 •••••



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2017

CITY OF FORT WORTH, TEXAS

ELECTED OFFICIALS

2017 CITY COUNCIL

Betsy Price, Mayor

Carlos E. Flores
Cary Moon
Jungus Jordan
Kelly Allen Gray

Brian Byrd
Gyna Bivens
Dennis Shingleton
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 Financial Management Services

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Accounting Staff

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Purchasing Staff

Treasury

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Angela Estrada
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City of Fort Worth, Texas

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INTRODUCTORY SECTION



February 28, 2018

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 ended September 30, 2017. 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, 2017. 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 FINANCIAL MANAGEMENT SERVICES

CITY OF FORT WORTH ★ 200 TEXAS STREET ★ FORT WORTH, TEXAS 76102
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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 874,532.

Fort Worth operates under a Council/Manager form of government with a City Council comprised of the Mayor and nine Council members. The Mayor is elected at large and the nine 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. On May 7, 2016, a special election was held to vote on amendments to the City's Charter. Proposition 2 to increase the number of council members from nine members to eleven was approved and begins with the first election following the 2020 census.

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

Water and sewer services, stormwater utility services, airports, city owned parking garages and lots, 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 insurance, and risk financing are provided through internal service funds.

As required by generally accepted accounting principles 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 2017, there were eight blended component units. One of the blended component units (Fort Worth Housing Finance Corporation) also has eight 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 consistently ranked among the top places in the nation to live, work, and play. With a growing workforce, top educational facilities, low cost of doing business, high quality of life, prime location, and climate, the City is an attractive choice for companies looking to expand their operations.

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

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

The City's industry clusters remain diverse with trade, transportation, and utilities making up the largest percentage of the Fort Worth-Arlington Metropolitan Division (MD) industry composition at 24%. Since 2010 trade, transportation, and utilities companies have grown considerably adding over 41,500 jobs to the area. Education and health services, manufacturing, retail trade, professional and business services, and leisure and hospitality are also large sectors, comprising 13.0%, 9.2%, 11.4%, 11.0%, and 11.4% of the Fort Worth's workforce respectively. Emerging economic sectors include aerospace manufacturing and design, life sciences delivery and innovation, geotechnical engineering, and transportation innovation.

There are over 41,313 registered business firms in the Fort Worth-Arlington MD. About 50% of these businesses are small to mid-size firms that employ anywhere from one to 249 individuals, which highlights the continued importance of small business development. Large business firms with over 1,000 employees make the other half of the area's workforce.

The Fort Worth-Arlington MD boasts a strong labor force of 1.2 million that continues to grow. The Fort Worth-Arlington MD has experienced positive annual employment growth since summer 2010. The unemployment rate of 3.9% is still less than the 4.5% state unemployment rate and the 4.5% national unemployment rate through August 2017.

Local Economy (Continued)

The chart below shows annual labor force data for the City of Fort Worth, the Dallas-Fort Worth-Arlington Metropolitan Statistical Area, and Tarrant County, with 2017 representing statistics from August 2017.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
City of Fort Worth											
Labor Force	314,976	323,314	332,419	357,927	369,718	377,123	384,613	389,778	392,415	401,327	409,860
Unemployment	14,020	16,210	25,879	28,441	27,628	24,301	22,880	19,200	16,277	16,764	17,114
Unemployment Rate	4.5%	5.0%	7.8%	7.9%	7.5%	6.4%	5.9%	4.9%	4.1%	4.2%	4.2%
Dallas-Fort Worth-Arlington MSA											
Labor Force	3,106,964	3,146,487	3,187,001	3,300,761	3,374,414	3,420,186	3,478,198	3,529,700	3,571,049	3,684,673	3,773,579
Unemployment	132,080	153,563	248,383	266,593	255,271	225,014	211,077	177,359	145,176	141,818	146,743
Unemployment Rate	4.3%	4.9%	7.8%	8.1%	7.6%	6.6%	6.1%	5.0%	4.1%	3.8%	3.9%
Tarrant County											
Labor Force	868,680	880,826	896,305	924,951	950,514	966,259	982,665	989,350	988,324	1,008,020	1,029,305
Unemployment	36,823	42,048	68,936	75,375	71,788	62,944	59,105	49,672	41,104	39,774	40,502
Unemployment Rate	4.2%	4.8%	7.7%	8.1%	7.6%	6.5%	6.0%	5.0%	4.2%	3.9%	3.9%

Source: Texas Workforce Commission, Labor Market Information

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

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



Local Economy (Continued)

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

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



Local Economy (Continued)

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

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

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



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

Facebook recently opened a large \$1 billion plus data center in Fort Worth. The data center is located in the Alliance Corridor, in north Fort Worth. The new data center is located at the corner of Park Vista Blvd. and State Highway 170 and ultimately consist of five 250,000-square-foot buildings on a 110-acre site. Construction on the first phase was recently completed and the development of future phases has been accelerated.

Smith & Nephew Inc. has leased a 55,000-square-foot building at Chisholm Trail Parkway and Clearfork Main Street. The firm has made Fort Worth the U.S. headquarters of its Advanced Wound Management division. The London-based maker of wound care and surgical products agreed to add 80 positions to its local staff by December 31, 2021, pushing total staffing to 250, with an \$85,000 average salary for all full-time employees.

Local Economy (Continued)

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



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

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



Local Economy (Continued)

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

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



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



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

Moody’s Investors Services (Moody’s), S&P Global Rating Services (S&P), and Fitch Rating Services (Fitch) have all assigned ratings to the City of Fort Worth’s outstanding debt. The City’s general obligation bonds are rated “Aa3” by Moody’s, 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. The City’s special tax revenue bonds are not rated by S&P, and are rated “A1” and “AA+” by Moody’s and Fitch, respectively. The City’s ratings are complimentary of our strong financial performance, maintaining reserves, and financial governance. The City’s pension obligations and fixed costs, discussed further in this document, create downward pressure on the City’s ratings.

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 2017. 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.

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 mission, vision, and values 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.

Long-term Financial Planning and Major Initiatives (Continued)

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.

Pension Committee

In August 2015, the City Council requested that the City Manager form a committee "to determine what additional steps may be necessary to manage the risk of the (retirement) plan and improve the overall financial condition." The Pension Committee was assembled since that meeting and consists of the City Manager and other stakeholders of the City, including the City's Financial Advisor (First Southwest).

The Pension Committee has been charged with defining and assessing the long-term sustainability of the Employees' Retirement Fund of the City and evaluating options to improve the current position of the retirement fund, without directly or indirectly requiring additional contributions from taxpayers/ratepayers.

In order to meet the charge, the Pension Committee will:

- Discuss and agree in how long-term sustainability will be defined (as it relates to amortization period; discount rates; funded ratios, etc.)
- Evaluate the competitiveness of the City's pension plan in the context of total compensation – with the goal of maintaining competitive recruitment and retention. Total compensation will include salary, pension, healthcare, and other benefits such as paid leave.
- Evaluate pension marketplaces to include other Texas stand-alone plans and the Texas Municipal Retirement System to include, at a minimum, the following data:
 - Financial condition of other plans
 - Vesting
 - Benefit formula (multiplier, final salary calculation, overtime, etc.)
 - Employer/Employee contributions

Since formation, the Pension Committee and the City Manager have released a series of "Pension Recap" articles/updates to City employees regarding the progress being made by the committee. These updates outline important information about the pension plan and the continued challenges as currently structured. The Pension Committee will present before City Council their recommendation of any proposed changes to the pension plan in the coming months. Implementation of recommendations from the City's consultants PFM, are anticipated during the current fiscal year.

For more information on the Employees' Retirement Fund of the City of Fort Worth, Texas, please refer to Note I.

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 Financial Management Services.

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 Fund Balance in the General Fund at the end of the fiscal year was \$93.6 million or 15.9% 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, 2016. This was the 7th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement 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, 2016. 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 Financial Management Services 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 great 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**

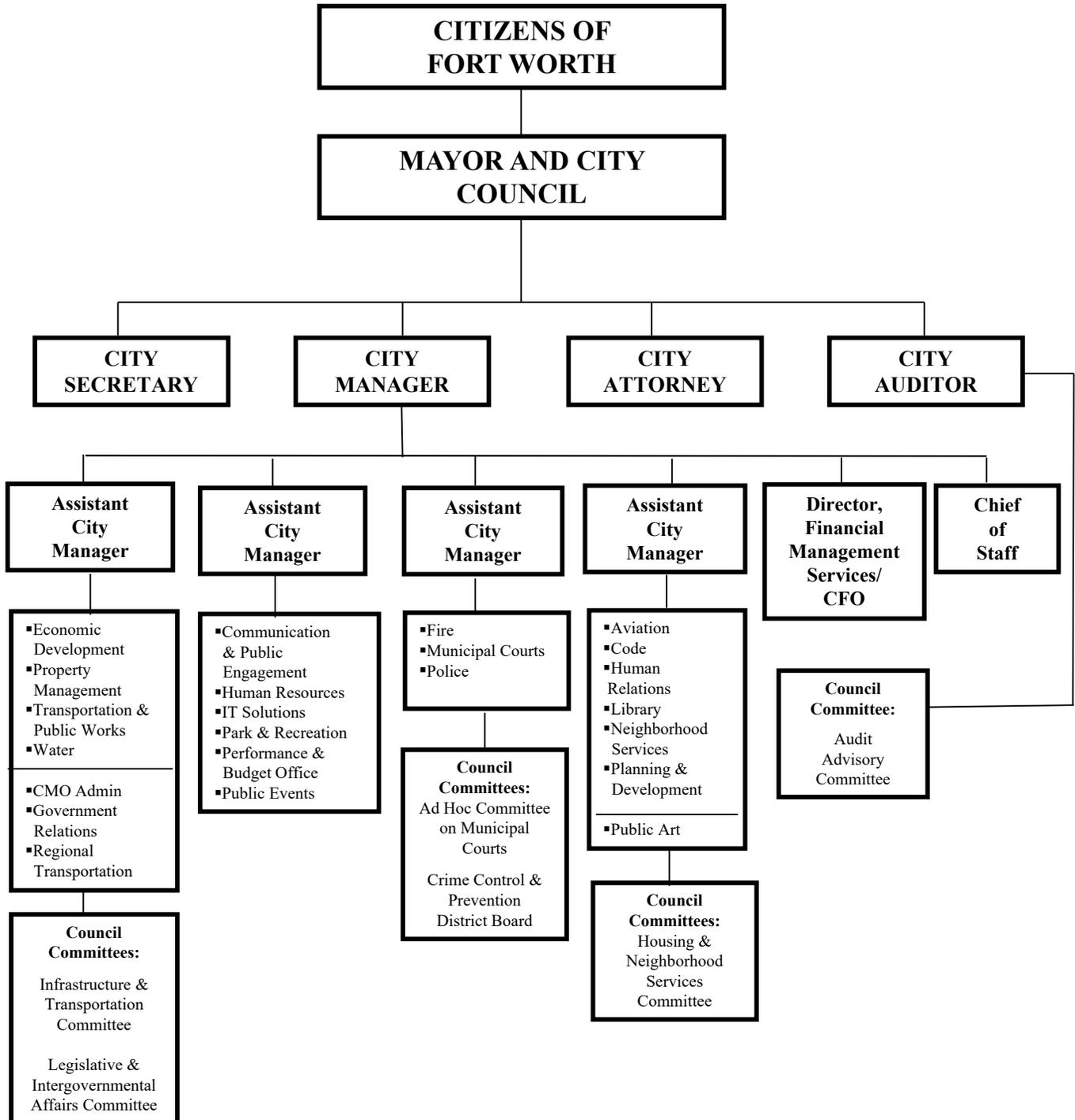
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO

**CITY OF FORT WORTH, TEXAS
ORGANIZATION OF CITY GOVERNMENT
SEPTEMBER 30, 2017**



**CITY OF FORT WORTH, TEXAS
ELECTED OFFICIALS
MAYOR AND CITY COUNCIL MEMBERS
FOR FISCAL YEAR 2017**



**Betsy Price
Mayor**



**Carlos E. Flores
Council District 2**



**Brian Byrd
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



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 aggregate 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, 2017 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 91 percent, respectively, of the assets, liabilities, net position, and additions to net position of the fiduciary trust funds of the City. We did not audit the financial statements of the Fort Worth Housing Finance Corporation, which represent 10 percent, 5 percent, 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 report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Employees' Retirement Fund of the City of Fort Worth, the Fort Worth Housing Finance Corporation and Terrell Homes, Ltd., is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the 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. 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.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fort Worth, as of September 30, 2017, 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 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 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 Honorable Mayor and City Council Members
City of Fort Worth, Texas

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 February 28, 2018 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
February 28, 2018



**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(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, 2017 (FY2017). 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, 2017, by \$1,892,670,000 (net position). For FY2017, the City reported an unrestricted net deficit of \$1,868,521,000 which was an increase in unrestricted net deficit of \$327,247,000 compared to the previous fiscal year. This increase was primarily due to an increase in net pension liability of \$1,096,517,000 and an increase in other postemployment benefits obligation of \$31,636,000.

The City's total net position decreased by \$45,793,000 in comparison with the amount in FY2016. This decrease can be attributed to the increase in net pension liability that was offset, in part, by revenues generated in the enterprise funds as well as increases in property tax revenue, sales tax revenue, and capital grants and contributions for governmental activities.

At September 30, 2017, the City's governmental funds reported combined ending fund balances of \$912,675,000, an increase of \$207,170,000 in comparison with FY2016. Approximately 52.0 percent of ending fund balance of \$474,167,000 is available for spending at the government's discretion, as follows: \$261,724,000 of committed fund balance; \$119,982,000 of assigned fund balance; and \$92,461,000 of unassigned fund balance.

The City's total long-term liabilities increased by \$1,396,073,000 in comparison with FY2016. The key factors in this increase occurred for Net Pension Liability of \$1,096,517,000, the issuance of \$226,880,000 of Special Tax Revenue Debt, \$32,605,000 of Tax Notes, \$12,685,000 of Special Assessment Debt, an increase in Other Postemployment Benefits Obligation of \$31,636,000, and \$20,413,000 of additional Tarrant Regional Water District loans. During the year, long-term liabilities were reduced by principal payments of \$66,267,000 in governmental activities and \$70,248,000 in business-type activities. Additionally, the City issued \$127,645,000 of revenue bonds, and defeased or refunded \$19,800,000 for business-type activities of existing debt.

Overview of the Financial Statements

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

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

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(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 primary government (the City) activities into two types:

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

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

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

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(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 twenty-one individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Debt Service Fund, and the Capital Projects Fund, which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(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 insurance, 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. The pension plan's statements can be obtained by contacting the Plan at 3801 Hulen Street, Suite 101, Fort Worth, Texas 76107.

Notes to the Financial Statements

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

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(000's omitted in tables)
(continued)**

Government-Wide Financial Analysis

At September 30, 2017, total assets of the City were \$7,169,837,000 and deferred outflows were \$1,323,340,000 while total liabilities were \$6,531,707,000 and deferred inflows were \$68,800,000, resulting in a net position of \$1,892,670,000.

The City's net investment in capital assets was \$3,635,037,000. 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, \$126,154,000 represents resources that are subject to external restrictions on how they may be used. The City has an unrestricted net deficit of \$1,868,521,000.

Condensed Schedule of Net Position (Deficit)

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and Other Assets	\$ 886,073	\$ 1,131,161	\$ 682,984	\$ 767,883	\$ 1,569,057	\$ 1,899,044
Capital Assets	2,025,361	2,160,710	2,948,805	3,110,083	4,974,166	5,270,793
Total Assets	<u>2,911,434</u>	<u>3,291,871</u>	<u>3,631,789</u>	<u>3,877,966</u>	<u>6,543,223</u>	<u>7,169,837</u>
Deferred Outflows	482,429	1,140,342	82,742	182,998	565,171	1,323,340
Other Liabilities	137,672	180,388	65,073	72,306	202,745	252,694
Long-term Liabilities Outstanding	3,506,573	4,710,841	1,376,367	1,568,172	4,882,940	6,279,013
Total Liabilities	<u>3,644,245</u>	<u>4,891,229</u>	<u>1,441,440</u>	<u>1,640,478</u>	<u>5,085,685</u>	<u>6,531,707</u>
Deferred Inflows	70,515	57,494	13,731	11,306	84,246	68,800
Net Position (Deficit):						
Net Investment in Capital Assets	1,302,450	1,392,113	2,052,536	2,242,924	3,354,986	3,635,037
Restricted	53,854	86,980	25,797	39,174	79,651	126,154
Unrestricted (Deficit)	<u>(1,677,201)</u>	<u>(1,995,603)</u>	<u>181,027</u>	<u>127,082</u>	<u>(1,496,174)</u>	<u>(1,868,521)</u>
Total Net Position (Deficit)	<u>\$ (320,897)</u>	<u>\$ (516,510)</u>	<u>\$ 2,259,360</u>	<u>\$ 2,409,180</u>	<u>\$ 1,938,463</u>	<u>\$ 1,892,670</u>

At September 30, 2017, 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 \$33,126,000, which resulted from the increase in impact fees collected for future development. The governmental activities' unrestricted net deficit balance increased by \$318,402,000, mostly due to increases in net pension liability, other postemployment benefits obligation, new debt issuances, and the liability for Tarrant Regional Water District.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(000's omitted in tables)
(continued)

Government-Wide Financial Analysis (continued)

Condensed Schedule of Changes in Net Position (Deficit)

	Governmental Activities		Business -Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 88,874	\$ 85,983	\$ 519,908	\$ 530,142	\$ 608,782	\$ 616,125
Operating Grants and Contributions	61,189	54,497	-	-	61,189	54,497
Capital Grants and Contributions	76,667	123,816	87,851	121,769	164,518	245,585
General Revenues:						
General Property Taxes	426,247	452,357	-	-	426,247	452,357
Sales Taxes	204,117	218,937	-	-	204,117	218,937
Other Local Taxes	31,029	31,732	-	-	31,029	31,732
Franchise Fees	49,031	50,078	-	-	49,031	50,078
Gas Leases and Royalties	18,485	9,063	15,869	6,504	34,354	15,567
Investment Income	3,703	7,239	2,809	5,240	6,512	12,479
Other	33,410	38,160	9,451	7,406	42,861	45,566
<i>Total revenues</i>	<u>992,752</u>	<u>1,071,862</u>	<u>635,888</u>	<u>671,061</u>	<u>1,628,640</u>	<u>1,742,923</u>
Expenses:						
General Government	160,124	152,609	-	-	160,124	152,609
Public Safety	551,562	698,059	-	-	551,562	698,059
Highways and Streets	154,346	157,108	-	-	154,346	157,108
Culture and Recreation	128,444	174,426	-	-	128,444	174,426
Health and Welfare	6,863	11,076	-	-	6,863	11,076
Urban Redevelopment and Housing	68,782	76,190	-	-	68,782	76,190
Interest and Service Charges	30,493	31,636	-	-	30,493	31,636
Water and Sewer	-	-	358,053	376,755	358,053	376,755
Stormwater Utility	-	-	24,365	30,238	24,365	30,238
Municipal Airports	-	-	20,519	14,628	20,519	14,628
Municipal Parking	-	-	7,387	6,699	7,387	6,699
Solid Waste	-	-	53,089	59,292	53,089	59,292
<i>Total expenses</i>	<u>1,100,614</u>	<u>1,301,104</u>	<u>463,413</u>	<u>487,612</u>	<u>1,564,027</u>	<u>1,788,716</u>
Insurance Recoveries	7,477	-	-	-	7,477	-
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(100,385)	(229,242)	172,475	183,449	72,090	(45,793)
Transfers	51,233	33,629	(51,233)	(33,629)	-	-
Changes in Net Position (Deficit)	<u>(49,152)</u>	<u>(195,613)</u>	<u>121,242</u>	<u>149,820</u>	<u>72,090</u>	<u>(45,793)</u>
Net Position (Deficit) - Beginning 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>
Net Position (Deficit) - End of Year	<u>\$ (320,897)</u>	<u>\$ (516,510)</u>	<u>\$ 2,259,360</u>	<u>\$ 2,409,180</u>	<u>\$ 1,938,463</u>	<u>\$ 1,892,670</u>

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(000's omitted in tables)
(continued)**

Government-Wide Financial Analysis (continued)

Overall, the governmental activities change in net deficit totaled was \$195,613,000 as a result of current fiscal year activity. Factors that contributed to the governmental activities net deficit increase were expenses of \$1,301,104,000 exceeding revenues of \$1,071,862,000, net of transfers from business-type activities of \$33,629,000. Transfers from business-type activities decreased \$17,604,000 compared to the prior fiscal year. This decrease was due to reduced funding requirements for various capital projects.

In addition, governmental expenses increased by \$200,490,000 when compared to FY2016. This increase was primarily due to the effect of the increase of the net pension liability for FY2017.

Business-type activities net position increased \$149,820,000 during the current fiscal year which is \$28,578,000 higher than the previous year's increase. The major factors that contributed to the business-type activities net position increase were increases of \$10,234,000 in charges for services and \$33,918,000 in capital grants and contributions. This was offset by an increase in operating expenses of \$24,199,000.

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$912,675,000. Approximately 14.8 percent or \$135,449,000 constitutes the General Fund's fund balance. As of September 30, 2017, the General Fund's nonspendable fund balance includes \$1,892,000 for inventories, and \$1,061,000 for prepaids, deposits, and other. The General Fund's restricted fund balance includes \$8,286,000 for park improvements, and \$1,600,000 is related to the collective bargaining agreement. The committed fund balance includes amounts of \$6,476,000 for repayment of State loans, \$4,029,000 for park improvements, and \$18,504,000 for public events and facilities totaling \$29,009,000. As of September 30, 2017, the General Fund had an unassigned fund balance of \$93,601,000.

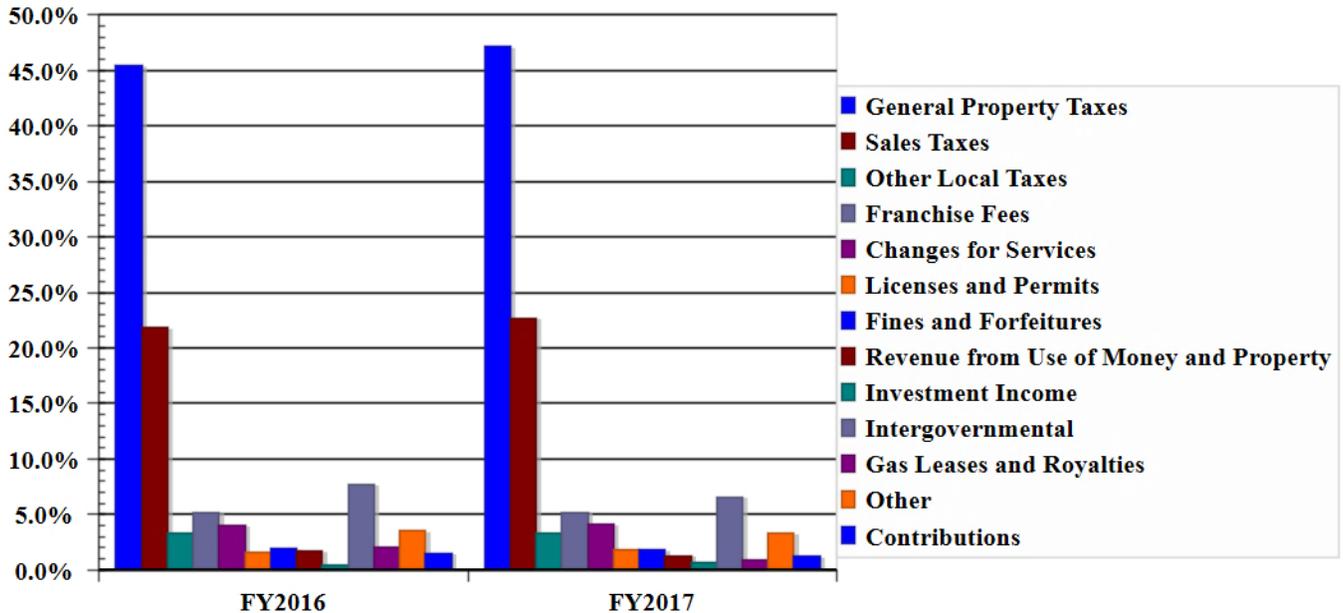
The Nonmajor Governmental Funds' fund balance of \$118,440,000 is 13.0 percent of total governmental fund balance and includes nonspendable fund balance of \$2,674,000, restricted fund balance of \$70,935,000, committed fund balance of \$4,128,000, assigned fund balance of \$41,843,000, and an unassigned deficit of \$1,140,000. The Debt Service Fund has a fund balance of \$52,296,000 or 5.7 percent of total governmental fund balance of which \$38,018,000 is restricted fund balance, \$10,333,000 is committed fund balance, and \$3,945,000 is assigned fund balance. The Capital Projects Fund has a fund balance of \$606,490,000 or 66.5 percent of total governmental fund balance of which \$412,000 is nonspendable fund balance, \$313,630,000 is restricted fund balance, \$218,254,000 is committed fund balance, and \$74,194,000 is assigned fund balance.

As shown in the following charts (on the next page) for governmental funds for FY2016 and FY2017, general property taxes and sales taxes were the primary sources of revenue for both years, while public safety and capital outlay were the largest expenditures by function. The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$135,449,000. 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 \$93,601,000, represents 15.9 percent of total General Fund expenditures. The total fund balance of \$135,449,000 represents 22.9 percent of total General Fund expenditures. Fund balance in the General Fund increased by \$3,528,000, over the previous fiscal year.

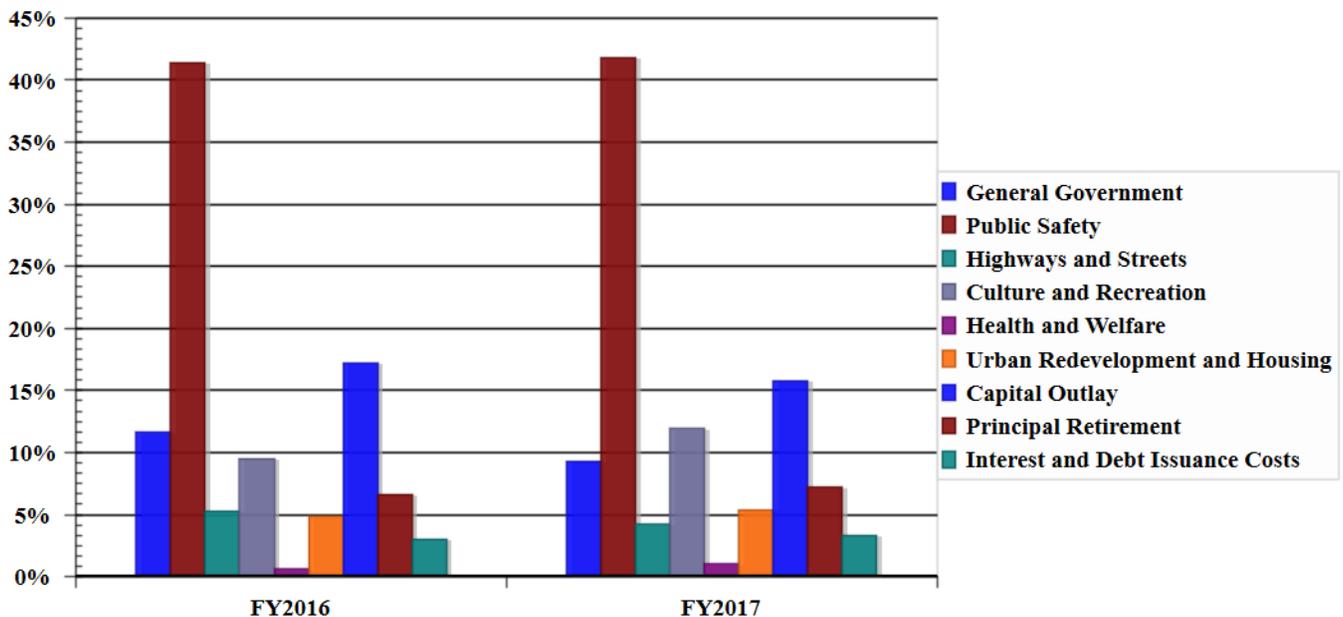
**CITY OF FORT WORTH, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 SEPTEMBER 30, 2017
 (000's omitted in tables)
 (continued)**

Revenues and Expenditures – Governmental Funds

Revenues by Source – Governmental Funds



Expenditures by Function - Governmental Funds



**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(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 \$44,728,000 and \$12,564,000, respectively, at the end of the fiscal year. Water and Sewer Fund's unrestricted net position decreased \$47,136,000 from the previous year's total was primarily due to increased emphasis on capital asset infrastructure improvements. Total net position in the Water and Sewer Fund increased \$95,431,000. The increase in net position was primarily due to charges for various services provided by the Water and Sewer Fund of \$424,078,000, which exceeded operating expenses by \$69,399,000 and capital contributions of \$55,185,000. Total net position in the Stormwater Utility Fund increased by \$6,809,000. The increase in net position from operations was primarily due to utility fee charges which exceeded operating expenses by \$9,084,000. Nonmajor business-type activities increased the City's net position by \$47,580,000. For nonmajor business-type activities the increase in net position was primarily due to capital contributions received by the Municipal Airport Fund.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget resulted in a \$24,056,000 increase in appropriations and is briefly summarized as follows:

- Budget carryforwards of encumbrances resulted in an increase of \$127,290 for the Stockyards study and senior citizens services.
- Appropriation increases to the original budget were made in the amount of \$20,568,758. Significant activities which necessitated these increases included: \$13,500,000 to record proceeds from the sale of the former police headquarters at 350 West Belknap; \$3,368,700 to reflect the appropriations needed for FY2017 operations for four departments; \$2,300,000 to help fund the construction of an Enhanced Neighborhood Family Aquatics Facility in east Fort Worth via a forgivable loan with the YMCA of Metropolitan Fort Worth; and \$1,388,728, including \$1,271,307 from the transfer of previously appropriated funds and \$117,422 from the transfer of newly appropriated funds to fund debt associated with the energy savings program.

The City also increased budgeted revenues and other financing sources by \$3,360,000 to reflect the additional resources received by the General Fund for funding eligible Police overtime and a transfer to address the fund deficit in the Golf Fund.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(000's omitted in tables)
(continued)**

Capital Assets and Debt Administration

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2017, amounted to \$5,270,793,000 (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 \$296,627,000 (6.0 percent). Major capital assets events during the current fiscal year included the following:

- The acquisition of assets and development of governmental projects throughout the City added \$171,133,753 to capital assets, while governmental capital contributions were \$101,315,151.
- The acquisition of assets and development of water and sewer projects throughout the City added \$119,491,444 to capital assets, while water and sewer capital contributions were \$47,528,656.
- The acquisition of assets and development of drainage projects throughout the City added \$14,025,677 to capital assets.
- These additions were offset by depreciation/amortization of \$229,149,000 and retirements during the year.

Capital Assets, net of Accumulated Depreciation/Amortization

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Land/Right of Way	\$ 220,735	\$ 234,985	\$ 109,294	\$ 201,718	\$ 330,029	\$ 436,703
Construction in Progress	331,668	298,738	411,634	355,514	743,302	654,252
Works of Art	16,512	24,270	-	-	16,512	24,270
Buildings	261,748	268,762	82,091	101,632	343,839	370,394
Vehicles, Machinery and Equipment	87,961	99,817	134,158	129,267	222,119	229,084
Infrastructure	1,079,991	1,206,136	2,211,628	2,321,952	3,291,619	3,528,088
Intangibles	26,746	28,002	-	-	26,746	28,002
Total	<u>\$ 2,025,361</u>	<u>\$ 2,160,710</u>	<u>\$ 2,948,805</u>	<u>\$ 3,110,083</u>	<u>\$ 4,974,166</u>	<u>\$ 5,270,793</u>

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

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(000's omitted in tables)
(continued)

Capital Assets and Debt Administration (continued)

Long-term Liabilities – At the end of the current fiscal year, the City had total long-term liabilities of \$6,279,013,000. Of this amount, \$694,395,000 comprises debt backed by the full faith and credit of the government, and \$1,437,950,000 represents self-supported debt issues.

Long-Term Liabilities Outstanding

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
General Obligation Bonds	\$ 499,217	\$ 452,570	\$ 38,428	\$ 37,365	\$ 537,645	\$ 489,935
Revenue Bonds	-	-	870,315	910,685	870,315	910,685
Certificates of Obligation	221,565	201,945	4,225	2,515	225,790	204,460
Special Tax Revenue Debt	-	226,880	-	-	-	226,880
Special Assessment Debt	-	12,685	-	-	-	12,685
Tax Notes	-	26,130	-	-	-	26,130
Convention Center Installment Obligation	825	-	-	-	825	-
HUD Installment Obligations	2,865	2,000	-	-	2,865	2,000
Lone Star Local Government Corp Obligation	31,617	31,617	-	-	31,617	31,617
State Obligation - City	6,941	6,476	-	-	6,941	6,476
State Obligation - CCPD	2,697	2,516	-	-	2,697	2,516
TRWD Obligation	153,853	171,391	-	-	153,853	171,391
State Energy Conservation Loan Phase III	971	397	-	-	971	397
ESPC Phase VII	16,472	15,474	-	-	16,472	15,474
Capital Leases	836	1,167	-	-	836	1,167
Southwest Bank Loan (LDC SW Building)	1,844	1,477	-	-	1,844	1,477
Lancaster Corridor Construction Loan	10,276	16,500	-	-	10,276	16,500
Trinity River Authority Oblig.	-	-	4,250	3,600	4,250	3,600
ESPC Phase V	-	-	10,463	8,955	10,463	8,955
Net Unamortized Bond Premium/Discount	68,272	69,218	68,508	69,036	136,780	138,254
Compensated Absences	118,248	119,622	10,580	14,727	128,828	134,349
Risk Management Estimated Claims Payable	34,386	33,377	-	-	34,386	33,377
Arbitrage	-	-	3	7	3	7
Landfill Closure and Postclosure Liability	-	-	5,426	8,331	5,426	8,331
Pollution Remediation Liability	-	5,636	7,241	5,945	7,241	11,581
Other Postemployment Benefits Obligation	494,180	521,716	74,363	78,463	568,543	600,179
Net Pension Liability	1,841,508	2,792,047	282,565	428,543	2,124,073	3,220,590
Total	<u>\$ 3,506,573</u>	<u>\$ 4,710,841</u>	<u>\$ 1,376,367</u>	<u>\$ 1,568,172</u>	<u>\$ 4,882,940</u>	<u>\$ 6,279,013</u>

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(000's omitted in tables)
(continued)**

Capital Assets and Debt Administration (continued)

Long-term Liabilities (continued)

The City's total long-term liabilities increased by \$1,396,073,000 during FY2017 mainly due to the issuance of bonds and notes in excess of principal payments made during the year. Key changes for the year include: Net Pension Liability increased by \$1,096,517,000, the City's Other Postemployment Benefits Obligation increased by \$31,636,000, new issues of Special Tax Revenue Debt of \$226,880,000, Tax Notes of \$32,605,000, and Special Assessment Debt of \$12,685,000. The City also added a net \$17,538,000 to the loan from Tarrant Regional Water District, and the Water and Sewer Fund issued \$127,645,000 of new issue and Refunding Revenue Bonds. For governmental activities, the City made payments of principal balances for bonded debt of \$46,647,000 and \$19,620,000 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 \$70,248,000, which included \$63,175,000 for Water and Sewer Revenue Bonds and \$4,300,000 for Stormwater Revenue Bonds. The Water and Sewer Fund refunded or defeased \$19,800,000 of existing revenue bonds.

In FY2017, the outstanding ad valorem tax supported debts of the City of Fort Worth are rated "Aa3" by Moody's Investors Services (Moody's) and "AA+" by both S&P Global Rating Services (S&P) and Fitch Rating Services (Fitch). The 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. The City's special tax revenue bonds are not rated by S&P, and are rated "A1" and "AA+" by Moody's and Fitch, respectively.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to 1.90 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on the general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 1.39 percent (Statistical Section on Table 14).

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

Economic Factors and Next Year's Budgets and Rates

The overall economic outlook for the City remains positive. Sales taxes have climbed steadily since the recession ended in late 2010. Declining unemployment rates and continued population growth suggest these trends should continue well into 2018. Existing households are likely to continue spending at current rates, while new residents will add to the City's sales tax base. Population growth and steady strides in the residential real estate market support improved property tax revenues in the future while the increasing volume of building permits continues to increase the overall tax base. Demand for existing homes supports the rising growth in values, which also yields more property tax revenues. Property tax revenues are characteristically slower to materialize than sales taxes, as homes built in 2017 are added to the tax roll in 2018 and do not begin paying taxes until 2019. 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 FY2018 adopted budget reduced the City's property tax rate to \$0.8050 per \$100 net taxable valuation. The total appraised value of the City's property tax roll increased \$8.8 billion or 11.8 percent from the July 2016 certified roll to the July 2017 certified roll. Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased \$6.4 billion or 11.8 percent in the same period across all properties within the City. Adjusted Net Taxable Value is the basis for the City's property tax revenue calculation.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017
(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 building capacity for capital projects by increasing the portion of the City's property tax levy to capital projects. The City's ability to continue to shift funding to our pay-as-you-go capital program over the next five years is supported by the City's commitment to invest additional dollars in infrastructure maintenance.

For FY2018, the City estimates a 98.5% collection rate of its property tax levy. Based on the M&O levy rate of \$0.6415 per \$100 of assessed valuation, the General Fund portion of the property tax rate is expected to yield approximately \$365.5 million in revenue for FY2018. The debt service levy rate of \$0.1635 per \$100 of assessed valuation is expected to yield approximately \$93.2 million, which will allow the repayment of all current and proposed general obligation debt.

Revenue from the City's one percent of the sales tax, excluding the one-half percent special use tax for the Crime Control and Prevention District Fund, is projected to equal \$154.6 million, an increase of \$14.1 million or ten percent from the FY2017 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 \$99.4 million in 2009 to the anticipated amount of \$154.6 million in 2018. This represents a 55.5% growth over the last ten years.

Requests for Information

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



BASIC FINANCIAL STATEMENTS

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017
(in 000's)

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Cash, Cash Equivalents, & Investments	\$ 962,785	\$ 139,413	\$ 1,102,198	\$ 48
Receivables, Net of Allowance for Uncollectible:				
Taxes	7,773	-	7,773	-
Grants and Other Governments	53,494	-	53,494	-
Loans	13,897	-	13,897	-
Interest	1,556	550	2,106	-
Accounts and Other	25,110	59,823	84,933	2
Internal Balances	(10,065)	10,065	-	-
Inventories (at Cost)	7,306	3,254	10,560	-
Prepays, Deposits, and Other	2,116	27	2,143	579
Long-Term Loans Receivable	13,081	-	13,081	-
Restricted Assets:				
Cash, Cash Equivalents, & Investments	8,525	473,030	481,555	267
Cash, Cash Equivalents, & Investments Held by Trustees	45,284	67,223	112,507	-
Grants Receivable	-	13,661	13,661	-
Interest Receivable	-	650	650	-
Prepaid Bond Insurance	299	187	486	-
Capital Assets, Net of Accumulated Depreciation:				
Non-Depreciable	557,993	557,232	1,115,225	-
Depreciable	1,602,717	2,552,851	4,155,568	7,759
Total Assets	3,291,871	3,877,966	7,169,837	8,655
Deferred Outflows of Resources	1,140,342	182,998	1,323,340	-
Total Assets and Deferred Outflows of Resources	4,432,213	4,060,964	8,493,177	8,655
LIABILITIES, DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	34,265	12,642	46,907	21
Escrow Accounts Payable	5,801	2,459	8,260	-
Accrued Payroll	16,348	2,399	18,747	-
Other	777	-	777	-
Unearned Revenue	50,166	-	50,166	-
Accrued Interest Payable	23,038	4,822	27,860	51
Payables from Restricted Assets:				
Construction Payable	49,993	27,643	77,636	-
Customer Deposits	-	18,556	18,556	13
Unearned Revenue	-	3,785	3,785	-
Long-Term Liabilities:				
Due Within One Year	130,510	75,262	205,772	24
Due in More Than One Year	4,580,331	1,492,910	6,073,241	3,229
Total Liabilities	4,891,229	1,640,478	6,531,707	3,338
Deferred Inflows of Resources	57,494	11,306	68,800	-
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	1,392,113	2,242,924	3,635,037	-
Restricted for:				
Debt Service	29,259	13,146	42,405	-
Capital Projects	57,721	26,028	83,749	-
Partnership Equity	-	-	-	5,317
Unrestricted (Deficit)	(1,995,603)	127,082	(1,868,521)	-
Total Net Position (Deficit)	\$ (516,510)	\$ 2,409,180	\$ 1,892,670	\$ 5,317

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(in 000's)

Function/Program Activities	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 152,609	\$ 25,075	\$ 1,700	\$ 5,355
Public Safety	698,059	12,463	12,655	835
Highways and Streets	157,108	12,952	1,028	113,153
Culture and Recreation	174,426	17,137	9,294	4,473
Health and Welfare	11,076	-	9,547	-
Urban Redevelopment and Housing	76,190	18,356	20,273	-
Interest and Service Charges	31,636	-	-	-
Total Governmental Activities	<u>1,301,104</u>	<u>85,983</u>	<u>54,497</u>	<u>123,816</u>
Business-Type Activities:				
Water and Sewer	376,755	424,078	-	65,741
Stormwater Utility	30,238	37,016	-	3,916
Municipal Airports	14,628	6,480	-	52,112
Municipal Parking	6,699	7,863	-	-
Solid Waste	59,292	54,705	-	-
Total Business-Type Activities	<u>487,612</u>	<u>530,142</u>	<u>-</u>	<u>121,769</u>
Total Primary Government	<u>\$ 1,788,716</u>	<u>\$ 616,125</u>	<u>\$ 54,497</u>	<u>\$ 245,585</u>
Discretely Presented Component Unit:				
Terrell Homes, Ltd.	\$ 995	\$ 518	-	-
Total Discretely Presented Component Unit	<u>\$ 995</u>	<u>\$ 518</u>	<u>-</u>	<u>-</u>

Changes in Net Position (Deficit):

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

See accompanying notes to the basic financial statements.

Net (Expenses) Revenues and Changes in Net Position (Deficit)

Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (120,479)		\$ (120,479)	
(672,106)		(672,106)	
(29,975)		(29,975)	
(143,522)		(143,522)	
(1,529)		(1,529)	
(37,561)		(37,561)	
(31,636)		(31,636)	
<u>(1,036,808)</u>		<u>(1,036,808)</u>	
	\$ 113,064	113,064	
	10,694	10,694	
	43,964	43,964	
	1,164	1,164	
	(4,587)	(4,587)	
	<u>164,299</u>	<u>164,299</u>	
<u>(1,036,808)</u>	<u>164,299</u>	<u>(872,509)</u>	
			\$ <u>(477)</u>
			<u>(477)</u>
452,357	-	452,357	-
218,937	-	218,937	-
26,993	-	26,993	-
4,739	-	4,739	-
50,078	-	50,078	-
9,063	6,504	15,567	-
7,239	5,240	12,479	-
38,160	7,406	45,566	8
33,629	(33,629)	-	-
<u>841,195</u>	<u>(14,479)</u>	<u>826,716</u>	<u>8</u>
(195,613)	149,820	(45,793)	(469)
(320,897)	2,259,360	1,938,463	5,786
<u>\$ (516,510)</u>	<u>\$ 2,409,180</u>	<u>\$ 1,892,670</u>	<u>\$ 5,317</u>

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017
(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	\$ 87,923	\$ 48,280	\$ 655,927	\$ 113,467	\$ 905,597
Cash, Cash Equivalents, & Investments Held by Trustees	30,215	3,049	9,244	48	42,556
Receivables, Net of Allowance for Uncollectible:					
Taxes	6,011	1,762	-	-	7,773
Grants and Other Governments	26,926	-	7,600	18,968	53,494
Loans	-	-	7	13,890	13,897
Interest	40	593	413	357	1,403
Accounts and Other	13,176	-	416	10,997	24,589
Due from Other Funds	281	-	-	-	281
Inventories (at Cost)	1,892	-	-	4,980	6,872
Prepays, Deposits, and Other	1,061	-	412	36	1,509
Long-Term Loans Receivable	-	-	-	13,081	13,081
Total Assets	<u>\$ 167,525</u>	<u>\$ 53,684</u>	<u>\$ 674,019</u>	<u>\$ 175,824</u>	<u>\$ 1,071,052</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 9,977	\$ -	\$ 10	\$ 16,720	\$ 26,707
Construction Payable	30	-	49,943	20	49,993
Escrow Accounts Payable	3,074	-	2,252	475	5,801
Accrued Payroll	13,325	-	-	2,012	15,337
Other	657	-	-	120	777
Due to Other Funds	-	-	-	663	663
Advances from Other Funds	-	-	8,213	-	8,213
Unearned Revenue	311	-	1,458	31,932	33,701
Total Liabilities	<u>27,374</u>	<u>-</u>	<u>61,876</u>	<u>51,942</u>	<u>141,192</u>
Deferred Inflows of Resources	<u>4,702</u>	<u>1,388</u>	<u>5,653</u>	<u>5,442</u>	<u>17,185</u>
Fund Balances (Deficit):					
Nonspendable	2,953	-	412	2,674	6,039
Restricted	9,886	38,018	313,630	70,935	432,469
Committed	29,009	10,333	218,254	4,128	261,724
Assigned	-	3,945	74,194	41,843	119,982
Unassigned (Deficit)	93,601	-	-	(1,140)	92,461
Total Fund Balances	<u>135,449</u>	<u>52,296</u>	<u>606,490</u>	<u>118,440</u>	<u>912,675</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 167,525</u>	<u>\$ 53,684</u>	<u>\$ 674,019</u>	<u>\$ 175,824</u>	<u>\$ 1,071,052</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, 2017
(in 000's)

Total fund balances--governmental funds \$ 912,675

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 \$5,748) consist of:

Land/right of way	\$	234,985	
Construction in progress		298,738	
Works of art		24,270	
Buildings		488,714	
Vehicles, machinery and equipment		261,238	
Infrastructure		3,078,952	
Intangibles		49,690	
Accumulated depreciation/amortization		<u>(2,275,877)</u>	
Total capital assets		<u>2,160,710</u>	2,160,710

Some revenues in the governmental funds are not recognized because they are not collected within the prescribed period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 17,185

Internal service funds are used by management to charge the costs of certain activities, such as; equipment services, information systems, capital project services, group health and life insurance, and risk financing to individual funds. A portion of the net position of the internal service funds is included in governmental activities in the Statement of Net Position (amount is net of capital assets of \$5,748 and compensated absences of (\$4,361)). 26,740

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

Pension contributions after actuarial valuation measurement date		78,125	
Difference in expected and actual total pension liability experience		3,019	
Difference in projected and actual earnings on investments - pensions		97,727	
Changes in actuarial assumptions - pensions		949,253	
Deferred charges on debt refundings		<u>12,218</u>	
Total deferred outflows of resources		<u>1,140,342</u>	1,140,342

Some long-term assets and liabilities are not due and payable in the current period and therefore are not reported in the funds. Those assets and liabilities (including allocated internal service fund compensated absences of \$4,361) consist of:

Prepaid bond insurance		299	
Long-term compensated absences		(119,622)	
Pollution remediation liability		(5,636)	
Other postemployment benefits obligation		(521,716)	
Net pension liability		(2,792,047)	
Accrued interest payable		(23,038)	
Long-term debt, including premium/discount		<u>(1,238,443)</u>	
Total long-term liabilities		<u>(4,700,203)</u>	(4,700,203)

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. (16,465)

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

Difference in expected and actual total pension liability experience		(52,752)	
Difference in projected and actual earnings on investments - pensions		<u>(4,742)</u>	
Total deferred inflows of resources		<u>(57,494)</u>	(57,494)

Net position (deficit) of governmental activities \$ (516,510)

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, 2017
(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	\$ 345,657	\$ 90,571	\$ -	\$ 16,615	\$ 452,843
Sales Taxes	148,365	-	-	69,926	218,291
Other Local Taxes	4,739	-	-	26,993	31,732
Franchise Fees	50,078	-	-	-	50,078
Charges for Services	19,349	-	5,425	15,090	39,864
Licenses and Permits	16,864	-	-	17	16,881
Fines and Forfeitures	6,523	-	-	10,539	17,062
Revenue from Use of Money and Property	360	109	1,103	10,860	12,432
Investment Income (Loss)	(926)	3,836	2,678	1,364	6,952
Intergovernmental	556	210	11,770	50,828	63,364
Gas Leases and Royalties	1,961	-	6,323	779	9,063
Other	2,638	-	15,393	13,848	31,879
Contributions	4	-	8,571	2,940	11,515
Total Revenues	<u>596,168</u>	<u>94,726</u>	<u>51,263</u>	<u>219,799</u>	<u>961,956</u>
EXPENDITURES:					
Current:					
General Government	59,937	-	8,672	34,716	103,325
Public Safety	395,236	-	3,024	67,315	465,575
Highways and Streets	33,395	-	6,481	7,270	47,146
Culture and Recreation	61,166	-	28,191	42,657	132,014
Health and Welfare	-	-	-	10,843	10,843
Urban Redevelopment and Housing	38,584	-	13	21,496	60,093
Capital Outlay	13	-	168,757	6,597	175,367
Debt Service:					
Principal Retirement	1,777	73,567	865	3,282	79,491
Interest and Debt Issuance Costs	438	30,590	2,327	3,211	36,566
Total Expenditures	<u>590,546</u>	<u>104,157</u>	<u>218,330</u>	<u>197,387</u>	<u>1,110,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,622</u>	<u>(9,431)</u>	<u>(167,067)</u>	<u>22,412</u>	<u>(148,464)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of Long-Term Debt	-	-	-	226,880	226,880
Issuance of Special Assessment Debt	-	3,049	9,636	-	12,685
Issuance of Tax Notes	-	-	32,605	-	32,605
Issuance of Capital Leases	-	-	-	575	575
Construction Loans	-	-	-	26,637	26,637
Premium on Issuance	-	-	71	11,121	11,192
Proceeds from Disposal of Property	13,500	-	345	1,774	15,619
Transfers In	44,028	29,705	305,336	10,616	389,685
Transfers Out	(59,622)	(2,397)	(1,693)	(296,532)	(360,244)
Total Other Financing Sources (Uses)	<u>(2,094)</u>	<u>30,357</u>	<u>346,300</u>	<u>(18,929)</u>	<u>355,634</u>
Net Change in Fund Balances	3,528	20,926	179,233	3,483	207,170
Fund Balances, Beginning of Year	131,921	31,370	427,257	114,957	705,505
Fund Balances, End of Year	<u>\$ 135,449</u>	<u>\$ 52,296</u>	<u>\$ 606,490</u>	<u>\$ 118,440</u>	<u>\$ 912,675</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, 2017
(in 000's)**

Net change in fund balances - total governmental funds \$ 207,170

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	\$ 101,314	
Capital outlay expenditures	175,367	
Depreciation and amortization expense (excluding internal service fund depreciation of \$553)	<u>(135,565)</u>	
Net adjustment	<u>141,116</u>	141,116

In the Statement of Activities, the gain on sale of capital assets is reported. In the governmental funds, the proceeds from the disposal of assets were reported as another financing source. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (8,867)

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. 1,735

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:		
Special tax revenue bonds	(226,880)	
Special assessment debt	(12,685)	
Tax notes	(32,605)	
Other obligations	<u>(27,212)</u>	
Total proceeds	(299,382)	
Premium on debt issued	(11,192)	
Prepaid bond insurance issued	299	
Repayments:		
To bondholders	79,491	
Amortization of premiums and discounts	<u>10,246</u>	
Net adjustment	<u>(220,538)</u>	(220,538)

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

Increase in accrued interest on long-term liabilities	(2,551)	
Increase in net pension liability	(950,539)	
Increase in other postemployment benefits obligation	(27,536)	
Increase in compensated absences liability	(913)	
Increase in pollution remediation liability	<u>(5,636)</u>	
Net adjustment	<u>(987,175)</u>	(987,175)

(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, 2017
(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	\$ 660,977	
Deferred inflows of resources	<u>13,021</u>	
Net adjustment	<u>673,998</u>	\$ 673,998

Internal service funds are used by management to charge the costs of certain activities, such as; equipment services, information systems, capital project services, group health and life insurance, and risk financing to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (287)

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. 299

Governmental funds report the amount of refinance debt as a current resource and do not calculate a gain or loss on the defeasance of the extinguished debt. This adjustment represents the amount of amortization for the current year of the deferred outflow of refunding loss. (3,064)

Change in net position (deficit) of governmental activities \$ (195,613)



CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017
(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	\$ 93,996	\$ 20,055	\$ 25,362	\$ 139,413	\$ 57,188
Interest Receivable	362	99	89	550	153
Accounts and Other Receivables, Net of Allowance for Uncollectible	49,425	3,138	7,260	59,823	521
Due from Other Funds	66	-	316	382	-
Inventories (at Cost)	3,254	-	-	3,254	434
Prepays, Deposits, and Other	-	27	-	27	607
Restricted Assets:					
Cash & Cash Equivalents	40,047	4,443	10,316	54,806	-
Total Current Assets	187,150	27,762	43,343	258,255	58,903
Noncurrent Assets:					
Restricted Assets:					
Cash & Cash Equivalents	354,878	41,699	21,647	418,224	8,525
Cash, Cash Equivalents, & Investments Held by Trustees	28,864	-	38,359	67,223	2,728
Grants and Other Receivables	4,290	35	9,336	13,661	-
Interest Receivable	507	57	86	650	-
Total Restricted Assets	388,539	41,791	69,428	499,758	11,253
Advances to Other Funds	-	-	8,213	8,213	-
Prepaid Bond Insurance	187	-	-	187	-
Capital Assets (at Cost):					
Land/Right of Way	27,522	13,689	160,507	201,718	1,123
Buildings	67,165	8,472	84,730	160,367	5,250
Infrastructure	2,997,383	134,305	269,853	3,401,541	1,046
Vehicles, Machinery and Equipment	355,083	12,990	9,143	377,216	7,483
Construction in Progress	264,058	22,287	69,169	355,514	1,954
Accumulated Depreciation	(1,152,109)	(33,995)	(200,169)	(1,386,273)	(11,108)
Net Capital Assets	2,559,102	157,748	393,233	3,110,083	5,748
Total Noncurrent Assets	2,947,828	199,539	470,874	3,618,241	17,001
Total Assets	3,134,978	227,301	514,217	3,876,496	75,904
Deferred Outflows of Resources	144,116	16,867	22,015	182,998	-
Total Assets and Deferred Outflows of Resources	\$ 3,279,094	\$ 244,168	\$ 536,232	\$ 4,059,494	\$ 75,904

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2017
(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	\$ 7,495	\$ 486	\$ 4,661	\$ 12,642	\$ 7,558
Escrow Accounts Payable	2,459	-	-	2,459	-
Accrued Payroll	1,870	222	307	2,399	1,011
Current Portion of Long-Term Liabilities	66,805	4,939	3,518	75,262	19,584
Payables from Restricted Assets:					
Construction Payable	16,992	3,848	6,803	27,643	-
Customer Deposits	17,643	-	913	18,556	-
Accrued Interest Payable	4,080	595	147	4,822	-
Unearned Revenue	1,332	-	2,453	3,785	-
Total Current Liabilities	<u>118,676</u>	<u>10,090</u>	<u>18,802</u>	<u>147,568</u>	<u>28,153</u>
Long-Term Liabilities:					
Long-Term Liabilities Due in More Than One Year	<u>1,224,846</u>	<u>164,945</u>	<u>103,119</u>	<u>1,492,910</u>	<u>18,154</u>
Total Long-Term Liabilities	<u>1,224,846</u>	<u>164,945</u>	<u>103,119</u>	<u>1,492,910</u>	<u>18,154</u>
Total Liabilities	<u>1,343,522</u>	<u>175,035</u>	<u>121,921</u>	<u>1,640,478</u>	<u>46,307</u>
Deferred Inflows of Resources	<u>6,973</u>	<u>825</u>	<u>3,508</u>	<u>11,306</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	1,848,629	53,008	341,287	2,242,924	5,748
Restricted for:					
Debt Service	9,214	2,736	1,196	13,146	-
Capital Projects	26,028	-	-	26,028	-
Unrestricted	44,728	12,564	68,320	125,612	23,849
Total Net Position	<u>\$ 1,928,599</u>	<u>\$ 68,308</u>	<u>\$ 410,803</u>	<u>\$ 2,407,710</u>	<u>\$ 29,597</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				1,470	
Net Position of Business-Type Activities				<u>\$ 2,409,180</u>	

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(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	\$ 424,078	\$ 37,016	\$ 69,048	\$ 530,142	\$ 153,960
Other	1,537	1	5,868	7,406	9,487
Total Operating Revenues	<u>425,615</u>	<u>37,017</u>	<u>74,916</u>	<u>537,548</u>	<u>163,447</u>
OPERATING EXPENSES					
Personnel Services	108,984	12,241	16,025	137,250	32,311
Supplies and Materials	24,120	894	964	25,978	7,737
Contractual Services	147,819	7,199	47,696	202,714	127,127
Landfill Closure and Postclosure Cost	-	-	2,905	2,905	-
Depreciation	73,756	7,599	11,676	93,031	553
Total Operating Expenses	<u>354,679</u>	<u>27,933</u>	<u>79,266</u>	<u>461,878</u>	<u>167,728</u>
Operating Income (Loss)	<u>70,936</u>	<u>9,084</u>	<u>(4,350)</u>	<u>75,670</u>	<u>(4,281)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	1,906	284	3,049	5,239	277
Gain (Loss) on Sale of Property and Equipment	(4,195)	(133)	(10)	(4,338)	(471)
Interest and Service Charges	(17,881)	(2,172)	(1,342)	(21,395)	-
Gas Leases and Royalties	2,183	-	4,321	6,504	-
Total Nonoperating Revenues (Expenses)	<u>(17,987)</u>	<u>(2,021)</u>	<u>6,018</u>	<u>(13,990)</u>	<u>(194)</u>
Income (Loss) Before Transfers and Contributions	<u>52,949</u>	<u>7,063</u>	<u>1,668</u>	<u>61,680</u>	<u>(4,475)</u>
Transfers In	4,362	169	153	4,684	4,847
Transfers Out	(27,621)	(4,339)	(6,353)	(38,313)	(659)
Capital Contributions	55,185	3,916	52,112	111,213	-
Capital Contributions - Impact Fees	10,556	-	-	10,556	-
Changes in Net Position	<u>95,431</u>	<u>6,809</u>	<u>47,580</u>	<u>149,820</u>	<u>(287)</u>
Total Net Position, Beginning of Year	<u>1,833,168</u>	<u>61,499</u>	<u>363,223</u>	<u>2,257,890</u>	<u>29,884</u>
Total Net Position, End of Year	<u>\$ 1,928,599</u>	<u>\$ 68,308</u>	<u>\$ 410,803</u>	<u>\$ 2,407,710</u>	<u>\$ 29,597</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, 2017
(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	\$ 428,533	\$ 37,124	\$ 68,601	\$ 534,258	\$ -
Receipts from Other Funds	-	-	-	-	154,587
Receipts from Other Operating Sources	1,537	1	5,868	7,406	9,487
Payments to Employees	(67,662)	(7,687)	(10,659)	(86,008)	(31,628)
Payments to Vendors	(171,068)	(7,789)	(48,266)	(227,123)	(38,320)
Payments for Benefits	-	-	-	-	(94,266)
Net Cash Provided by (Used for) Operating Activities	<u>191,340</u>	<u>21,649</u>	<u>15,544</u>	<u>228,533</u>	<u>(140)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	4,362	169	153	4,684	4,847
Advances from Other Funds	-	-	(24,863)	(24,863)	-
Transfers Out to Other Funds	(27,621)	(4,339)	(6,353)	(38,313)	(659)
Due from Other Funds	(66)	-	(316)	(382)	-
Advances to Other Funds	-	-	5,425	5,425	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(23,325)</u>	<u>(4,170)</u>	<u>(25,954)</u>	<u>(53,449)</u>	<u>4,188</u>
Cash Flows from Capital and Related Financing Activities:					
Bond Principal Received	109,530	-	-	109,530	-
Refunding Principal Received	18,115	-	-	18,115	-
Bond Premium Received	9,795	-	-	9,795	-
Proceeds from Sale of Property and Equipment	187	47	12	246	25
Contributions	4,580	-	55,414	59,994	-
Contributions - Impact Fees	10,556	-	-	10,556	-
Acquisition and Construction of Property, Plant and Equipment	(116,250)	(13,052)	(50,918)	(180,220)	(2,013)
Principal Paid on Long-Term Debt	(65,333)	(4,300)	(2,773)	(72,406)	-
Principal Paid to Escrow Agent	(19,800)	-	-	(19,800)	-
Interest Paid on Long-Term Obligations	(30,363)	(4,825)	(1,822)	(37,010)	-
Bond Issuance Cost Paid	(1,724)	(10)	(2)	(1,736)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(80,707)</u>	<u>(22,140)</u>	<u>(89)</u>	<u>(102,936)</u>	<u>(1,988)</u>
Cash Flows from Investing Activities:					
Receipts from Gas Leases and Royalties	2,183	-	4,321	6,504	-
Purchases of Investments	(1,080)	-	(4,983)	(6,063)	-
Sales of Investments	674	-	3,147	3,821	-
Investment Income Received	1,407	215	2,989	4,611	192
Net Cash Provided by (Used for) Investing Activities	<u>3,184</u>	<u>215</u>	<u>5,474</u>	<u>8,873</u>	<u>192</u>
Net Increase (Decrease) in Cash and Cash Equivalents	90,492	(4,446)	(5,025)	81,021	2,252
Cash and Cash Equivalents, Beginning of Year	<u>420,906</u>	<u>70,643</u>	<u>69,888</u>	<u>561,437</u>	<u>66,189</u>
Cash and Cash Equivalents, End of Year	<u>\$ 511,398</u>	<u>\$ 66,197</u>	<u>\$ 64,863</u>	<u>\$ 642,458</u>	<u>\$ 68,441</u>

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(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)	\$ 70,936	\$ 9,084	\$ (4,350)	\$ 75,670	\$ (4,281)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	73,756	7,599	11,676	93,031	553
Changes in Assets and Liabilities:					
Accounts and Other Receivables	4,358	135	3	4,496	(463)
Inventories	225	-	-	225	(63)
Prepays, Deposits, and Other Assets	96	(27)	6	75	1,090
Deferred Outflows of Resources (Pension)	(79,644)	(9,497)	(12,086)	(101,227)	-
Accounts Payable	1,942	304	394	2,640	3,350
Escrow Accounts Payable	(1,590)	-	-	(1,590)	-
Accrued Payroll and Compensation	4,120	106	108	4,334	683
Customer Deposits	1,591	-	25	1,616	-
Accrued Benefits	-	-	-	-	(1,009)
Landfill Closure and Postclosure Liability	-	-	2,905	2,905	-
Pollution Remediation Costs	(1,296)	-	-	(1,296)	-
Other Postemployment Benefits Obligation	3,201	389	510	4,100	-
Net Pension Liability	115,224	13,742	17,013	145,979	-
Deferred Inflows of Resources (Pension)	(1,579)	(186)	(179)	(1,944)	-
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)	-
Total Adjustments	120,404	12,565	19,894	152,863	4,141
Net Cash Provided by (Used for) Operating Activities	\$ 191,340	\$ 21,649	\$ 15,544	\$ 228,533	\$ (140)
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:					
Current - Cash, Cash Equivalents, & Investments	\$ 93,996	\$ 20,055	\$ 25,362	\$ 139,413	\$ 57,188
Current Restricted - Cash & Cash Equivalents	40,047	4,443	10,316	54,806	-
Noncurrent Restricted - Cash & Cash Equivalents	354,878	41,699	21,647	418,224	8,525
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	28,864	-	38,359	67,223	2,728
Less: Gas Well Investments Held by Trustees	(6,387)	-	(30,821)	(37,208)	-
Total Cash and Cash Equivalents	\$ 511,398	\$ 66,197	\$ 64,863	\$ 642,458	\$ 68,441
Noncash Investing, Capital, and Financing Activities:					
Capitalized Interest	\$ 7,055	\$ 2,326	\$ -	\$ 9,381	\$ -
Capital Asset Contributions from Developers	47,529	3,883	15,569	66,981	-
Capital Asset Transfers from Government	-	33	-	33	-
Capital Asset Transfers from Business-Type Activities	21	-	-	21	-
Capital Asset Transfers to Business-Type Activities	-	-	(21)	(21)	-
Amortization of Bond Premium	8,257	350	660	9,267	-
Amortization of Bond Defeasement Loss	(1,522)	(29)	(187)	(1,738)	-
Change in Fair Value of Pooled Investments	(2,559)	(456)	(365)	(3,380)	(435)
Change in Fair Value on Non-Pooled Investments	438	-	2,033	2,471	-

(concluded)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2017
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 476
Cash & Investments Held by Trustees:	
Asset and Mortgage Backed Obligations	65,630
Corporate Obligations	139,246
Government Agency Obligations	128,160
International Obligations	21,955
Securities Lending Collateral	132,585
U.S. Treasuries	62,284
Short-Term Mutual Fund Investments	144,360
Corporate Stock	422,051
Alternative Investments	626,693
Commingled Funds	<u>797,263</u>
Total Cash & Investments Held by Trustees	2,540,227
Prepays	22
Accrued Income	4,331
Other Receivables	4,788
Due from Broker Securities Sold	<u>268,133</u>
Total Current Assets	<u>2,817,977</u>
Capital Assets (at Cost):	
Land	405
Buildings	3,472
Machinery and Equipment	292
Accumulated Depreciation	<u>(1,020)</u>
Net Capital Assets	<u>3,149</u>
Total Assets	<u>2,821,126</u>
LIABILITIES	
Current Liabilities:	
Accrued Liabilities	3,887
Obligations Under Securities Lending	132,586
Due to Broker Securities Purchased	<u>340,776</u>
Total Current Liabilities	<u>477,249</u>
NET POSITION	
Net Position Held in Trust for:	
Restricted for Pensions	2,275,049
Postemployment Healthcare Plan	<u>68,828</u>
Total Net Position	<u>\$ 2,343,877</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, 2017
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ADDITIONS	
Interest, Dividend, and Securities Lending Income	\$ 28,074
Less: Investment Management Fees and Interest Expense	(6,697)
Net Gain (Loss) in Fair Value of Investments	218,385
Other Income	15,140
Employer Contributions	115,859
Employee/Retiree Contributions	43,305
Total Additions	<u>414,066</u>
DEDUCTIONS	
Benefit Payments	220,573
Refunds	3,879
Administrative Expenses	14,284
Total Deductions	<u>238,736</u>
CHANGE IN NET POSITION	
Restricted for Pensions	173,616
Postemployment Healthcare Plan	1,714
Total Change in Net Position	<u>175,330</u>
NET POSITION - BEGINNING OF YEAR	
Restricted for Pensions	2,101,433
Postemployment Healthcare Plan	67,114
Total Beginning Net Position	<u>2,168,547</u>
NET POSITION - END OF YEAR	
Restricted for Pensions	2,275,049
Postemployment Healthcare Plan	68,828
Total Ending Net Position	<u>\$ 2,343,877</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

Note A: Summary of Significant Accounting Policies

Note B: Cash, Cash Equivalents, & Investments

Note C: Receivables and Interfund Balances

Note D: Fund Equity

Note E: Restricted Assets

Note F: Capital Assets

Note G: Debt Obligations

Note H: Landfill Closure and Postclosure Care Costs

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

Note J: Employee Benefits

Note K: Commitments and Contingencies

Note L: Segment Financial Information

Note M: Fort Worth Multi-Purpose Arena

Note N: Subsequent Events

Note O: New Accounting Standards

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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, 2017, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City's significant accounting policies applied in the preparation of the accompanying financial statements follows.

A.1. FINANCIAL REPORTING ENTITY

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

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

Blended Component Units

Blended component units, although legally separate entities are reported as part of the primary government because they meet the criteria above, and are so intertwined with the City that they are, in substance, the same as the City. In Fiscal Year 2017 (FY2017), 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 eight blended component units below are reported as part of the primary government:

Crime Control and Prevention District—The Crime Control and Prevention District (CCPD) was created in March 1995 by a vote of local residents, and renewed in 2000, 2005, 2010 and 2014 for subsequent five-years periods and expires at the end of fiscal year 2019. The CCPD is supported by a ½ cent sales tax which serves a role in providing the necessary resources to effectively implement crime control strategies. Although it is legally separate from the City, the members of the Board of the CCPD and members of the City Council are substantially the same. The City has financial accountability, and a financial benefit/burden relationship exists, 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, 2017
(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 by the City in 1979 pursuant to the Texas Housing Finance Corporations Act. The FWHFC was formed for the purpose of financing the cost of residential development for persons of low and moderate income, including multifamily and single-family housing. Although it is legally separate from the City, the members of the Board of the FWHFC and members of the City Council are 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. 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; Mercantile Apartments GP, LLC; The Broadmoor at Western Hills GP, LLC; Enclave Park GP, LLC and Terrell Homes GP, LLC. These LLC's are limited partners with 0.005% to 0.01% respective interest in the following Texas Limited Partnerships and one Limited Liability Company: Decatur Angle Ltd., Enclave Westport, LP, Race Streets Lofts, Ltd., Reserve at Quebec, LLC, and Terrell Homes, Ltd. Included in the FWHFC financial statements is its discretely presented component unit: Terrell Homes, Ltd., which is discussed under the discretely presented component unit section. Separate financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

Fort Worth Local Development Corporation—The Fort Worth Local Development Corporation (FWLDC) is a 501(c)(3) organization and a Texas nonprofit corporation formed in 1987 by the City Council. The original purpose of the FWLDC was to administer a low-interest rate program for business development in and around the Stockyards area in accordance with the Economic Development Administration Block Grant Program. However, the articles of incorporation are broad enough to allow involvement in almost any kind of city-wide economic development activities. Although it is 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 1150 South Freeway, Fort Worth, Texas 76104.

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

Alliance Airport Authority, Inc.—The Alliance Airport Authority, Inc. (the Authority) was created in 1989. It is an industrial development corporation created to benefit the City and to, among other things, issue bonds, promote and develop new and expanded business enterprises in the City, promote and encourage employment, and otherwise to benefit the public in accordance with the Development Corporation Act of 1979. Although it is 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 1150 South Freeway, Fort Worth, Texas 76104.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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 1201 Houston Street, Fort Worth, TX 76102.

Lone Star Local Government Corporation—The Lone Star Local Government Corporation (LSLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code, and Chapter 394 of the Texas Local Government Code. The LSLGC is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing of projects on behalf of the City. Although it is legally separate from the City, the members of the Board of the LSLGC and 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 1150 South Freeway, Fort Worth, Texas 76104.

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 parking garages 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 Capital Project Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting the Fort Worth Central City Local Government Corporation at 1150 South Freeway, Fort Worth, Texas 76104.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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. 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, 2016, financial information of the Partnership is presented in a separate column in the government-wide financial statements. Terrell Homes, Ltd. audited financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 200 Texas Street, Fort Worth, Texas 76102.

Pension and Retiree Healthcare Trust Funds

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

Retiree Healthcare Trust Fund of the City of Fort Worth—The single-employer defined benefit retirement health care trust was established under the legal authority of the City Charter and is administered by the City. 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, 2017
(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.

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

Dallas/Fort Worth International Airport—Dallas/Fort Worth International Airport (D/FW Airport) was created by contract and agreement between the City of Fort Worth and the City of Dallas for the purpose of developing and operating an airport as a jointly governed organization between the two Cities. The D/FW Airport is governed by a 12-member board comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member chosen from the neighboring cities of Irving, Grapevine, Euless, and Coppell. The Board must submit an expenditure budget for each fiscal year to the City Manager of each city by July 15. The governing body of each city must approve the budget by September 1. The City is a member of the Revenue Sharing Agreement, as originally adopted on May 1, 2001. Total revenue for the year ended September 30, 2017, was \$6,110,299 from this agreement. Financial statements of the Airport are not included in the City's financial statements because the Airport is not under the sole control of the Fort Worth City Council and the City has no ongoing financial interest or responsibility for the airport. Separate audited financial statements, which are publicly available, can be obtained by contacting the Airport at 2400 Aviation Drive, P.O. Box 619428, DFW Airport, Texas 75261-9428.

Fort Worth Housing Solutions—The Fort Worth Housing Solutions (hereinafter "Housing Solutions" and formerly the Fort Worth 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 Solutions is vested solely with the Housing Solutions' Board of Commissioners. Housing Solutions 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. Also, the City is not responsible for any deficits incurred and has no fiscal management control. The audited financial statements for the Housing Solutions can be obtained by contacting the Department of Administrative Services, Housing Solutions, 1201 E. 13th Street, Fort Worth, Texas 76102.

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 comprised 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, 2017
(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 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, 2016) financial information of the City's Discretely Presented Component Unit: Terrell Homes, Ltd.

Fund Financial Statements

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

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

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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 modified accrual is used for the basis of accounting. The City reports the following major governmental funds:

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

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

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

Capital Projects Fund accounts for the City's purchase or construction of major capital facilities, 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. The proceeds of specific revenue sources that have been committed or restricted to expenditure for specified purposes other than debt service or capital project are accounted as special revenue funds.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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 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, 2017
(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.

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, 2017
(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 is recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. Contributions from members are recorded when the employer makes payroll deductions from Plan members. Employer contributions are recognized when due. Benefits and refunds are recognized when due and payable by the terms of the Plan.

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

A.4. PROPERTY TAXES

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

Property taxes levied for 2017 have been recorded as receivables, net of allowance for refunds and uncollectible amount. The net receivables collected during 2017 and those considered "available" at FY2017, (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2017. The remaining receivables have been reflected as deferred inflows of resources. In the government-wide financial statements, tax revenue is recognized in the year in which the taxes are levied.

The State Constitution limits the tax rate to \$2.50 per \$100 of assessed valuation including debt service. However, the City Charter further limits the tax rate to \$1.90 per \$100 or \$19.00 per \$1,000 of assessed valuation including debt service. The property tax rate levied in fiscal year 2017 was \$0.8350 per \$100 of valuation.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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) to increase income through investment activities. Investments are carried at fair value. Interest earnings are allocated based on cash and investment amounts in individual funds in a manner consistent with budgetary and legal requirements.

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

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

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

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

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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, 2017. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date (date usually two days prior to the record date).

The City Plan invests in limited partnerships which are valued an 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 FY2017 represents trades pending settlement and amounts due on foreign currency contracts.

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

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

Investments and broker accounts denominated in foreign currencies outstanding at September 30, 2017, were converted to the City Plan's functional currency at the foreign exchange rates quoted at September 30, 2017. These foreign exchange gains and losses are included in a change to net gain (loss) in fair value of investments in the accompanying Statement of Changes in Fiduciary Net Position.

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

Valuation of Investments—Investments are stated at fair value as of September 30, 2017, 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, 2017
(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 three 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 two years and the cost is \$5,000 or more.

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

Water and Sewer Meters and Equipment	5-20 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
Amortizable Intangible	5-10 years

The City capitalizes certain computer software, works of art, and aviation easements as intangible assets. In accordance with the City's capitalization policy, other intangible assets are amortized over the useful life of the related assets. Also, works of art do not have a useful life in accordance with GAAP. The City's capitalized works of art are reported in the government-wide financial statements under governmental activities. These assets are recorded at their acquisition value at the date of donation.

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."

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.9. COMPENSATED ABSENCES

City employees earn personal leave, which may either be taken or accumulated until paid upon termination or retirement. Unused sick leave, accrued holidays, and compensated time may be accumulated to a specific maximum amount and is paid upon termination, retirement or death for Civil Service employees. All other employees are paid up to an established limit for personal leave upon retirement or death. Accumulated vacation and sick leave are accrued when incurred in the government-wide Statement of Net Position, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund statements, only if they have matured as a result of employee resignation or retirements in accordance with GAAP. For accrued amounts that are paid through proprietary funds, an expense and liability for the total future liability are recorded.

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

A.10. RISK FINANCING

A.10.A. RISK FINANCING

The Risk Financing internal service fund accounts for the administration of risk management activities and programs in accordance with GAAP. These activities and programs are as follows: third party liability claims and coordination with the Department of Law on litigation, property and casualty insurance, workers' compensation, group health and life insurance plan, unemployment compensation insurance, and retired employees' group death benefits for certain retirees.

All funds of the City participate in the program and make payments to the Risk Financing internal service fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Since the City is primarily self-insured, settlement amounts have not exceeded coverage in any of the prior three fiscal years. An accrual for unpaid claims and claims incurred but not reported is reflected in the internal service funds and government-wide financial statements as estimated claims payable. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on City experience since the inception of the insurance programs. In accordance with GAAP, the estimated claims payables are based on the estimated ultimate cost of settling the claims. The total estimated claims payable includes estimates of allocated loss adjustment expenses. A discount rate of 3% has been applied to some estimated claims payable. The undiscounted total estimated claims payable is \$39,225,078, which includes \$2,465,000 of "claims incurred but not reported" in 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, 2017, is \$33,376,804, of which \$13,700,043 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the Internal Service Funds statements.

	Balance at October 1, 2015	Additions	Deletions	Balance at September 30, 2016	Additions	Deletions	Balance at September 30, 2017
Judgments and Claims	\$ 37,775	\$ 84,619	\$ (88,008)	\$ 34,386	\$ 78,288	\$ (79,297)	\$ 33,377

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK FINANCING (CONTINUED)

A.10.B. LIABILITY INSURANCE

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

A.10.C. PROPERTY AND CASUALTY INSURANCE

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

A.10.D. WORKERS' COMPENSATION

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

A.10.E. GROUP HEALTH AND LIFE INSURANCE

The City maintains a group health insurance plan for active, retired employees, and their eligible dependents. The City's self-insured Preferred Provider Organization plan is offered to the active employees and the non-Medicare retirees. There are two plan options, one being a high deductible health plan (the Consumer Choice Plan) with a Health Savings Account – contributions to the fund are provided by both the City and participating employees and retirees; and one being, The Health Center Plan with deductible and copays. This year the city added health centers that provide free primary care services for those on the Health Center Plan and reduced cost for those on the Consumer Choice Plan. There are three (3) main Health Centers and five (5) Satellite Offices through our partnership with Southwest Health Resources.

There is a fully insured plan offered to the Medicare 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
SEPTEMBER 30, 2017
(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 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 \$12,218,142 as a deferred outflow of resources for unamortized loss on debt refunding in the governmental activities and \$10,423,944 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 \$1,300,698,000 as of September 30, 2017 in accordance with GASB Statement No. 68. These deferred outflows are detailed in Note I.

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

In 2003, the City entered into an agreement with Allied Waste Systems (D/B/A Trinity Waste Services) to operate the City's Southeast Landfill. As part of this agreement, Allied Waste Systems is compensated by third party users of the landfill. The City owns the land for the landfill and retains ownership (residual interest) in the land at the end of the 20-year agreement. In 2003, Allied Waste Systems made an initial payment of \$9,600,000 to the City. This upfront payment is being amortized over the 20-year contract term. As of September 30, 2017, the City recognized a deferred inflow of resources in the amount of \$2,644,947 in the Solid Waste Fund.

The City recorded total deferred inflows of resources of \$66,155,000 as of September 30, 2017, in accordance with GASB Statement No. 68. These deferred inflows are detailed in Note I.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION

Net position is presented in 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 were 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
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

General Fund and Debt Service Funds

General Fund

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

Debt Service Fund

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

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

Capital Projects Fund

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

Special Revenue Funds

The City will maintain the following minimum restricted and assigned fund balances:

- A minimum fund balance in Special Revenue Funds equivalent to two months (16.67%) of regular, ongoing 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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 62 days Cash on Hand with a goal of 250 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 analysis and forecasting, the target level of reserves is not met at fiscal year-end or is not likely to be met at any point within a five-year time horizon, then during the annual budget process a plan to replenish the reserve levels will be developed by collaboration among affected departments and the Department of Financial Management Services based on the requirements outlined in this policy.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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 amounts of bonds or increase the pay-as-you-go contributions needed to fund capital projects in the City's Capital Improvement Plan;
- One-time expenditures/expenses that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or
- Start-up expenditures/expenses for new programs provided that such action be approved by the City Council and is considered in the context of multi-year projections of revenue and expenditures/expenses as prepared by the Department of Financial Management Services.

Debt Service Fund — Use to repay any outstanding debt or obligations.

Capital Projects Fund

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

Internal Service Funds— Insurance and Non-Insurance Funds

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund Balance Categories and Classifications					
Fund Balance	General	Debt Service	Capital Projects*	Nonmajor Governmental Funds**	Total Fund Balance
Nonspendable					
Inventory	\$ 1,892	\$ -	\$ -	\$ 2,638	\$ 4,530
Prepays	1,061	-	412	36	1,509
Total Nonspendable	<u>2,953</u>	<u>-</u>	<u>412</u>	<u>2,674</u>	<u>6,039</u>
Restricted					
Park Improvements	8,286	-	-	-	8,286
Debt Service	-	38,018	-	-	38,018
Crime Control and Prevention	-	-	-	9,496	9,496
Environmental Management	-	-	-	1,386	1,386
Construction of Multi-Purpose Arena	-	-	187,490	6,054	193,544
Red Light Enforcement Program	-	-	-	3,796	3,796
City Television	-	-	-	6,356	6,356
Southside Medical Dist. Development	-	-	-	11,570	11,570
North Tarrant Parkway Development	-	-	-	6,197	6,197
Lancaster Corridor Development	-	-	-	10,699	10,699
Fort Worth Downtown Development	-	-	-	6,796	6,796
Evans/Rosedale Section	-	-	6,346	-	6,346
Maintenance Facility Relocation	-	-	9,680	-	9,680
Hemphill Street Project	-	-	11,050	-	11,050
Fire Apparatus Replacement	-	-	8,346	-	8,346
Parker - Henderson Road Project	-	-	6,439	-	6,439
Rock Creek Sewer Project	-	-	5,404	-	5,404
Street Maintenance	-	-	5,005	-	5,005
Other	1,600	-	73,870	8,585	84,055
Total Restricted	<u>9,886</u>	<u>38,018</u>	<u>313,630</u>	<u>70,935</u>	<u>432,469</u>

(continued)

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balance Categories and Classifications					
Fund Balance	General	Debt Service	Capital Projects*	Nonmajor Governmental Funds**	Total Fund Balance
Committed					
Public Events and Facilities	\$ 18,504	\$ -	\$ -	\$ -	\$ 18,504
Debt Service	-	10,333	-	-	10,333
Park Improvements	4,029	-	-	-	4,029
Sixth Patrol Division Facility	-	-	6,139	-	6,139
Police Vehicle Replacement	-	-	13,257	-	13,257
Police Facility Renovation	-	-	14,875	-	14,875
State Sales Tax Agreement	6,476	-	-	2,516	8,992
Other	-	-	183,983	1,612	185,595
Total Committed	<u>29,009</u>	<u>10,333</u>	<u>218,254</u>	<u>4,128</u>	<u>261,724</u>
Assigned					
Culture and Tourism	-	-	-	11,397	11,397
Aircraft Maintenance Program	-	-	-	6,221	6,221
Urban Redevelopment and Housing	-	-	-	10,773	10,773
Lake Worth Trail - Phase 1	-	-	6,164	-	6,164
Other	-	3,945	68,030	13,452	85,427
Total Assigned	<u>-</u>	<u>3,945</u>	<u>74,194</u>	<u>41,843</u>	<u>119,982</u>
Unassigned (Deficit)	<u>93,601</u>	<u>-</u>	<u>-</u>	<u>(1,140)</u>	<u>92,461</u>
Total Fund Balance	<u>\$ 135,449</u>	<u>\$ 52,296</u>	<u>\$ 606,490</u>	<u>\$ 118,440</u>	<u>\$ 912,675</u>

(concluded)

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

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

The City sets aside funds restricted for retiree health benefits as identified in the Collective Bargaining Agreement between the City and the Fort Worth Professional Firefighters Association. These funds are restricted but are not yet deposited into a formal trust. The amount set aside as of September 30, 2017, 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, 2017
(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 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.

A.15. TAX ABATEMENTS

As of September 30, 2017, the City of Fort Worth provided two programs that allowed for reduction or reimbursement of taxes that the taxpayer paid or otherwise would owe the City. These programs include the Chapter 380 Agreement Program and the Neighborhood Empowerment Zones.

Chapter 380 Agreement Program

This program was created under Texas Local Government Code Chapter 380 and adopted by Fort Worth City Council resolution. This program is grant based. The purpose of these City grants is to reimburse private developers for the range of expenses that may otherwise contribute to a financing gap, yielding projects financially infeasible. A city may provide a Chapter 380 grant in the form of a municipal sales or property tax rebate. In addition, various amendments to state law have permitted temporary hotel/motel tax rebates to help finance convention center-related hotel facilities.

If the recipient of a Chapter 380 Tax Abatement breaches any of the terms or conditions of the Tax Abatement Agreement and fails to cure such breach in accordance with the Tax Abatement Agreement, the City shall have the right to terminate the Tax Abatement Agreement. In this event, the recipient will be required to pay the City any taxes that were abated pursuant to the Tax Abatement Agreement prior to its termination.

Neighborhood Empowerment Zones

This program was created under Texas Tax Code Chapter 312 and adopted by the Fort Worth City Council resolution. This program allows for homeowners or investors of residential single family property to apply for a tax abatement. The applicants must document that their property resides within a Neighborhood Empowerment Zone and complies with the requirements of the program. Property that does not maintain conformance with the City's zoning ordinance shall not be eligible to receive this tax abatement.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.15. TAX ABATEMENTS (CONTINUED)

The table below represents the total tax abatements by City program for the year ended September 30, 2017:

Tax Abatement Program	Amount Abated
Chapter 380 Agreement	
Sales Tax	\$ 1,049
Hotel Occupancy Tax	2,979
Neighborhood Empowerment Zone	
Property Tax	225
Total Tax Abatement	\$ 4,253

A.16. IMPLEMENTATION OF NEW GASB STATEMENTS

During the year, the City implemented GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 80, *Blending Requirements for Certain Component Units*, GASB Statement No. 82, *Pension Issues*. Additional information on the implementation of these statements are noted below:

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about a reporting government's tax abatement agreements that reduce tax revenues. This Statement requires disclosure 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 's tax revenues. The City has no current tax abatement agreements with other governments. Tax abatement agreements required information for this disclosure includes the following information:

- Brief descriptive information, such as the tax being abated, the authority under which the 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.
- Commitments made by a government, other than to rebate taxes, as part of the tax abatement agreement.

GASB 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*. See Note A.1 for additional information on the implementation of this statement.

GASB 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. See Note I for additional information on the implementation of this statement.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE B: CASH, CASH EQUIVALENTS, & INVESTMENTS

B.1. POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all operating, capital project, and special revenue funds. Each fund's portion of this pool is displayed separately on the Statement of Net Position as "Cash, Cash Equivalents, & Investments." The cash and investments of the Employees' Retirement Fund and investments of the OPEB Trust are managed and accounted for separately from those of the City. The City categorizes its fair value measurements within the fair value hierarchy established by GAAP, see Note A.5.A.

Pooled Portfolio

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

State statutes and the Policy authorize investment in obligations of the U.S. Government, its agencies and instrumentalities, municipal obligations rated AA or better, repurchase agreements, A1/P1 commercial paper, AAA-rated constant dollar public funds investment pools, Letters of Credit (LOC) issued by the Federal Home Loan Bank, and Security and Exchange Commission (SEC) registered money market mutual funds. The City's Policy requires that collateral is limited to federal government securities with a market value equal to 102 percent of deposits.

The City, as authorized by the City Council, engages in securities lending through a contract with Citibank whereby all of the U.S. Treasury securities and agency securities are available to be lent to an authorized dealer. All loans can be terminated on demand by either party. The State law indirectly addresses reinvestment of collateral through the reverse repurchase agreement requirements. The law requires that reinvestment of the funds received "must mature not later than the expiration date" of the loan (Section 2256.011d of the Public Funds Investment Act). The City receives defined collateral of at least 102 percent of fair value. At no time is ownership of the underlying securities transferred to the primary dealer. The City does not have the ability to pledge or sell collateral securities outside of borrower default. Therefore, in accordance with GAAP, securities on loan are not presented on the City's financial statements. As of September 30, 2017, the carrying and fair value of securities on loan were \$395,826,551 and the fair value of collateral held against the loaned securities was \$403,720,966.

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, 2017, the City's demand and time deposits totaled \$574,669,115. Of the \$574,668,916 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, 2017, all funds were insured or collateralized as required under state law.

As of September 30, 2017, 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, 2017, interest earned of \$299,031 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

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+ years</u>
Targeted Portfolio %	40.00	15.00	15.00	15.00	15.00
Actual %	32.29	28.53	15.52	12.51	11.15

As of September 30, 2017, the Portfolio included:

- no holdings with a stated maturity date beyond April 28, 2026;
- holdings maturing beyond one year represented 67.71 percent; and
- the WAM was 1,290 days or 3.5 years.

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, 2017, the Portfolio contained U.S. Government notes (debentures) with various callable structures totaling \$368,583,760. The callable debentures included \$299,445,060 in quarterly callable notes, \$17,902,560 in continuously callable notes, and \$51,236,140 in step-up callable notes. The step-up callable notes will increase in coupon rate if not redeemed on the call date.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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. A 102 percent margin on collateral is required, and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Securities are priced at fair value on a daily basis as a contractual responsibility of the bank.

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

The Policy restricts investments in commercial paper to dual rated, A1/P1 commercial paper. The Policy also states maximum maturity for commercial paper is 270 days.

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

As of September 30, 2017, the Portfolio consisted of:

- U.S. Treasury Notes and Bills represented 43.46%;
- U.S. Obligations represented 53.54%; and
- Municipal Obligations represented 3.00%

See Note B.3. for a detailed listing of investments as of September 30, 2017.

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

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

The City's balances and investment horizon are managed in accordance with cash flow needs, prevailing market conditions, and general economic factors.

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

As of September 30, 2017, 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Gas Lease Portfolio

Section 2256.0202 of the PFIA authorizes municipal funds from the management and development of mineral rights to be invested in accordance with Texas Trust Code (Subtitle B, Title 9, Property Code). Texas Trust Code allows any security that a “Prudent Investor” would be willing to utilize. City Council has adopted a separate Gas Lease Investment Policy (GLI Policy) statement for these funds. The GLI Policy defines authorized investments and sets the objectives of security, liquidity, and diversification. In addition to the authorized investments allowed under the Investment Policy and Strategy, the GLI Policy authorizes: investments in municipal obligations rated A or better; prime banker’s acceptances; domestic and international bond mutual funds with a Morningstar rating of at least two stars; domestic and international equity, and preferred stock mutual funds; domestic and international stocks; real assets; real estate; complementary strategies (currently hedge funds); and corporate and asset-backed securities rated A or better. The market value and cost basis of this Gas Lease Portfolio were \$65,518,000 and \$61,057,699, respectively.

The GLI Policy sets maximum maturity limits for each authorized investment type. The maximum stated maturity for fixed income securities is 20 years. As of September 30, 2017, 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	\$ 1,850	\$ 3,401	\$ 141	\$ 274	\$ 5,666
Mortgage Backed Securities	-	351	-	-	351
Municipal Bonds	358	202	-	-	560
Corporate Obligations	1,054	5,170	-	-	6,224
Domestic Mutual Funds	3,565	-	-	-	3,565
International Mutual Funds	2,285	-	-	-	2,285
Total Fixed Income Securities	<u>\$ 9,112</u>	<u>\$ 9,124</u>	<u>\$ 141</u>	<u>\$ 274</u>	<u>\$ 18,651</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Investments Managed by the City				
Federal Farm Credit Bank (FFCB)	\$ 32,854	\$ -	\$ 32,854	\$ -
Federal Home Loan Bank (FHLB)	6,796	-	6,796	-
Federal Home Loan Mortgage Corporation (FHLMC)	191,994	-	191,994	-
Federal National Mortgage Association (FNMA)	216,777	-	216,777	-
U.S. Treasury Notes	363,930	363,930	-	-
Municipal Obligations - Short Term	25,149	-	25,149	-
Total Investments Managed by the City	<u>837,500</u>	<u>363,930</u>	<u>473,570</u>	<u>-</u>
Investments Held by Trustees for the City				
Gas Lease Revenue - Fixed Income	12,801	-	12,801	-
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	5,850	5,850	-	-
Gas Lease Revenue - Equities	2,838	2,838	-	-
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	26,558	26,558	-	-
Gas Lease Revenue - Real Assets Funds	8,001	8,001	-	-
Gas Lease Revenue - Complementary Strategies Funds	9,470	9,470	-	-
Total Investments Held by Trustees for the City	<u>65,518</u>	<u>52,717</u>	<u>12,801</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 903,018</u>	<u>\$ 416,647</u>	<u>\$ 486,371</u>	<u>\$ -</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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, 2017:

	<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	\$ 733,010	N/A	N/A
Cash in Bank - Blended Component Units	13,243	N/A	N/A
Federal Farm Credit Bank (FFCB)	32,854	451	Aaa
Federal Home Loan Bank (FHLB)	6,796	3,132	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	191,994	899	Aaa
Federal National Mortgage Association (FNMA)	216,777	939	Aaa
U.S. Treasury Notes	363,930	797	Aaa
Municipal Obligations - Short Term	25,149	680	Aa1-Aa3
Total Cash, Cash Equivalents, & Investments Managed by the City	<u>1,583,753</u>		
Cash, Cash Equivalents, & Investments Held by Trustees for the City			
Gas Lease Revenue - Cash	4,466	N/A	N/A
Gas Lease Revenue - Fixed Income	12,801	997	Note B.1.
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	5,850	N/A	Note B.1.
Gas Lease Revenue - Equities	2,838	N/A	N/A
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	26,558	N/A	N/A
Gas Lease Revenue - Real Assets Funds	8,001	N/A	N/A
Gas Lease Revenue - Complementary Strategies Funds	9,470	N/A	N/A
Cash Held by Trustee - United Healthcare	1,928	N/A	N/A
Cash Held by Trustee - York	800	N/A	N/A
Cash Held by Trustee - TWDB 2015B SWIRF	130	N/A	N/A
Cash Held by Trustee - TWDB 2017 SWIRF	16,356	N/A	N/A
Cash Held by Trustee - Rock Creek	11,576	N/A	N/A
Cash Held by Trustee - CWSRF2015	5,511	N/A	N/A
Cash Held by Trustee - CWSRF2017	24	N/A	N/A
Cash Held by Trustee - HUD 108 Loan Fund (Evans/Rosedale/Mercado)	717	N/A	N/A
Cash Held by Trustee - Southeast Landfill	5,481	N/A	N/A
Total Cash, Cash Equivalents, & Investments Held by Trustees for the City	<u>112,507</u>		
Total Cash, Cash Equivalents, & Investments - Primary Government	<u>\$ 1,696,260</u>		
Cash & Cash Equivalents Managed by the Employees' Retirement Fund			
Cash in Bank	\$ 173	N/A	N/A
Investments Managed by the Employees' Retirement Fund			
Investments	<u>2,467,998</u>	See Note B.5.	
Total Cash, Cash Equivalents, & Investments - Employees' Retirement Fund	<u>\$ 2,468,171</u>		
Cash & Cash Equivalents Managed by the Retiree Healthcare Trust Fund			
Cash in Bank	\$ 303	N/A	N/A
Investments Managed by the Retiree Healthcare Trust Fund			
Investments	<u>72,229</u>	See Note B.4.	
Total Cash, Cash Equivalents, & Investments - Retiree Healthcare Trust Fund	<u>\$ 72,532</u>		
Cash & Cash Equivalents Managed by the Discretely Presented Component Unit			
Cash in Bank	\$ 315	N/A	N/A
Total Cash & Cash Equivalents - Discretely Presented Component Unit	<u>\$ 315</u>		
Total Cash, Cash Equivalents, & Investments	<u>\$ 4,237,278</u>		

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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	\$ 1,696,260
Employees' Retirement Fund	2,468,171
Retiree Healthcare Trust Fund	72,532
Discretely Presented Component Unit	315
Total, per Note	<u>\$ 4,237,278</u>
Cash, Cash Equivalents, & Investments, per Basic Financial Statements	
Statement of Net Position - Primary Government	\$ 1,102,198
Statement of Net Position - Primary Government Restricted	594,062
Statement of Net Position - Discretely Presented Component Unit	315
Statement of Fiduciary Net Position - Cash and Cash Equivalents	476
Statement of Fiduciary Net Position - Cash and Investments Held by Trustees	2,540,227
Total, per Basic Financial Statements	<u>\$ 4,237,278</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.4. INVESTMENTS OF THE RETIREE HEALTHCARE TRUST FUND (THE OPEB TRUST)

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

Custodial Credit Risk—As of September 30, 2017, 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, 2017, are shown below:

Investment Type	Rating	Fair Value*
Fixed Income Mutual Funds:		
Ishares (US Bond Market)	N/A	\$ 40,329
Powershares Senior Loan Etf	N/A	1,306
Vanguard Short-Term Investment Grade	N/A	7,560
Total Fixed Income Mutual Funds		49,195
Equity Mutual Funds:		
Ishares S&P 500 ETF	N/A	6,626
Ishares S&P 500 Growth ETF	N/A	1,880
Ishares S&P 500 Value ETF	N/A	2,674
Ishares Msci Eafe ETF	N/A	4,068
Ishares Russell Midcap Value ETF	N/A	1,687
Ishares Russell 2000 Value Index ETF	N/A	1,804
Ishares Russell 2000 Growth ETF	N/A	1,792
Vanguard Emerg Mkt	N/A	1,506
Vanguard Reit ETF	N/A	997
Total Equity Mutual Funds	N/A	23,034
Total Investments		\$ 72,229

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

Concentration of Credit Risk—The OPEB Trust Investment Guideline addresses concentration limits on a manager basis. As of September 30, 2017, 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

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

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND

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

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

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

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

Equity Investments—This consists of two Commingled Global Equity Funds that are passive institutional investment funds that invest in global equities diversified across all sectors focused on large to mid-cap equities. One of the global equity funds is based on a cap-weighted MSCI ACWI index and the second fund is based on an MSCI ACWI weighted toward fundamental aspects of companies within the index. There is also one Commingled Emerging Market Equity Fund that is an institutional investment fund that invests in emerging market equities diversified across all sectors focused on large to mid-cap equities.

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(000's omitted in tables)

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

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

Absolute Return Funds—This category consists of several different styles of funds, as well as different liquidity structures. Directional funds include investments in four funds that invest in a directional nature based on their views of markets, at times these funds may invest without directional bias. One of these funds is currently in redemption, representing 14% of directional funds, allowing the Plan to receive 1/4 of its investments quarterly over twelve months, the Plan had received its first redemption as of September 30, 2017. Equity Long/Short funds include investments in six funds with three of these funds currently in redemption consisting of 16% of assets in this category, with 90% of that redemption to be received in October 2017. 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 29% of assets in this category, allows quarterly liquidity received 1/4 of assets each subsequent quarter. Event-driven funds include investments in eight (8) funds with three (3) of those funds currently in redemption consisting of 2% of assets in this category. These funds seek to gain an advantage from pricing inefficiencies that may arise based on corporate actions or events which may change the nature of the underlying investment. The nature of event-driven investments often restricts the liquidity of those investments. In this category, 17% of the assets may only be redeemed in three (3) year intervals, while 22% may only be redeemed on an annual basis. The remaining 59% of assets may be redeemed either quarterly receiving 1/4 of assets each subsequent quarter. Multi-Strategy funds include investments in five (5) funds with all funds currently in redemption. Multi-Strategy funds invest in multiple strategies in order to diversify risks and reduce volatility. All funds in this category have been redeemed from, with the largest representing 87% of the assets will distribute 95% of assets during the upcoming fiscal year and 5% reserved for an audit holdback. The remaining assets are either audit holdback, or side-pocketed assets waiting for liquidation. Relative Value funds include investments in three (3) funds in this category with one of these funds in redemption. Relative Value funds seek returns by identifying mispricing of related securities or financial instruments. The redeemed fund in this category representing 19% of assets in this category has quarterly liquidity with a limit of 1/6 of assets being redeemed at one time; the fund has received its first installment with the remainder to be returned over the next 15 months. This limit makes 4% of the assets in this category available past a one (1) year from initial redemption.

Alternative Assets—This category consists of limited partnership structures that invest in companies or real estate which allow for limited or no liquidity for the investor. Private Equity partnerships consist of funds that invest in buyouts, growth equity, venture capital, special situations, mezzanine and distressed debt. There are 79 partnerships in this category, and these partnerships are typically structured with life from 7-10 years and are considered illiquid. As investments are sold out of the partnerships assets are returned to the investors. These funds fair value are determined using net asset values one (1) quarter in arrears and adjusted for cash flows of the most recent quarter. Real Estate - Core partnerships invest in highly leased lower leverage properties that provide consistent income to the investors. These funds allow quarterly liquidity to the investors. There are three (3) partnerships in this category. Real Estate - Non-Core partnerships invest in properties that require some development or improvements to improve the position of the property. There are 25 partnerships in this category, and these partnerships are typically structured with life from 7-10 years and are considered illiquid. As properties are sold out of the partnership assets are returned to the investors. These funds fair value are determined using net asset values one (1) quarter in arrears and adjusted for cash flows of the most recent quarter.

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

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

Below are the Plan's investments and derivative instruments measured at fair value as of September 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Short Term Securities	\$ 204,717	\$ -	\$ 204,016	\$ 701
Debt Securities				
Collateralized Debt Obligations	51,022	-	44,904	6,118
Commercial Mortgage-Backed Securities	14,248	-	11,865	2,383
Corporates	136,519	-	136,105	414
Debt Other	100,826	98,099	2,727	-
Municipals	9,403	-	9,154	249
Non U.S. Government	19,979	-	19,979	-
U.S. Government Agencies	121,091	-	109,145	11,946
U.S. Treasuries	62,284	62,284	-	-
Total Debt Securities	<u>515,372</u>	<u>160,383</u>	<u>333,879</u>	<u>21,110</u>
Equity Securities				
Consumer Discretionary	36,250	36,250	-	-
Consumer Staples	32,974	32,974	-	-
Energy	47,021	47,021	-	-
Equity Other	11,474	11,474	-	-
Financials	51,430	51,427	-	3
Health Care	32,194	32,194	-	-
Industrials	64,680	64,680	-	-
Information Technology	46,334	46,334	-	-
Materials	29,685	29,685	-	-
Real Estate	37,137	37,137	-	-
Telecommunication Services	3,265	3,265	-	-
Utilities	2,391	2,391	-	-
Total Equity Securities	<u>394,835</u>	<u>394,832</u>	<u>-</u>	<u>3</u>
Investment Derivative Instruments				
Swaps	353	-	353	-
Futures	9	9	-	-
Rights and Warrants	3	-	-	3
FX Forwards	(679)	-	(679)	-
Total Investment Derivative Instruments	<u>(314)</u>	<u>9</u>	<u>(326)</u>	<u>3</u>
Total Investments by Fair Value Level	<u>\$ 1,114,610</u>	<u>\$ 555,224</u>	<u>\$ 537,569</u>	<u>\$ 21,817</u>
Investments Measured at Net Asset Value*				
Equity Investments				
Commingled Global Equity Fund	\$ 477,553			
Commingled Emerging Market Equity Fund	38,300			
Total Equity Investments	<u>515,853</u>			
Absolute Return	344,359			
Alternative Investments				
Private Equity	271,252			
Real Estate - Core	106,001			
Real Estate	115,609			
Total Alternative Investments	<u>492,862</u>			
Total Investments Measured at Net Asset Value	<u>\$ 1,353,074</u>			

*Investments measured at Net Asset Value have total Unfunded Commitments of \$225,857,417, the Plan's investments at NAV offer redemption frequencies ranging from daily to three (3) years on redeemable investments; with a total of \$386,860,431 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 (CONTINUED)

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

GAAP addresses common deposit and investment risks including custodial credit risk, credit risk of debt securities, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below:

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, 2017, all investments are registered in the name of the Employees' Retirement Fund of the City of Fort Worth or in the name of the Plan's custodian, established through a master trust custodial agreement, except investments in alternative investments and commingled Funds.

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

Credit Risk of Debt Securities—The Plan's investments as of September 30, 2017, are shown below:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Fair Value</u>
Asset & Mortgage Backed Obligations	AAA	\$ 39,945
Asset & Mortgage Backed Obligations	AA	4,161
Asset & Mortgage Backed Obligations	A	5,234
Asset & Mortgage Backed Obligations	BBB	2,290
Asset & Mortgage Backed Obligations	BB	1,297
Asset & Mortgage Backed Obligations	B	2,850
Asset & Mortgage Backed Obligations	CCC	2,327
Asset & Mortgage Backed Obligations	CC	51
Asset & Mortgage Backed Obligations	D	312
Asset & Mortgage Backed Obligations	NR	7,163
Total Asset & Mortgage Backed Obligations		65,630
Corporate Obligations	AAA	8,443
Corporate Obligations	AA	10,683
Corporate Obligations	A	29,072
Corporate Obligations	BBB	40,861
Corporate Obligations	BB	24,805
Corporate Obligations	B	19,312
Corporate Obligations	CCC	3,660
Corporate Obligations	CC	142
Corporate Obligations	NR	2,268
Total Corporate Obligations		139,246
Government Agency Obligations	AAA	99,251
Government Agency Obligations	AA	24,490
Government Agency Obligations	A	1,914
Government Agency Obligations	BBB	522
Government Agency Obligations	NR	1,983
Total Government Agency Obligations		128,160
International Obligations	AAA	13,014
International Obligations	AA	1,986
International Obligations	BB	6,536
International Obligations	NR	419
Total International Obligations		21,955
Securities Lending Collateral	AAA	649
Securities Lending Collateral	AA	35,902
Securities Lending Collateral	A	84,292
Securities Lending Collateral	NR	11,742
Total Securities Lending Collateral		132,585
Total Fixed Income Subject to Credit Risk		487,576
U.S. Treasuries (Not Subject to Credit Risk)		62,284
Short-Term Marketable Securities		72,131
Corporate Stock		422,051
Alternative Investments		626,693
Commingled Funds		797,263
Total Investments		\$ 2,467,998

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

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

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. As of September 30, 2017, 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	\$ 213	\$ 17,560	\$ 5,728	\$ 42,129	\$ 65,630
Corporate Obligations	11,276	60,891	48,349	18,730	139,246
Government Agency Obligations	10,957	13,766	6,122	97,315	128,160
International Obligations	5,119	13,290	2,706	840	21,955
Securities Lending Collateral	132,585	-	-	-	132,585
Short-term Fixed Income	72,131	-	-	-	72,131
U.S. Treasuries	-	3,291	18,943	40,050	62,284
Total Interest Rate Risk Debt Securities	<u>\$ 232,281</u>	<u>\$ 108,798</u>	<u>\$ 81,848</u>	<u>\$ 199,064</u>	<u>\$ 621,991</u>

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

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

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan has no formal investment policy with regard to foreign currency risk as it is considered an intrinsic risk associated with the investment strategy. The Plan's exposure to foreign currency risk at September 30, 2017, is presented below:

<u>Currency</u>	<u>Debt</u>	<u>Equity</u>	<u>Total</u>
Australian Dollar	\$ (31)	\$ 1,171	\$ 1,140
Brazilian Real	2	1,961	1,963
British Pound Sterling	7,660	13,591	21,251
Canadian Dollar	149	8,577	8,726
Danish Krone	(136)	-	(136)
Euro Currency Unit	50,359	57,451	107,810
Hong Kong Dollar	1	9,854	9,855
Indian Rupee	46	-	46
Japanese Yen	2,483	20,901	23,384
Mexican New Peso	(3)	788	785
New Taiwan Dollar	(750)	3,729	2,979
New Zealand Dollar	(67)	-	(67)
Norwegian Krone	-	1,039	1,039
Philippine Peso	952	-	952
Polish Zloty	13	959	972
Singapore Dollar	2	429	431
South African Rand	20	-	20
South Korean Won	(3,192)	2,486	(706)
Swedish Krona	1	3,438	3,439
Swiss Franc	14	6,124	6,138
Thai Baht	3	745	748
Turkish Lira	-	389	389
Total Securities Subject to Foreign Currency Risk	<u>\$ 57,526</u>	<u>\$ 133,632</u>	<u>\$ 191,158</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 (CONTINUED)

FOREIGN CURRENCY EXCHANGE TRANSACTIONS

To manage the foreign currency exchange risks associated with foreign investments, the Plan enters into forward currency contracts. The Plan had a net foreign currency contracts with a fair value of approximately \$(679,080) at September 30, 2017, which contractually obligates the Plan to deliver currencies at a specified date. The Plan could be exposed to the risk of loss if the counterparty is unable to meet the terms of a contract or if the value of currency changes unfavorably. At September 30, 2017, 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 of 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, 2017:

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

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

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

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

B.5. INVESTMENTS OF THE EMPLOYEES' RETIREMENT FUND (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, 2017, 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>	\$ 9	\$ 9	\$ 150,998
Forward Contracts	<i>Investment Income</i>	(426)	(679)	99,346
Swap Agreements	<i>Investment Income</i>	4,736	353	96,938
Rights and Warrants	<i>Investment Income</i>	3	3	14
	Total	<u>\$ 4,322</u>	<u>\$ (314)</u>	<u>\$ 347,296</u>

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

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, 2017. 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, 2017, the Plan's credit risk to these statements is disclosed in the following table:

Derivative Type	AA	A	BBB	Not Rated	Total Fair Value
Futures Contracts	\$ -	\$ -	\$ -	\$ 9	\$ 9
Forward Contracts	-	(21)	-	(658)	(679)
Swap Agreements	-	5	21	327	353
Rights and Warrants	-	-	-	3	3
Total	<u>\$ -</u>	<u>\$ (16)</u>	<u>\$ 21</u>	<u>\$ (319)</u>	<u>\$ (314)</u>

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

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

Interest Rate Risk—The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2017, are disclosed in the following table:

Derivative Type	Total Notional Value	Total Fair Value
Interest Rate Swaps	\$ 92,538	\$ 344
Swaptions	4,400	9
Total	<u>\$ 96,938</u>	<u>\$ 353</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, 2017:

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	\$ (53)	\$ -	\$ (53)
Brazilian Real	(686)	-	(686)
British Pound Sterling	(46)	19	(27)
Canadian Dollar	(43)	8	(35)
Danish Krone	(195)	-	(195)
Euro Currency Unit	42	(16)	26
Japanese Yen	310	5	315
Indian Rupee	(2)	-	(2)
Indonesian Rupiah	11	-	11
Mexican Peso	(16)	-	(16)
New Taiwan Dollar	3	-	3
New Zealand Dollar	(25)	-	(25)
South Korean Won	22	-	22
Swiss Franc	(1)	-	(1)
Total	<u>\$ (679)</u>	<u>\$ 16</u>	<u>\$ (663)</u>

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

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

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

SECURITIES LENDING

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

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper, and asset-backed securities. The contract with Northern Trust specifies guidelines for allowable investments, maturities, and diversification. The Plan cannot pledge or sell collateral securities without borrower default. The amount of collateral held exceeds the value of the assets on loan at September 30, 2017.

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, 2017, the value of the collateral held was \$132,585,433 and the value of securities on loan at September 30, 2017, was \$129,934,537. The Plan earned \$663,545, net, on its securities lending activity for the fiscal year ended September 30, 2017.

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NOTE C: RECEIVABLES AND INTERFUND BALANCES

C.1. RECEIVABLES

Receivables at September 30, 2017, for governmental activities of the City's major funds and nonmajor funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<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	\$ 31,636	\$ 9,273	\$ -	\$ -	\$ -	\$ 40,909
Grants and Other Governments	26,926	-	7,600	18,968	-	53,494
Levied, Unbilled Assessments	-	-	2,340	-	-	2,340
Loans	-	-	7	14,505	-	14,512
Long-Term Loans	-	-	-	13,081	-	13,081
Interest	40	593	413	357	153	1,556
Accounts and Other	40,996	-	416	11,258	1,593	54,263
Total Gross Receivables	<u>99,598</u>	<u>9,866</u>	<u>10,776</u>	<u>58,169</u>	<u>1,746</u>	<u>180,155</u>
Less Allowance for Uncollectible Accounts:						
Taxes	(25,625)	(7,511)	-	-	-	(33,136)
Levied, Unbilled Assessments	-	-	(2,340)	-	-	(2,340)
Loans	-	-	-	(615)	-	(615)
Accounts and Other	(27,820)	-	-	(261)	(1,072)	(29,153)
Total Allowance	<u>(53,445)</u>	<u>(7,511)</u>	<u>(2,340)</u>	<u>(876)</u>	<u>(1,072)</u>	<u>(65,244)</u>
Total Receivables, Net	<u>\$ 46,153</u>	<u>\$ 2,355</u>	<u>\$ 8,436</u>	<u>\$ 57,293</u>	<u>\$ 674</u>	<u>\$ 114,911</u>

Receivables at September 30, 2017, for business-type activities of the City's major enterprise funds and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

<u>Receivables</u>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Business-Type Activities</u>
Interest	\$ 362	\$ 99	\$ 89	\$ 550
Accounts and Other	50,400	3,801	7,518	61,719
Grants - Restricted	4,290	35	9,336	13,661
Interest - Restricted	507	57	86	650
Total Gross Receivables	<u>55,559</u>	<u>3,992</u>	<u>17,029</u>	<u>76,580</u>
Less Allowance for Uncollectible Accounts:				
Accounts and Other	(975)	(663)	(258)	(1,896)
Total Allowance	<u>(975)</u>	<u>(663)</u>	<u>(258)</u>	<u>(1,896)</u>
Total Receivables, Net	<u>\$ 54,584</u>	<u>\$ 3,329</u>	<u>\$ 16,771</u>	<u>\$ 74,684</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.1. RECEIVABLES (CONTINUED)

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

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

<u>Description</u>	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes	\$ 5,989	\$ -
Grants and Other Governments	11,095	4,025
Long-Term Loans	-	26,832
Other	101	2,844
	<u>\$ 17,185</u>	<u>33,701</u>
Total Unavailable / Unearned Revenues		<u>\$ 50,886</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	\$ 1,332	\$ -	\$ 1,332
Grants	-	2,453	2,453
Total Unearned Revenues	<u>\$ 1,332</u>	<u>\$ 2,453</u>	<u>\$ 3,785</u>

C.2. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2017, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Water and Sewer	Nonmajor Governmental	\$ 66
Nonmajor Enterprise	Nonmajor Governmental	316
General	Nonmajor Governmental	281
Total:		<u>\$ 663</u>

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

The Water and Sewer Fund, Nonmajor Enterprise Funds, and General Fund had a receivable of \$66,220, \$315,550, and \$281,377, respectively, from the Nonmajor Governmental Funds for gas royalties not distributed at the end of the fiscal year.

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. ADVANCES

Advances from/to other funds at September 30, 2017, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Nonmajor Enterprise	Capital Projects	\$ 1,190
Nonmajor Enterprise	Capital Projects	7,023
Total:		<u>\$ 8,213</u>

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

The \$1,190,056 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 incremental taxes collected in the Taxing Increment Reinvestment Zone No. 7 district over a seven-year period and will be paid in full in FY2018. The seven-year payback period is an exception to the Financial Management Policy Statements regarding the interfund loan as the policy requires repayment of the interfund loan within five years.

The \$7,022,957 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. The loan is reimbursed from Crime Control and Prevention District fund, and the remaining balance is payable in a series of three payments beginning in FY2018.

C.4. TRANSFERS

Transfers made during the year were as follows:

	<u>Transfers In:</u>								<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Water and Sewer</u>	<u>Stormwater Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
Transfers Out:									
General	\$ -	\$ -	\$ 50,292	\$ 5,452	\$ -	\$ -	\$ 55	\$ 3,823	\$ 59,622
Debt Service	-	-	2,395	-	-	-	2	-	2,397
Capital Projects	560	804	-	329	-	-	-	-	1,693
Nonmajor Governmental Funds	8,571	28,691	252,148	4,069	2,292	145	75	541	296,532
Water and Sewer	27,032	-	501	43	-	24	21	-	27,621
Stormwater Utility	3,016	-	-	350	940	-	-	33	4,339
Nonmajor Enterprise Funds	4,824	-	-	373	1,130	-	-	26	6,353
Internal Service Funds	25	210	-	-	-	-	-	424	659
Total	<u>\$ 44,028</u>	<u>\$ 29,705</u>	<u>\$ 305,336</u>	<u>\$ 10,616</u>	<u>\$ 4,362</u>	<u>\$ 169</u>	<u>\$ 153</u>	<u>\$ 4,847</u>	<u>\$ 399,216</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.4. TRANSFERS (CONTINUED)

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 \$50,292,000 to the Capital Projects Fund for: the Capital Improvement Plan (\$30,726,000); replacement and acquisition of rolling stock (\$3,452,000); and to fund current city-wide capital projects (\$16,114,000).

The General Fund transferred \$5,452,000 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 General Fund transferred \$2,865,000 to establish the new Botanic Gardens Special Revenue Fund. The creation of new Botanic Gardens Special Revenue Fund will improve accountability, transparency, and allow more accurate tracking of the true total cost of service associated with the facility. The Golf Fund received a subsidy in the amount of \$860,000 from the General Fund to assist with the operational costs. The Fort Worth Public Improvement Districts (PID) received \$514,000 in lieu of services and assessments.

The General Fund transferred \$3,823,000 to the Internal Service Funds to fund the computer replacement administered through the Information Systems Fund.

The Nonmajor Governmental Funds transferred \$8,571,000 to the General Fund, of which \$6,059,000 was from the Crime Control and Prevention District Fund for the Civil Service Pay Plan. The General Fund received \$1,249,000 from the Culture and Tourism Fund for energy savings debt service.

The Nonmajor Governmental Funds transferred \$28,691,000 to the Debt Service Fund, of which \$25,645,000 was for the monthly debt service transfer from the Culture and Tourism Funds, and \$3,046,000 was from the Crime Control and Prevention District Fund to pay for 2011 Tax Notes debt service.

The Nonmajor Governmental Funds transferred \$252,148,000 to the Capital Projects Fund, of which \$12,435,000 was made from the Crime Control and Prevention District Fund and \$1,195,000 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 per the capital improvement plan. The Culture and Tourism Fund transferred \$2,043,000 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 \$218,489,000 from the Culture and Tourism Fund for support of the Venue Project that includes the Multi-Purpose Arena (see Note M) adjacent to the Will Rogers Memorial Center. The Culture and Tourism Fund also transferred \$3,899,000 to the Culture and Tourism DFW Revenue Share Capital Project Fund per the capital improvement plan. The Special Purpose Fund transferred \$1,475,000 to the General Capital Projects Fund per the capital improvement plan. The Taxing Increment Reinvestment Zone #7 North Tarrant Parkway transferred \$1,925,000 to the Specially Funded Projects Fund to pay for interfund loan for North Riverside Drive and Old Denton Road from Golden Triangle projects.

The Nonmajor Governmental Funds transferred \$4,069,000 to the Nonmajor Governmental Funds, of which \$2,586,000 was made from Lancaster Corridor LLC Fund, which was previously reported within Special Revenue Funds, is now reported separately reported as Other Blended Capital Project Funds in FY2017.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.4. TRANSFERS (CONTINUED)

The Water and Sewer Fund transferred \$27,032,000 to the General Fund, which includes \$20,843,000 for Street Rental Fees and \$5,560,000 for Payment in Lieu of Taxes (PILOT).

The Stormwater Utility Fund transferred \$3,016,000 to the General Fund of which \$1,851,000 was for Street Rental Fees, and \$1,149,000 was for PILOT. The Stormwater Utility Fund also transferred \$470,000 to the Water and Sewer Fund for billing services.

The Nonmajor Enterprise Funds transferred \$4,824,000 to the General Fund, of which \$2,566,000 was for the monthly transfer of funds from the Solid Waste Fund for street rental and \$142,000 for PILOT. The General Fund also received \$1,394,000 from the Solid Waste Fund for program services. The Nonmajor Enterprise Funds also transferred \$1,130,000 to the Water and Sewer Fund for billing services.

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

NOTE D: FUND EQUITY

D.1. FUND DEFICITS & UNASSIGNED FUND BALANCE

Grants Fund, a nonmajor governmental fund, has a fund deficit of \$573,838 and an unassigned fund balance of \$575,798 as of September 30, 2017, because revenues were unavailable (collectible during the current period or soon after) to be used to pay liabilities of the current period. In compliance with the City's Special Revenue Fund Reserve Policy, the City has taken action to decrease this deficit.

Golf Fund, a nonmajor governmental fund, has an unassigned deficit of \$106,725 as of September 30, 2017, due to a decrease in fund balance of \$269,833 from the previous fiscal year. The primary reason for the decrease is due to a delay in reopening a municipal golf course that was under remodeling since November 2015. In compliance with the City's Special Revenue Fund Reserve Policy, the deficit will be offset by revenues in future years.

Central City Local Government Corporation (CCLGC) Fund, a blended component unit, has a fund deficit and corresponding unassigned fund balance of \$784,419 as of September 30, 2017. The fund deficit was reduced by \$225,590 during the year ended September 30, 2017, primarily due to transfers from Lancaster Corridor Redevelopment LLC for reimbursement of expenditures, offset by CCLGC's capital outlay associated with the development of the Lancaster parking garage. Management anticipates that fund statements will reflect a positive fund balance in the future once lease income has been earned sufficient to offset the deficit.

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

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	\$ 17,574	\$ 3,344	\$ 1,340	\$ -	\$ 22,258
Cash and Cash Equivalents Held by Trustees	35	-	-	-	35
Grants and Other Receivables	56	-	-	-	56
Interest Receivable	44	7	3	-	54
	<u>17,709</u>	<u>3,351</u>	<u>1,343</u>	<u>-</u>	<u>22,403</u>
Capital Improvements:					
Cash and Cash Equivalents	358,324	42,798	19,433	-	420,555
Cash and Cash Equivalents Held by Trustees	21,986	-	-	-	21,986
Grants and Other Receivables	4,100	35	8,857	-	12,992
Interest Receivable	418	50	23	-	491
	<u>384,828</u>	<u>42,883</u>	<u>28,313</u>	<u>-</u>	<u>456,024</u>
Customer Deposits:					
Cash and Cash Equivalents	17,643	-	913	-	18,556
	<u>17,643</u>	<u>-</u>	<u>913</u>	<u>-</u>	<u>18,556</u>
Other Restrictions:					
Cash and Cash Equivalents	1,384	-	10,277	8,525	20,186
Cash and Cash Equivalents Held by Trustees	6,843	-	38,359	2,728	47,930
Grants and Other Receivables	134	-	479	-	613
Interest Receivable	45	-	60	-	105
	<u>8,406</u>	<u>-</u>	<u>49,175</u>	<u>11,253</u>	<u>68,834</u>
Total	<u>\$ 428,586</u>	<u>\$ 46,234</u>	<u>\$ 79,744</u>	<u>\$ 11,253</u>	<u>\$ 565,817</u>

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

NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance October 1, 2016</u>	<u>Additions/ Transfers In</u>	<u>Decreases/ Transfers Out</u>	<u>Ending Balance September 30, 2017</u>
Total Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	\$ 220,735	\$ 14,635	\$ (385)	\$ 234,985
Construction in Progress	331,668	160,039	(192,969)	298,738
Works of Art	16,512	8,781	(1,023)	24,270
Total Capital Assets, Not Being Depreciated	<u>568,915</u>	<u>183,455</u>	<u>(194,377)</u>	<u>557,993</u>
Capital Assets, Being Depreciated:				
Buildings	479,006	23,582	(13,874)	488,714
Vehicles, Machinery and Equipment	279,606	33,996	(52,364)	261,238
Infrastructure	2,849,056	242,057	(12,161)	3,078,952
Intangibles	29,360	20,330	-	49,690
Total Capital Assets, Being Depreciated	<u>3,637,028</u>	<u>319,965</u>	<u>(78,399)</u>	<u>3,878,594</u>
Less Accumulated Depreciation/Amortization for:				
Buildings	217,258	13,318	(10,624)	219,952
Vehicles, Machinery and Equipment *	191,645	13,071	(43,295)	161,421
Infrastructure	1,769,065	104,388	(637)	1,872,816
Intangibles *	2,614	19,074	-	21,688
Total Accumulated Depreciation and Amortization	<u>2,180,582</u>	<u>149,851</u>	<u>(54,556)</u>	<u>2,275,877</u>
Total Capital Assets, Being Depreciated, Net	<u>1,456,446</u>	<u>170,114</u>	<u>(23,843)</u>	<u>1,602,717</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,025,361</u>	<u>\$ 353,569</u>	<u>\$ (218,220)</u>	<u>\$ 2,160,710</u>

*Additions/Transfers In and Decreases/Transfers Out include reclassification between Vehicles, Machinery and Equipment and Intangibles. Additions/Transfers In reclassification amount of \$13,733,000 is not included in the current year depreciation expense.

Capital asset activity for Business-Type Activities for the year ended September 30, 2017, was as follows:

	<u>Beginning Balance October 1, 2016</u>	<u>Additions/ Transfers In</u>	<u>Decreases/ Transfers Out</u>	<u>Ending Balance September 30, 2017</u>
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	\$ 109,294	\$ 92,424	\$ -	\$ 201,718
Construction in Progress	411,634	179,093	(235,213)	355,514
Total Capital Assets, Not Being Depreciated	<u>520,928</u>	<u>271,517</u>	<u>(235,213)</u>	<u>557,232</u>
Capital Assets, Being Depreciated:				
Buildings	135,169	25,198	-	160,367
Vehicles, Machinery and Equipment	372,232	8,445	(3,461)	377,216
Infrastructure	3,217,652	207,064	(23,175)	3,401,541
Total Capital Assets, Being Depreciated	<u>3,725,053</u>	<u>240,707</u>	<u>(26,636)</u>	<u>3,939,124</u>
Less Accumulated Depreciation for:				
Buildings	53,078	5,657	-	58,735
Vehicles, Machinery and Equipment	238,074	13,024	(3,149)	247,949
Infrastructure	1,006,024	74,350	(785)	1,079,589
Total Accumulated Depreciation	<u>1,297,176</u>	<u>93,031</u>	<u>(3,934)</u>	<u>1,386,273</u>
Total Capital Assets, Being Depreciated, Net	<u>2,427,877</u>	<u>147,676</u>	<u>(22,702)</u>	<u>2,552,851</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,948,805</u>	<u>\$ 419,193</u>	<u>\$ (257,915)</u>	<u>\$ 3,110,083</u>

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

NOTE F: CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged as follows for the year ended September 30, 2017:

	Depreciation and Amortization Expense
Governmental Activities	
General Government	\$ 13,195
Public Safety	10,522
Highways and Streets	96,770
Culture and Recreation	13,507
Urban Redevelopment and Housing	2,124
Total Governmental Depreciation and Amortization	<u>136,118</u>
Major Business-Type Activities	
Water and Sewer	73,756
Stormwater Utility	7,599
Nonmajor Business-Type Activities	
Municipal Airports	9,275
Municipal Parking	1,847
Solid Waste	554
Total Business-Type Depreciation	<u>93,031</u>
Total Depreciation and Amortization Expense	<u><u>\$ 229,149</u></u>

The governmental activities depreciation and amortization expense above includes \$553,000 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, 2017, interest was capitalized in the Water and Sewer Fund and Stormwater Utility Fund in the amounts of \$7,054,713 and \$2,325,515, respectively.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(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, 2017:

	Balance at October 1, 2016	Increases	Decreases	Balance at September 30, 2017	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 499,217	\$ -	\$ 46,647	\$ 452,570	\$ 39,270
Certificates of Obligation	221,565	-	19,620	201,945	17,725
Special Tax Revenue Debt	-	226,880	-	226,880	330
Special Assessment Debt	-	12,685	-	12,685	-
Tax Notes	-	32,605	6,475	26,130	3,710
Convention Center Installment Obligation	825	-	825	-	-
HUD Installment Obligations	2,865	-	865	2,000	632
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
State Obligation - City	6,941	-	465	6,476	465
State Obligation - CCPD	2,697	-	181	2,516	181
TRWD Obligation	153,853	20,413	2,875	171,391	-
State Energy Conservation Loan Phase III	971	-	574	397	397
ESPC Phase VII	16,472	-	998	15,474	1,172
Capital Leases	836	575	244	1,167	332
Southwest Bank Loan (LDC SW Building)	1,844	-	367	1,477	378
Lancaster Corridor Construction Loan	10,276	6,224	-	16,500	330
Net Unamortized Bond Premium/Discount	68,272	11,192	10,246	69,218	-
Compensated Absences	118,248	49,096	47,722	119,622	47,705
Pollution Remediation Liability	-	5,636	-	5,636	707
Risk Management Estimated Claims Payable	34,386	78,288	79,297	33,377	17,176
Other Postemployment Benefits Obligation	494,180	27,536	-	521,716	-
Net Pension Liability	1,841,508	950,539	-	2,792,047	-
Total Governmental Activities	<u>3,506,573</u>	<u>1,421,669</u>	<u>217,401</u>	<u>4,710,841</u>	<u>130,510</u>
Business-Type Activities:					
Water and Sewer - Revenue Bonds	746,645	127,645	82,975	791,315	59,790
Water and Sewer - Trinity River Authority Oblig.	4,250	-	650	3,600	670
Water and Sewer - ESPC Phase V	10,463	-	1,508	8,955	1,544
Stormwater Utility - Revenue Bonds	123,670	-	4,300	119,370	4,460
Municipal Parking - General Obligation Bonds	34,445	-	595	33,850	1,315
Municipal Parking - Certificate of Obligation	4,225	-	1,710	2,515	1,115
Solid Waste - General Obligation Bonds	3,983	-	468	3,515	470
Net Unamortized Bond Premium/Discount	68,508	9,795	9,267	69,036	-
Compensated Absences	10,580	10,045	5,898	14,727	5,898
Landfill Closure and Postclosure Liability	5,426	2,905	-	8,331	-
Arbitrage	3	4	-	7	-
Pollution Remediation Liability	7,241	-	1,296	5,945	-
Other Postemployment Benefits Obligation	74,363	4,100	-	78,463	-
Net Pension Liability	282,565	145,978	-	428,543	-
Total Business-Type Activities	<u>1,376,367</u>	<u>300,472</u>	<u>108,667</u>	<u>1,568,172</u>	<u>75,262</u>
Total Long-Term Liabilities	<u>\$ 4,882,940</u>	<u>\$ 1,722,141</u>	<u>\$ 326,068</u>	<u>\$ 6,279,013</u>	<u>\$ 205,772</u>

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.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 2008	4.64	2008	2018	\$ 49,650	\$ 2,235
Series 2009	2.5-5.0	2009	2019	85,180	8,520
Series 2010	2.0-4.0	2010	2030	20,590	13,390
Series 2011 Refunding	2.0-5.0	2011	2023	46,680	29,280
Series 2012 Refunding	2.0-5.0	2012	2032	135,485	114,205
Series 2013 Refunding	2.0-4.5	2013	2033	37,130	23,645
Series 2014 Refunding	2.2	2014	2023	35,480	23,645
Series 2015 Refunding	2.33	2015	2025	3,957	3,110
Series 2015A Refunding	3.25-5.0	2015	2035	127,725	116,080
Series 2016 Refunding	3.0-5.0	2016	2036	130,500	118,460
Total General Obligation Bonds					<u>452,570</u>
Certificates of Obligation:					
Series 2008	4.64	2008	2018	63,150	2,845
Series 2009	3.0-4.375	2009	2029	55,585	24,665
Series 2010	2.0-4.25	2010	2031	34,685	26,965
Series 2010A	3.0-5.0	2010	2030	40,640	23,075
Series 2012	3.0-5.0	2012	2032	85,790	63,410
Series 2013A	2.0-5.0	2013	2033	46,095	35,940
Series 2013B	2.0-4.99	2013	2033	11,140	9,450
Series 2013C	3.0-5.0	2013	2034	19,270	15,595
Total Certificates of Obligation					<u>201,945</u>
Special Tax Revenue Debt:					
Series 2017A	2.0-5.25	2017	2043	86,170	86,170
Series 2017B	1.719-4.238	2017	2047	140,710	140,710
Total Special Tax Revenue Debt					<u>226,880</u>
Special Assessment Debt:					
Series 2017 (Rock Creek)	5.0-5.125	2017	2037	12,685	12,685
Tax Notes:					
Series 2016	1.44	2017	2023	9,525	8,210
Series 2017	1.97	2017	2024	23,080	17,920
Total Tax Notes					<u>26,130</u>

(continued)

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:					
	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
HUD Installment Obligations:					
Series 2005	4.46-6.8	2005	2020	7,500	2,000
Lone Star Local Government Corp Obligation	4.75	2006	2024	31,617	31,617
State Obligation - City	0.0	2014	2031	9,307	6,476
State Obligation - CCPD	0.0	2014	2031	3,616	2,516
TRWD Obligation	0.0	2014	2031	226,000	171,391
State Energy Conservation Loan Phase III	3.0	2007	2018	5,000	397
ESPC Phase VII	2.236	2013	2026	18,443	15,474
Capital Leases	2.91-3.0	2011	2017		1,167
Southwest Bank Loan (LDC SW Building)	2.93	2014	2021	2,689	1,477
Lancaster Corridor Construction Loan	3.75-5.25	2014	2040	16,500	16,500
Net Unamortized Bond Premium/Discount				N/A	69,218
Compensated Absences	N/A	N/A	N/A	N/A	119,622
Pollution Remediation Liability	N/A	N/A	N/A	N/A	5,636
Risk Management Estimated Claims Payable	N/A	N/A	N/A	N/A	33,377
Other Postemployment Benefits Obligation	N/A	N/A	N/A	N/A	521,716
Net Pension Liability	N/A	N/A	N/A	N/A	2,792,047
Total Governmental Activities Long-Term Debt					<u>\$ 4,710,841</u>

(concluded)

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

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)

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 2007A TWDB*	1.75-3.0	2007	2027	\$ 33,560	\$ 19,380
Series 2007B TWDB*	2.2-3.0	2007	2027	49,585	29,315
Series 2008 Refunding	3.88	2008	2018	44,085	2,875
Series 2009 TWDB*	0.0	2009	2030	16,265	10,475
Series 2010 Refunding	4.0-5.0	2010	2020	98,855	25,625
Series 2010A TWDB*	0.36-2.62	2010	2030	40,000	27,290
Series 2010B TWDB*	0.15-2.85	2010	2030	28,000	19,125
Series 2010C	4.0-5.25	2010	2030	45,870	33,380
Series 2011 Refunding	2.0-5.0	2011	2031	151,160	109,630
Series 2012 Refunding	2.0-5.0	2012	2025	31,155	23,910
Series 2014 Refunding	2.0-5.0	2014	2034	171,415	123,865
Series 2015 Revenue (Clean Water SRF) TWDB*	0.0-2.04	2015	2035	39,000	35,330
Series 2015A Refunding	3.125-5.0	2015	2035	126,615	118,750
Series 2015B Refunding TWDB*	0.19-2.20	2016	2030	13,000	11,495
Series 2016 Refunding	2.0-5.0	2016	2046	75,890	73,225
Series 2017 Revenue (Clean Water SRF) TWDB*	0.0-1.7	2017	2047	16,045	16,045
Series 2017A Refunding	3.125-5.0	2017	2047	111,600	111,600
Total Revenue Bonds					<u>791,315</u>
Trinity River Authority Obligation:					
Series 2011 Refunding	2.0-4.0	2011	2022	6,795	3,600
ESPC Phase V	3.68	2010	2018	15,365	8,955
Total Water and Sewer					<u>803,870</u>
Stormwater Utility:					
Revenue Bonds:					
Series 2009	2.0-4.3	2009	2035	45,190	36,565
Series 2011	2.0-5.0	2011	2036	78,325	65,300
Series 2016 Refunding	2.0-5.0	2016	2033	17,505	17,505
Total Stormwater Utility					<u>119,370</u>
Municipal Parking:					
General Obligation Bonds:					
Series 2016 Refunding	4.0-5.0	2016	2033	34,445	33,850
Certificates of Obligation:					
Series 2009	5.0-5.25	2009	2019	27,135	1,850
Series 2010A	3.0-5.0	2010	2020	1,955	665
Total Certificates of Obligation					<u>2,515</u>
Total Municipal Parking					<u>36,365</u>
Solid Waste:					
General Obligation Bonds					
Series 2015 Refunding	2.33	2015	2025	4,465	3,515
Net Unamortized Bond Premium/Discount				N/A	69,036
Compensated Absences	N/A	N/A	N/A	N/A	14,727
Landfill Closure and Postclosure Liability	N/A	N/A	N/A	N/A	8,331
Arbitrage	N/A	N/A	N/A	N/A	7
Pollution Remediation Liability	N/A	N/A	N/A	N/A	5,945
Other Postemployment Benefits Obligation	N/A	N/A	N/A	N/A	78,463
Net Pension Liability	N/A	N/A	N/A	N/A	428,543
Total Business-Type Long-Term Debt					<u>\$ 1,568,172</u>
*Texas Water Development Board					

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2017, the Debt Service Fund held \$29,931,318 and \$18,348,976 of cash and investments to service General Obligation Bonds/Certificates of Obligation and for Special Tax Revenue Debt, respectively, for governmental activities.

On November 17, 2016, the City issued \$9,525,000 of Tax Notes, Series 2016 to purchase fire apparatus and equipment for a new fire station. These bonds will mature on March 1 of each year from 2017 to 2023 in installments ranging from \$1,300,000 to \$1,440,000. Interest is payable on March 1 and September 1 of each year commencing March 2017 with interest rates equal to 1.44 percent. Additionally, the bonds are callable in whole or in part on or after March 1, 2020.

On June 20, 2017, the City issued \$23,080,000 of Tax Notes, Series 2017 to pay for contractual obligations incurred or to be incurred for the construction of public works and the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way. These bonds will mature beginning September 1, 2017, with subsequent annual maturity on March 1 of each year from 2018 to 2024 in installments ranging from \$2,410,000 to \$5,160,000. Interest is payable on March 1 and September 1 of each year commencing September 2017 with interest rates equal to 1.97 percent. Additionally, the bonds are callable in whole or in part on or after March 1, 2018.

On July 12, 2017, the City issued \$86,170,000 of tax-exempt Special Tax Revenue Debt, Series 2017A to fund the Public Contribution required for the Fort Worth Multipurpose Arena (see Note M) and improvements to the adjacent support facilities. These bonds will mature on March 1 of each year from 2021 to 2043 in installments ranging from \$2,140,000 to \$6,170,000. Interest is payable on March 1 and September 1 of each year commencing March 2018 with interest rates ranging from 2.0 to 5.25 percent.

On July 12, 2017, the City issued \$140,710,000 of Special Tax Revenue Debt, Taxable Series 2017B to fund the Public Contribution required for the Fort Worth Multipurpose Arena (see Note M) and improvements to the adjacent support facilities. These bonds will mature on March 1 of each year from 2018 to 2047 in installments ranging from \$330,000 to \$8,215,000. Interest is payable on March 1 and September 1 of each year commencing March 2018 with interest rates ranging from 1.719 to 4.238 percent.

On September 14, 2017, the City issued \$12,685,000 of Special Assessment Revenue Debt, Series 2017 for Fort Worth Public Improvement District No. 17 Major Improvement Project. The bonds will mature on September 1 of each year from 2021 to 2037 in installments ranging from \$480,000 to \$1,095,000. Interest is payable on March 1 and September 1 of each year commencing March 1, 2018, with interest rates ranging from 5.0 to 5.13 percent. The City deposited the bond proceeds into Bank of Texas, NA Trust Accounts to fund the major improvements. The debts are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds and any other obligations incurred by the City under the terms the indenture shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City. The bonds do not give rise to a charge against the general credit or taxing powers of the City. The City is acting as the property owner's agent within the district in collecting future assessments, forwarding collections to trustees, approving bond proceed disbursements, and initiating any future foreclosures. The aggregate principal outstanding and the balance of the bond proceeds held by the trustee at September 30, 2017, are \$12,685,000 and \$11,575,959, respectively.

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

G.2. GOVERNMENTAL ACTIVITIES' DEBT (CONTINUED)

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, 2017, \$16,500,000 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 (\$320,000,000). The original amount borrowed was \$11,292,000. The agreement stipulated that TIRZ #9 would share in the cost of the project related to the river capped at \$226,000,000. 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 FY2017, TIRZ #9 borrowed an additional \$20,413,000 from TRWD and repaid \$2,875,000, thus the ending balance is \$171,391,000. The advances from TRWD to the City to fund the project are repayable without interest from future taxes.

As of September 30, 2017, 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

The City is responsible for environmental cleanup of hazardous substances, such as asbestos remediation on City-owned buildings funded by the Environmental Protection Capital Projects Fund. The City is required to report the estimated liability for pollution remediation activities in accordance with GAAP. As of September 30, 2017, the City's liability was \$5,636,270 for the Environmental Protection Capital Project 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 is based on the assumption that there will be no significant additional cost for providing these cleanup services. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations.

G.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 \$100,000,000. There were no outstanding Direct Purchase Notes at year end.

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

G.4. ENTERPRISE DEBT

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

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. At September 30, 2017, \$17,813,883 of cash and investments was available for payments of principal and interest on all Enterprise Fund debt. The Water and Sewer Fund has substituted surety bonds in the amount of \$2,784,701 that are also held in reserve to provide for the payment of debt service obligations in the event there are insufficient amounts on deposit to make debt service payments.

On May 11, 2017, the City issued \$16,045,000 of Water and Sewer System Revenue Bonds, Series 2017 to fund sanitary sewer rehabilitation projects. The planned project comes under the authority of Texas Water Development Board's State Water Implementation Revenue Fund for Texas (CWSRF) Program, which provides low-cost financial assistance for eligible projects. The bonds will mature on February 15 of each year from 2018 to 2047 and are payable in installments ranging from \$475,000 to \$655,000. Interest is payable on February 15 and August 15 of each year commencing in August 2017 with interest rates ranging from 0.0 to 1.7 percent.

On June 27, 2017, the City issued \$111,600,000 of Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2017A to refund \$19,800,000 of existing Water and Sewer Revenue Refunding Bonds, Series 2008, 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 2018 to 2047 in installments ranging from \$775,000 to \$7,710,000. Interest is payable on February 15 and August 15 of each year commencing August 2017 at interest rates ranging from 3.125 to 5.0 percent. The City deposited the refunding proceeds in the Bank of Texas Escrow Fund to defease the \$19,800,000 principal and \$768,240 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 \$1,746,600 over the life of the bonds. This refunding resulted in an economic gain (the difference between the present value of the old and new debt service payments) of \$1,535,886 and a book loss of \$766,550.

CITY OF FORT WORTH, TEXAS
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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, 2017, net pledged revenue by fund was as follows:

Fund	2017 Net Pledged Revenues	2017 Debt Service	Purpose of Debt
Water and Sewer Fund	\$ 187,879	\$ 92,571	<i>Extending and improving water and sewer system</i>
Stormwater Utility Fund	21,504	9,124	<i>Improvements to storm drains, roadways, and erosion protection</i>
Municipal Parking Fund	4,722	4,040	<i>Construction of City-owned parking garage</i>
Solid Waste Fund	6,001	555	<i>Improvements to the eastside landfill</i>
Total	\$ 220,106	\$ 106,290	

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, municipal parking, and solid waste 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. The City is required to report the estimated liability for pollution remediation activities in accordance with GAAP. As of September 30, 2017, the City's liability was \$5,945,000 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
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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, 2017, is disclosed by Governmental type as shown on the following pages:

Governmental Activities:								
Year Ending September 30,	General Obligation Bonds		Certificates of Obligation		Special Tax Revenue Debt		Special Assessment Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 39,270	\$ 19,745	\$ 17,725	\$ 8,048	\$ 330	\$ 10,996	\$ -	\$ 617
2019	42,075	17,953	15,040	7,387	435	9,672	-	641
2020	41,820	16,065	14,810	6,767	440	9,662	-	641
2021	41,885	14,169	14,575	6,138	5,325	9,599	480	641
2022	40,220	12,292	14,780	5,491	5,480	9,445	505	616
2023-2027	157,220	37,170	67,590	18,160	30,455	44,171	2,950	2,676
2028-2032	68,350	10,081	52,670	5,862	37,230	37,387	3,810	1,857
2033-2037	21,730	1,322	4,755	153	46,225	28,394	4,940	786
2038-2042	-	-	-	-	57,000	16,586	-	-
2043-2047	-	-	-	-	43,960	4,302	-	-
	<u>\$ 452,570</u>	<u>\$ 128,797</u>	<u>\$ 201,945</u>	<u>\$ 58,006</u>	<u>\$ 226,880</u>	<u>\$ 180,214</u>	<u>\$ 12,685</u>	<u>\$ 8,475</u>

Governmental Activities: (continued)								
Year Ending September 30,	Tax Notes		HUD Installment Obligations		State Obligation - City		State Obligation - CCPD	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 3,710	\$ 438	\$ 632	\$ 109	\$ 465	\$ -	\$ 181	\$ -
2019	3,785	371	666	75	465	-	181	-
2020	3,865	303	702	39	465	-	181	-
2021	3,935	233	-	-	465	-	181	-
2022	4,020	163	-	-	465	-	181	-
2023-2027	6,815	117	-	-	2,327	-	904	-
2028-2032	-	-	-	-	1,824	-	707	-
	<u>\$ 26,130</u>	<u>\$ 1,625</u>	<u>\$ 2,000</u>	<u>\$ 223</u>	<u>\$ 6,476</u>	<u>\$ -</u>	<u>\$ 2,516</u>	<u>\$ -</u>

Governmental Activities: (concluded)						
Year Ending September 30,	State Energy Conservation Loan Phase III		ESPC Phase VII		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 397	\$ 8	\$ 1,172	\$ 336	\$ 63,882	\$ 40,297
2019	-	-	1,652	306	64,299	36,405
2020	-	-	1,689	269	63,972	33,746
2021	-	-	1,727	231	68,573	31,011
2022	-	-	1,766	192	67,417	28,199
2023-2027	-	-	7,468	349	275,729	102,643
2028-2032	-	-	-	-	164,591	55,187
2033-2037	-	-	-	-	77,650	30,655
2038-2042	-	-	-	-	57,000	16,586
2043-2047	-	-	-	-	43,960	4,302
	<u>\$ 397</u>	<u>\$ 8</u>	<u>\$ 15,474</u>	<u>\$ 1,683</u>	<u>\$ 947,073</u>	<u>\$ 379,031</u>

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

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

The Lone Star Local Government Corporation (a blended component unit) entered into an agreement with Cabela's to finance a museum inside Cabela's Fort Worth facility. Annual payments are made from property tax increment revenues from Taxing Increment Reinvestment Zone #10. Lone Star Local Government Corporation is obligated for tax increment revenues collected through 2024, with the total principal payment price not to exceed \$31,617,000. The 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. This contract has been found to be taxable. Total principal and interest remaining on the contract are \$31,617,000, payable through 2024. The interest rate for this agreement is 4.75 percent.

The Lancaster Corridor Redevelopment, LLC (a blended component unit) entered into a construction loan agreement with Pinnacle Bank for the development of residential and retail space on land owned by LLC. As of September 30, 2017, \$16,500,000 has been borrowed under this agreement with interest ranging from 3.75 to 5.25 percent. The loan will mature February 20, 2025 and the total construction loan amount is not to exceed \$16,500,000. The loan is collateralized by a first lien Deed of Trust and an Absolute Assignment of Rents and Leases.

The annual requirements to amortize all Major Fund Business-Type bonded and contractual debt outstanding as of September 30, 2017, 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	
2018	\$ 59,790	\$ 30,871	\$ 670	\$ 98	\$ 1,544	\$ 196	\$ 4,460	\$ 4,678	\$ 66,464	\$ 35,843	
2019	55,350	28,521	690	77	1,580	160	4,640	4,498	62,260	33,256	
2020	53,930	26,254	720	55	1,618	122	4,855	4,283	61,123	30,714	
2021	52,495	24,009	745	34	1,655	84	5,090	4,048	59,985	28,175	
2022	50,980	21,840	775	12	1,695	45	5,320	3,803	58,770	25,700	
2023-2027	242,105	78,367	-	-	863	8	30,080	15,776	273,048	94,151	
2028-2032	141,845	38,412	-	-	-	-	36,640	9,400	178,485	47,812	
2033-2037	64,460	16,510	-	-	-	-	28,285	2,101	92,745	18,611	
2038-2042	33,140	9,687	-	-	-	-	-	-	33,140	9,687	
2043-2047	37,220	3,297	-	-	-	-	-	-	37,220	3,297	
	<u>\$ 791,315</u>	<u>\$ 277,768</u>	<u>\$ 3,600</u>	<u>\$ 276</u>	<u>\$ 8,955</u>	<u>\$ 615</u>	<u>\$ 119,370</u>	<u>\$ 48,587</u>	<u>\$ 923,240</u>	<u>\$ 327,246</u>	

The annual requirements to amortize all Nonmajor Fund Business-Type bonded and contractual debt outstanding as of September 30, 2017, is as follows:

Nonmajor Business-Type Activities:									
Year Ending September 30,	Municipal Parking General Obligation Bonds		Municipal Parking Certificates of Obligation		Solid Waste General Obligation Bonds		Total Nonmajor Business-Type		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 1,315	\$ 1,525	\$ 1,115	\$ 99	\$ 470	\$ 76	\$ 2,900	\$ 1,700	
2019	1,380	1,457	1,170	42	460	66	3,010	1,565	
2020	1,590	1,383	230	5	450	55	2,270	1,443	
2021	1,675	1,302	-	-	440	45	2,115	1,347	
2022	9,760	5,127	-	-	435	34	10,195	5,161	
2023-2027	12,415	2,474	-	-	1,260	44	13,675	2,518	
2028-2032	5,715	231	-	-	-	-	5,715	231	
	<u>\$ 33,850</u>	<u>\$ 13,499</u>	<u>\$ 2,515</u>	<u>\$ 146</u>	<u>\$ 3,515</u>	<u>\$ 320</u>	<u>\$ 39,880</u>	<u>\$ 13,965</u>	

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.6. ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2017, the liability for a rebate of arbitrage was \$6,580 for business-type activities. This amount is included in the "Long-Term Liabilities Due in More Than One Year" on the Statement of Net Position. Currently, the City does not have an arbitrage liability for governmental activities.

G.7. LEASES

The City is also committed under capital leases for the acquisitions of one municipal building, and heavy equipment. These leases are recorded as capital leases in the government-wide reporting. Amortization of the leased assets are included in depreciation expense in the government-wide reporting. The leased building and heavy equipment had an original cost totaling \$1,484,000 and \$575,000, respectively.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2017:

Capital Lease Obligation, October 1, 2016	\$	836
New capital leases		575
Principal Payments		244
Capital Lease Obligation, September 30, 2017	\$	<u>1,167</u>

Future minimum lease payments for the leases are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Lease</u> <u>Payments</u>
2018	\$ 390
2019	398
2020	286
2021	124
2022	78
Less: Amount Representing Interest	(109)
Present Value of Minimum Leased Payments	<u>\$ 1,167</u>

The following schedule provides an analysis of the City's investment in capital assets under the lease arrangement as of September 30, 2017:

Building	\$	1,484
Equipment		575
Less: Accumulated Depreciation		(1,227)
Total Net Book Value of Leased Assets	\$	<u>832</u>

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.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, 2017:

<u>Year Ending</u> <u>September 30,</u>		
2018	\$	3,044
2019		1,982
2020		1,168
2021		844
2022		578
2023 - 2027		1,463
2028 - 2032		<u>11</u>
Total Future Minimum Rental Payments Required	\$	<u><u>9,090</u></u>

The total rental expense for the year ended September 30, 2017, was \$3,319,331.

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, 2017, the following outstanding bonds are considered defeased:

General Obligation Bonds and Certificates of Obligation	\$	114,840
Water and Sewer System Revenue Bonds		<u>19,800</u>
Bonds Defeased	\$	<u><u>134,640</u></u>

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 2016, interest expense was \$139,863. As of December 31, 2016, the unpaid principal balance was \$1,908,500, 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 2016, interest expense was \$9,000. As of December 31, 2016, the outstanding principal balance was \$900,000, and there was the accrued interest of \$47,426.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal regulations require the City to place a final cover on its Southeast landfill site when it stops accepting waste and performing certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used 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 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.

During FY2017, the City received new engineering estimates of the landfill closure costs of \$15,931,186 and postclosure care costs of \$5,077,312. These estimates increased the total landfill closure/post-closure care costs by \$6,477,935 when compared to the previous fiscal year.

The City reported \$8,331,385 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2017. This represents the cumulative amount reported to date based on the use of 39.7 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$12,677,113 as the remaining estimated capacity is filled. The City expects to close the landfill in 30 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, 2017, the City reported cash and cash equivalents of \$2,850,114 as restricted assets for closure and postclosure care and has \$5,481,271 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS

Plan Description

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

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

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

The City has received a favorable letter of determination from the Internal Revenue Service on December 8, 2014, that its Plan is qualified under Section 401(a) of the Internal Revenue Code. This letter of determination is valid for five years, through January 31, 2019.

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

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

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Plan Description (continued)

As of January 1, 2017, 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, 2017
Inactive employees or beneficiaries currently receiving benefits	4,252
Inactive employees entitled to, but not yet receiving benefits	363
Total Inactive Members	4,615
Active members	6,414
Total	11,029

Actuarial valuations are completed on a calendar year basis, and census data was not collected as of September 30, 2016 (measurement date). It is assumed that the population remains constant between December 31 and September 30.

Contributions

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Summary of Plan Provisions

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

Plan Year: Fiscal Year: Plan Status:	<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>General 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>General 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 General 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 General 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 General 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 General 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 proceeds the member's projected Normal Retirement date</i>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND 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 I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

<p>Spouse's Pre-Retirement Death Benefit (death 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>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: <i>Member contributions</i></p> <p><i>City contributions</i></p>	<p><i>8.25% of retirement-eligible compensation for General 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 General Employees and Firefighters</i> <i>20.46% of retirement-eligible compensation for Police Officers</i> <i>The City contributes to overtime earnings for Tier I employees. Employees do not contribute to overtime, except for Tier I Firefighters who contribute on built-in overtime only.</i></p>
<p>Overtime Contribution Account:</p>	<p><i>Only available for General Employees hired after July 1, 2011, and prior to January 1, 2013. Member contributions made for overtime worked in that period are credited to the Overtime Contribution Account. Upon retirement, the member is entitled to a refund of this account with 5.25% interest, compounded annually. The City will match 100% of the balance of the account. Upon termination, the member is entitled to a refund of this account with 5.25% interest, compounded annually.</i></p>

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

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Summary of Plan Provisions (continued)

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

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

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

Obligation to Contribute to the Plan

The City contributes to the City Plan an amount equal to 19.74% (20.46% for sworn Police Officers) of the retirement eligible earnings of members. The City Council, through its budget appropriation, has the right to contribute an additional amount over and above the members' contributions, in accordance with state law, plus the cost of administration of the City Plan. No additional contributions were made during FY2017. Eligible employees of the City, as a condition of employment, commencing on the effective date of their membership in the Plan, shall contribute 8.25% (8.73% for sworn Police Officers) of their eligible earnings to the Plan until the date of their actual retirement or earlier termination of employment. The employer and employee contribution rates are not used when the actuary determines the required annual contributions to the City Plan.

Funding Policy

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

<u>Year Ended September 30,</u>	<u>Actuarially Determined Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2016	\$ 101,340	\$ 84,747	\$ 16,593	\$ 422,977	20.0%

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

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2016, actuarial valuation:

Valuation date	<i>January 1, 2016</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, 2016</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% - 4.00%*</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 2013-2015. The rates for all employees are age-related. General employees have some assumed probability of retirement prior to eligibility for an unreduced pension, whereas the public safety employees are assumed to wait until full benefits are payable.</i>
Mortality	<i>Healthy mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table, with rates set forward three years, projected generationally using Scale MP-2015. Disabled mortality rates were based on the RP-2014 Disabled Retiree Mortality Table, projected generationally using Scale MP-2015.</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 General 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 Firefighters 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 General employees and Police Officers and prior to January 10, 2015, for Firefighters 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
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(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

Actuarial Methods and Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	15%	6.75%
International equity	15%	7.45%
Fixed income	18%	1.75%
Real return	10%	4.30%
Real estate	13%	4.55%
Absolute return	19%	3.75%
Private equity	9%	11.50%
Cash	<u>1%</u>	1.15%
Total	100%	

**The expected real rate of return is net of inflation.*

Discount Rate

The blended discount rate used to measure the total pension liability is 4.71%. The projection of cash flows used to determine the discount rate assumed City and plan member contributions will be made at the current contribution rates: 19.74% from the City and 8.25% from the members for General employees and Firefighters, and 20.46% from the City and 8.73% from the members for Police Officers. The City is assumed to continue to contribute for Tier I employees on total pay, including overtime. City contributions for Tier II employees are on base pay, which excludes overtime other than built-in overtime for Firefighters. All members are assumed to contribute as a percentage of base pay. Based on these assumptions, the Retirement Fund's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The long-term expected rate of return on Retirement Fund investments was applied to the first 27 periods of projected benefit payments, and a 3.06% municipal bond rate was applied for all periods thereafter, to determine the total pension liability. The 3.06% 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, 2016.)

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

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

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

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

Pension Expense for the year ended September 30, 2017, was as follows:

Service cost	\$ 98,173
Interest on total pension liability (TPL)	252,240
Employee contributions	(33,977)
Administrative expenses	4,522
Other	241
Expected return on assets	(160,141)
Expensed portion of current year period differences between expected and actual experience in TPL	696
Expensed portion of current year period assumption changes	170,365
Expensed portion of current year period differences between projected and actual investment earnings	(1,233)
Current year recognition of deferred inflows and outflows established in prior years	78,399
Total pension expense	<u>\$ 409,285</u>

For the year ended September 30, 2017, 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	\$ 78,125	\$ 11,631	\$ 89,756
Differences between expected and actual experience	3,019	463	3,482
Net difference between projected and actual earnings on pension plan investments	97,727	14,910	112,637
Changes in assumptions	949,253	145,570	1,094,823
Total Deferred Outflows of Resources	<u>\$ 1,128,124</u>	<u>\$ 172,574</u>	<u>\$ 1,300,698</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 52,752	\$ 7,935	\$ 60,687
Net difference between projected and actual earnings on pension plan investments	4,742	726	5,468
Total Deferred Inflows of Resources	<u>\$ 57,494</u>	<u>\$ 8,661</u>	<u>\$ 66,155</u>
Net Pension Liability	<u>\$ 2,792,047</u>	<u>\$ 428,543</u>	<u>\$ 3,220,590</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

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

\$89,756,000 reported as a Deferred Outflows for pension contributions made after the measurement date will be recognized as a deduction of the net pension liability in the year ending September 30, 2018. Other 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, 2016	Amount Recognized During FYE September 30, 2017	Outstanding Balance at September 30, 2017	Deferred Outflows/(Inflows) Recognized in Future Years				
					2018	2019	2020	2021	2022
Fiscal Year Outflows									
Investment	2016	\$ 150,183	\$ 37,546	\$ 112,637	\$ 37,546	\$ 37,546	\$ 37,545	\$ -	\$ -
Assumptions	2016	303,745	60,749	242,996	60,749	60,749	60,749	60,749	-
Experience Loss	2017	-	696	3,482	696	696	696	696	698
Assumptions	2017	-	170,365	851,827	170,365	170,365	170,365	170,366	170,366
Total Outflows		453,928	269,356	1,210,942	269,356	269,356	269,355	231,811	171,064
Fiscal Year Inflows									
Investment	2015	(805)	(268)	(537)	(268)	(269)	-	-	-
Experience Gain	2015	(71,301)	(17,825)	(53,476)	(17,825)	(17,825)	(17,826)	-	-
Experience Gain	2016	(9,014)	(1,803)	(7,211)	(1,803)	(1,803)	(1,803)	(1,802)	-
Investment	2017	-	(1,233)	(4,931)	(1,233)	(1,233)	(1,233)	(1,232)	-
Total Inflows		(81,120)	(21,129)	(66,155)	(21,129)	(21,130)	(20,862)	(3,034)	-
Total		\$ 372,808	\$ 248,227	\$ 1,144,787	\$ 248,227	\$ 248,226	\$ 248,493	\$ 228,777	\$ 171,064

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 FY2017, the period is six years (rounded).

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE I: EMPLOYEES' RETIREMENT FUND OF THE CITY OF FORT WORTH, TEXAS (CONTINUED)

I.1. Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2016	\$ 4,127,343	\$ 2,003,270	\$ 2,124,073
Changes for the year:			
Service Cost	98,173	-	98,173
Interest	252,240	-	252,240
Differences Between Expected and Actual Experience	4,178	-	4,178
Changes of Assumptions	1,022,193	-	1,022,193
Contributions - Employer	-	84,747	(84,747)
Contributions - Employee	-	33,977	(33,977)
Net Investment Income	-	166,306	(166,306)
Benefit Payments, Including Refunds of Employee Contributions	(185,820)	(185,820)	-
Administrative Expenses	-	(4,522)	4,522
Other	-	(241)	241
Net Changes	<u>1,190,964</u>	<u>94,447</u>	<u>1,096,517</u>
Balances at September 30, 2017	<u>\$ 5,318,307</u>	<u>\$ 2,097,717</u>	<u>\$ 3,220,590</u>

I.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 4.71%, 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 (3.71%) or one-percentage-point higher (5.71%) than the current rate:

1% Decrease (3.71%)	Current Discount Rate (4.71%)	1% Increase (5.71%)
\$ 4,062,433	\$ 3,220,590	\$ 2,545,756

Note: The balances as of September 30, 2016, constitute measurements of the Net Pension Liability for the fiscal year ended September 30, 2017.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS

J.1. POSTEMPLOYMENT BENEFITS

Plan Descriptions

In addition to the pension benefits described in Note I, the City provides postemployment health care benefits, established under the legal authority of the City Charter and administered by the City. The single employer plan coverage is offered to all employees who retire from the City in accordance with criteria listed in Note I. However; some retirees elect not to continue the health coverage during their retirement. Currently, 2,941 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 issues 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, 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 the full premium for coverage for themselves and eligible dependents.

Retiree health care benefits cannot be accessed until the employee retires. However, for employees who terminated on or before September 30, 2014, and are vested in the City's retirement plan, health care benefits may continue, until the employee retires, by paying the full cost of coverage. For employees who terminated on or after October 1, 2014, and are vested in the City's retirement plan, health care benefits are only covered if the employee retires/begins receiving retirement benefits at the time of separation from the City (with exceptions noted above based on hire date). For all other employees who terminate without retirement, health care benefits continue for one month after termination. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985. In accordance with GASB Statement No. 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 the required supplementary section represent January 1, 2017, 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 FY2017, retirees' health insurance was provided with separate plan designs depending on whether the retiree was eligible for Medicare. The City paid for a major portion or all of the total health insurance cost for retirees depending on the retiree's date of employment or length of service and the retiree's coverage election. The City paid 30 to 50 percent of the cost for coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium was paid by the retirees for their dependents or by the surviving spouse. Expenditures for postemployment health care are recognized as claims or premiums when paid. During FY2017, the cost for health care benefits for retirees, dependents, and surviving spouses was \$25,804,000. For FY2017, death benefit payments totaled \$426,833.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.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, 2015, September 30, 2016, and September 30, 2017, 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>		
	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>	<u>9/30/2015</u>	<u>9/30/2016</u>	<u>9/30/2017</u>
Contribution Rates						
City	33% - 100% *			100%		
Plan Members	0% - 67% *			N/A		
Annual Required Contribution	\$ 75,983	\$ 66,789	\$ 67,648	\$ 795	\$ 907	\$ 765
Interest on Net OPEB Obligation	20,252	21,626	23,033	216	294	277
Adjustment to Annual Required Contribution	(27,775)	(29,659)	(31,589)	(296)	(403)	(380)
Annual OPEB Cost (Expense)	68,460	58,756	59,092	715	798	662
Contributions Made	(32,076)	(25,132)	(27,633)	(444)	(508)	(485)
Increase in Net OPEB Obligation	36,384	33,624	31,459	271	290	177
Net OPEB Obligation, Beginning of Year	491,782	528,166	561,790	6,192	6,463	6,753
Net OPEB Obligation, End of Year	<u>\$ 528,166</u>	<u>\$ 561,790</u>	<u>\$ 593,249</u>	<u>\$ 6,463</u>	<u>\$ 6,753</u>	<u>\$ 6,930</u>
Percentage of Annual OPEB Cost Contributed	46.9 %	42.8 %	46.8 %	62.1 %	63.7 %	73.3 %
Percentage of Annual Required Contribution Contributed	42.2 %	37.6 %	40.8 %	55.8 %	56.0 %	63.4 %

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

At September 30, 2017, the net OPEB obligation of \$600,179,000 was \$521,716,000 for governmental activities and \$78,463,000 for business-type activities. The employer's required contribution rate as a percentage of payroll for FY2017 was 15.3%.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the Plan as of January 1, 2017, was as follows:

	<u>Healthcare</u>	<u>Death Benefit</u>
Actuarial Accrued Liability (a)	\$ 777,305	\$ 10,603
Actuarial Value of Plan Assets (b)	70,205	-
Unfunded Actuarial Accrued Liability (a) – (b)	<u>\$ 707,100</u>	<u>\$ 10,603</u>
Funded Ratio (b) / (a)	9.0 %	- %
Covered Payroll (c)	\$ 448,313	\$ 448,313
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((a) – (b)) / (c)	158 %	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 required annual 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>1/1/2017</i>	<i>1/1/2017</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>4.5 - 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, 2017
(000's omitted in tables)

NOTE J: EMPLOYEE BENEFITS (CONTINUED)

J.2. DEFERRED COMPENSATION PLAN

The City offers its employees a Deferred Compensation Plan (DCP) created in accordance with Internal Revenue Code Section 457. The City's DCP, available to all regular full-time City employees, permits the deferral of income based upon guidelines published by the Internal Revenue Service. The City's DCP is administered by the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). 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. Deferred compensation investments are held by outside trustees for the exclusive benefit of eligible employees and their beneficiaries and are not included in these financial statements. The deferred compensation funds are not available for employee distribution until termination, retirement, death, or unforeseeable emergency. Employees can take loans from their individual accounts of up to \$50,000 at a fixed interest of prime rate plus 1%. The City has no liability for losses of the DCP but does have the fiduciary responsibilities of a plan sponsor.

NOTE K: COMMITMENTS AND CONTINGENCIES

The City has executed a long-term supply agreement with Tarrant Regional Water District (District) for all of its raw water needs whereby the City makes monthly payments to fund its water purchases. The FY2017 payments to the District under the agreement were \$74,048,426. Future payments will be a direct result of future water usage.

The City is subject to extensive and rapidly changing Federal and State environmental regulations governing wastewater discharges, solid and hazardous waste management, and site remediation and restoration activities. The City's policy is to accrue environmental and related remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. As discussed in Note G.2. and Note G.4., as of September 30, 2017, the City has recorded pollution remediation liabilities in the amounts of \$5,636,000 and \$5,945,000 in the Environmental Protection Capital Projects Fund and the Water and Sewer Fund, respectively, as required by GAAP. No other liabilities have been specifically identified, and no such costs have been accrued other than those disclosed.

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

The City has outstanding construction commitments of \$196,778,079 as of September 30, 2017, excluding the arena Commitment described below.

Various other claims and lawsuits are pending against the City. After consultation with legal counsel, the City had potential losses from pending litigation that are reasonably possible totaling \$750,000 as of September 30, 2017.

The City adopted a resolution committing an amount not to exceed \$225,000,000 for the construction of the new Fort Worth Multi-Purpose Arena (Dickies Arena) at the intersection of Harley Avenue and Gendy Street. The construction of the Dickies Arena is underway, and the City has expended \$27,108,020 during FY2017 leaving \$197,891,980 committed as of September 30, 2017. See Note M for additional information on this project.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE L: SEGMENT FINANCIAL INFORMATION

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

	Municipal Parking Fund	Solid Waste Fund
Condensed Statement of Net Position		
Assets		
Current Assets	\$ 2,634	\$ 27,093
Other Assets	1,584	16,453
Advances to Other Funds	-	7,023
Capital Assets	46,167	17,233
Deferred Outflows of Resources	3,988	14,309
Total Assets and Deferred Outflows of Resources	<u>54,373</u>	<u>82,111</u>
Liabilities		
Other Current Liabilities	2,930	6,559
Other Noncurrent Liabilities	43,865	48,362
Total Liabilities	<u>46,795</u>	<u>54,921</u>
Deferred Inflows of Resources	77	3,241
Net Position		
Net Investment in Capital Assets	4,510	13,450
Restricted	700	496
Unrestricted	2,291	10,003
Total Net Position	<u>\$ 7,501</u>	<u>\$ 23,949</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues	\$ 7,888	\$ 60,487
Depreciation Expense	1,847	554
Other Operating Expenses	3,597	58,629
Operating Income (Loss)	<u>2,444</u>	<u>1,304</u>
Nonoperating Revenues (Expenses):		
Investment Income	18	164
Gain (Loss) on Sale of Property and Equipment	-	(21)
Interest and Service Charges	(1,255)	(87)
Gas Leases and Royalties	-	76
Transfers In	-	23
Transfers Out	(124)	(6,042)
Change in Net Position	1,083	(4,583)
Beginning Net Position	6,418	28,532
Ending Net Position	<u>\$ 7,501</u>	<u>\$ 23,949</u>
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	4,824	8,856
Noncapital Financing Activities	(124)	(2,519)
Capital and Related Financing Activities	(4,437)	(1,652)
Investing Activities	33	195
Net Increase (Decrease)	296	4,880
Beginning Cash and Cash Equivalents	3,883	31,961
Ending Cash and Cash Equivalents	<u>\$ 4,179</u>	<u>\$ 36,841</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
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NOTE M: FORT WORTH MULTI-PURPOSE ARENA

The new Fort Worth Multi-Purpose Arena (Dickies Arena) being constructed near the City's Will Rogers complex will be a state-of-the-art venue for concerts, sports, family entertainment and the Stock Show Rodeo. The Dickies Arena is the result of a pioneering partnership between the City of Fort Worth and the private sector, led by Event Facilities Fort Worth, a non-profit 501(c)(3). The expected completion date is in 2019. Upon completion, this facility is anticipated to be donated to the City of Fort Worth. The construction cost of \$163,151,858 has been completed at the end of FY2017, of which the City contributed \$27,108,020. As the City does not own the facility during construction, the City's contributions are expensed as incurred. See Note K for additional information.

NOTE N: SUBSEQUENT EVENTS

On November 28, 2017, the City issued \$63,000,000 of Water and Sewer System Revenue Bonds, Series 2017B. Bond proceeds will be used to provide the second phase of the two-part subsidized financing for implementation of the multi-phase Advanced 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.

On December 5, 2017, the City authorized a 20-year callable commercial paper (CP) program with J.P. Morgan in an aggregate outstanding principal amount not to exceed \$150,000,000 at any one time to provide appropriation authority for capital projects identified within the Water and Sewer Capital Improvement Program. The City has several options under this program: a) to call the commercial paper when it reaches the original call date; b) to replace the CP with new CP notes similarly structured; c) to issue long-term debt; or d) to allow the paper to continue to the maturity date and pay the maturing CP by one of the previously identified methods. The callable commercial paper program replaces the current Direct Purchase Notes program (see Note G.3) that was terminated on January 12, 2018.

On January 23, 2018, the Fort Worth Local Development Corporation's Board of Directors approved a resolution for the sale of a building located at 250 Lancaster Avenue in the amount of no less than \$25,250,000. Lancaster Corridor Redevelopment, LLC, who owns the building, has entered into a contract to sell the building with an anticipated closing date in March 2018.

NOTE O: NEW ACCOUNTING STANDARDS

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, a 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 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017
(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 within this Statement. This Statement also establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement also requires the following:

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

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

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

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation of certain GASB Statements. The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. This Statement addresses various miscellaneous accounting issues related to blending component units, goodwill, fair value measurement, and postemployment benefits.

Specifically, this Statement addresses the following topics as it relates to the City:

- **Blending Component Units** - A primary government that has a business-type activity that presents its activities in a single column on financial statements may present a component unit as blended if it meets the blending criterion described in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*.
- **Goodwill** - In an acquisition that occurs before the effective date of GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, acquiring government should apply Statement No. 69 to account for the difference when the consideration provided exceeds the net position acquired. This means the difference should report as “deferred outflow of resources” instead of “negative goodwill.”

CITY OF FORT WORTH, TEXAS
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NOTE O: NEW ACCOUNTING STANDARDS (CONTINUED)

- **Fair Value Measurement and Application** - This Statement requires a real estate held by an insurance entity to be classified as an “investment” if it meets the definition of an investment supplied in Statement No. 72, *Fair Value Measurement and Application*; otherwise, it should classify as a “capital asset.” Furthermore, money-market investments and participating interest-earning investment contracts may be measured at amortized cost if they have a remaining maturity of one year or less at the time of purchase.
- **Postemployment Benefits** - This Statement clarifies and addresses modifications to GASB Statement Nos. 72, 74, 75, 78, and 82 for post-employment benefits. The timing of the measurement of pension and other post-employment benefit (OPEB) liabilities and expenditures are recognized in financial statements prepared using the current financial resources measurement focus. Additionally, it is simplifying certain parts of the OPEB alternative measurement method as well as identified on-behalf payments for pensions within employer financial statements.

This Statement is effective for the City's financial periods beginning October 1, 2017.

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for the City's financial periods beginning October 1, 2017.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for the City's financial periods beginning October 1, 2020.

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)

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(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	\$ 343,677	\$ 343,677	\$ 345,657	\$ 1,980
Sales Taxes	140,468	141,018	148,365	7,347
Other Local Taxes	55,121	55,121	54,817	(304)
Charges for Services	34,975	32,293	28,528	(3,765)
Licenses and Permits	13,812	13,812	16,864	3,052
Fines and Forfeitures	7,805	7,805	6,523	(1,282)
Revenue from Use of Money and Property	724	724	364	(360)
Intergovernmental	609	657	709	52
Other	1,644	1,650	2,058	408
Total Revenues	<u>598,835</u>	<u>596,757</u>	<u>603,885</u>	<u>7,128</u>
Other Financing Sources:				
Proceeds from Disposal of Property	-	13,500	13,500	-
Transfers In - Other Funds	40,169	45,736	45,015	(721)
Total Other Financing Sources	<u>40,169</u>	<u>59,236</u>	<u>58,515</u>	<u>(721)</u>
Total Revenues and Other Financing Sources	<u>639,004</u>	<u>655,993</u>	<u>662,400</u>	<u>6,407</u>
Expenditures:				
Departmental:				
City Attorney's Office	6,327	6,428	6,416	12
City Auditor's Office	1,804	1,804	1,686	118
City Manager's Office	7,933	8,499	8,293	206
City Secretary's Office	1,322	1,790	1,572	218
Code Compliance	19,984	19,984	19,264	720
Financial Management Services	11,122	11,422	11,316	106
Fire	138,966	142,146	141,543	603
Housing and Economic Development	17,975	16,231	15,867	364
Human Resources	4,376	4,688	4,541	147
Library	19,125	20,093	20,093	-
Municipal Court	17,268	17,697	17,697	-
Neighborhood Services	8,976	9,115	9,099	16
Non-Departmental	50,816	44,064	43,972	92
Park and Recreation	43,847	44,132	43,962	170
Performance and Budget	5,662	6,155	4,977	1,178
Planning and Development	13,530	14,039	13,611	428
Police	226,301	235,199	235,199	-
Property Management	10,916	26,196	26,032	164
Transportation and Public Works	32,754	33,378	33,378	-
Total Expenditures	<u>639,004</u>	<u>663,060</u>	<u>658,518</u>	<u>4,542</u>
Contribution to / (Use of) Fund Balance	<u>\$ -</u>	<u>\$ (7,067)</u>	<u>\$ 3,882</u>	<u>\$ 10,949</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)	\$ 3,882
Differences - Budgetary to GAAP	
Current year non-budgeted transfers treated as revenues for financial reporting purposes but not as budgetary inflows.	4,499
Current year non-budgeted transfers treated as expenditures for financial reporting purposes but not as budgetary outflows.	(800)
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.	(3,464)
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes (due to perspective difference) but not as budgetary outflows.	(589)
Net Change in Fund Balance (GAAP Basis)	<u>\$ 3,528</u>

See accompanying notes to the required supplementary information.

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017
(000's omitted in tables)

ADOPTED BUDGET

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

The City adopts annual budgets for most governmental funds, including the General Fund, the Debt Service Fund, the Crime Control and Prevention District Fund (CCPD), the Culture and Tourism Fund, the Environmental Management Fund, the Other Special Revenue Fund, the Public Improvement Districts Fund, the Golf Fund, and the Botanic Gardens 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 funds 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 Special Projects Fund, the Taxing Increment Reinvestment Zones Funds, Fort Worth Housing Finance Corporation, Fort Worth Local Development Corporation, Fort Worth Sports Authority, Lone Star Local Development Corporation, Central City Local Government Corporation, Lancaster Corridor LLC, and Alliance Airport Authority. Budgets for the Grants Fund are established pursuant to the terms of the related Federal, State, and local grant awards and are therefore considered a legally adopted budget once the specific appropriation is approved.

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

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

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

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

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017
(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 Financial Management Services provides regular reporting to the Mayor and City Council on the status of actual expenditures, expenses, and revenues compared to the adopted budget.

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

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

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

For the General Fund, supplemental appropriations of \$24,056,000 were approved by the City Council. The reported budgetary data includes amendments made during the year. At the close of each fiscal year, any appropriated balance in the General Fund lapses to fund balance. Multi-year project length budget appropriations are automatically carried over into the next fiscal year.

BUDGET PROCESS

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

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

**CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS TO THE RETIREMENT FUND
– LAST TEN FISCAL YEARS
SEPTEMBER 30, 2017
(in 000's)**

Year Ended September 30,	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll**	Contributions as a Percentage of Covered Payroll
2008	(Historical information prior to implementation of GASB 67/68 is not required)				
2009					
2010					
2011					
2012					
2013					
2014	\$ 82,938	\$ 78,165	\$ 4,773	\$ 390,128	20.0%
2015	93,563	80,821	12,742	403,772	20.0%
2016	101,340	84,747	16,593	422,977	20.0%
2017	112,185	89,408	22,777	448,313	19.9%

**The Actuarially Determined Contribution is equal to the total calculated contribution rate in the prior actuarial valuation, minus the portion expected to be covered by employee contributions, multiplied by the covered payroll. City and Member rates are established by ordinance.*

***Covered payroll is the actual payroll on which contributions are based.*

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
– LAST TEN FISCAL YEARS
SEPTEMBER 30, 2017
(in 000's)

	2016	2015	2014	2013*	2012*	2011*
Total Pension Liability						
Service Cost	\$ 98,173	\$ 85,593	\$ 92,189			
Interest	252,240	246,293	234,701			
Charge of Benefit Terms	-	(1,828)	110,188			
Differences Between Expected and Actual Experience	4,178	(10,817)	(106,951)			
Change of Assumptions	1,022,193	364,494				
Benefit Payments, Including Refunds of Employee Contributions	(185,820)	(167,066)	(161,159)			
Net Change in Total Pension Liability	1,190,964	516,669	168,968			
Total Pension Liability - Beginning	4,127,343	3,610,674	3,441,706			
Total Pension Liability - Ending (a)	<u>\$ 5,318,307</u>	<u>\$ 4,127,343</u>	<u>\$ 3,610,674</u>			
Plan Fiduciary Net Pension						
Contributions - Employer	\$ 84,747	\$ 80,820	\$ 78,165			
Contributions - Employee	33,977	32,542	31,929			
Net Investment Income	166,306	(20,635)	159,994			
Benefit Payments, Including Refunds of Employee Contributions	(185,820)	(167,066)	(161,159)			
Administrative Expense	(4,522)	(3,823)	(3,739)			
Other	(241)	(143)	(130)			
Net Change in Plan Fiduciary Net Position	94,447	(78,305)	105,060			
Plan Fiduciary Net Position - Beginning	2,003,270	2,081,575	1,976,515			
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,097,717</u>	<u>\$ 2,003,270</u>	<u>\$ 2,081,575</u>			
Net Pension Liability - Ending (a) - (b)	<u>\$ 3,220,590</u>	<u>\$ 2,124,073</u>	<u>\$ 1,529,099</u>			
Plan Fiduciary Net Position as a % of the Total Pension Liability	39.44%	48.54%	57.65%			
Covered Payroll	\$ 422,977	\$ 403,772	\$ 390,128			
Net Pension Liability as a % of Covered Payroll	761.41%	526.06%	391.95%			

*Historical information prior to implementation of GASB 67/68 is not required.

Notes to Schedule:

Benefits changes:

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

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

Change of assumptions: The blended interest rates for FY2014 and FY2015 were 6.98% and 6.25% respectively. The rate for FY2016 is 4.71%.

**CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
– LAST TEN FISCAL YEARS
SEPTEMBER 30, 2017
(in 000's)**

Notes to Schedule: (continued)

FY2016 - A comprehensive Actuarial Experience Review, covering the period January 1, 2013, through December 31, 2015, was completed in March 2016. As a result of that study, the following assumption changes were approved by the Retirement Board:

- The mortality assumption for active and inactive vested participants was changed from the RP-2000 Combined Healthy Mortality Table, set forward one year to the RP-2014 Employee Mortality Table.
- The post-retirement mortality assumption for healthy annuitants was changed from the RP-2000 Combined Healthy Mortality Table, set forward one year to the RP-2014 Healthy Annuitant Mortality Table, set forward three years.
- Coordinating with the mortality assumption for healthy lives, the mortality assumption for disabled retirees was changed from the RP-2000 Disabled Retiree Mortality Table, reduced by 20% for males and loaded by 50% for females to the RP-2014 Disabled Retiree Mortality Table.
- The generational projection scale was changed from Scale AA to the MP-2015 improvement scale.
- The assumption for deaths in the line of duty for Police Officers was reduced from 25% to 10% of all active deaths.
- The investment return assumption was lowered from 8.00% to 7.75%.
- An administrative expense assumption of \$3,000,000 was introduced.
- The inflation assumption was lowered from 3.00% to 2.75%.
- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.25% to 3.00%.
- While maintaining the existing service-based tables, the salary scale was adjusted to better match observed experience. The inflation component was lowered from 3.50% per year for all to 3.00% per year for General Employees and Firefighters and lowered to 2.75% per year for Police Officers.
- The retirement rates for General Employees who retire early with reduced benefits were adjusted to match observed experience.
- The unreduced retirement rates were restructured to be based on eligibility for Normal Retirement for all groups and the assumed retirement rates for non-DROP participants were updated.
- A retirement assumption for DROP participants was introduced to reflect that all DROP participants will enter at first eligibility and retire at the end of the assumed DROP period.
- The DROP utilization assumption was lowered from 90% to 85% for Police Officers.
- The current disability rates were lowered by 50%.
- The gender-distinct five-year select-and-ultimate turnover tables were modified for General Employees with increased rates for non-vested and vested males only. The service-based withdrawal rates for Police Officers and Firefighters were lowered to reflect observed experience.
- The assumed marriage percentage assumption was lowered from 90% to 80% for males and to 60% for females.
- The spousal age difference was changed from assuming females are three years younger than males to the spouse being four years younger for male participants and the same age for female participants.
- The overtime and other payloads (applied to Blue benefits only) were lowered for Police Officers from 8.00% to 7.00% and from 18.00% to 16.75% for Firefighters.
- The load on final average salary for General Employees was eliminated. The load for Police Officers was lowered from 2.75% to 2.00% while the load for Firefighters was increased from 4.00% to 5.00%.
- The sick leave service conversion load for General Employees and Firefighters was increased from 3.25% to 3.75% and 1.50% to 2.50%, respectively.

**CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2017
(in 000's)**

<u>Valuation Date</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Actuarial Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>((b-a)/c)</u>
Healthcare						
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%	390,128	229%
1/1/2015	55,626	821,619	765,993	7%	403,772	190%
1/1/2016	66,039	740,143	674,104	9%	422,977	159%
1/1/2017	70,205	777,305	707,100	9%	448,313	158%
Death Benefit						
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%	390,128	3%
1/1/2015	-	8,743	8,743	0%	403,772	2%
1/1/2016	-	10,054	10,054	0%	422,977	2%
1/1/2017	-	10,603	10,603	0%	448,313	2%

**CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2017
(in 000's)**

<u>Year Ended</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
Healthcare			
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
9/30/2017	67,648	40.8%	593,249
Death Benefit			
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
9/30/2017	765	63.4%	6,930



COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES

Debt Service Fund

The 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. It comprises four funds: General Debt Service Fund, Culture and Tourism Debt Service Fund, Venue Debt Service Fund, and Rock Creek PID Debt Service Fund. In addition, long-term obligations that are paid with special assessments or fund revenues are included in this fund.

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	\$ 90,207	\$ 90,207	\$ 90,571	\$ 364
Revenue from Use of Money and Property	2,846	2,846	4,155	1,309
Intergovernmental	-	210	210	-
Total Revenues	<u>93,053</u>	<u>93,263</u>	<u>94,936</u>	<u>1,673</u>
Other Financing Sources:				
Transfers In - Other Funds	<u>11,109</u>	<u>29,364</u>	<u>29,494</u>	<u>130</u>
Total Revenues and Other Financing Sources	<u>104,162</u>	<u>122,627</u>	<u>124,430</u>	<u>1,803</u>
Expenditures:				
Departmental:				
Financial Management Services	<u>97,482</u>	<u>104,808</u>	<u>104,157</u>	<u>651</u>
Contribution to / (Use of) Fund Balance	<u>\$ 6,680</u>	<u>\$ 17,819</u>	<u>\$ 20,273</u>	<u>\$ 2,454</u>
Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance				
Contribution to / (Use of) Fund Balance			\$ 20,273	
Differences - Budgetary to GAAP:				
Current year non-budgeted other financing sources treated as other financing sources for financial reporting purposes but not as budgetary inflows.			3,260	
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes but not as budgetary outflows.			(2,397)	
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			<u>(210)</u>	
Net Change in Fund Balance (GAAP Basis)			<u>\$ 20,926</u>	

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 finance the cost in providing the necessary resources to effectively implement crime reduction strategies pertaining to enhanced enforcement, neighborhood crime prevention, partner programs, recruitment and training, and department equipment, technology, and infrastructure within the City of Fort Worth, as approved by citizens.

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.

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. In 2017, the Lancaster Corridor LLC Fund is moved to Other Blended Capital Project Funds section

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 to promote 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), 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). Central City Local Government Corporation is moved to the Other Blended Capital Project Funds in 2017.

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.

**Nonmajor Governmental Funds
Special Revenue Funds
(continued)**

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.

Botanic Gardens Fund is responsible for maintaining the oldest botanic garden in Texas and preserving art and culture. The Gardens is moved to a separate fund from the Special Revenue Fund in March 2017.

**Nonmajor Governmental Funds
Capital Project Funds**

Lancaster Corridor LLC Fund is organized to support mixed-use redevelopment along the Lancaster Corridor. The fund was reported with the Fort Worth Local Development Corporation in FY2016, and is moved to Other Blended Component Units, Capital Projects in FY2017.

Central City Local Government Corporation 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 construction of a parking garage to support development. This is moved to Other Blended Component Units, Capital Projects in FY2017.



**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017
(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	Culture and Tourism
ASSETS							
Cash, Cash Equivalents, & Investments	\$ 2,809	\$ 1,231	\$ 10,723	\$ 746	\$ -	\$ 18,495	\$ 19,143
Cash, Cash Equivalents, & Investments Held by Trustees	-	-	-	-	-	48	-
Receivables, Net of Allowance for Uncollectible:							
Grants and Other Governments	12,071	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Interest	70	15	61	-	-	41	50
Accounts and Other	830	359	2,540	582	-	291	4,508
Inventories (at Cost)	-	-	4,695	187	-	-	-
Prepays, Deposits, and Other	-	-	12	13	-	-	-
Long-Term Loans Receivable	-	-	-	-	-	-	-
Total Assets	<u>\$ 15,780</u>	<u>\$ 1,605</u>	<u>\$ 18,031</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 18,875</u>	<u>\$ 23,701</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)							
Liabilities							
Accounts Payable	\$ 942	\$ 104	\$ 2,807	\$ 116	\$ -	\$ 188	\$ 4,352
Construction Payable	-	-	3	-	-	16	-
Escrow Accounts Payable	-	-	1	-	-	396	-
Accrued Payroll	1,131	68	-	-	-	35	270
Other	-	-	-	-	-	-	7
Due to Other Funds	-	-	-	-	-	663	-
Unearned Revenue	-	-	-	-	-	-	1,621
Total Liabilities	<u>2,073</u>	<u>172</u>	<u>2,811</u>	<u>116</u>	<u>-</u>	<u>1,298</u>	<u>6,250</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>1,895</u>	<u>153</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit):							
Nonspendable	-	-	2,552	13	-	-	-
Restricted	9,496	1,386	-	-	-	8,977	6,054
Committed	2,516	-	-	-	-	440	-
Assigned	1,695	47	10,773	1,246	-	8,160	11,397
Unassigned (Deficit)	-	-	-	-	-	-	-
Total Fund Balances (Deficit)	<u>13,707</u>	<u>1,433</u>	<u>13,325</u>	<u>1,259</u>	<u>-</u>	<u>17,577</u>	<u>17,451</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 15,780</u>	<u>\$ 1,605</u>	<u>\$ 18,031</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 18,875</u>	<u>\$ 23,701</u>

Special Revenue Funds							Capital Project Funds		Total Nonmajor Governmental Funds
Grants	Other Blended Component Units	Other Special Revenue	Public Improvement Districts	Taxing Increment Reinvestment Zones	Golf	Botanic Gardens	Special Revenue Funds Subtotal	Other Blended Component Units	Total Nonmajor Governmental Funds
\$ 378	\$ 905	\$ 13,247	\$ 2,635	\$ 41,539	\$ 92	\$ 655	\$ 112,598	\$ 869	\$ 113,467
-	-	-	-	-	-	-	48	-	48
6,890	-	-	7	-	-	-	18,968	-	18,968
13,890	-	-	-	-	-	-	13,890	-	13,890
-	-	16	7	97	-	-	357	-	357
3	96	1,767	-	-	-	18	10,994	3	10,997
-	-	-	-	-	98	-	4,980	-	4,980
2	-	-	-	-	9	-	36	-	36
13,081	-	-	-	-	-	-	13,081	-	13,081
<u>\$ 34,244</u>	<u>\$ 1,001</u>	<u>\$ 15,030</u>	<u>\$ 2,649</u>	<u>\$ 41,636</u>	<u>\$ 199</u>	<u>\$ 673</u>	<u>\$ 174,952</u>	<u>\$ 872</u>	<u>\$ 175,824</u>
\$ 1,612	\$ -	\$ 4,881	\$ 663	\$ 410	\$ 119	\$ 90	\$ 16,284	\$ 436	\$ 16,720
1	-	-	-	-	-	-	20	-	20
77	-	1	-	-	-	-	475	-	475
327	-	7	-	-	80	94	2,012	-	2,012
7	-	84	-	-	-	-	98	22	120
-	-	-	-	-	-	-	663	-	663
29,400	25	15	-	-	-	-	31,061	871	31,932
<u>31,424</u>	<u>25</u>	<u>4,988</u>	<u>663</u>	<u>410</u>	<u>199</u>	<u>184</u>	<u>50,613</u>	<u>1,329</u>	<u>51,942</u>
3,394	-	-	-	-	-	-	5,442	-	5,442
2	-	-	-	-	107	-	2,674	-	2,674
-	-	3,796	-	41,226	-	-	70,935	-	70,935
-	-	-	1,172	-	-	-	4,128	-	4,128
-	976	6,246	814	-	-	489	41,843	-	41,843
(576)	-	-	-	-	(107)	-	(683)	(457)	(1,140)
<u>(574)</u>	<u>976</u>	<u>10,042</u>	<u>1,986</u>	<u>41,226</u>	<u>-</u>	<u>489</u>	<u>118,897</u>	<u>(457)</u>	<u>118,440</u>
<u>\$ 34,244</u>	<u>\$ 1,001</u>	<u>\$ 15,030</u>	<u>\$ 2,649</u>	<u>\$ 41,636</u>	<u>\$ 199</u>	<u>\$ 673</u>	<u>\$ 174,952</u>	<u>\$ 872</u>	<u>\$ 175,824</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, 2017
(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	Culture and Tourism
REVENUES:							
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	69,926	-	-	-	-	-	-
Other Local Taxes	-	-	-	-	-	-	26,993
Charges for Services	-	4,261	-	-	-	1,454	4,407
Licenses and Permits	-	-	-	-	-	-	17
Fines and Forfeitures	-	-	-	-	-	655	-
Revenue from Use of Money and Property	-	-	-	860	-	155	7,073
Investment Income (Loss)	302	30	184	12	-	257	(32)
Intergovernmental	5,020	-	-	-	-	939	8,053
Gas Leases and Royalties	-	-	59	100	-	-	-
Other	453	17	929	-	-	1,658	2,581
Contributions	-	-	-	-	-	1,304	343
Total Revenues	<u>75,701</u>	<u>4,308</u>	<u>1,172</u>	<u>972</u>	<u>-</u>	<u>6,422</u>	<u>49,435</u>
EXPENDITURES:							
Current:							
General Government	-	-	-	-	-	1,078	-
Public Safety	56,798	3,806	-	-	-	725	-
Highways and Streets	-	-	-	-	-	-	-
Culture and Recreation	1,264	-	-	-	-	2,824	29,930
Health and Welfare	-	-	-	-	-	-	-
Urban Redevelopment and Housing	410	-	594	1,898	-	8	-
Capital Outlay	-	-	-	-	-	1,023	-
Debt Service:							
Principal Retirement	-	-	-	367	-	-	-
Interest and Debt Issuance Costs	-	-	-	50	-	-	1,656
Total Expenditures	<u>58,472</u>	<u>3,806</u>	<u>594</u>	<u>2,315</u>	<u>-</u>	<u>5,658</u>	<u>31,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,229</u>	<u>502</u>	<u>578</u>	<u>(1,343)</u>	<u>-</u>	<u>764</u>	<u>17,849</u>
OTHER FINANCING SOURCES (USES):							
Issuance of Long-Term Debt	-	-	-	-	-	-	226,880
Issuance of Capital Leases	-	-	-	-	-	-	-
Construction Loans	-	-	-	-	-	-	-
Premium on Issuance	-	-	-	-	-	-	11,121
Proceeds from Disposal of Property	77	-	2	-	-	274	8
Transfers In	-	373	-	2,586	-	185	1,213
Transfers Out	(15,969)	(7,265)	-	(211)	(1,204)	(8,992)	(251,332)
Total Other Financing Sources (Uses)	<u>(15,892)</u>	<u>(6,892)</u>	<u>2</u>	<u>2,375</u>	<u>(1,204)</u>	<u>(8,533)</u>	<u>(12,110)</u>
Net Change in Fund Balances (Deficit)	1,337	(6,390)	580	1,032	(1,204)	(7,769)	5,739
Fund Balances (Deficit), Beginning of Year	12,370	7,823	12,745	227	1,204	25,346	11,712
Fund Balances (Deficit), End of Year	<u>\$ 13,707</u>	<u>\$ 1,433</u>	<u>\$ 13,325</u>	<u>\$ 1,259</u>	<u>\$ -</u>	<u>\$ 17,577</u>	<u>\$ 17,451</u>

Special Revenue Funds							Capital Project Funds		Total Nonmajor Governmental Funds
Grants	Other Blended Component Units	Other Special Revenue	Public Improvement Districts	Taxing Increment Reinvestment Zones	Golf	Botanic Gardens	Special Revenue Funds Subtotal	Other Blended Component Units	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 16,615	\$ -	\$ -	\$ 16,615	\$ -	\$ 16,615
-	-	-	-	-	-	-	69,926	-	69,926
-	-	-	-	-	-	-	26,993	-	26,993
-	-	2	772	-	3,526	668	15,090	-	15,090
-	-	-	-	-	-	-	17	-	17
-	-	9,884	-	-	-	-	10,539	-	10,539
1,153	-	979	-	-	-	173	10,393	467	10,860
156	-	21	42	406	(10)	(4)	1,364	-	1,364
27,506	93	-	-	9,217	-	-	50,828	-	50,828
-	615	-	-	-	-	-	774	5	779
-	-	2,402	5,790	-	15	3	13,848	-	13,848
241	-	-	-	-	-	157	2,045	895	2,940
<u>29,056</u>	<u>708</u>	<u>13,288</u>	<u>6,604</u>	<u>26,238</u>	<u>3,531</u>	<u>997</u>	<u>218,432</u>	<u>1,367</u>	<u>219,799</u>
1,237	-	5,413	6,357	20,631	-	-	34,716	-	34,716
5,986	-	-	-	-	-	-	67,315	-	67,315
779	-	6,491	-	-	-	-	7,270	-	7,270
440	-	-	-	-	4,822	3,377	42,657	-	42,657
10,843	-	-	-	-	-	-	10,843	-	10,843
11,227	79	-	-	6,444	-	-	20,660	836	21,496
438	-	-	118	-	575	-	2,154	4,443	6,597
-	-	-	-	2,875	40	-	3,282	-	3,282
-	913	-	-	-	6	-	2,625	586	3,211
<u>30,950</u>	<u>992</u>	<u>11,904</u>	<u>6,475</u>	<u>29,950</u>	<u>5,443</u>	<u>3,377</u>	<u>191,522</u>	<u>5,865</u>	<u>197,387</u>
<u>(1,894)</u>	<u>(284)</u>	<u>1,384</u>	<u>129</u>	<u>(3,712)</u>	<u>(1,912)</u>	<u>(2,380)</u>	<u>26,910</u>	<u>(4,498)</u>	<u>22,412</u>
-	-	-	-	-	-	-	226,880	-	226,880
-	-	-	-	-	575	-	575	-	575
-	-	-	-	20,413	-	-	20,413	6,224	26,637
-	-	-	-	-	-	-	11,121	-	11,121
-	-	-	-	-	-	-	361	1,413	1,774
761	912	400	-	153	1,081	2,952	10,616	-	10,616
(1,639)	(400)	(3,255)	(125)	(3,458)	(13)	(83)	(293,946)	(2,586)	(296,532)
(878)	512	(2,855)	(125)	17,108	1,643	2,869	(23,980)	5,051	(18,929)
(2,772)	228	(1,471)	4	13,396	(269)	489	2,930	553	3,483
2,198	748	11,513	1,982	27,830	269	-	115,967	(1,010)	114,957
<u>\$ (574)</u>	<u>\$ 976</u>	<u>\$ 10,042</u>	<u>\$ 1,986</u>	<u>\$ 41,226</u>	<u>\$ -</u>	<u>\$ 489</u>	<u>\$ 118,897</u>	<u>\$ (457)</u>	<u>\$ 118,440</u>

**CITY OF FORT WORTH, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - OTHER BLENDED COMPONENT UNITS
SEPTEMBER 30, 2017
(in 000's)**

	Other Blended CU* Special Revenue Funds				Other Blended CU* Capital Project Funds		
	Fort Worth Sports Authority	Lone Star Local Development Corporation	Alliance Airport Authority	Total	Lancaster Corridor LLC Fund	Central City Local Government Corporation	Total
ASSETS							
Cash, Cash Equivalents, & Investments	\$ 775	\$ -	\$ 130	\$ 905	\$ 811	\$ 58	\$ 869
Receivables, Net of Allowance for Uncollectible							
Accounts and Other	89	-	7	96	3	-	3
Total Assets	<u>\$ 864</u>	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 1,001</u>	<u>\$ 814</u>	<u>\$ 58</u>	<u>\$ 872</u>
LIABILITIES AND FUND BALANCES (DEFICIT)							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 434	\$ 2	\$ 436
Other	-	-	-	-	22	-	22
Unearned Revenue	25	-	-	25	31	840	871
Total Liabilities	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>487</u>	<u>842</u>	<u>1,329</u>
Fund Balances (Deficit):							
Assigned	839	-	137	976	-	-	-
Unassigned (Deficit)	-	-	-	-	327	(784)	(457)
Total Fund Balances (Deficit)	<u>839</u>	<u>-</u>	<u>137</u>	<u>976</u>	<u>327</u>	<u>(784)</u>	<u>(457)</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 864</u>	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 1,001</u>	<u>\$ 814</u>	<u>\$ 58</u>	<u>\$ 872</u>

* - Component Units

**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, 2017
(in 000's)**

	Other Blended CU* Special Revenue Funds				Other Blended CU* Capital Project Funds		
	Fort Worth Sports Authority	Lone Star Local Development Corporation	Alliance Airport Authority	Total	Lancaster Corridor LLC Fund	Central City Local Government Corporation	Total
REVENUES:							
Revenue from Use of Money and Property	\$ -	\$ -	\$ -	\$ -	\$ 454	\$ 13	\$ 467
Intergovernmental	93	-	-	93	-	-	-
Gas Leases and Royalties	586	-	29	615	-	5	5
Contributions	-	-	-	-	-	895	895
Total Revenues	<u>679</u>	<u>-</u>	<u>29</u>	<u>708</u>	<u>454</u>	<u>913</u>	<u>1,367</u>
EXPENDITURES:							
Current:							
Urban Redevelopment and Housing	67	-	12	79	758	78	836
Capital Outlay	-	-	-	-	3,834	609	4,443
Debt Service:							
Interest and Debt Issuance Costs	-	913	-	913	586	-	586
Total Expenditures	<u>67</u>	<u>913</u>	<u>12</u>	<u>992</u>	<u>5,178</u>	<u>687</u>	<u>5,865</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>612</u>	<u>(913)</u>	<u>17</u>	<u>(284)</u>	<u>(4,724)</u>	<u>226</u>	<u>(4,498)</u>
OTHER FINANCING SOURCES (USES):							
Construction Loans	-	-	-	-	6,224	-	6,224
Proceeds from Disposal of Property	-	-	-	-	1,413	-	1,413
Transfers In	-	912	-	912	-	-	-
Transfers Out	-	-	(400)	(400)	(2,586)	-	(2,586)
Total Other Financing Sources (Uses)	<u>-</u>	<u>912</u>	<u>(400)</u>	<u>512</u>	<u>5,051</u>	<u>-</u>	<u>5,051</u>
Net Change in Fund Balances (Deficit)	<u>612</u>	<u>(1)</u>	<u>(383)</u>	<u>228</u>	<u>327</u>	<u>226</u>	<u>553</u>
Fund Balances (Deficit), Beginning of Year	<u>227</u>	<u>1</u>	<u>520</u>	<u>748</u>	<u>-</u>	<u>(1,010)</u>	<u>(1,010)</u>
Fund Balances (Deficit), End of Year	<u>\$ 839</u>	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 976</u>	<u>\$ 327</u>	<u>\$ (784)</u>	<u>\$ (457)</u>

* - Component Units

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CRIME CONTROL AND PREVENTION DISTRICT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Other Financing Sources:				
Revenues:				
Sales Taxes	\$ 67,395	\$ 67,395	\$ 69,926	\$ 2,531
Revenue from Use of Money and Property	94	94	328	234
Intergovernmental	5,020	5,020	5,020	-
Other	60	60	453	393
Total Revenues	<u>72,569</u>	<u>72,569</u>	<u>75,727</u>	<u>3,158</u>
Other Financing Sources:				
Proceeds from Disposal of Property	145	145	77	(68)
Total Other Financing Sources	<u>145</u>	<u>145</u>	<u>77</u>	<u>(68)</u>
Total Revenues and Other Financing Sources	<u>72,714</u>	<u>72,714</u>	<u>75,804</u>	<u>3,090</u>
Expenditures:				
Departmental:				
Neighborhood Services	788	579	410	169
Park and Recreation	1,055	1,264	1,264	-
Police	73,041	73,041	72,757	284
Total Expenditures	<u>74,884</u>	<u>74,884</u>	<u>74,431</u>	<u>453</u>
Contribution to / (Use of) Fund Balance	<u>\$ (2,170)</u>	<u>\$ (2,170)</u>	<u>\$ 1,373</u>	<u>\$ 3,543</u>

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

Contribution to / (Use of) Fund Balance (Budgetary Basis)	\$ 1,373
Differences - Budgetary to GAAP:	
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.	(27)
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes (due to perspective difference) but not as budgetary inflows.	(9)
Net Change in Fund Balance (GAAP Basis)	<u>\$ 1,337</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 ENVIRONMENTAL MANAGEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (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	\$ 4,729	\$ 4,356	\$ 4,261	\$ (95)
Revenue from Use of Money and Property	72	72	74	2
Other	13	13	17	4
Total Revenues	<u>4,814</u>	<u>4,441</u>	<u>4,352</u>	<u>(89)</u>
Other Financing Sources:				
Transfers In - Other Funds	-	373	373	-
Total Revenues and Other Financing Sources	<u>4,814</u>	<u>4,814</u>	<u>4,725</u>	<u>(89)</u>
Expenditures:				
Departmental:				
Code Compliance	<u>7,364</u>	<u>7,364</u>	<u>7,248</u>	<u>116</u>
Contribution to / (Use of) Fund Balance	<u>\$ (2,550)</u>	<u>\$ (2,550)</u>	<u>\$ (2,523)</u>	<u>\$ 27</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)			\$ (2,523)	
Differences - Budgetary to GAAP:				
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes but not as budgetary outflows.			(3,823)	
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			<u>(44)</u>	
Net Change in Fund Balance (GAAP Basis)			<u>\$ (6,390)</u>	

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CULTURE AND TOURISM FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (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	\$ 27,583	\$ 27,583	\$ 26,993	\$ (590)
Charges for Services	3,368	3,417	4,407	990
Licenses and Permits	20	20	17	(3)
Revenue from Use of Money and Property	6,247	6,247	7,609	1,362
Intergovernmental	5,500	5,791	8,053	2,262
Other	1,943	1,975	2,579	604
Total Revenues	<u>44,661</u>	<u>45,033</u>	<u>49,658</u>	<u>4,625</u>
Other Financing Sources:				
Proceeds from Disposal of Property	-	-	8	8
Transfers In - Other Funds	1,204	1,204	1,213	9
Issuance of Refunding Bonds/Premium	-	238,001	238,001	-
Total Other Financing Sources	<u>1,204</u>	<u>239,205</u>	<u>239,222</u>	<u>17</u>
Total Revenues and Other Financing Sources	<u>45,865</u>	<u>284,238</u>	<u>288,880</u>	<u>4,642</u>
Expenditures:				
Departmental:				
Public Events and Facilities	<u>45,865</u>	<u>284,283</u>	<u>282,909</u>	<u>1,374</u>
Contribution to / (Use of) Fund Balance	<u>\$ -</u>	<u>\$ (45)</u>	<u>\$ 5,971</u>	<u>\$ 6,016</u>
Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance				
Contribution to / (Use of) Fund Balance (Budgetary Basis)			\$ 5,971	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			(223)	
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes (due to perspective difference) but not as budgetary outflows.			<u>(9)</u>	
Net Change in Fund Balance (GAAP Basis)			<u>\$ 5,739</u>	

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 OTHER SPECIAL REVENUE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (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	\$ 3	\$ 2	\$ (1)
Fines and Forfeitures	8,784	9,201	9,884	683
Revenue from Use of Money and Property	554	554	979	425
Other	2,637	4,437	2,472	(1,965)
Total Revenues	<u>11,978</u>	<u>14,195</u>	<u>13,337</u>	<u>(858)</u>
Other Financing Sources:				
Transfers In - Other Funds	-	-	400	400
Total Revenues and Other Financing Sources	<u>11,978</u>	<u>14,195</u>	<u>13,737</u>	<u>(458)</u>
Expenditures:				
Departmental:				
Property Management	6,197	7,997	5,413	2,584
Transportation and Public Works	9,204	9,746	9,746	-
Total Expenditures	<u>15,401</u>	<u>17,743</u>	<u>15,159</u>	<u>2,584</u>
Contribution to / (Use of) Fund Balance	<u>\$ (3,423)</u>	<u>\$ (3,548)</u>	<u>\$ (1,422)</u>	<u>\$ 2,126</u>
Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance				
Contribution to / (Use of) Fund Balance (Budgetary Basis)			\$ (1,422)	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			<u>(49)</u>	
Net Change in Fund Balance (GAAP Basis)			<u>\$ (1,471)</u>	

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 PUBLIC IMPROVEMENT DISTRICTS FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (in 000's)**

	Budgeted Amounts		Budgetary Basis Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenues:				
Charges for Services	\$ 772	\$ 772	\$ 772	\$ -
Revenue from Use of Money and Property	-	-	42	42
Other	5,925	5,925	5,790	(135)
Total Revenues	<u>6,697</u>	<u>6,697</u>	<u>6,604</u>	<u>(93)</u>
Expenditures:				
Departmental:				
Performance and Budget	7,265	7,271	6,600	671
	<u>7,265</u>	<u>7,271</u>	<u>6,600</u>	<u>671</u>
Contribution to / (Use of) Fund Balance	<u>\$ (568)</u>	<u>\$ (574)</u>	<u>\$ 4</u>	<u>\$ 578</u>

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 GOLF FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (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	\$ 4,661	\$ 4,661	\$ 3,526	\$ (1,135)
Other	10	10	11	1
Total Revenues	<u>4,671</u>	<u>4,671</u>	<u>3,537</u>	<u>(1,134)</u>
Other Financing Sources:				
Transfers In - Other Funds	<u>615</u>	<u>1,165</u>	<u>1,081</u>	<u>(84)</u>
Total Revenues and Other Financing Sources	<u>5,286</u>	<u>5,836</u>	<u>4,618</u>	<u>(1,218)</u>
Expenditures:				
Departmental:				
Park and Recreation	<u>5,286</u>	<u>5,836</u>	<u>4,880</u>	<u>956</u>
Contribution to / (Use of) Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (262)</u>	<u>\$ (262)</u>
Explanation of Differences Between Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance				
Contribution to / (Use of) Fund Balance (Budgetary Basis)			\$ (262)	
Differences - Budgetary to GAAP:				
Current year non-budgeted other financing sources treated as other financing sources for financial reporting purposes but not as budgetary inflows.			575	
Current year non-budgeted expenditures treated as expenditures for financial reporting purposes but not as budgetary outflows.			(575)	
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			<u>(7)</u>	
Net Change in Fund Balance (GAAP Basis)			<u>\$ (269)</u>	

**CITY OF FORT WORTH, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 BOTANIC GARDENS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017
 (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	\$ -	\$ 552	\$ 841	\$ 289
Revenue from Use of Money and Property	-	-	157	157
Other	-	-	3	3
Total Revenues	-	552	1,001	449
Other Financing Sources:				
Transfers In - Other Funds	-	2,908	2,952	44
Total Revenues and Other Financing Sources	-	3,460	3,953	493
Expenditures:				
Departmental:				
Park and Recreation	-	3,460	3,460	-
Contribution to / (Use of) Fund Balance	\$ -	\$ -	\$ 493	\$ 493
Explanation of Differences Between Contribution to / (Use) of Fund Balance and GAAP Net Change in Fund Balance				
Contribution to / (Use of) Fund Balance (Budgetary Basis)			\$ 493	
Differences - Budgetary to GAAP:				
Current year non-budgeted revenues treated as revenues for financial reporting purposes (due to perspective difference) but not as budgetary inflows.			(4)	
Net Change in Fund Balance (GAAP Basis)			\$ 489	

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. Revenues are derived principally from the 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 Memorial Center parking system, the Taylor Street garage, the Convention Center garage, the Houston Street garage, the Western Heritage garage, and several surface lots located in the downtown area, as well as parking meters and parking compliance personnel. The Fund's operations are financed by parking activities and office space rentals.

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, 2017
(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	\$ 3,733	\$ 2,428	\$ 19,201	\$ 25,362
Interest Receivable	-	16	73	89
Accounts and Other Receivables, Net of Allowance for Uncollectible	608	21	6,631	7,260
Due from Other Funds	316	-	-	316
Restricted Assets:				
Cash & Cash Equivalents	8,959	169	1,188	10,316
Total Current Assets	<u>13,616</u>	<u>2,634</u>	<u>27,093</u>	<u>43,343</u>
Noncurrent Assets:				
Restricted Assets:				
Cash & Cash Equivalents	9,094	1,582	10,971	21,647
Cash, Cash Equivalents, & Investments Held by Trustees	32,878	-	5,481	38,359
Grants Receivable	9,336	-	-	9,336
Interest Receivable	83	2	1	86
Total Restricted Assets	<u>51,391</u>	<u>1,584</u>	<u>16,453</u>	<u>69,428</u>
Advances to Other Funds	1,190	-	7,023	8,213
Capital Assets (at Cost):				
Land/Right of Way	153,251	1,561	5,695	160,507
Buildings	32,662	49,291	2,777	84,730
Infrastructure	244,274	8,134	17,445	269,853
Vehicles, Machinery and Equipment	4,110	1,071	3,962	9,143
Construction in Progress	68,108	8	1,053	69,169
Accumulated Depreciation	(172,572)	(13,898)	(13,699)	(200,169)
Net Capital Assets	<u>329,833</u>	<u>46,167</u>	<u>17,233</u>	<u>393,233</u>
Total Noncurrent Assets	<u>382,414</u>	<u>47,751</u>	<u>40,709</u>	<u>470,874</u>
Total Assets	<u>396,030</u>	<u>50,385</u>	<u>67,802</u>	<u>514,217</u>
Deferred Outflows of Resources	<u>3,718</u>	<u>3,988</u>	<u>14,309</u>	<u>22,015</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 399,748</u>	<u>\$ 54,373</u>	<u>\$ 82,111</u>	<u>\$ 536,232</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2017
(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	\$ 195	\$ 276	\$ 4,190	\$ 4,661
Accrued Payroll	53	24	230	307
Current Portion of Long-Term Liabilities	106	2,461	951	3,518
Payables from Restricted Assets:				
Construction Payable	6,506	29	268	6,803
Customer Deposits	-	-	913	913
Accrued Interest Payable	-	140	7	147
Unearned Revenue	2,453	-	-	2,453
Total Current Liabilities	<u>9,313</u>	<u>2,930</u>	<u>6,559</u>	<u>18,802</u>
Long-Term Liabilities:				
Long-Term Liabilities Due in More Than One Year	<u>10,892</u>	<u>43,865</u>	<u>48,362</u>	<u>103,119</u>
Total Long-Term Liabilities	<u>10,892</u>	<u>43,865</u>	<u>48,362</u>	<u>103,119</u>
Total Liabilities	<u>20,205</u>	<u>46,795</u>	<u>54,921</u>	<u>121,921</u>
Deferred Inflows of Resources	<u>190</u>	<u>77</u>	<u>3,241</u>	<u>3,508</u>
NET POSITION				
Net Investment in Capital Assets	323,327	4,510	13,450	341,287
Restricted for:				
Debt Service	-	700	496	1,196
Unrestricted	56,026	2,291	10,003	68,320
Total Net Position	<u>\$ 379,353</u>	<u>\$ 7,501</u>	<u>\$ 23,949</u>	<u>\$ 410,803</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, 2017
(in 000's)**

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Solid Waste</u>	<u>Total</u>
OPERATING REVENUES				
Charges for Services	\$ 6,480	\$ 7,863	\$ 54,705	\$ 69,048
Other	61	25	5,782	5,868
Total Operating Revenues	<u>6,541</u>	<u>7,888</u>	<u>60,487</u>	<u>74,916</u>
OPERATING EXPENSES				
Personnel Services	2,882	1,080	12,063	16,025
Supplies and Materials	131	96	737	964
Contractual Services	2,351	2,421	42,924	47,696
Landfill Closure and Postclosure Cost	-	-	2,905	2,905
Depreciation	9,275	1,847	554	11,676
Total Operating Expenses	<u>14,639</u>	<u>5,444</u>	<u>59,183</u>	<u>79,266</u>
Operating Income (Loss)	<u>(8,098)</u>	<u>2,444</u>	<u>1,304</u>	<u>(4,350)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	2,867	18	164	3,049
Gain (Loss) on Sale of Property and Equipment	11	-	(21)	(10)
Interest and Service Charges	-	(1,255)	(87)	(1,342)
Gas Leases and Royalties	4,245	-	76	4,321
Total Nonoperating Revenues (Expenses)	<u>7,123</u>	<u>(1,237)</u>	<u>132</u>	<u>6,018</u>
Income (Loss) Before Transfers and Contributions	<u>(975)</u>	<u>1,207</u>	<u>1,436</u>	<u>1,668</u>
Transfers In	130	-	23	153
Transfers Out	(187)	(124)	(6,042)	(6,353)
Capital Contributions	52,112	-	-	52,112
Changes in Net Position	51,080	1,083	(4,583)	47,580
Total Net Position, Beginning of Year	<u>328,273</u>	<u>6,418</u>	<u>28,532</u>	<u>363,223</u>
Total Net Position, End of Year	<u>\$ 379,353</u>	<u>\$ 7,501</u>	<u>\$ 23,949</u>	<u>\$ 410,803</u>

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(in 000's)

	<u>Municipal Airports</u>	<u>Municipal Parking</u>	<u>Solid Waste</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 6,239	\$ 7,894	\$ 54,468	\$ 68,601
Receipts from Other Operating Sources	61	25	5,782	5,868
Payments to Employees	(1,938)	(660)	(8,061)	(10,659)
Payments to Vendors	(2,498)	(2,435)	(43,333)	(48,266)
Net Cash Provided by (Used for) Operating Activities	<u>1,864</u>	<u>4,824</u>	<u>8,856</u>	<u>15,544</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	130	-	23	153
Advances from Other Funds	(24,863)	-	-	(24,863)
Transfers Out to Other Funds	(187)	(124)	(6,042)	(6,353)
Due from Other Funds	(316)	-	-	(316)
Advances to Other Funds	1,925	-	3,500	5,425
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(23,311)</u>	<u>(124)</u>	<u>(2,519)</u>	<u>(25,954)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Property and Equipment	11	-	1	12
Contributions	55,414	-	-	55,414
Acquisition and Construction of Property, Plant and Equipment	(49,425)	(396)	(1,097)	(50,918)
Principal Paid on Long-Term Debt	-	(2,305)	(468)	(2,773)
Interest Paid on Long-Term Obligations	-	(1,734)	(88)	(1,822)
Bond Issuance Cost Paid	-	(2)	-	(2)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>6,000</u>	<u>(4,437)</u>	<u>(1,652)</u>	<u>(89)</u>
Cash Flows from Investing Activities:				
Receipts from Gas Leases and Royalties	4,245	-	76	4,321
Purchases of Investments	(4,983)	-	-	(4,983)
Sales of Investments	3,147	-	-	3,147
Investment Income Received	2,837	33	119	2,989
Net Cash Provided by (Used for) Investing Activities	<u>5,246</u>	<u>33</u>	<u>195</u>	<u>5,474</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,201)	296	4,880	(5,025)
Cash and Cash Equivalents, Beginning of Year	<u>34,044</u>	<u>3,883</u>	<u>31,961</u>	<u>69,888</u>
Cash and Cash Equivalents, End of Year	<u>\$ 23,843</u>	<u>\$ 4,179</u>	<u>\$ 36,841</u>	<u>\$ 64,863</u>

(continued)

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(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)	\$ (8,098)	\$ 2,444	\$ 1,304	\$ (4,350)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	9,275	1,847	554	11,676
Changes in Assets and Liabilities:				
Accounts and Other Receivables	(247)	31	219	3
Prepays, Deposits, and Other Assets	6	-	-	6
Deferred Outflows of Resources (Pension)	(2,160)	(834)	(9,092)	(12,086)
Accounts Payable	(16)	82	328	394
Accrued Payroll and Compensation	(41)	20	129	108
Customer Deposits	-	-	25	25
Landfill Closure and Postclosure Liability	-	-	2,905	2,905
Other Postemployment Benefits Obligation	96	34	380	510
Net Pension Liability	3,092	1,218	12,703	17,013
Deferred Inflows of Resources (Pension)	(43)	(18)	(118)	(179)
Deferred Inflows of Resources (Service Concession Agreement)	-	-	(481)	(481)
Total Adjustments	<u>9,962</u>	<u>2,380</u>	<u>7,552</u>	<u>19,894</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,864</u>	<u>\$ 4,824</u>	<u>\$ 8,856</u>	<u>\$ 15,544</u>
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:				
Current - Cash, Cash Equivalents, & Investments	\$ 3,733	\$ 2,428	\$ 19,201	\$ 25,362
Current Restricted - Cash & Cash Equivalents	8,959	169	1,188	10,316
Noncurrent Restricted - Cash & Cash Equivalents	9,094	1,582	10,971	21,647
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	32,878	-	5,481	38,359
Less: Gas Well Investments Held by Trustees	(30,821)	-	-	(30,821)
Total Cash and Cash Equivalents	<u>\$ 23,843</u>	<u>\$ 4,179</u>	<u>\$ 36,841</u>	<u>\$ 64,863</u>
Noncash Investing, Capital, and Financing Activities:				
Capital Asset Contributions from Developers	\$ 15,569	\$ -	\$ -	\$ 15,569
Capital Asset Transfers to Business-Type Activities	-	-	(21)	(21)
Amortization of Bond Premium	-	660	-	660
Amortization of Bond Defeasement Loss	-	(187)	-	(187)
Change in Fair Value of Pooled Investments	(149)	(28)	(188)	(365)
Change in Fair Value on Non-Pooled Investments	2,033	-	-	2,033

(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 all City's audio, visual, and computer related equipment services, including application development, implementation of software systems, information technology project management, database and geographic information systems support, and desktop, software, and hardware support.

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.

Group Health and Life Insurance

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

Risk Financing

The fund includes administration of the City's commercial insurance program, self-insured programs, claims litigation management, and subrogation. This is to protect City resources and to minimize the financial impact when losses do occur. Workers' Compensation is self-funded by the City. Claims are handled by a third-party administrator or contractor. 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.

CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2017
(in 000's)

	<u>Equipment Services</u>	<u>Information Systems</u>	<u>Capital Project Services</u>	<u>Group Health and Life Insurance</u>	<u>Risk Financing</u>	<u>Total</u>
ASSETS						
Current Assets:						
Cash, Cash Equivalents, & Investments	\$ 4,894	\$ 5,683	\$ 2,419	\$ 19,653	\$ 24,539	\$ 57,188
Interest Receivable	15	27	6	47	58	153
Accounts and Other Receivables, Net of Allowance for Uncollectible	-	18	-	-	503	521
Inventories (at Cost)	349	85	-	-	-	434
Prepays, Deposits, and Other	-	607	-	-	-	607
Total Current Assets	<u>5,258</u>	<u>6,420</u>	<u>2,425</u>	<u>19,700</u>	<u>25,100</u>	<u>58,903</u>
Noncurrent Assets:						
Restricted Assets:						
Cash & Cash Equivalents	1,445	2,721	-	-	4,359	8,525
Cash, Cash Equivalents, & Investments Held by Trustees	-	-	-	1,928	800	2,728
Total Restricted Assets	<u>1,445</u>	<u>2,721</u>	<u>-</u>	<u>1,928</u>	<u>5,159</u>	<u>11,253</u>
Capital Assets (at Cost):						
Land/Right of Way	1,119	-	4	-	-	1,123
Buildings	4,656	594	-	-	-	5,250
Infrastructure	948	7	91	-	-	1,046
Vehicles, Machinery and Equipment	2,145	3,533	1,805	-	-	7,483
Construction in Progress	83	1,871	-	-	-	1,954
Accumulated Depreciation	(6,507)	(2,740)	(1,861)	-	-	(11,108)
Net Capital Assets	<u>2,444</u>	<u>3,265</u>	<u>39</u>	<u>-</u>	<u>-</u>	<u>5,748</u>
Total Noncurrent Assets	<u>3,889</u>	<u>5,986</u>	<u>39</u>	<u>1,928</u>	<u>5,159</u>	<u>17,001</u>
Total Assets	<u>9,147</u>	<u>12,406</u>	<u>2,464</u>	<u>21,628</u>	<u>30,259</u>	<u>75,904</u>
LIABILITIES						
Current Liabilities:						
Accounts Payable	2,112	851	77	3,873	645	7,558
Accrued Payroll	232	458	249	26	46	1,011
Current Portion of Long-Term Liabilities	588	1,044	547	8,079	9,326	19,584
Total Current Liabilities	<u>2,932</u>	<u>2,353</u>	<u>873</u>	<u>11,978</u>	<u>10,017</u>	<u>28,153</u>
Long-Term Liabilities:						
Long-Term Liabilities Due in More Than One Year	476	967	306	84	16,321	18,154
Total Long-Term Liabilities	<u>476</u>	<u>967</u>	<u>306</u>	<u>84</u>	<u>16,321</u>	<u>18,154</u>
Total Liabilities	<u>3,408</u>	<u>3,320</u>	<u>1,179</u>	<u>12,062</u>	<u>26,338</u>	<u>46,307</u>
NET POSITION						
Net Investment in Capital Assets	2,444	3,265	39	-	-	5,748
Unrestricted	3,295	5,821	1,246	9,566	3,921	23,849
Total Net Position	<u>\$ 5,739</u>	<u>\$ 9,086</u>	<u>\$ 1,285</u>	<u>\$ 9,566</u>	<u>\$ 3,921</u>	<u>\$ 29,597</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, 2017
(in 000's)

	Equipment Services	Information Systems	Capital Project Services	Group Health and Life Insurance	Risk Financing	Total
OPERATING REVENUES						
Charges for Services	\$ 27,544	\$ 30,604	\$ 8,234	\$ 78,220	\$ 9,358	\$ 153,960
Other	21	1,514	19	80	7,853	9,487
Total Operating Revenues	<u>27,565</u>	<u>32,118</u>	<u>8,253</u>	<u>78,300</u>	<u>17,211</u>	<u>163,447</u>
OPERATING EXPENSES						
Personnel Services	8,553	13,839	6,382	1,897	1,640	32,311
Supplies and Materials	5,945	1,599	153	20	20	7,737
Contractual Services	11,168	18,253	1,177	81,650	14,879	127,127
Depreciation	185	302	66	-	-	553
Total Operating Expenses	<u>25,851</u>	<u>33,993</u>	<u>7,778</u>	<u>83,567</u>	<u>16,539</u>	<u>167,728</u>
Operating Income (Loss)	<u>1,714</u>	<u>(1,875)</u>	<u>475</u>	<u>(5,267)</u>	<u>672</u>	<u>(4,281)</u>
NONOPERATING REVENUES (EXPENSES)						
Investment Income	21	86	10	57	103	277
Gain (Loss) on Sale of Property and Equipment	4	(493)	16	-	2	(471)
Total Nonoperating Revenues (Expenses)	<u>25</u>	<u>(407)</u>	<u>26</u>	<u>57</u>	<u>105</u>	<u>(194)</u>
Income (Loss) Before Transfers	<u>1,739</u>	<u>(2,282)</u>	<u>501</u>	<u>(5,210)</u>	<u>777</u>	<u>(4,475)</u>
Transfers In	-	4,847	-	-	-	4,847
Transfers Out	(384)	(222)	(26)	(9)	(18)	(659)
Changes in Net Position	<u>1,355</u>	<u>2,343</u>	<u>475</u>	<u>(5,219)</u>	<u>759</u>	<u>(287)</u>
Total Net Position, Beginning of Year	<u>4,384</u>	<u>6,743</u>	<u>810</u>	<u>14,785</u>	<u>3,162</u>	<u>29,884</u>
Total Net Position, End of Year	<u>\$ 5,739</u>	<u>\$ 9,086</u>	<u>\$ 1,285</u>	<u>\$ 9,566</u>	<u>\$ 3,921</u>	<u>\$ 29,597</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(in 000's)**

	Equipment Services	Information Systems	Capital Project Services	Group Health and Life Insurance	Risk Financing	Total
Cash Flows from Operating Activities:						
Receipts from Other Funds	\$ 27,544	\$ 31,724	\$ 8,234	\$ 78,220	\$ 8,865	\$ 154,587
Receipts from Other Operating Sources	21	1,514	19	80	7,853	9,487
Payments to Employees	(8,366)	(13,534)	(6,261)	(1,830)	(1,637)	(31,628)
Payments to Vendors	(16,898)	(20,096)	(1,286)	(20)	(20)	(38,320)
Payments for Benefits	-	-	-	(78,805)	(15,461)	(94,266)
Net Cash Provided by (Used for) Operating Activities	<u>2,301</u>	<u>(392)</u>	<u>706</u>	<u>(2,355)</u>	<u>(400)</u>	<u>(140)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers In from Other Funds	-	4,847	-	-	-	4,847
Transfers Out to Other Funds	(384)	(222)	(26)	(9)	(18)	(659)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(384)</u>	<u>4,625</u>	<u>(26)</u>	<u>(9)</u>	<u>(18)</u>	<u>4,188</u>
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Sale of Property and Equipment Acquisition and Construction of Property, Plant and Equipment	4	3	16	-	2	25
	<u>(107)</u>	<u>(1,906)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,013)</u>
Net Cash Provided by (Used for) Capital Related Financing Activities	<u>(103)</u>	<u>(1,903)</u>	<u>16</u>	<u>-</u>	<u>2</u>	<u>(1,988)</u>
Cash Flows from Investing Activities:						
Investment Income Received	<u>13</u>	<u>70</u>	<u>4</u>	<u>34</u>	<u>71</u>	<u>192</u>
Net Cash Provided by (Used for) Investing Activities	<u>13</u>	<u>70</u>	<u>4</u>	<u>34</u>	<u>71</u>	<u>192</u>
Net Increase (Decrease) in Cash and Cash Equivalents						
Cash and Cash Equivalents, Beginning of Year	4,512	6,004	1,719	23,911	30,043	66,189
Cash and Cash Equivalents, End of Year	<u>\$ 6,339</u>	<u>\$ 8,404</u>	<u>\$ 2,419</u>	<u>\$ 21,581</u>	<u>\$ 29,698</u>	<u>\$ 68,441</u>

**CITY OF FORT WORTH, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(in 000's)**

	Equipment Services	Information Systems	Capital Project Services	Group Health and Life Insurance	Risk Financing	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating Income (Loss)	\$ 1,714	\$ (1,875)	\$ 475	\$ (5,267)	\$ 672	\$ (4,281)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	185	302	66	-	-	553
Changes in Assets and Liabilities:						
Accounts and Other Receivables	-	30	-	-	(493)	(463)
Inventories	(65)	2	-	-	-	(63)
Prepays, Deposits, and Other Assets	-	1,090	-	-	-	1,090
Accounts Payable	280	(246)	44	2,948	324	3,350
Accrued Payroll and Compensation	187	305	121	67	3	683
Accrued Benefits	-	-	-	(103)	(906)	(1,009)
Total Adjustments	<u>587</u>	<u>1,483</u>	<u>231</u>	<u>2,912</u>	<u>(1,072)</u>	<u>4,141</u>
Net Cash Provided by (Used for) Operating Activities						
	<u>\$ 2,301</u>	<u>\$ (392)</u>	<u>\$ 706</u>	<u>\$ (2,355)</u>	<u>\$ (400)</u>	<u>\$ (140)</u>
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:						
Current - Cash, Cash Equivalents, & Investments	\$ 4,894	\$ 5,683	\$ 2,419	\$ 19,653	\$ 24,539	\$ 57,188
Noncurrent Restricted - Cash & Cash Equivalents	1,445	2,721	-	-	4,359	8,525
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	-	-	-	1,928	800	2,728
Total Cash and Cash Equivalents	<u>\$ 6,339</u>	<u>\$ 8,404</u>	<u>\$ 2,419</u>	<u>\$ 21,581</u>	<u>\$ 29,698</u>	<u>\$ 68,441</u>
Noncash Investing, Capital, and Financing Activities:						
Change in Fair Value of Pooled Investments	\$ (43)	\$ (58)	\$ (16)	\$ (150)	\$ (168)	\$ (435)



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, 2017
(in 000's)

	Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ASSETS			
Current Assets:			
Cash & Cash Equivalents	\$ 173	\$ 303	\$ 476
Cash & Investments Held by Trustees:			
Assets and Mortgage Backed Obligations	65,630	-	65,630
Corporate Obligations	139,246	-	139,246
Government Agency Obligations	128,160	-	128,160
International Obligations	21,955	-	21,955
Securities Lending Collateral	132,585	-	132,585
U.S. Treasuries	62,284	-	62,284
Short-Term Mutual Fund Investments	72,131	72,229	144,360
Corporate Stock	422,051	-	422,051
Alternative Investments	626,693	-	626,693
Commingled Funds	797,263	-	797,263
Total Cash & Investments Held by Trustees	<u>2,467,998</u>	<u>72,229</u>	<u>2,540,227</u>
Prepays	22	-	22
Accrued Income	4,329	2	4,331
Other Receivables	4,788	-	4,788
Due from Broker Securities Sold	268,133	-	268,133
Total Current Assets	<u>2,745,443</u>	<u>72,534</u>	<u>2,817,977</u>
Capital Assets (at Cost):			
Land	405	-	405
Buildings	3,472	-	3,472
Machinery and Equipment	292	-	292
Accumulated Depreciation	(1,020)	-	(1,020)
Net Capital Assets	<u>3,149</u>	<u>-</u>	<u>3,149</u>
Total Assets	<u>2,748,592</u>	<u>72,534</u>	<u>2,821,126</u>
LIABILITIES			
Current Liabilities:			
Accrued Liabilities	181	3,706	3,887
Obligations Under Securities Lending	132,586	-	132,586
Due to Broker Securities Purchased	340,776	-	340,776
Total Current Liabilities	<u>473,543</u>	<u>3,706</u>	<u>477,249</u>
NET POSITION			
Net Position Held in Trust for Pension and Other Employee Benefits:			
Restricted for Pensions	2,275,049	-	2,275,049
Postemployment Healthcare Plan	-	68,828	68,828
Total Net Position	<u>\$ 2,275,049</u>	<u>\$ 68,828</u>	<u>\$ 2,343,877</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, 2017
(in 000's)

	Retirement Pension Trust Fund	Retiree Healthcare Trust Fund	Total
ADDITIONS			
Interest, Dividend, and Securities Lending Income	\$ 25,035	\$ 3,039	\$ 28,074
Less: Investment Management Fees and Interest Expense	(6,476)	(221)	(6,697)
Net Gain (Loss) in Fair Value of Investments	217,715	670	218,385
Other Income	15,140	-	15,140
Employer Contributions	89,645	26,214	115,859
Employee/Retiree Contributions	36,087	7,218	43,305
Total Additions	<u>377,146</u>	<u>36,920</u>	<u>414,066</u>
DEDUCTIONS			
Benefit Payments	194,769	25,804	220,573
Refunds	3,879	-	3,879
Administrative Expenses	4,882	9,402	14,284
Total Deductions	<u>203,530</u>	<u>35,206</u>	<u>238,736</u>
Change in Net Position	173,616	1,714	175,330
Net Position, Beginning of Year	<u>2,101,433</u>	<u>67,114</u>	<u>2,168,547</u>
Net Position, End of Year	<u>\$ 2,275,049</u>	<u>\$ 68,828</u>	<u>\$ 2,343,877</u>



OTHER SUPPLEMENTAL INFORMATION

**CITY OF FORT WORTH, TEXAS
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(in 000's)**

	Water and Sewer	Stormwater Utility	Municipal Airports	Municipal Parking	Solid Waste
OPERATING REVENUES					
Charges for Services	\$ 424,078	\$ 37,016	\$ 6,480	\$ 7,863	\$ 54,705
Other	1,537	1	61	25	5,301
Total Operating Revenues	<u>425,615</u>	<u>37,017</u>	<u>6,541</u>	<u>7,888</u>	<u>60,006</u>
OPERATING EXPENSES					
Personnel Services	67,799	7,704	1,942	667	8,084
Supplies and Materials	24,024	894	131	96	737
Contractual Services	147,819	7,199	2,351	2,421	42,924
Total Operating Expenses	<u>239,642</u>	<u>15,797</u>	<u>4,424</u>	<u>3,184</u>	<u>51,745</u>
Operating Income (Loss)	<u>185,973</u>	<u>21,220</u>	<u>2,117</u>	<u>4,704</u>	<u>8,261</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	3,649	609	966	39	216
Gain (Loss) on Sale of Property and Equipment	188	73	11	-	1
Interest and Service Charges	(32,086)	(7,283)	-	(1,737)	(87)
Gas Leases and Royalties	2,183	-	4,245	-	76
Total Nonoperating Revenues (Expenses)	<u>(26,066)</u>	<u>(6,601)</u>	<u>5,222</u>	<u>(1,698)</u>	<u>206</u>
Income (Loss) Before Transfers and Contributions	<u>159,907</u>	<u>14,619</u>	<u>7,339</u>	<u>3,006</u>	<u>8,467</u>
Transfers In	4,362	169	130	-	23
Transfers Out	(27,621)	(4,339)	(187)	(124)	(6,042)
Capital Contributions	7,635	-	36,543	-	-
Capital Contributions - Impact Fees	10,556	-	-	-	-
Changes in Net Position	<u>\$ 154,839</u>	<u>\$ 10,449</u>	<u>\$ 43,825</u>	<u>\$ 2,882</u>	<u>\$ 2,448</u>
Reconciliation of Changes in Noncurrent Non-Cash Revenues and Expenses:					
OPERATING REVENUES:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 481
OPERATING EXPENSES:					
Personnel Services					
Compensated Absences	(3,982)	(89)	44	(12)	(107)
Net Pension Liability	(34,001)	(4,059)	(889)	(366)	(3,492)
OPEB Liability	(3,202)	(389)	(95)	(35)	(380)
Total Changes in Personnel Services	<u>(41,185)</u>	<u>(4,537)</u>	<u>(940)</u>	<u>(413)</u>	<u>(3,979)</u>
Supplies and Materials	(96)	-	-	-	-
Landfill Closure and Postclosure Costs	-	-	-	-	(2,905)
Depreciation	(73,756)	(7,599)	(9,275)	(1,847)	(554)
Total Changes in Operating Expenses	<u>(115,037)</u>	<u>(12,136)</u>	<u>(10,215)</u>	<u>(2,260)</u>	<u>(6,957)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment Income (Loss)	(1,743)	(325)	1,901	(21)	(52)
Gain (Loss) on Sale of Property and Equipment	(4,383)	(206)	-	-	(22)
Interest and Service Charges	14,205	5,111	-	482	-
Capital Contributions	47,550	3,916	15,569	-	-
Total Changes In Nonoperating Revenues (Expenses)	<u>55,629</u>	<u>8,496</u>	<u>17,470</u>	<u>461</u>	<u>(74)</u>
Total Non-Cash Adjustments	<u>(59,408)</u>	<u>(3,640)</u>	<u>7,255</u>	<u>(1,799)</u>	<u>(7,031)</u>
Changes in Net Position per Schedule	154,839	10,449	43,825	2,882	2,448
Changes in Net Position on Fund Financial Statements	<u>\$ 95,431</u>	<u>\$ 6,809</u>	<u>\$ 51,080</u>	<u>\$ 1,083</u>	<u>\$ (4,583)</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 say about the City's overall financial health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-12
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.	13-18
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.	19-28
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.	29-31

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:					
Net Investment in Capital Assets	\$ 986,163	\$ 979,581	\$ 943,984	\$ 1,015,491	\$ 1,005,900
Restricted for Debt Service	15,974	15,613	16,437	5,478	9,047
Restricted for Capital Projects	-	-	8,393	12,818	17,350
Unrestricted (Deficit) ^(a)	<u>28,762</u>	<u>19,795</u>	<u>32,197</u>	<u>(32,846)</u>	<u>(53,101)</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ 1,030,899</u>	<u>\$ 1,014,989</u>	<u>\$ 1,001,011</u>	<u>\$ 1,000,941</u>	<u>\$ 979,196</u>
Business-Type Activities:					
Net Investment in Capital Assets	\$ 1,459,733	\$ 1,560,269	\$ 1,594,876	\$ 1,569,470	\$ 1,715,508
Restricted for Debt Service	35,859	41,532	37,739	42,407	29,919
Restricted for Capital Projects	-	-	67,661	47,464	39,715
Unrestricted (Deficit)	<u>258,686</u>	<u>232,086</u>	<u>224,958</u>	<u>327,535</u>	<u>261,406</u>
Total Business-Type Activities Net Position	<u>\$ 1,754,278</u>	<u>\$ 1,833,887</u>	<u>\$ 1,925,234</u>	<u>\$ 1,986,876</u>	<u>\$ 2,046,548</u>
Primary Government:					
Net Investment in Capital Assets	\$ 2,445,896	\$ 2,539,850	\$ 2,538,860	\$ 2,584,961	\$ 2,721,408
Restricted for Debt Service	51,833	57,145	54,176	47,885	38,966
Restricted for Capital Projects	-	-	76,054	60,282	57,065
Unrestricted (Deficit)	<u>287,448</u>	<u>251,881</u>	<u>257,155</u>	<u>294,689</u>	<u>208,305</u>
Total Primary Government Net Position	<u>\$ 2,785,177</u>	<u>\$ 2,848,876</u>	<u>\$ 2,926,245</u>	<u>\$ 2,987,817</u>	<u>\$ 3,025,744</u>

Source: Comprehensive Annual Financial Report for the respective years.

(a) For FY2015, decrease due to GASB 68 Implementation.

TABLE 1

2013	2014	2015	2016	2017
\$ 1,053,547	\$ 1,092,890	\$ 1,228,012	\$ 1,302,450	\$ 1,392,113
1,660	2,616	6,585	10,977	29,259
23,512	33,367	45,773	42,877	57,721
(128,038)	(214,634)	(1,552,115)	(1,677,201)	(1,995,603)
<u>\$ 950,681</u>	<u>\$ 914,239</u>	<u>\$ (271,745)</u>	<u>\$ (320,897)</u>	<u>\$ (516,510)</u>
\$ 1,850,152	\$ 1,864,396	\$ 1,990,723	\$ 2,052,536	\$ 2,242,924
34,513	27,641	3,852	10,576	13,146
35,852	33,276	26,070	15,221	26,028
216,989	290,454	117,473	181,027	127,082
<u>\$ 2,137,506</u>	<u>\$ 2,215,767</u>	<u>\$ 2,138,118</u>	<u>\$ 2,259,360</u>	<u>\$ 2,409,180</u>
\$ 2,903,699	\$ 2,957,286	\$ 3,218,735	\$ 3,354,986	\$ 3,635,037
36,173	30,257	10,437	21,553	42,405
59,364	66,643	71,843	58,098	83,749
88,951	75,820	(1,434,642)	(1,496,174)	(1,868,521)
<u>\$ 3,088,187</u>	<u>\$ 3,130,006</u>	<u>\$ 1,866,373</u>	<u>\$ 1,938,463</u>	<u>\$ 1,892,670</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses					
Governmental Activities:					
General Government	\$ 161,180	\$ 111,114	\$ 112,638	\$ 118,104	\$ 108,632
Public Safety	359,813	379,865	391,755	407,601	422,626
Highways and Streets	-	-	-	-	-
Culture and Recreation	51,145	55,110	55,022	57,815	60,089
Health and Welfare	11,077	1,292	-	-	-
Urban Redevelopment and Housing	-	-	-	-	-
Transportation and Public Works	100,276	117,540	108,481	128,611	133,691
Public Library	18,633	20,200	20,531	22,348	22,102
Public Events and Facilities	27,453	32,204	28,020	32,844	33,152
Planning and Development	11,751	14,654	12,520	13,534	13,156
Housing and Economic Development	14,733	27,558	37,944	35,699	24,382
Interest and Service Charges	20,689	26,910	29,220	31,472	31,130
Total Governmental Activities	<u>776,750</u>	<u>786,447</u>	<u>796,131</u>	<u>848,028</u>	<u>848,960</u>
Business-Type Activities:					
Water and Sewer	240,960	260,544	269,723	288,452	306,476
Stormwater Utility	11,339	14,265	19,961	18,972	20,773
Municipal Airports	12,480	12,238	12,656	13,356	14,912
Municipal Parking	586	2,067	3,552	5,851	6,580
Solid Waste	41,478	44,296	39,241	44,247	46,415
Municipal Golf ^(a)	6,174	6,126	5,949	5,864	7,723
Total Business-Type Activities	<u>313,017</u>	<u>339,536</u>	<u>351,082</u>	<u>376,742</u>	<u>402,879</u>
Total Primary Government Expenses	<u>\$ 1,089,767</u>	<u>\$ 1,125,983</u>	<u>\$ 1,147,213</u>	<u>\$ 1,224,770</u>	<u>\$ 1,251,839</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 17,549	\$ 19,213	\$ 16,903	\$ 14,701	\$ 5,436
Public Safety	21,374	22,506	18,306	19,925	22,722
Highways and Streets	-	-	-	-	-
Culture and Recreation	1,392	1,826	1,988	2,750	3,165
Health and Welfare	3,300	312	-	-	-
Urban Redevelopment and Housing	-	-	-	-	-
Transportation and Public Works	4,415	4,381	6,469	10,627	14,738
Public Library	724	668	601	666	670
Public Events and Facilities	6,861	8,515	8,838	9,749	8,822
Planning and Development	11,659	10,262	10,776	11,673	10,336
Housing and Economic Development	1,608	2,334	1,979	3,028	2,683
Operating Grants and Contributions	34,014	35,532	56,798	56,825	47,644
Capital Grants and Contributions	63,088	40,063	35,987	54,686	55,075
Total Governmental Activities	<u>165,984</u>	<u>145,612</u>	<u>158,645</u>	<u>184,630</u>	<u>171,291</u>
Business-Type Activities:					
Charges for Services:					
Water and Sewer	298,118	303,111	304,831	348,650	345,373
Stormwater Utility	17,753	20,803	26,530	29,397	32,615
Municipal Airports	3,157	3,406	3,987	4,800	4,755
Municipal Parking	4,099	4,533	6,394	7,635	7,725
Solid Waste	44,095	45,465	46,710	48,314	48,502
Municipal Golf ^(a)	5,169	5,072	4,374	4,260	4,388
Capital Grants and Contributions	44,127	54,827	31,186	18,846	27,578
Total Business-Type Activities	<u>416,518</u>	<u>437,217</u>	<u>424,012</u>	<u>461,902</u>	<u>470,936</u>
Total Primary Government Program Revenues	<u>\$ 582,502</u>	<u>\$ 582,829</u>	<u>\$ 582,657</u>	<u>\$ 646,532</u>	<u>\$ 642,227</u>

TABLE 2

	2013	2014	2015	2016	2017
\$	114,575	\$ 173,634	\$ 202,450	\$ 160,124	\$ 152,609
	431,362	424,289	529,188	551,562	698,059
	-	-	131,535	154,346	157,108
	62,626	62,167	129,115	128,444	174,426
	-	-	3,548	6,863	11,076
	-	-	36,544	68,782	76,190
	129,820	147,429	-	-	-
	21,736	20,842	-	-	-
	35,545	32,876	-	-	-
	14,145	12,382	-	-	-
	20,388	18,402	-	-	-
	34,366	31,522	26,448	30,493	31,636
	<u>864,563</u>	<u>923,543</u>	<u>1,058,828</u>	<u>1,100,614</u>	<u>1,301,104</u>
	302,447	317,526	340,113	358,053	376,755
	22,531	23,745	28,198	24,365	30,238
	18,768	23,089	14,194	20,519	14,628
	6,621	6,649	7,602	7,387	6,699
	48,903	48,420	52,586	53,089	59,292
	5,614	5,396	-	-	-
	<u>404,884</u>	<u>424,825</u>	<u>442,693</u>	<u>463,413</u>	<u>487,612</u>
\$	<u>1,269,447</u>	<u>1,348,368</u>	<u>1,501,521</u>	<u>1,564,027</u>	<u>1,788,716</u>
\$	5,933	\$ 6,575	\$ 19,229	\$ 22,900	\$ 25,075
	25,339	23,023	9,984	13,110	12,463
	-	-	13,884	12,549	12,952
	2,990	4,021	20,266	19,491	17,137
	-	-	-	-	-
	-	-	13,344	20,824	18,356
	14,984	14,683	-	-	-
	629	608	-	-	-
	10,814	11,421	-	-	-
	11,497	11,308	-	-	-
	4,845	1,998	-	-	-
	45,173	43,700	37,810	61,189	54,497
	52,682	69,149	62,794	76,667	123,816
	<u>174,886</u>	<u>186,486</u>	<u>177,311</u>	<u>226,730</u>	<u>264,296</u>
	352,005	361,853	389,188	415,125	424,078
	34,973	35,409	36,185	36,887	37,016
	4,662	5,074	5,437	6,078	6,480
	7,105	7,082	7,310	7,815	7,863
	50,344	50,338	52,373	54,003	54,705
	3,859	3,621	-	-	-
	35,910	42,682	88,617	87,851	121,769
	<u>488,858</u>	<u>506,059</u>	<u>579,110</u>	<u>607,759</u>	<u>651,911</u>
\$	<u>663,744</u>	<u>692,545</u>	<u>756,421</u>	<u>834,489</u>	<u>916,207</u>

(continued)

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (Expense) and Revenue					
Governmental Activities	\$ (610,766)	\$ (640,835)	\$ (637,486)	\$ (663,398)	\$ (677,669)
Business-Type Activities	103,501	97,681	72,930	85,160	68,057
Total Primary Government Net Expense	<u>\$ (507,265)</u>	<u>\$ (543,154)</u>	<u>\$ (564,556)</u>	<u>\$ (578,238)</u>	<u>\$ (609,612)</u>
General Revenues and Changes in Net Position (Deficit)					
Governmental Activities:					
Taxes:					
General Property Taxes	\$ 317,517	\$ 344,172	\$ 354,815	\$ 341,820	\$ 351,277
Other Local Taxes	183,833	173,559	174,092	179,802	188,884
Franchise Fees	36,749	34,717	35,148	45,178	47,190
Gas Leases and Royalties	28,684	13,866	13,963	23,506	15,758
Investment Income	18,615	15,746	11,572	8,601	7,795
Other	6,896	14,465	14,688	13,744	16,593
Transfers	19,340	27,957	18,867	47,169	28,427
Insurance Recoveries	-	-	-	-	-
Special Items	-	-	-	-	-
Gain (Loss) on Disposal of Capital Assets	401	430	352	3,508	-
Assessments	30	13	11	-	-
Total Governmental Activities	<u>612,065</u>	<u>624,925</u>	<u>623,508</u>	<u>663,328</u>	<u>655,924</u>
Business-Type Activities:					
Gas Leases and Royalties	21,424	5,540	23,708	11,298	7,440
Investment Income	18,647	9,605	7,687	5,283	6,666
Other	7,857	4,202	5,889	7,070	5,936
Transfers	(19,340)	(27,957)	(18,867)	(47,169)	(28,427)
Gain (Loss) on Disposal of Capital Assets	(13,803)	(237)	-	-	-
Total Business-Type Activities	<u>14,785</u>	<u>(8,847)</u>	<u>18,417</u>	<u>(23,518)</u>	<u>(8,385)</u>
Total Primary Government	<u>\$ 626,850</u>	<u>\$ 616,078</u>	<u>\$ 641,925</u>	<u>\$ 639,810</u>	<u>\$ 647,539</u>
Changes in Net Position (Deficit)					
Governmental Activities	\$ 1,299	\$ (15,910)	\$ (13,978)	\$ (70)	\$ (21,745)
Business-Type Activities	118,286	88,834	91,347	61,642	59,672
Total Primary Government	<u>\$ 119,585</u>	<u>\$ 72,924</u>	<u>\$ 77,369</u>	<u>\$ 61,572</u>	<u>\$ 37,927</u>
Implementation of New Accounting Standard and					
Change in Accounting					
	<u>\$ -</u>	<u>\$ (9,225)</u>	<u>\$ -</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$	(689,677)	\$ (737,057)	\$ (881,517)	\$ (873,884)	\$ (1,036,808)
	83,974	81,234	136,417	144,346	164,299
\$	<u>(605,703)</u>	<u>(655,823)</u>	<u>(745,100)</u>	<u>(729,538)</u>	<u>(872,509)</u>
\$	361,568	\$ 389,118	\$ 413,687	\$ 426,247	\$ 452,357
	203,417	217,799	226,028	235,146	250,669
	49,489	51,205	53,129	49,031	50,078
	10,834	16,500	15,717	18,485	9,063
	3,149	8,622	6,025	3,703	7,239
	16,069	20,582	37,594	33,410	38,160
	29,282	21,913	55,535	51,233	33,629
	-	-	-	7,477	-
	-	-	31,490	-	-
	1,316	-	-	-	-
	-	-	-	-	-
	<u>675,124</u>	<u>725,739</u>	<u>839,205</u>	<u>824,732</u>	<u>841,195</u>
	12,377	12,989	8,372	15,869	6,504
	1,661	6,077	3,475	2,809	5,240
	22,228	5,861	6,087	9,451	7,406
	(29,282)	(21,913)	(55,535)	(51,233)	(33,629)
	-	-	-	-	-
	<u>6,984</u>	<u>3,014</u>	<u>(37,601)</u>	<u>(23,104)</u>	<u>(14,479)</u>
\$	<u>682,108</u>	<u>728,753</u>	<u>801,604</u>	<u>801,628</u>	<u>826,716</u>
\$	(14,553)	\$ (11,318)	\$ (42,312)	\$ (49,152)	\$ (195,613)
	90,958	84,248	98,816	121,242	149,820
\$	<u>76,405</u>	<u>72,930</u>	<u>56,504</u>	<u>72,090</u>	<u>(45,793)</u>
\$	<u>(13,962)</u>	<u>(31,111)</u>	<u>(1,320,137)</u>	<u>-</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>
General Fund					
Reserved	\$ 16,384	\$ 15,885	\$ 23,114	\$ -	\$ -
Unreserved	106,271	127,656	139,779	-	-
Nonspendable	-	-	-	10,194	10,910
Restricted	-	-	-	646	2,735
Committed	-	-	-	54,183	60,231
Assigned	-	-	-	45,447	38,789
Unassigned	-	-	-	53,137	55,760
Total General Fund	<u>122,655</u>	<u>143,541</u>	<u>162,893</u>	<u>163,607</u>	<u>168,425</u>
All Other Governmental Funds					
Reserved	37,620	44,371	51,485	-	-
Unreserved, designated for authorized expenditures	252,744	443,043	422,310	-	-
Unreserved, undesignated special revenue funds	16,695	33,296	17,156	-	-
Nonspendable, reported in:					
Capital Projects	-	-	-	12,422	314
Nonmajor Governmental Funds	-	-	-	11,119	2,854
Restricted, reported in:					
Debt Service	-	-	-	10,599	16,890
Capital Projects	-	-	-	189,432	336,582
Nonmajor Governmental Funds	-	-	-	44,663	45,153
Committed, reported in:					
Debt Service	-	-	-	6,393	6,106
Capital Projects	-	-	-	127,787	126,653
Nonmajor Governmental Funds	-	-	-	19,974	20,674
Assigned, reported in:					
Debt Service	-	-	-	478	92
Capital Projects	-	-	-	36,163	36,107
Nonmajor Governmental Funds	-	-	-	51,999	48,497
Unassigned (Deficit), reported in:					
Nonmajor Governmental Funds	-	-	-	(465)	-
Total All Other Governmental Funds	<u>307,059</u>	<u>520,710</u>	<u>490,951</u>	<u>510,564</u>	<u>639,922</u>
Total All Governmental Funds	<u>\$ 429,714</u>	<u>\$ 664,251</u>	<u>\$ 653,844</u>	<u>\$ 674,171</u>	<u>\$ 808,347</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

2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
11,723	5,180	5,427	27,823	2,953
9,047	3,045	12,153	12,738	9,886
74,177	11,768	22,508	22,924	29,009
8,005	8,755	193	-	-
58,383	57,294	84,280	68,436	93,601
<u>161,335</u>	<u>86,042</u>	<u>124,561</u>	<u>131,921</u>	<u>135,449</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
802	752	601	531	412
1,671	2,930	3,891	5,294	2,674
9,701	8,263	17,497	22,680	38,018
323,970	211,029	160,074	235,075	313,630
59,590	90,328	95,981	74,775	70,935
7,694	11,436	7,993	8,583	10,333
130,655	126,850	149,945	129,279	218,254
34,609	30,240	4,372	6,458	4,128
24	107	199	107	3,945
36,781	35,414	44,104	62,372	74,194
41,060	43,919	33,932	30,224	41,843
(3,795)	(1,620)	(785)	(1,794)	(1,140)
<u>642,762</u>	<u>559,648</u>	<u>517,804</u>	<u>573,584</u>	<u>777,226</u>
<u>\$ 804,097</u>	<u>\$ 645,690</u>	<u>\$ 642,365</u>	<u>\$ 705,505</u>	<u>\$ 912,675</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
REVENUES:					
General Property Taxes	\$ 317,920	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540
Other Local Taxes	183,833	173,559	174,092	179,802	188,884
Franchise Fees	-	-	-	45,178	47,190
Charges for Services	22,323	20,494	13,313	14,390	15,975
Licenses and Permits	52,475	49,870	52,429	18,447	12,011
Fines and Forfeitures	15,513	18,738	19,652	24,705	25,598
Revenue from Use of Money and Property	14,319	15,821	15,612	15,577	14,988
Investment Income	18,449	15,364	11,385	8,502	7,695
Intergovernmental	32,204	46,691	65,753	70,276	53,354
Gas Leases and Royalties	28,658	13,866	13,963	23,506	15,758
Other	6,815	12,592	14,610	13,696	16,554
Contributions	12,213	12,263	12,594	12,154	12,633
Assessments	30	13	11	-	-
Total Revenues	<u>704,752</u>	<u>723,244</u>	<u>747,020</u>	<u>770,187</u>	<u>762,180</u>
EXPENDITURES:					
Current:					
General Government	105,942	103,235	105,557	109,265	99,112
Public Safety	308,374	320,527	331,529	348,165	368,224
Highways and Streets	-	-	-	-	-
Culture and Recreation	41,507	46,195	46,115	48,544	51,036
Health and Welfare	10,706	1,199	-	-	-
Urban Redevelopment and Housing	-	-	-	-	-
Transportation and Public Works	35,420	46,083	36,414	46,853	53,822
Public Library	17,626	17,151	17,593	19,355	19,209
Public Events and Facilities	22,806	26,116	22,033	26,692	28,058
Planning and Development	11,768	12,926	10,871	12,074	11,865
Housing and Economic Development	14,461	26,282	36,445	34,073	23,158
Capital Outlay	103,778	114,595	129,407	137,100	107,625
Debt Service:					
Principal Retirement	38,368	46,160	46,397	47,351	53,925
Interest and Debt Issuance Costs	24,542	25,301	29,169	31,451	30,277
Total Expenditures	<u>735,298</u>	<u>785,770</u>	<u>811,530</u>	<u>860,923</u>	<u>846,311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(30,546)</u>	<u>(62,526)</u>	<u>(64,510)</u>	<u>(90,736)</u>	<u>(84,131)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of Long-Term Debt	-	253,565	34,685	101,665	170,970
Issuance of Special Assessment Debt	-	-	-	-	-
Issuance of Tax Notes	-	-	-	-	-
Issuance of Capital Leases	26,241	9,066	-	4,419	-
Construction Loans	-	-	-	-	-
Premium on Issuance	-	9,792	-	12,554	32,956
Proceeds from Disposal of Property	336	1,049	386	4,444	286
Issuance of Refunding Bonds	-	-	-	46,680	50,305
Payment to Bond Escrow Agent	-	-	-	(54,299)	(60,437)
Refunded Bonds Redeemed	-	-	-	(9,146)	-
Insurance Recoveries	-	-	-	-	-
Transfers In	117,591	87,407	86,864	161,129	470,463
Transfers Out	(98,425)	(63,816)	(67,832)	(156,383)	(446,236)
Total Other Financing Sources (Uses)	<u>45,743</u>	<u>297,063</u>	<u>54,103</u>	<u>111,063</u>	<u>218,307</u>
Net Change in Fund Balances	<u>\$ 15,197</u>	<u>\$ 234,537</u>	<u>\$ (10,407)</u>	<u>\$ 20,327</u>	<u>\$ 134,176</u>
Debt Service as a Percentage of Noncapital Expenditures	9.96 %	10.64 %	11.10 %	10.80 %	11.38 %

Source: Comprehensive Annual Financial Report for the respective years.

Expenditure and Revenue Functions for Governmental Activities were realigned in Fiscal Year 2015.

TABLE 4

	2013	2014	2015	2016	2017
\$	357,673	\$ 389,490	\$ 414,419	\$ 424,458	\$ 452,843
	203,417	217,153	225,382	234,500	250,023
	49,489	51,205	53,129	49,031	50,078
	16,693	18,284	22,306	37,588	39,864
	12,179	12,771	12,750	15,325	16,881
	28,246	26,968	25,325	18,056	17,062
	19,915	15,614	16,326	15,715	12,432
	3,129	8,200	5,131	3,601	6,952
	59,111	79,239	61,403	72,493	63,364
	10,834	16,500	15,717	18,485	9,063
	16,069	22,315	30,407	33,138	31,879
	17,208	9,840	12,177	13,928	11,515
	-	-	-	-	-
	<u>793,963</u>	<u>867,579</u>	<u>894,472</u>	<u>936,318</u>	<u>961,956</u>
	106,907	163,945	177,549	124,281	103,325
	381,513	389,058	393,715	443,730	465,575
	-	-	40,750	56,759	47,146
	53,883	54,711	100,930	102,239	132,014
	-	-	3,109	6,716	10,843
	-	-	31,125	51,470	60,093
	47,598	71,106	-	-	-
	18,991	18,763	-	-	-
	30,528	28,324	-	-	-
	12,875	11,656	-	-	-
	19,259	17,536	-	-	-
	170,502	206,450	178,970	184,317	175,367
	75,611	88,923	70,939	70,484	79,491
	37,517	35,044	31,121	32,265	36,566
	<u>955,184</u>	<u>1,085,516</u>	<u>1,028,208</u>	<u>1,072,261</u>	<u>1,110,420</u>
	<u>(161,221)</u>	<u>(217,937)</u>	<u>(133,736)</u>	<u>(135,943)</u>	<u>(148,464)</u>
	68,570	19,270	40,000	103,000	226,880
	-	-	-	-	12,685
	-	-	-	-	32,605
	-	344	-	-	575
	18,443	46,865	37,356	40,373	26,637
	5,150	364	18,668	21,131	11,192
	9,090	1,340	2,394	533	15,619
	25,795	-	127,162	27,500	-
	(27,286)	-	(154,840)	(47,650)	-
	-	-	-	-	-
	-	-	-	7,477	-
	109,939	143,754	162,071	162,483	389,685
	<u>(52,730)</u>	<u>(181,450)</u>	<u>(102,400)</u>	<u>(115,764)</u>	<u>(360,244)</u>
	<u>156,971</u>	<u>30,487</u>	<u>130,411</u>	<u>199,083</u>	<u>355,634</u>
\$	<u>(4,250)</u>	<u>(187,450)</u>	<u>(3,325)</u>	<u>63,140</u>	<u>\$ 207,170</u>
	14.41 %	14.16 %	12.00 %	11.47 %	12.41 %

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

TABLE 5

<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>	
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
2017	41,193,832	8,511,146	49,704,978	0.8350

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 2008 to 2017 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 do 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 6

Fiscal Year Ended Sept. 30	City Direct Rates ^(a)			Overlapping Rates ^(a)			
	Operating General Rates	General Obligation Debt Service	Total	Fort Worth ISD	Tarrant County	Tarrant County Hospital District	Tarrant County College District
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
2017	0.6615	0.1735	0.8350	1.3520	0.2540	0.2279	0.1447

(a) Source - Tarrant County Appraisal District.

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

TABLE 7

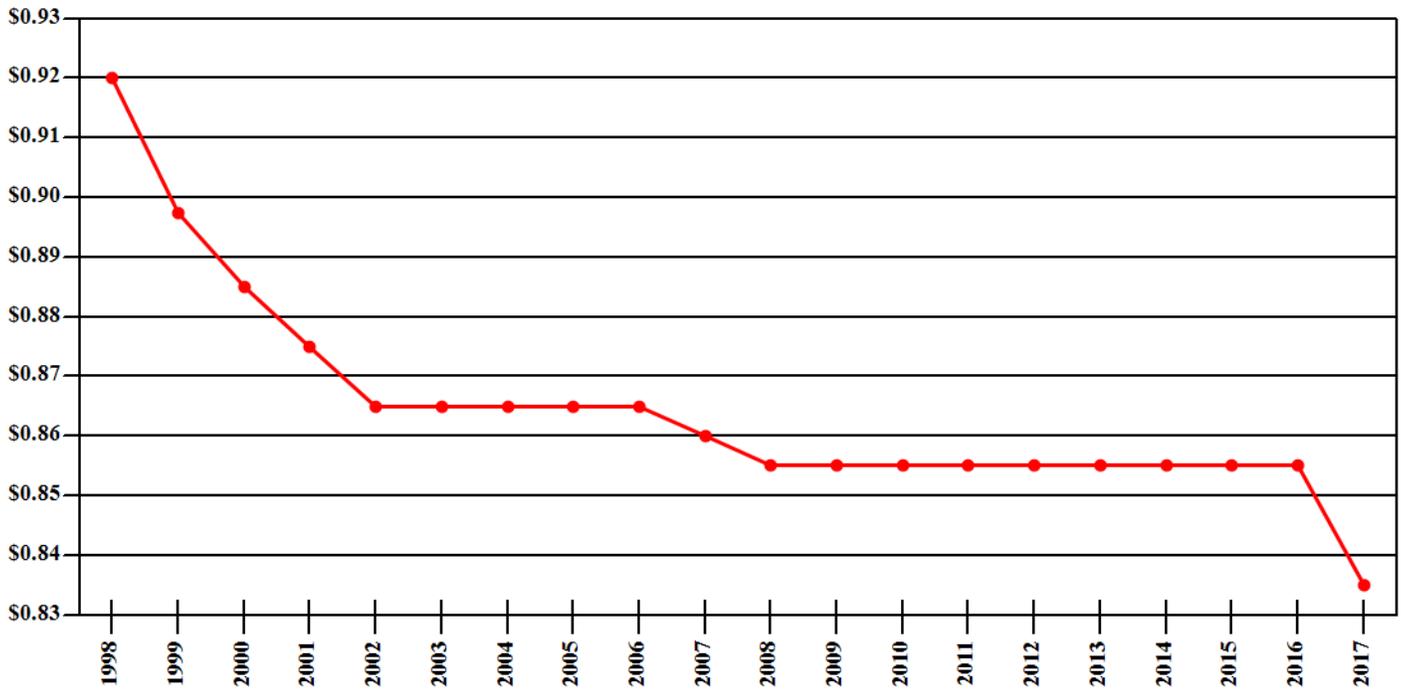
Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Current Tax Collections	Percentage of Levy		Total Tax Collections	Percentage of Levy
2008	\$ 320,668	\$ 315,147	98.28%	\$ 4,107	\$ 319,254	99.56%
2009	350,946	343,530	97.89%	5,049	348,579	99.33%
2010	362,551	354,605	97.81%	3,842	358,447	98.87%
2011	350,050	343,622	98.16%	4,217	347,839	99.37%
2012	358,954	352,784	98.28%	4,138	356,922	99.43%
2013	366,361	359,890	98.23%	3,078	362,968	99.07%
2014	377,584	370,904	98.23%	2,784	373,688	98.97%
2015	402,370	393,691	97.84%	3,300	396,991	98.66%
2016	424,203	416,304	98.14%	1,665	417,969	98.53%
2017	453,954	444,015	97.81%	-	444,015	97.81%

Source: Tarrant County Tax Office

**CITY OF FORT WORTH, TEXAS
PROPERTY TAX RATE TREND
LAST TWENTY FISCAL YEARS (Unaudited)**

TABLE 8

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
\$ 0.9200	\$ 0.8975	\$ 0.8850	\$ 0.8750	\$ 0.8650	\$ 0.8650	\$ 0.8650	\$ 0.8650	\$ 0.8650	\$ 0.8600
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8550	\$ 0.8350



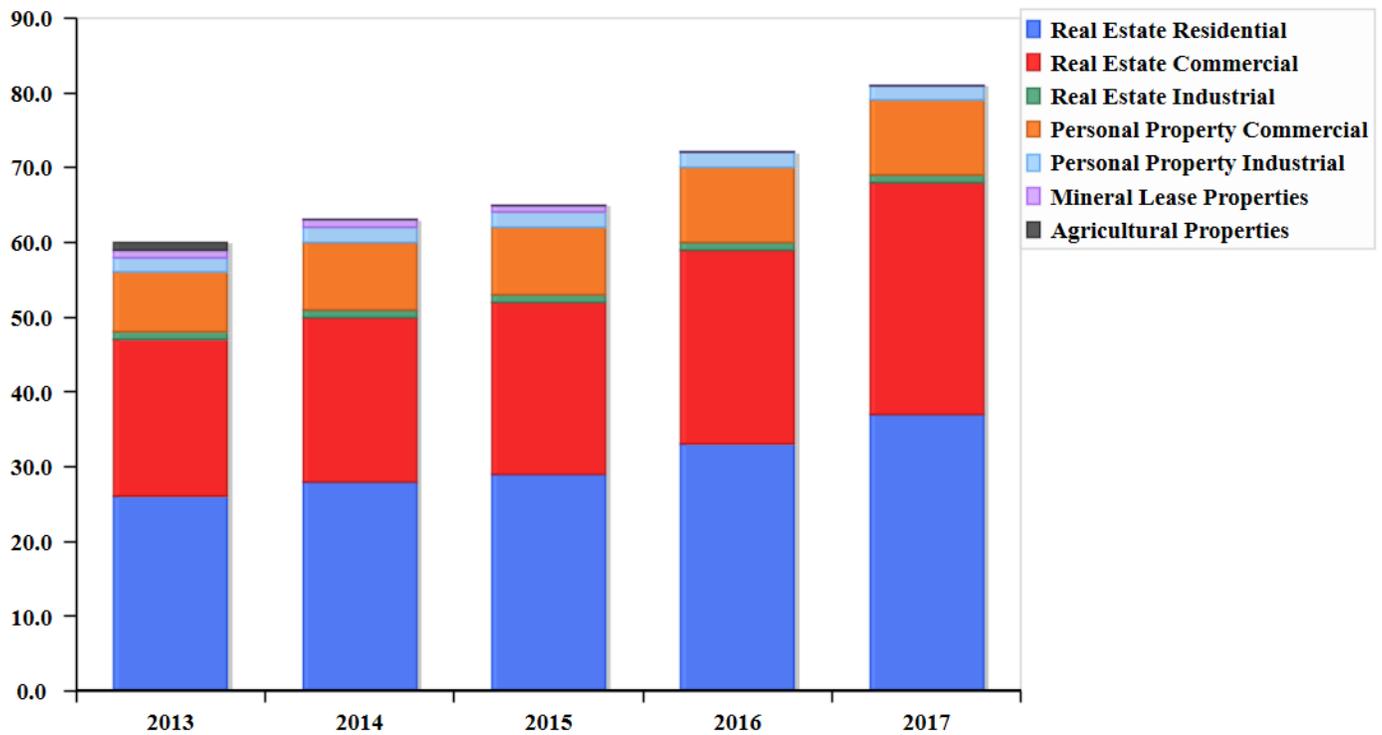
Source: Budget and Research Division, FMS, City of Fort Worth
Tax rate per \$100 of Assessed Value

*Y-Axis adjusted for reader clarity

**CITY OF FORT WORTH, TEXAS
APPRAISED VALUE BY TYPE (Unaudited)
(Inflation Adjusted)**

TABLE 9

Appraisal Year	2013	2014	2015	2016	2017
TAD Value By Type					
Real Estate Residential	\$ 26,088,463,777	\$ 27,838,438,625	\$ 28,893,726,041	\$ 32,960,279,993	\$ 36,684,054,659
Real Estate Commercial	21,136,215,188	22,125,666,464	23,127,040,927	26,237,285,606	30,561,203,577
Real Estate Industrial	661,971,949	685,102,871	688,895,285	764,749,581	716,000,835
Personal Property Commercial	8,499,074,603	9,012,689,484	9,174,950,221	10,274,347,397	10,485,835,883
Personal Property Industrial	2,073,079,041	2,204,318,829	2,372,534,332	2,330,591,133	2,381,273,287
Mineral Lease Properties	717,615,030	780,730,910	842,034,470	280,114,160	270,687,240
Agricultural Properties	519,392,178	496,920,328	16,132,705	13,590,832	6,042,630
Total TAD Value	\$ 59,695,811,766	\$ 63,143,867,511	\$ 65,115,313,981	\$ 72,860,958,702	\$ 81,105,098,111
Total CFW Value	\$ 61,219,914,707	\$ 64,934,531,075	\$ 67,008,399,264	\$ 74,906,924,377	\$ 83,712,155,148
% of CFW Value	97.5 %	97.2 %	97.2 %	97.3 %	96.9 %



Source: Tarrant Appraisal District Certified Tax Report.

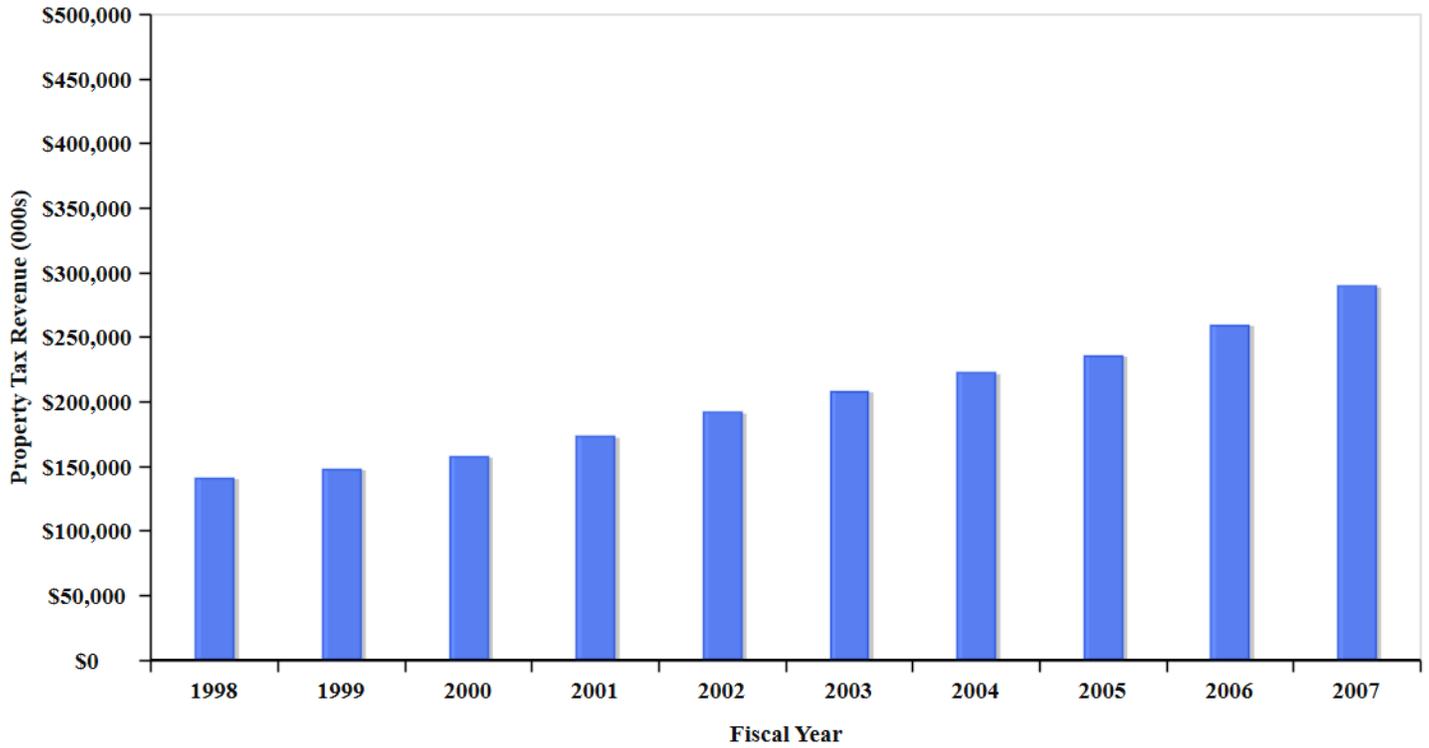
Values reported are for Tarrant County only.

(a) Apartment complexes (multi-family) are included in the commercial category.



**CITY OF FORT WORTH, TEXAS
PROPERTY TAX REVENUE
LAST TWENTY FISCAL YEARS (Unaudited)**

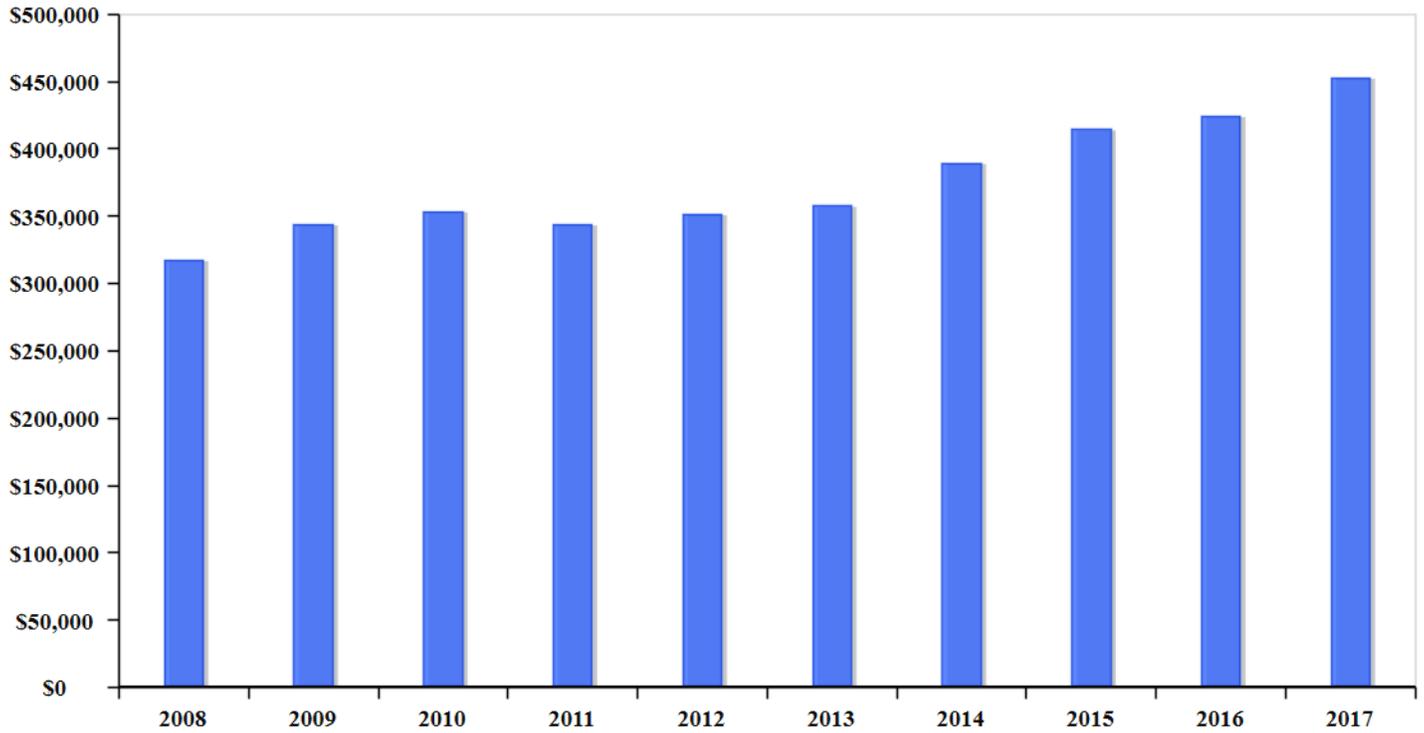
Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Value (000s)	\$ 140,833	\$ 147,760	\$ 157,430	\$ 172,908	\$ 191,563	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483	\$ 289,177
Percent Change		4.92 %	6.54 %	9.83 %	10.79 %	8.64 %	6.73 %	6.09 %	10.12 %	11.44 %



Source: Financial Reporting Division, FMS, City of Fort Worth

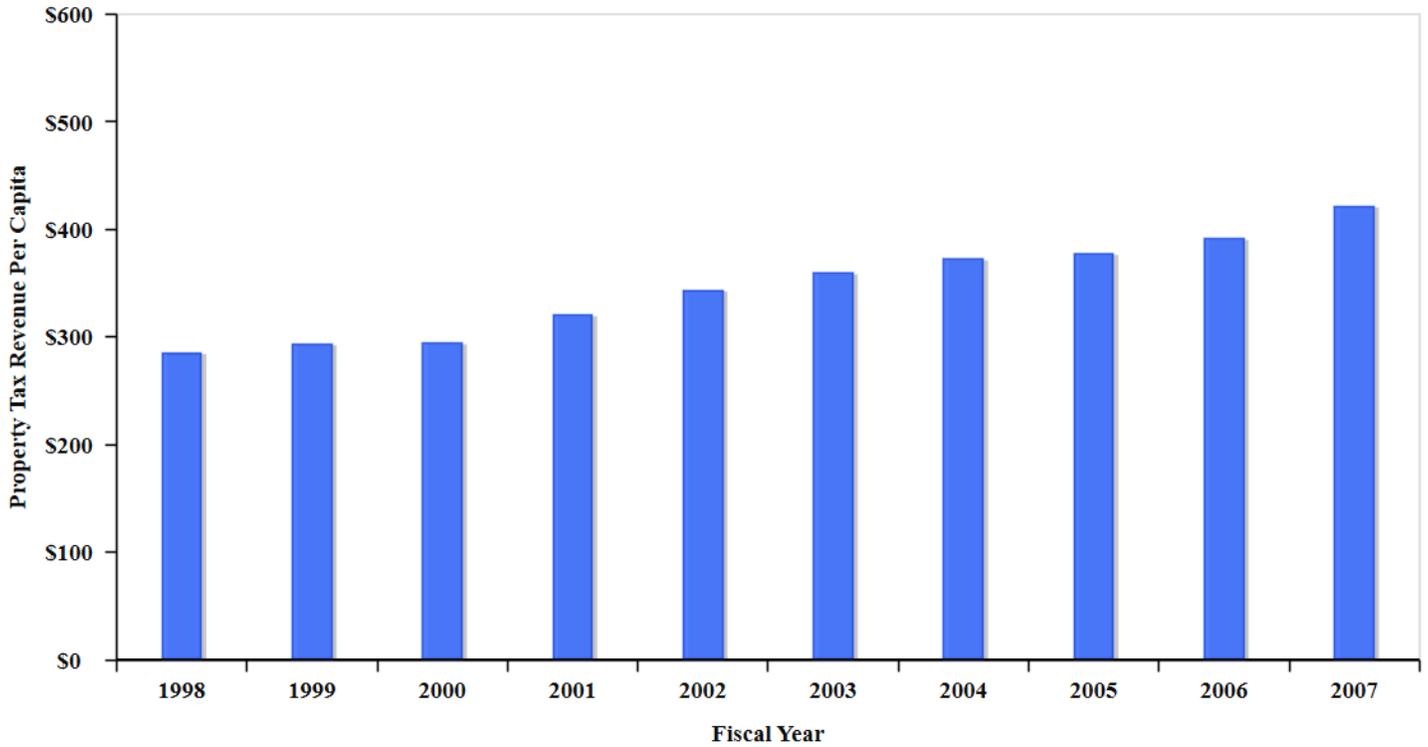
TABLE 10

<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>	<u>2017</u>
\$ 317,290	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540	\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458	\$ 452,843
9.72 %	8.41 %	2.80 %	(2.73)%	2.21 %	1.74 %	8.90 %	6.40 %	2.42 %	6.69 %



**CITY OF FORT WORTH, TEXAS
PROPERTY TAX REVENUE (Per Capita)
LAST TWENTY FISCAL YEARS (Unaudited)**

Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Value (000s) ^(a)	\$ 140,833	\$ 147,760	\$ 157,430	\$ 172,908	\$ 191,563	\$ 208,112	\$ 222,111	\$ 235,643	\$ 259,483	\$ 289,177
Population ^(b)	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100	686,850
Value Per Capita	\$ 285	\$ 293	\$ 294	\$ 320	\$ 343	\$ 359	\$ 372	\$ 377	\$ 391	\$ 421
Percent Change		2.81 %	0.34 %	8.84 %	7.19 %	4.66 %	3.62 %	1.34 %	3.71 %	7.67 %

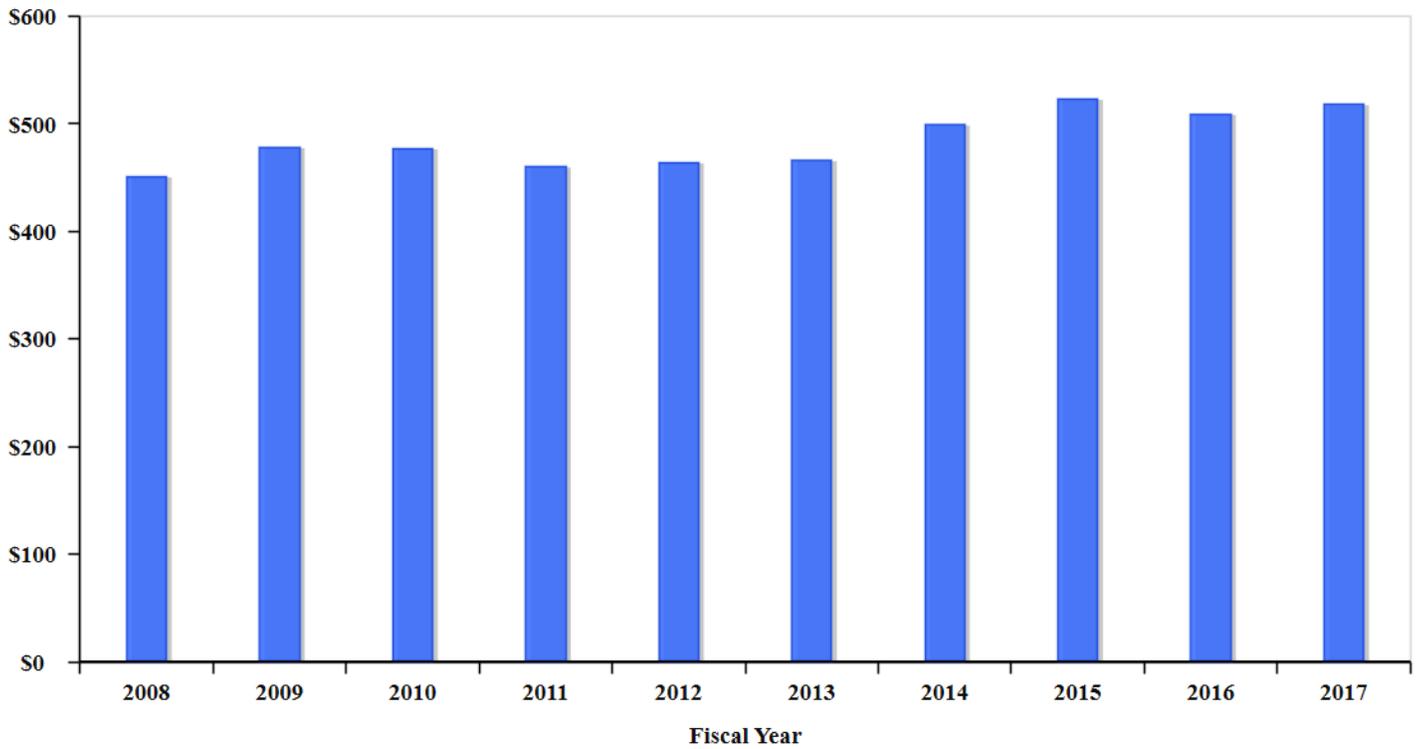


(a) Source: Financial Reporting Division, FMS, City of Fort Worth

(b) Source: See Table 19 - Demographic and Economic Statistics

TABLE 11

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$ 317,290	\$ 343,973	\$ 353,606	\$ 343,954	\$ 351,540	\$ 357,673	\$ 389,490	\$ 414,419	\$ 424,458	\$ 452,843
702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319	874,532
\$ 451	\$ 478	\$ 477	\$ 460	\$ 464	\$ 466	\$ 499	\$ 523	\$ 509	\$ 518
7.13 %	5.99 %	(0.21)%	(3.56)%	0.87 %	0.43 %	7.08 %	4.81 %	(2.68)%	1.77 %



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

TABLE 12

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2017^(a)</u>			<u>2008^(b)</u>		
		<u>2016 Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>	<u>2007 Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Valuation</u>
Alcon Laboratories, Inc	Pharmaceuticals	\$ 387,455	1	0.78 %	\$ 170,850	6	0.45 %
Oncor Electric Delivery/TXU Electric	Electric Utility	374,437	2	0.75 %	415,952	1	1.11
Bell Helicopter Textron Inc	Aircraft Manufacturing	367,368	3	0.74 %	243,408	3	0.65
DDR/DTC City Investments, LP	Real Estate	253,612	4	0.51 %			
AMR Corp/American Airlines, Inc.	Airline	233,238	5	0.47 %	217,670	5	0.58 %
A T and T Mobility LLC	Wireless voice/data comm	172,493	6	0.35 %			
Behringer Harvard Burnett Plz	Commercial Real Estate	147,757	7	0.30 %	159,505	8	0.42 %
F7 SSSM LLC	Real Estate	144,858	8	0.29 %			
Carlyle/Cypress West 7th II LP	Special Trade Contractors	135,660	9	0.27 %			
Union Pacific RR Co	Premier Railroad Franchise	135,520	10	0.27 %			
Southwestern Bell	Telephone Utility				224,810	4	0.60 %
XTO Energy	Oil/Gas Producer				168,170	7	0.45 %
KAN AM Riverfront Campus LP	Corporate Campus				271,365	2	0.72 %
Chesapeake Operating	Natural Gas Producer				123,267	10	0.33 %
Crescent Real Estate	Developer				141,283	9	0.38 %
		<u>\$ 2,352,398</u>		<u>4.73 %</u>	<u>\$ 2,136,280</u>		<u>5.69 %</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)

	2008	2009	2010	2011	2012
Governmental:					
General Obligation Bonds ^(c)	\$ 295,925	\$ 406,006	\$ 380,125	\$ 371,760	\$ 458,800
Certificates of Obligation ^(c)	60,230	166,215	188,655	202,880	247,600
Special Tax Revenue Debt	-	-	-	-	-
Special Assessment Debt	-	-	-	-	-
Tax Notes	-	-	-	-	-
Installment Obligation	6,130	5,585	5,010	4,405	3,770
Equipment Notes Payable	26,600	22,634	18,852	58,005	54,450
HUD Installment Obligation	8,808	8,147	7,465	6,761	6,034
Service Center Obligation	21,450	20,995	20,520	20,030	19,515
Helicopter Installment Obligation	105	-	-	-	-
Fort Worth Housing Corp Obligation	9,395	9,322	9,244	9,161	9,073
Fort Worth Housing Fannie Mae Loan	1,000	-	-	-	-
Fort Worth Sports Authority	15,903	15,903	15,442	15,337	8,476
Lone Star Local Govt Corp Obligation	31,617	31,617	31,617	31,617	31,617
Central City Local Govt Corp Obligation	2,596	2,219	1,809	1,376	872
State Obligations	-	-	-	-	-
TRWD Obligation	-	-	-	-	-
State Energy Conservation Loan Phase I & II	4,433	3,730	3,216	2,580	1,925
State Energy Conservation Loan Phase III	5,000	4,397	4,080	3,598	3,102
ESPC Phase IV	-	9,066	8,795	8,352	7,820
ESPC Phase VII	-	-	-	-	-
Wells Fargo Loan	269	245	196	144	78
Beechwood Bridge Obligation	1,287	1,127	724	333	-
Capital Leases	-	-	-	4,319	4,096
Southwest Bank Loan (LDC SW Building)	-	-	-	-	-
Lancaster Corridor Construction Loan	-	-	-	-	-
Business-type:					
General Obligation Bonds ^(c)	140	65	-	-	-
Revenue Bonds	757,885	710,675	745,155	855,310	884,010
Certificates of Obligation ^(c)	30,905	57,240	54,195	57,560	56,035
Municipal Golf Capital Lease	132	69	5	-	-
Equipment Notes Payable	5,730	4,545	3,319	2,049	750
Trinity River Authority	8,490	8,065	7,620	7,150	6,656
ESPC Phase V	-	-	15,365	15,365	15,365
Total Primary Government	\$ 1,294,030	\$ 1,487,867	\$ 1,521,409	\$ 1,678,092	\$ 1,820,044
Personal Income ^(a)	\$ 13,311,276	\$ 13,640,815	\$ 17,334,565	\$ 20,399,090	\$ 18,827,032
Debt as a Percentage of Personal Income	10 %	11 %	9 %	8 %	10 %
Population ^(b)	703	720	736	748	758
Debt Per Capita	\$ 1,841	\$ 2,066	\$ 2,067	\$ 2,249	\$ 2,313

(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 13

	2013	2014	2015	2016	2017
\$	463,488	\$ 440,617	\$ 452,412	\$ 499,217	\$ 452,570
	302,985	299,441	242,290	221,565	201,945
	-	-	-	-	226,880
	-	-	-	-	12,685
	-	-	-	-	26,130
	3,080	2,370	1,620	825	-
	46,860	39,145	-	-	-
	5,282	4,504	3,699	2,865	2,000
	18,980	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	8,386	6,868	2,495	-	-
	31,617	31,617	31,617	31,617	31,617
	347	-	-	-	-
	-	10,931	10,285	9,638	8,992
	-	91,998	124,349	153,853	171,391
	1,249	553	-	-	-
	2,590	2,064	1,528	971	397
	-	-	-	-	-
	18,443	18,064	17,426	16,472	15,474
	-	-	-	-	-
	-	-	-	-	-
	3,816	1,482	1,122	836	1,167
	-	2,545	2,200	1,844	1,477
	-	-	1,774	10,276	16,500
	-	-	-	38,428	37,365
	858,985	950,107	882,395	870,315	910,685
	55,238	53,092	48,428	4,225	2,515
	-	-	-	-	-
	-	-	-	-	-
	6,100	5,500	4,885	4,250	3,600
	14,691	13,355	11,938	10,463	8,955
\$	1,842,137	\$ 1,974,253	\$ 1,840,463	\$ 1,877,660	\$ 2,132,345
\$	18,934,769	\$ 19,128,358	\$ 19,600,795	\$ 20,604,646	\$ 22,772,813
	10 %	10 %	9 %	9 %	9 %
	768	781	793	833	875
\$	2,399	\$ 2,528	\$ 2,321	\$ 2,254	\$ 2,437

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 14

Fiscal Year	General Bonded Debt Outstanding			Resources Restricted for Debt Service	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)							
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	
2017	489,935	204,460	1,196	693,199	49,704,978	1.39 %	875	0.793	

(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, 2017 (Unaudited)
(in Millions)**

	<u>2008*</u>	<u>2009*</u>	<u>2010*</u>	<u>2011</u>	<u>2012</u>
Total Assessed Valuation	\$ 37,471	\$ 38,357	\$ 39,725	\$ 39,836	\$ 41,986
Overall Debt Limitation - 10% of Assessed Valuation				3,984	4,199
Net Debt Subject to Limitation				<u>575</u>	<u>706</u>
Legal Debt Margin Within 10% Limitation				<u>3,409</u>	<u>3,493</u>
Legal Debt Margin as a Percentage of the Debt Limit				86 %	83 %

Notes:

*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 to 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund	\$ 0.721	\$ 0.711	\$ 0.711	\$ 0.711	\$ 0.701
Debt Service Fund	<u>0.134</u>	<u>0.144</u>	<u>0.144</u>	<u>0.144</u>	<u>0.154</u>
Total City Tax Rate	<u>\$ 0.855</u>				

Source: Tarrant Appraisal District

TABLE 15

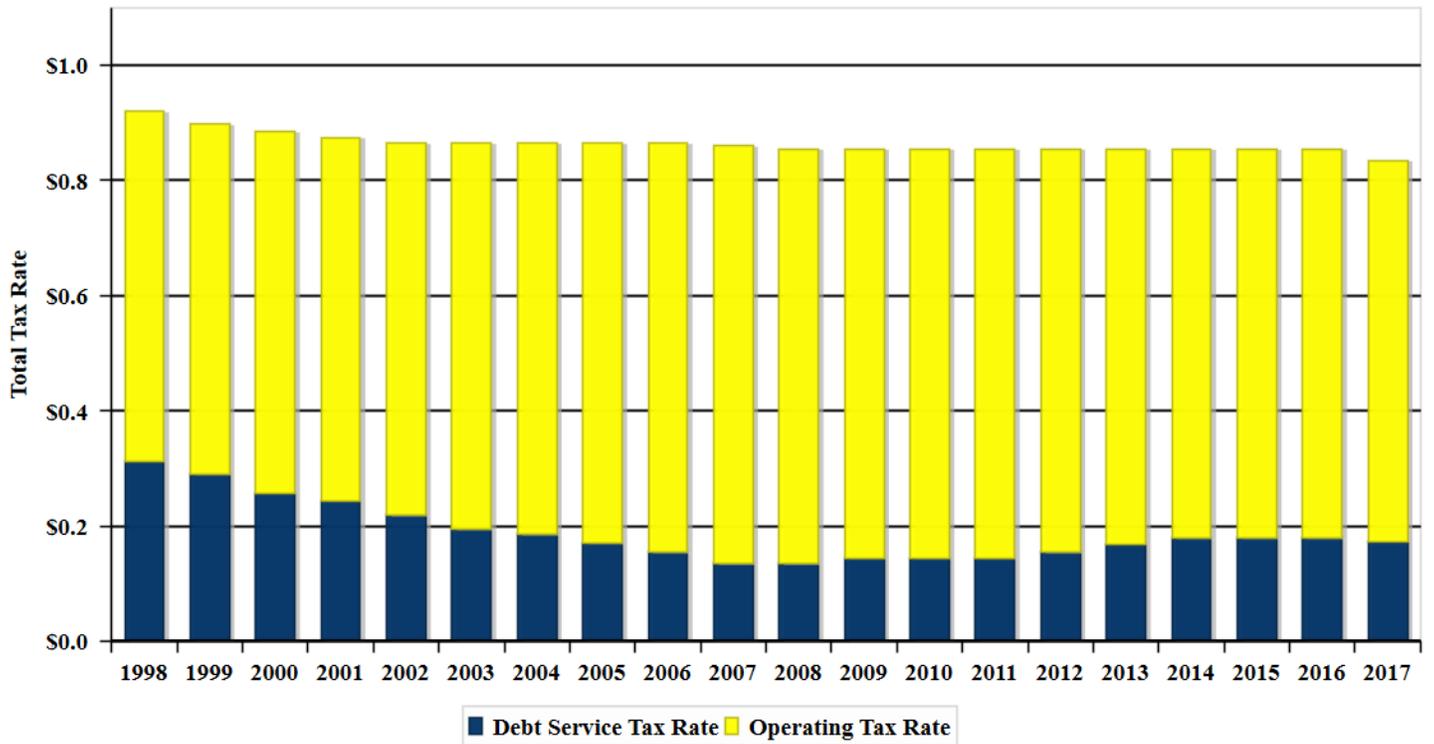
2013	2014	2015	2016	2017
\$ 43,698	\$ 42,421	\$ 45,931	\$ 49,660	\$ 49,705
4,370	4,242	4,593	4,966	4,971
727	695	695	721	908
3,643	\$ 3,547	\$ 3,898	\$ 4,245	\$ 4,063
83 %	84 %	85 %	85 %	82 %

2013	2014	2015	2016	2017
\$ 0.686	\$ 0.676	\$ 0.676	\$ 0.676	\$ 0.662
0.169	0.179	0.179	0.179	0.173
\$ 0.855	\$ 0.855	\$ 0.855	\$ 0.855	\$ 0.835

**CITY OF FORT WORTH, TEXAS
TAX RATE ALLOCATION
LAST TWENTY FISCAL YEARS (Unaudited)**

TABLE 16

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Service Tax Rate	\$ 0.3131	\$ 0.2899	\$ 0.2576	\$ 0.2438	\$ 0.2183	\$ 0.1943	\$ 0.1851	\$ 0.1704	\$ 0.1543	\$ 0.1341
Operating Tax Rate	\$ 0.6069	\$ 0.6076	\$ 0.6274	\$ 0.6312	\$ 0.6467	\$ 0.6707	\$ 0.6799	\$ 0.6946	\$ 0.7107	\$ 0.7259
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Service Tax Rate	\$ 0.1341	\$ 0.1441	\$ 0.1441	\$ 0.1441	\$ 0.1541	\$ 0.1691	\$ 0.1791	\$ 0.1791	\$ 0.1791	\$ 0.1735
Operating Tax Rate	\$ 0.7209	\$ 0.7109	\$ 0.7109	\$ 0.7109	\$ 0.7009	\$ 0.6859	\$ 0.6759	\$ 0.6759	\$ 0.6759	\$ 0.6615



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, 2017
(in 000's)**

TABLE 17

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable^(a)	Estimated Share of Overlapping Debt
Aledo ISD	\$ 176,257	0.57%	\$ 1,005
Arlington Independent School District	841,237	0.05%	421
Azle Independent School District	85,390	2.64%	2,254
Birdville Independent School District	266,625	5.68%	15,144
Burleson Independent School District	334,261	16.47%	55,053
Castleberry Independent School District	43,280	49.12%	21,259
Crowley Independent School District	395,614	76.00%	300,667
Denton County	645,305	2.19%	14,132
Eagle Mountain-Saginaw Independent School District	548,843	67.68%	371,457
Everman Independent School District	87,875	69.01%	60,643
Fort Worth Independent School District	862,315	89.62%	772,807
Hurst-Euless-Bedford Independent School District	412,120	28.96%	119,350
Keller Independent School District	706,961	50.24%	355,177
Kennedale Independent School District	36,595	0.93%	340
Lake Worth Independent School District	68,005	55.07%	37,450
Mansfield Independent School District	779,480	0.01%	78
Northwest Independent School District	803,407	43.51%	349,562
Parker County	125,055	0.18%	225
Parker County JCD	5,035	0.18%	9
Tarrant County	321,795	38.19%	122,894
Tarrant County Hospital District	20,835	38.19%	7,957
White Settlement Independent School District	159,469	52.69%	84,024
Subtotal, overlapping debt			<u>2,691,908</u>
City of Fort Worth Net Direct Debt	1,169,225	100.00 %	<u>1,169,225</u>
Total direct and overlapping debt			<u>\$ 3,861,133</u>

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.

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

Source: Municipal Advisory Council of Texas

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

TABLE 18

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)							
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
2017	427,521	239,642	187,879	63,175	29,396	92,571	2.03
Municipal Parking^(f)							
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
2017	7,906	3,184	4,722	2,305	1,735	4,040	1.17
Solid Waste^(g)							
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
2017	60,651	54,650	6,001	468	87	555	10.81
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
2017	37,301	15,797	21,504	4,300	4,824	9,124	2.36

(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 19

<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>
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%
2017	874,532	22,772,813,280	26,040 ^(h)	32.0 ^(h)	12,823	3.1%

(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 20

Name of Employers	2017			2008		
	Employees	Rank	Percentage of Total Employment^(a)	Employees^(b)	Rank	Percentage of Total Employment^(c)
AMR Corp. /American Airlines	25.0	1	6.30 %	5.3	5	1.01 %
Lockheed Martin Tactical Aircraft Systems	13.7	2	3.45 %	13.9	1	2.64 %
Fort Worth Independent School District	12.0	3	3.03 %	-	-	
NAS Fort Worth Joint Reserve Base	10.0	4	2.52 %	5.4	4	1.02 %
JPS Health Network/John Peter Smith Hospital	6.5	5	1.64 %	3.8	8	0.72 %
City of Fort Worth	6.2	6	1.56 %	7.2	2	1.37 %
Cook Children's Health Care System	6.0	7	1.51 %	3.9	7	0.74 %
Tarrant County College	6.0	8	1.51 %	-	-	
Alcon Laboratories Inc.	5.4	9	1.36 %	-	-	
Bell Helicopter-Textron, Inc.	4.9	10	1.24 %	5.4	3	1.02 %
Radio Shack	-	-	- %	5.1	6	0.97 %
Harris Methodist Hospital				3.5	9	0.66 %
Burlington Northern Santa Fe Railway				3.1	10	0.59 %
	<u>95.7</u>		<u>24.12 %</u>	<u>56.6</u>		<u>10.74 %</u>

(a) Estimated total employment of 396,676 for 2017 per U.S. Bureau of Labor Statistics

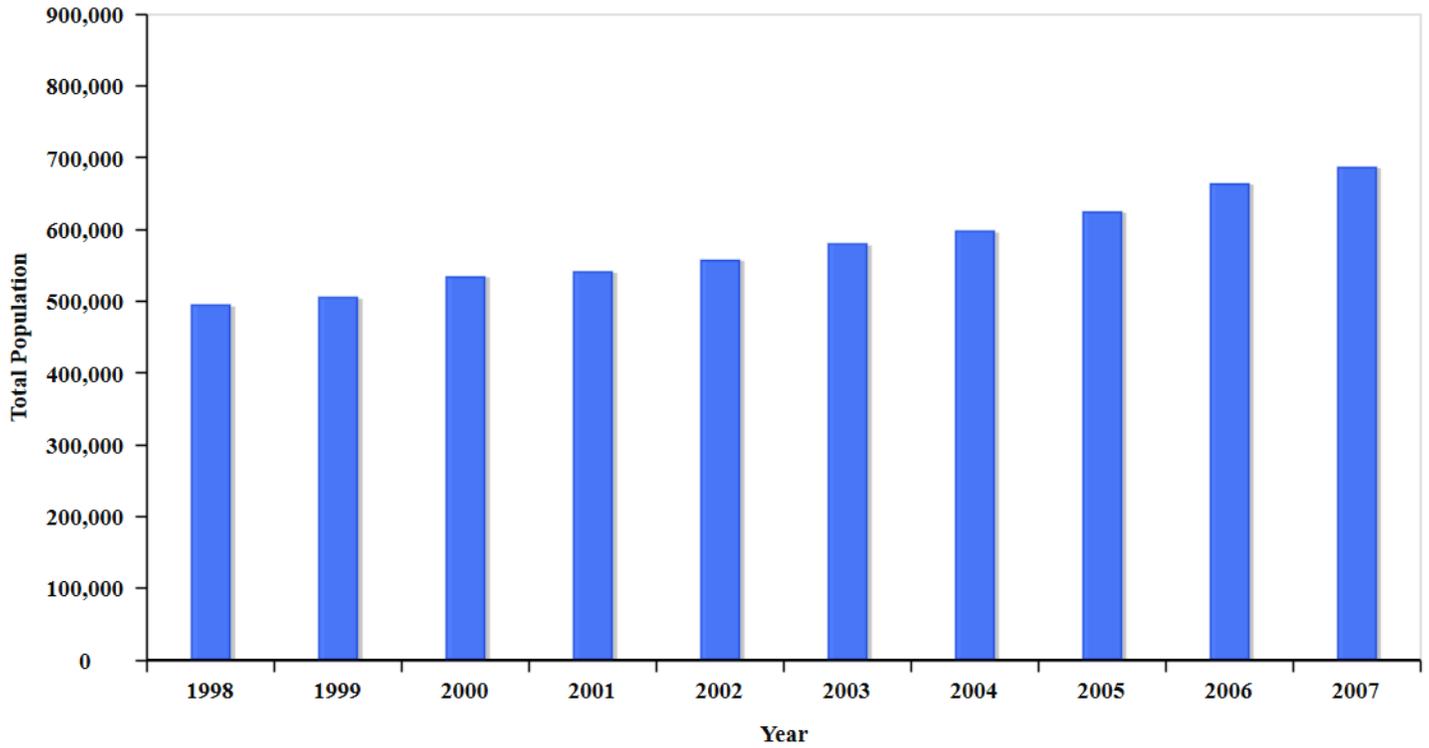
(b) Source: City of Fort Worth, Texas CAFR For the Fiscal Year Ended September 30, 2008

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



**CITY OF FORT WORTH, TEXAS
POPULATION GROWTH
LAST TWENTY FISCAL YEARS (Unaudited)**

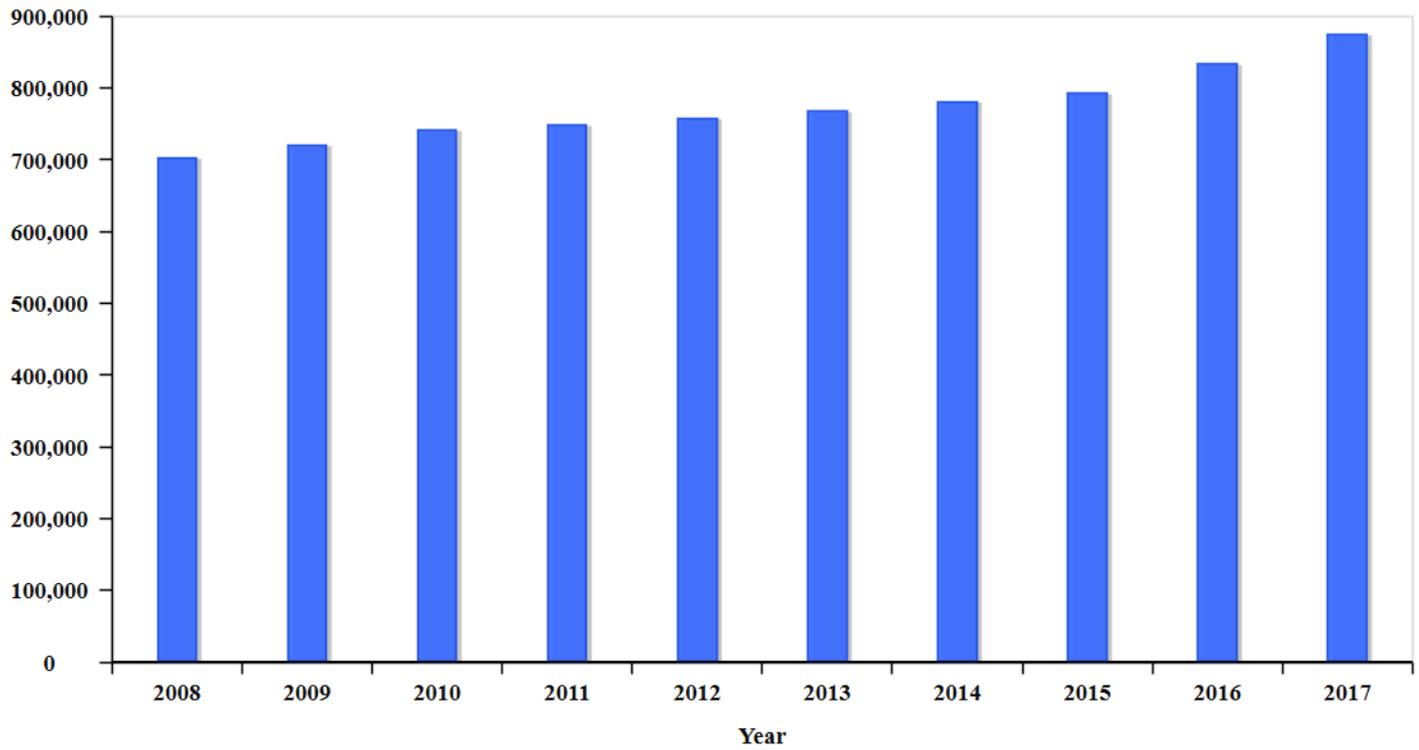
Fiscal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100	686,850
Percent Change		2.17 %	5.91 %	1.17 %	3.11 %	3.85 %	3.09 %	4.64 %	6.28 %	3.43 %



Source: Years prior to 2016: North Central Texas Council of Governments (NCTCOG). Beginning in year 2016: U.S. Bureau of Census 2010 and estimates.

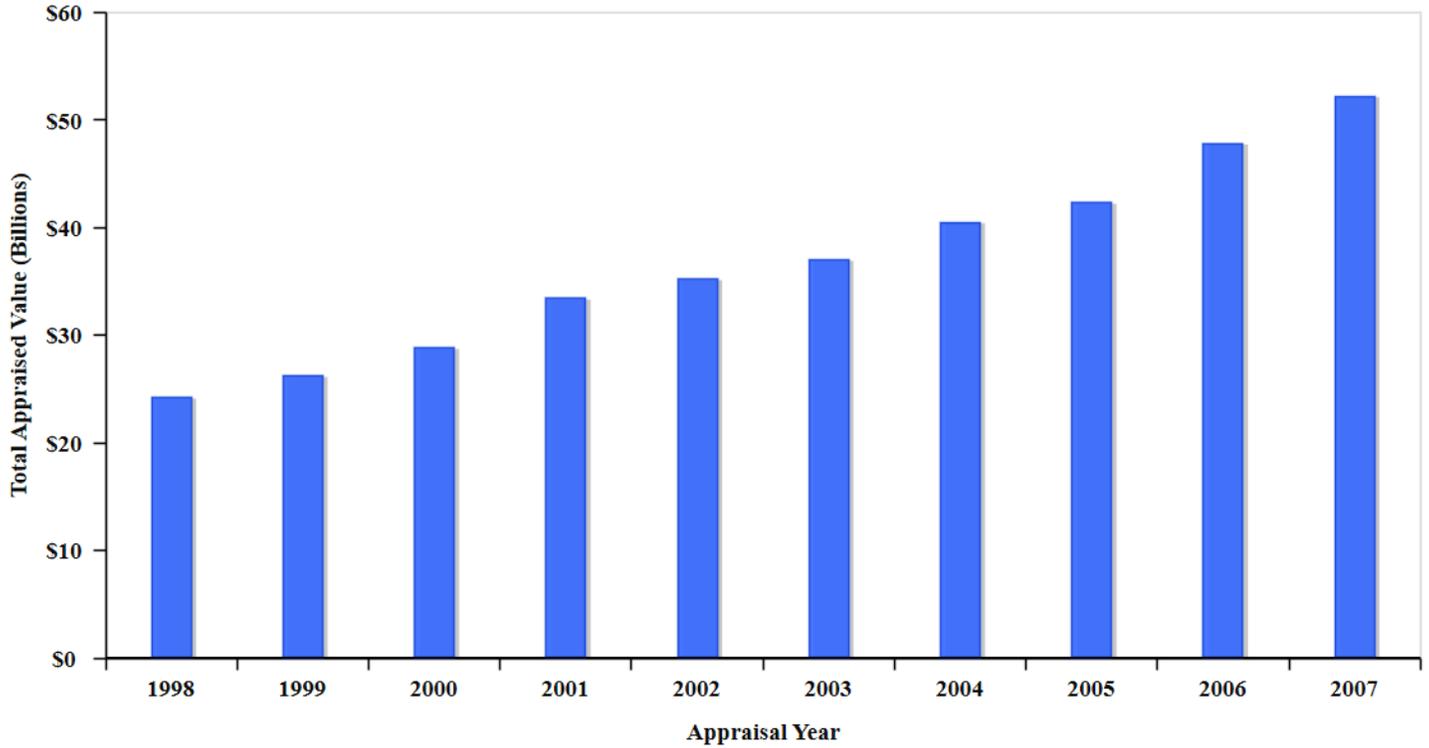
TABLE 21

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319	874,532
2.33 %	2.48 %	2.91 %	0.98 %	1.25 %	1.29 %	1.76 %	1.49 %	5.12 %	4.95 %



**CITY OF FORT WORTH, TEXAS
 TOTAL APPRAISED VALUE
 LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Value (Billions)	\$ 24.2	\$ 26.2	\$ 28.8	\$ 33.4	\$ 35.2	\$ 37.0	\$ 40.5	\$ 42.3	\$ 47.8	\$ 52.2
Percent Change		8.26 %	9.92 %	15.97 %	5.39 %	5.11 %	9.46 %	4.44 %	13.00 %	9.21 %

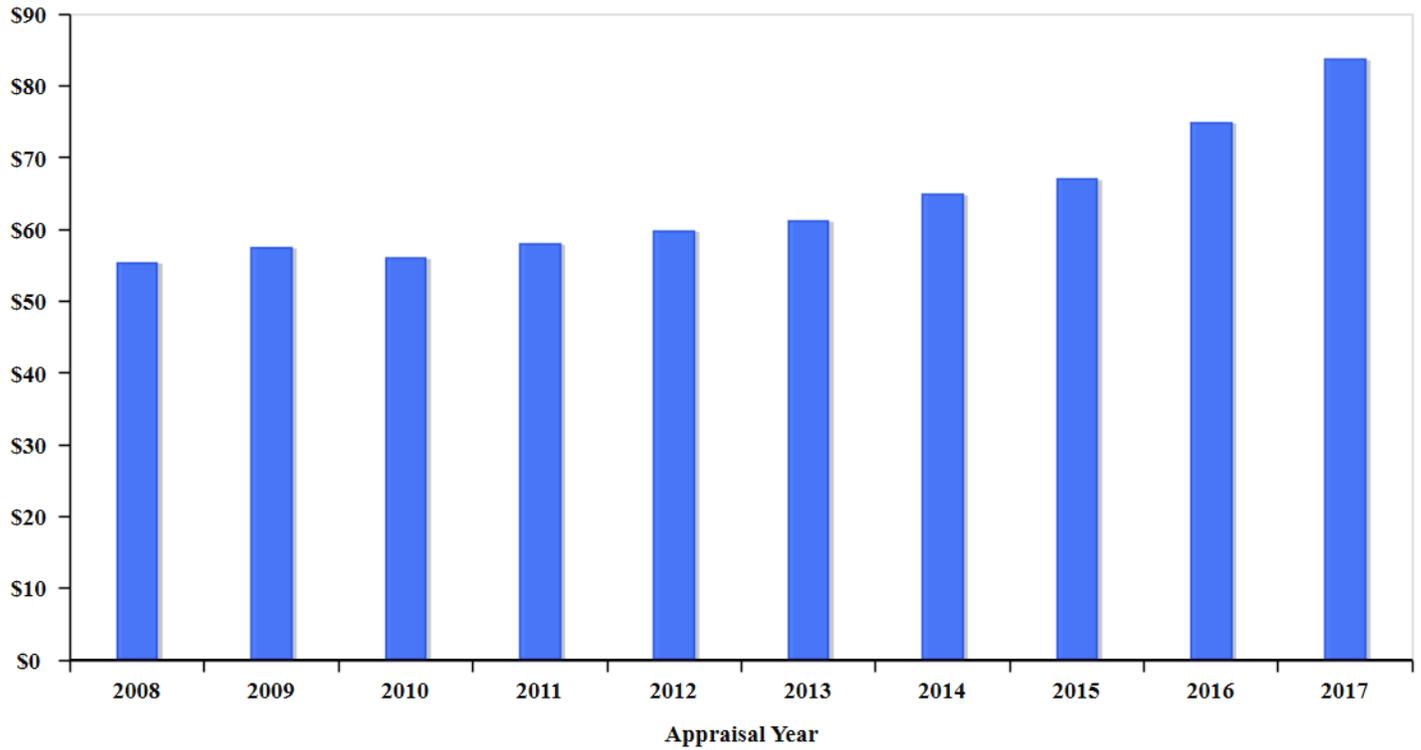


Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction do not include any taxable property.

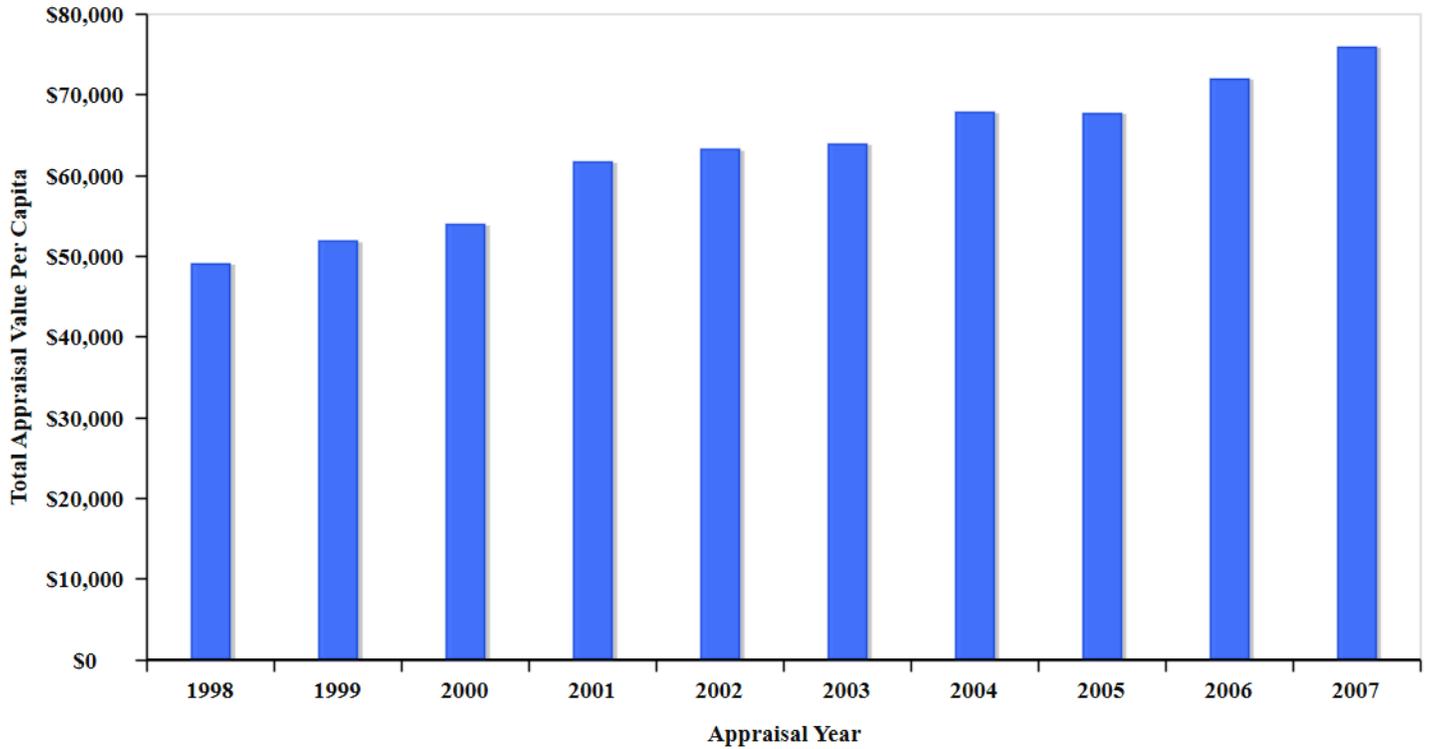
TABLE 22

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$ 55.4	\$ 57.5	\$ 56.0	\$ 58.0	\$ 59.8	\$ 61.2	\$ 64.9	\$ 67.0	\$ 74.9	\$ 83.7
6.13 %	3.79 %	(2.61)%	3.57 %	3.10 %	2.34 %	6.05 %	3.24 %	11.79 %	11.75 %



**CITY OF FORT WORTH, TEXAS
 APPRAISED VALUE PER CAPITA
 LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Value (Billions)	\$ 24.2	\$ 26.2	\$ 28.8	\$ 33.4	\$ 35.2	\$ 37.0	\$ 40.5	\$ 42.3	\$ 47.8	\$ 52.2
Population	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100	686,850
Value Per Capita	\$ 49,067	\$ 51,827	\$ 53,902	\$ 61,667	\$ 63,171	\$ 63,884	\$ 67,815	\$ 67,737	\$ 71,999	\$ 75,929
Percent Change		5.62 %	4.00 %	14.41 %	2.44 %	1.13 %	6.15 %	(0.12)%	6.29 %	5.46 %



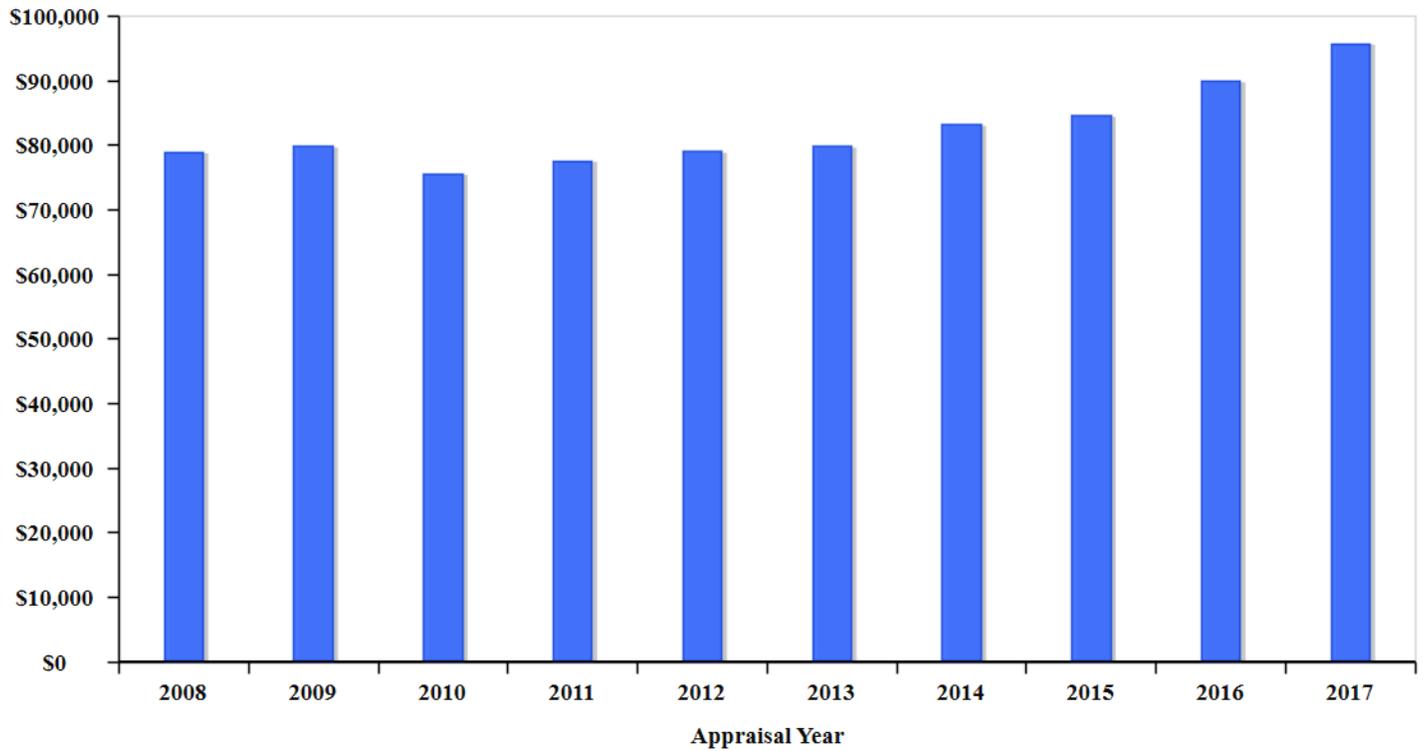
Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

Although the City of Fort Worth extends into Johnson County, the City limits within this jurisdiction do 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.

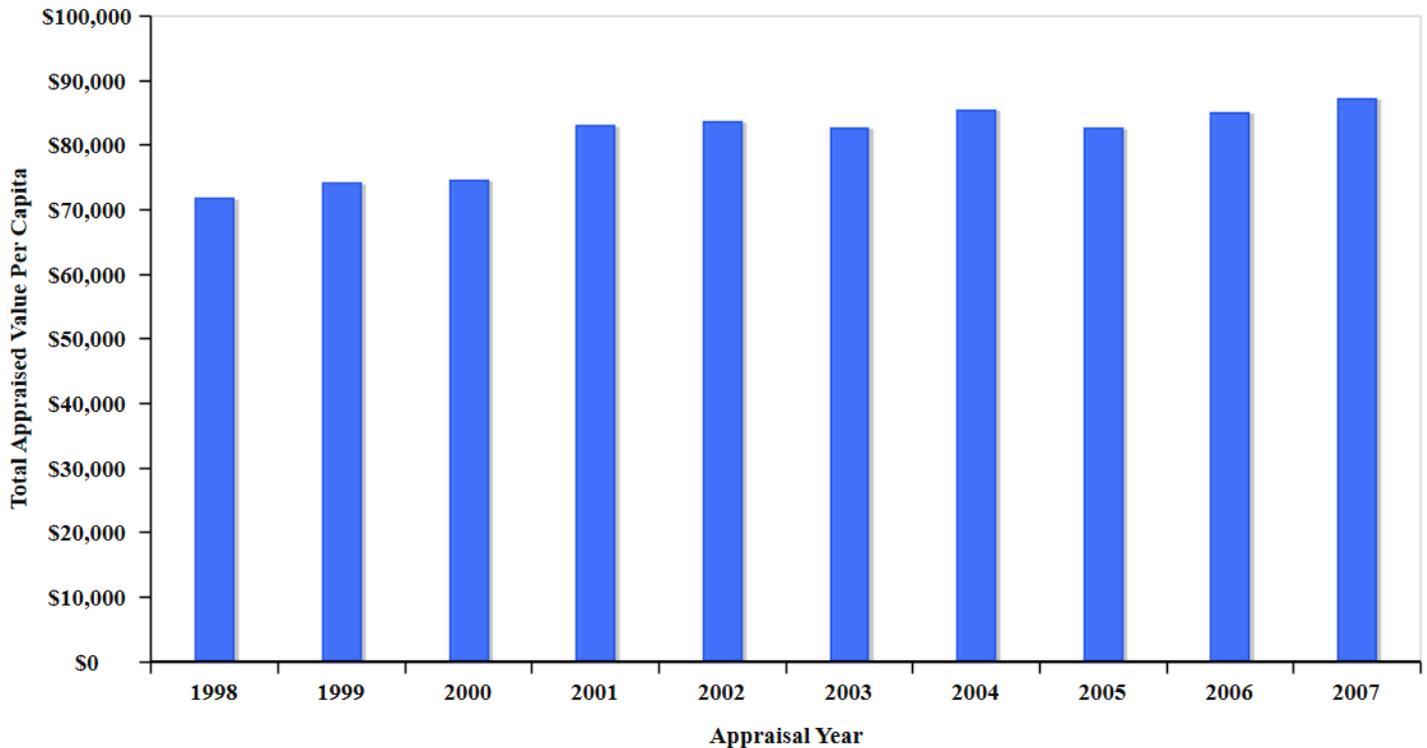
TABLE 23

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$ 55.4	\$ 57.5	\$ 56.0	\$ 58.0	\$ 59.8	\$ 61.2	\$ 64.9	\$ 67.0	\$ 74.9	\$ 83.7
702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319	874,532
\$ 78,869	\$ 79,766	\$ 75,528	\$ 77,558	\$ 78,954	\$ 79,759	\$ 83,143	\$ 84,530	\$ 89,882	\$ 95,722
3.87 %	1.14 %	(5.31)%	2.69 %	1.80 %	1.02 %	4.24 %	1.67 %	6.33 %	6.50 %



**CITY OF FORT WORTH, TEXAS
 APPRAISED VALUE PER CAPITA (Inflation Adjusted)
 LAST TWENTY FISCAL YEARS (Unaudited)**

Appraisal Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Value	\$ 24,246	\$ 26,165	\$ 28,821	\$ 33,359	\$ 35,234	\$ 37,005	\$ 40,496	\$ 42,325	\$ 47,815	\$ 52,152
Adj Value (Billions)	\$ 35.4	\$ 37.4	\$ 39.8	\$ 44.9	\$ 46.6	\$ 47.9	\$ 51.0	\$ 51.6	\$ 56.5	\$ 59.9
Population	494,150	504,850	534,694	540,950	557,750	579,250	597,150	624,850	664,100	686,850
Value Per Capita	\$ 71,653	\$ 74,048	\$ 74,508	\$ 82,930	\$ 83,584	\$ 82,644	\$ 85,453	\$ 82,557	\$ 85,010	\$ 87,168
Percent Change		3.34 %	0.62 %	11.30 %	0.79 %	(1.12)%	3.40 %	(3.39)%	2.97 %	2.54 %



Source: Tarrant, Denton, Wise, Parker Appraisal District Certified Tax Report.

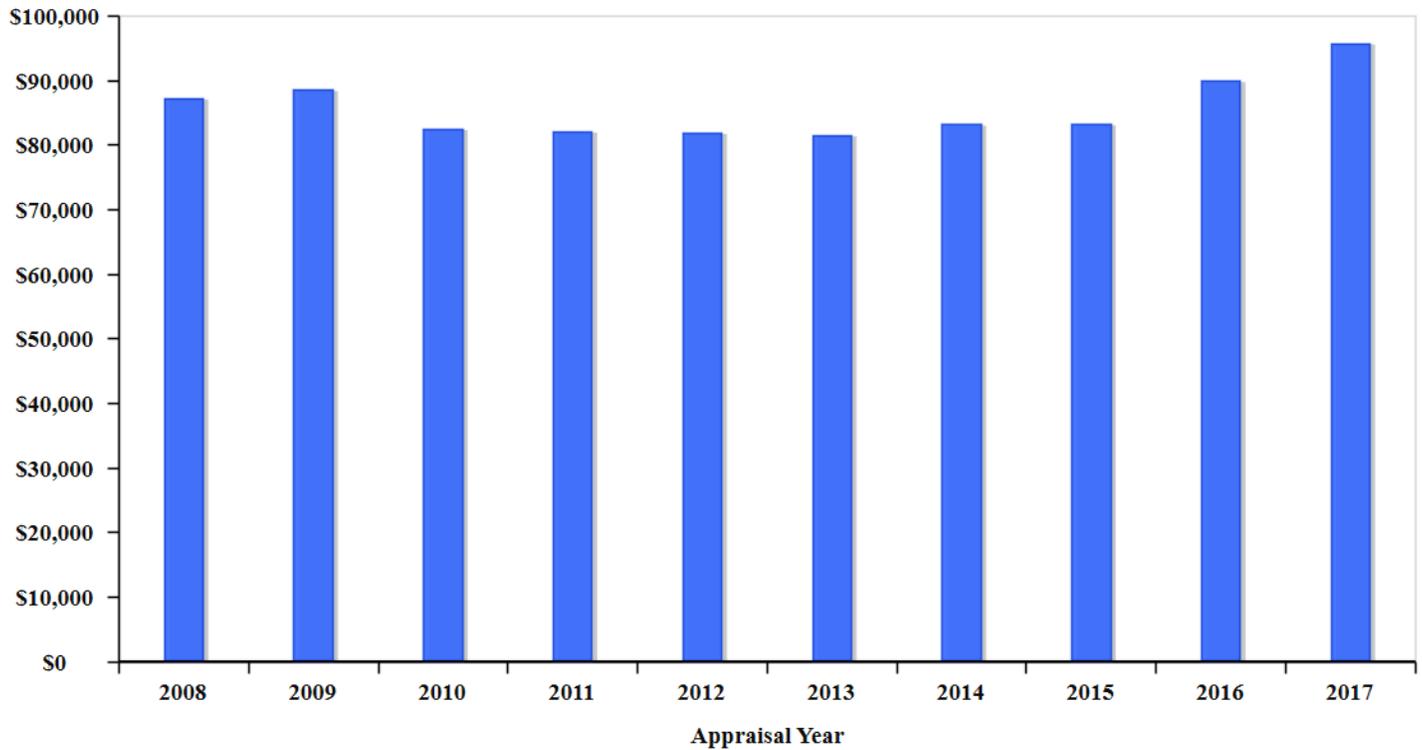
Population prior to 2016 source is NCTCOG. Population beginning 2016 source is U.S. Bureau of Census 2010 and estimates.

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 24

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
\$ 55,433	\$ 57,452	\$ 55,982	\$ 58,049	\$ 59,832	\$ 61,220	\$ 64,935	\$ 67,008	\$ 74,907	\$ 83,712
\$ 61.3	\$ 63.7	\$ 61.1	\$ 61.4	\$ 62.0	\$ 62.6	\$ 64.9	\$ 65.9	\$ 74.9	\$ 83.7
702,850	720,250	741,206	748,450	757,810	767,560	781,100	792,720	833,319	874,532
\$ 87,195	\$ 88,502	\$ 82,447	\$ 82,073	\$ 81,856	\$ 81,496	\$ 83,143	\$ 83,175	\$ 89,882	\$ 95,722
0.03 %	1.50 %	(6.84)%	(0.45)%	(0.26)%	(0.44)%	2.02 %	0.04 %	8.06 %	6.50 %

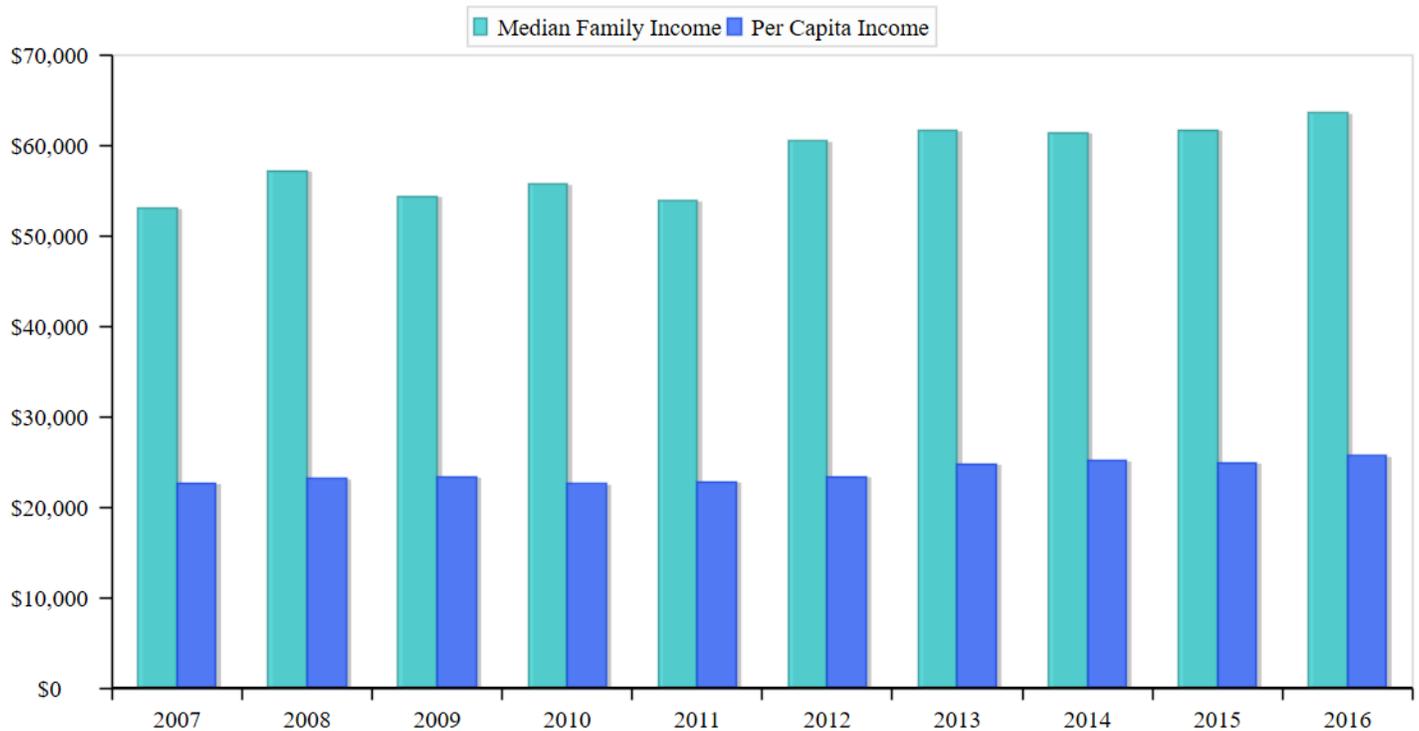


CITY OF FORT WORTH, TEXAS
MEDIAN FAMILY AND PER CAPITA INCOME (Unaudited)
(Unadjusted for Inflation)

TABLE 25

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Median Family Income	\$ 53,073	\$ 57,220	\$ 54,404	\$ 55,727	\$ 53,900	\$ 60,489	\$ 61,651	\$ 61,433	\$ 61,728	\$ 63,585
Percent Change		7.81 %	(4.92)%	2.43 %	(3.28)%	12.22 %	1.92 %	(0.35)%	0.48 %	3.01 %

Fort Worth Per Capita Income (Unadjusted for Inflation)										
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Per Capita Income	\$ 22,708	\$ 23,208	\$ 23,399	\$ 22,613	\$ 22,868	\$ 23,449	\$ 24,836	\$ 25,186	\$ 24,975	\$ 25,706
Percent Change		2.20 %	0.82 %	(3.36)%	1.13 %	2.54 %	5.91 %	1.41 %	(0.84)%	2.93 %



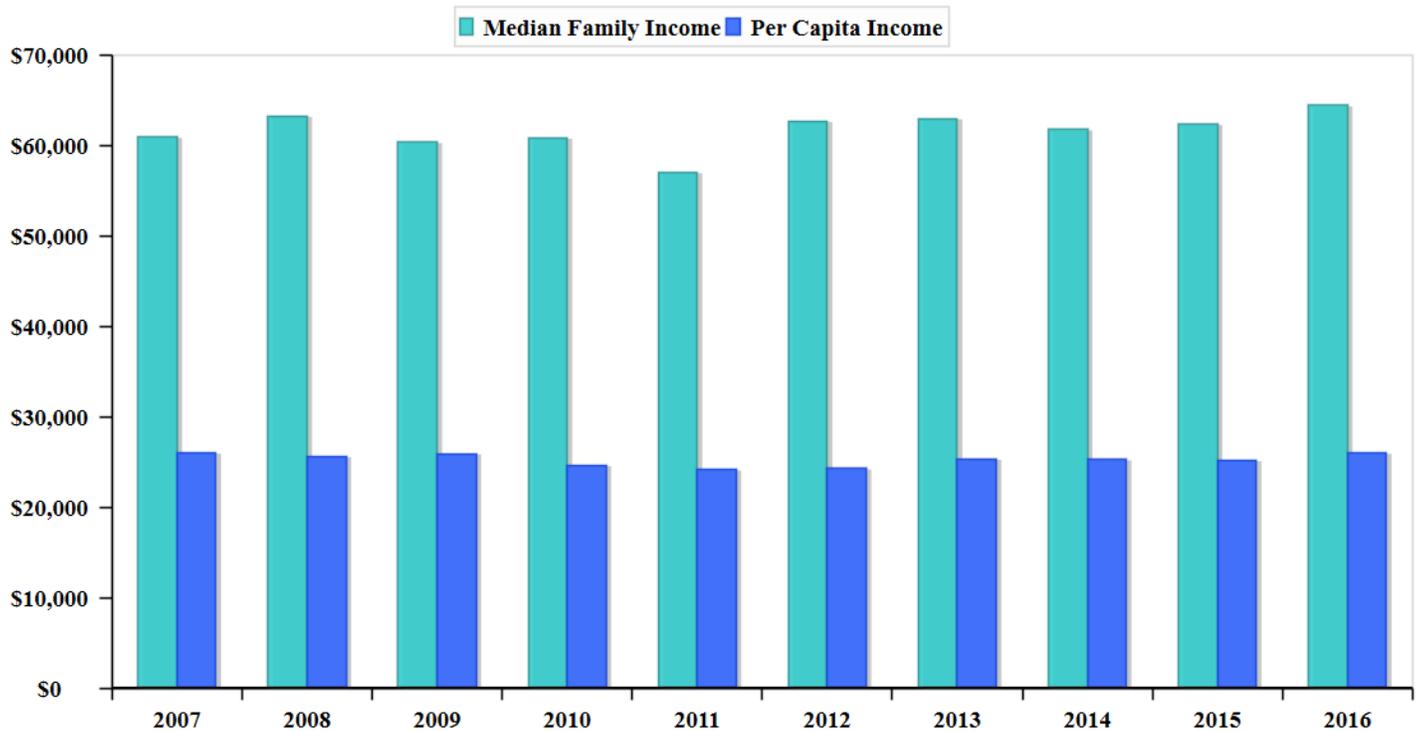
Source: U.S. Census Bureau, American Community Survey

CITY OF FORT WORTH, TEXAS
MEDIAN FAMILY AND PER CAPITA INCOME (Unaudited)
(Adjusted for Inflation)

TABLE 26

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Median Family Income	\$ 60,928	\$ 63,260	\$ 60,362	\$ 60,832	\$ 57,037	\$ 62,712	\$ 62,994	\$ 61,747	\$ 62,345	\$ 64,412
Percent Change		3.83 %	(4.58)%	0.78 %	(6.24)%	9.95 %	0.45 %	(1.98)%	0.97 %	3.32 %

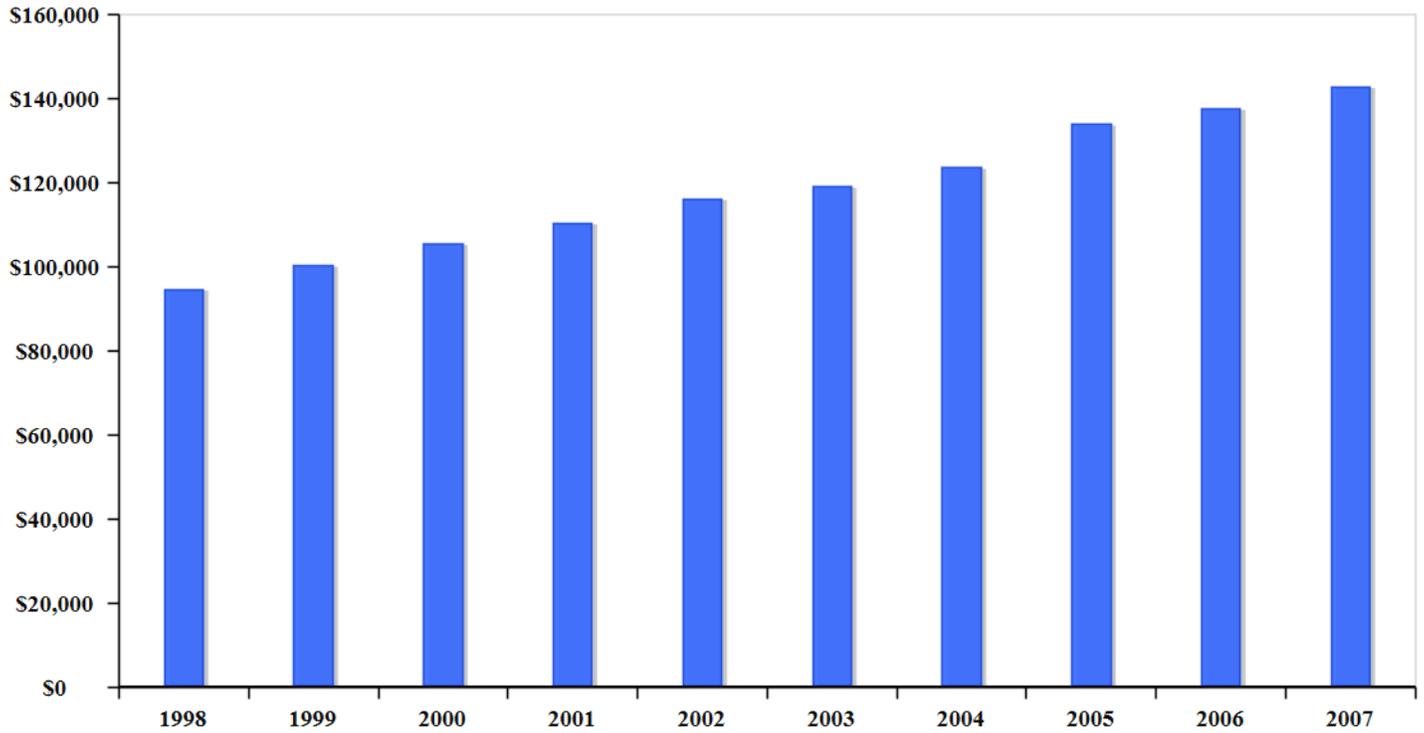
Fort Worth Per Capita Income (Adjusted for Inflation)										
Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Per Capita Income	\$ 26,069	\$ 25,658	\$ 25,961	\$ 24,685	\$ 24,199	\$ 24,310	\$ 25,376	\$ 25,315	\$ 25,225	\$ 26,040
Percent Change		(1.58)%	1.18 %	(4.92)%	(1.97)%	0.46 %	4.39 %	(0.24)%	(0.36)%	3.23 %



Source: U.S. Census Bureau, American Community Survey

**CITY OF FORT WORTH, TEXAS
 AVERAGE HOME VALUE
 LAST TWENTY FISCAL YEARS (Unaudited)**

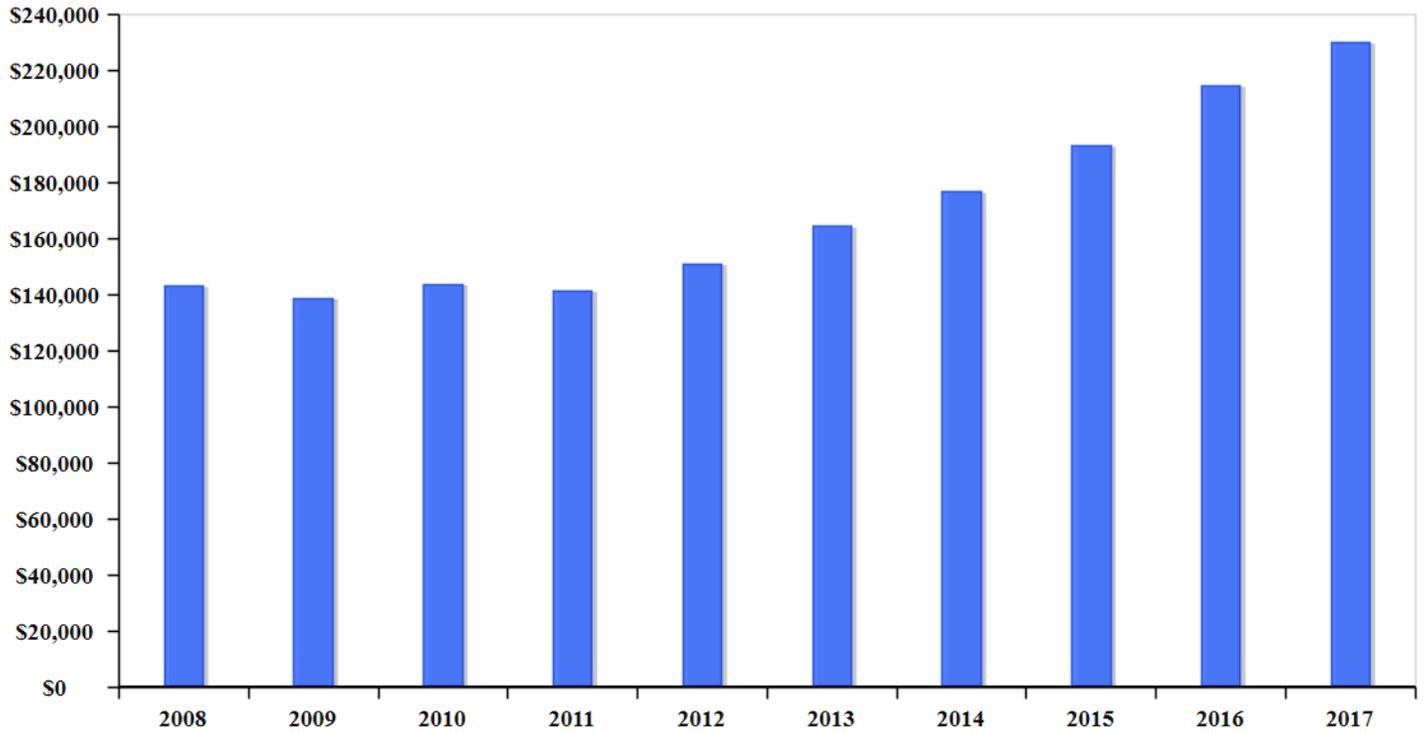
Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Average Home Value	\$ 94,600	\$ 100,200	\$ 105,400	\$ 110,300	\$ 116,100	\$ 119,000	\$ 123,500	\$ 133,800	\$ 137,500	\$ 142,700
% Change		5.92 %	5.19 %	4.65 %	5.26 %	2.50 %	3.78 %	8.34 %	2.77 %	3.78 %



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. For FY17, the source is the same; data used is based on a monthly average and not the annual.

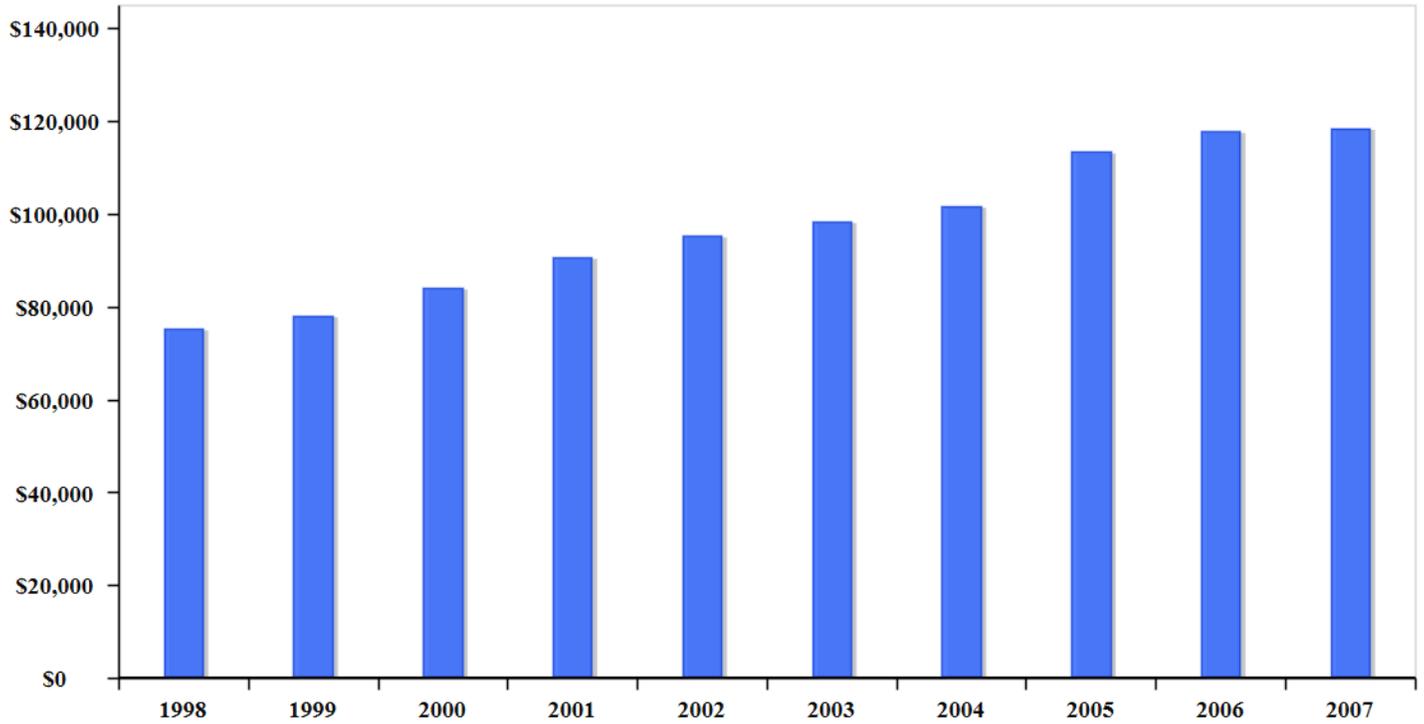
TABLE 27

<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>	<u>2017</u>
\$ 143,100	\$ 138,700	\$ 143,700	\$ 141,400	\$ 150,900	\$ 164,300	\$ 176,700	\$ 193,100	\$ 214,506	\$ 229,864
0.28 %	(3.07)%	3.60 %	(1.60)%	6.72 %	8.88 %	7.55 %	9.28 %	11.09 %	7.16 %



**CITY OF FORT WORTH, TEXAS
 MEDIAN HOME VALUE
 LAST TWENTY FISCAL YEARS (Unaudited)**

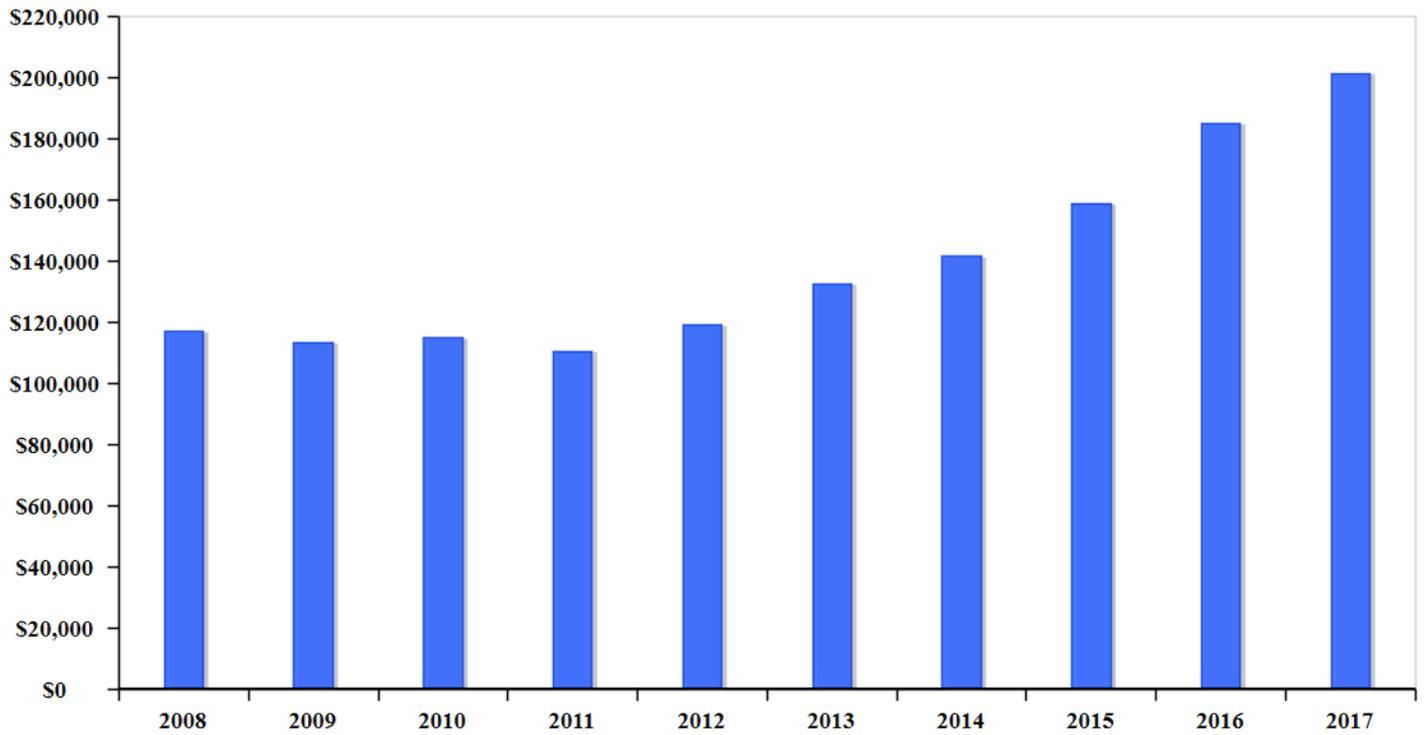
Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Median Home Value	\$ 75,200	\$ 78,000	\$ 84,000	\$ 90,600	\$ 95,200	\$ 98,300	\$ 101,600	\$ 113,300	\$ 117,700	\$ 118,400
% Change		3.72 %	7.69 %	7.86 %	5.08 %	3.26 %	3.36 %	11.52 %	3.88 %	0.59 %



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. For FY17, the source is the same; data used is based on a monthly median and not the annual.

TABLE 28

<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>	<u>2017</u>
\$ 117,000	\$ 113,400	\$ 114,800	\$ 110,600	\$ 119,100	\$ 132,500	\$ 141,500	\$ 158,800	\$ 185,000	\$ 201,396
(1.18)%	(3.08)%	1.23 %	(3.66)%	7.69 %	11.25 %	6.79 %	12.23 %	16.50 %	8.86 %



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

Function/Program	2008	2009	2010	2011	2012
General Government					
Mayor and Council ^(a)	28	26	26	-	-
City Manager	103	41	52	90	89
Performance and Budget ^(b)	17	9	8	-	-
Housing and Community Development ^(c)	50	83	85	75	57
Planning and Development	136	140	137	135	147
Community Relations	29	72	45	-	-
Internal Audit	16	14	14	14	16
City Secretary	8	11	12	10	11
Legal	46	51	52	46	51
Financial Management Services	67	70	71	72	90
Human Resources	101	126	103	104	107
Economic and Community Development ^(c)	38	-	-	-	-
Economic Development ^(c)	-	-	-	-	-
Neighborhood Services ^(c)	-	-	-	-	-
Transportation and Public Works ^(d)	426	559	550	588	564
Property Management ^(h)	-	-	-	-	-
Code Compliance ^(e)	116	173	173	272	284
Public Events	126	132	127	127	123
Municipal Court	174	180	177	191	195
Public Health	130	-	-	-	-
Environmental Management ^(e)	115	107	113	-	-
Park and Recreation ^(g)	809	756	705	727	690
Zoo (Contract) ^(f)	-	-	-	-	-
Library	259	260	275	286	271
Subtotal	<u>2,794</u>	<u>2,810</u>	<u>2,725</u>	<u>2,737</u>	<u>2,695</u>
Enterprise Fund					
Water/Wastewater	812	880	891	892	901
Aviation	27	24	22	24	21
Subtotal	<u>839</u>	<u>904</u>	<u>913</u>	<u>916</u>	<u>922</u>
Internal Service Fund					
IT Solutions	118	99	90	100	111
Equipment Services ^(b)	120	119	104	97	96
Engineering	171	-	-	-	-
Subtotal	<u>409</u>	<u>218</u>	<u>194</u>	<u>197</u>	<u>207</u>
Public Safety					
Police-Uniform	1,521	1,538	1,524	1,534	1,539
Police-Civilian	658	675	660	647	677
Fire-Uniform	923	891	869	894	897
Fire-Civilian	48	57	55	44	60
Subtotal	<u>3,150</u>	<u>3,161</u>	<u>3,108</u>	<u>3,119</u>	<u>3,173</u>
Total	<u><u>7,192</u></u>	<u><u>7,093</u></u>	<u><u>6,940</u></u>	<u><u>6,969</u></u>	<u><u>6,997</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. In FY17, the Budget Division was transferred to the newly created Performance and Budget Office.

(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 and was overstated due to the inclusion of Equipment Services. 2016 data has been corrected.

Source: Approved Budgets 2008-2017

TABLE 29

2013	2014	2015	2016	2017
-	-	-	-	-
58	53	64	63	55
-	-	-	-	25
71	68	76	-	-
155	146	143	132	140
-	-	-	-	-
15	15	15	15	15
12	11	11	11	11
53	53	51	50	51
88	101	104	100	91
52	51	50	59	59
-	-	-	-	-
-	-	-	22	22
-	-	-	155	150
617	589	591	441	442
-	-	-	88	93
289	286	310	353	370
132	133	133	133	133
198	191	184	184	182
-	-	-	-	-
-	-	-	-	-
396	392	397	362	391
-	-	-	-	-
220	220	216	213	213
2,356	2,309	2,345	2,381	2,443
934	940	937	937	949
24	24	24	24	24
958	964	961	961	973
127	133	139	138	136
106	106	106	106	114
-	-	-	-	-
233	239	245	244	250
1,594	1,549	1,549	1,599	1,635
448	445	453	455	458
908	884	884	911	925
47	47	47	60	61
2,997	2,925	2,933	3,025	3,079
6,544	6,437	6,484	6,611	6,745

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

Function/Program	2008	2009	2010	2011	2012
Public Safety					
Fire					
Calls for Service - Fire	3,486	2,776	2,281	12,392	10,111
Calls for Service - EMS	51,401	52,566	53,837	65,190	58,770
Police					
Calls for Service	312,219	314,942	312,061	299,750	299,793
Municipal Courts					
Citations Entered	447,949	451,938	415,008	327,779	277,672
Warrants Issued	198,000	273,951	274,833	318,720	219,478
Jail Cases Prepared	62,405	73,566	81,522	136,312	152,874
Transportation and Public Works					
Streets - Lane Miles Maintained Annually	7,218	7,291	7,317	7,325	7,341
Lane Miles - Resurfaced	177	208	164	177	169
Library					
Books and audio/visual materials (millions) ^(a)	1.1	1.1	1.1	1.1	1.1
Average Monthly Circulation	337,768	349,247	342,697	375,965	369,450
Building Permits					
Permits issued (in thousands)	12.0	9.7	10.0	9.8	10.0
Estimated Value (in thousands)	2,186,348	1,487,296	1,678,179	1,352,438	1,454,917
Aviation					
Airport Operations (Takeoffs and Landings)	312,799	263,077	229,845	260,059	248,650
Total Fuel Flowage, gallons	7,674,724	7,099,019	6,656,640	7,828,177	7,742,014
Total Fuel Flowage, revenue	728,683	632,715	770,510	910,116	908,212
Water & Sewer					
Number of Water Accounts (in thousands)	216	220	221	223	225
Peak Day Water Consumption (million gallons)	335	323	313	368	346
Average Daily Water Consumption (million gallons)	183	178	170	205	265
Water System Storage Capacity (million gallons)	88	92	93	93	93
Actual Annual Water Pumpage (million gallons)	66,914	64,984	62,131	74,997	69,469
Infrastructure Leakage Index ^(b)	N/A	N/A	4.52	4.59	4.12
Number of Sewer Accounts (in thousands)	208	210	212	214	216
Average daily sewage treatment (million gallons)	107	106	135	105	110
Municipal Parking					
Parking tickets issued	61,130	64,061	61,715	52,261	47,211

N/A = Information not available

(a) Number does not include approximately 1 million governmental documents for the years 2008-2010.

(b) Number based on the calendar year per state requirements - Information N/A (Not Available).

Source: Respective City of Fort Worth departments.

TABLE 30

2013	2014	2015	2016	2017
10,158	10,439	10,333	2,340	2,398
71,511	76,438	79,059	66,712	72,176
266,169	296,561	292,047	289,058	286,373
246,378	232,596	205,553	175,559	155,027
167,764	115,840	195,718	150,281	112,060
141,888	126,739	127,925	104,637	88,610
7,382	7,420	7,437	7,518	7,617
143	110	139	165	149
1.1	1.2	1.2	1.2	1.1
355,877	339,860	309,730	322,724	369,120
10.1	10.8	11.3	12.33	13.44
1,214,680	2,143,490	2,118,305	2,753,962	3,935,427
252,989	257,944	300,013	310,811	331,714
8,260,693	7,457,850	8,371,920	7,845,963	8,822,258
926,437	893,647	1,088,113	1,016,484	1,231,311
228	234	238	241	247
324	297	329	312	263
186	179	179	173	177
90	89	90	95	95
67,929	65,485	65,119	63,162	64,751
3.67	5.21	5.42	7.07	4.33
219	225	229	231	237
95	95	114	124	104
60,354	44,932	42,667	36,753	31,251

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

Function/Program	2008	2009	2010	2011	2012
Library					
Library Facilities Owned	13	13	13	14	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	243	249	253	257	260
Parks Acres	10,929	11,094	11,292	11,609	11,663
Miles of Trails (Jogging, Hiking & Biking) (paved trails)	60	63	64	66	66
Swimming Pools	7	7	7	7	7
Athletic Fields (Soccer, Football, Baseball & Rugby)	181	181	181	181	184
Tennis Centers	1	1	1	1	1
Number of Tennis Courts	16	16	16	16	16
Neighborhood Tennis Courts	82	82	82	82	82
Multi-use Courts	107	107	107	107	107
Golf Courses	5	5	5	5	5
Community and C.A.P Centers	21	22	22	22	22
Public Safety					
Police Stations Owned	10	11	11	10	12
Police Stations Leased	11	10	9	8	11
Fire Stations	40	42	42	42	42
Public Works					
Streets - Lane Miles	7,218	7,291	7,317	7,325	7,341
Traffic Signals	588 ^(b)	620 ^(b)	635 ^(b)	644 ^(b)	649 ^(c)
Street Lights	60,950	61,593	62,075	63,007	64,175
Stormwater					
Miles of Channels - Improved	326	333	327	330	212
Miles of Storm Pipes	700	714	800	900	930
Water					
Water Mains (Miles)	3,395	3,449	3,469	3,480	3,513
Fire Hydrants	17,580	17,947	18,275	18,388	18,616
Wastewater					
Miles of Sanitary Sewers	3,380	3,421	3,454	3,527	3,569

(a) Neighborhood Services became a separate department of 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.

(g) The city also maintains 204 signalized intersections owned by TXDOT not included in the number noted above. A total number of Traffic Signals maintained by the City is 884. In FY2016, traffic signal counts were standardized to use intersections within a site as measurement, prior to FY2016 counts were based on site. An example includes I-20 @ James/Crowley is measured as four intersections, and I-30 @ Summit measured as two intersections.

Source: Respective City of Fort Worth departments.

TABLE 31

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
14	14	14	14	14
2	2	2	2	2
-	-	-	9	9
260	263	271	274	278
11,663	11,722	11,781	11,878	11,988
71	71	77	120	78
7	2	2	2	2
188	186	186	192	188
1	1	1	1	1
16	16	16	16	16
87	87	88	86	88
107	107	113	113	130
4	4	4	4	4
22	23	23	14	22
12	14	17	17	17
11	10	11	11	11
42	42	42	42	42
7,382	7,420	7,437	7,518	7,617
667 ^(e)	649 ^(d)	667 ^(e)	697 ^(f)	680 ^(g)
64,721	65,489	65,894	66,182	67,032
212	212	214	214	214
1,163	943	955	970	973
3,553	3,596	3,386	3,420	3,503
18,879	19,136	18,709	19,182	22,320
3,610	3,643	3,289	3,313	3,459

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