

Part D Question 25 – Licensed Operators

Part D Question 27 – Water Facility Maps

WATER DISTRIBUTION SYSTEM STUDY

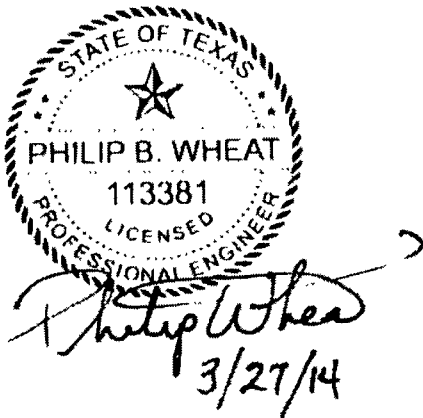
for the proposed

Tradition Development West of Interstate 35W/State Highway 114 Fort Worth, Texas

March 27, 2014

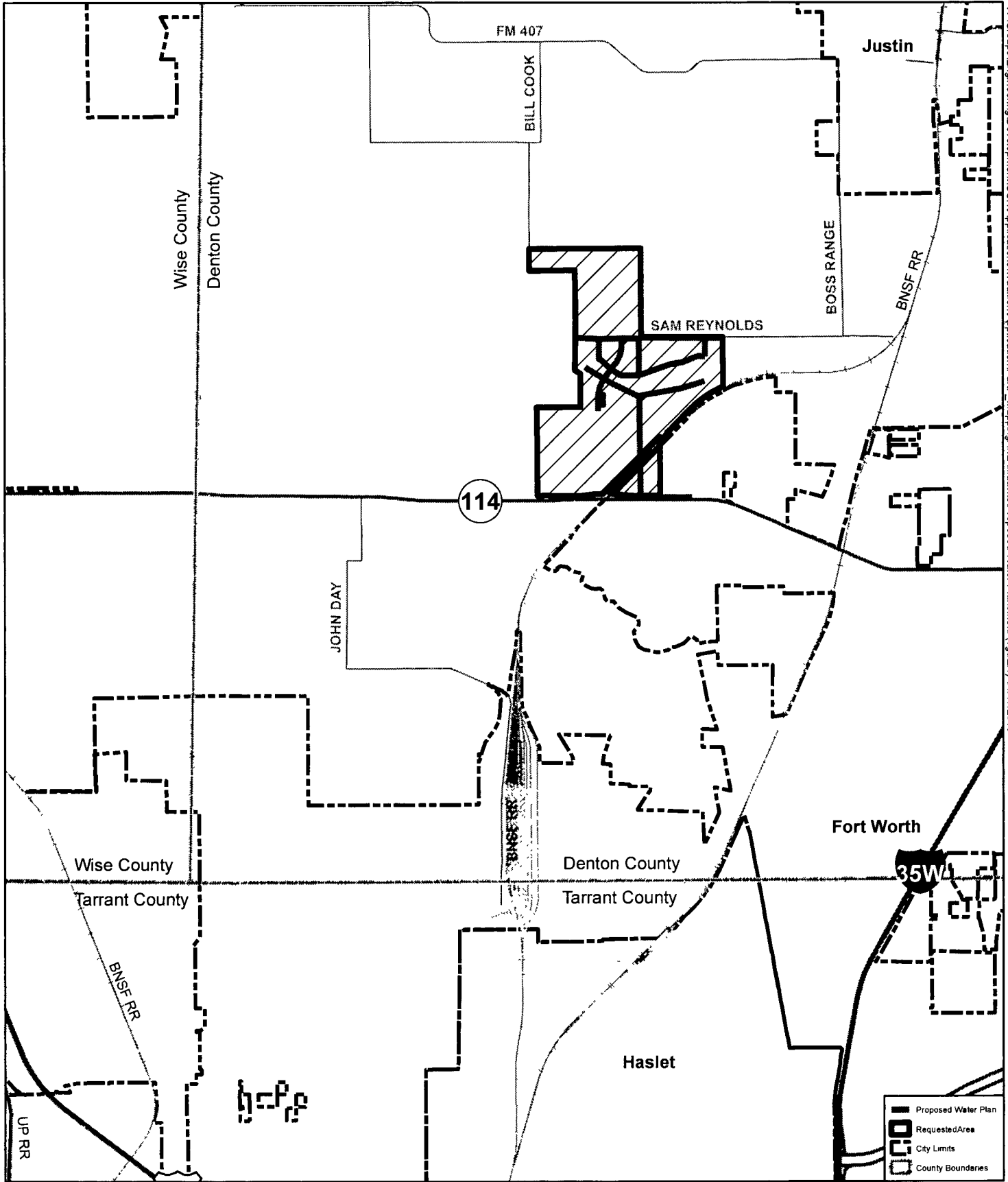
Prepared for

Dunaway Associates



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Dallas, Texas 75243
(214) 572-2272

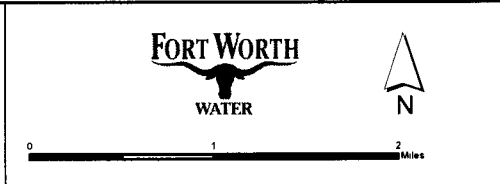
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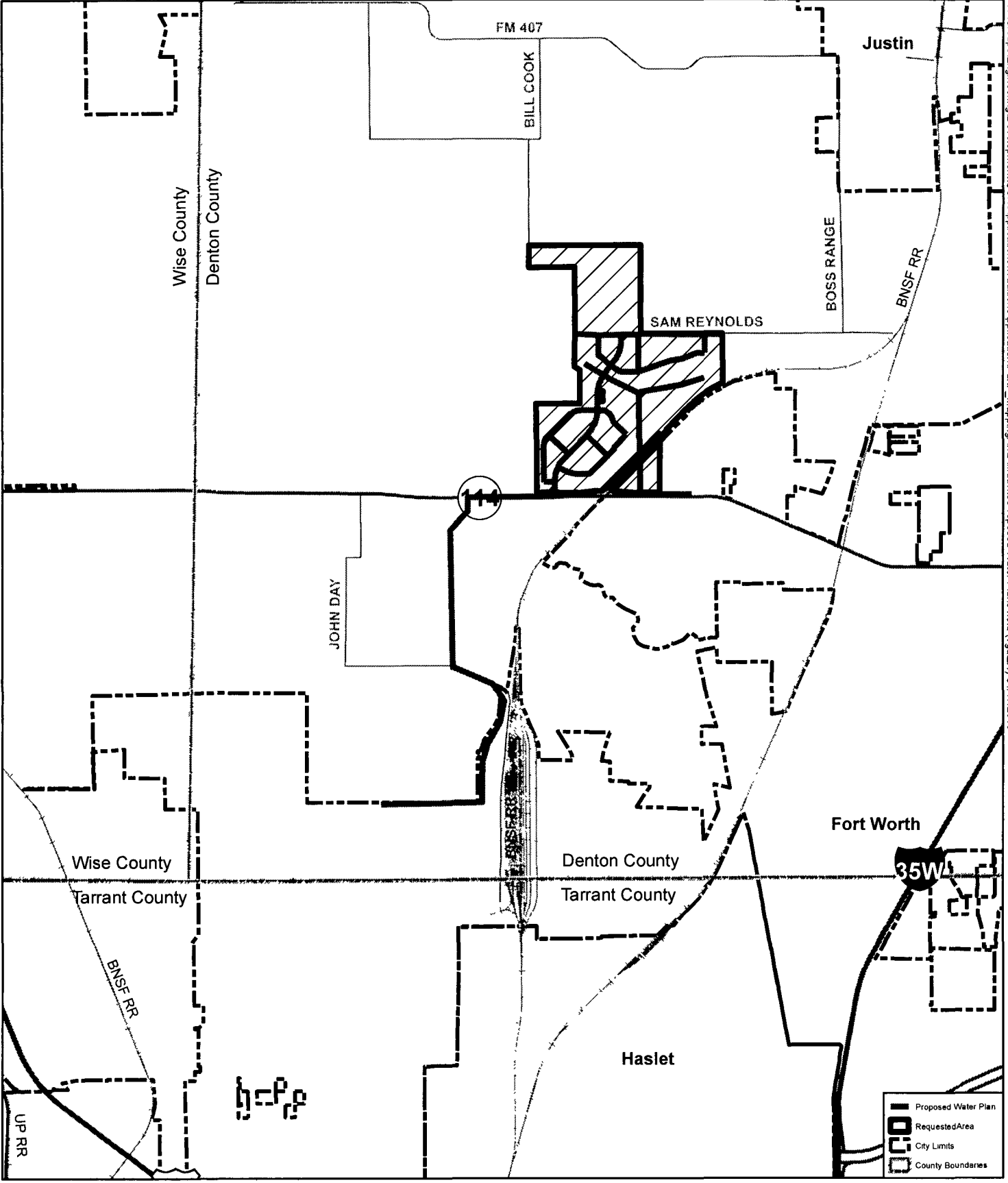


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1/17/2019

Phase 2 Water Plan Fort Worth Water Proposed Amendment to Water CCN No. 12311 Tradition





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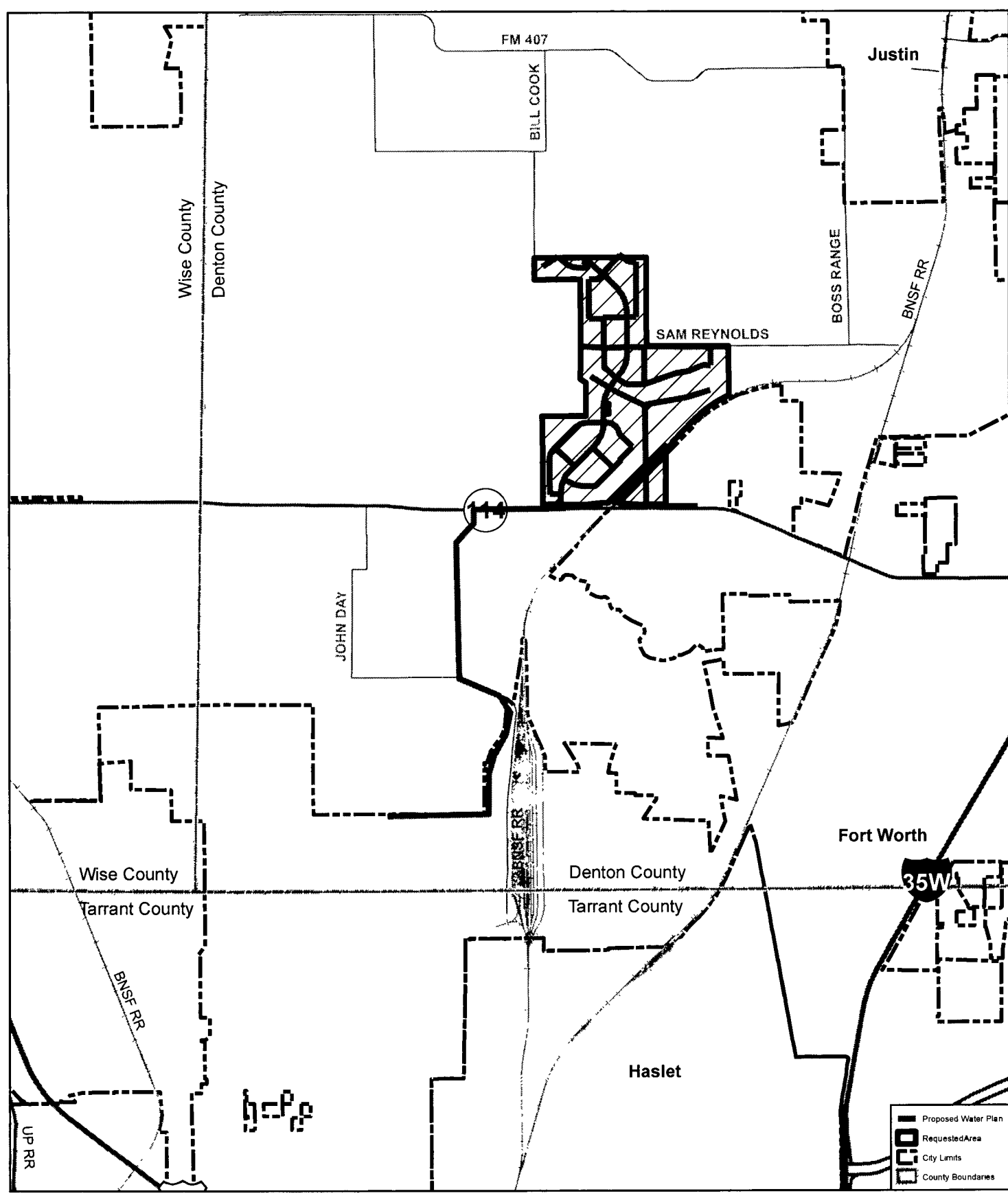
1/17/2019

**Phase 1 and 2 Water Plan
Fort Worth Water
Proposed Amendment
to Water CCN No. 12311
Tradition**

FORT WORTH
WATER

0 1 2 Miles

N

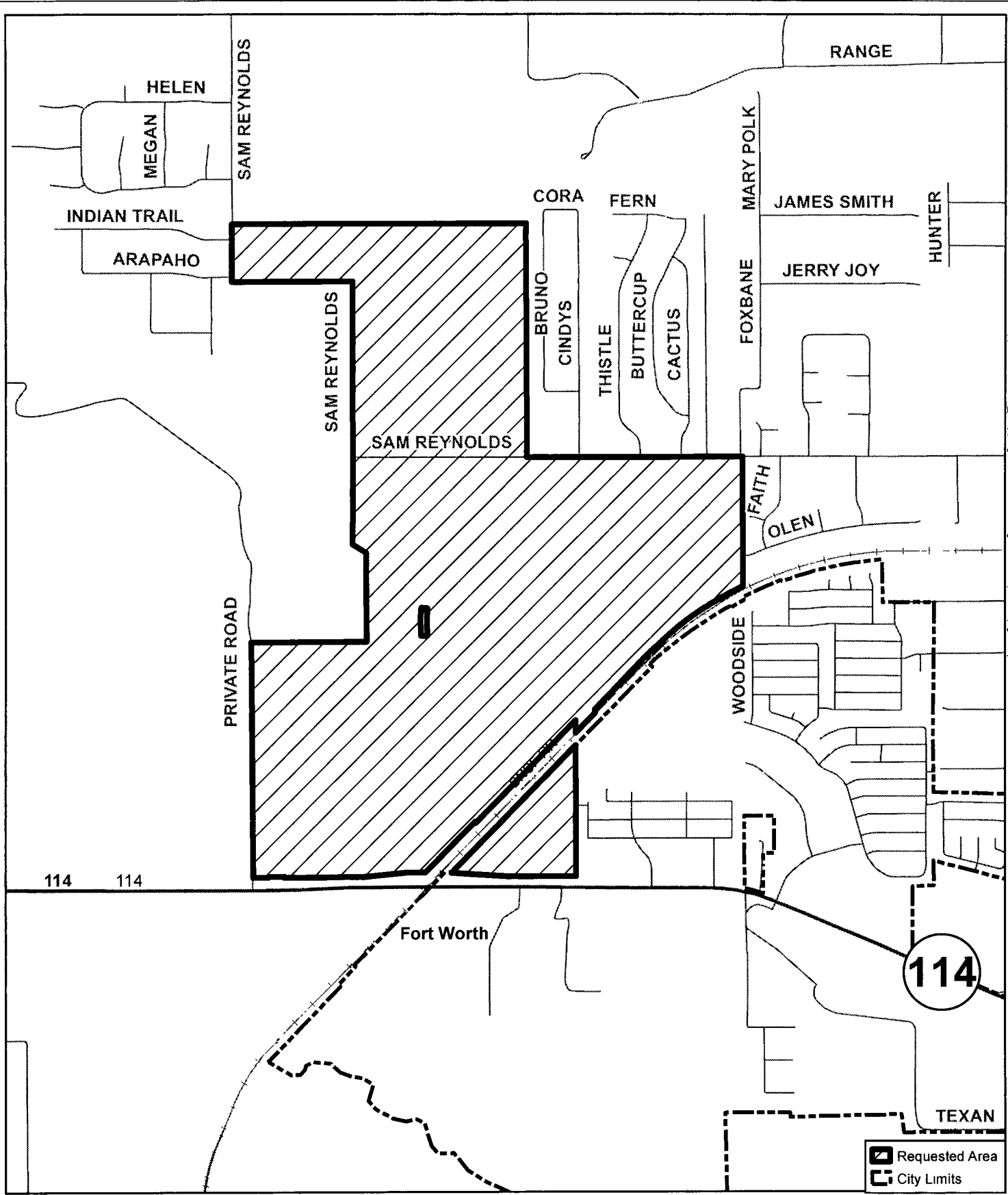


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 1/17/2019

**Buildout Water Plan
 Fort Worth Water
 Proposed Amendment
 to Water CCN No. 12311
 Tradition**

Part E Question 30 – Financial Information

Part F Question 32 – General and Detailed CCN boundary Maps



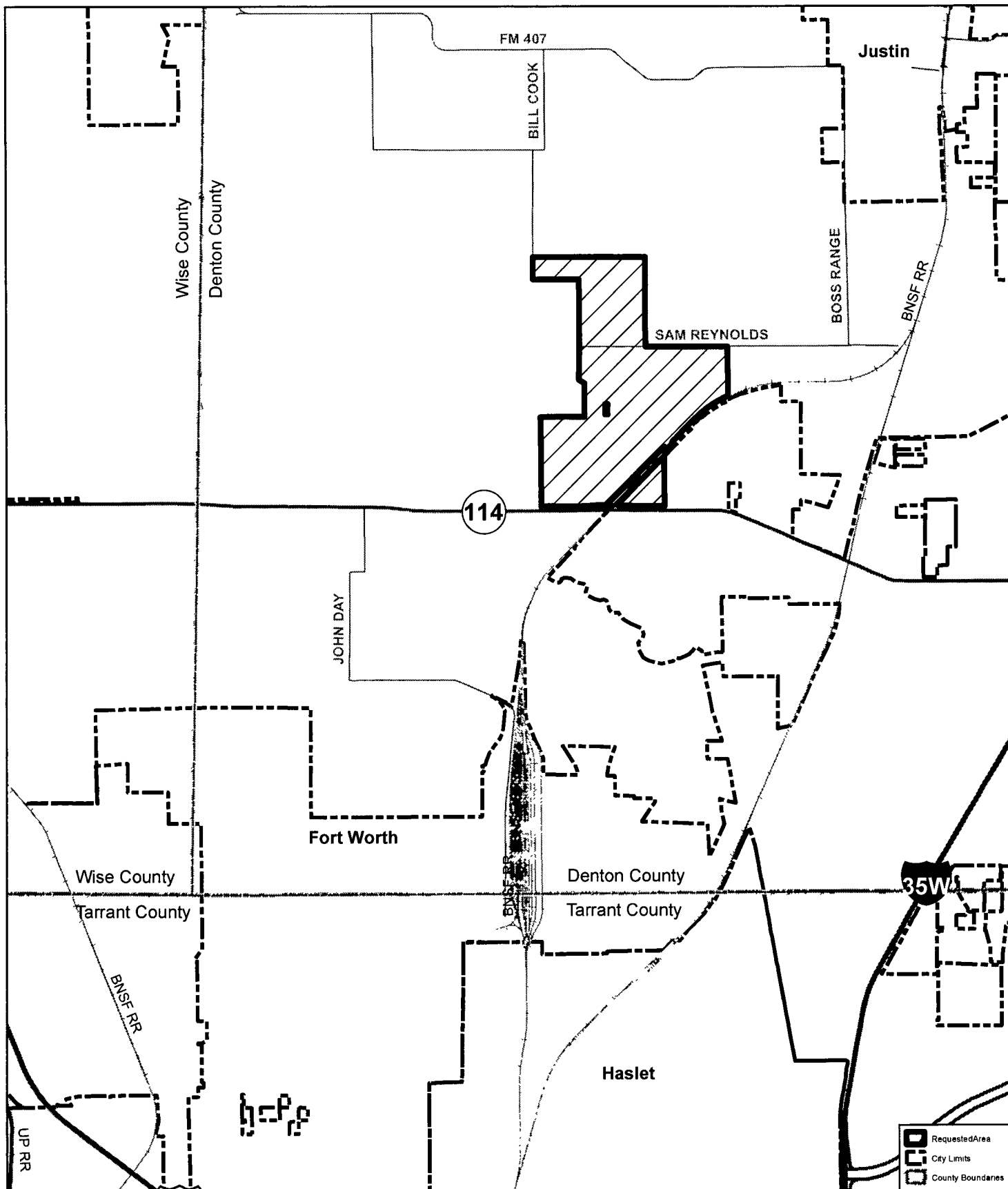
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1/2/2019

**Large Scale Map
Fort Worth Water
Proposed Amendment
to Water CCN No. 12311
Tradition**

FORT WORTH
WATER

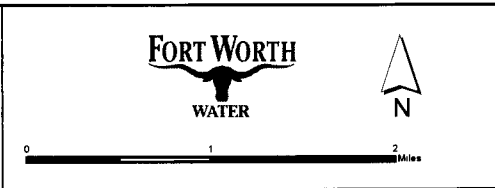
0 2,000 4,000 Feet



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1/2/2019

Small Scale Map Fort Worth Water Proposed Amendment to Water CCN No. 12311 Tradition





Public Water System Operator Notice Form

PWS Name	City of Fort Worth
PWS ID	2200012
Date	October 24, 2018

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

Name (Printed)	Charly Angadicheril	Title	Assistant Director of Water Utilities
Signature	Charly Angadicheril <small>Digitally signed by Charly Angadicheril Date: 2018.10.25 06:23:49 -05'00'</small>	Date	October 24, 2018

Introduction

The Texas Commission on Environmental Quality (TCEQ) requires the owner of a public water system to submit a list of all the operators and operating companies that the public water system uses as described in 30 Title, Texas Administrative Code (TAC) §290.46(p)(2), (relating to Minimum Acceptable Operating Practices for Public Drinking Water Systems).

Submission to TCEQ

The following form may be used to facilitate compliance with this requirement. The complete Operator Notice form may be submitted to:

Texas Commission on Environmental Quality
Attn: Drinking Water Inventory and Enforcement Team
Public Drinking Water Section, Mail Code 155
PO Box 13087
Austin, TX 78711-3087

OR

PWSINVEN@tceq.texas.gov

This notice may also be submitted to the TCEQ by facsimile at (512)239-6050.

Upon request, the "Operator Notice" form shall also be provided to the executive director during on-site inspections.

Operator Notice

Section I

- Specifically, §290.46(p)(2) states; "On an annual basis, the owner of a public water system shall provide the executive director with a list of all the operators and operating companies that the public water system uses. The notice shall contain the name, contact information, work status, license number, and license class of each operator and the name and registration number of each operating company. Public water systems may report the list of operators and operating companies to the executive director by utilizing the Texas Commission on Environmental Quality (TCEQ) online "Operator Notice" form. If reporting cannot be accomplished utilizing the TCEQ online "Operator Notice" form, then a public water system may report the list of operators and operating companies on the written "Operator Notice" form to the executive director by mail, email or facsimile. (See §290.47(d) of this title)."
- Public water systems must also develop and maintain specific records for part-time and volunteer operators to meet the requirements as described in §290.46(f)(3)(A)(vii) and (viii) as follows:
 - Part-Time Licensed Operators:** In addition to the information provided in this Operator Notice Form, public water systems shall develop and maintain a daily record or a monthly summary of the work performed and the number of hours worked by each of the part-time operators.
 - Full-Time and Part-Time Licensed Volunteer Operators:** In addition to the information provided in this Operator Notice Form, public water systems that use a full-time or part-time licensed volunteer operator shall develop and maintain a record of each volunteer operator indicating the time period for which the volunteer is responsible for operating the public water system.

Section II

Total number of licensed operators

=

55

Name of Operator or Operating Company	For Operators				For Companies
	Phone Number	Full, Part-time or Volunteer	License No.	Class of License	Registration No.
CHARLY ANGADICHERIL	817 392 8125	FULL TIME	WO0005922	A WATER	
RUSSELL BATTISE	817 392 8125	FULL TIME	WO0035582	A WATER	
DONALD BLUE	817 392 8125	FULL TIME	WO0029740	A WATER	
KHURSHID CHOWDHRY	817 392 8125	FULL TIME	WO0019860	A WATER	
DAVID HINSHAW	817 392 8125	FULL TIME	WO0000762	A WATER	
ERIK IRWIN	817 392 8125	FULL TIME	WO0010339	A WATER	
PAUL JOHN	817 392 8125	FULL TIME	WO0022023	A WATER	
GEORGE JOSEPH	817 392 8125	FULL TIME	WO0014762	A WATER	

GARY MORRIS	817 392 8125	FULL TIME	WO0020979	A WATER	
CIJO JOSE	817 392 8125	FULL TIME	WO0042368	A WATER	
PAUL WRIGHT	817 392 8125	FULL TIME	WO0003351	A WATER	
CYRIAC XAVIER	817 392 8125	FULL TIME	WO0026170	A WATER	
TODD BARTON	817 392 8125	FULL TIME	WS0011262	B SURFACE	
JAMES BEASLEY	817 392 8125	FULL TIME	WS0000380	B SURFACE	
ROY ISAAC	817 392 8125	FULL TIME	WS0005760	B SURFACE	
TIMOTHY JACKSON	817 392 8125	FULL TIME	WS0008839	B SURFACE	
MAHESWARI JAIKUMAR	817 392 8125	FULL TIME	WS0011817	B SURFACE	
GEORGE JOHNNIDIS	817 392 8125	FULL TIME	WS0000303	B SURFACE	
AFZAL YUSUFF	817 392 8125	FULL TIME	WS0001257	B SURFACE	
JOE MANN	817 392 8125	FULL TIME	WS0009047	B SURFACE	
BASSY PHILIP	817 392 8125	FULL TIME	WS0011818	B SURFACE	
TYLER HORTON	817 392 8125	FULL TIME	WS0013253	B SURFACE	
JOSEPH TOLSON	817 392 8125	FULL TIME	WS0005081	B SURFACE	
ROBERT VANN	817 392 8125	FULL TIME	WS0004077	B SURFACE	
JOEL WHITEHOUSE	817 392 8125	FULL TIME	WS0011915	B SURFACE	
EARL YOUNG	817 392 8125	FULL TIME	WS0007499	B SURFACE	
NICOLAS CRUZ	817 392 8125	FULL TIME	WS0013286	C SURFACE	
BRYAN TRAVIS	817 392 8125	FULL TIME	WS0012738	C SURFACE	
CHRISTOPHER ALBRIGHT	817 392 8125	FULL TIME	WS0012427	C SURFACE	
SILAS ARIZOLA	817 392 8125	FULL TIME	WS0009800	C SURFACE	
KENNETH BAKER	817 392 8125	FULL TIME	WS0009872	C SURFACE	
JAMES CONATSER	817 392 8125	FULL TIME	WS0009771	C SURFACE	
ZACHARY STILES	817 392 8125	FULL TIME	WS0013535	C SURFACE	
ALFREDO FLORES	817 392 8125	FULL TIME	WS0010574	C SURFACE	

WILLIAM GRIFFITH	817 392 8125	FULL TIME	WS0010289	C SURFACE	
JAMES HOPPERS	817 392 8125	FULL TIME	WS0001949	C SURFACE	
ERIC JOHNSON	817 392 8125	FULL TIME	WS0004172	C SURFACE	
EUGENE KWAN	817 392 8125	FULL TIME	WS0009166	C SURFACE	
ULYSES GONZALEZ	817 392 8125	FULL TIME	WS0013098	C SURFACE	
JAMES MIDKIFF	817 392 8125	FULL TIME	WS0003923	C SURFACE	
ROY NAREKATTU	817 392 8125	FULL TIME	WS0010400	C SURFACE	
JOSHUA PETERSON	817 392 8125	FULL TIME	WS0011612	C SURFACE	
CHARLES PICKETT	817 392 8125	FULL TIME	WS0010421	C SURFACE	
GUILLERMO AGUIRRE	817 392 8125	FULL TIME	WS0013226	C SURFACE	
CHARLES RICE	817 392 8125	FULL TIME	WS0003634	C SURFACE	
MARIANNE SEIGLER	817 392 8125	FULL TIME	WS0011867	C SURFACE	
JOHN SMITH	817 392 8125	FULL TIME	WS0012071	C SURFACE	
RANDY STONER	817 392 8125	FULL TIME	WS0012082	C SURFACE	
GLENDA SWAN	817 392 8125	FULL TIME	WS0007109	C SURFACE	
CARL TACKETT	817 392 8125	FULL TIME	WS0010291	C SURFACE	
KENNY WILSON	817 392 8125	FULL TIME	WS0010356	C SURFACE	
MARTIN RODRIGUEZ	817 392 8125	FULL TIME	WS0013286	C SURFACE	
SEBASTIAN WHITE	817 392 8125	FULL TIME	WO0043082	D WATER	
DRAKE DESJARDINS	817 392 8125	FULL TIME	WO0041954	D WATER	
GINEIDA ACEVEDO	817 392 8125	FULL TIME	WO0042668	D WATER	

This Operator Notice form may be used by public water systems to meet the requirements of 30 Title, Texas Administrative Code (TAC) §290.46(p)(2), (relating to Minimum Acceptable Operating Practices for Public Drinking Water Systems).

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

Carlos E. Flores	Betsy Price, Mayor	Brian Byrd
Cary Moon		Gyna Bivens
Jungus Jordan		Dennis Shingleton
Kelly Allen Gray		Ann Zadeh

CITY MANAGER

David Cooke

CHIEF FINANCIAL OFFICER

Aaron J. Bovos

INDEPENDENT AUDITORS

Weaver and Tidwell, L.L.P.

Prepared by the Department of Financial Management Services

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Michele L. Suppes, CPA
Nia Williams
Mary J. Brack, CPA
Susanne Helgesen
Su Huynh
Carolyn Graham
LaTonya Brown
Edgar Da Aroynard
Nabil Zaiour

Accounting

Anthony M. Rousseau, CPA
Peter James
Catherine Perry
Karen A. Houters, CPA
Accounting Staff

Purchasing

Cynthia Garcia
Purchasing Staff

Treasury

John R. Samford, CPA
Ramona Nails
Cathy Simpson
Jay Rutledge
Alex Laufer
Treasury Staff

Administration

Angela Estrada
April Jacquez



City of Fort Worth, Texas

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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
817-392-8500 ★ Fax 817-392-8966

City of Fort Worth Profile

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

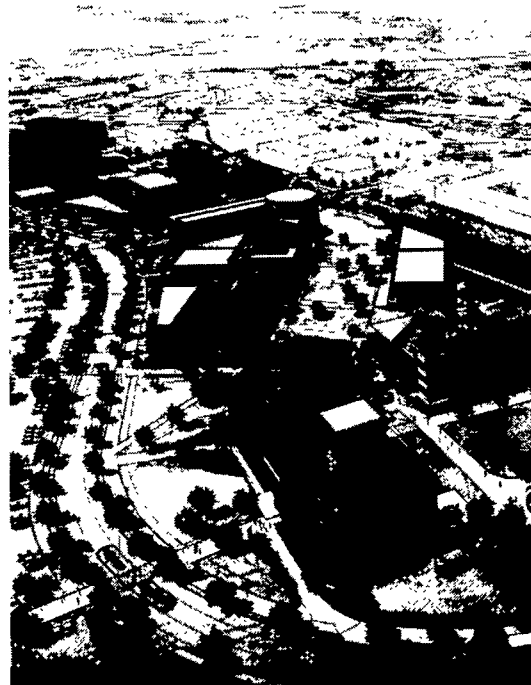
The chart below shows annual labor force data for the City of Fort Worth, the Dallas-Fort Worth-Arlington Metropolitan Statistical Area, and Tarrant County, with 2017 representing statistics from August 2017.

	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-feet to 91,315-square-feet 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.

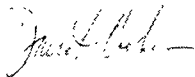
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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**

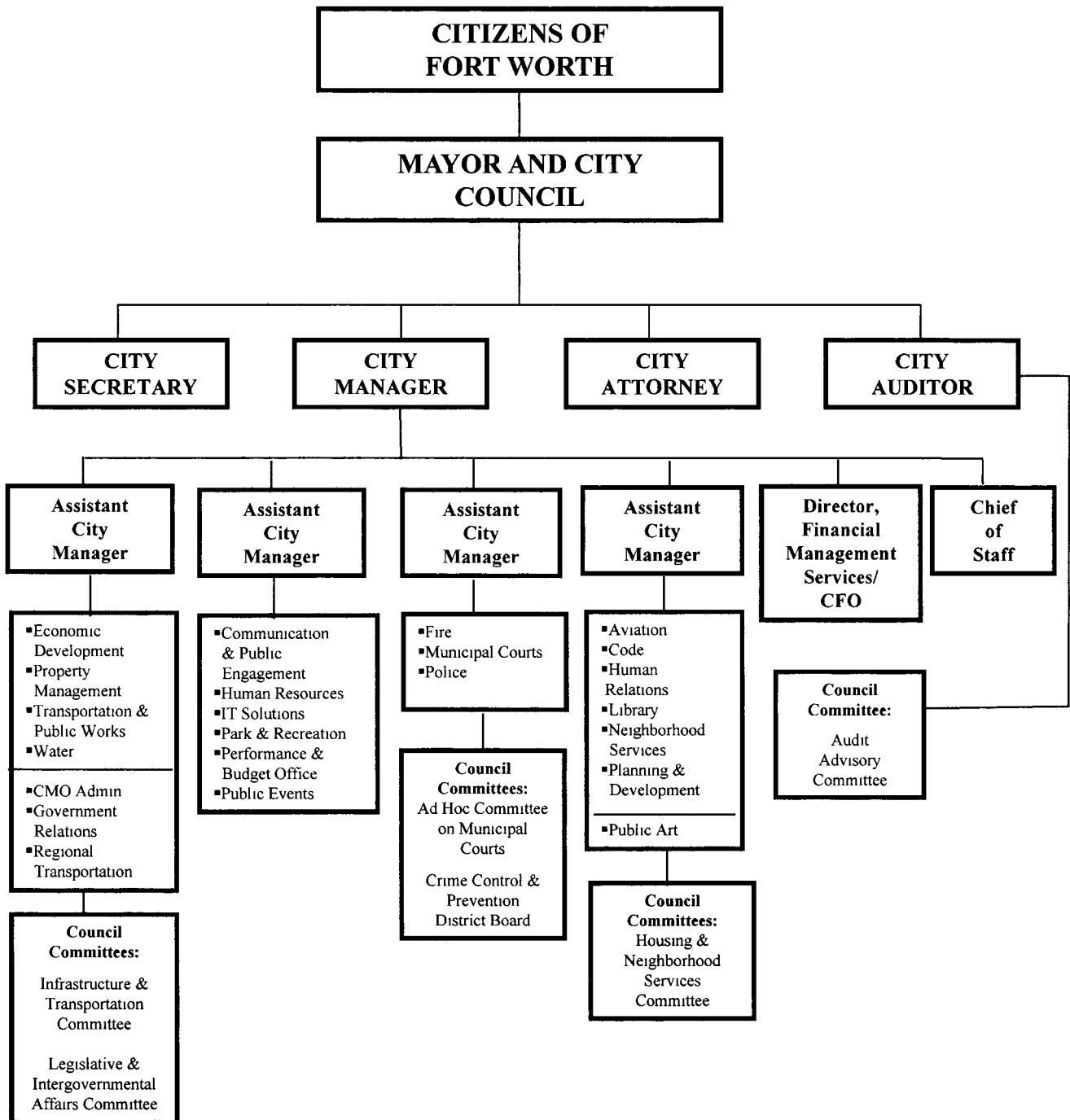
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

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**



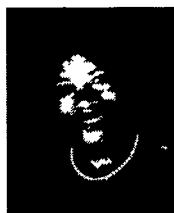
**Gyna Bivens
Council District 5**



**Jungus Jordan
Council District 6**



**Dennis Shingleton
Council District 7**



**Kelly Allen Gray
Council District 8**



**Ann Zadeh
Council District 9**

FINANCIAL SECTION

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	<u>482,429</u>	<u>1,140,342</u>	<u>82,742</u>	<u>182,998</u>	<u>565,171</u>	<u>1,323,340</u>
Other Liabilities	137,672	180,388	65,073	72,306	202,745	252,694
Long-term Liabilities Outstanding	<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>
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	<u>70,515</u>	<u>57,494</u>	<u>13,731</u>	<u>11,306</u>	<u>84,246</u>	<u>68,800</u>
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>	<i>992,752</i>	<i>1,071,862</i>	<i>635,888</i>	<i>671,061</i>	<i>1,628,640</i>	<i>1,742,923</i>
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>	<i>1,100,614</i>	<i>1,301,104</i>	<i>463,413</i>	<i>487,612</i>	<i>1,564,027</i>	<i>1,788,716</i>
Insurance Recoveries	7,477	-	-	-	7,477	-
Excess (Deficiency) of Revenues Over (Under) Expenses Transfers	(100,385) 51,233	(229,242) 33,629	172,475 (51,233)	183,449 (33,629)	72,090 -	(45,793) -
Changes in Net Position (Deficit)	(49,152)	(195,613)	121,242	149,820	72,090	(45,793)
Net Position (Deficit) - Beginning of Year	(271,745)	(320,897)	2,138,118	2,259,360	1,866,373	1,938,463
Net Position (Deficit) - End of Year	\$ (320,897)	\$ (516,510)	\$ 2,259,360	\$ 2,409,180	\$ 1,938,463	\$ 1,892,670

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.

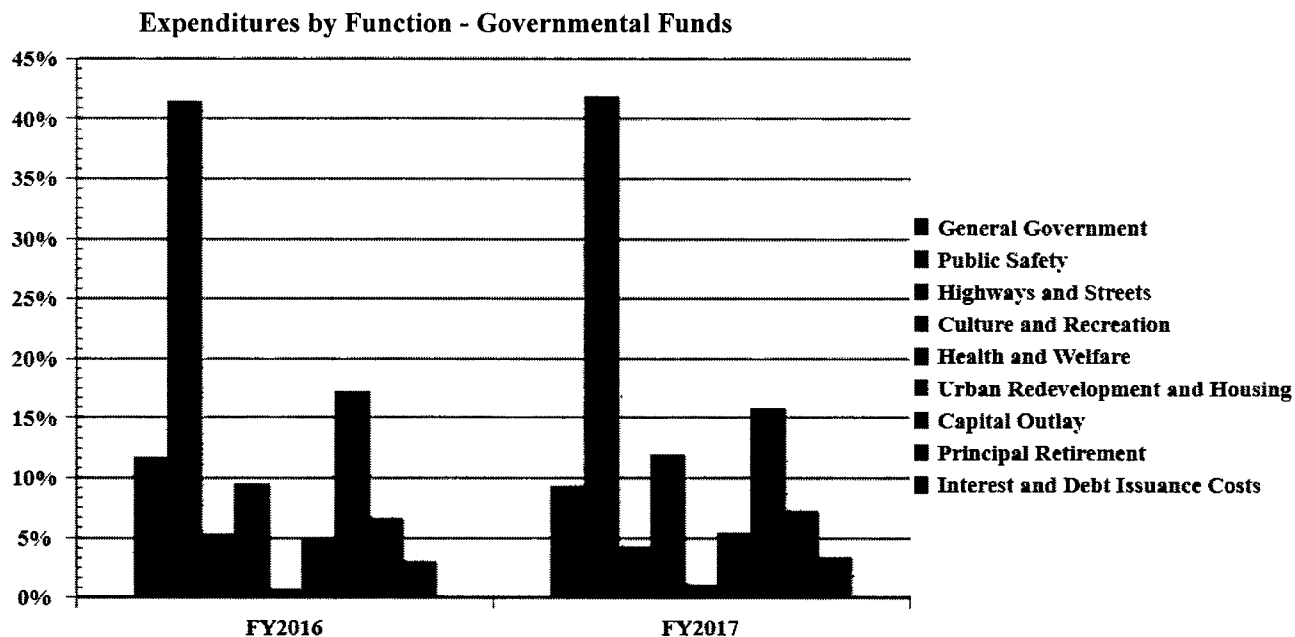
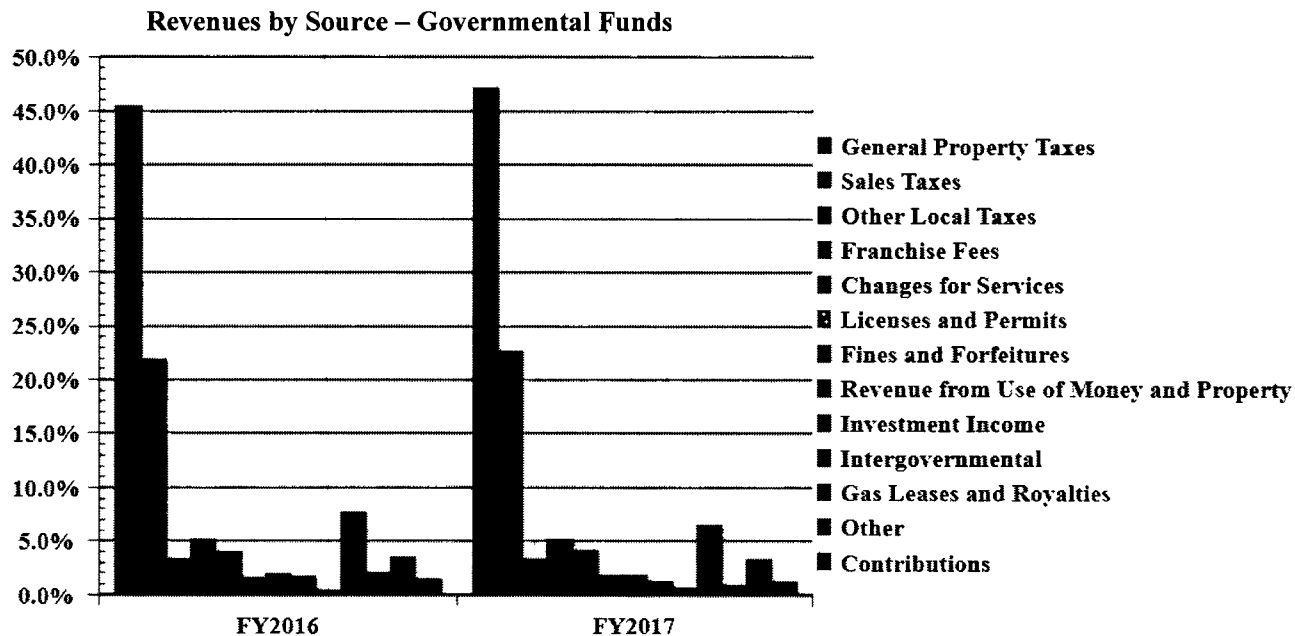
As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$912,675,000. Approximately 14.8 percent or \$135,449,000 constitutes the General Fund's fund balance. As of September 30, 2017, the General Fund's nonspendable fund balance includes \$1,892,000 for 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



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

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
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	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
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	
	<u>(4,587)</u>	<u>(4,587)</u>	
	164,299	164,299	
<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)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
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	(2,275,877)	
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	12,218	
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	(1,238,443)	
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	(4,742)	
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)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
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	<u>3,528</u>	<u>20,926</u>	<u>179,233</u>	<u>3,483</u>	<u>207,170</u>
Fund Balances, Beginning of Year	<u>131,921</u>	<u>31,370</u>	<u>427,257</u>	<u>114,957</u>	<u>705,505</u>
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	1,224,846	164,945	103,119	1,492,910	18,154
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				<u>1,470</u>	
Net Position of Business-Type Activities				<u>\$ 2,409,180</u>	

(concluded)

See accompanying notes to the basic financial statements.

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	Internal Service Funds
OPERATING REVENUES				
Charges for Services	\$ 424,078	\$ 37,016	\$ 69,048	\$ 530,142
Other	1,537	1	5,868	7,406
Total Operating Revenues	425,615	37,017	74,916	537,548
OPERATING EXPENSES				
Personnel Services	108,984	12,241	16,025	137,250
Supplies and Materials	24,120	894	964	25,978
Contractual Services	147,819	7,199	47,696	202,714
Landfill Closure and Postclosure Cost	-	-	2,905	2,905
Depreciation	73,756	7,599	11,676	93,031
Total Operating Expenses	354,679	27,933	79,266	461,878
Operating Income (Loss)	70,936	9,084	(4,350)	75,670
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,906	284	3,049	5,239
Gain (Loss) on Sale of Property and Equipment	(4,195)	(133)	(10)	(4,338)
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)	(17,987)	(2,021)	6,018	(13,990)
Income (Loss) Before Transfers and Contributions	52,949	7,063	1,668	61,680
Transfers In	4,362	169	153	4,684
Transfers Out	(27,621)	(4,339)	(6,353)	(38,313)
Capital Contributions	55,185	3,916	52,112	111,213
Capital Contributions - Impact Fees	10,556	-	-	10,556
Changes in Net Position	95,431	6,809	47,580	149,820
Total Net Position, Beginning of Year	1,833,168	61,499	363,223	2,257,890
Total Net Position, End of Year	\$ 1,928,599	\$ 68,308	\$ 410,803	\$ 2,407,710

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	191,340	21,649	15,544	228,533	(140)
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	(23,325)	(4,170)	(25,954)	(53,449)	4,188
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	(80,707)	(22,140)	(89)	(102,936)	(1,988)
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	3,184	215	5,474	8,873	192
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	420,906	70,643	69,888	561,437	66,189
Cash and Cash Equivalents, End of Year	\$ 511,398	\$ 66,197	\$ 64,863	\$ 642,458	\$ 68,441

(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	797,263
Total Cash & Investments Held by Trustees	2,540,227
Prepays	22
Accrued Income	4,331
Other Receivables	4,788
Due from Broker Securities Sold	268,133
Total Current Assets	2,817,977
Capital Assets (at Cost):	
Land	405
Buildings	3,472
Machinery and Equipment	292
Accumulated Depreciation	(1,020)
Net Capital Assets	3,149
Total Assets	2,821,126
LIABILITIES	
Current Liabilities:	
Accrued Liabilities	3,887
Obligations Under Securities Lending	132,586
Due to Broker Securities Purchased	340,776
Total Current Liabilities	477,249
NET POSITION	
Net Position Held in Trust for:	
Restricted for Pensions	2,275,049
Postemployment Healthcare Plan	68,828
Total Net Position	\$ 2,343,877

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><u>\$ 2,343,877</u></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	2,953	-	412	2,674	6,039
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	9,886	38,018	313,630	70,935	432,469

(continued)