

PRELIMINARY OFFICIAL STATEMENT

Dated May 18, 2016

Ratings:
Moody's: "Aa2"
Fitch: "AA+"
S&P: "AA+"
(See "Other Information - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Co-Bond Counsel, in accordance with statutes, regulations, published rulings and court decisions existing on the date of delivery of said opinion, interest on the Bonds will be excludable from the gross income of the holders thereof for federal income tax purposes, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations. See Appendix C – Form of Co-Bond Counsel's Opinion.



\$164,545,000* CITY OF FORT WORTH, TEXAS (Tarrant, Denton, Parker, Johnson and Wise Counties, Texas) GENERAL PURPOSE REFUNDING AND IMPROVEMENT BONDS, SERIES 2016

Dated Date: May 15, 2016

Interest Accrues from Delivery Date

Due: March 1, as shown below

PAYMENT TERMS . . . Interest on the \$164,545,000* City of Fort Worth, Texas General Purpose Refunding and Improvement Bonds, Series 2016 (the "Bonds") will accrue from the Delivery Date (defined below), and will be payable on September 1, 2016, and on each March 1 and September 1 thereafter until maturity or prior redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Austin, Texas (see "The Bonds - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapters 1207, 1331 and 1371, Texas Government Code, as amended, and an election held on May 10, 2014, and are direct obligations of the City of Fort Worth, Texas (the "City"), payable from an annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Ordinance"). In the Ordinance passed by City Council on May 17, 2016, the City Council delegated to a designated officer of the City pursuant to certain provisions of Chapters 1207 and 1371, authority to solicit bids for the sale of the Bonds, to establish certain terms related to the issuance and sale of the Bonds, and to execute the bid form submitted as the best bid for the purchase of the Bonds (see "The Bonds - Authority for Issuance" and "The Bonds – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) as described in Table 11 herein; (ii) to refinance a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings and (iii) to pay the costs of issuance associated with the issuance of the Bonds.

MATURITY SCHEDULE*

CUSIP Prefix⁽¹⁾: 349425

Maturity	Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾	Maturity	Amount	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
2017	\$ 12,690,000				2027	\$ 10,305,000			
2018	5,490,000				2028	10,370,000			
2019	5,555,000				2029	10,410,000			
2020	9,745,000				2030	6,710,000			
2021	9,820,000				2031	6,810,000			
2022	9,890,000				2032	6,925,000			
2023	9,970,000				2033	7,040,000			
2024	10,045,000				2034	4,145,000			
2025	10,125,000				2035	4,145,000			
2026	10,210,000				2036	4,145,000			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. Neither the City, the Co-Financial Advisors nor the Initial Purchaser of the Bonds shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds – Optional Redemption").

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Bonds and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Kelly Hart & Hallman LLP, Fort Worth, Texas, Co-Bond Counsel (see Appendix C, "Form of Co-Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on June 28, 2016 (the "Delivery Date").

SEALED BIDS DUE MAY 25, 2016, AT 10:00 AM, CDT**

* Preliminary, subject to change. See "Adjustment of Principal Amount and/or Types of Bids" in the Notice of Sale.

** Place and Time of Bid Opening . . . The City will accept bids for the sale of the Bonds on a day during the period beginning May 25, 2016 and initially ending June 23, 2016. At least 12 hours prior to the sale of the Bonds, FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), as Co-Financial Advisor to the City, will communicate, through Parity and Bloomberg, the date and time for submission of bids. The Co-Financial Advisor, acting on behalf of the City, shall accept bids up to the time specified in the notice described above.

This Official Statement, which includes the cover page, Schedule I, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c 2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the City and other sources considered to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Co-Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

Neither the City nor its Co-Financial Advisor makes any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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The cover page hereof, this page, Schedule I, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY	The City of Fort Worth, Texas (the "City") is a political subdivision and municipal corporation of the State, located in Tarrant, Denton, Parker, Johnson and Wise Counties, Texas. The City covers approximately 345 square miles (see "Introduction - Description of the City").
THE BONDS	The Bonds are issued as \$164,545,000* General Purpose Refunding and Improvement Bonds, Series 2016. The Bonds are issued as serial bonds* maturing on March 1 in each of the years 2017 through 2036 (see "The Bonds - Description").
PAYMENT OF INTEREST	Interest on the Bonds accrues from the Delivery Date and is payable September 1, 2016, and each March 1 and September 1 thereafter until maturity or prior redemption (see "The Bonds - Description" and "The Bonds - Optional Redemption").
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapters 1207, 1331 and 1371, Texas Government Code, as amended, an election held on May 10, 2014, and an ordinance passed by the City Council of the City on May 17, 2016 (the "Ordinance"). The Ordinance delegated to a designated officer of the City the authority to solicit bids for the sale of the Bonds, to establish certain terms related to the issuance and sale of the Bonds, and to execute the bid form submitted as the best bid for the purchase of the Bonds (see "The Bonds - Authority for Issuance").
SECURITY FOR THE BONDS	The Bonds constitute direct obligations of the City, payable from an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City (see "The Bonds - Security and Source of Payment").
REDEMPTION	The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after March 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption").
TAX STATUS	In the opinion of Co-Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters – The Bonds" herein, including the alternative minimum tax on corporations.
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used (i) as described in Table 11 herein; (ii) to refinance a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings and (iii) to pay the costs of issuance associated with the issuance of the Bonds.
RATINGS	The Bonds and the presently outstanding general obligation debt of the City are rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"), "AA+" by Fitch Ratings ("Fitch") and "AA+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") (see "Other Information - Ratings").
BOOK-ENTRY-ONLY SYSTEM	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof within a maturity. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System").
PAYMENT RECORD	The City has not defaulted in payment of its general obligation tax debt in over one hundred years.

* Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population	Net Taxable Assessed Valuation ⁽³⁾	Taxable Assessed Valuation Per Capita	Net Tax Supported Debt Outstanding at End of Year ⁽⁵⁾	G.O. Tax Debt Per Capita	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections
2012	757,810 ⁽¹⁾	\$ 41,986,043,329	\$ 55,404	\$ 692,135,000	\$ 913	1.65%	99.23%
2013	767,560 ⁽¹⁾	43,496,924,717	56,669	698,815,000	910	1.61%	98.82%
2014	781,100 ⁽¹⁾	44,265,767,682	56,671	663,780,000	850	1.50%	98.67%
2015	792,720 ⁽¹⁾	47,075,949,924	59,385	607,576,667	766	1.29%	97.84%
2016	812,238 ⁽²⁾	49,667,067,830 ⁽⁴⁾	61,148	642,561,667 ⁽⁶⁾	791	1.29%	96.53% ⁽⁷⁾

(1) Source: Statistical Section Comprehensive Annual Financial Report, City of Fort Worth.

(2) Source: U.S. Census Bureau. Estimate.

(3) Source: Tarrant, Denton, Parker and Wise Appraisal Districts Supplemental Certification Reports. All property within the City limits in Johnson County is currently exempt from ad valorem taxes.

(4) The Tarrant Appraisal District underwent a software conversion during the 2015/2016 reporting period. As a result, the Taxable Assessed values were less than anticipated due to problems that occurred during the conversion. Protested values and incomplete values were also higher than in previous years. Due to the issues mentioned above the December supplemental tax roll from TAD was used in conjunction with the Supplemental Certification Reports from Denton, Parker and Wise County Appraisal District's to calculate the 2015/16 Taxable Assessed Valuation shown in Table 1, Table 2 and Table 3.

(5) Excludes self-supporting debt (see "Table 10 – Computation of Self-Supporting Debt").

(6) Projected, includes the Bonds and excludes the Refunded Obligations and self-supporting debt. Preliminary, subject to change.

(7) Collections for part year only, as of April 1, 2016.

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CITY OFFICIALS, STAFF, AND CONSULTANTS

ELECTED OFFICIALS ⁽¹⁾

<u>City Council</u>	<u>Term Expires</u>	<u>Occupation</u>
Betsy Price Mayor, Place 1	May 2017	Mayor
Salvador Espino Councilmember, Place 2	May 2017	Attorney
W.B. 'Zim' Zimmerman Councilmember, Place 3	May 2017	Aircraft Industry Consultant
Cary Moon Councilmember, Place 4	May 2017	Developer
Gyna Bivens Councilmember, Place 5	May 2017	President and Executive Director of North Texas LEAD
Jungus Jordan Councilmember, Place 6	May 2017	Retired Air Force/Economist/Cook Children's
Dennis Shingleton Councilmember, Place 7	May 2017	Sr. Associate Dean of Finance and Administration at UNTHSC
Kelly Allen Gray Councilmember, Place 8	May 2017	Councilmember
Ann Zadeh Councilmember, Place 9	May 2017	Councilmember

(1) As a result of an amendment to the Fort Worth City Charter approved at an election held May 7, 2016, the configuration of the City Council will change to an eleven member council, with the Mayor to be elected at large and the remainder of the City Council to be elected from ten single member districts. The election at which a vote reflecting an eleven member council will be conducted is the first election following the 2020 census and adoption of a new redistricting map by the City Council.

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service in Present Position</u>	<u>Length of Service With City</u>
David Cooke	City Manager	2 Years	2 Years
Susan Alanis	Assistant City Manager	5 Years	16 Years
Fernando Costa	Assistant City Manager	7 Years	16 Years
Jay Chapa	Assistant City Manager	1 Year	19 Years
Valerie Washington	Assistant City Manager	1 Year	1 Year
Aaron J. Bovos	Chief Financial Officer	2 Years	2 Years
Mary J. Kayser	City Secretary	4 Years	4 Years
Sarah Fullenwider	City Attorney	5 Years	17 Years

CONSULTANTS, ADVISORS, AND INDEPENDENT AUDITORS

Independent AuditorsDeloitte & Touche LLP
Fort Worth, Texas

Co-Bond CounselMcCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Kelly Hart & Hallman LLP
Fort Worth, Texas

Co-Financial AdvisorsFirstSouthwest, a Division of Hilltop Securities Inc.
Fort Worth and Dallas, Texas

Estrada Hinojosa & Company, Inc.
Dallas, Texas

For additional information regarding the City, please contact:

Aaron J. Bovos		W. Boyd London, Jr.		Laura Alexander		U.S. Williams
Chief Financial Officer		FirstSouthwest		FirstSouthwest		Estrada Hinojosa & Company, Inc.
City of Fort Worth	or	1201 Elm Street, Suite 3500	or	777 Main Street, Suite 1200	or	1717 Main St., Suite 4740
1000 Throckmorton Street		Dallas, Texas 75270		Fort Worth, Texas 76102		Lockbox 47
Third Floor, Southwest		(214) 953-4000		(817) 332-9710		Dallas, Texas 75201
Fort Worth, Texas 76102						(214) 658-1670
(817) 392-8500						

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OFFICIAL STATEMENT
RELATING TO
\$164,545,000*
CITY OF FORT WORTH, TEXAS
GENERAL PURPOSE REFUNDING AND IMPROVEMENT BONDS, SERIES 2016

INTRODUCTION

This Official Statement, which includes the cover page, Schedule I and the Appendices hereto, provides certain information regarding the issuance of \$164,545,000* City of Fort Worth, Texas General Purpose Refunding and Improvement Bonds, Series 2016 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Bonds approved by the City Council on May 17, 2016 (the "Ordinance"). In the Ordinance, the City Council delegated the authority to a designated officer of the City to solicit bids for the sale of the Bonds, to establish the terms and details of the Bonds and to execute the bid form submitted as the best bid for the purchase of the Bonds. The Ordinance further authorized the City Manager and the Chief Financial Officer of the City to approve, for and on behalf of the City, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Initial Purchaser's (see "Other Information – Initial Purchaser of the Bonds") use of this Official Statement in connection with the public offering and the sale of the Bonds.

References to web site addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified, references to websites and the information or links contained therein are not incorporated into, and are not a part of, this Official Statement.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Co-Financial Advisor, FirstSouthwest, a Division of Hilltop Securities Inc., Fort Worth, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1873, and first adopted its Home Rule Charter in 1924. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Councilmembers. The term of office for the Mayor and the eight Councilmembers is two years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are public safety (police and fire protection), streets, water and sanitary sewer utilities, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 741,206, while the estimated 2016 population is 812,238. The City covers approximately 345 square miles.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) as described in Table 11 herein; (ii) to refinance a portion of the City's outstanding debt (the "Refunded Obligations") for debt service savings and (iii) to pay the costs of issuance associated with the issuance of the Bonds.

REFUNDED OBLIGATIONS . . . Proceeds from the sale of the Bonds will be used in part to refund the Refunded Obligations. The principal and interest due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations as shown in Schedule I, from funds to be deposited pursuant to an escrow agreement with respect to the Refunded Obligations (the "Escrow Agreement") between the City and BOKF, NA (the "Escrow Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Initial Purchaser of the Bonds, together with other funds of the City, the City will deposit with the Escrow Agent an amount which, together with the Escrowed Securities (defined below) purchased with a portion of the Bond proceeds and the interest to be earned on such Escrowed Securities, will be sufficient to accomplish the discharge and final payment of the Refunded Obligations on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Grant Thornton LLP, certified public accountants, a nationally recognized accounting firm ("Grant Thornton"), will issue its report (the "Report") verifying at the time of delivery of the Bonds to the Initial Purchaser of the Bonds (see "Other Information – Initial Purchaser of the Bonds") the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. Such maturing principal of and interest on such Escrowed Securities will not be available to pay the Bonds (see "Other Information – Verification of Arithmetical and Mathematical Computations").

* Preliminary, subject to change.

By deposit of the Escrowed Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all the Refunded Obligations in accordance with the law. It is the opinion of Co-Bond Counsel that as a result of such defeasance and in reliance upon the Report, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrowed Securities on deposit in the Escrow Fund and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes or other revenues received by the City, as the case may be, or for the purpose of applying any limitation on the issuance of debt, and the City will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Obligations from time to time, including any insufficiency therein caused by the failure of the Escrow Agent to receive payment when due on the Escrowed Securities.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds

Par Amount	\$	-
Cash Premium Bid		-
City Contribution to Escrow Fund		-
Total Sources of Funds	\$	-

Uses of Funds

Deposit to the Construction Fund	\$	-
Deposit to Escrow Fund		-
Costs of Issuance		-
Total Uses of Funds	\$	-

THE BONDS

DESCRIPTION . . . The Bonds are dated May 15, 2016 and mature on March 1 in each of the years and in the respective amounts shown on the cover page hereof. Interest will accrue from the Delivery Date, be computed on the basis of a 360-day year of twelve 30-day months, and be payable on September 1, 2016, and on each March 1 and September 1 thereafter, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1207, 1331 and 1371, Texas Government Code, as amended, an election held on May 10, 2014, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The principal of and interest on the Bonds is payable from a direct and continuing ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City as provided in the Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City limits the City's tax rate to a maximum rate of \$1.90 per \$100 Taxable Assessed Valuation for all City purposes. While State law does not provide for any allocation of the City's tax between debt service and operations, administratively, the Attorney General of the State will permit allocation of approximately two-thirds of the maximum tax rate for all general obligation debt service, as calculated at the time of issuance based on a 90% collection rate.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on March 1, 2026 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of a series of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF A BOND OR ANY PORTION THEREOF SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH BOND (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and accredited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City considers the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate for each maturity will be issued for the Bonds in the aggregate principal amount thereof and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participants and Indirect Participants are referred to collectively as the "Participants". DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of

Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be a Beneficial Owner. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to DTC is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Co-Financial Advisors or the Initial Purchaser of the Bonds.

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the City, printed securities certificates will be issued to the holders of the affected Bonds, and the applicable Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance, summarized under "The Bonds - Transfer, Exchange, and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Austin, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or earlier redemption upon presentation to designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "The Bonds - Book-Entry-Only System" above for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond (i) to make any transfer or exchange during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of the Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption when such redemption is scheduled to occur within 30 calendar days.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond to be paid on the Special Payment Date that appears on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

REMEDIES . . . The Ordinance establishes specific events of default with respect to the Bonds. If the City defaults in the payment of the principal of or interest on the Bonds when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but it may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued," in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Because it is not clear that the Texas Legislature has effectively waived the City's immunity from suit for money damages, any holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the Ordinance. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, ___ S.W. 3d ___ (Tex. 2016) that sovereign immunity does not

imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Act.

As noted above, the Ordinance provides that holders of the Bonds may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Chapter 1371 permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the City has not waived sovereign immunity in the manner provided by Chapter 1371.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, including holders of the Bonds, of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Co-Bond Counsel will note that the opinion relative to the enforceability of the Bonds is qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only registered owner of the Bonds will be Cede & Co., the nominee of DTC. See "The Bonds - Book-Entry-Only System" above for a description of the duties of DTC with regard to ownership of the Bonds.

DEFEASANCE . . . The Ordinance provides for the defeasance of Bonds when the payment of the principal of and premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized entity, in trust (1) money sufficient to make such payment or (2) Defeasance Obligations (defined below), certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the paying agent for the Bonds being defeased. The Ordinance provides that "Defeasance Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Obligations for the Defeasance Obligations originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds so defeased shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of such Bonds have been made as described above, all rights of the City to initiate proceedings to call such Bonds for redemption or take any other action amending the terms of such Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call such Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of such Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorize.

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Tarrant, Denton, Parker and Wise County Appraisal Districts (collectively, the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code (as defined below) to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios.

In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property.

State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value in the most recent tax year in which it was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within each respective Appraisal District is subject to review by an Appraisal Review Board within each Appraisal District, consisting of members appointed by the Board of Directors of each respective Appraisal District. Each Appraisal District is required to review the value of property within each respective Appraisal District at least every three years. The City may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the City by petition filed with the appropriate Appraisal Review Board.

Reference is made to the V.T.C.A., Tax Code, Title 1 (commonly known as the "Property Tax Code") for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

Effective January 1, 2014, a partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, effective January 1, 2014, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

As of January 1, 2004, under Article VIII and State law, the governing body of a county, municipality or junior college district may provide for a freeze on total amount of ad valorem levied on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads

of persons 65 years of age or who are disabled. Upon providing for such exemption, the total amount of taxes imposed on such homestead cannot be increased except for improvements (other than repairs or improvements required to comply with governmental requirements) and such freeze is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. Once established such freeze cannot be repealed or rescinded.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Furthermore, effective January 1, 2012, the surviving spouse of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Sections 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor boats, heavy equipment and manufactured housing inventory.

Pursuant to changes enacted during the 2011 Texas Legislative Special Session, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

The City may create one or more tax increment financing districts ("TIF") within the City and freeze the taxable values of property in the TIF at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIF may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIF in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the City against the values of real property in the TIF in excess of the "frozen" value are not generally available for general city use but are restricted to paying or financing "project costs" within the TIF. For a detailed description of the City's TIF's, see "Tax Information – Tax Increment Financing Zones" below.

The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement may last for a period of no more than 10 years. For a detailed description of the City's tax abatement agreements, see "Tax Information - Tax Abatements Policy" below.

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however, no Bonds secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. For a detailed description of the City's Chapter 380 agreements, see "Tax Information - Economic Development Grants" below.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . Section 26.05 of the Property Tax Code provides that the governing body of a taxing unit is required to adopt the annual tax rate for the unit before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. Furthermore, Section 26.05 provides the City Council may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur the penalty as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee that exceeds 20% of the amount of delinquent tax, penalty, and interest collected. Under certain circumstances, taxes which become delinquent on the

homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$40,000; the disabled are also granted an exemption of \$40,000. The City has granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

See Table 1 for a listing of the amounts of the exemptions granted by the City.

The City has adopted the tax freeze for citizens who are disabled or 65 years of age or older.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and Tarrant County Tax Assessor collects taxes for the City. The City has contracted for delinquent property tax collections with an external law firm.

The City does permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does tax goods-in-transit.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

TAX ABATEMENT POLICY . . . Under the City's adopted policy, tax abatement may be granted for development projects that meet location eligibility criteria, and commit to provide full time employment to central city and other Fort Worth residents as specified in the agreement, and spend agreed-upon amounts with certified Fort Worth M/WBE companies. The City currently has 13 active tax abatement agreements with abatements up to 100% and periods up to 10 years. All of these agreements have annual reporting requirements.

TAX INCREMENT FINANCING ZONES . . . Tax increment financing (TIF) is an economic development tool authorized by Chapter 311 of the Texas Tax Code by which local governments can publicly finance needed structural and infrastructure improvements in order to promote new development or redevelopment within a defined Tax Increment Reinvestment Zone that meets certain conditions for establishment.

At the time an area is designated as a Tax Increment Reinvestment Zone, the existing total taxable value of real property in the zone is identified and designated as the "base value". As new investment is made within the TIF district, total taxable value of the area begins to rise. The ad valorem taxes generated on the difference between the taxable value and the base value is considered the "increment". Participating taxing entities may deposit all, a predetermined portion, or none of the incremental taxes in a designated TIF district fund for the purpose of financing the planning, design, construction, or acquisition of public improvements within the TIF district. All taxing entities that levy taxes within the zone continue to receive tax revenues derived from the base value.

TIF districts have a set term. A TIF district ends on the earlier of (1) the termination date included in the ordinance that established the zone; or (2) the date on which all project costs have been paid in full. Any revenues remaining in the TIF district fund after the dissolution of the TIF are returned pro rata to each participating taxing units.

Each TIF district is governed by a Board of Directors with five to fifteen members, appointed by those taxing jurisdictions that participate in the TIF district, as well as the county or municipality that created the zone. The TIF's Board of Directors oversees improvements to the area and may choose to dedicate TIF district funds to reimburse developers for public improvements.

As of the date of this Official Statement, the City has 12 active TIF districts: Speedway, Downtown, Southside, Riverfront, North Tarrant Parkway, Lancaster Corridor, Trinity River Vision, Lone Star/Cabela's, East Berry Renaissance, Woodhaven, Trinity Lakes, and Stockyards/Northside. The City has no current expectation of creating additional TIF districts, but reserves the right to do so, subject to the provisions of Chapter 311 of the Texas Tax Code. More information on the existing TIF districts follows.

TIF Name (Number)	Acreage	Base Value	Fiscal Year 2016 (Tax Year 2015) Taxable Value	Fiscal Year 2016 (Tax Year 2015) Increment	2015 City Participation (% of Ad Valorem Tax Increment)	Term*
Speedway (2)	1,489 acres	\$ 5,084,127	\$ 61,075,875	\$ 55,991,748	0%	1996-2025
Downtown (3)	407 acres	322,440,637	1,057,265,037	734,824,400	60%**	1996-2025
Southside (4)	1,278 acres	229,759,626	600,738,212	370,978,586	90%	1998-2022
Riverfront (6)	63 acres	2,822,348	41,509,646	38,687,298	0%	2002-2036
North Tarrant Parkway (7)	2,103 acres	1,603,849	600,156,343	598,552,494	80%	2003-2019
Lancaster (8)	220 acres	178,938,722	419,752,198	240,813,476	100%	2003-2024
Trinity River Vision (9)	3,980 acres	130,744,298	437,114,131	306,369,833	80%	2003-2044
Lone Star/Cabela's (10)	981 acres	16,073,937	73,474,399	57,400,462	100%	2004-2025
East Berry Renaissance (12)	604 acres	29,176,323	86,411,202	57,234,879	100%	2006-2027
Woodhaven (13)	1,100 acres	181,859,151	209,584,095	27,724,944	100%	2007-2028
Trinity Lakes (14)	1,800 acres	35,035,971	102,515,247	67,479,276	85%	2012-2032
Stockyards (15)	925 acres	172,306,488	175,531,018	3,224,530	50%	2014-2034

* Term is subject to renewal.

** Total amount collected for all entities is capped at \$5 million, divided proportionally to participant and tax rates.

PUBLIC IMPROVEMENT DISTRICTS . . . Chapter 372 of the Texas Local Government Code authorizes cities to fund supplemental services and improvements to meet community needs which would not otherwise be constructed or provided. By petition, the property owners request that City Council establish a Public Improvement District (PID). Under a PID, the City levies and collects special assessments on property that is within the City or the City's extraterritorial jurisdiction. A PID must be self-sufficient and not adversely impact the ordinary service delivery of the City, except where City Council elects to participate in the project's costs. Currently 8 PID's are active:

PID #1, Downtown Fort Worth Improvement District – Established in 1986 and was the first improvement district in the State of Texas. PID #1 was re-established by petition of the property owners on June 23, 2009, for a term of 20 years and consists of 380 acres. PID #1 funds are utilized for maintenance and landscaping, promotions and marketing, security enhancement, transportation and parking, trash removal, and administration (management of the PID).

PID #6, Park Glen – Established by petition of the property owners in perpetuity, it was created on September 29, 1998. It is in a primarily residential neighborhood located in far northeast Fort Worth, just outside Loop 820, and consists of approximately 1,124 acres. This PID has two assessment rates: one for residential and another for commercial properties within the PID. The funds are utilized for landscaping, lighting and fencing, maintenance of grounds, trash pick-up, security, and administration.

PID #7, Heritage – Established by petition of the property owners in perpetuity on September 26, 2000, it encompasses 927 acres of primarily residential neighborhoods. The PID has two assessment rates: one for residential and another for commercial properties. PID #7 funds are utilized for landscaping, lighting and fencing, maintenance of grounds, security, and administration.

PID #8, Camp Bowie Boulevard – Established in 2000 and then re-established on December 16, 2008, for a 10 year term. Only commercial properties are assessed within the 427 acre boundary of this PID, which is approximately a nine mile commercial stretch along Camp Bowie Boulevard from University Drive to Loop 820 South. PID #8 was created to bring synergy and revitalization to an area known as Historic Camp Bowie. The PID funds are utilized for maintenance and landscaping, marketing and promotion of special events, planned capital improvements, clean up and beautification, and administration.

PID #11, Stockyards – Established on February 23, 2003, this PID encompasses 192 acres of the Historic Stockyards area on the north side of Fort Worth. This PID was created to promote tourism in the area, increase marketing efforts, and support special events for this historic district. PID #11 funds are utilized for marketing, promotion of special events, trash removal, and administration.

PID #12, Chapel Hill – Established on March 23, 2004, to encompass the Chapel Hill neighborhood. This PID was created to support anticipated economic development of the area, and to provide additional neighborhood amenities. PID #12 funds are used for landscape and maintenance, security, communication, planned capital improvements, and administration.

PID #14, Trinity Bluff – Established on June 16, 2009 for a 20 year term, encompassing 30.9 acres in the Trinity Bluff area at the north end of Downtown. PID #14 funds are utilized for maintenance and landscaping, security enhancements, marketing, and administration.

PID #15, Sun Valley – Established on August 21, 2012, for a 20 year term, and located in southeast Fort Worth, just east of Loop 820. PID #15 funds are utilized for security services and administration.

ECONOMIC DEVELOPMENT GRANTS . . . Pursuant to Chapter 380 of the Texas Local Government Code, the City has established economic development programs and has approved economic development program agreements with the companies shown in the table below, and pursuant to the terms of those agreements, the City funds from lawfully available revenues, which may include moneys in the City's General Fund, periodic economic development grant payments to said companies. The actual grant amounts are calculated on the basis of percentages of ad valorem and/or sales taxes received by the City and attributable to certain real property developed by those companies during the terms of the respective agreements. The grant amount in the agreements with Presidio Hotel Fort Worth, LP, Renaissance Worthington, and Omni Fort Worth Partnership, LP, also includes a component related to hotel occupancy taxes paid to the City. Under the terms of the Chapter 380 agreements, the companies are obligated to pay all ad valorem taxes to the City, and the City is obligated to fund and pay grant payments based on actual performance.

Company	Term	Final Payment Date*	Company	Term	Final Payment Date*
TTI, Inc	5 years	2017	Target Corporation	21 years	2027
Wal-Mart Stores Texas, LLC (Avondale-Haslet)	3 years	2017	Town Center Mall, LP	20 years	2027
BrandFX	5 years	2018	Kimco Montgomery Plaza, LP	22 years	2029
Smith & Nephew	5 years	2022	Presidio Hotel Fort Worth, LP	20 years	2029
The Dannon Company, Inc.	5 years	2020	American Airlines	14 years	2030
Columbia North Hills Hospital Subsidiary, LP	10 years	2022	LPC Trinity Parks LP (Phase II)	20 years	2030
Robert G. Muckleroy/ Parole Office	10 years	2022	LPC Trinity Parks LP (Phase III)	20 years	2030
TD Ameritrade Inc	10 years	2022	Sundance Square	15 years	2030
GE Transportation	10 years	2023	Clearfork Development Company, LLC	15 years	2032
BCM/CHI Worthington, Inc.	20 years	2024	Oliver's Fine Foods	20 years	2032
PennyMac	10 years	2024	Trademark Property Company	15 years	2032
Trinity Bluff Acquisition Corporation (Phase I)	14 years	2024	Bell Helicopter Textron Inc	19 years	2033
Wal-Mart.Com USA, LLC	10 years	2024	Roanoke 35/114 Partners, LP	15 years	2034
Cabela's Retail, Inc.	20 years	2025	Tanger Devco, LLC	15 years	2034
Museum Place Holdings, LLC	15 years	2025	American Airlines, Inc.	14 years	2035
Our Nation's Best Sports	10 years	2025	Renaissance Square, LLC	20 years	2035
Pier 1 - FTW, Inc.	20 years	2025	Wal-Mart Stores Texas, LLC (Park Vista)	20 years	2035
Victory Packaging, LP	10 years	2025	Acme Brick Company	32 years	2038
Cypress Equities, West 7th Development	15 years	2026	Station Venture Operations, LP	24 years	2039
FW River Plaza, LP	10 years	2026	Winner LLC	20 years	2038
Galderma	10 years	2026	LVG Investments, LLC	15 years	2039
Omni Fort Worth Partnership, LP	18 years	2027	Fort Worth Heritage Development , LLC	25 years	2044

* Annual payments are due by June 1.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL PURPOSE DEBT ⁽¹⁾

2015/16 Market Valuation Established by Tarrant, Denton, Wise and Parker County Appraisal Districts (excluding totally exempt property)		\$ 58,157,464,367
Less Exemptions/Reductions at 100% Market Value:		
Over 65 Exemptions	\$ 1,247,984,425	
Homestead	4,160,886,038	
Homestead Cap	8,385,214	
Disabled Person	119,745,334	
Disabled Veterans	144,696,991	
Agricultural Use Reductions	84,940,160	
Freeport Exemption	2,992,718,897	
Nominal Value Accounts	13,173,382	
Solar Wind	13,890	
Prorated Absolute	13,786,996	
Community Housing Development	124,090,831	
Pollution Control	5,989,360	
Tax Abatement Reductions	226,741,493	
Historic Sites	70,470,188	
Freeze Taxable Value	22,283,288	
Misc. Personal Property	2,576,081	
Foreign Trade Zone	<u>374,854,915</u>	(9,613,337,483)
Plus Minimum Value of Protests		<u>1,122,940,946</u>
2015/16 Net Taxable Assessed Valuation		\$ 49,667,067,830
Tax Supported Long-Term Debt Payable from Ad Valorem Taxes (as of 4/1/16) ^{(2) (3)}		
General Obligation Debt	\$ 600,125,000	
The Bonds	<u>164,545,000</u>	
		\$ 764,670,000
Less: Self Supporting Debt (as of 4/1/16) ⁽⁴⁾		
Car Rental Tax Obligations	\$ 38,255,000	
Parking Obligations ⁽⁵⁾	38,650,000	
Culture and Tourism Obligations	22,030,000	
Solid Waste Obligations	3,985,000	
Crime Control and Prevention District (CCPD) Obligations	<u>18,393,333</u>	<u>(121,313,333)</u>
Net Tax Supported Long-Term Debt Payable from Ad Valorem Taxes		\$ 643,356,667
General Obligation Interest and Sinking Fund (as of 4/1/16)		\$ 33,200,385
Ratio Net General Obligation Tax Debt to 2015/16 Taxable Assessed Valuation		1.30%
2016 Estimated Population - 812,238 ⁽⁶⁾		
Per Capita 2015/16 Taxable Assessed Valuation - \$61,148		
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - \$941		
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$792		

- (1) The Tarrant Appraisal District ("TAD") underwent a software conversion during the 2015/16 reporting period. As a result, the Taxable Assessed Values were less than anticipated due to problems that occurred during the conversion. Protested values and incomplete values were also higher than in previous years. Due to these issues the December supplemental tax roll from TAD was used in conjunction with the Supplemental Certification Reports from Denton, Parker and Wise County Appraisal District's to calculate the 2015/16 Taxable Assessed Valuation shown in the Table 1, Table 2, and Table 3.
- (2) This statement of indebtedness does not include currently outstanding Waterworks and Sewer System Revenue Bonds, as those bonds are payable solely from the net revenues of the Waterworks and Sewer System, as defined in the ordinances authorizing such bonds, or Drainage Utility System Revenue Bonds, as those bonds are payable solely from the gross revenues of the Drainage Utility System, as defined in the ordinances authorizing such bonds.
- (3) Excludes the Refunded Obligations. Preliminary, subject to change.
- (4) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future, although the City has no current plans to change this policy. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligation, the City will be required to levy an ad valorem tax to pay such debt service.
- (5) Includes a portion of the Bonds and excludes a portion of the refunded bonds. Preliminary, subject to change.
- (6) Source: U.S. Census Bureau. Estimate.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2016 ⁽¹⁾		2015		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real Property						
Single-Family	\$ 28,462,581,220	48.94%	\$ 26,700,627,727	48.14%	\$ 24,969,224,399	48.59%
Multi-Family	4,434,811,897	7.63%	3,767,449,797	6.79%	3,388,976,390	6.60%
Vacant	988,247,318	1.70%	1,073,799,972	1.94%	742,792,784	1.45%
Ranch Land	26,587,188	0.05%	418,274,282	0.75%	696,619,035	1.36%
House and Acreage	84,280,785	0.14%	87,812,319	0.16%	91,304,749	0.18%
Rural Land (No Ag) and Commercial	4,132,670	0.01%	-	0.00%	-	0.00%
Commercial/Industrial	11,685,153,006	20.09%	11,273,757,087	20.33%	10,753,662,593	20.93%
Utilities	1,217,406,971	2.09%	1,460,394,523	2.63%	1,339,216,514	2.61%
Inventory	459,267,353	0.79%	265,262,235	0.48%	277,372,486	0.54%
Personal Property						
Oil, Gas and Minerals	794,801,560	1.37%	905,948,435	1.63%	606,659,310	1.18%
Utilities	711,370	0.00%	698,680	0.00%	923,500	0.00%
Commercial/Industrial	9,728,186,537	16.73%	9,244,314,525	16.67%	8,314,506,572	16.18%
Aircraft/Mobile Homes	270,300,719	0.46%	267,545,739	0.48%	205,611,490	0.40%
Miscellaneous	995,773	0.00%	543,292	0.00%	1,960	0.00%
Total Appraised Market Value	\$ 58,157,464,367	100.00%	\$ 55,466,428,613	100.00%	\$ 51,386,871,782	100.00%
Less: Total Exemptions/Reductions	(9,613,337,483)		(9,552,393,897)		(8,960,453,082)	
Total Taxable Assessed Value	\$ 48,544,126,884		\$ 45,914,034,716		\$ 42,426,418,700	
Plus: Minimum Value of Protests	1,122,940,946		1,161,915,208		1,839,348,982	
Total Net Taxable Assessed Value	\$ 49,667,067,830		\$ 47,075,949,924		\$ 44,265,767,682	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2013		2012	
	Amount	% of Total	Amount	% of Total
Real Property				
Single-Family	\$ 24,079,275,618	47.89%	\$ 23,633,196,844	48.47%
Multi-Family	3,120,051,114	6.21%	2,670,011,610	5.48%
Vacant	735,024,695	1.46%	745,779,028	1.53%
Ranch Land	746,741,047	1.49%	870,244,141	1.78%
House and Acreage	108,125,717	0.22%	113,472,753	0.23%
Commercial/Industrial	10,578,910,602	21.04%	9,818,502,905	20.14%
Utilities	1,318,575,572	2.62%	1,220,856,921	2.50%
Inventory	298,182,958	0.59%	331,988,144	0.68%
Personal Property				
Oil, Gas and Minerals	890,018,170	1.77%	1,487,663,883	3.05%
Utilities	594,790	0.00%	767,550	0.00%
Commercial/Industrial	8,173,477,995	16.26%	7,707,263,608	15.81%
Aircraft/Mobile Homes	226,899,410	0.45%	156,386,723	0.32%
Miscellaneous	-	0.00%	-	0.00%
Total Appraised Market Value	\$ 50,275,877,688	100.00%	\$ 48,756,134,110	100.00%
Less: Total Exemptions/Reductions	(9,004,819,990)		(8,674,000,016)	
Total Taxable Assessed Value	\$ 41,271,057,698		\$ 40,082,134,094	
Plus: Minimum Value of Protests	2,225,867,019		1,903,909,235	
Total Net Taxable Assessed Value	\$ 43,496,924,717		\$ 41,986,043,329	

NOTE: Valuations shown are from the Tarrant, Denton, Parker and Wise County Appraisal District's Supplemental Certification Reports, for the years shown, adopted by the City Council. Certified values are subject to change throughout the year as contested values are resolved and each Appraisal District updates records. All property within the corporate limits of the City that is in Johnson County is currently owned by the City, currently is exempt from ad valorem taxation, and is not included in the figures set forth above or elsewhere in this Official Statement.

(1) The Tarrant Appraisal District ("TAD") underwent a software conversion during the 2015/16 reporting period. As a result, the Taxable Assessed Values were less than anticipated due to problems that occurred during the conversion. Protested values and incomplete values were also higher than in previous years. Due to these issues the December supplemental tax roll from TAD was used in conjunction with the Supplemental Certification Reports from Denton, Parker and Wise County Appraisal District's to calculate the 2015/16 Taxable Assessed Valuation shown in the Table 1, Table 2, and Table 3.

TABLE 3 - VALUATION AND GENERAL PURPOSE DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population	Net Taxable Assessed Valuation ⁽³⁾	Taxable Assessed Valuation Per Capita	Net Tax Supported Debt Outstanding at End of Year ⁽⁵⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2012	757,810 ⁽¹⁾	\$ 41,986,043,329	\$ 55,404	\$ 692,135,000	1.65%	\$ 913
2013	767,560 ⁽¹⁾	43,496,924,717	56,669	698,815,000	1.61%	910
2014	781,100 ⁽¹⁾	44,265,767,682	56,671	663,780,000	1.50%	850
2015	792,720 ⁽¹⁾	47,075,949,924	59,385	607,576,667	1.29%	766
2016	812,238 ⁽²⁾	49,667,067,830 ⁽⁴⁾	61,148	642,561,667 ⁽⁶⁾	1.29%	791

(1) Source: Statistical Section Comprehensive Annual Financial Report, City of Fort Worth.

(2) Source: U.S. Census Bureau. Estimate.

(3) Source: Tarrant, Denton, Parker and Wise Appraisal Districts Supplemental Certification Reports. All property within the City limits in Johnson County is currently exempt from ad valorem taxes.

(4) The Tarrant Appraisal District ("TAD") underwent a software conversion during the 2015/16 reporting period. As a result, the Taxable Assessed Values were less than anticipated due to problems that occurred during the conversion. Protested values and incomplete values were also higher than in previous years. Due to these issues the December supplemental tax roll from TAD was used in conjunction with the Supplemental Certification Reports from Denton, Parker and Wise County Appraisal District's to calculate the 2015/16 Taxable Assessed Valuation shown in the Table 1, Table 2, and Table 3.

(5) Excludes self-supporting debt (see "Table 10 – Computation of Self-Supporting Debt").

(6) Projected, includes a portion of the Bonds. Excludes self-supporting debt and a portion of the Refunded Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2012	\$ 0.8550	\$ 0.7009	\$ 0.1541	\$ 358,954,000	98.28%	99.23%
2013	0.8550	0.6859	0.1691	366,361,000	98.23%	98.82%
2014	0.8550	0.6759	0.1791	377,584,000	98.23%	98.67%
2015	0.8550	0.6759	0.1791	402,370,000	97.84%	97.84%
2016	0.8550	0.6759	0.1791	424,314,073	96.53% ⁽¹⁾	96.53% ⁽¹⁾

(1) Collections for part year only, as of April 1, 2016.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2015/16 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electricity Delivery Co LLC	Utility	\$ 391,605,728	0.79%
Bell Helicopter - Textron, Inc.	Helicopters	382,447,581	0.77%
DDR/DTC City Investments LP	Real Estate	257,099,070	0.52%
XTO Energy Inc.	Utility	240,018,059	0.48%
American Airlines, Inc.	Airline	182,284,867	0.37%
Alcon Laboratories, Inc.	Optics Mfg.	175,384,451	0.35%
Chesapeake Operating	Utility	175,230,140	0.35%
Wal-Mart Real Estate Bus Trust/Stores Texas LLC	Retail & Distributing Facility	166,783,543	0.34%
F7 SSSM LLC	Real Estate	148,283,280	0.30%
MillerCoors	Distillery	147,079,496	0.30%
		<u>\$ 2,266,216,215</u>	<u>4.56%</u>

Source: Tax Year 2015 – Tarrant, Denton, Parker and Wise Appraisal District's Supplemental Certification Reports. All property within the City limits in Johnson County is currently exempt from ad valorem taxes.

DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (however, see "The Bonds – Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY ⁽¹⁾

2016 Principal and Interest Requirements	\$ 80,667,979
\$0.1650 Tax Rate at 98.50% Collection Produces	\$ 80,721,402
Average Annual Principal and Interest Requirements, 2016 - 2036	\$ 43,867,307
\$0.0819 Tax Rate at 98.50% Collection Produces	\$ 40,067,169

(1) For purposes of illustration, based upon 2015/16 taxable assessed valuation. Net of self-supporting debt (see Tables 1 and 10 herein for more detailed information on the City's general obligation self-supporting debt). Includes a portion of the Bonds. Excludes the Refunded Obligations and self-supporting debt. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction ⁽¹⁾	2015/16		Total		City's	
	Taxable	2015/16	G.O. Tax	Estimated	Overlapping	Authorized
	Assessed	Tax	Debt	%	G.O.	But Unissued
	Value	Rate	4/1/2016	Applicable	Tax Debt	Debt As Of
					4/1/2016	4/1/2016
City of Fort Worth	\$ 49,667,067,830	\$ 0.855000	\$ 643,356,667 ⁽²⁾	100.00%	\$ 643,356,667	\$ 149,075,000
Aledo ISD	2,624,976,681	1.595000	182,855,854	1.16%	2,121,128	6,070,000
Arlington ISD	20,974,716,656	1.348110	707,492,485	0.05%	353,746	253,900,000
Azle ISD	2,244,130,409	1.203000	32,945,000	2.22%	731,379	-
Birdville ISD	7,484,026,557	1.453900	237,568,750	5.81%	13,802,744	58,200,000
Burleson ISD	3,576,850,452	1.540000	297,495,852	14.90%	44,326,882	-
Castleberry ISD	475,443,507	1.415500	45,860,000	43.08%	19,756,488	846,550
Crowley ISD	4,763,334,487	1.650000	328,626,535	73.84%	242,657,833	276,800,000
Eagle Mountain-Saginaw ISD	6,369,941,261	1.540000	577,888,088	62.12%	358,984,080	163,000,000
Everman ISD	985,822,954	1.530000	91,185,000	64.78%	59,069,643	-
Fort Worth ISD	29,881,159,378	1.352000	726,415,000	86.17%	625,951,806	239,860,000
Hurst-Euless-Bedford ISD	9,422,089,821	1.375000	274,883,170	27.69%	76,115,150	-
Keller ISD	12,950,447,900	1.540000	769,930,502	46.76%	360,019,503	-
Kennedale ISD	1,097,361,388	1.486700	38,533,985	1.07%	412,314	-
Lake Worth ISD	727,877,332	1.670000	70,655,326	48.01%	33,921,622	24,970,000
Mansfield ISD	10,473,532,665	1.510000	764,415,000	0.01%	76,442	-
Northwest ISD	11,705,540,348	1.452500	788,379,556	40.15%	316,534,392	100,000,000
White Settlement ISD	1,543,563,128	1.540000	164,690,817	50.26%	82,773,605	-
Tarrant County	14,218,853,069	0.264000	361,420,000	38.15%	137,881,730	31,100,000
Tarrant County Hosp. District	142,219,855,709	0.227900	22,335,000	38.15%	8,520,803	-
Parker County	10,741,278,244	0.319000	92,695,000	0.31%	287,355	-
Wise County	7,564,187,694	0.313900	-	0.04%	-	-
Denton County	70,803,572,875	0.262000	634,275,000	2.22%	14,080,905	118,408,296
Total Direct and Overlapping G. O. Tax Debt					\$ 3,041,736,214	
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					6.12%	
Per Capita Direct and Overlapping G. O. Tax Debt					\$ 3,837.09	

(1) Excludes all property within the City limits in Johnson County as all property is currently exempt from ad valorem taxes.

(2) Includes a portion of the Bonds. Excludes the Refunded Obligation and self-supporting debt (see Tables 1 and 10 herein for more detailed information on the City's general obligation self-supporting debt). Preliminary, subject to change.

(3) Reflects remaining authorization after the issuance of the Bonds.

TABLE 8 - PRO FORMA GENERAL PURPOSE DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt Service ⁽¹⁾			The Bonds ⁽²⁾			Less: Car Rental Tax Obligations	Less: Self-Supporting Parking ⁽³⁾	Less: Self-Supporting Culture and Tourism	Less: Self-Supporting Solid Waste	Less: Self-Supporting CCPD	Total Tax Supported Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total							
2016	\$ 64,755,000	\$ 29,518,320	\$ 94,273,320	\$ -	\$ 1,324,477	\$ 1,324,477	\$ 3,323,008	\$ 3,241,498	\$ 4,723,286	\$ 578,443	\$ 3,063,583	\$ 80,667,979	
2017	57,245,000	24,851,341	82,096,341	12,690,000	7,251,188	19,941,188	3,339,161	4,050,035	4,724,175	557,375	3,005,723	86,361,059	
2018	54,420,000	22,603,168	77,023,168	5,490,000	6,796,688	12,286,688	3,356,237	4,053,125	3,695,750	546,424	2,947,863	74,710,455	
2019	54,585,000	20,291,866	74,876,866	5,555,000	6,520,563	12,075,563	3,365,731	4,047,275	3,693,550	525,590	2,886,707	72,433,576	
2020	49,135,000	18,043,989	67,178,989	9,745,000	6,138,063	15,883,063	3,372,464	3,179,900	3,691,450	504,988	2,828,920	69,484,330	37.85%
2021	48,735,000	15,911,520	64,646,520	9,820,000	5,648,938	15,468,938	3,375,955	2,953,550	3,689,250	484,620	2,771,133	66,840,950	
2022	47,285,000	13,785,006	61,070,006	9,890,000	5,156,188	15,046,188	3,370,877	2,947,550	2,079,550	469,426	2,713,347	64,535,444	
2023	44,800,000	11,746,527	56,546,527	9,970,000	4,659,688	14,629,688	3,371,467	2,952,175	976,750	454,349	2,655,560	60,765,914	
2024	37,050,000	9,878,315	46,928,315	10,045,000	4,159,313	14,204,313	3,366,185	2,952,050	979,625	434,446	-	53,400,321	
2025	37,310,000	8,156,945	45,466,945	10,125,000	3,655,063	13,780,063	3,365,239	2,952,050	975,375	414,777	-	51,539,568	69.83%
2026	33,635,000	6,524,561	40,159,561	10,210,000	3,146,688	13,356,688	3,365,033	2,951,925	978,875	-	-	46,220,416	
2027	32,765,000	4,997,636	37,762,636	10,305,000	2,633,813	12,938,813	3,360,467	2,951,425	-	-	-	44,389,556	
2028	24,430,000	3,719,845	28,149,845	10,370,000	2,168,788	12,538,788	3,361,342	2,952,400	-	-	-	34,374,891	
2029	19,520,000	2,817,535	22,337,535	10,410,000	1,753,188	12,163,188	3,359,835	2,955,600	-	-	-	28,185,288	
2030	17,655,000	2,078,000	19,733,000	6,710,000	1,410,788	8,120,788	3,353,843	2,949,900	-	-	-	21,550,044	91.07%
2031	16,660,000	1,353,591	18,013,591	6,810,000	1,140,388	7,950,388	3,345,472	2,945,300	-	-	-	19,673,206	
2032	14,235,000	701,942	14,936,942	6,925,000	865,688	7,790,688	840,379	2,951,400	-	-	-	18,935,850	
2033	5,920,000	272,725	6,192,725	7,040,000	586,388	7,626,388	840,459	2,952,900	-	-	-	10,025,753	
2034	2,430,000	96,713	2,526,713	4,145,000	362,688	4,507,688	-	-	-	-	-	7,034,400	
2035	1,515,000	25,566	1,540,566	4,145,000	196,888	4,341,888	-	-	-	-	-	5,882,453	99.50%
2036	-	-	-	4,145,000	56,994	4,201,994	-	-	-	-	-	4,201,994	100.00%
	<u>\$ 664,085,000</u>	<u>\$ 197,375,105</u>	<u>\$ 861,460,105</u>	<u>\$ 164,545,000</u>	<u>\$ 65,632,458</u>	<u>\$ 230,177,458</u>	<u>\$ 55,433,152</u>	<u>\$ 56,940,058</u>	<u>\$ 30,207,636</u>	<u>\$ 4,970,435</u>	<u>\$ 22,872,837</u>	<u>\$ 921,213,446</u>	

(1) Includes the self-supporting debt service. Excludes the Refunded Obligations. Preliminary, subject to change.

(2) Average life of the issue – 9.199 years. Interest on the Bonds has been calculated at the all-in rate of 2.38% for purposes of illustration. Preliminary, subject to change.

(3) Excludes the Refunded Bonds and included a portion of the Bonds. Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/16	\$ 80,667,979 ⁽¹⁾
Interest and Sinking Fund Balance, 9/30/15	\$ 17,039,877
Budgeted Other Revenue	5,200,000
Budgeted Interest and Sinking Fund Tax Levy Collection	<u>84,548,905</u>
Estimated Balance, 9/30/16	<u>\$ 106,788,782</u>
	<u>\$ 26,120,803</u>

(1) Includes a portion of the Bonds, excludes the self-supporting portion of the Refunded Bonds. Preliminary, subject to change.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT ⁽¹⁾

Net Car Rental Tax Revenue Available 9/30/15	\$ 5,089,918 ⁽²⁾
Less: Requirements for Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	\$ 5,089,918
Car Rental Tax General Obligation Bond Requirements for Fiscal Year End 2016	\$ 3,323,008
Percentage of Car Rental Tax Obligations Self-Supporting	100%
Net Parking Funds Available 9/30/15	\$ 4,204,000 ⁽³⁾
Less: Requirements for Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	\$ 4,204,000
Parking General Obligation Bond Requirements for Fiscal Year End 2016	\$ 3,241,498 ⁽⁴⁾
Percentage of Parking Tax Obligations Self-Supporting	100%
Net Culture and Tourism Funds Available 9/30/15	\$ 15,056,000 ⁽³⁾
Less: Requirements for Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	\$ 15,056,000
Culture and Tourism General Obligation Bond Requirements for Fiscal Year End 2016	\$ 4,723,286 ⁽⁵⁾
Percentage of Culture and Tourism Tax Obligations Self-Supporting	100%
Net Solid Waste Funds Available 9/30/15	\$ 6,933,000 ⁽³⁾
Less: Requirements for Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	\$ 6,933,000
Solid Waste General Obligation Bond Requirements for Fiscal Year End 2016	\$ 578,443
Percentage of Solid Waste Tax Obligations Self-Supporting	100%
Crime Control & Prevention District Funds Available 9/30/15	\$ 5,029,947 ⁽²⁾
Less: Requirements for Revenue Bonds	<u>-</u>
Balance Available for Other Purposes	\$ 5,029,947
Crime Control & Prevention District General Obligation Bond Requirements for Fiscal Year End 2016	\$ 3,063,583
Percentage of CCPD Tax Obligations Self-Supporting	100%

(1) General obligation debt in the amounts shown for which repayment is provided from revenues of the respective revenue systems. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from respective system revenues; this policy is subject to change in the future, although the City has no current plans to change this policy. In the event the City changes its policy, or such revenues are not sufficient to pay debt service on such obligation, the City will be required to levy an ad valorem tax to pay such debt service.

(2) Source: City staff.

(3) Source: Comprehensive Annual Financial Report, City of Fort Worth

(4) Includes a portion of the Bonds, excludes a portion of the Refunded Bonds. Preliminary, subject to change.

(5) Debt Service payments are budgeted in the Culture and Tourism Operating Fund and transferred to the Debt Service Fund.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL PURPOSE BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Transportation	5/10/2014	\$ 219,740,000	\$ 34,340,000 ⁽¹⁾	\$ 68,565,000	\$ 116,835,000
Park, Recreation & Community Centers	5/10/2014	31,440,000	4,000,000 ⁽¹⁾	8,000,000	19,440,000
Library	5/10/2014	12,650,000	-	6,000,000	6,650,000
Fire Safety	5/10/2014	9,285,000	10,000	5,000,000	4,275,000
Municipal Court Improvements	5/10/2014	1,530,000	5,000	1,000,000	525,000
Service Facilities	5/10/2014	15,080,000	1,645,000 ⁽¹⁾	13,435,000	-
Animal Care & Control	5/10/2014	2,350,000	-	1,000,000	1,350,000
		<u>\$ 292,075,000</u>	<u>\$ 40,000,000</u>	<u>\$ 103,000,000</u>	<u>\$ 149,075,000</u>

(1) Amount includes premium from prior bond issue delivered.

ANTICIPATED ISSUANCE OF ADDITIONAL DEBT SUPPORTED BY AD VALOREM TAXES . . . The City anticipates issuing approximately \$52,000,000 in obligations supported by ad valorem taxes in the summer of 2017.

TABLE 12 - OTHER OBLIGATIONS**Capital Leases (amounts in \$000's)**

The City is also committed under capital leases for the acquisition of one municipal building, the Armory Building, and heavy equipment. In FY 2015 the Southwest Municipal Court Building was sold and is no longer under a capital lease. These leases are recorded as capital leases in the government-wide statements. Amortization of the leased assets is included in depreciation expenses in the government-wide statements. The leased buildings had an original cost totaling \$4,419.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2015:

Capital Lease Obligations, October 1, 2014	\$ 1,482
New Capital Leases	-
Principal Payments	360
Capital Lease Obligations, September 30, 2015	<u>\$ 1,122</u>

Future minimum lease payments for these leases are as follows:

Year Ending September 30,	Amount (000's)
2016	\$ 250
2017	379
2018	266
2019	274
2020 - 2024	172
Less: Amount Representing Interest	(219)
Present Value of Minimum Lease Payments	<u>\$ 1,122</u>

Operating Leases

The City entered into operating lease agreements for the utilization of computers and related equipment, office space, vehicles and for golf carts. The lease terms range from 12 to 180 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2015.

Year Ending September 30,	Amount (000's)
2016	\$ 2,263
2017	1,685
2018	1,168
2019	610
2020	83
Total minimum payments required	<u>\$ 5,809</u>

RETIREMENT OBLIGATIONS

The City contributes to the Employees' Retirement Fund of the City of Fort Worth (the "Plan"), a single-employer defined benefit retirement system established under legal authority of the City Charter and administered by a Board of Trustees (the "Board") who are elected from active and retired employees and appointed by the City Council. In reading this section, investors should be aware that (i) the information included in this Official Statement relating to the Plan relies on information produced by the Plan and its independent accountant and actuary, (ii) actuarial assessments are "forward looking" information that reflect the judgement of the fiduciaries of the Plan, (iii) actuarial assessments are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future, and will change with the future experience of the Plan, and (iv) as described below in "Retirement Obligations – GASB Pension Accounting Standards", new pension accounting standards will result in different disclosures and calculations for accounting purposes.

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

Membership is a condition of employment for all full-time, permanent employees. Members vest in the Plan after five years of credited service. Benefit provisions and other requirements are established by City ordinance or Article 6243i.

Plan members and the City are required to contribute at rates set by City ordinance. The contribution requirement of Plan members and the City are established and may be amended by the City Council subject to approval of the Fund and/or members in certain instances. Sworn police officers are currently required to contribute 8.73 percent of their annual earnings while all other City employees are currently required to contribute 8.25 percent of their annual earnings; the City is required to contribute 20.46 percent for sworn police officers and 19.74 percent for all other City employees.

PLAN BENEFITS . . . Prior to changes described below, the plan formula included: a rule of 80 (retirement eligibility when age plus years of service equal 80); an exception to the rule of 80 for Police Officers allowing them to retire on the earlier of (i) when they reach 25 years of service or (ii) when they reach rule of 80; an annual multiplier of 3.0%; a compensation base of "High-3"; inclusion of overtime in compensation base for determining retirement benefits; annual cost-of-living adjustments of either 2% guaranteed or ad hoc up to 4% depending on the health of the fund; and survivor and disability benefits as outlined in the following sentences. Survivor Benefit: Upon the death of a retired member, the surviving spouse receives a monthly pension equal to 75% of the amount being paid to the retired member. If a vested or non-vested member dies in-the-line-of-duty, the surviving spouse receives a monthly pension equal to 75% of the retirement benefits that would have accrued had the member worked to the normal retirement date. If a vested member dies before retirement, not-in-the-line-of-duty, the surviving spouse receives a monthly pension equal to 75% of the member's accrued pension, subject to certain minimum benefits. If a non-vested member dies before retirement, not-in-the-line-of-duty, the designated beneficiary/estate receives a refund of the member's contribution, plus interest. Disability Benefit: An active employee who becomes totally disabled while in-the-line-of-duty is eligible to receive annual disability benefits based on a reduced multiplier and is credited with the years of service that would have accrued had the member worked to the normal retirement date. A vested member who becomes totally disabled while not-in-the-line-of-duty is eligible to receive disability benefits based on a reduced multiplier and the credited years of service the member has actually accumulated as of the date of disability retirement. A non-vested member who becomes totally disabled not-in-the-line-of-duty receives a refund of contributions, plus interest.

MARCH 2011 COUNCIL ACTIONS . . . To protect the long-term sustainability of the Plan, the City Council modified the Plan for employees (excluding police officers and firefighters) hired after July 1, 2011. Notable changes include creating a minimum regular retirement age of 55; changing the compensation base from "High-3" to "High-5"; eliminating overtime from the compensation base for determining retirement benefits; establishing an overtime cash balance account that an employee can access after retirement; lowering the annual multiplier from 3.0% to 2.5% for normal pension benefits; lowering the multiplier for disability pension benefits and vested termination pension benefits from 2.75% to 2.25%; eliminating the cost of living adjustment on all retirement related benefits; and creating a voluntary, actuarially neutral survivor benefit for either a spouse or a designated beneficiary in which a member can opt to receive a lower retirement benefit in order to provide a survivor benefit for the designated beneficiary.

OCTOBER 2012 AND SEPTEMBER AND OCTOBER 2014 COUNCIL ACTIONS AND RELATED LITIGATION . . . On October 23, 2012, the City Council adopted Ordinance No. 20471-10-2012, an 'Ordinance Repealing Article VI, "Retirement" of Chapter 2, "Administration" of the Code of Fort Worth and Creating a New Chapter 2.5 "Retirement" to Govern the City of Fort Worth Retirement System and Modify the Pension Benefits for Police Officers and General Employees'. The ordinance includes plan changes for new Police Officers consistent with the changes adopted for General employees on March 22, 2011, except for the eligible retirement age. The cash-balance account for overtime was eliminated for non-civil-service ("General") employees under this action. The ordinance adopted on October 23, 2012 also reduced benefit accrual for future service of existing Police and General employees. The changes are consistent with the 2011 changes for the new General employees and new Police Officers

employees except that existing employees retained a 75% survivor benefit, have no minimum retirement age, and retain cost-of-living adjustments. On September 16, 2014, the City Council adopted Ordinance No. 21459-09-2014, an "Ordinance Amending Chapter 2.5 Retirement, Article I, Employees' Retirement Fund, of the City Code to Modify Pension Benefits for Firefighters Hired On or After January 10, 2015." The ordinance amendments include plan changes for new firefighters consistent with the changes adopted for General Employees in 2011 and new Police Officers in 2012, except that "Built-In Overtime" resulting from the Fire Department's use of 24-hour shifts is included in compensation base for determining retirement benefits for firefighters, and there is no minimum retirement age. On October 21, 2014, the City Council adopted Ordinance No. 21510-10-2014, an "Ordinance Amending Chapter 2.5, Retirement, Article I, Employees' Retirement Fund, of the City Code to Modify Pension Benefits for Firefighters Hired Prior to January 10, 2015." The ordinance amendments included plan changes that reduced pension benefit accruals for future service of firefighters hired prior to January 10, 2015. The changes are consistent with the plan changes made for firefighters hired after January 10, 2015, except that firefighters hired prior to January 10, 2015 retain a 75% survivor benefit and cost-of-living adjustments.

Van Houten & Hall v. City of Fort Worth

Two police officers, who are members of the Plan, sued the City alleging that the reductions to pension benefits adopted by the City Council in 2012 violated the Texas and U.S. Constitutions. In April 2015, the trial court judge ruled that the City acted in compliance with the Texas Constitution and the U.S. Constitution and granted the City's motion for summary judgment. Appeal was taken to the Fifth Circuit, which heard oral argument on April 4, 2016. To date, no ruling has been issued. A number of options could be considered by the appellate court, including affirming the trial court's judgment, reversing the trial court's judgment and sending the case back to the trial court for trial, or reversing the trial court's judgment and rendering judgment in favor of the Plaintiffs. If the Appellate Court were to rule against the City, the City could be required to reinstate the benefit structure for employees of the City who were vested at the time the City approved the reductions, and the City would be unable to reduce benefits for future years of service for vested employees. The reduction in pension benefits for newly hired employees was not challenged in this litigation. An increase in pension benefits would likely increase the City's Net Pension Liability (NPL) as guarantor of the Plan; however that increase could be offset in whole or in part by a reduction in NPL attributable to elimination of the guaranteed cost-of-living-adjustment and reinstatement of an ad hoc cost-of-living-adjustment, which, due to its uncertain and sporadic nature has, in initial actuarial review, reflected a lower liability cost than the guaranteed cost-of-living-adjustment. Given the complexities of the litigation and of calculating NPL, the City is not in a position to speculate as to the ultimate impact of this litigation.

Jim Tate, et al. v. City of Fort Worth

Three firefighters, who are members of the Plan, sued the City alleging that the reductions to pension benefits adopted by the City Council in 2014 violated the Texas and U.S. Constitutions. In July 2015, the trial court judge ruled that the City acted in compliance with the Texas Constitution and the U.S. Constitution and granted the City's motion for summary judgment. Appeal was taken to the Fifth Circuit, which heard oral argument on April 4, 2016. To date, no ruling has been issued. A number of options could be considered by the appellate court, including affirming the trial court's judgment, reversing the trial court's judgment and sending the case back to the trial court for trial, or reversing the trial court's judgment and rendering judgment in favor of the Plaintiffs. If the Appellate Court were to rule against the City, the City could be required to reinstate the benefit structure for employees of the City who were vested at the time the City approved the reductions, and the City would be unable to reduce benefits for future years of service for vested firefighters. The reduction in pension benefits for newly hired firefighters was not challenged in this litigation. Given the complexities of the litigation and of calculating NPL as addressed in the *Van Houten* case summary, the City is not in a position to speculate as to the ultimate impact of this litigation.

GASB PENSION ACCOUNTING STANDARDS . . . Prior to fiscal year 2015 the City's pension liability was accounted for in accordance with Governmental Accounting Standards Board ("GASB") Statement of General Accounting Standards No. 27 ("GASB No. 27"), Accounting for Pensions by State and Local Governmental Employers. GASB 27 established standards for the recognition, measurement, and display of the employer's expenditures/expense for pension contributions. Employer's contributions to pension costs that are less than an actuarially determined Annual Required Contribution (ARC) resulted in a Net Pension Obligation, which under GASB 27 was required to be recorded as a liability in the employer's financial statements. The ARC is the amount that must be provided each year to pay for the cost of current retirees, future retirees and to amortize the pension unfunded actuarial accrued liability over a period of 30 years.

On June 25, 2012, GASB voted to approve two new standards applicable to the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, Financial Reporting for Pension Plans ("GASB 67"), revises existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"), revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB 67 replaced the requirements of GASB 25, and GASB 68 replaces the requirements of GASB 27. The Plan adopted GASB 67 during the fiscal year ended September 30, 2014. The provisions in GASB 68 were implemented by the City in fiscal year 2015. For the City, the first annual financial report under the new standards was for the fiscal year ending September 30, 2015. In November 2013, GASB issued Statement 71 ("GASB 71"), which clarifies the application of the transition provisions of GASB 68 and addresses how to handle amounts associated with contributions to a defined benefit pension plan by a state or local government employer or non-employer contributing entity after the measurement

date of the government's beginning net pension liability. The City implemented GASB 71 concurrently with GASB 68. Calculations and disclosures under GASB 67, 68, and 71 are significantly different than under GASB 25 and 27. In particular, the difference between the pension assets and liability is recognized on the City's financial statements which impacts its Net Position. Copies of Statements 67, 68, and 71 and a plain language summary of each, are currently available from GASB. Although the accounting and presentation of certain pension information in the financial statements have significantly changed with these new standards, there are no requirements in current or proposed GASB standards to fund the unfunded actuarial accrued liability or the Net Pension Liability or to fund any actuarially determined contribution.

MOST RECENT PENSION ACTUARIAL AND INVESTMENT DATA . . . Results from the Plan's December 31, 2015 actuarial valuation include the following key findings:

- The total recommended plan contribution (City + active employee) for 2016 is 33.07% of projected payroll, an increase from the previous year's calculated rate of 31.82%. As a dollar amount, the recommended contribution has increased from \$124.0 million in 2015 to \$133.7 million in 2016.
- The City's actual contribution for 2015 was \$80.8 million, an increase from \$78.1 million in 2014.
- The actuarially calculated recommended contribution of 33.07% of pay is based on an open 30-year level percent-of-pay amortization of the unfunded actuarial accrued liability. The City is expected to contribute a weighted average of 19.93% of pay (19.74% for General Municipal Employees and Firefighters; 20.46% for Police Officers as set by City ordinance), and the Members are expected to contribute a weighted average of 8.37% of pay (8.25% for General Municipal Employees and Firefighters; 8.73% for Police). The combined City and Member contributions equates to 27.97% of pay, which is 5.10% less than the recommended contribution and results in unfunded liability effectively being amortized over a period of 72.5 years as a level percent of pay. This is a 16.8 year increase in the effective amortization period, from 55.7 the previous year.
- The total payroll for employees covered by the Plan for the plan year ended December 31, 2015 was approximately \$404.3 million.
- The investment rate of return on the actuarial value of assets for the year ended December 31, 2015 was 5.41%. Since the rate of return was less than the assumed rate of return of 7.75% per year, there was an actuarial investment loss amounting to \$33,920,096. As of December 31, 2015, the actuarial value of assets was \$2,154,874,311, or 106.7% of market value.
- The funded ratio on an actuarial basis has decreased from 62.23% as of December 31, 2014 to 60.6% as of December 31, 2015.
- At December 31, 2015 the actuarial value of assets was \$135.7 million greater, or 6.3% greater than the market value of assets.
- In summary, with respect to the City's actuarial accrued liability and its funded status, as of December 31, 2015, the City's actuarial accrued liability was \$3,553,200,981. As of such date, the City had actuarial value of assets of \$2,154,874,311, leaving the City with an unfunded actuarial accrued liability of \$1,398,326,670 and giving the City a "funded ratio" of 60.6%.

Schedule of Net Pension Liability
Fiscal Year Ended September 30

City Plan						
Year	Total	Plan	Net	Plan Net		Net
Ending	Pension	Net	Pension	Position as a		Pension
9/30	Liability	Position	Liability	Percent of	Covered	Liability as
				Total	Payroll	a Percent
				Pension		of Covered
				Liability		Payroll
2014	\$ 3,610,674,395	\$ 2,081,575,247	\$ 1,529,099,148	57.65%	\$ 411,646,717	371.46%
2015 ⁽¹⁾	4,127,343,024	2,003,269,563	2,124,073,461	48.54%	404,507,497	525.10%

Source: Fort Worth Employees' Retirement Fund fiscal year ended 2015 Comprehensive Annual Financial Report, subject to change.

Note: This schedule is intended to show information for 5 years. Additional years will be displayed as they become available.

EXPERIENCE STUDY AND CHANGES TO PLAN ASSUMPTIONS . . . The assumptions and methods used for the pension actuarial study were approved by the Board based on a three-year experience study for the period ended December 31, 2012. As a result of this study, changes were made to the assumed discount rate, salary scale, payroll growth, overtime and sick leave loads, mortality table, disability rates, withdrawal rates, retirement rates, DROP utilization rates and percent married. For pensions, the net impact was an increase in the annual required contribution of \$828,053 (0.66% of pay). Corresponding updated assumptions were used for the Other Post-Employment Benefits ("OPEB") actuarial study as of December 31, 2012.

See Appendix B – Financial Statements, Note J for additional details on the Plan and Note B.5 for additional information on investments of the Plan.

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits to its retirees and their dependents. In connection with adoption of its budget for Fiscal Year 2008, the City changed this policy, so employees hired after December 31, 2008 will not be eligible for any contribution by the City towards the cost of their health coverage upon retirement. This change will result in a tempering of liabilities in the future. Post-retirement benefits for retirees hired prior to January 1, 2009 include health care benefits and life insurance. For those employees, the City pays a portion of the cost of the retiree's medical coverage and a portion of the cost of the retiree's enrolled dependents' medical coverage. The portion paid by the City varies according to coverage selection, years of service of the retiree, and the retiree's original date of hire.

The City recognizes the cost of providing these benefits as payroll expenses/expenditures in each operating fund. The estimated pay-as-you-go cost of providing these benefits for approximately 2,850 retirees and surviving spouses for the year ending December 31, 2014 is \$26.6 million. During the prior year for approximately 2,742 retirees and beneficiaries the cost was \$26.3 million.

GASB released the Statement of General Accounting Standards No. 45 ("GASB 45"), Accounting by Employers for Other Postemployment Benefits, in June 2004. The first financial statements of the City required to conform to GASB 45 were for the Fiscal Year Ending September 30, 2008. GASB 45 sets forth standards for the measurement, recognition, and display of post-employment benefits, other than pensions, such as health care and life insurance benefits for current and future retirees. Those subject to this pronouncement are required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting over the working lifetime of the employees; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, the future costs of those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer's future cash flows. The employer's contributions to OPEB costs that are less than an actuarially determined ARC will result in a net OPEB cost, which under GASB 45 will be required to be recorded as a liability in the employer's financial statements. The ARC is the amount that must be provided each year to pay for the cost of current retirees, future retirees and to amortize the initial OPEB liability over a period of 30 years. There are no requirements to fund the initial OPEB liability or to fund the ARC – they simply must be reported in accordance with GASB 45.

The most recent actuarial valuation was completed by Arthur J. Gallagher & Co., an independent actuarial firm, on January 1, 2015 for the City's OPEB obligations. The actuary estimated the City's actuarial accrued liability to be \$830,362,000 as of December 31, 2014. This estimate is based upon a 4.1% discount rate. The City had funded 6.7% of its actuarial accrued liability at January 1, 2015.

The following information summarizes the City's OPEB liability at the time of this Official Statement:

- In 2009, the City created a trust fund for the purpose of prefunding/paying down unfunded OPEB liability. As of March 31, 2016, the OPEB trust had a balance of approximately \$68.2 million.
- The City's OPEB cost ("Annual OPEB Cost") was \$67.934 million, for calendar year 2015 according to the January 1, 2015 actuarial study.
- On June 2, 2015, the City Council adopted a revised funding strategy that eliminated the planned \$13.796 million transfer, authorized a one-time transfer of \$10.632 million to the trust, and adopted a pay-as-you-go strategy for OPEB liability on a going-forward basis.
- With the reduced transfer to the OPEB trust, the City's contribution to its Annual OPEB Cost for 2015 increased to \$36.655 million or 53% of the City's Annual OPEB Cost.
- The City currently uses a pay-as-you-go strategy for OPEB liabilities and recognizes the cost of providing OPEB benefits as payroll expenses/expenditures in each operating fund.

For more details regarding the City's other post-employment benefits, see Appendix B - Financial Statements, Note K and Note B.4 for additional information on the investments of the OPEB Fund.

FINANCIAL INFORMATION

TABLE 13 – CHANGES IN TOTAL NET POSITION

	Fiscal Year Ended September 30, (In Thousands)				
	2015	2014	2013	2012	2011
Revenues:					
<u>Program Revenues</u>					
Charges for Services	\$ 567,200	\$ 537,014	\$ 529,979	\$ 511,930	\$ 516,175
Operating Grants and Contributions	37,810	43,700	45,173	47,644	56,825
Capital Grants and Contributions	151,411	111,831	88,592	82,653	73,532
<u>General Revenues</u>					
Property Taxes	413,687	389,118	361,568	351,277	341,820
Other Local Taxes	226,028	217,799	203,417	188,884	179,802
Franchise Fees	53,129	51,205	49,489	47,190	45,178
Gas Lease and Royalties	24,089	29,489	23,211	23,198	34,804
Interest Income	9,500	14,699	4,810	14,461	13,884
Gain (Loss) on Disposal of Capital Assets	-	-	1,316	-	3,508
Other	43,681	26,443	38,297	22,529	20,814
Total Revenues	\$ 1,526,535	\$ 1,421,298	\$ 1,345,852	\$ 1,289,766	\$ 1,286,342
Expenses:					
General Administration	\$ 202,450	\$ 173,634	\$ 114,575	\$ 108,632	\$ 118,104
Public Safety	529,188	424,289	431,362	422,626	407,601
Highways and Streets ⁽¹⁾	131,535	-	-	-	-
Transportation and Public Works	-	147,429	129,820	133,691	128,611
Parks and Community Services	-	62,167	62,626	60,089	57,815
Culture and Recreation ⁽¹⁾	129,115	-	-	-	-
Public Library	-	20,842	21,736	22,102	22,348
Health and Welfare ⁽¹⁾	3,548	-	-	-	-
Public Events and Facilities	-	32,876	35,545	33,152	32,844
Planning and Development	-	12,382	14,145	13,156	13,534
Urban Redevelopment and Housing ⁽¹⁾	36,544	-	-	-	-
Housing	-	18,402	20,388	24,382	35,699
Interest and Service Charges	26,448	31,522	34,366	31,130	31,472
Water and Sewer	340,113	317,526	302,447	306,476	288,452
Municipal Airport	14,194	23,089	18,768	14,912	13,356
Solid Waste	52,586	48,420	48,903	46,415	44,247
Municipal Parking	7,602	6,649	6,621	6,580	5,851
Municipal Golf Course	-	5,396	5,614	7,723	5,864
Stormwater Utility	28,198	23,745	22,531	20,773	18,972
Total Expenses and Transfers	\$ 1,501,521	\$ 1,348,368	\$ 1,269,447	\$ 1,251,839	\$ 1,224,770
Increase (Decrease) of Revenues Over Expenses	\$ 25,014	\$ 72,930	\$ 76,405	\$ 37,927	\$ 61,572
Transfers	-	-	-	-	-
Special Items	31,490 ⁽²⁾	-	-	-	-
Changes in Net Position	\$ 56,504	\$ 72,930	\$ 76,405	\$ 37,927	\$ 61,572
Net Position - Beginning of Year	\$ 3,130,006	\$ 3,088,187	\$ 3,025,744	\$ 2,987,817	\$ 2,926,245
Change in Accounting Principle	(1,320,137) ⁽³⁾	(31,111)	(13,962)	-	-
Net Position - Beginning of Year, As Restated	1,809,869	3,057,076	3,011,782	2,926,245	2,926,245
Net Position - End of Year	<u>\$ 1,866,373</u>	<u>\$ 3,130,006</u>	<u>\$ 3,088,187</u>	<u>\$ 3,025,744</u>	<u>\$ 2,987,817</u>

Note: Includes Governmental Activities and Business-type Activities.

Source: Comprehensive Annual Financial Reports, City of Fort Worth.

- (1) In fiscal year 2015, the City reviewed its expenditures by function for Governmental Funds and noted that expenditures will be more accurately reported if presented differently. In previous years, expenditures were reported based on the department(s) as the function that incurred the expenditures. The City now reports expenditures based on a more detailed function of each department, moving some expenditures into more appropriate reporting categories.
- (2) The American Airlines Maintenance Facility that was awarded to the Alliance Airport Authority, Inc. as part of bankruptcy proceedings was donated to the City in fiscal year 2015. See "Note A. 17. Special Items" in the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015.
- (3) Adjustment is the result of the City's implementation of Governmental Accounting Standards Board ("GASB") Statements 68 and 71 during fiscal year 2015. See "Note A.15. Implementation of New GASB Statements" and "Note A. 16. Restatement" in the City's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015.

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30, (In Thousands)				
Revenues:	2015	2014	2013	2012	2011
General Property Taxes	\$ 308,037	\$ 290,663	\$ 287,112	\$ 287,896	\$ 285,525
Sales Tax	130,358	125,547	118,646	-	-
Other Local Taxes ⁽¹⁾	4,438	4,131	3,201	113,793	108,741
Franchise Fees	53,129	51,205	49,489	47,190	45,178
Charges for Services	10,919	11,049	10,112	9,124	7,909
Licenses and Permits	12,728	12,756	12,179	12,011	18,447
Fines and Forfeitures	15,918	15,928	18,233	16,833	16,003
Revenue from Use of Money and Property	1,172	1,932	2,181	1,191	660
Interest Income	1,619	1,207	815	2,063	1,762
Intergovernmental	1,071	1,103	457	468	539
Gas Leases and Royalties	1,209	1,157	1,165	939	847
Other	2,062	1,332	5,482	7,814	5,701
Contributions	50	27	134	871	888
Total Revenues	<u>542,710</u>	<u>518,037</u>	<u>509,206</u>	<u>500,193</u>	<u>492,200</u>
Expenditures:					
General Administration	\$ 100,387	\$ 99,007	\$ 102,865	\$ 94,790	\$ 94,083
Public Safety	341,817	344,759	335,819	324,838	304,265
Highways and Streets ⁽²⁾	27,025	-	-	-	-
Transportation and Public Works	-	30,289	30,089	31,064	35,428
Parks and Community Services	-	40,803	40,609	36,952	34,987
Culture and Recreation ⁽²⁾	56,673	-	-	-	-
Public Library	-	18,638	18,971	19,087	18,659
Urban Redevelopment and Housing ⁽²⁾	17,023	-	-	-	-
Planning and Development	-	10,985	11,309	11,441	11,844
Housing	-	4,889	4,753	4,985	5,895
Capital Outlay	4,074	1,997	3,353	9,072	13,910
Debt Service:					
Principal Retirement	1,528	1,384	9,139	1,659	1,416
Interest and Debt Issuance Costs	522	847	800	906	751
Total Expenditures	<u>549,049</u>	<u>553,598</u>	<u>557,707</u>	<u>534,794</u>	<u>521,238</u>
Excess Revenues Under (Over) Expenditures	\$ (6,339)	\$ (35,561)	\$ (48,501)	\$ (34,601)	\$ (29,038)
Other Financing Sources (Uses)					
Proceeds from Long-Term Debt	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ 46,752
Proceeds from Sale of Property	64	455	122	131	4,422
Premium on Issuance	-	-	-	-	320
Proceeds from Loans	-	-	7,488	-	-
Proceeds from Capital Leases	-	344	-	-	3,686
Transfers In - Other Funds	68,724	57,713	46,925	51,132	70,961
Transfers Out - Other Funds	(23,930)	(98,244) ⁽³⁾	(17,124)	(15,844)	(96,389)
Total Other Financing Sources (Uses)	\$ 44,858	\$ (39,732)	\$ 41,411	\$ 39,419	\$ 29,752
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ 38,519	\$ (75,293)	\$ (7,090)	\$ 4,818	\$ 714
Fund Balance, Beginning of Year	<u>86,042</u>	<u>161,335</u>	<u>168,425</u>	<u>163,607</u>	<u>162,893</u>
Ending Fund Balance	<u>\$ 124,561</u> ⁽⁴⁾	<u>\$ 86,042</u>	<u>\$ 161,335</u>	<u>\$ 168,425</u>	<u>\$ 163,607</u>

(1) Prior to fiscal year 2013, Sales Tax was classified as part of Other Local Taxes.

(2) In fiscal year 2015, the City reviewed its expenditures by function for Governmental Funds and noted that expenditures will be more accurately reported if presented differently. In previous years, expenditures were reported based on the department(s) as the function that incurred the expenditures. The City now reports expenditures based on a more detailed function of each department, moving some expenditures into more appropriate reporting categories.

(3) Includes \$64.073 million transfer to fund initial balances of the Risk Management Fund, Worker's Compensation Insurance, Group Health Insurance and Unemployment Compensation Funds that were previously classified as part of the General Fund.

(4) Of the \$124.561 million, \$84.28 million of the general fund balance was unassigned.

Source: Comprehensive Annual Financial Reports, City of Fort Worth.

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City. The proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition, a ½ cent Crime Control District tax was adopted in 1995. This tax is voter authorized for a five year period, and may only be used for capital and operating expenses associated with controlling and preventing crime. At an election held in May, 2014, the ½ cent tax was re-authorized for an additional five year period that runs through September 30, 2020.

Fiscal Year Ended 9/30	Total Collected 1 1/2% ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2012	\$ 161,246,786	44.92%	\$ 0.3840	\$ 212.78 ⁽²⁾
2013	173,219,936	47.28%	0.3982	225.68 ⁽²⁾
2014	183,713,580	48.66%	0.4150	235.20 ⁽²⁾
2015	190,434,573	47.33%	0.4045	240.23 ⁽²⁾
2016 ⁽³⁾	113,922,532	26.85%	0.2294	140.26

(1) Source: City officials

(2) Based on population from the Comprehensive Annual Financial Report.

(3) Total collected shown on a cash basis collected as of April 1, 2016.

FINANCIAL POLICIES

BASIS OF ACCOUNTING . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis for governmental funds. The General Fund uses the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt.

"Proprietary Fund" revenues and expenses are recognized on the full accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the accounting period in which they are incurred.

FUND BALANCES . . . It is the City's policy that the General Fund's unassigned fund balance should be maintained at minimum of 10% of regular ongoing operating expenditures, with a goal of 2 months of regular ongoing operating expenditures. It is the City's policy to maintain a reserve in the General Fund Debt Service Fund between two and three months of the City's maximum annual debt service payment.

USE OF BOND PROCEEDS . . . The City's policy is to use bond proceeds for capital expenditures only and not to fund City operations.

BUDGETARY PROCEDURES . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. On or before August 15 of each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted. The budget is legally enacted by the City Council through the passage of appropriation and tax levying ordinances prior to September 30.

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

Budgetary control is also maintained by the monthly review of departmental appropriation balances. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year if no disbursement from or encumbrance of the appropriation has been made.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law, particularly the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), in accordance with investment policies adopted by the City Council of the City. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) depository certificates of deposit meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by bonds described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State, (9) bankers' acceptances with a stated maturity of 270 days or less from the date of its issuance, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the preceding clauses, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, (13) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, and (14) a brokered certificate of deposit security invested through a Texas broker approved by the City Council in which the broker or depository arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity in an amount insured by the United States or an instrumentality of the United States. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the PFIA

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

A political subdivision of the State, such as the City, may enter into securities lending programs if: (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less. The City has entered into a securities lending agreement.

INVESTMENT POLICY . . . Under Texas law, the City is required to invest its funds under written investment policies adopted annually by City Council that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to price the investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor credit rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing (1) the investment position of the City, (2) that all Council designated investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under Texas law, the City Council is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Under Texas law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance or resolution.

In 2009, the PFIA was amended to permit municipalities receiving revenues from the development of minerals (oil, gas, and other minerals) on lands owned by the municipality to invest those revenues in a separate and distinct portfolio under provisions of the Texas Trust Code. Exercising the care of a prudent person, the revenues so received may be invested in any investment deemed prudent by the municipality. The City does receive revenues from the extraction of minerals on lands owned by the City, and as of April 1, 2016, the City currently estimates the market value of that portfolio to be \$60.879 million. The City has adopted an investment policy specific to the segregated mineral rights funds taking advantage of the Trust Code authority granted by statute. The adopted policy authorizes investments in addition to those described in the first paragraph under "Legal Investments" above including (1) Intermediate bond mutual growth and income funds with a maximum weighted average maturity of five (5) years and a minimal Morningstar rating of four stars and a maximum management fee of 1% and (2) domestic or international equity mutual growth and income funds with a minimum Morningstar rating of four stars and a maximum management fee of 1%. The maximum maturity of these mineral rights funds is 20 years. The City's current policy provides that only income from the trust may be utilized as an available financing source leaving the corpus available to grow on an annual basis to provide an income stream for future generations. Changing this policy would require amending the trust instrument, which involves a public-input process that is estimated would occur over a six to nine month period.

CITY'S INVESTMENT POLICY AND STRATEGY . . . The City invests its funds according to Texas law and the City's own Investment Policy and Strategy. Under this policy, the City will maintain and manage two portfolios in which funds are pooled for investment purposes: a Short-Term Portfolio and a Long-Term Portfolio. The Short-Term Portfolio shall be used to manage that portion of the City's assets that, based on analysis of historic cash flow patterns, is projected to be needed within the five year planning and forecast horizon to meet the City's cash flow needs. The Long-Term Portfolio shall be used to manage that portion of the City's assets that, based on analysis of historic cash flow patterns and current projections, is not needed to meet the City's cash flow needs within the next twelve months and is therefore available and suitable for longer term investment.

The investment strategy for each portfolio incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in that portfolio. Both portfolios shall be invested in high credit quality investments. For the Short-Term Portfolio, the City shall pursue a strategy which fully utilizes its cash assets to obtain a competitive yield while also allowing the City to meet projected cash flow needs, to minimize the cost of liquidity, and to maintain the objectives set forth in the investment

policy. The investment strategy for the Long-Term Portfolio will be focused on appreciation while also meeting the objectives set forth in the investment policy.

The City manages and invests its assets with the following four major objectives, listed in order of priority: safety of principal, liquidity, diversification, and reasonable market yield. The policy includes guidelines for diversification by market sector:

	Maximum % of City Portfolio
US Obligations	80%
US Agencies/Instrumentalities	80%
Any one issuer	35%
Depository Certificates of Deposit	30%
Any one bank	10%
Commercial Paper	20%
Any one issuer	10%
Local Government Investment Pools	80%
Money Market Mutual Funds	80%
Brokered Certificate of Deposit Securities	10%
Municipal Obligations	35%
Any one issuer	15%
Repurchase Agreements	50%
Flex in one specific bond fund (100%)	
Bankers Acceptances	15%

Maturities may not exceed five years in the City's Short-Term Portfolio. At all times the City maintains approximately 10% of the Short-Term Portfolio in liquid investments to meet daily liquidity needs. The Short-Term Portfolio has a maximum weighted average maturity of 2.5 years. The policy designates guidelines for general maturity diversification:

	Liquid					
<u>Maturity</u>	<u>Cash</u>	<u>to 1 Year</u>	<u>to 2 Years</u>	<u>to 3 Years</u>	<u>to 4 Years</u>	<u>to 5 Years</u>
% Portfolio	10	30	15	15	15	15

In the Long-Term Portfolio, the maximum weighted average maturity of investments held in the Long-Term Portfolio shall not exceed 7.5 years, and no investment security held in the Long-Term Portfolio shall exceed a maximum stated maturity of ten years.

TABLE 15 - CURRENT INVESTMENTS

As of April 1, 2016, the City's investable funds were invested in the following categories:

Description	Market Value as % of Par	Book Value	Market Value
Federal Agency Coupon Securities	41.26%	\$ 382,911,884	\$ 383,116,495
Treasuries Coupon Securities	31.06%	288,175,849	288,452,223
Treasuries Discount-Amortizing	5.38%	49,943,864	49,960,735
Municipal Obligations	10.97%	101,628,001	101,829,567
JP Morgan High Yield Savings Account	10.84%	100,633,094	100,633,094
Wells Fargo Bank	0.50%	4,602,398	4,602,398
	100.00%	\$ 927,895,090	\$ 928,594,511

The City has entered into a securities lending agreement with Citibank, N.A., pursuant to which the City loans to Citibank, N.A., securities of the nature permitted by the PFIA. Collateral is provided by Citibank, N.A. in a manner consistent with the requirements of the PFIA. As of the date of this Official Statement, for the current fiscal year of the City ending September 30, 2015, the City has received \$630,121 as a result of the agreement to lend securities to Citibank, N.A. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Kelly Hart & Hallman LLP, Fort Worth, Texas Co-Bond Counsel to the City, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Co-Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C -- Form of Co-Bond Counsel's Opinion.

In rendering their opinion, Co-Bond Counsel will rely upon (a) the City's federal tax certificate, (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters and (c) the verification report of Grant Thornton (see "Other Information - Verification of Arithmetical and Mathematical Computations"). Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Co-Bond Counsel is conditioned on compliance by the City with the covenants and the requirements described in the preceding paragraph, and Co-Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Co-Bond Counsel's opinion represents their legal judgment based upon their review of Existing Law and the reliance on the aforementioned information, representations and covenants. Co-Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the projects financed or refinanced with the proceeds of the Bonds. Co-Bond Counsel's opinion represents their legal judgment based upon their review of Existing Law and the representations of the City that it deem relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Co-Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the holders of the Bonds may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the

length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such Bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of the Bonds under federal or state law, and could affect the market price or marketability of the Bonds. Any of the foregoing could limit the value of certain deductions and exclusions, including the exclusion of tax-exempt interest. The likelihood of any of the foregoing becoming effective cannot be predicted. Prospective purchasers of the Bonds should consult with their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via EMMA at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2016. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2016. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will provide notice that the audited financial statements are not complete, shall provide unaudited financial statements within such 12 month period and shall provide audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified below or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in Tables 1 through 6 and 8 through 15 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) as described above. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

DISCLOSURE EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material. (Neither the Bonds nor the Ordinance make any provision for debt service reserves or liquidity enhancement.) The term "Business Day" means a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the designated payment office of the Paying Agent/Registrar is located (currently, the designated payment office of the Paying Agent/Registrar is in Austin, Texas). As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and official or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds of a series consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds of a series. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds and the presently outstanding ad valorem tax-supported debt of the City are rated "Aa2" by Moody's, "AA+" by Fitch and "AA+" by S&P. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such rating companies and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any one or all of such rating companies, if in the judgment of any one or more companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LITIGATION

Except as disclosed elsewhere in this Official Statement (see "Retirement Obligations – October 2012 and September and October 2014 Council Actions and Related Litigation"), it is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

At the time of the initial delivery of the Bonds, the City will provide the Initial Purchaser of the Bonds with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The Bonds. Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations.

General Considerations. For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the PFIA, the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds (see "Other Information – Ratings"). The City has made no investigation of other laws, rules, regulations, or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish a complete transcript of proceedings relating to the authorization and issuance of the Bonds including the unqualified legal opinions of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Co-Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under "Tax Matters" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security or in any manner questioning the validity of the Bonds will also be furnished. Though it represents the Co-Financial Advisor and purchasers of debt from governmental issuers from time to time in matters unrelated to the issuance of the Bonds, Co-Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. Co-Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form or the Official Statement, and such firms have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in their capacity as Co-Bond Counsel, such firms have reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Co-Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements, and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and ordinances contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

USE OF AUDITED FINANCIAL STATEMENTS

Deloitte & Touche LLP, the City's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the fiscal year 2015 financial statements addressed in that report. Deloitte & Touche also has not performed any procedures relating to this Official Statement.

CO-FINANCIAL ADVISORS

FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), and Estrada Hinojosa & Company, Inc. are employed as Co-Financial Advisors to the City. FirstSouthwest and Estrada Hinojosa & Company, Inc. have relied on the opinion of Co-Bond Counsel and have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Co-Financial Advisors may, individually or collectively, from time to time sell investment securities to the City for the investment of bond proceeds or other funds of the City upon the request of the City.

The Co-Financial Advisors to the City have provided the following sentence for inclusion in this Official Statement. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Grant Thornton, will deliver to the City, on or before the Delivery Date of the Bonds, the Report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Refunded Bonds Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations, and (b) the mathematical computations of yield used by Co-Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Grant Thornton will be solely based upon data, information and documents provided to Grant Thornton by FirstSouthwest on behalf of the City. Grant Thornton has restricted its procedures to recalculating the computations provided by FirstSouthwest on behalf of the City and has not evaluated or examined the assumptions or information used in the computations.

The Report will be relied upon by Co-Bond Counsel in rendering their opinion with respect to the tax-exemption of interest on the Bonds and with respect to the defeasance of the Refunded Obligations.

INITIAL PURCHASER OF THE BONDS

After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium of \$ _____. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Bonds.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish to the Initial Purchaser of the Bonds a certificate, executed by a proper City officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The Ordinance authorizing the issuance of the Bonds authorized the City Manager and Chief Financial Officer of the City to approve, for and on behalf of the City, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the use of this Official Statement by the Initial Purchaser of the Bonds in connection with the public offering and the sale of the Bonds.

PRICING OFFICER
City of Fort Worth, Texas

SCHEDULE OF REFUNDED OBLIGATIONS***Combination Tax and Parking Revenue Certificates of Obligation, Series 2007**

<u>Original Dated Date</u>	<u>Original Maturity</u>	<u>Interest Rate</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Refunded</u>
1/1/2007	3/1/2018	5.250%	\$ 680,000	\$ 680,000
	3/1/2019	5.250%	715,000	715,000
	3/1/2020	5.250%	755,000	755,000
	3/1/2021	5.250%	795,000	795,000
	3/1/2022	5.250%	840,000	840,000
	3/1/2023	5.250%	885,000	885,000
	3/1/2024	5.250%	935,000	935,000
	3/1/2025	5.250%	985,000	985,000
	3/1/2026	5.250%	1,035,000	1,035,000
	3/1/2027	5.250%	1,090,000	1,090,000
	3/1/2028	5.250%	1,150,000	1,150,000
	3/1/2029	5.250%	1,215,000	1,215,000
	3/1/2030	5.250%	1,280,000	1,280,000
	3/1/2031	5.250%	1,345,000	1,345,000
	3/1/2032	5.250%	1,420,000	1,420,000
	3/1/2033	5.250%	1,495,000	1,495,000
			<u>\$ 16,620,000</u>	<u>\$ 16,620,000</u>

The 2018– 2033 maturities will be redeemed prior to original maturity on March 1, 2017 at par.

General Purpose Bonds, Series 2009

<u>Original Dated Date</u>	<u>Original Maturity</u>	<u>Interest Rate</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Refunded</u>
9/1/2009	3/1/2020	5.000%	\$ 4,260,000	\$ 4,260,000
	3/1/2021	5.000%	4,260,000	4,260,000
	3/1/2022	5.000%	4,260,000	4,260,000
	3/1/2023	5.000%	4,260,000	4,260,000
	3/1/2024	5.000%	4,260,000	4,260,000
	3/1/2025	5.000%	4,260,000	4,260,000
	3/1/2026	5.000%	4,255,000	4,255,000
	3/1/2027	5.000%	4,255,000	4,255,000
	3/1/2028	5.000%	4,255,000	4,255,000
	3/1/2029	5.000%	4,255,000	4,255,000
			<u>\$ 42,580,000</u>	<u>\$ 42,580,000</u>

The 2020 – 2029 maturities will be redeemed prior to original maturity on March 1, 2019 at par.

* Preliminary, subject to change.

Combination Tax & Will Rogers Memorial Center Parking Revenue CO, Series 2009

<u>Original Dated Date</u>	<u>Original Maturity</u>	<u>Interest Rate</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Refunded</u>
1/15/2009	3/1/2020 ⁽¹⁾	6.000%	\$ 1,005,000	\$ 1,005,000
	3/1/2021 ⁽¹⁾	6.000%	1,070,000	1,070,000
	3/1/2022 ⁽¹⁾	6.000%	1,135,000	1,135,000
	3/1/2023 ⁽¹⁾	6.000%	1,205,000	1,205,000
	3/1/2024 ⁽¹⁾	6.000%	1,280,000	1,280,000
	3/1/2025 ⁽¹⁾	6.000%	1,360,000	1,360,000
	3/1/2026 ⁽¹⁾	6.000%	1,445,000	1,445,000
	3/1/2027 ⁽¹⁾	6.000%	1,535,000	1,535,000
	3/1/2028 ⁽¹⁾	6.000%	1,630,000	1,630,000
	3/1/2029 ⁽¹⁾	6.000%	1,730,000	1,730,000
	3/1/2030 ⁽²⁾	6.250%	1,835,000	1,835,000
	3/1/2031 ⁽²⁾	6.250%	1,955,000	1,955,000
	3/1/2032 ⁽²⁾	6.250%	2,080,000	2,080,000
	3/1/2033 ⁽²⁾	6.250%	2,215,000	2,215,000
			<u>\$ 21,480,000</u>	<u>\$ 21,480,000</u>

The 2020 - 2033 maturities will be redeemed prior to original maturity on March 1, 2019 at par.

- (1) Represents a mandatory sinking fund redemption of a term bond maturing March 1, 2029.
(2) Represents a mandatory sinking fund redemption of a term bond maturing March 1, 2033.
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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION AND HISTORY . . . Fort Worth, Texas, county seat of Tarrant County, is located in Tarrant, Wise, Parker, Johnson and Denton Counties in North Central Texas at 97° 55' west longitude and 32° 36' north latitude. Situated on the Trinity River, Fort Worth is approximately 75 miles south of the Oklahoma state line and 270 miles northwest of the Gulf of Mexico.

Fort Worth was established as a frontier army post in 1849 by Major Ripley Arnold and named for General William Jenkins Worth, who distinguished himself in the War with Mexico. The outpost became a stopping place on the famous Old Chisholm Trail and a shipping point for the great herds of Longhorn cattle being driven to northern markets. Progressive City leadership brought the first of nine railroads to Fort Worth in 1876 and with the subsequent West Texas oil boom, guided the City into a metropolitan county of more than a million people. Fort Worth's economy has always been associated with cattle, oil, finance and manufacturing. Since World War II, Fort Worth has also become an aerospace, education, high-tech, transportation, and industry service center.

GOVERNMENT . . . Fort Worth operates under the Council-Manager form of Municipal Government. A Mayor chosen at-large by popular vote and an eight-member, single-district council are elected to two-year terms. In turn, the Mayor and City Council appoint the City Manager who is the Chief Administrative and Executive Officer of the City. The City Council is also responsible for the appointment of the City Attorney, Municipal Judges, the City Secretary and the City Auditor.

AREA AND POPULATION . . . According to the most recent U.S. Census Bureau data since April, 2000, Fort Worth has been the fastest growing large city of more than 500,000 in the nation between 2000 and 2010. Since the 2000 Census, Fort Worth's population has increased at a faster rate than it did during the 1990s. The 2010 Census population for Fort Worth was 741,206. From 2000 to 2010, Fort Worth's total population is estimated to have increased by 206,512 persons. This represents an annual growth rate of approximately 3.9 percent. The estimated 2016 population is 812,238. The Dallas-Fort Worth Metropolitan Statistical Area is split into two separate divisions: the Fort Worth-Arlington Metropolitan Division and the Dallas-Plano-Irving Metropolitan Division. The Fort Worth-Arlington Division includes Johnson, Parker, Tarrant, and Wise Counties.

TRANSPORTATION . . . The Dallas/Fort Worth International Airport (the "Airport" or "DFW") is the fourth busiest airport in the world in terms of logistical operations and ranks 8th in the world based on passengers. The Airport is the principal air carrier facility serving the Dallas/Fort Worth metropolitan area. First opened on January 13, 1974, the Airport is located halfway between the cities of Dallas and Fort Worth, Texas. DFW International offers 1,800 flights per day and serves 60 million passengers per year. DFW provides non-stop service to 148 domestic and 59 international destinations worldwide. For seven consecutive years, DFW has ranked in the top ten for customer service among large airports worldwide in surveys conducted by Airports Council International.

In addition, the City owns three general aviation airports, each with all-weather capability. Meacham International Airport is equipped with parallel runways, the longest of which is a 7,500 ft. runway. Fort Worth Spinks Airport, a general aviation airport located along I-35 in the south portion of the City is equipped with a 6,000 ft. runway. Alliance Airport is located on I-35 to the north, serves the needs of industrial, business and general aviation users, and is equipped with a 9,600 ft. runway. These three airports combined handled over 257,944 operations in fiscal year 2014.

Three interstate highways (Interstate 20, Interstate 30 and Interstate 35), combined with five federal and four state highways provide all weather routes within the Fort Worth area and the rest of the nation. Interstate 820, which encircles the City, allows quick access to all parts of the Fort Worth area. The Texas Highway Commission has completed a master highway construction plan for Tarrant County to provide for transportation needs through the foreseeable future. The relocation project was completed in 2001 and will promote redevelopment of Lancaster Avenue, the south end of the Central Business District and the Hospital District southwest of downtown.

Fort Worth is served by six major railroad systems, one of which, BNSF (Burlington Northern/Santa Fe Railroad), has its corporate headquarters in Fort Worth. Rail passenger service is provided through Fort Worth, including AMTRAK service on the Texas Eagle to Chicago, St. Louis, Little Rock, Dallas, San Antonio and Los Angeles and on the Heartland Flyer to Oklahoma City. Fort Worth's position as a major southwest distribution center is supported by the presence of 75 regular route motor carriers with over 750 schedules. Local transit service is provided by The T, operated by the Fort Worth Transportation Authority. Greyhound Lines, Inc. furnishes Fort Worth with transcontinental bus passenger service.

EDUCATION . . . The Fort Worth Independent School District serves a major portion of Fort Worth. The 140 schools in the District operate on the 5 3 4 plan in which the elementary schools (83) teach grades 1-5; middle schools and sixth-grade centers (28), grades 6-8; and senior high schools (14), grades 9-12. The District also has 17 special campuses. The Fort Worth School District employs 5,217 classroom teachers (full-time equivalents) to instruct over 84,000 students. Special education programs are provided for the blind, handicapped, mentally disabled, brain-injured, emotionally disturbed and those who require speech and hearing therapy in 10 special schools. Vocational training is provided at the secondary level for the educable mentally disabled. Bilingual programs are also offered at the primary and secondary level. While Fort Worth is served primarily by Fort Worth Independent School District, it is also serviced by eight other districts.

Tarrant County has 21 college and university campuses with an enrollment of more than 100,000 students in both undergraduate and graduate programs. Included in these colleges and universities are: Southwestern Baptist Theological Seminary; Tarleton State University-Fort Worth Campus; Tarrant County College, Trinity River, South, Northeast, Southeast, and Northwest Campuses; Texas Christian University; Texas Wesleyan University; Texas A&M University School of Law; the University of Texas at Arlington; and the University of North Texas Health Science Center.

HEALTH SERVICES . . . Medical facilities in Tarrant County offer excellent and convenient care. There are approximately 39 hospitals with nearly 5,000 beds and more than 348 bassinets available; one children's hospital licensed for 457 beds; four public hospitals; 71 nursing homes; the Tarrant County Public Health Center; Cancer Clinic; Carter BloodCare and the University of North Texas Health Science Center.

MILITARY . . . Carswell Air Force Base closed as an active air force facility in September of 1993. In October of 1994, the base was reopened and transformed into Naval Air Station (NAS) Fort Worth, Joint Reserve Base, Carswell Field, a navy reserve base. Now that all of the units have been transferred here from NAS Dallas, Glenview NAS, Detroit, and Memphis, there are nearly 10,000 personnel utilizing the facilities. Approximately \$130 million of construction, remodeling and renovation was invested over the transition period. The PX Mart continues to operate the Base Exchange store and the grocery store for the benefit of active duty military and retired military in the Metroplex. The golf course is now under lease to the Carswell Redevelopment Authority and is operated as a public use facility. The Justice Department has established a Federal Medical Center in the area around the old base hospital. The facility is for female Federal inmates and employs approximately 300 personnel.

THE ECONOMY. . . Fort Worth continues to be a strong draw for new residents and businesses as shown by being named one of the country's fastest-growing cities according to 2014 census figures released by the United States (U.S.) Census Bureau. Fort Worth grew 9.5% to an estimated population of 812,238 residents from 2010 to 2014. Fort Worth is consistently ranked among the top places in the nation to live, work, and play. With a growing workforce, top educational facilities, low cost of doing business, high quality of life, and prime location and climate, the city is an attractive choice for companies looking to 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, Haggard 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. American Airlines, NGC Renewables, Bell Helicopter and Novartis' Alcon, have recently added new or expanded facilities.

A 2014 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 represents 66% 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% of the region's incremental growth since 2001 as a direct result of Barnett Shale activity.

The City's industry clusters remain diverse with the two largest sectors, trade, transportation, and utilities and education and health services accounting for 37% of the Fort Worth-Arlington Metropolitan Division (MD) industry composition at 24% and 13% respectively. From March 2015 to March 2016, trade, transportation, and utilities companies have grown considerably adding over 9,600 jobs to the area, a 4.1% growth rate. During that same time period, the third largest sector, Professional and Business Services, added 5,000 jobs, a 4.6% annual growth rate. Emerging economic sectors include financial services, semiconductor manufacturing, communications equipment manufacturing, corporate offices, and distribution.

There are 40,171 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 represent 28.2% of the area's workforce.

TOURISM . . . Tourism is an important contributor to the local economy. More than 8.5 million people visit each year for business and leisure, generating a \$1.9 billion economic impact, according to the Fort Worth Convention & Visitors Bureau ("FWCVB"). This activity supports more than 19,000 jobs in the local hospitality industry. Tax revenue generated by visitor spending contributes to city projects, saving the average household nearly \$600 per year. The city has seen significant growth in the number of visitors from within the region and from other nations through DFW International Airport. Attendance at conventions has increased more than 120 percent in the past five years. In addition to conventions, visitors are drawn here by authentic experiences, western heritage and quality of life and culture. The City's walkable districts drawing high interest include downtown, the Cultural District and the Stockyards National Historic District. The Stockyards features the Fort Worth Herd, the world's only twice-daily cattle drive owned and operated by the FWCVB.

Downtown Fort Worth, Inc. (DFWI) is a nonprofit organization dedicated to the promotion and redevelopment of downtown Fort Worth. Coordinated efforts by DFWI have resulted in new entertainment, housing, and retail facilities throughout downtown Fort Worth. The City joined this partnership in 1995 with the creation of the Downtown Tax Increment Financing District in order to provide public infrastructure to support the private investment within this development.

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-acres development, which includes the huge logistics park, subdivisions, shopping centers and the Circle T Ranch, topped 37,000 in 2014.

CITY DEVELOPMENTS. . . In the summer of 2015, Facebook announced plans to open a new 250,000 square foot data center on a 110 acre tract located at the northeast corner of Alliance Gateway and Park Vista Boulevard in north Fort Worth. The project size is expected grow over time to consist of three 250,000 square foot buildings, and Facebook's investment in Fort Worth could reach \$1 billion. The data center will be powered by renewable energy from a nearby 200MW wind farm.

In September 2015 American Airlines opened its Integrated Operations Center adjacent to the Southern Reservations Office at 4700 American Boulevard. Once fully online, the facility will house approximately 1,400 employees across a number of workgroups such as dispatch, meteorology, maintenance control, crew scheduling, flight planning support, and load planning, among others.

In November of 2015, American Airlines announced that it would be spending \$350 million on its headquarters campus in Fort Worth. The newly created 300 acre corporate campus will include four new buildings to house roughly 5,000 employees, including top executives. The buildings will be on nearly 100 acres on State Highway 360, west of its current headquarters in Fort Worth.

Galderma will expand in Fort Worth with a \$22 million research and development center. The expansion will include a 100,000-square-foot building adjacent to its headquarters at the northeast corner of Texas Longhorn Way and Heritage Parkway, on the west side of Interstate 35W just north of Alliance Airport. The expansion will add as many as 350 positions and should be completed in 2017.

In 2015 Smith & Nephew selected Fort Worth for the U.S. headquarters of its Advanced Wound Management division. The medical technology giant will lease 55,000 square feet of office space to house 100 of its 200 Fort Worth-based employees. The site is located in the Clearfork development along the Chisholm Trail Parkway.

Trademark Property Co. purchased an additional 3.5 acres adjacent to its WestBend project, a 278,000-square-foot mixed-use development. The additional parcel is located on University Drive just south of WestBend, along the Trinity River. Conceptual planning is underway to develop additional mixed-use space featuring ground floor retail with either a signature hotel or multi-family and condo units above.

The City of Fort Worth's Local Development Corp. has begun construction on the five-story, mixed-use Pinnacle Bank Place downtown. The building, on West Lancaster Avenue between Jennings and Throckmorton streets, is expected to be completed in 2016. The 160,000- square-foot building will include bank offices and retail on the ground floor, and the four floors above will have 130 apartments.

Tarleton State University plans to open its Fort Worth campus in January 2019 as the school seeks to meet growing Tarrant County demand. The new campus will occupy land just south of the mixed-use Chisholm Trail Ranch development at the southwest corner of the intersection of Chisholm Trail Parkway and Old Granbury Road.

The Shops at Clearfork will be an upscale, mixed-use development along the Clear Fork of the Trinity River. The development will include a mix of retail, entertainment, residences and offices, including a Neiman Marcus location expected to open in the spring of 2017.

Downtown Fort Worth's historic Sinclair Building will be transformed into an upscale Marriott Autograph Collection hotel, and the empty and former Hilton Annex will be converted into corporate apartments. Sinclair Holdings, LLC, owner of the 1930-era Art Deco Sinclair office building at 512 Main St., plans to convert it into a 165-room hotel, with a basement restaurant and rooftop bar.

Genco ATC continues to grow in Fort Worth and recently acquired a fourth facility at Alliance Texas business park to continue its modernization and expansion plans. The company will complete its expansion by December 2016.

Construction has begun on a \$100 million, 26-story office tower downtown that will feature a 12th -floor restaurant with outdoor deck and high-rise condos on top. The building will also have ground-floor retail space and 15 floors of parking, including four underground. It will be the new headquarters for Fort Worth-based oil and gas company Jetta Operating, with Frost Bank occupying more than 73,000 square feet in the new tower. Construction is slated for completion in December 2017.

Construction was completed on Trammell Crow 35/Eagle, a 1.6 million square-foot speculative industrial project in northeast Fort Worth. The project, which sits on 314 acres, was developed by Trammell Crow Co. and Prudential Real Estate Investors. Full build-out of the park will include more than 4.2 million square feet of office, retail and industrial space. Located at the northwest corner of I-35W and Eagle Parkway, the development includes two speculative industrial buildings: Building B, comprising 1,041,879 square feet, and Building D, comprising 548,495 square feet.

Houston-based Victory Packaging consolidated two Dallas locations into a new 330,000 square foot facility at 15101 Grand River Road near CentrePort in far east Fort Worth. The family-owned company specializes in distributing boxes, paper and cushion packaging and shipping supplies.

Clearfork Development Company, LLC is constructing a mixed-use development consisting of residential units, office space, retail space, and a hotel on the property south of Chisholm Trail Parkway near the southwest intersection of West Vickery Blvd and South Hulen Street.

Fort Worth-based Trademark Property Co. is in development of the \$185 million Waterside project planned for the Lockheed Martin Recreation Association property off Bryant Irvin Road in west Fort Worth. Trademark will invest a minimum of \$90 million in the first phase, with development of at least 465,000 square feet of mixed-use commercial/residential space. Retailers include Whole Foods and REI, both first locations for the brands in Fort Worth. Whole Foods will open in the fall of 2016. Phase two must have an additional \$35 million investment and a minimum 165,000 square feet of commercial or residential space, and Phase Three will consist of another \$60 million investment and at least 200,000 square feet of space.

The Dannon Company plans to expand its Fort Worth manufacturing facility to include a new product line and consolidate product lines from other manufacturing sites to Fort Worth. The expansion will occur in two phases and conclude by January 2017.

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 2024.

Defender Outdoors opened its indoor training facility and retail center off of Shotts Street, across from the Fort Worth school district administration building. The facility features 30 shooting lanes with a 785-ton HVAC system to quickly remove contaminants, a 100-person training and conference room, and a lounge area. It also has a 5,600-square-foot retail store.

MISCELLANEOUS . . . Water, sewer and solid waste services are furnished by the City of Fort Worth and natural gas service is provided by Atmos Energy. Electricity, telephone and other service utilities are provided by various providers.

The Fort Worth Public Library system consists of a Central Library, 13 branch libraries and two satellite libraries that are located in public housing developments. Additionally, the City has inter-local agreements with six of the surrounding suburban communities to share library resources and services. The Central Library, open 52 hours and seven days a week, is the flagship of the system. Branches operate 40 hours each week including Saturdays.

In December 2011, the City Council adopted the 20/20 Vision Master Plan for the Library which charts future facility and service needs. Service priorities for FY2015 are educational support in the form of early literacy/ youth / teen services, workforce development, genealogy and local history and technological enhancements. The Library's 5 Year Vision is recognized as the best place for materials to support pleasure/recreation, learning and information and to showcase the diversity and history of Fort Worth through materials, classes, programs and exhibits. The library system circulates more than 4 million library materials annually; provides computers at all facilities with informational databases and the Internet; answers questions; supports a website with downloadable audios, videos, e-books, and other online services; offers educational, cultural, and early literacy programming; and serves as a gathering place and destination for the local neighborhoods.

More than 400 churches with 45 denominations and synagogues in Fort Worth contribute vitally to the lives of city residents. The city is also world famous for its many museums. The Fort Worth Convention Center offers exhibit and meeting space of over 185,000 square feet, including a 14,000 seat arena. Will Rogers Memorial Center is located in the heart of Fort Worth's Cultural District and includes Will Rogers Coliseum Auditorium, the new Multi-Purpose Equestrian Center and Amon G. Carter Jr. Exhibits Building.

The Nancy Lee and Perry R. Bass Performance Hall, now recognized as one of the best performance halls in the world, is a state-of-the-art \$70 million performing arts hall funded entirely from private donations.

CITY OF FORT WORTH BUILDING PERMITS

Year Ended 12-31	Number of Building Permits by Type		
	Residential	Commercial	Total Permits
2011	7,101	2,854	9,955
2012	6,927	2,890	9,817
2013	8,115	2,461	10,576
2014	8,471	2,660	11,131
2015	8,792	2,528	11,320

Year Ended 12-31	Dollar Value of Building Permits		
	Residential	Commercial	Total Value
2011	434 Million	898 Million	1.33 Billion
2012	498 Million	985 Million	1.48 Billion
2013	623 Million	1.7 Billion	2.36 Billion
2014	641 Million	1.4 Billion	2.00 Billion
2015	667 Million	1.65 Billion	2.31 Billion

Source: Planning and Development Department, City of Fort Worth.

LABOR FORCE ESTIMATES

	January 2016	Average Annual 2015	Average Annual 2014	Average Annual 2013	Average Annual 2012	Average Annual 2011
City of Fort Worth						
Civilian Labor Force	391,203	391,597	390,322	385,184	377,475	369,718
Unemployed	15,172	16,271	19,198	22,861	24,304	27,628
Percent of Unemployed	3.9%	4.2%	4.9%	5.9%	6.4%	7.5%
Dallas/Fort Worth/Arlington MSA						
Civilian Labor Force	3,614,048	3,583,925	3,534,687	3,483,357	3,423,369	3,374,414
Unemployed	137,679	145,673	177,404	210,903	225,039	255,271
Percent of Unemployed	3.8%	4.1%	5.0%	6.1%	6.6%	7.6%
Tarrant County						
Civilian Labor Force	991,843	992,766	990,727	984,123	967,159	950,514
Unemployed	38,696	41,251	49,664	59,056	62,951	71,788
Percent of Unemployed	3.9%	4.2%	5.0%	6.0%	6.5%	7.6%

Source: Texas Workforce Commission.

CITY OF FORT WORTH EXTRATERRITORIAL JURISDICTION AND ANNEXATION POLICY . . . Under the provisions of State law, incorporated cities in Texas have the power to exercise certain controls in unincorporated areas adjacent to their city limits. For a city the size of Fort Worth, these adjacent areas extend a distance of five (5) miles from its city limits. This adjacent, unincorporated area within five miles is known as the extraterritorial jurisdictional area ("ETJ"). Significant highlights are:

1. No new city may be incorporated within Fort Worth's ETJ without Fort Worth's consent.
2. No existing city may expand its limits within the ETJ without Fort Worth's consent.
3. No land may be subdivided within the ETJ without Fort Worth's approval.
4. No Municipal Utility District may be created within the ETJ without Fort Worth's consent.
5. Fort Worth's ETJ expands with the expansion of its city limits so that the area always covers the area five (5) miles beyond the city limits.
6. Cities may apportion their extraterritorial jurisdictional area to establish definite control limits and preserve their respective growth area. Fort Worth has secured its ETJ by consummating boundary line agreements with its neighboring cities. Fort Worth's ETJ covers approximately 350 square miles of potential expansion area.
7. Fort Worth has the power to annex, either City-initiated or owner-initiated, any land in its ETJ that is contiguous to its city limits.

The City annexes areas in accordance with its adopted annexation policy, which is contained in the Comprehensive Plan.

HOUSEHOLD INCOME

	<u>Tarrant County</u>
Less than \$35,000	30.1%
\$35,000 - \$49,999	13.3%
\$50,000 and over	56.6%

Source: 2010-2014 American Community Survey 5-Year Estimates.

THE MUNICIPAL AIRPORT SYSTEM . . . Fort Worth has a long-standing commitment to aviation. From the landing of the first airplane in Fort Worth in 1915 to today, Fort Worth has understood and served the needs of the aviation industry. The City serves as home to Lockheed, American Airlines, Bell Helicopter-Textron, Naval Air Station Joint Reserve Base Fort Worth and hundreds of aviation-related businesses. Dallas/Fort Worth International Airport (owned jointly by the two cities and operated by the Dallas/Fort Worth International Airport Board) stands as a symbol of the excellence to aviation facilities to which the City is committed. The City is dedicated to maintaining all facets of aviation—general, commercial and military—to the same high standard.

An integral part of this dedication is exhibited by the City of Fort Worth's Airport System which consists of three municipal airfields. These airports and their individual characteristics are as follows:

Fort Worth Meacham International Airport

Operated since 1925

- 7,500-foot runway, 3,677-foot crosswind runway, 4,000-foot parallel runway
- FAA flight control tower, with Instrument Landing System ("ILS")
- 24 hour aviation fuel service
- major/minor maintenance
- hangar rental space for large and small aircraft
- award winning fixed based operators
- located in North Fort Worth

Spinks Airport

Opened in summer of 1988

- 6,000 ft. runway, 4,000 ft. runway
- FAA flight control tower, with ILS
- Fixed Based Operator
- Serving general and corporate aviation
- Flight training
- Site for hangars available
- Located in Interstate 35 South Industrial Corridor

Alliance Airport

Opened in winter of 1989

- 9,600 ft. runway, with ILS, 8,200 ft. runway
- FAA flight control tower, with ILS
- Fixed Based Operator
- 24-hour aviation fuel services
- Serving general and industrial/manufacturing cargo aviation
- Nine square miles of airport property available for development
- Near developing high tech industrial center
- Located in Interstate 35 North Corridor, with rail access

EMPLOYEE RELATIONS . . . Under the laws of the State of Texas, municipal employees cannot strike, be forced to join a union, pay dues for union membership, or collectively bargain for wages, hours or working conditions; however, they may form associations for the presentation of grievances. State law, however, provides for local referenda on collective bargaining for police and firefighters. Pursuant to prior elections, police officers have the right to meet and confer and firefighters have the right to collectively bargain with the City, each group through their own recognized associations under the State's laws. Overall, employee relations are considered by the City to be good.

APPENDIX B

CITY OF FORT WORTH, TEXAS

FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

The information contained in this Appendix consists of the City of Fort Worth, Texas Audited Financial Statements for the Year Ended September 30, 2015.

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Fort Worth, Texas (the "City"), as of and for the year ended September 30, 2015, 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

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 the Employees' Retirement Fund of the City of Fort Worth, which represents 97 percent, 97 percent, and 71 percent, respectively, of the assets, net position, and additions to net position of the fiduciary trust funds of the City. We did not audit the financial statements of the Terrell Homes, Ltd which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Employees' Retirement Fund of the City of Fort Worth and Terrell Homes, Ltd are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Fort Worth, Texas, as of September 30, 2015, 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.

Emphasis of Matter

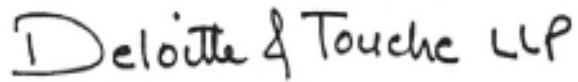
As discussed in Note A to the financial statements, the City restated its beginning net position as of October 1, 2014, to reflect the impact of implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* and Government Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to these changes.

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 Funding Progress, Employees' Retirement Fund - Schedule of City of Fort Worth's Contributions to the Retirement Fund - Last Ten Fiscal Years, the Employees' Retirement Fund - Projected Recognition of Deferred Outflows/(Inflows), the Employees' Retirement Fund Schedule of Changes in Net Pension Liability - Last Ten Fiscal Years, Other Postemployment Benefits - Schedule of Funding Progress and Other Postemployment Benefits - Schedule of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about

the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

March 25, 2016



CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(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, 2015 (FY2015). 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, 2015, by \$1,866,373,000 (net position). For FY2015, the City reported a deficit unrestricted net position primarily due to implementation of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*.

The City's total net position decreased by \$1,263,633,000 in comparison with originally reported FY2014. This decrease can be attributed to the implementation of GASB Statement No. 68 which reduced total net position by \$1,529,099,000 but was offset by increases in property tax revenue, sales tax revenue, grants and contributions for both governmental activities and business-type activities.

At September 30, 2015, the City's governmental funds reported combined ending fund balances of \$642,365,000, a decrease of \$3,325,000 in comparison with FY2014. Approximately 54.0 percent of ending fund balances (\$346,741,000) is available for spending at the government's discretion (\$184,818,000 committed fund balance, \$78,428,000 assigned fund balance and \$83,495,000 unassigned fund balance).

The City's total long-term liabilities increased by \$1,489,318,000 in comparison with FY2014. The key factors in this increase occurred in the implementation of GASB Statement No. 68 for Net Pension Liability of \$1,462,039,000, the City's Other Postemployment Benefits Obligation of \$36,655,000, and \$32,351,000 of Trinity River Water District loans. During the year, long-term liabilities were reduced by principal payments of \$70,939,000 in governmental activities and \$99,086,000 in business-type activities. Additionally, the City issued \$166,540,000 of revenue bonds, \$167,162,000 of general obligation bonds, and defeased or refunded \$148,830,000 for governmental activities, and \$118,350,000 for business-type activities of existing debt.

Overview of the Financial Statements

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

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

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Government-wide Financial Statements

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

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

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

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

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

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

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.

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.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Fund Financial Statements (continued)

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 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.

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

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, municipal airports, solid waste, municipal parking, and stormwater utility. These services are primarily provided to outside or non-governmental customers. The Municipal Golf Fund was closed during FY2015 and its operations were transferred to governmental fund types.

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, risk management, group health and life insurance, workers' compensation insurance, and unemployment compensation.

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.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)**

Fund Financial Statements (continued)

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

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Total assets of the City at September 30, 2015, were \$6,257,813,000 and deferred outflows were \$106,813,000 while total liabilities were \$4,404,447,000 and total deferred inflows of resources were \$93,806,000, resulting in a net position of \$1,866,373,000.

The City's net investment in capital assets was \$3,218,735,000. 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, \$82,280,000 represents resources that are subject to external restrictions on how they may be used. The City has a deficit unrestricted net position of \$1,434,642,000.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Government-Wide Financial Analysis (continued)

Condensed Schedule of Net Position (Deficit)

	Governmental Activities		Business-Type Activities		Total	
	2014*	2015	2014*	2015	2014*	2015
Current and Other Assets	\$ 828,573	\$ 809,406	\$ 698,855	\$ 629,970	\$ 1,527,428	\$ 1,439,376
Capital Assets	1,791,941	1,932,264	2,764,213	2,886,173	4,556,154	4,818,437
Total Assets	2,620,514	2,741,670	3,463,068	3,516,143	6,083,582	6,257,813
Deferred Outflows	11,538	86,661	9,461	20,152	20,999	106,813
Long-term Liabilities Outstanding	1,600,645	2,901,446	1,116,434	1,304,951	2,717,079	4,206,397
Other Liabilities	117,168	120,238	136,240	77,812	253,408	198,050
Total Liabilities	1,717,813	3,021,684	1,252,674	1,382,763	2,970,487	4,404,447
Deferred Inflows	-	78,392	4,088	15,414	4,088	93,806
Net Position (Deficit):						
Net Investment in Capital Assets	1,092,890	1,228,012	1,864,396	1,990,723	2,957,286	3,218,735
Restricted	35,983	52,358	60,917	29,922	96,900	82,280
Unrestricted	(214,634)	(1,552,115)	290,454	117,473	75,820	(1,434,642)
Total Net Position (Deficit)	\$ 914,239	\$ (271,745)	\$ 2,215,767	\$ 2,138,118	\$ 3,130,006	\$ 1,866,373

**Balances reflected in FY2014 columns are as originally reported in the FY2014 financial statements.*

At September 30, 2015, 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 \$16,375,000, which resulted from the increased property tax collections and an increase in impact fees collected for future development. The governmental activities' unrestricted net position balance decreased by \$1,337,481,000, mostly due to increase in other postemployment benefits, recognizing the net pension liability, and the increase in the liability for Trinity River Water District.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Government-Wide Financial Analysis (continued)

Condensed Schedule of Changes in Net Position

	Governmental Activities		Business -Type Activities		Total	
	2014*	2015	2014	2015	2014	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 73,637	\$ 76,707	\$ 463,377	\$ 490,493	\$ 537,014	\$ 567,200
Operating Grants and Contributions	43,700	37,810	-	-	43,700	37,810
Capital Grants and Contributions	69,149	62,794	42,682	88,617	111,831	151,411
General Revenues:						
General Property Taxes	389,118	413,687	-	-	389,118	413,687
Sales Taxes	184,360	191,140	-	-	184,360	191,140
Other Local Taxes	33,439	34,888	-	-	33,439	34,888
Franchise Fees	51,205	53,129	-	-	51,205	53,129
Gas Leases and Royalties	16,500	15,717	12,989	8,372	29,489	24,089
Investment Income	8,622	6,025	6,077	3,475	14,699	9,500
Other	20,582	37,594	5,861	6,087	26,443	43,681
<i>Total revenues</i>	<u>890,312</u>	<u>929,491</u>	<u>530,986</u>	<u>597,044</u>	<u>1,421,298</u>	<u>1,526,535</u>
Expenses:						
General Government	182,367	202,450	-	-	182,367	202,450
Public Safety	430,481	529,188	-	-	430,481	529,188
Highways and Streets	127,113	131,535	-	-	127,113	131,535
Culture and Recreation	109,859	129,115	-	-	109,859	129,115
Health and Welfare	4,415	3,548	-	-	4,415	3,548
Urban Redevelopment and Housing	37,786	36,544	-	-	37,786	36,544
Interest and Service Charges	31,522	26,448	-	-	31,522	26,448
Water and Sewer	-	-	317,526	340,113	317,526	340,113
Municipal Airports	-	-	23,089	14,194	23,089	14,194
Solid Waste	-	-	48,420	52,586	48,420	52,586
Municipal Parking	-	-	6,649	7,602	6,649	7,602
Municipal Golf	-	-	5,396	-	5,396	-
Stormwater Utility	-	-	23,745	28,198	23,745	28,198
<i>Total expenses</i>	<u>923,543</u>	<u>1,058,828</u>	<u>424,825</u>	<u>442,693</u>	<u>1,348,368</u>	<u>1,501,521</u>
Special Items	-	31,490	-	-	-	31,490
Excess (Deficiency) of Revenues Over (Under) Expenses	(33,231)	(97,847)	106,161	154,351	72,930	56,504
Transfers	21,913	55,535	(21,913)	(55,535)	-	-
Changes in Net Position	(11,318)	(42,312)	84,248	98,816	72,930	56,504
Restatements	(25,124)	(1,143,672)	(5,987)	(176,465)	(31,111)	(1,320,137)
Net Position - Beginning of Year	950,681	914,239	2,137,506	2,215,767	3,088,187	3,130,006
Net Position (Deficit) - End of Year	<u>\$ 914,239</u>	<u>\$ (271,745)</u>	<u>\$ 2,215,767</u>	<u>\$ 2,138,118</u>	<u>\$ 3,130,006</u>	<u>\$ 1,866,373</u>

**FY2014 expenses for governmental activities were restated into the new FY2015 functions for comparative purposes.*

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)**

Government-Wide Financial Analysis (continued)

Overall, the governmental activities change in net position totaled a decrease of \$42,312,000 as a result of current fiscal year activity. Factors that contributed to the governmental activities net position decrease were expenditures of \$1,058,828,000 exceeding revenues of \$960,981,000, net of transfers from business-type activities of \$55,535,000. Transfer from business-type activities increased \$33,622,000 compared to the prior fiscal year. This increase was due to the transfer of capital assets to governmental activities and a decrease in transfers from governmental activities of \$12,368,000 compared to FY2014. The significant increase in transfers were \$9,931,000 from the Stormwater Utility Fund for capital projects, and \$9,225,000 from Nonmajor Enterprise Funds for capital projects.

In addition, governmental expenditures increased for Public Safety by \$104,899,000 when compared to FY2014 as originally reported. This increase was primarily due to the implementation of GASB Statement No. 68 in the amount of \$139,802,000, and accompanied by a decrease in civil service wages of \$20,861,000.

Business-type activities net position increased \$98,816,000 during the current fiscal year. The major factors that contributed to the business-type activities net position increase were an increase of \$27,116,000 in charges for services and a \$45,935,000 increase in capital grants and contributions. This was offset by an increase in operating expense of \$17,868,000. The increase in capital grants and contributions was due to increases in the Water and Sewer fund for developer contributions and in the Municipal Airport Fund for grant money received for several projects during FY2015. The increase in charges for services was due to utility services provided to new customers due to the City's population increase.

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.

During FY2015, The Fort Worth Fund was reclassified from being reported as a nonmajor governmental fund to being combined with the General Fund and ending fund balance was transferred. This change in nonmajor governmental fund balance was shown with a transfer out of \$25,565,000 and increased the General Fund's fund balance by the same amount.

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$642,365,000. Approximately 19.4 percent or \$124,561,000 constitutes the General Fund's fund balance. As of September 30, 2015, the General Fund's nonspendable fund balance includes \$2,791,000 for advances to other funds, \$2,470,000 for inventories, and \$166,000 for prepaids, deposits and other. The restricted fund balance includes \$10,553,000 Park Improvements and \$1,600,000 is related to the collective bargaining agreement. The committed fund balance includes amounts of \$7,695,000 for repayment of State loans and \$14,813,000 for public events and facilities totaling \$22,508,000. The assigned fund balance of \$193,000 includes amounts for subsequent year expenditures. As of September 30, 2015, the General Fund had an unassigned fund balance of \$84,280,000.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Financial Analysis of the Government's Funds (continued)

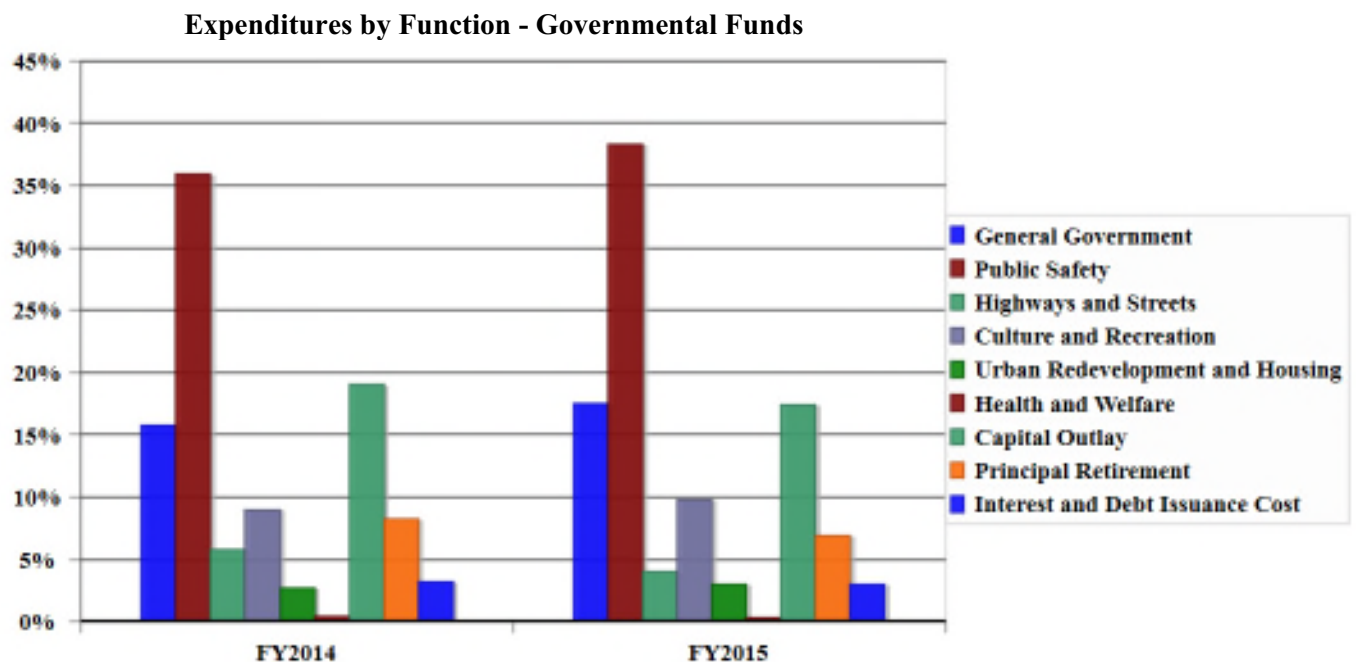
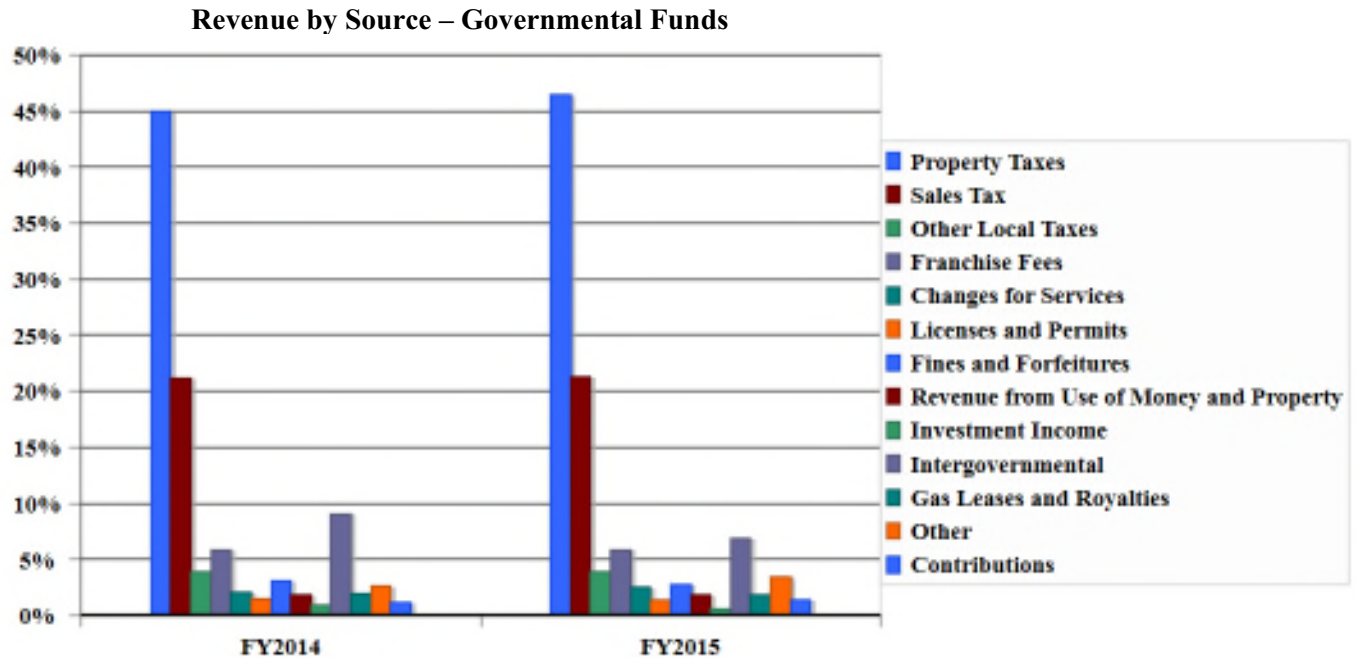
The nonmajor governmental fund balance of \$137,391,000 is 21.4 percent of total governmental fund balance and includes nonspendable fund balance of \$3,891,000, restricted fund balance of \$95,981,000, committed fund balance of \$4,372,000, assigned fund balance of \$33,932,000, and an unassigned deficit of \$785,000. The Debt Service fund has a fund balance of \$25,689,000 or 4.0 percent of total governmental fund balance of which \$17,497,000 is restricted fund balance, \$7,993,000 is committed fund balance and \$199,000 is assigned fund balance. The Capital Projects fund has a fund balance of \$354,724,000 or 55.2 percent of total governmental fund balance of which \$601,000 is nonspendable fund balance, \$160,074,000 is restricted fund balance, \$149,945,000 is committed fund balance and \$44,104,000 is assigned fund balance.

During FY2015, the City reviewed its expenditures by function for governmental funds and noted that expenditures will be more accurately reported if presented differently. In previous years, expenditures were reported based on the department(s) as the function that incurred the expenditures. The City now reports expenditures based on a more detailed function of each department, moving some expenditures into more appropriate reporting categories. For comparative purposes, the City analyzed the FY2014 expenditures according to the new functions and are as follows: General Government - \$172,149,000; Public Safety - \$389,538,000; Highways and Streets - \$62,821,000; Culture and Recreation - \$97,320,000; Health and Welfare - \$4,415,000; and Urban Redevelopment and Housing - \$28,855,000. Capital Outlay, Principal Retirement, and Interest and Debt Issuance Cost remained unchanged from FY2014.

As shown in the following charts (on the next page) for governmental funds for FY2014 and FY2015, property taxes and sales tax were the primary sources of revenue for both years, while public safety and capital outlay were the largest expenditures by function. The General Fund is the primary operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$124,561,000. 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 \$84,280,000, represents 15.4 percent of total General Fund expenditures. The total fund balance of \$124,561,000 represents 22.7 percent of total General Fund expenditures. Fund balance in the General Fund increased by \$38,519,000. The significant change in the General Fund was the transfer in of gas well revenue trusts funds, that were previously reported as special revenue funds, ending balances in the amount of \$25,565,000.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Revenues and Expenditures – Governmental Funds



CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(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 \$43,033,000 and \$5,323,000, respectively, at the end of the fiscal year. Total net position in the Water and Sewer Fund increased \$52,071,000. The increase in net position was primarily due to water charges for services of \$389,188,000, which exceeded operating expenses by \$68,763,000. Total net position in the Stormwater Utility Fund decreased by \$5,053,000. The decrease in net position from operations was primarily due to net operating transfers out of \$13,654,000 exceeding total income before transfers of \$8,601,000. Other business-type activities increased the City's net position by \$51,798,000.

General Fund Budgetary Highlights

Differences between the original expenditure budget and the final amended budget resulted in a \$12,652,000 increase in appropriations and is briefly summarized as follows:

- Budget carryforwards of encumbrances resulted in an increase of \$3,296,315. Significant increases included \$2,292,414 in Transportation and Public Works for infrastructure maintenance, \$364,222 in Planning and Development primarily for software costs, \$250,290 in Library for software, and \$186,475 in Human Resources for a Class & Compensation Study.
- Other appropriation increases to the original budget were made in the amount of \$9,671,578. Significant activities which necessitated these increases included \$3,958,558 to reflect the Collective Bargaining Agreement with the Fort Worth Professional Firefighters Association, \$2,410,928 for the Police Department adjustment for salaries and benefits, \$530,607 for the public art program, and \$496,000 for the homeless initiative in Housing and Economic Development.

The City also increased budgeted revenues and other financing sources by \$7,793,764. Of this amount, \$2,312,330 was for increased transfers in that included \$742,500 for the recreational programs for the Parks and Community Services Department, \$697,896 for the transfer of operations from the Capital Project Services Fund to the General Fund, \$530,607 for the for the public arts program, and \$341,327 for the Tarrant County 911 District Radio Assistance Program.

There were no significant variances between the final amended budget and actual expenditures. Actual expenditures were \$29,518,000, or 3.21 percent less than the final amended budget primarily due to salary savings.

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounted to \$4,818,437,000 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure, intangibles, works of art, and construction in progress. The total increase in the City's capital assets for the current fiscal year was \$262,283,000 (5.8 percent). Major capital assets events during the current fiscal year included the following:

- The completion of Water and Sewer projects throughout the City added \$57,564,844 to capital assets.
- The completion of governmental projects throughout the City added \$105,174,742 to capital assets, while governmental capital contributions were \$52,333,055.
- The completion of drainage projects added \$21,856,556 to capital assets.
- These additions were offset by depreciation or retirement during the year.

Capital Assets, net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land/Right of Way	\$ 174,733	\$ 196,541	\$ 101,832	\$ 108,332	\$ 276,565	\$ 304,873
Construction in Progress	412,392	410,279	348,380	448,400	760,772	858,679
Works of Art	-	16,177	-	-	-	16,177
Buildings	181,058	204,321	93,320	87,431	274,378	291,752
Machinery and Equipment	54,766	58,032	150,607	141,787	205,373	199,819
Infrastructure	968,992	1,040,338	2,070,074	2,100,223	3,039,066	3,140,561
Intangibles	-	6,576	-	-	-	6,576
Total	\$ 1,791,941	\$ 1,932,264	\$ 2,764,213	\$ 2,886,173	\$ 4,556,154	\$ 4,818,437

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, 2015
(000's omitted in tables)
(continued)

Capital Asset and Debt Administration (continued)

Long-term Liabilities – At the end of the current fiscal year, the City had total long-term liabilities of \$4,206,397,000. Of this amount, \$743,130,000 comprises debt backed by the full faith and credit of the government, and \$1,097,333,000 represents self-supported debt issues.

Long-Term Liabilities Outstanding

	Governmental Activities		Business-Type Activities		Total	
	2014*	2015	2014*	2015	2014*	2015
General Obligation Bonds	\$ 408,965	\$ 452,412	\$ -	\$ -	\$ 408,965	\$ 452,412
Revenue Bonds	-	-	898,870	882,395	898,870	882,395
Certificates of Obligation	285,545	242,290	52,375	48,428	337,920	290,718
Installment Obligation	2,370	1,620	-	-	2,370	1,620
HUD Installment Obligation	4,504	3,699	-	-	4,504	3,699
Equipment Notes Payable	39,145	-	-	-	39,145	-
Fort Worth Sports Authority	6,868	2,495	-	-	6,868	2,495
Lone Star Local Govt Corp	31,617	31,617	-	-	31,617	31,617
State Obligation - City	7,873	7,407	-	-	7,873	7,407
State Obligation - CCPD	3,058	2,878	-	-	3,058	2,878
TRWD Obligation	91,998	124,349	-	-	91,998	124,349
State Energy Conserv Loan I & II	553	-	-	-	553	-
State Energy Conserv Loan III	2,064	1,528	-	-	2,064	1,528
ESPC Phase VII	18,064	17,426	-	-	18,064	17,426
Capital Leases	1,482	1,122	-	-	1,482	1,122
Southwest Bank Loan (LDC SW Bldg.)	2,545	2,200	-	-	2,545	2,200
Lancaster Corridor Construction Loan	-	1,774	-	-	-	1,774
Trinity River Authority	-	-	5,500	4,885	5,500	4,885
ESPC Phase V	-	-	13,355	11,938	13,355	11,938
Unamort. Bond Discounts, Premiums, net	45,548	57,073	51,954	61,263	97,502	118,336
Retainage Payable	5,974	4,663	-	-	5,974	4,663
Compensated Absences	114,752	119,036	10,280	10,210	125,032	129,246
Claims Payable	38,893	37,775	-	-	38,893	37,775
Arbitrage	-	-	-	-	-	-
Landfill Postclosure Cost	-	-	4,762	5,020	4,762	5,020
Pollution Remediation Liability	-	-	3,131	7,166	3,131	7,166
Other Postemployment Benefits Obligation	430,774	464,788	67,200	69,841	497,974	534,629
Net Pension Liability	1,264,218	1,325,294	200,972	203,805	1,465,190	1,529,099
Total	<u>\$ 2,806,810</u>	<u>\$ 2,901,446</u>	<u>\$ 1,308,399</u>	<u>\$ 1,304,951</u>	<u>\$ 4,115,209</u>	<u>\$ 4,206,397</u>

*The balances at October 1, 2014 were restated to reflect the City's adoption of GASB Statement No. 68 (See Note A.16.).

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)

Capital Asset and Debt Administration (continued)

Long-term Liabilities (continued)

The City's total long-term liabilities increased by \$1,489,318,000 during FY2015 mainly due to the issuance of bonds and notes in excess of principal payments made during the year. Also, the implementation of GASB Statement No. 68 resulted in the recording of a Net Pension Liability in the amount of \$1,462,039,000, the City's Other Postemployment Benefits Obligation increased by \$36,655,000, and the City added a net \$32,351,000 loan from Trinity River Water District. For governmental activities, the City made payments of principal balances for bonded debt of \$34,055,000 and \$21,365,000 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 \$69,015,000, which included \$65,055,000 for Water and Sewer revenue bonds and \$3,960,000 for Stormwater revenue bonds.

In FY2015, the outstanding ad valorem tax supported debts of the City of Fort Worth are rated "Aa1" by Moody's Investors Services (Moody's) and "AA+" by Standard and Poor Ratings (S&P) and Fitch Rating Services (Fitch). The water and sewer system revenue debts are rated "Aa1" by Moody's and "AA" by S&P and Fitch.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to 2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to the assessed value of all taxable property is 1.62 percent (Stat Table 15).

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

Economic Factors and Next Year's Budgets and Rates

The overall economic outlook for the City remains positive. Sales taxes have climbed steadily since the recession ended in late 2010. Declining unemployment rates and continued population growth suggest these trends should continue well into 2016. Existing households are likely to continue spending at current rates, while new residents will add to the City's sales tax base. Population growth and steady strides in the residential real estate market support improved property tax revenues in the future while the increasing volume of building permits continues to increase the overall tax base. Demand for existing homes supports the slow but steady growth in values, which also yields more property tax revenues. Property tax revenues will be slower to materialize than sales taxes, as homes built in 2015 are added to the tax roll in 2016 and actually do not begin paying taxes until 2017. 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 Fiscal Year 2016 adopted budget maintains the City's property tax rate at \$0.8550 per \$100 net taxable valuation. The total appraised value of the City's property tax roll increased \$2.0 billion or 3.2 percent from the July 2014 certified roll to the July 2015 certified roll. Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased \$2.5 billion or 5.4 percent in the same time period across all properties within the City. Adjusted Net Taxable Value is the basis for the City's property tax revenue calculation.

**CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015
(000's omitted in tables)
(continued)**

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

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

For Fiscal Year 2016, the City's combined property tax rate remains at \$0.8550 per \$100 of assessed valuation with a 98.5% collection rate. Based on the M&O levy rate of \$0.6759 per \$100 of assessed valuation, the General Fund portion of the property tax rate is expected to yield approximately \$319.0 million in revenue for Fiscal Year 2016. The debt service levy rate of \$0.1791 per \$100 of assessed valuation is expected to yield approximately \$84.5 million, which will allow the repayment of all current and proposed debt obligations.

Revenue from the City's one percent of the sales tax, exclusive of the one-half percent special use tax for the Crime Control and Prevention District Fund, is projected to equal \$135.0 million, an increase of \$9.0 million or 7.1 percent from the Fiscal Year 2015 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 \$92.0 million in 2006 to the anticipated amount of \$135.0 million in 2016. This represents a 47% growth over the last ten years.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, 1000 Throckmorton Street, 3rd Floor, Finance Department, Fort Worth, Texas 76102.

BASIC FINANCIAL STATEMENTS

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015
(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	\$ 648,434	\$ 117,911	\$ 766,345	\$ 62
Receivables, Net of Allowance for Uncollectibles:				
Taxes	7,205	-	7,205	-
Grants and Other Governments	47,662	-	47,662	-
Loans	6,816	-	6,816	-
Interest	946	180	1,126	-
Accounts and Other	23,994	76,645	100,639	7
Internal Balances	(11,480)	11,480	-	-
Inventories (at Cost)	6,444	3,539	9,983	-
Prepays, Deposits, and Other	1,453	54	1,507	590
Long-Term Loans Receivable	10,119	-	10,119	-
Restricted Assets:				
Cash, Cash Equivalents, & Investments	9	281,561	281,570	262
Cash, Cash Equivalents, & Investments Held by Trustees	67,804	133,046	200,850	-
Grants Receivable	-	4,554	4,554	-
Interest Receivable	-	608	608	-
Prepaid Insurance	-	392	392	-
Capital Assets, Net of Accumulated Depreciation:				
Non-Depreciable	622,997	556,732	1,179,729	-
Depreciable	1,309,267	2,329,441	3,638,708	8,680
Total Assets	<u>2,741,670</u>	<u>3,516,143</u>	<u>6,257,813</u>	<u>9,601</u>
Deferred Outflows of Resources	<u>86,661</u>	<u>20,152</u>	<u>106,813</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>2,828,331</u>	<u>3,536,295</u>	<u>6,364,626</u>	<u>9,601</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Accounts Payable	24,378	9,065	33,443	20
Escrow Accounts Payable	5,807	2,801	8,608	-
Accrued Payroll	11,653	1,801	13,454	-
Other	793	-	793	-
Unearned Revenue	37,799	238	38,037	26
Accrued Interest Payable	19,104	4,959	24,063	61
Payables from Restricted Assets:				
Construction Payable	20,704	21,736	42,440	-
Customer Deposits	-	15,463	15,463	6
Unearned Revenue	-	21,749	21,749	-
Long-Term Liabilities:				
Due Within One Year	128,669	74,627	203,296	21
Due in More Than One Year	2,772,777	1,230,324	4,003,101	3,715
Total Liabilities	<u>3,021,684</u>	<u>1,382,763</u>	<u>4,404,447</u>	<u>3,849</u>
Deferred Inflows of Resources	<u>78,392</u>	<u>15,414</u>	<u>93,806</u>	<u>-</u>
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	1,228,012	1,990,723	3,218,735	-
Restricted for:				
Debt Service	6,585	3,852	10,437	-
Capital Projects	45,773	26,070	71,843	-
Partnership Equity	-	-	-	5,752
Unrestricted (Deficit)	(1,552,115)	117,473	(1,434,642)	-
Total Net Position (Deficit)	<u>\$ (271,745)</u>	<u>\$ 2,138,118</u>	<u>\$ 1,866,373</u>	<u>\$ 5,752</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(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	\$ 202,450	\$ 19,229	\$ 4,755	\$ 20,884
Public Safety	529,188	9,984	14,128	145
Highways and Streets	131,535	13,884	254	20,493
Culture and Recreation	129,115	20,266	12,667	5,027
Health and Welfare	3,548	-	3,465	-
Urban Redevelopment and Housing	36,544	13,344	2,541	16,245
Interest and Service Charges	26,448	-	-	-
Total Governmental Activities	<u>1,058,828</u>	<u>76,707</u>	<u>37,810</u>	<u>62,794</u>
Business-Type Activities:				
Water and Sewer	340,113	389,188	-	23,220
Municipal Airports	14,194	5,437	-	65,397
Solid Waste	52,586	52,373	-	-
Municipal Parking	7,602	7,310	-	-
Stormwater Utility	28,198	36,185	-	-
Total Business-Type Activities	<u>442,693</u>	<u>490,493</u>	<u>-</u>	<u>88,617</u>
Total Primary Government	<u>\$ 1,501,521</u>	<u>\$ 567,200</u>	<u>\$ 37,810</u>	<u>\$ 151,411</u>
Discretely Presented Component Unit:				
Terrell Homes, Ltd.	\$ 1,199	\$ 517	\$ -	\$ -
Total Discretely Presented Component Unit	<u>\$ 1,199</u>	<u>\$ 517</u>	<u>\$ -</u>	<u>\$ -</u>

Changes in Net Position:

General Revenues:

Taxes:

General Property Taxes

Other Local Taxes:

Sales Taxes

Hotel/Motel Taxes

Other Taxes

Franchise Fees

Gas Leases and Royalties

Investment Income

Other

Transfers

Special Items

Total General Revenues, Transfers and Special Items

Change in Net Position

Net Position (Deficit), Beginning of Year as Restated (Note A.16.)

Net Position (Deficit), End of Year

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Discretely Presented Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (157,582)		\$ (157,582)	
(504,931)		(504,931)	
(96,904)		(96,904)	
(91,155)		(91,155)	
(83)		(83)	
(4,414)		(4,414)	
(26,448)		(26,448)	
<u>(881,517)</u>		<u>(881,517)</u>	
	\$ 72,295	72,295	
	56,640	56,640	
	(213)	(213)	
	(292)	(292)	
	7,987	7,987	
	<u>136,417</u>	<u>136,417</u>	
<u>(881,517)</u>	<u>136,417</u>	<u>(745,100)</u>	
			\$ <u>(682)</u>
			<u>(682)</u>
413,687	-	413,687	-
191,140	-	191,140	-
24,749	-	24,749	-
10,139	-	10,139	-
53,129	-	53,129	-
15,717	8,372	24,089	-
6,025	3,475	9,500	-
37,594	6,087	43,681	9
55,535	(55,535)	-	-
31,490	-	31,490	-
<u>839,205</u>	<u>(37,601)</u>	<u>801,604</u>	<u>9</u>
(42,312)	98,816	56,504	(673)
(229,433)	2,039,302	1,809,869	6,425
<u>\$ (271,745)</u>	<u>\$ 2,138,118</u>	<u>\$ 1,866,373</u>	<u>\$ 5,752</u>

CITY OF FORT WORTH, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015
(in 000's)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash, Cash Equivalents, & Investments	\$ 55,731	\$ 24,931	\$ 364,368	\$ 140,835	\$ 585,865
Cash, Cash Equivalents, & Investments Held by Trustees	25,007	-	40,000	1,927	66,934
Receivables, Net of Allowance for Uncollectibles:					
Taxes	5,639	1,566	-	-	7,205
Grants and Other Governments	23,425	-	-	24,237	47,662
Loans	-	-	-	6,816	6,816
Interest	160	326	170	205	861
Accounts and Other	15,320	18	944	7,680	23,962
Due from Other Funds	23,629	-	-	-	23,629
Inventories (at Cost)	2,470	-	-	3,310	5,780
Advances to Other Funds	2,791	-	-	-	2,791
Prepays, Deposits, and Other	166	-	601	581	1,348
Long-Term Loans Receivable	-	-	-	10,119	10,119
Total Assets	<u>\$ 154,338</u>	<u>\$ 26,841</u>	<u>\$ 406,083</u>	<u>\$ 195,710</u>	<u>\$ 782,972</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 11,308	\$ 158	\$ 19	\$ 10,247	\$ 21,732
Construction Payable	48	-	17,140	3,516	20,704
Escrow Accounts Payable	4,359	-	538	910	5,807
Accrued Payroll	9,465	-	86	1,471	11,022
Accrued Interest Payable	24	-	284	3	311
Other	658	-	-	135	793
Due to Other Funds	-	-	18,125	347	18,472
Advances from Other Funds	-	-	15,167	-	15,167
Unearned Revenue	223	-	-	31,133	31,356
Total Liabilities	<u>26,085</u>	<u>158</u>	<u>51,359</u>	<u>47,762</u>	<u>125,364</u>
Deferred Inflows of Resources	<u>3,692</u>	<u>994</u>	<u>-</u>	<u>10,557</u>	<u>15,243</u>
Fund Balances (Deficits):					
Nonspendable	5,427	-	601	3,891	9,919
Restricted	12,153	17,497	160,074	95,981	285,705
Committed	22,508	7,993	149,945	4,372	184,818
Assigned	193	199	44,104	33,932	78,428
Unassigned (Deficit)	84,280	-	-	(785)	83,495
Total Fund Balances	<u>124,561</u>	<u>25,689</u>	<u>354,724</u>	<u>137,391</u>	<u>642,365</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 154,338</u>	<u>\$ 26,841</u>	<u>\$ 406,083</u>	<u>\$ 195,710</u>	<u>\$ 782,972</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, 2015
(in 000's)

Total fund balances--governmental funds \$ 642,365

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets (including internal service fund assets of \$4,034) consist of:

Land	\$ 196,541	
Construction in progress	410,279	
Works of art	16,177	
Buildings	407,741	
Machinery and equipment	230,408	
Infrastructure	2,723,239	
Intangibles	6,660	
Accumulated depreciation/amortization	<u>(2,058,781)</u>	
Total capital assets	<u>1,932,264</u>	1,932,264

Some revenues in the governmental funds are not recognized because they are not collected within the prescribed time period after year-end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. 15,243

Internal service funds are used by management to charge the costs of certain activities, such as office services, equipment services, risk management, information systems, and capital project services, to individual funds. A portion of the net position of the internal service funds is included in governmental activities in the Statement of Net Position (amount is net of capital assets of \$4,034 and compensated absences of \$3,973). 19,014

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

Pension contributions after actuarial valuation measurement date	69,993	
Deferred charges on debt refundings	<u>16,668</u>	
Total deferred outflows of resources	<u>86,661</u>	86,661

Some long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities (including allocated internal service fund compensated absences of \$3,973) consist of:

Long-term compensated absences	(119,036)	
Other postemployment benefits obligation	(464,788)	
Net pension liability	(1,325,294)	
Accrued interest payable	(18,786)	
Long-term debt, including premium/discount	<u>(954,553)</u>	
Total long-term liabilities	<u>(2,882,457)</u>	(2,882,457)

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. (6,443)

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

Difference in expected and actual total pension liability experience	(77,459)	
Difference in projected and actual earnings on investments - pensions	<u>(933)</u>	
Total deferred inflows of resources	<u>(78,392)</u>	(78,392)

Net position (deficit) of governmental activities \$ (271,745)

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(in 000's)

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
General Property Taxes	\$ 308,037	\$ 81,673	\$ -	\$ 24,709	\$ 414,419
Sales Taxes	130,358	-	-	60,136	190,494
Other Local Taxes	4,438	-	-	30,450	34,888
Franchise Fees	53,129	-	-	-	53,129
Charges for Services	10,919	-	2,671	8,716	22,306
Licenses and Permits	12,728	-	-	22	12,750
Fines and Forfeitures	15,918	-	-	9,407	25,325
Revenue from Use of Money and Property	1,172	108	550	14,496	16,326
Investment Income	1,619	1,550	785	1,177	5,131
Intergovernmental	1,071	-	1,596	58,736	61,403
Gas Leases and Royalties	1,209	86	7,410	7,012	15,717
Other	2,062	-	14,025	14,320	30,407
Contributions	50	-	7,113	5,014	12,177
Total Revenues	<u>542,710</u>	<u>83,417</u>	<u>34,150</u>	<u>234,195</u>	<u>894,472</u>
EXPENDITURES:					
Current:					
General Government	100,387	1	1,388	75,773	177,549
Public Safety	341,817	-	422	51,476	393,715
Highways and Streets	27,025	-	1,255	12,470	40,750
Culture and Recreation	56,673	-	495	43,762	100,930
Health and Welfare	-	-	63	3,046	3,109
Urban Redevelopment and Housing	17,023	-	-	14,102	31,125
Capital Outlay	4,074	-	135,249	39,647	178,970
Debt Service:					
Principal Retirement	1,528	60,095	226	9,090	70,939
Interest and Debt Issuance Costs	522	30,243	16	340	31,121
Total Expenditures	<u>549,049</u>	<u>90,339</u>	<u>139,114</u>	<u>249,706</u>	<u>1,028,208</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,339)</u>	<u>(6,922)</u>	<u>(104,964)</u>	<u>(15,511)</u>	<u>(133,736)</u>
OTHER FINANCING SOURCES (USES):					
Issuance of Long-Term Debt	-	-	40,000	-	40,000
Premium on Issuance	-	18,668	-	-	18,668
Issuance of Refunding Bonds	-	127,162	-	-	127,162
Construction Loans	-	-	-	37,356	37,356
Payments to Refunding Bond Escrow Agent	-	(154,840)	-	-	(154,840)
Proceeds from Disposal of Property	64	-	541	1,789	2,394
Transfers In	68,724	21,815	55,019	16,513	162,071
Transfers Out	(23,930)	-	(9,917)	(68,553)	(102,400)
Total Other Financing Sources (Uses)	<u>44,858</u>	<u>12,805</u>	<u>85,643</u>	<u>(12,895)</u>	<u>130,411</u>
Net Change in Fund Balances	<u>38,519</u>	<u>5,883</u>	<u>(19,321)</u>	<u>(28,406)</u>	<u>(3,325)</u>
Fund Balances, Beginning of Year	<u>86,042</u>	<u>19,806</u>	<u>374,045</u>	<u>165,797</u>	<u>645,690</u>
Fund Balances, End of Year	<u>\$ 124,561</u>	<u>\$ 25,689</u>	<u>\$ 354,724</u>	<u>\$ 137,391</u>	<u>\$ 642,365</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, 2015
(in 000's)

Net change in fund balances - total governmental funds \$ (3,325)

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	\$ 28,106	
Special items	31,490	
Capital outlay expenditures	177,569	
Depreciation and amortization expense	(110,080)	
Net adjustment	<u>127,085</u>	127,085

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

4,776

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.

(1,814)

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

Debt issued:		
General obligation bonds	(167,162)	
Other obligations	<u>(37,356)</u>	
Total proceeds	(204,518)	
Premium on debt issued	(18,668)	
Repayments:		
To bondholders	70,939	
To escrow for refunding	<u>154,840</u>	
Total repayments	225,779	
Amortization of premiums and discounts	<u>7,143</u>	
Net adjustment	<u>9,736</u>	9,736

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

Increase in accrued interest on general obligation bonds & certificates of obligation	(1,603)	
Increase in net pension liability	(55,543)	
Increase in other postemployment benefits obligation	(31,793)	
Increase in compensated absences liability	<u>(3,887)</u>	
Net adjustment	<u>(92,826)</u>	(92,826)

(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, 2015
(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, and the investment experience.

Deferred outflows of resources	2,489	
Deferred inflows of resources	<u>(78,392)</u>	
Net adjustment	<u>(75,903)</u>	(75,903)

Internal service funds are used by management to charge the costs of certain activities, such as office services, equipment services, risk management, information systems, and capital project services, to individual funds. A portion of the net revenue (expense) of the internal service funds is reported with governmental activities. (8,675)

Governmental funds report capital assets and long-term liabilities on the Statement of Net Position. This amount represents the transfer of capital assets and long-term liabilities from a nonmajor enterprise fund to the respective governmental funds. (497)

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. (869)

Change in net position of governmental activities	<u>\$</u>	<u>(42,312)</u>
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CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015
(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	\$ 68,451	\$ 21,885	\$ 27,575	\$ 117,911	\$ 62,569
Interest Receivable	123	20	37	180	85
Accounts and Other Receivables, Net of Allowance for Uncollectibles	64,430	3,267	8,948	76,645	32
Inventories (at Cost)	3,539	-	-	3,539	664
Prepays, Deposits, and Other	54	-	-	54	105
Restricted Assets:					
Cash & Cash Equivalents	34,946	3,206	25,755	63,907	-
Total Current Assets	<u>171,543</u>	<u>28,378</u>	<u>62,315</u>	<u>262,236</u>	<u>63,455</u>
Noncurrent Assets:					
Restricted Assets:					
Cash & Cash Equivalents	153,438	47,448	16,768	217,654	9
Cash, Cash Equivalents, & Investments Held by Trustees	102,116	-	30,930	133,046	870
Grants and Other Receivables	-	-	4,554	4,554	-
Interest Receivable	221	76	311	608	-
Total Restricted Assets	<u>255,775</u>	<u>47,524</u>	<u>52,563</u>	<u>355,862</u>	<u>879</u>
Advances to Other Funds	-	-	15,929	15,929	-
Prepaid Insurance	392	-	-	392	-
Capital Assets (at Cost):					
Land	25,440	12,457	70,435	108,332	1,123
Buildings	62,504	8,472	64,193	135,169	5,250
Improvements Other Than Buildings	2,704,305	79,608	252,331	3,036,244	1,039
Machinery and Equipment	348,095	11,310	9,488	368,893	17,547
Construction in Progress	309,936	46,513	91,951	448,400	-
Accumulated Depreciation	(1,011,399)	(20,773)	(178,693)	(1,210,865)	(20,925)
Net Capital Assets	<u>2,438,881</u>	<u>137,587</u>	<u>309,705</u>	<u>2,886,173</u>	<u>4,034</u>
Total Noncurrent Assets	<u>2,695,048</u>	<u>185,111</u>	<u>378,197</u>	<u>3,258,356</u>	<u>4,913</u>
Total Assets	<u>2,866,591</u>	<u>213,489</u>	<u>440,512</u>	<u>3,520,592</u>	<u>68,368</u>
Deferred Outflows of Resources					
	<u>18,031</u>	<u>1,038</u>	<u>1,083</u>	<u>20,152</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,884,622</u>	<u>\$ 214,527</u>	<u>\$ 441,595</u>	<u>\$ 3,540,744</u>	<u>\$ 68,368</u>

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015
(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	\$ 4,225	\$ 517	\$ 4,323	\$ 9,065	\$ 2,646
Escrow Accounts Payable	2,801	-	-	2,801	-
Accrued Payroll	1,437	177	187	1,801	631
Due to Other Funds	5,157	-	-	5,157	-
Unearned Revenue	-	-	238	238	-
Current Portion of Long-Term Liabilities	67,326	4,652	2,649	74,627	20,519
Payables from Restricted Assets:					
Construction Payable	15,139	2,098	4,499	21,736	-
Customer Deposits	14,591	-	872	15,463	-
Accrued Interest Payable	3,640	1,108	211	4,959	7
Unearned Revenue	1,576	-	20,173	21,749	-
Total Current Liabilities	<u>115,892</u>	<u>8,552</u>	<u>33,152</u>	<u>157,596</u>	<u>23,803</u>
Long-Term Liabilities:					
Advances from Other Funds	-	762	-	762	2,791
Long-Term Liabilities Due in More Than One Year	1,000,580	151,431	78,313	1,230,324	21,229
Total Long-Term Liabilities	<u>1,000,580</u>	<u>152,193</u>	<u>78,313</u>	<u>1,231,086</u>	<u>24,020</u>
Total Liabilities	<u>1,116,472</u>	<u>160,745</u>	<u>111,465</u>	<u>1,388,682</u>	<u>47,823</u>
Deferred Inflows of Resources	<u>9,529</u>	<u>1,123</u>	<u>4,762</u>	<u>15,414</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	1,687,614	46,231	256,878	1,990,723	4,034
Restricted for:					
Debt Service	1,904	1,105	843	3,852	-
Capital Projects	26,070	-	-	26,070	-
Unrestricted	43,033	5,323	67,647	116,003	16,511
Total Net Position	<u>\$ 1,758,621</u>	<u>\$ 52,659</u>	<u>\$ 325,368</u>	<u>\$ 2,136,648</u>	<u>\$ 20,545</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>\$ 2,138,118</u>	

See accompanying notes to the basic financial statements.

(concluded)

CITY OF FORT WORTH, TEXAS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(in 000's)

	Business-Type Activities-- Enterprise Funds				Governmental Activities
	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES					
Charges for Services	\$ 389,188	\$ 36,185	\$ 65,120	\$ 490,493	\$ 140,058
Other	17	51	6,019	6,087	9,448
Total Operating Revenues	<u>389,205</u>	<u>36,236</u>	<u>71,139</u>	<u>496,580</u>	<u>149,506</u>
OPERATING EXPENSES					
Personnel Services	84,074	9,587	10,754	104,415	30,455
Supplies and Materials	21,412	1,075	925	23,412	11,259
Contractual Services	147,628	10,044	49,134	206,806	112,860
Landfill Closure and Postclosure Cost	-	-	259	259	-
Depreciation	67,311	4,702	10,420	82,433	879
Total Operating Expenses	<u>320,425</u>	<u>25,408</u>	<u>71,492</u>	<u>417,325</u>	<u>155,453</u>
Operating Income (Loss)	<u>68,780</u>	<u>10,828</u>	<u>(353)</u>	<u>79,255</u>	<u>(5,947)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment Income	2,020	563	892	3,475	894
Gain (Loss) on Sale of Property and Equipment	(2,856)	7	(222)	(3,071)	17
Interest and Service Charges	(16,832)	(2,797)	(2,668)	(22,297)	-
Gas Leases and Royalties	3,135	-	5,237	8,372	-
Total Nonoperating Revenues (Expenses)	<u>(14,533)</u>	<u>(2,227)</u>	<u>3,239</u>	<u>(13,521)</u>	<u>911</u>
Income (Loss) Before Transfers and Contributions	<u>54,247</u>	<u>8,601</u>	<u>2,886</u>	<u>65,734</u>	<u>(5,036)</u>
Transfers In	2,791	43	550	3,384	284
Transfers Out	(28,187)	(13,697)	(17,035)	(58,919)	(3,923)
Capital Contributions	13,783	-	65,397	79,180	-
Capital Contributions - Impact Fees	9,437	-	-	9,437	-
Changes in Net Position	52,071	(5,053)	51,798	98,816	(8,675)
Total Net Position, Beginning of Year, as Restated (Note A.16.)	<u>1,706,550</u>	<u>57,712</u>	<u>273,570</u>	<u>2,037,832</u>	<u>29,220</u>
Total Net Position, End of Year	<u>\$ 1,758,621</u>	<u>\$ 52,659</u>	<u>\$ 325,368</u>	<u>\$ 2,136,648</u>	<u>\$ 20,545</u>
Adjustment to Reflect the Consolidation of Internal Service Funds Activities Related to Enterprise Funds				-	
Change in Net Position of Business-Type Activities				<u>\$ 98,816</u>	

See accompanying notes to the basic financial statements.



CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(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	\$ 374,935	\$ 36,248	\$ 63,985	\$ 475,168	\$ -
Receipts from Other Funds	-	-	-	-	140,089
Receipts from Other Operating Sources	17	51	6,018	6,086	9,448
Payments to Employees	(67,707)	(7,679)	(11,741)	(87,127)	(31,713)
Payments to Vendors	(165,434)	(11,473)	(53,189)	(230,096)	(35,031)
Payments for Benefits	-	-	-	-	(91,394)
Net Cash Provided by (Used for) Operating Activities	<u>141,811</u>	<u>17,147</u>	<u>5,073</u>	<u>164,031</u>	<u>(8,601)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	2,791	43	550	3,384	284
Receipts from (Repayments to) Other Funds	5,157	-	(134)	5,023	-
Advances from Other Funds	-	(730)	-	(730)	(314)
Transfers Out to Other Funds	(28,187)	(13,697)	(17,034)	(58,918)	(3,923)
Advances to Other Funds	-	-	2,077	2,077	-
Net Cash Used for Noncapital Financing Activities	<u>(20,239)</u>	<u>(14,384)</u>	<u>(14,541)</u>	<u>(49,164)</u>	<u>(3,953)</u>
Cash Flows from Capital and Related Financing Activities:					
Bond Principal Received	86,305	-	4,463	90,768	-
Refunding Principal Received	80,235	-	-	80,235	-
Bond Premium Received	18,289	-	-	18,289	-
Proceeds from Sale of Machinery and Equipment	67	2	4,567	4,636	69
Contributions	13,877	-	5,875	19,752	-
Contributions - Impact Fees	9,437	-	-	9,437	-
Acquisition and Construction of Property, Plant and Equipment	(118,876)	(11,224)	(72,683)	(202,783)	(32)
Principal Paid on Long-Term Debt	(86,716)	(3,960)	(8,410)	(99,086)	-
Principal Paid to Escrow Agent	(94,372)	-	-	(94,372)	-
Interest Paid on Long-Term Obligations	(27,158)	(5,380)	(2,739)	(35,277)	-
Bond Issuance Cost Paid	(4,963)	(5)	(12)	(4,980)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(123,875)</u>	<u>(20,567)</u>	<u>(68,939)</u>	<u>(213,381)</u>	<u>37</u>
Cash Flows from Investing Activities:					
Receipts from Gas Leases and Royalties	3,135	-	5,237	8,372	-
Purchases of Investments	(1,584)	-	(8,752)	(10,336)	-
Sales of Investments	585	-	2,564	3,149	-
Investment Income Received	7,081	658	5,380	13,119	987
Net Cash Provided by Investing Activities	<u>9,217</u>	<u>658</u>	<u>4,429</u>	<u>14,304</u>	<u>987</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,914	(17,146)	(73,978)	(84,210)	(11,530)
Cash and Cash Equivalents, Beginning of Year	346,936	89,685	149,966	586,587	74,978
Cash and Cash Equivalents, End of Year	<u>\$ 353,850</u>	<u>\$ 72,539</u>	<u>\$ 75,988</u>	<u>\$ 502,377</u>	<u>\$ 63,448</u>

(continued)

CITY OF FORT WORTH, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(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)	\$ 68,780	\$ 10,828	\$ (353)	\$ 79,255	\$ (5,947)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	67,311	4,702	10,420	82,433	879
Changes in Current Assets and Liabilities:					
Accounts and Other Receivables	(14,479)	64	(644)	(15,059)	130
Inventories	(59)	-	103	44	205
Prepays, Deposits, and Other Assets	(54)	-	5	(49)	(105)
Accounts Payable	(369)	(354)	(3,493)	(4,216)	(2,506)
Escrow Accounts Payable	(343)	-	-	(343)	-
Accrued Payroll	16,367	1,907	(1,210)	17,064	(1,257)
Customer Deposits	623	-	(14)	609	-
Landfill Closure Costs	-	-	259	259	-
Pollution Remediation Costs	4,034	-	-	4,034	-
Total Adjustments	73,031	6,319	5,426	84,776	(2,654)
Net Cash Provided by (Used for) Operating Activities	\$ 141,811	\$ 17,147	\$ 5,073	\$ 164,031	\$ (8,601)
The Cash and Cash Equivalents are reported in the Statement of Net Position as follows:					
Current - Cash, Cash Equivalents & Investments	\$ 68,451	\$ 21,885	\$ 27,575	\$ 117,911	\$ 62,569
Current Restricted Cash & Cash Equivalents	34,946	3,206	25,755	63,907	-
Noncurrent Restricted - Cash & Cash Equivalents	153,438	47,448	16,768	217,654	9
Noncurrent Restricted - Cash, Cash Equivalents, & Investments Held by Trustees	102,116	-	30,930	133,046	870
Less: Gas Well Investments Held by Trustees	(5,101)	-	(25,040)	(30,141)	-
Total Cash and Cash Equivalents	\$ 353,850	\$ 72,539	\$ 75,988	\$ 502,377	\$ 63,448
Noncash Investing, Capital, and Financing Activities:					
Capitalized Interest	\$ 11,104	\$ 2,448	\$ -	\$ 13,552	\$ -
Amortization of Bond Premium	6,318	187	64	6,569	-
Capital Asset Contributions from Developers	185	-	-	185	-
Amortization of Bond Defeasement Loss	(2,151)	-	-	(2,151)	-

(concluded)

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2015
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 2,010
Cash & Investments Held by Trustees:	
Asset and Mortgage Backed Obligations	63,430
Corporate Obligations	112,931
Government Agency Obligations	85,433
International Obligations	51,788
Securities Lending Collateral	181,508
U.S. Treasuries	50,164
Short-Term Mutual Fund Investments	128,749
Corporate Stock	646,814
Alternative Investments	604,671
Commingled Funds	359,497
Total Cash & Investments Held by Trustees	2,284,985
Prepays	21
Other Receivables	7,968
Due from Broker Securities Sold	197,424
Total Current Assets	2,492,408
Capital Assets (at Cost):	
Land	405
Buildings	3,455
Machinery and Equipment	333
Accumulated Depreciation	(879)
Net Capital Assets	3,314
Total Assets	2,495,722
LIABILITIES	
Current Liabilities:	
Accrued Payable	236
Obligations Under Securities Lending	181,509
Due to Broker Securities Purchased	241,580
Total Current Liabilities	423,325
NET POSITION	
Net Position Held in Trust for:	
Benefit Pension Plans	2,006,358
Postemployment Healthcare Plan	66,039
Total Net Position	\$ 2,072,397

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, 2015
(in 000's)

	Pension and Other Employee Benefits Trust Funds
ADDITIONS	
Interest and Dividend Income	\$ 26,368
Less: Investment Management Fees and Interest Expense	(8,356)
Net Gain (Loss) in Fair Value of Investments	(53,095)
Other Income	14,297
Employer Contributions	113,139
Employee/Retiree Contributions	39,544
Total Additions	<u>131,897</u>
DEDUCTIONS	
Benefit Payments	182,839
Refunds	4,022
Administrative Expenses	12,611
Total Deductions	<u>199,472</u>
CHANGE IN NET POSITION	
Benefit Pension Plans	(77,989)
Postemployment Healthcare Plans	10,414
Total Change in Net Position	<u>(67,575)</u>
NET POSITION - BEGINNING OF YEAR	
Benefit Pension Plans	2,084,347
Postemployment Healthcare Plans	55,625
Total Beginning Net Position	<u>2,139,972</u>
NET POSITION - END OF YEAR	
Benefit Pension Plans	2,006,358
Postemployment Healthcare Plans	66,039
Total Ending Net Position	<u>\$ 2,072,397</u>

See accompanying notes to the basic financial statements.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Note A: Summary of Significant Accounting Policies

Note B: Cash, Cash Equivalents, & Investments

Note C: Receivables and Interfund Balances

Note D: Fund Equity

Note E: Restricted Assets

Note F: Capital Assets

Note G: Debt Obligations

Note H: Landfill Closure and Postclosure Care Costs

Note I: D/FW International Airport

Note J: Employees' Retirement Plan of the City of Fort Worth, Texas

Note K: Employee Benefits

Note L: Commitments and Contingencies

Note M: Segment Financial Information

Note N: Subsequent Events

Note O: New Accounting Standards

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(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, 2015, conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. A summary of the City's significant accounting policies applied in the preparation of the accompanying financial statements follows.

A.1. FINANCIAL REPORTING ENTITY

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

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

Blended Component Units

Blended component units, although legally separate entities, are reported as part of the primary government because they meet the criteria above, and are so intertwined with the City that they are, in substance, the same as the City. In Fiscal Year 2015 (FY2015), 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. The CCPD is funded from sales tax which serves a role in providing the necessary resources to effectively implement crime control strategies. Although it is legally separate from the City, the members of the Board of the CCPD and members of the City Council are substantially the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore, the CCPD has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Fort Worth Housing Finance Corporation—The Fort Worth Housing Finance Corporation (FWHFC) was created pursuant to the Texas Housing Finance Corporations Act. The FWHFC was organized for the purpose of financing the cost of residential ownership and development of single-family dwellings for persons of low and moderate income. Although it is legally separate from the City, the members of the Board of the FWHFC and members of the City Council are substantially the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore, the FWHFC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund. Separate financial statements can be obtained by contacting the Fort Worth Housing Finance Corporation at 1000 Throckmorton Street, Fort Worth, Texas 76102. FWHFC is the sole member of the following Limited Liability Corporations (LLC): Decatur Angle GP, LLC, Enclave Westport GP, LLC, Race Streets Lofts GP, LLC, Reserve at Quebec GP, LLC and Terrell Homes GP, LLC. These LLC's are limited partners with a 0.005% to 0.01% respective interest in the following Limited Liability Partnerships: Decatur Angle Ltd., Enclave Westport LP., Race Streets Lofts Ltd., Reserve at Quebec LLC., and Terrell Homes Ltd. Included in the FWHFC is its discretely presented component unit: Terrell Homes, Ltd., which is discussed under the discretely presented component unit section.

Fort Worth Local Development Corporation—The Fort Worth Local Development Corporation (FWLDC) is a 501 (c) (3) organization and a Texas nonprofit corporation formed in 1987 by the City Council. The original purpose of the FWLDC was to administer a low-interest rate program for business development in and around the Stockyards area in accordance with the Economic Development Administration Block Grant Program. However, the articles of incorporation are broad enough to allow involvement in almost any kind of city-wide economic development activities. Although it is a legally separate entity from the City, the members of the Board of the FWLDC and members of the City Council are substantively 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 Fort Worth Local Development Corporation at P.O Box 17286, Fort Worth, Texas 76102.

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

Alliance Airport Authority, Inc.—The Alliance Airport Authority, Inc. (the Authority) was created in 1989. It is an industrial development corporation created to benefit the City and to, among other things, issue bonds, promote and develop new and expanded business enterprises in the City, promote and encourage employment, and otherwise to benefit the public in accordance with the Development Corporation Act of 1979. Although it is a legally separate entity from the City, the members of the Board of the Authority and members of the City Council are substantively 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 Alliance Airport Authority, Inc. at P.O Box 17286, Fort Worth, Texas 76102.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Service Center Relocation, Inc.—The Service Center Relocation, Inc. (Service Center) was established under the provision of Chapter 431, Texas Transportation Code, and the general laws of the State of Texas, to aid, assist, and act on behalf of the City in the performance of the City's governmental functions and to provide a means of financing certain project costs in connection with the undertaking of certain public improvements within specified geographical areas of the City in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, economic development and public facility development in the City. Although it is legally separate from the City, the members of the Board of the Service Center and the members of the City Council are substantively the same. Service Center reported no activity in FY2015, therefore, the financial information for the Service Center has been excluded from the Nonmajor Special Revenue Fund in the City's basic financial statements.

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 Fort Worth Sports Authority, Inc. at P.O Box 17286, Fort Worth, Texas 76102.

Lone Star Local Government Corporation—The Lone Star Local Government Corporation (LSLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code, and Chapter 394 of the Texas Local Government Code. The LSLGC is organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing of projects on behalf of the City. Although it is legally separate from the City, the members of the Board of the LSLGC and the members of the City Council are substantively 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 Lone Star Local Government Corporation at P.O Box 17286, Fort Worth, Texas 76102.

Fort Worth Central City Local Government Corporation—The Fort Worth Central City Local Government Corporation (FWCCLGC) was created pursuant to the provisions of Subchapter D, Chapter 431 of the Texas Transportation Code. The FWCCLGC is organized for the purpose of aiding, assisting and acting on behalf of the City in the implementation of project plans for the Magnolia Green Development, including the construction of a parking garage to support the development of the area. Although it is legally separate from the City, the members of the Board of the FWCCLGC and the members of the City Council are substantively the same. The City has financial accountability and a financial benefit/burden relationship exists, allowing the City to impose its will. Therefore, the FWCCLGC has been blended in the City's basic financial statements as a Nonmajor Special Revenue Fund (reported with the Other Blended Component Units). Separate financial statements can be obtained by contacting Fort Worth Central City Local Government Corporation at P.O Box 17286, Fort Worth, Texas 76102.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Discretely Presented Component Unit

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

Terrell Homes, Ltd.— Terrell Homes, Ltd. (the Partnership) is a Texas limited partnership formed on December 9, 2011, to construct, develop and operate 54 single-family homes, known as the Terrell Homes I Apartments located on scattered sites in Fort Worth (project). The project is rented to low-income tenants and is operated in a manner necessary to qualify for federal low-income housing tax credits as provided for in Internal Revenue Code Section 42. The fiscal year ended December 31, 2014 financial information of the Partnership, which is presented in a separate column in the government-wide financial statements, can be obtained by contacting the Fort Worth Housing Finance Corporation at 1000 Throckmorton Street, Fort Worth, Texas 76102.

Pension and Retiree Healthcare Trust Funds

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

Retiree Healthcare Trust Fund of the City of Fort Worth—The single-employer defined benefit retirement health care trust was established under legal authority of the City Charter and is administered by the City. No separate audited financial statements are available for this fiduciary fund of the City.

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 (see next page).

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.1. FINANCIAL REPORTING ENTITY (CONTINUED)

Dallas/Fort Worth International Airport—Dallas/Fort Worth International Airport (D/FW Airport) was created by the contract and agreement between the City of Fort Worth and the City of Dallas for the purpose of developing and operating an airport as joint venture between the two Cities. D/FW Airport is governed by a 12-member board comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth , and on an annual basis, one non-voting member chosen from the neighboring cities of Irving, Grapevine, Euless, and Coppell. The audited financial statements for the D/FW Airport can be obtained by contacting: the Office of the Executive Vice President and Chief Financial Officer, 3200 East Airfield Drive, P.O. Box 619428, D/FW Airport, Texas 75261. Refer to further information in Note I.

Fort Worth Housing Authority—The Fort Worth Housing Authority (Housing Authority) is an independent organization, which has a scope of public service within the geographic boundaries of the City. Under Texas State Statutes, the responsibility for the administration and operations of the Housing Authority is vested solely with the Housing Authority's Board of Commissioners. The Housing Authority is dependent on Federal funds from the Department of Housing and Urban Development (HUD) and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control. The audited financial statement for the Housing Authority can be obtained by contacting: The Vice President and Chief Financial Officer, 1201 E. 13th Street, Fort Worth, Texas 76102.

Fort Worth Transportation Authority—The Fort Worth Transportation Authority (Transportation Authority) is an independent organization that provides public transportation services for Tarrant County and the North Central Texas region. Under Texas State Statutes, the responsibility for the administration and operations of the Transportation Authority is vested solely with the Transportation Authority's Board of Directors which is composed of nine-members appointed by the Fort Worth City Council and Tarrant County Commissioners Court. The Transportation Authority is dependent on State and Federal funds and user fees. As a result the City is not responsible for any deficits incurred and has no fiscal management control. The audited financial statement for the Transportation Authority can be obtained by contacting: the Chief Financial Officer, 1600 East Lancaster Avenue, Fort Worth, Texas 76102.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION

Government-Wide Statements

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

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

The government-wide financial statements also present the calendar year (December 31, 2014) financial information of the City's Discretely Presented Component Unit: Terrell Homes, Ltd.

Fund Financial Statements

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

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

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

Governmental Funds

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

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

During FY2015, The Fort Worth Fund (FW Fund), was transferred from a Nonmajor Governmental Fund into the General Fund. The FW Fund was established as a Nonmajor Governmental Fund at its inception in FY2008 for the purpose of aggregating specific gas well revenues that belong to the Water and Sewer Fund, Municipal Airport Fund, and the General Fund (Parks and Community Services land and any other City of Fort Worth owned land) so that gas well related revenue would remain intact and only investment generated revenue would be spent for specific purposes (as documented in the City's Comprehensive Annual Financial report in 2008).

The City reviewed the activities of the FW Fund and noted that there were no assigned or specific expenditures for the majority of the revenue. The City concluded that the FW Fund will be more appropriately reported and accounted for if it is included as part of the General Fund. The activities of the FW Fund were subsequently transferred into the General Fund during the fiscal year (See Note C.4.). This fund was previously separated for budgetary purposes from the budgeted General Fund.

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

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 non major governmental fund.

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

During FY2015, the City reviewed its expenditures by function for Governmental Funds and noted that expenditures will be more accurately reported if presented differently. In previous years, expenditures were reported based on the department(s) as the function that incurred the expenditures. The City now reports expenditures based on a more detailed function of each department, moving some expenditures into more appropriate reporting categories.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(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.

Enterprise Funds

The City reports the following major enterprise funds:

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

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

In addition to the enterprise funds mentioned above, the City reports the following non major enterprise fund.

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. During the year, the City transferred operations of the Municipal Golf Fund from the Enterprise Fund to the Governmental Fund classification.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(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 eight internal service funds, which include: Equipment Services, Information Systems, Capital Projects Services, Risk Management, Workers' Compensation Insurance, Group Health and Life Insurance, and Unemployment Compensation. During the year, the City decided to outsource the operations of the Office Services Fund and a transfer from the General Fund was made to cover the deficit (See Note C.4.).

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.

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.2. BASIS OF PRESENTATION (CONTINUED)

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 expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

A.3. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This focus is on the determination of and changes in financial position. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Revenues from taxes are generally considered available if received within 60 days after the fiscal year-end. Revenue from categorical and other grants are recognized when applicable eligibility requirements, including time requirements, are met and are generally considered available if received within 60 days after the fiscal year-end. Program revenues such as fines, licenses and permits, gas leases and royalties and other charges for services are generally considered to be measurable and available when the cash is received. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt and certain estimated liabilities which are recorded only when the obligation has matured and is due and payable shortly after year-end as required by GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements—an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statements No. 10, 16, and 18.*

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.4. PROPERTY TAXES

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

Property taxes levied for 2015 have been recorded as receivables, net of allowance for refunds and uncollectible amount. The net receivables collected during 2015 and those considered "available" at September 30, 2015, (i.e., property taxes collected within 60 days of year-end) have been recognized as revenues in 2015. The remaining receivables have been reflected as deferred inflows of resources. In the government-wide financial statements, tax revenue is recognized in the year in which the taxes are levied.

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

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 Benefit Trust Funds) for the purpose of increasing income through investment activities. Investments are carried at fair value based on quoted market prices in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. 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.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(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. Quoted market prices are used to value investments. Investments that do not have quoted market prices are priced from information received from the external manager. This information includes audited financial statements, quarterly valuation statements, adjustments for cash receipts, cash disbursements and securities distributions through September 30, 2015. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

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

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

Due to/from Broker—The balance due to broker securities purchased and due from broker securities sold in 2015 represents trades pending settlement and amounts due to foreign currency contracts.

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

Gains and losses resulting from foreign exchange contracts (transactions denominated in a currency other than the City Plan's functional currency—U.S. dollars) are recorded by the Plan based on changes in market values and are combined with similar transactions in the accompanying statements of changes in plan fiduciary net position and are included in net investment 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, 2015 were converted to the City Plan's functional currency at the foreign exchange rates quoted at September 30, 2015. These foreign exchange gains and losses are included in net appreciation (depreciation) in fair value of investments in the accompanying statements 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. Quoted market prices are used to value investments.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(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 market value as of the date of acquisition or donation for contributed assets. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period for proprietary capital assets.

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

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

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

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

The City capitalized certain computer software, considered an intangible asset, under the asset class equipment. During FY2015, the City capitalized an intangible asset related to implementation of an Enterprise Resource Planning system placed in service on the first day of FY2016. The City follows the same capitalization policy and estimated useful life for its intangible asset as it does for its equipment capital assets. The City also amortizes the intangible asset over a period of 10 years utilizing the straight-line method.

During FY2015, the City also capitalized certain works of art in the government-wide financial statements. These assets are recorded at either their historical cost or fair value at date of donation. The City views all works of art as inexhaustible, and, therefore, they are not depreciation or amortization.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.8. INTERFUND TRANSACTIONS

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

A.9. COMPENSATED ABSENCES

City employees earn personal leave, which may either be taken or accumulated until paid upon termination or retirement. Unused sick leave, accrued holidays, and compensated time may be accumulated to a specific maximum amount and is paid upon termination, retirement or death for Civil Service employees. All other employees are paid up to an established limit for personal leave upon retirement or death. Accumulated vacation and sick leave is accrued when incurred in the government-wide Statement of Net Position and the proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund statements, only if they have matured as a result of employee resignation or retirements in accordance with GASB Interpretation No. 6. For accrued amounts that are paid through proprietary funds, an expense and liability for the total future liability is recorded.

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

A.10. RISK MANAGEMENT

A.10.A. RISK MANAGEMENT

The Risk Financing Internal Services Funds accounts for the administration of risk management activities and programs in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. These 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 Services Fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. Since the City is primarily self-insured, settlement amounts have not exceeded coverage in any of the prior three fiscal years. An accrual for unpaid claims and claims incurred but not reported is reflected in the internal service funds and government-wide financial statements as estimated claims payable. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The provision for claims incurred but not reported which are probable and reasonably estimable is based on City experience since the inception of the insurance programs. In accordance with GASB Statement No. 10, the estimated claims payables are based on the estimated ultimate cost of settling the claims. The total estimated claims payable includes estimates of allocated loss adjustment expenses. A discount rate of 3% has been applied to some estimated claims payable. The undiscounted total estimated claims payable is \$41,484,558.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK MANAGEMENT (CONTINUED)

A.10.A. RISK MANAGEMENT (CONTINUED)

The total estimated claims payable for the Risk Management Fund, Workers' Compensation Insurance Fund, and the Group Health and Life Insurance Fund at September 30, 2015, is \$37,775,188, of which \$21,717,599 represents workers' compensation case reserve losses, and is reported as long-term liabilities in the Internal Service Funds statements.

	Balance at October 1, 2013	Additions	Deletions	Balance at September 30, 2014	Additions	Deletions	Balance at September 30, 2015
Judgments and Claims	\$ 39,707	\$ 96,583	\$ (97,397)	\$ 38,893	\$ 75,933	\$ (77,051)	\$ 37,775

Provisions under each type of insurance are presented below:

A.10.B. LIABILITY INSURANCE

The City largely self-funds the risk for most liability claims, lawsuits, and related expenses. However, there are separate commercial liability insurance policies for each of the following: aircraft and airport liability, liquor liability, pollution legal liability, 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 fire fighters and \$1,500,000 for any single occurrence for all other employees. Coverage limits for workers' compensation are the statutory limits required by the Texas Workers' Compensation Act. See Note N regarding workers' compensation settlement subsequent to year end.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.10. RISK MANAGEMENT (CONTINUED)

A.10.E. GROUP HEALTH AND LIFE INSURANCE

The City maintains a group health insurance plan for active and retired employees and their eligible dependents through a self-insured Preferred Provider Organization (PPO) plan which consists of two plan options, one being a high deductible health plan (HDHP) with a Health Savings Account (HSA) – contributions to the fund are provided by both the City and participating employees and retirees; and one fully insured MAPD- a Medicare Advantage Preferred Provider Organization (PPO) 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 (AD&D) 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 the City concerning claims paid on behalf of the City to eligible former employees. A third party administrator reviews the claims and files reports to TWC accordingly. There were no significant changes in coverage levels for unemployment compensation.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.11. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position presents a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in the government-wide and proprietary fund Statements of Net Position relate to debt refunding and the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No.27* in FY2015.

The City reports \$16,668,334 as deferred outflow of resources for unamortized loss on debt refunding in the governmental activities and \$9,472,401 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. As a result of the implementation of GASB Statement No. 68, the City also reports deferred outflows of resources of \$69,992,488 in its governmental activities and \$10,679,004 in the business-type activities in the Statement of Net Position. These amounts relates to the pension contributions made after the measurement date.

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 inflow of resources in the governmental funds results from the City's unavailable revenue which are receivables for revenue that are not considered available to liquidate liabilities in the current period. The City reports deferred inflows of resources in its business-type activities in the Statement of Net Position. These amounts represent the service concession arrangement (SCA) for the Southeast Landfill and differences between expected and actual experience/earnings relating to the implementation of GASB Statement No. 68. The City's SCA is briefly described below:

In 2003, the City entered into an agreement with Allied Waste Systems (D/B/A Trinity Waste Services) to operate the City's Southeast Landfill. As part of this agreement, Allied Waste Systems is compensated by third party users of the landfill. The City owns the land for the landfill and retains ownership (residual interest) in the land at the end of the 20 year agreement. In 2003, Allied Waste Systems made an initial payment of \$9,600,000 to the City. This upfront payment is being amortized over the 20 year contract term. As of September 30, 2015, the City recognized a Deferred Inflow of Resources in the amount of \$3,606,742 in the Solid Waste Fund.

The City recorded total deferred inflows of resources of \$90,199,000 as of September 30, 2015 in relation to the implementation of GASB Statement No. 68. The difference between expected and actual total pension liability experience is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period which is six years. The City recorded \$89,126,000 of deferred inflows of resources related to the difference between expected and actual total pension liability experience, of which \$77,459,000 and \$11,667,000 are reported under governmental activities and business-type activities, respectively. The difference between projected and actual earnings on investments is recognized over a closed five-year period. The City recorded \$1,073,000 of deferred inflows of resources related to the difference between projected and actual earnings on investments, of which \$933,000 and \$140,000 are reported under governmental activities and business-type activities, respectively.

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.12. FUND BALANCE/NET POSITION

Net position is presented on the Statements 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.
- The nonspendable fund balance of \$9,919,000 is classified as such because it cannot be spent because of its form.

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

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

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

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

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

- Intended use is established by the body designated for that purpose (City Council).
- Intended use is established by official designated for that purpose. For the City, the City Manager is the designated official.

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

- Total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance.
- 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, 2015
(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 General 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 Funds

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

Special Revenue Funds

The City will maintain the following minimum Assigned Fund Balance:

- A minimum Fund Balance in Special Revenue Funds equivalent to two months (16.67%) of regular, 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 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, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Enterprise Funds

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

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

Internal Service Funds—Insurance Funds (Insurance Funds)

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

- A minimum level of Working Capital in Insurance Funds between two (16.67%) and three (25%) months of regular, on-going Operating Expenses (including transfers out). This calculation shall not include Non-Recurring Items.
- In addition, no Insurance Fund shall have a negative Unrestricted Net Position

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

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

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

When Reserves are not met:

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Excess of Reserves:

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

General Fund, Special Revenue Funds and Enterprise Funds

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

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

Capital Project Fund

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

Internal Service Fund— Insurance and Non Insurance Funds

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund Balance Categories and Classification					
Fund Balance	General Fund	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Fund Balance
Nonspendable					
Inventory	\$ 2,791	\$ -	\$ -	\$ 3,310	\$ 6,101
Advances	2,470	-	-	-	2,470
Prepays	166	-	601	581	1,348
Total Nonspendable	<u>5,427</u>	<u>-</u>	<u>601</u>	<u>3,891</u>	<u>9,919</u>
Restricted					
Park Improvements	10,553	-	31,928	-	42,481
Debt Service	-	17,497	-	-	17,497
2014 Bond Program	-	-	19,883	-	19,883
Street and Bridge Improvement Projects	-	-	34,159	-	34,159
Crime Control and Prevention	-	-	-	31,397	31,397
Environmental Management	-	-	-	5,697	5,697
City Television	-	-	-	6,518	6,518
Culture and Tourism	-	-	-	9,338	9,338
Red Light Enforcement Program	-	-	-	3,088	3,088
Economic Development	-	-	-	25,984	25,984
Other*	1,600	-	74,104	13,959	89,663
Total Restricted	<u>12,153</u>	<u>17,497</u>	<u>160,074</u>	<u>95,981</u>	<u>285,705</u>
Committed					
Debt Service	-	7,993	-	-	7,993
Vehicle and Equipment Replacement	-	-	11,388	-	11,388
Street Rehabilitation and Improvements	-	-	15,203	-	15,203
Public Events and Facilities	14,813	-	-	-	14,813
Other*	7,695	-	123,354	4,372	135,421
Total Committed	<u>22,508</u>	<u>7,993</u>	<u>149,945</u>	<u>4,372</u>	<u>184,818</u>
Assigned					
Park Improvements	-	-	8,688	-	8,688
Streets Improvements	-	-	30,036	-	30,036
HUD 108 Loans	-	-	-	2,045	2,045
Economic Development	-	-	-	2,430	2,430
Housing and Urban Development	-	-	-	9,362	9,362
Other	193	199	5,380	20,095	25,867
Total Assigned	<u>193</u>	<u>199</u>	<u>44,104</u>	<u>33,932</u>	<u>78,428</u>
Unassigned (Deficit)	<u>84,280</u>	<u>-</u>	<u>-</u>	<u>(785)</u>	<u>83,495</u>
Total Fund Balance	<u>\$ 124,561</u>	<u>\$ 25,689</u>	<u>\$ 354,724</u>	<u>\$ 137,391</u>	<u>\$ 642,365</u>

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

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City sets aside funds restricted for retiree health benefits as identified in the Collective Bargaining Agreement between the City and the Fort Worth Professional Firefighters Association. These funds are restricted but are not yet deposited into a formal trust. The amount set aside as of September 30, 2015 was \$1,600,000 and is presented as restricted for general administration purposes.

A.13. LONG-TERM OBLIGATIONS

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

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

A.14. USE OF ESTIMATES

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

A.15. IMPLEMENTATION OF NEW GASB STATEMENTS

During the year, the City implemented Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No.27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. Additional information on the implementation of these statements can be found in Note A.16. and in Note J. As a result of implementing GASB Statements No. 68 and 71, the City restated its beginning net position to reflect the impact of implementation as summarized below in Note A.16.

The net pension liability, pension expenses, and related deferred outflows and inflows of resources are allocated to the funds based on each fund's contributions to the pension plan during the annual measurement period. Because the contributions to the pension plan are for employees whose salaries are charged to internal service funds are expected to be paid primarily from resources received from the general government, the related net pension liability, pension expenses, and related deferred outflows and inflows are considered as a liability of the governmental activities and not reported in the financial statements of the individual internal service funds.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A.16. RESTATEMENT

	Government-wide Statement of Activities		Fund Level		
	Governmental Activities	Business-Type Activities	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds
Net Position, September 30, 2014 as originally reported	\$ 914,239	\$ 2,215,767	\$ 1,850,206	\$ 73,739	\$ 290,352
Implementation of GASB 68 and 71:					
Recording of Net Pension Liability 09/30/14	(1,269,751)	(195,439)	(158,981)	(17,826)	(18,632)
Deferred Outflows of Resources for Contributions Made After the Measurement Date	67,784	10,209	8,239	971	999
Write off of Previously Recorded Net Pension Obligation	58,295	8,765	7,086	828	851
Net Position (Deficit), September 30, 2014 as restated	<u>\$ (229,433)</u>	<u>\$ 2,039,302</u>	<u>\$ 1,706,550</u>	<u>\$ 57,712</u>	<u>\$ 273,570</u>

A.17. SPECIAL ITEMS

In February 2015, Alliance Airport Authority, Inc. (the Authority) was awarded ownership of American Airlines Maintenance Facility (maintenance facility), located at 2000 Eagle Parkway near the Alliance Airport through the bankruptcy filing by American Airlines. The Authority had leased the facility to American Airlines (American) under the Real Property Agreement since March 1, 1990 and accounted for its transaction according to conduit debt accounting guidance. American filed petitions for relief under Chapter 11 of the U.S. Code ("the Bankruptcy Code") on November 29, 2011. As part of the resolution of the bankruptcy of American in January, 2015, the maintenance facility and all associated properties including equipment and related contracts were subsequently awarded to the Authority. The maintenance facility, valued at \$31,490,000, which was received by the Authority as part of the bankruptcy proceeding was donated to the City in FY15.

This net activity is reported as a special item because the bankruptcy was unusual in nature and unrelated to the ordinary and typical activities of the Authority.

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

B.1. POOLED CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds except the Gas Lease Portfolio, Retirement Fund and the OPEB Trust Fund. Each fund's portion of this pool is displayed separately on the Statement of Net Position as "Cash, Cash Equivalents, & Investments." The cash and investments of the Employees' Retirement Fund and the OPEB Trust Fund are managed and accounted for separately from those of the City. In response to GASB Statement No. 40, Deposit and Investment Risk Disclosures, common deposit and investment risks including custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk are disclosed in this Note.

Pooled Portfolio

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

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

The City, as authorized by the City Council, engages in securities lending through a contract with Citibank whereby all of the U.S. Treasury securities and agency securities are available to be lent to an authorized dealer. All loans can be terminated on demand by either party. The State law indirectly addresses reinvestment of collateral through the reverse repurchase agreement requirements. The law requires that reinvestment of the funds received "must mature not later than the expiration date" of the loan (Section 2256.011d of the Public Funds Investment Act). The City receives defined collateral of at least 102 percent of fair value. At no time is ownership on the underlying securities transferred to the primary dealer. The City does not have the ability to pledge or sell collateral securities outside of borrower default. Therefore, in accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, securities on loan are not presented on the City's financial statements. As of September 30, 2015, the carrying and fair value of securities on loan was \$406,775,977 and the fair value of collateral held against the loaned securities was \$415,187,500.

The Public Funds Investment Act, Chapter 2256, Texas Government Code (the PFIA) directs authorized investments of the City. State statutes and the Policy require all time and demand deposits to be fully FDIC insured or collateralized. As of September 30, 2015, the City's demand and time deposits totaled \$256,475,092. Of the \$265,356,700 bank balance, \$250,000 in each bank account was insured by FDIC deposit insurance with the remainder collateralized with pledged securities held by an independent custodian. As of September 30, 2015, all funds were insured or collateralized with the exception of \$249,866 held by a blended component unit.

As of September 30, 2015, the City's investment portfolios (Portfolio) (excluding bank deposits, local government investment pools, money market mutual funds, and amounts held by Trustees) were held by the City's custodians in the City's name under written agreements. The City's custodians are Citibank (securities lending) and JP Morgan Chase.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Pooled Portfolio (continued)

The City generally holds all pooled investments to maturity for investment and income, not speculation. For the year ended September 30, 2015, interest earned of \$1,048,351 on investments in the Capital Projects Fund was assigned to and reported as investment income in the Debt Service Fund for future debt service payments.

Interest Rate Risk—In order to limit interest and market rate risk, the Policy sets specific maximum maturity dates and maximum WAM. The WAM of the total portfolio is two and one half (2½) years. The maximum stated maturity is five (5) years. The maximum for liquid investments is one year.

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

<u>Maturity</u>	<u>Cash to 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>3 - 4 years</u>	<u>4 - 5 years</u>
Targeted Portfolio %	40.00	15.00	15.00	15.00	15.00
Actual %	42.08	23.87	24.23	6.23	3.59

As of September 30, 2015, the Portfolio included:

- no holdings with a stated maturity date beyond May 27, 2020;
- holdings maturing beyond one year represented 57.92 percent; and
- the WAM was 551 days.

The Portfolio invests in agency debentures which are based on the credit of the agency. The Portfolio does not invest in any agency mortgage-backed securities. Certain debentures have embedded call options which are exercised dependent upon the type of call creating a unique “structure” for that security. Calls are normally scheduled on a one-time, quarterly, or continuous call basis. As of September 30, 2015, the Portfolio contained U.S. Government notes (debentures) with various callable structures totaling \$313,739,639. The callable debentures included \$10,004,930 in monthly callable notes, \$41,693,836 in quarterly callable notes, \$49,376,051 in continuously callable notes, and \$212,664,822 in step-up callable notes. The step-up callable notes will step-up in coupon rate if it is not called on the call date.

Credit Risk—The primary stated objective of the Policy is the safety of principal and avoidance of principal loss. State statutes and the Policy restrict time and demand deposits to banks doing business in Texas and require FDIC insurance or collateralization. Certificates of deposit are limited to a stated maturity of five (5) years. A 102 percent margin on collateral is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Securities are priced at fair value on a daily basis as a contractual responsibility of the bank.

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

The Policy restricts investments in commercial paper to dual rated, A1/P1 commercial paper. The Policy also states maximum maturity for commercial paper is 90 days.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Credit Risk (continued)

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

As of September 30, 2015, the Portfolio consisted of:

- U.S. Treasury Notes and Bills represented 43.40%;
- U.S. Obligations represented 42.43%; and
- Municipal Obligations represented 14.17%

See note B.3. for a detailed listing of investments as of September 30, 2015.

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

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

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

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

As of September 30, 2015, the Portfolio contained no certificates of deposit and no repurchase agreements.

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

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

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

B.1. POOLED CASH AND INVESTMENTS (CONTINUED)

Gas Lease Portfolio

Section 2256.0202 of the PFIA authorizes municipal funds from the management and development of mineral rights to be invested in accordance with the Texas Trust Code (Subtitle B, Title 9, Property Code). The Texas Trust Code allows any security that a "Prudent Investor" would be willing to utilize. The City Council has adopted a separate Gas Lease Investment Policy (GLI Policy) statement for these funds. The GLI Policy defines authorized investments and sets the objectives of security, liquidity, and diversification. In addition to the authorized investments allowed under the Investment Policy and Strategy, the GLI Policy authorizes investments in municipal obligations rated A or better; prime banker's acceptances; domestic and international bond mutual funds with a Morningstar rating of at least two stars; domestic and international equity, and preferred stock mutual funds; domestic and international stocks; real assets; real estate; complementary strategies (currently hedge funds); and corporate and asset backed securities rated A or better. The balance of this Gas Lease Portfolio was \$53,702,804.

The GLI Policy sets maximum maturity limits for each authorized investment type. The maximum stated maturity for fixed income securities is 20 years. As of September 30, 2015, no holdings have a stated maturity date beyond March 1, 2027. The following schedule details fair values and maturities for fixed income securities and mutual funds:

Fixed Income Securities	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total
Government Obligations	\$ 567	\$ 2,391	\$ 106	\$ 560	\$ 3,624
Mortgage Backed Securities	-	353	555	-	908
Municipal Bonds	150	919	-	-	1,069
Corporate Obligations	737	5,415	135	-	6,287
Domestic Mutual Funds	3,213	-	-	-	3,213
International Mutual Funds	1,991	-	-	-	1,991
Total Fixed Income Securities	<u>\$ 6,658</u>	<u>\$ 9,078</u>	<u>\$ 796</u>	<u>\$ 560</u>	<u>\$ 17,092</u>

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

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

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

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

B.3. CASH, CASH EQUIVALENTS, & INVESTMENTS

The City held the following cash, cash equivalents, & investments as of September 30, 2015:

Pooled Cash, Cash Equivalents, & Investments Managed by the City	Fair Value	WAM by Days	Moody's Credit Rating
Cash	\$ 224,405	N/A	N/A
Cash in Bank - Blended Component Units	17,759	N/A	N/A
Federal Farm Credit Bank (FFCB)	29,378	388	Aaa
Federal Home Loan Bank (FHLB)	248,733	875	Aaa
Federal Home Loan Mortgage Corporation (FHLMC)	27,873	1,413	Aaa
Federal National Mortgage Association (FNMA)	35,008	665	Aaa
U.S. Treasury Notes	348,860	274	Aaa
Municipal Obligations - Short Term	101,831	414	Aaa-Aa2
Municipal Obligations - Short Term	12,060	22	SP-1*
Alliance Fort Worth	1,860	N/A	N/A
Hillwood	149	N/A	N/A
Total Cash, Cash Equivalents, & Investments Managed by the City	<u>1,047,916</u>		
Cash, Cash Equivalents, & Investments Held by Trustees for the City			
Gas Lease Revenue - Cash	3,587	N/A	N/A
Gas Lease Revenue - Fixed Income	11,888	835	see Note B.1.
Gas Lease Revenue - Fixed Income - Domestic and International Mutual Fund	5,204	1,124	see Note B.1.
Gas Lease Revenue - Equities	2,094	N/A	N/A
Gas Lease Revenue - Equities - Domestic and International Mutual Fund	21,415	N/A	N/A
Gas Lease Revenue - Real Assets Funds	5,838	N/A	N/A
Gas Lease Revenue - Complementary Strategies Funds	7,263	N/A	N/A
Workers' Compensation / Other Cash	870	N/A	N/A
Department of Justice Grant - Cash	620	N/A	N/A
2010B City of Fort Worth Escrow - Money Market Mutual Funds	9,466	N/A	Aa1
2014 Bond Proposition	40,000	N/A	Aa1
CFW 2015A Water and Sewer Proceeds	50,000	N/A	Aa1
TWDB Clean Water and Sewer Proceeds	37,135	N/A	N/A
HUD FUND (Evans/Rosedale/ Mercado)	1,256	N/A	N/A
SE Landfill - Money Market Mutual Funds	4,213	N/A	N/A
Total Cash, Cash Equivalents, & Investments Held by Trustees for the City	<u>200,849</u>		
Total Cash, Cash Equivalents, & Investments - Primary Government	<u>\$ 1,248,765</u>		
Cash & Cash Equivalents Managed by the Employees' Retirement Fund			
Cash in Bank	\$ 223	N/A	N/A
Investments Managed by the Employees' Retirement Fund			
Investments	<u>2,220,733</u>	see Note B.5.	
Total Cash, Cash Equivalents, & Investments - Employees' Retirement Fund	<u>2,220,956</u>		
Cash & Cash Equivalents Managed by the Retiree Healthcare Fund			
Cash in Bank	1,787	N/A	N/A
Investments Managed by the Retiree Healthcare Fund			
Investments	<u>64,252</u>	see Note B.4.	
Total Cash, Cash Equivalents, & Investments - Retiree Healthcare Fund	<u>66,039</u>		
Cash & Cash Equivalents Managed by the Discretely Presented Component Unit			
Cash in Bank	<u>324</u>	N/A	
Total Cash & Cash Equivalents - Discretely Presented Component Unit	<u>324</u>		
Total Cash, Cash Equivalents, & Investments	<u>\$ 3,536,084</u>		

*The risk disclosed above is measured by the assignment of ratings by nationally recognized ratings agency such as Standard & Poor's (S&P)

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

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

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

Cash, Cash Equivalents, & Investments, per note	
Governmental and Business Type Activities	\$ 1,248,765
Employees' Retirement Fund	2,220,956
Retiree Healthcare Fund	66,039
Discretely Presented Component Unit	324
Total, per note	<u>\$ 3,536,084</u>
Cash, Cash Equivalents, & Investments, per Basic Financial Statements	
Statement of Net Position - Primary Government	\$ 766,345
Statement of Net Position - Primary Government Restricted	482,420
Statement of Net Position - Discretely Presented Component Unit	324
Statement of Fiduciary Net Position - Cash and Cash Equivalents	2,010
Statement of Fiduciary Net Position - Cash and Investments Held by Trustees	2,284,985
Total, per Basic Financial Statements	<u>\$ 3,536,084</u>

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

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

Custodial Credit Risk—The OPEB Trust does not have a formal policy for custodial credit risk, but as of September 30, 2015, all investments are registered in the name of the City of Fort Worth PARS Post-Retirement Health Care Plan Trust in a master trust custodial agreement.

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

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

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

Credit Risk of Debt Securities—The OPEB Trust investments as of September 30, 2015, are shown below:

Investment Type	Rating	Fair Value
Fixed Income Mutual Funds:		
Ishares (US Bond Market)	N/A	\$ 37,793
Spdr Barclays	N/A	1,131
Vanguard Short-Term Investment Fund	N/A	5,666
Total Fixed Income Mutual Funds		<u>44,590</u>
Equity Mutual Funds:		
Ishares SP 500 EFT	N/A	2,624
Vanguard Emerg Mkt	N/A	1,185
Ishare S&P 500 Growth Index EFT	N/A	2,729
Ishare S&P 500 Value Index Etf	N/A	4,668
Ishare Msci Eafe Etf	N/A	3,127
Ishare Russell Midcap Value Etf	N/A	917
Ishare Russell Midcap Growth Etf	N/A	519
Ishare Russell 2000 Value Index Eft	N/A	1,753
Ishare Russell 2000 Growth Eft	N/A	1,003
Spdr Euro	N/A	1,137
Total Equity Mutual Funds	N/A	<u>19,662</u>
Total Investments		<u><u>\$ 64,252</u></u>

Concentration of Credit Risk—The OPEB Trust Policy addresses concentration limits on a manager basis. As of September 30, 2015, the OPEB Trust's investments were all registered in the Trust's name. The Trust did not own more than 5% of assets in any fund.

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

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

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

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

GASB Statement No. 40, Deposit and Investment Risk Disclosures—an amendment to GASB Statement No. 3, addresses common deposit and investment risks including custodial credit risk, credit risk of debt securities, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below:

Custodial Credit Risk—Custodial credit risk is the risk that in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of September 30, 2015, all investments are registered in the name of the Employees' Retirement Fund of the City of Fort Worth or in the name of the Plan's custodian, established through a master trust custodial agreement, with the exception of investments in alternative investments and commingled Funds.

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

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

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

Below are the Plan's investments as of September 30, 2015:

Investment Type	S&P Rating	Fair Value
Asset & Mortgage Backed Obligations	AAA	\$ 32,753
Asset & Mortgage Backed Obligations	AA	5,740
Asset & Mortgage Backed Obligations	A	6,689
Asset & Mortgage Backed Obligations	BBB	5,710
Asset & Mortgage Backed Obligations	BB	2,034
Asset & Mortgage Backed Obligations	B	2,408
Asset & Mortgage Backed Obligations	CCC	4,236
Asset & Mortgage Backed Obligations	CC	288
Asset & Mortgage Backed Obligations	D	271
Asset & Mortgage Backed Obligations	NR	3,301
Total Asset & Mortgage Backed Obligations		63,430
Corporate Obligations	AAA	5,510
Corporate Obligations	AA	9,217
Corporate Obligations	A	31,652
Corporate Obligations	BBB	47,638
Corporate Obligations	BB	13,704
Corporate Obligations	B	2,974
Corporate Obligations	CCC	310
Corporate Obligations	NR	1,926
Total Corporate Obligations		112,931
Government Agency Obligations	AAA	73,604
Government Agency Obligations	AA	9,564
Government Agency Obligations	BBB	873
Government Agency Obligations	NR	1,392
Total Government Agency Obligations		85,433
International Obligations	AAA	8,476
International Obligations	AA	10,871
International Obligations	A	11,826
International Obligations	BBB	16,016
International Obligations	BB	3,004
International Obligations	CCC	23
International Obligations	NR	1,572
Total International Obligations		51,788
Securities Lending Collateral	AAA	5,396
Securities Lending Collateral	AA	62,914
Securities Lending Collateral	A	101,980
Securities Lending Collateral	NR	11,218
Total Securities Lending Collateral		181,508
Total Fixed Income Subject to Credit Risk		495,090
U.S. Treasuries (Not Subject to Credit Risk)		50,164
Short-Term Marketable Securities		64,497
Corporate Stock		646,814
Alternative Investments		604,671
Commingled Funds		359,497
Total Investments		\$ 2,220,733

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

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

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy addresses concentration limits on a manager basis. As of September 30, 2015, the Plan did not have any investments, where the underlying assets were registered in the Plan's name that totaled more than 5% of assets of the Plan.

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

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

Investment Type	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years	Total Fair Value
Asset & Mortgage Backed Obligations	\$ 255	\$ 11,623	\$ 6,056	\$ 45,496	\$ 63,430
Corporate Obligations	12,971	40,856	31,289	27,815	112,931
Government Agency Obligations	2,675	551	3,236	78,971	85,433
International Obligations	2,531	12,543	17,653	19,061	51,788
Securities Lending Collateral	181,508	-	-	-	181,508
Total Investments Subject to Credit Risk	<u>\$ 199,940</u>	<u>\$ 65,573</u>	<u>\$ 58,234</u>	<u>\$ 171,343</u>	<u>\$ 495,090</u>

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

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

Foreign Currency Risk—Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Plan has no formal investment policy with regard to foreign currency risk as it is considered an intrinsic risk associated with the investment strategy. The Plan's exposure to foreign currency risk at September 30, 2015, is presented below:

Currency	Debt	Equity	Total
Australian Dollar	\$ 3,717	\$ 2,515	\$ 6,232
Brazilian Real	(60)	2,498	2,438
British Pound Sterling	7,571	27,712	35,283
Canadian Dollar	32	4,519	4,551
Chilean Peso	3,003	-	3,003
Chinese Yuan Renminbi	(1,915)	-	(1,915)
Columbian Peso	304	-	304
Danish Krone	(68)	560	492
Euro Currency Unit	49,046	41,847	90,893
Hong Kong Dollar	-	11,564	11,564
Hungarian Forint	1,141	-	1,141
Indian Rupee	1,832	-	1,832
Indonesian Rupiah	1,688	-	1,688
Japanese Yen	(3,133)	14,178	11,045
Malaysian Ringgit	1,484	-	1,484
Mexican New Peso	7,628	118	7,746
New Taiwan Dollar	(2)	2,493	2,491
New Zealand Dollar	146	-	146
Norwegian Krone	1,840	1,531	3,371
Philippine Peso	199	1,004	1,203
Polish Zloty	992	-	992
Singapore Dollar	(1)	769	768
South African Rand	1,482	-	1,482
South Korean Won	(125)	4,693	4,568
Swedish Krona	2,078	3,208	5,286
Swiss Franc	-	7,816	7,816
Thai Baht	3	731	734
Total Securities Subject to Foreign Currency Risk	<u>\$ 78,882</u>	<u>\$ 127,756</u>	<u>\$ 206,638</u>

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

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

FOREIGN CURRENCY EXCHANGE TRANSACTIONS

To manage the foreign currency exchange risks associated with foreign investments, the Plan enters into forward currency contracts. The Plan had a net foreign currency contracts with fair value of approximately \$1,179,880 at September 30, 2015, which contractually obligates the Plan to deliver currencies at a specified date. The Plan could be exposed to risk of loss if the counterparty is unable to meet the terms of a contract or if the value of currency changes unfavorably. At September 30, 2015, the fair value of these contracts is included in due to/from broker.

DERIVATIVE FINANCIAL INSTRUMENTS

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

The Plan was in possession of the following types of derivatives at September 30, 2015:

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

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

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

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

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

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

The Investment Derivatives schedule listed below reports the fair value, changes in fair value, and notional amounts of derivatives outstanding as of September 30, 2015, classified by type:

Derivative Type	Changes in Fair Value		Fair Value	
	Classification	Amount	Amount	Notional
Fiduciary Funds				
Investment Derivatives				
Futures Contracts	<i>Investment Income</i>	\$ -	\$ -	\$ 24,813
Forward Contracts	<i>Investment Income</i>	302	1,180	125,362
Swap Agreements	<i>Investment Income</i>	(1,618)	(1,335)	109,057
Rights and Warrants	<i>Investment Income</i>	(14)	-	190
Total		<u>\$ (1,330)</u>	<u>\$ (155)</u>	<u>\$ 259,422</u>

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

The following Credit Risk Analysis schedule discloses the counterparty credit ratings of the Plan's investment derivatives by type, as of September 30, 2015. These amounts represent the maximum loss that would be recognized if all counterparties fail to perform as contracted, without respect to any collateral or other security or netting arrangement. The schedule displays the fair value of the investments by credit rating in increasing magnitude of risk. Investments are classified by S&P rating. If the investment does not have an S&P rating, the Moody's rating that corresponds to the S&P rating is used.

As of September 30, 2015, the Plan has a net exposure to credit risk of \$155,000.

Derivative Type	AA	A	BBB	Not Rated	Total Fair Value
Forward Contracts	\$ -	\$ -	\$ -	\$ 1,180	\$ 1,180
Swap Agreements	(15)	(341)	(165)	(814)	(1,335)
Total	<u>\$ (15)</u>	<u>\$ (341)</u>	<u>\$ (165)</u>	<u>\$ 366</u>	<u>\$ (155)</u>

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

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

Interest Rate Risk—The interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments, as of September 30, 2015, are disclosed in the following table:

Derivative Type	Total Notional Value	Total Fair Value
Interest Rate Swaps	\$ 76,257	\$ (1,331)
Swaptions	32,800	(4)
Total	<u>\$ 109,057</u>	<u>\$ (1,335)</u>

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

The net exposure column of the schedule below indicates the Plan's net foreign currency risk related to derivatives as of September 30, 2015.

Currency	Forward Contracts	Swap Agreements	Net Exposure
Australian Dollar	\$ (9)	\$ (3)	\$ (12)
Brazilian Real	35	-	35
British Pound Sterling	(6)	-	(6)
Canadian Dollar	-	(52)	(52)
Chilean Peso	(92)	-	(92)
Chinese Yuan	9	-	9
Euro Currency Unit	(59)	(48)	(107)
Japanese Yen	39	-	39
Indian Rupee	21	-	21
Indonesian Rupiah	(72)	-	(72)
Mexican Peso	(62)	(43)	(105)
Malaysian Ringgit	(19)	-	(19)
New Taiwan Dollar	(4)	-	(4)
Norwegian Krone	(76)	-	(76)
Singapore Dollar	(1)	-	(1)
South Korean Won	(1)	-	(1)
Swedish Krona	30	-	30
Thai Baht	1	-	1
Total	<u>\$ (266)</u>	<u>\$ (146)</u>	<u>\$ (412)</u>

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

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

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

SECURITIES LENDING

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

Cash collateral is to be invested in government securities, bank and corporate notes, bank certificates of deposit, time deposits, bankers' acceptances, repurchase agreements, commercial paper and asset backed securities. The contract with Northern Trust specifies guidelines for allowable investments, maturities, and diversification. The Plan does not have the ability to pledge or sell collateral securities without borrower default. The amount of collateral held exceeds the value of the assets on loan at September 30, 2015.

The Plan earns income from fees paid by the borrowers and interest earned from investing the cash collateral. The contract requires the custodian bank to purchase any loaned securities with collateral provided, however, if the collateral is insufficient to cover the loss, the Plan is liable for the loss. The cash collateral received on each loan was invested in the collateral pool at Northern Trust. Because the loans are terminable at will, their duration generally did not match the duration of the investments made with cash collateral. In addition, the Plan had no credit risk exposure to borrowers. As of September 30, 2015, the value of the collateral held was \$181,508,410 and the value of securities on loan at September 30, 2015, was \$178,828,726. The Plan earned \$630,121 on its securities lending activity for the fiscal year ended September 30, 2015.

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

C.1.RECEIVABLES

Receivables at September 30, 2015 for governmental activities of the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes	\$ 33,173	\$ 9,213	\$ -	\$ -	\$ -	\$ 42,386
Grants and Other Governments	23,425	-	-	24,237	-	47,662
Levied, Unbilled Assessments	-	-	2,082	-	-	2,082
Loans	-	-	-	6,816	-	6,816
Long-Term Loans	-	-	-	10,119	-	10,119
Interest	160	326	170	205	85	946
Accounts and Other	50,353	18	944	7,776	590	59,681
Total Gross Receivables	107,111	9,557	3,196	49,153	675	169,692
Less Allowance for Doubtful Accounts:						
Taxes	(27,534)	(7,647)	-	-	-	(35,181)
Levied, Unbilled Assessments	-	-	(2,082)	-	-	(2,082)
Accounts and Other	(35,033)	-	-	(96)	(558)	(35,687)
Total Allowance	(62,567)	(7,647)	(2,082)	(96)	(558)	(72,950)
Total Receivables, Net	\$ 44,544	\$ 1,910	\$ 1,114	\$ 49,057	\$ 117	\$ 96,742

Receivables at September 30, 2015 for business-type activities of the City's individual major enterprise funds and nonmajor enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

Receivables	Water and Sewer	Stormwater Utility	Nonmajor Enterprise Funds	Total Business-Type Activities
Interest	\$ 123	\$ 20	\$ 37	\$ 180
Accounts and Other	65,508	3,862	9,403	78,773
Grants - Restricted	-	-	4,554	4,554
Interest - Restricted	221	76	311	608
Total Gross Receivables	65,852	3,958	14,305	84,115
Less Allowance for Doubtful Accounts:				
Accounts and Other	(1,078)	(595)	(455)	(2,128)
Total Allowance	(1,078)	(595)	(455)	(2,128)
Total Receivables, Net	\$ 64,774	\$ 3,363	\$ 13,850	\$ 81,987

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

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

C.1. RECEIVABLES (CONTINUED)

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

<u>Description</u>	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes	\$ 4,686	\$ -
Grants and Other Governments	10,557	1,946
Long-Term Loans	-	27,730
Other	-	1,680
	<u>\$ 15,243</u>	<u>31,356</u>
Total Unavailable / Unearned Revenues		<u>\$ 46,599</u>

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

<u>Description</u>	<u>Water and Sewer</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Business-Type Activities</u>
Rents	\$ 1,576	\$ -	\$ 1,576
Grants	-	20,411	20,411
Total Unearned Revenues	<u>\$ 1,576</u>	<u>\$ 20,411</u>	<u>\$ 21,987</u>

C.2. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at September 30, 2015, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	Capital Projects	\$ 18,125
General	Nonmajor Governmental	347
General	Water and Sewer	5,157
Total:		<u>\$ 23,629</u>

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

The \$18,124,775 receivable in the General Fund from the Capital Projects Fund is due from the 2014 Bond Program to cover a temporary cash deficit.

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

C.2.INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The General Fund had a receivable of \$347,248 from the Nonmajor Governmental Funds. Due from the Golf Fund is \$67,262 for interim financing for golf turf maintenance, and \$249,986 is due from the Grants Fund for interim financing to maintain operations of the Fort Worth Business Assistance Center as well as provide renovations and upkeep of buildings on the Guinn Elementary School Campuses. The City is expected to receive the grant funding in FY2016 during the State's fiscal year ending August 31, 2016. Also due from the Grants Fund is \$30,000 for interim financing for the operation of the Fort Worth After School Program at Como Elementary School. Interim financing is necessary to provide transition from one grant funding period to the next. In the event grant funds are not received, the Grants Fund will be responsible for identifying sources to cover expenses incurred under the interim financing.

The General Fund had a receivable of \$5,157,202 due from the Water and Sewer Bond Fund to cover a temporary cash deficit to be reimbursed in FY2016 by a transfer of funds.

C.3.ADVANCES

Advances from/to other funds at September 30, 2015, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
General	Internal Service	\$ 2,791
Nonmajor Enterprise	Stormwater Utility	762
Nonmajor Enterprise	Capital Projects	4,644
Nonmajor Enterprise	Capital Projects	10,523
Total:		<u>\$ 18,720</u>

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

The \$2,790,812 payable to the General Fund from the Internal Service Fund is an advance to the Capital Project Services Fund to cover a cash deficit.

The \$4,643,854 payable to the Nonmajor Enterprise Funds from the Capital Projects Fund is due from the Specially Funded Capital Projects Fund to the Aviation Endowment Gas Lease Fund for road improvements to North Riverside Drive/Old Denton Road. The loan is reimbursed by increment collected in the Taxing Increment Reinvestment Zone No. 7 district.

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

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

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.4. TRANSFERS

Transfers made during the year are as follows:

	Transfers In:								Total
	General Fund	Debt Service	Capital Projects	Nonmajor Governmental	Water and Sewer	Stormwater Utility	Nonmajor Enterprise	Internal Service	
Transfers Out:									
General Fund	\$ -	\$ -	\$ 21,959	\$ 1,823	\$ -	\$ -	\$ 53	\$ 95	\$ 23,930
Capital Projects	1,097	7,874	-	414	480	43	-	9	9,917
Nonmajor Governmental Funds	34,608	13,337	9,665	10,391	552	-	-	-	68,553
Water and Sewer Fund	24,738	-	3,449	-	-	-	-	-	28,187
Stormwater Utility	2,720	-	9,931	120	926	-	-	-	13,697
Nonmajor Enterprise Funds	5,460	604	6,373	3,765	833	-	-	-	17,035
Internal Service Funds	101	-	3,642	-	-	-	-	180	3,923
Gov't Activities*	-	-	-	-	-	-	497	-	497
Total	<u>\$ 68,724</u>	<u>\$ 21,815</u>	<u>\$ 55,019</u>	<u>\$ 16,513</u>	<u>\$ 2,791</u>	<u>\$ 43</u>	<u>\$ 550</u>	<u>\$ 284</u>	<u>\$ 165,739</u>

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

Significant transfers included the following:

The General Fund transferred \$21,959,000 to the Capital Projects Fund, of which \$3,323,000 was for the balance in unspent vehicle and equipment replacement appropriations to the Vehicle and Equipment Replacement Fund, \$14,912,000 was used to fund a portion of the FY2015 Contract Street Maintenance Program, and \$3,296,000 was made to the General Capital Fund for the commitment and reservation of FY2014 fund balance to offset identified FY2015 rollover obligations.

Due to the closure of the Office Services Fund, a transfer from the General Fund was made to cover the deficit of \$95,000.

The Capital Projects Fund transferred \$7,874,000 to the Debt Service Fund, of which \$2,841,000 was from the Information Systems Capital Project Fund where it will be allocated to pay debt service. The Culture and Tourism Capital Project Fund transferred \$2,395,000 to the Debt Service Fund due to project closure.

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

C.4. TRANSFERS (CONTINUED)

The Nonmajor Governmental Funds transferred \$34,608,000 to the General Fund, of which \$5,330,000 was from the Crime Control and Prevention District Fund for the Civil Service Pay Plan. The Parks and Community Services (PACS) Endowment Gas Lease Fund and the General Endowment Gas Lease Fund transferred remaining fund balance amounts of \$10,553,000 and \$15,012,000, respectively, to the General Fund. Both the PACS and General Endowment Gas Lease Funds are related to the Fort Worth Fund (FW Fund) which was previously reported as a special revenue fund. The City transferred the fund balance of the FW Fund to the General Fund to be accounted for with the General Fund as the majority of the fund balance is available for general government use (See Note A.2.).

The Nonmajor Governmental Funds transferred \$13,337,000 to the Debt Service Fund, of which \$8,033,000 was for the monthly debt service transfer from Culture and Tourism, and \$5,304,000 was from Crime Control and Prevention District Fund to pay for debt service of 2011 Tax Notes.

The Nonmajor Governmental Funds transferred \$9,665,000 to the Capital Project Fund, of which \$2,156,000 was made from the Crime Control and Prevention District for FY2014 construction commitments, and \$2,600,000 from Culture and Tourism for support of the Arena Project. The Grant Fund returned \$3,062,000 to the Street Improvements Fund for excess grant match made in prior years.

The Nonmajor Governmental Funds transferred \$10,391,000 to other Nonmajor Governmental Funds, of which \$1,461,000 was made to the Grant Fund for a grant match requirement from the Crime Control and Prevention District Fund. Central City received \$65,000 from Taxing Increment Reinvestment Zone (TIRZ) No. 4 for operating expenses for the Magnolia Green Parking Garage, and \$6,538,000 from TIRZ No. 8 for the construction of the Lancaster Parking Garage.

The Water and Sewer Fund transferred \$24,738,000 to the General Fund, which includes \$19,121,000 for Street Rental Fees and \$5,488,000 for Payment in Lieu of Taxes (PILOT).

The Water and Sewer Fund transferred \$3,449,000 to the Capital Projects Fund, of which \$2,415,000 was used to fund a portion of the Enterprise Resource Planning Phase II Project, and \$1,034,000 was used to support the Fort Worth Public Arts Program.

The Stormwater Fund transferred \$2,720,000 to the General Fund of which \$1,798,000 was for PILOT, \$891,000 for Street Rental Fees, and the remainder of \$31,000 was for the monthly transfer of funds to pay for indirect cost allocations.

The Stormwater Fund transferred \$9,931,000 to the Capital Project Fund, of which \$9,800,000 was for the North Service Center Project.

The Nonmajor Enterprise Funds transferred \$5,460,000 to the General Fund, of which \$5,208,000 was for the monthly transfer of funds from Solid Waste to pay for indirect cost allocations.

The Nonmajor Enterprise Funds transferred \$6,373,000 to the Capital Project Fund, of which \$4,964,000 was for the North Service Center Project, and \$1,380,000 was for the remaining fund balance of the Golf Capital Project Fund from the Golf Enterprise Fund.

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

NOTE C: RECEIVABLES AND INTERFUND BALANCES (CONTINUED)

C.4. TRANSFERS (CONTINUED)

The Nonmajor Enterprise Funds transferred \$3,765,000 to the Nonmajor Governmental Funds, of which \$3,110,000 was from the Airport Grants Fund to the Grant Capital Projects Fund for project related costs necessary to support the construction of the extension of Double Eagle Boulevard from its existing terminus at Fire Ridge Drive to FM 156.

The Internal Service Funds transferred \$3,642,000 to the Capital Project Fund for the replacement of the City's network and telephone systems.

*The Municipal Golf Fund was established in FY1983 as an enterprise fund of the City and has remained such until FY2015. The Municipal Golf Fund is used to account for the operation of four Municipal Golf courses. The fund's operation is financed by course fees, golf equipment rentals, merchandise, concession sales to the public and a subsidy from the General Fund. The City reviewed the activities of the fund and determined that the Municipal Golf Fund will be appropriately managed and reported if classified as a Special Revenue Fund due the funds inability to support itself. This allows the City to continue offering Municipal Golf to the Citizens and improve accountability. Previously reported fixed assets and long-term liabilities of \$497,316 were reported as transfers out from the Municipal Golf Fund and transfers into governmental activities.

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

NOTE D: FUND EQUITY

D.1. FUND DEFICITS

Capital Project Services Fund—Current year decrease in net position of \$1,078,000 resulted in an increase in the deficit from \$2,873,000 to \$3,951,000. In compliance with the City's Internal Service Fund Reserve Policy for Non-Insurance Funds, the Capital Project Services Fund should not have a negative Unrestricted Net Position. As such, the City has taken actions to increase the allocation of costs associated with the services provided by the staff within this fund. On a go-forward basis, this allocation will cover all annual expenses. In addition, a \$4,000,000 transfer is scheduled to be considered by the Mayor and Council during FY2016, which will address the current deficit net position.

Workers' Compensation Insurance Fund—Current year increase in net position of \$2,700,000 resulted in a decrease in the deficit from \$17,194,000 to \$14,494,000. In compliance with the City's Internal Service Fund Reserve Policy for Insurance Funds, the Workers' Compensation Insurance Fund should not have a negative Unrestricted Net Position. As such, the City has taken actions to increase the allocation of fees charged to departments in order to incrementally decrease the deficit. Evidence of this effort can be seen through the \$2,700,000 reduction in the negative net position during FY2015.

D.2. UNASSIGNED FUND BALANCE

In nonmajor funds, the Grants Fund has a deficit \$785,000 in unassigned fund balance because revenues were unavailable (collectible during the current period or soon after) to be used to pay liabilities of the current period.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE E: RESTRICTED ASSETS

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

	Water and Sewer	Stormwater Utility	Nonmajor Enterprise	Internal Service	Total
Debt Service:					
Cash and Cash Equivalents	\$ 5,020	\$ 1,758	\$ 1,065	\$ -	\$ 7,843
Cash and Cash Equivalents Held by Trustees	6	-	-	-	6
Interest Receivable	41	11	16	-	68
	<u>5,067</u>	<u>1,769</u>	<u>1,081</u>	<u>-</u>	<u>7,917</u>
Capital Improvements:					
Cash and Cash Equivalents	167,197	48,896	38,260	9	254,362
Cash and Cash Equivalents Held by Trustees	96,437	-	-	-	96,437
Grants and Other Receivables	-	-	4,554	-	4,554
Interest Receivable	171	65	253	-	489
	<u>263,805</u>	<u>48,961</u>	<u>43,067</u>	<u>9</u>	<u>355,842</u>
Customer Deposits:					
Cash and Cash Equivalents	14,591	-	872	-	15,463
	<u>14,591</u>	<u>-</u>	<u>872</u>	<u>-</u>	<u>15,463</u>
Other Restrictions:					
Cash and Cash Equivalents	1,576	-	2,326	-	3,902
Cash and Cash Equivalents Held by Trustees	5,673	-	30,930	870	37,473
Interest Receivable	9	-	42	-	51
	<u>7,258</u>	<u>-</u>	<u>33,298</u>	<u>870</u>	<u>41,426</u>
Total	<u>\$ 290,721</u>	<u>\$ 50,730</u>	<u>\$ 78,318</u>	<u>\$ 879</u>	<u>\$ 420,648</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE F: CAPITAL ASSETS

Capital asset activity for Governmental Activities for the year ended September 30, 2015, was as follows:

	Beginning Balance October 1, 2014	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30, 2015
Total Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	\$ 174,733	\$ 21,808	\$ -	\$ 196,541
Construction in Progress	412,392	155,201	(157,314)	410,279
Works of Art	-	16,177	-	16,177
Total Capital Assets, Not Being Depreciated	587,125	193,186	(157,314)	622,997
Capital Assets, Being Depreciated:				
Buildings	374,168	33,596	(23)	407,741
Vehicles, Machinery, and Equipment	212,136	21,281	(3,009)	230,408
Infrastructure	2,562,112	174,151	(13,024)	2,723,239
Intangibles	-	6,660	-	6,660
Total Capital Assets, Being Depreciated	3,148,416	235,688	(16,056)	3,368,048
Less Accumulated Depreciation and Amortization for:				
Buildings	193,110	10,330	(20)	203,420
Vehicles, Machinery, and Equipment	157,370	17,669	(2,663)	172,376
Infrastructure	1,593,120	93,786	(4,005)	1,682,901
Intangibles	-	84	-	84
Total Accumulated Depreciation and Amortization	1,943,600	121,869	(6,688)	2,058,781
Total Capital Assets, Being Depreciated, Net	1,204,816	113,819	(9,368)	1,309,267
Governmental Activities Capital Assets, Net	\$ 1,791,941	\$ 307,005	\$ (166,682)	\$ 1,932,264

Capital asset activity for Business-Type Activities for the year ended September 30, 2015, was as follows:

	Beginning Balance October 1, 2014	Additions/ Transfers In	Decreases/ Transfers Out	Ending Balance September 30, 2015
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land/Right of Way	\$ 101,832	\$ 8,895	\$ (2,395)	\$ 108,332
Construction in Progress	348,380	200,793	(100,773)	448,400
Total Capital Assets, Not Being Depreciated	450,212	209,688	(103,168)	556,732
Capital Assets, Being Depreciated:				
Buildings	136,692	-	(1,523)	135,169
Vehicles, Machinery, and Equipment	367,582	4,196	(2,885)	368,893
Infrastructure	2,951,950	97,961	(13,667)	3,036,244
Total Capital Assets, Being Depreciated	3,456,224	102,157	(18,075)	3,540,306
Less Accumulated Depreciation for:				
Buildings	43,372	5,341	(975)	47,738
Vehicles, Machinery, and Equipment	216,975	12,348	(2,217)	227,106
Infrastructure	881,876	64,744	(10,599)	936,021
Total Accumulated Depreciation	1,142,223	82,433	(13,791)	1,210,865
Total Capital Assets, Being Depreciated, Net	2,314,001	19,724	(4,284)	2,329,441
Business-Type Activities Capital Assets, Net	\$ 2,764,213	\$ 229,412	\$ (107,452)	\$ 2,886,173

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
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NOTE F: CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged as follows for the year ended September 30, 2015:

	Depreciation and Amortization Expense
Governmental Activities	
General Government	\$ 6,515
Public Safety	12,480
Highways and Streets	79,064
Culture and Recreation	12,384
Urban Redevelopment and Housing	516
Total Governmental Depreciation and Amortization	<u>110,959</u>
Major Business-Type Activities	
Water	67,311
Stormwater Utility	4,702
Nonmajor Business-Type Activities	
Municipal Airports	7,942
Municipal Parking	1,812
Solid Waste	666
Total Business-Type Depreciation	<u>82,433</u>
Total Depreciation and Amortization	<u><u>\$ 193,392</u></u>

The governmental activities depreciation expense above includes \$879,000 of depreciation expense from the Internal Service Funds. During FY2015, the Municipal Golf Fund, previously reported under business-type activities, was transferred to governmental activities \$15,319,000 of original cost and \$10,910,000 of accumulated depreciation are reported under the additions/transfer in column on the previous page.

The City capitalizes interest during the construction period in proprietary fund capital projects. For the year ended September 30, 2015 interest was capitalized in the Water and Sewer Fund and Stormwater Utility Fund in the amounts of \$11,103,911 and \$2,448,489, respectively.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE G: DEBT OBLIGATIONS

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

The following is a summary of changes in long-term obligations for the year ended September 30, 2015:

	Balance at October 1, 2014, as restated	Increases	Decreases	Balance September 30, 2015	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 408,965	\$ 167,162	\$ 123,715	\$ 452,412	\$ 41,115
Certificates of Obligation	285,545	2,060	45,315	242,290	20,725
Convention Center Installment Obligation	2,370	-	750	1,620	795
HUD Installment Obligations	4,504	-	805	3,699	834
Equipment Notes	39,145	-	39,145	-	-
Fort Worth Sports Authority Obligation	6,868	-	4,373	2,495	-
Lone Star Local Government Corp Obligation	31,617	-	-	31,617	-
State Obligation - City	7,873	-	466	7,407	465
State Obligation - CCPD	3,058	-	180	2,878	181
TRWD Obligation	91,998	35,582	3,231	124,349	-
State Energy Conservation Loan Phase I & II	553	-	553	-	-
State Energy Conservation Loan Phase III	2,064	-	536	1,528	541
ESPC Phase VII	18,064	-	638	17,426	976
Capital Leases	1,482	-	360	1,122	169
Southwest Bank Loan (LDC SW Building)	2,545	-	345	2,200	356
Lancaster Corridor Construction Loan	-	1,774	-	1,774	-
Net Unamortized Bond Premium/Discount	45,548	18,668	7,143	57,073	-
Retainage Payable	5,974	5,289	6,600	4,663	-
Compensated Absences	114,752	48,577	44,293	119,036	44,030
Risk Management Estimated Claims Payable	38,893	75,933	77,051	37,775	18,482
Other Postemployment Benefits Obligation	430,774	34,014	-	464,788	-
Net Pension Liability*	1,264,218	61,076	-	1,325,294	-
Total Governmental Activities	2,806,810	450,135	355,499	2,901,446	128,669
Business-Type Activities:					
Water and Sewer - Revenue Bonds	766,115	166,540	179,055	753,600	60,940
Water and Sewer - Trinity River Authority Oblig.	5,500	-	615	4,885	635
Water and Sewer - ESPC Phase V	13,355	-	1,417	11,938	1,475
Stormwater - Revenue Bonds	132,755	-	3,960	128,795	4,130
Solid Waste - Certificates of Obligation	4,785	4,463	4,785	4,463	480
Municipal Parking - Certificates of Obligation	45,530	-	1,565	43,965	1,640
Municipal Golf - Certificates of Obligation	2,060	-	2,060	-	-
Net Unamortized Bond Premium/Discount	51,954	18,289	8,980	61,263	-
Compensated Absences	10,280	5,777	5,847	10,210	5,327
Landfill Closure and Postclosure Liability	4,762	258	-	5,020	-
Pollution Remediation Liability	3,131	4,238	203	7,166	-
Other Postemployment Benefits Obligation	67,200	4,863	2,222	69,841	-
Net Pension Liability*	200,972	8,366	5,533	203,805	-
Total Business-Type Activities	1,308,399	212,794	216,242	1,304,951	74,627
Total Long-Term Liabilities	<u>\$ 4,115,209</u>	<u>\$ 662,929</u>	<u>\$ 571,741</u>	<u>\$ 4,206,397</u>	<u>\$ 203,296</u>

*The balances at October 1, 2014 were restated to reflect the City's adoption of GASB Statement No. 68 (see Note A.16.).

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

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

Governmental Activities long-term debt is summarized as follows:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General Obligation Bonds:					
Series 2007	4.48	2007	2027	\$ 50,000	\$ 5,000
Series 2007A	4.38-4.531	2007	2027	100,000	9,760
Series 2008	4.64	2008	2018	49,650	6,705
Series 2009	2.5-5.0	2009	2029	85,180	59,620
Series 2010	2.0-4.0	2010	2030	20,590	15,450
Series 2011 Refunding	2.0-5.0	2011	2023	46,680	39,445
Series 2012 Refunding	2.0-5.0	2012	2032	135,485	122,720
Series 2013 Refunding	2.0-4.5	2013	2033	37,130	30,495
Series 2014 Refunding	2.2	2014	2023	35,480	31,535
Series 2015 Refunding	2.33	2015	2025	3,957	3,957
Series 2015A Refunding	3.375-5.0	2015	2035	127,725	127,725
Total General Obligation Bonds					<u>452,412</u>
Certificates of Obligation:					
Series 2007	5.0-5.25	2007	2027	40,250	4,030
Series 2008	4.64	2008	2018	63,150	8,535
Series 2009	3.0-4.375	2009	2029	55,585	30,680
Series 2010	2.0-4.25	2010	2031	34,685	29,740
Series 2010A	3.0-5.0	2010	2030	38,025	28,305
Series 2012	3.0-5.0	2012	2032	85,790	72,365
Series 2013A	2.0-5.0	2013	2033	46,095	40,910
Series 2013B	2.0-4.99	2013	2033	11,140	10,290
Series 2013C	1.0-4.375	2014	2034	19,270	17,435
Total Certificates of Obligation					<u>242,290</u>
Convention Center Installment Obligation:					
Series 1997	5.0-5.8	1997	2017	10,000	1,620
HUD Installment Obligation:					
Series 2000A	4.46-6.8	2000	2017	3,475	530
Series 2005	4.46-6.8	2005	2020	7,500	3,169
Total HUD Installment Obligation					<u>3,699</u>
Fort Worth Sports Authority Obligation	0.0	1997	2026	20,000	2,495
Lone Star Local Gov't Corp. Obligation	4.75	2006	2024	31,617	31,617
State Obligation - City	0.0	2014	2031	8,338	7,407
State Obligation - CCPD	0.0	2014	2031	3,239	2,878
TRWD Obligation	0.0	2014	2031	50,933	124,349
State Energy Conservation Loan Phase III	3.0	2007	2018	5,000	1,528
ESPC VII	2.236	2013	2026	18,443	17,426
Capital Leases	2.91-3.0	2011	2017		1,122
Southwest Bank Loan (LDC SW Building)	2.93	2014	2021	2,689	2,200
Lancaster Corridor Construction Loan	3.75-5.25	2014	2040	1,774	1,774
Net Unamortized Bond Premium/Discount				N/A	57,073
Retainage Payable	N/A	N/A	N/A	N/A	4,663
Compensated Absences	N/A	N/A	N/A	N/A	119,036
Estimated Claims Payable	N/A	N/A	N/A	N/A	37,775
Other Postemployment Benefits Obligation	N/A	N/A	N/A	N/A	464,788
Net Pension Liability	N/A	N/A	N/A	N/A	1,325,294
Total Governmental Activities Long-Term Debt					<u>\$ 2,901,446</u>

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

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

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

Business-Type long-term debt is summarized as follows:					
	<u>Interest Rate %</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Water and Sewer:					
Revenue Bonds:					
Series 2005 TWDB*	0.35-2.4	2005	2025	\$ 7,890	\$ 775
Series 2005B TWDB*	4.45-6.25	2005	2025	64,520	37,665
Series 2007	5.0	2007	2027	100,000	8,585
Series 2007A TWDB*	1.75-3.0	2007	2027	33,560	22,745
Series 2007B TWDB*	2.2-3.0	2007	2017	49,585	34,270
Series 2008 Refunding	3.88	2008	2024	44,085	28,100
Series 2009 TWDB*	-	2009	2026	16,265	12,095
Series 2010 Refunding	4.0-5.0	2010	2020	98,855	47,935
Series 2010A TWDB*	0.36-2.62	2010	2016	40,000	30,825
Series 2010B	0.15-2.85	2010	2030	28,000	21,670
Series 2010C	4.0-5.25	2010	2030	45,870	37,145
Series 2011 Refunding	4.0-5.25	2011	2031	151,160	124,835
Series 2012 Refunding	2.0-5.0	2012	2025	31,155	28,725
Series 2014 Refunding	2.0-5.0	2014	2034	171,415	152,615
Series 2015 Revenue (Clean Water SRF)	0.14-2.04	2015	2035	39,000	39,000
Series 2015 Refunding	3.125-5.0	2015	2035	126,615	126,615
Total Revenue Bonds					<u>753,600</u>
Trinity River Authority Obligations:					
Series 2002	4.0-5.0	2011	2022	6,795	4,885
ESPC Phase V	3.68	2010	2018	15,365	11,938
Total Water and Sewer					<u>770,423</u>
Solid Waste:					
Certificates of Obligation:					
Series 2015 Refunding	2.33	2015	2025	4,463	4,463
Municipal Parking:					
Certificates of Obligation:					
Series 2007	5.0-5.25	2007	2033	20,935	17,880
Series 2009	5.0-5.25	2009	2033	27,135	25,015
Series 2010A	3.0-5.0	2010	2020	1,955	1,070
Total Municipal Parking					<u>43,965</u>
Stormwater Utility:					
Revenue Bonds:					
Series 2007	4.25-5.0	2008	2033	24,430	19,945
Series 2009	2.0-4.3	2009	2035	45,190	39,055
Series 2011	2.0-5.0	2011	2036	78,325	69,795
Total Stormwater Utility					<u>128,795</u>
Net Unamortized Bond Premium/Discount				N/A	61,263
Compensated Absences	N/A	N/A	N/A	N/A	10,210
Landfill Closure and Postclosure Liability	N/A	N/A	N/A	N/A	5,020
Pollution Remediation Liability	N/A	N/A	N/A	N/A	7,166
Other Postemployment Benefits Obligation	N/A	N/A	N/A	N/A	69,841
Net Pension Obligation	N/A	N/A	N/A	N/A	203,805
Total Business-Type Long-Term Debt					<u>\$ 1,304,951</u>
*Texas Water Development Board					

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

NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.2. GOVERNMENTAL ACTIVITIES' DEBT

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

General Obligation Bonds and Certificates of Obligation indentures require the City to levy the tax required to fund interest and principal at maturity or at least 2 percent of the principal, whichever is greater. At September 30, 2015, \$16,626,000 of cash and investments is available in the Debt Service Fund to service General Obligation Bonds and Certificates of Obligation for governmental activities.

On October 24, 2014, the City issued General Obligation Bonds, Series 2014, in the amount of \$35,480,000 to refund \$35,220,000 of existing Tax Notes Series 2011. The bonds will mature on March 1 of each year from 2015 to 2023 and are payable in installments ranging from \$3,940,000 to \$3,945,000. Interest is payable on March 1 and September 1 of each year commencing in March 2015 with an interest rate of 2.2 percent. The proceeds were placed in an irrevocable trust with instructions to defease the \$35,220,000 on October 28, 2014, the call date. As a result, the refunded tax notes are considered defeased and the liability is not reflected in the Statement of Net Position. This current refunding resulted in additional principal and interest payments of \$1,412,759 over the life of the bonds. This refunding resulted in an economic loss (difference between the present value of the old and new debt service payments) of \$49,843, and a book loss of \$125,213.

On November 4, 2014, the City made a cash refunding in the amount of \$9,600,000 for existing General Obligation Bonds, Series 2004. The City placed \$9,685,333 in the Bank of Texas to cover the principal, \$85,333 in interest and \$300 for the call fee.

On February 19, 2015, the City issued General Obligation Bonds, Series 2015 in the amount of \$3,957,400 to refund \$3,850,000 of existing Combination Tax and Revenue Certificates of Obligation, Series 2005A. These bonds will mature on March 1 of each year from 2016 to 2025 in installments ranging from \$364,250 to \$425,350. Interest is payable on March 1 and September 1 of each year commencing September 2015 with an interest rate of 2.33 percent. The City placed \$3,933,328 in an irrevocable trust to defease the debt which covers the principal, \$79,577 in interest and \$141 for Paying Agent/Registrar Settlement fees. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the Statement of Net Position. The advanced refunding resulted in additional principal and interest payments of \$393,319. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$323,660, and a book loss of \$79,643.

On August 20, 2015, the City issued General Obligation Refunding and Improvement Bonds, Series 2015A in the amount of \$127,725,000 to refund \$100,160,000 of existing General Obligation Bonds and Certificates of Obligation, to pay the cost associated with the bond issue, and to fund new capital projects related to the 2014 Capital Project Program. These bonds will mature on March 1 of each year from 2016 to 2035 in installments ranging from \$1,515,000 to \$10,945,000. Interest is payable on March 1 and September 1 of each year commencing March 2016 with interest rates ranging from 3.375 to 5.0 percent. The City deposited the refunding proceeds in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded \$100,160,000 bonds. As a result, the refunded bonds are considered defeased and the liability is not reflected in the Statement of Net Position. The advance refunding resulted in a reduction of principal and interest payments of \$12,189,012 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old debt and new debt service payments) of \$8,849,000, and a book loss of \$7,558,494.

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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.2.GOVERNMENTAL ACTIVITIES' DEBT (CONTINUED)

On December 19, 2014, the Lancaster Corridor Redevelopment, LLC (LLC) entered in a construction loan agreement with Pinnacle Bank for the development of residential and retail rental space on land owned by the LLC. As of September 30, 2015, \$1,773,528 has been borrowed under this agreement. The loan matures at the end of 2040 and bears interest ranging from 3.75 percent to 5.25 percent. The total construction loan amount is not to exceed \$16,500,000 and is collateralized by a first lien Deed of Trust that includes land, building and improvements and an Absolute Assignment of Rents and Leases, et. al.

In FY2011, Taxing Increment Reinvestment Zone No. 9 (TIRZ #9) entered into an agreement with the Tarrant Regional Water District (TRWD) for the work related to the Trinity River Vision project. The agreement stipulated that TIRZ #9 would share in the cost of the project related to the river up to \$320,000,000. TIRZ #9 agreed to reimburse TRWD from the incremental property taxes TIRZ #9 receives annually until the debt is repaid, or the term of TIRZ #9 expires. During FY2015, TIRZ #9 borrowed an additional \$35,582,000 from TRWD. The advances from TRWD to the City to fund the project are repayable without interest from future taxes.

As of September 30, 2015, the following bonds were authorized but not issued:

General Obligation Bonds	Date Authorized	Amount Authorized	Amount Unissued
2014 Capital Project Program	5/10/2014	\$ 292,075	\$ 252,075

G.3.DIRECT PURCHASE NOTES

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

G.4. ENTERPRISE DEBT

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

In accordance with the revenue bond ordinances, a reserve for debt service is maintained. At September 30, 2015, \$5,026,340 of cash and investments was available for payments of principal and interest on all Enterprise Fund debt. The Water and Sewer Fund has substituted surety bonds in the amount of \$2,489,000 that are also held in reserve to provide for payment of debt service obligations in the event there are insufficient amounts on deposit to make debt service payments.

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

G.4. ENTERPRISE DEBT (CONTINUED)

On February 19, 2015, the City issued General Obligation Bonds, Series 2015 in the amount of \$4,462,600 to refund \$4,350,000 of existing Solid Waste Combination Tax and Revenue Certificates of Obligation, Series 2005A. These bonds will mature on March 1 of each year from 2016 to 2025 in installments ranging from \$410,750 to \$479,650. Interest is payable on March 1 and September 1 of each year commencing September 2015 with an interest rate of 2.33 percent. The City placed \$4,436,302 in an irrevocable trust to defease the debt which covered the principal, \$89,753 in interest and \$159 for Paying Agent/Registrar Settlement fees. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the Statement of Net Position. The advanced refunding resulted in additional principal and interest payments of \$443,614. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$365,047, and a book loss of \$89,987.

On June 9, 2015, the City issued Water and Sewer Revenue Bonds, Series 2015 in the amount of \$39,000,000 to fund construction of the Peak Flow Management Facilities at the Village Creek Water Reclamation Facility and construction of the Big Fossil Parallel Relief Sanitary Sewer Main, Parts 1 and 3. The bonds will mature on February 15 of each year from 2016 to 2035 in installments ranging from \$1,835,000 to \$2,200,000. Interest is payable on February 15 and August 15 of each year commencing August 2015 at interest rates ranging from 0.14 to 2.04 percent.

On July 17, 2015, the City paid \$19,245,000 for a partial cash refunding to refund \$3,500,000 of existing Water and Sewer Revenue Refunding Bonds, Series 2005 (TWDB) and \$15,745,000 of existing Water and Sewer Revenue Bonds, Series 2005A. The City placed \$19,641,001 in an irrevocable trust to defease the debt which covered the principal, \$395,001 in interest and \$1,000 for Paying Agent/Registrar Settlement fees. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the Statement of Net Position. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$3,228,321, and a book loss of \$245,641.

On August 20, 2015, the City issued Water and Sewer Revenue Refunding and Improvements Bonds, Series 2015A in the amount of \$126,615,000 to refund \$27,140,000 of existing Water and Sewer Refunding Bonds, Series 2005A, to refund \$62,930,000 of existing Water and Sewer Revenue Refunding Bonds, Series 2007, and to fund projects included in the Water and Wastewater Capital Improvement Program. These bonds will mature on February 15 of each year from 2017 to 2035 in installments ranging from \$1,795,000 to \$13,970,000. Interest is payable on February 15 and August 15 of each year commencing February 2016 with interest rates ranging from 3.125 to 5.0 percent. The City deposited the refunding proceeds in an irrevocable trust for the purpose of generating resources for all future debt service payment of the refunded \$90,070,000 bonds. As a result, the refunded bonds are considered defeased and the liability is not reflected in the Statement of Net Position. The advanced refunding resulted in a reduction of principal and interest payments of \$4,662,063 over the life of the bonds. This refunding resulted in an economic gain (difference between the present value of the old debt and new debt service payments) of \$7,227,026, and a book loss of \$3,231,245.

On September 18, 2015, the City paid \$4,685,000 for a partial cash refunding of existing Water and Sewer Revenue Refunding Bonds, Series 2005A. The City placed \$4,723,808 in an irrevocable trust to defease the debt which covered the principal, \$37,808 in interest and \$1,000 for Paying Agent/Registrar Settlement fees. As a result, the refunded bonds are considered to be defeased and the liability is not reflected in the Statement of Net Position. This refunding resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$575,174.

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

G.4. ENTERPRISE DEBT (CONTINUED)

During 2015, the City withdrew 4 installments of Water and Sewer Revenue Bonds, Series 2010A, as follows: November 13, 2014 \$205,000; March 23, 2015 \$455,000; April 23, 2015 \$50,000; and May 26, 2015 \$215,000. These bonds were issued to fund improvements to the sewer system. The installments will mature on February 15 of each year from 2015 to 2030 payable in installments ranging from \$1,810 to \$2,340. Interest is payable on February 15th and August 15th of each year, commencing in February 2015 with an interest rate of 2.62 percent. The City has pledged future water and sewer customer revenues to repay the revenue bonds.

Net revenues of some of the City's enterprise funds—defined as net operating income, plus depreciation expense, plus investment income—have been pledged for repayment of long-term bonded debt incurred by these funds. The amount pledged is equal to the remaining outstanding debt service requirements for these bonds. The pledge continues for the life of the bonds.

For the year ended September 30, 2015, net pledged revenue by fund was as follows:

Fund	2015 Net Pledged Revenues	2015 Debt Service	Purpose of Debt
Water and Sewer Fund	\$ 138,111	\$ 95,256	<i>Extending and improving water and sewer system</i>
Stormwater Fund	16,093	9,340	<i>Improvements to storm drains, roadways, and erosion protection</i>
Municipal Parking	4,204	4,055	<i>Construction of City-owned parking garage</i>
Total	<u>\$ 158,408</u>	<u>\$ 108,651</u>	

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

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

The City is responsible for environmental cleanup of Riverside Park funded by the Water and Sewer Fund and asbestos removal before environmental cleanup of City owned buildings paid from the Environmental Management Fund (nonmajor governmental). The City is required to report the estimated liability for pollution remediation activities in accordance with GASB Statement No. 49, *Reporting for Pollution Remediation Obligations*. As of September 30, 2015, the City's liability was \$7,166,000 for the Water and Sewer Fund. The City's estimated outlays for the cleanup were generated using the expected cash flows technique. The amount of the estimated pollution remediation liability assumes that there will be no major increases in the cost of providing these cleanup services. However, during FY2015, a new estimate on the cleanup costs increased this liability by \$4,238,499. These estimates are subject to changes as a result of price increases, changes in technology, and new laws and regulations.

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

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

The annual requirements to amortize all bonded and contractual debt outstanding as of September 30, 2015, is disclosed by Governmental type as shown on the following pages:

Governmental Activities:						
Year Ending September 30,	General Obligations		Certificates of Obligation		Convention Center Installment Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 41,115	\$ 20,576	\$ 20,725	\$ 10,842	\$ 795	\$ 95
2017	34,603	18,954	19,620	10,085	825	49
2018	35,114	17,027	17,725	8,707	-	-
2019	37,917	14,926	15,040	7,387	-	-
2020	37,904	13,240	14,810	6,767	-	-
2021-2025	161,114	42,038	73,230	24,236	-	-
2026-2030	86,860	11,481	58,165	10,358	-	-
2031-2035	17,785	1,176	22,975	1,211	-	-
	<u>\$ 452,412</u>	<u>\$ 139,418</u>	<u>\$ 242,290</u>	<u>\$ 79,593</u>	<u>\$ 1,620</u>	<u>\$ 144</u>

Governmental Activities:						
Year Ending September 30,	HUD Installment Obligations		State Energy Conservation Loan Phase III		State Obligation - City	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 834	\$ 177	\$ 541	\$ 41	\$ 465	\$ -
2017	865	145	557	24	465	-
2018	632	109	430	6	465	-
2019	666	75	-	-	465	-
2020	702	39	-	-	465	-
2021-2025	-	-	-	-	2,327	-
2026-2030	-	-	-	-	2,327	-
2031-2035	-	-	-	-	428	-
	<u>\$ 3,699</u>	<u>\$ 545</u>	<u>\$ 1,528</u>	<u>\$ 71</u>	<u>\$ 7,407</u>	<u>\$ -</u>

Governmental Activities:						
Year Ending September 30,	State Obligation - CCPD		ESPC Phase VII		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 181	\$ -	\$ 976	\$ 382	\$ 65,632	\$ 32,113
2017	181	-	998	360	58,114	29,617
2018	181	-	1,172	336	55,719	26,185
2019	181	-	1,652	306	55,921	22,694
2020	181	-	1,689	267	55,751	20,313
2021-2025	904	-	9,027	757	246,602	67,031
2026-2030	904	-	1,912	16	150,168	21,855
2031-2035	165	-	-	-	41,353	2,387
	<u>\$ 2,878</u>	<u>\$ -</u>	<u>\$ 17,426</u>	<u>\$ 2,424</u>	<u>\$ 729,260</u>	<u>\$ 222,195</u>

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

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

The City has two blended component units whose long-term debt is paid through revenues transferred from Tax Increment Reinvestment Zones (TIRZs). TIRZ #2A makes debt service payments on Fort Worth Sports Authority's outstanding debt obligation of \$2,495,000. TIRZ #10 makes debt service payments on Lone Star Local Government Corp's outstanding debt obligation of \$31,617,000. Debt payments by these TIRZs are determined based on the revenue that each TIRZ receives during the year. Therefore, no definitive payment schedule has been determined. Lancaster Corridor, LLC long-term debt will be paid from revenues from its properties. This is a construction loan and a definitive payment schedule has not been determined.

The annual requirements to amortize all Major Fund Business-Type bonded and contractual debt outstanding as of September 30, 2015, is as follows:

Major Business-Type Activities:										
Year Ending September 30,	Water and Sewer Revenue		Water and Sewer TRA		Water and Sewer ESPC V Loan		Stormwater Utility Revenue		Total Major Business-Type	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 60,940	\$ 28,790	\$ 635	\$ 124	\$ 1,475	\$ 266	\$ 4,130	\$ 5,221	\$ 67,180	\$ 34,401
2017	63,115	26,620	650	111	1,508	232	4,300	5,072	69,573	32,035
2018	50,665	24,363	670	98	1,544	196	4,460	4,925	57,339	29,582
2019	52,220	22,343	690	77	1,580	160	4,640	4,745	59,130	27,325
2020	48,110	20,360	720	55	1,618	122	4,855	4,531	55,303	25,068
2021-2025	245,085	71,883	1,520	46	4,213	259	27,765	19,184	278,583	91,372
2026-2030	162,205	29,677	-	-	-	-	34,245	12,980	196,450	42,657
2031-2035	71,260	6,013	-	-	-	-	39,430	5,060	110,690	11,073
2036-2040	-	-	-	-	-	-	4,970	99	4,970	99
	<u>\$ 753,600</u>	<u>\$ 230,049</u>	<u>\$ 4,885</u>	<u>\$ 511</u>	<u>\$ 11,938</u>	<u>\$ 1,235</u>	<u>\$ 128,795</u>	<u>\$ 61,817</u>	<u>\$ 899,218</u>	<u>\$ 293,612</u>

The annual requirements to amortize all Nonmajor Fund Business-Type bonded and contractual debt outstanding as of September 30, 2015, is as follows:

Nonmajor Business-Type Activities:						
Year Ending September 30,	Municipal Parking CO		Solid Waste CO		Total Nonmajor Business-Type	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,640	\$ 2,419	\$ 480	\$ 98	\$ 2,120	\$ 2,517
2017	1,710	2,344	472	87	2,182	2,431
2018	1,795	2,263	466	76	2,261	2,339
2019	1,885	2,169	458	66	2,343	2,235
2020	1,990	2,063	451	152	2,441	2,215
2021-2025	10,490	8,620	2,136	123	12,626	8,743
2026-2030	13,945	5,166	-	-	13,945	5,166
2031-2035	10,510	945	-	-	10,510	945
	<u>\$ 43,965</u>	<u>\$ 25,989</u>	<u>\$ 4,463</u>	<u>\$ 602</u>	<u>\$ 48,428</u>	<u>\$ 26,591</u>

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NOTE G: DEBT OBLIGATIONS (CONTINUED)

G.6.ARBITRAGE

The City frequently issues bonds for capital construction projects. These bonds are subject to the arbitrage regulations. At September 30, 2015, the liability for rebate of arbitrage was \$943 for business-type activities. This amount is included in the "Current Portion of Long-Term Liabilities" on the Statement of Net Position.

G.7.LEASES

The City is also committed under capital leases for the acquisition of one municipal building, the Armory Building, and heavy equipment. During Fiscal Year 2015, the Southwest Municipal Court Building was sold and is no longer under a capital lease. These leases are recorded as capital leases in the government-wide reporting. Amortization of the leased assets is included in depreciation expenditures in the government-wide reporting. The leased buildings had an original cost totaling \$4,419,000.

The following is a summary of capital lease transactions of the City for the year ended September 30, 2015:

Capital Lease Obligations, October 1, 2014	\$	1,482
Principal Payments		<u>360</u>
Capital Lease Obligations, September 30, 2015	\$	<u><u>1,122</u></u>

Future minimum lease payments for these leases are as follows:

<u>Year Ending September 30,</u>	<u>Lease Payments</u>
2016	\$ 250
2017	379
2018	266
2019	274
2020	172
Less: Amount Representing Interest	<u>(219)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,122</u></u>

The following schedule provides an analysis of the City's investment in capital assets under lease arrangements as of September 30, 2015:

Buildings	\$	1,484
Equipment	\$	344
Less: Accumulated Depreciation		<u>(941)</u>
Total Net Book Value of Lease Assets	\$	<u><u>887</u></u>

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

G.7.LEASES (CONTINUED)

The City entered into operating lease agreements for the utilization of computers and related equipment, office space, vehicles, and golf carts. The lease terms range from 12 to 180 months. The following is a schedule by years of future minimum rental payments required under the operating leases as of September 30, 2015:

<u>Year Ending September 30,</u>	
2016	\$ 2,263
2017	1,685
2018	1,168
2019	610
2020	83
Total Minimum Payments Required	<u>\$ 5,809</u>

Total rental expense for the year was \$2,944,785.

The Fort Worth Sports Authority entered into a purchase contract to purchase the Texas Motor Speedway. Annual payments consist of a percentage of the tax increment revenues from Tax Increment Reinvestment Zone #2A and an additional percentage of tax increment revenues conditional upon the Texas Motor Speedway's contribution to economic development. The Fort Worth Sports Authority is obligated for tax increment revenues collected through 2026, with the total purchase price not to exceed \$20,000,000. The original contract was payable solely from the incremental taxes. Incremental taxes were projected to produce 100 percent of the debt service requirements over the life of the contract. Total principal remaining on the contract is \$2,495,000, payable through 2026. In Fiscal Year 2009, the City entered into an agreement with Texas Motor Speedway Corp. concerning gas bonus and lease revenues related to the racetrack. The agreement stated that upon the corporation initiating a gas lease agreement, the corporation would use this revenue to offset the amount the City owed for the racetrack. The gas lease agreement was entered into during Fiscal Year 2012 and in accordance with this agreement, Tax Increment Reinvestment Zone #2A debt payments are reduced to \$90,000 per year until the purchase contract is complete. The Texas Motor Speedway also has an agreement with Fort Worth Sports Authority to lease back the facility for \$50,000 to \$100,000 annually over the 30 year lease. The lease term extends to 2026 with renewal options for an additional 10 years. The lease is accounted for by the City as an operating lease.

The Lone Star Local Government Corporation (a blended component unit) entered into an agreement with Cabela's to finance a museum inside Cabela's Fort Worth facility. Annual payments consist of property tax increment revenues from Tax Increment Reinvestment Zone #10. Lone Star Local Government Corporation is obligated for tax increment revenues collected through 2024, with the total principal payment price not to exceed \$31,617,000. The contract is payable solely from the incremental taxes. Incremental taxes were projected to produce 100 percent of the debt service requirements over the life of the contract. Total principal and interest remaining on the contract is \$31,617,000, payable through 2024. The interest rate for this agreement is 4.75 percent.

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

G.8.DEFEASANCE OF PRIOR DEBT

In prior years, the City defeased certain outstanding General Obligation, Certificates of Obligation, and Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements.

At September 30, 2015, the following outstanding bonds are considered defeased:

General Obligation Bonds and Certificates of Obligation	\$	145,675
Water and Sewer System Revenue Bonds		62,930
Bonds Defeased	\$	<u>208,605</u>

G.9.DISCRETELY PRESENTED COMPONENT UNIT DEBT

On June 2, 2014, Terrell Homes, Ltd. (fiscal year ends December 31) obtained mortgage financing of \$2,000,000 for permanent financing of properties. The mortgage bears an interest rate of 7.0 percent. This mortgage requires monthly payments of principal and interest of \$13,306 based on a thirty-year amortization period and matures on June 2, 2029, at which time the entire unpaid principal balance and accrued interest will become due and payable.

In 2013, Terrell Homes, Ltd. entered into a loan agreement with the City of Fort Worth for \$900,000 for the construction of the Project. The loan has a 20-year term. The loan bears a fixed interest rate of 1.0 percent. The loan will be repaid from available cash flow.

G.10. CONDUIT DEBT

On May 12, 2006, the Alliance Airport Authority, Inc. (the Authority), issued Special Facilities Revenue Refunding Bonds, Series 2006, in the amount of \$245,150,000 to defease the Special Facilities Revenue Bonds, Series 1996. As of September 30, 2015, \$245,150,000 is outstanding. The bonds do not constitute a debt of the Authority or of the City.

CITY OF FORT WORTH, TEXAS
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NOTE H: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

The City reported \$5,020,206 as landfill closure and postclosure care liability in the Solid Waste Fund at September 30, 2015. This represents the cumulative amount reported to date based on the use of 34.9 percent of the estimated current permitted capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$9,352,260 as the remaining estimated capacity is filled. The City expects to close the landfill in 30 years from the end of the current fiscal year, or the year 2045. The total closure and postclosure cost is an estimate and is subject to changes resulting from inflation, deflation, technology changes, or changes in applicable laws and regulations.

Furthermore, at September 30, 2015, the City reported cash and cash equivalents of \$807,109 as restricted assets for closure and postclosure care and has \$4,213,097 in a trust instrument for these costs provided from its contractor (Allied Waste, Inc.). The City expects that future closure and postclosure care costs and inflation costs will be completely covered by the trust instrument, in accordance with the contractual agreement with Allied Waste, Inc. Allied will operate and close the landfill once it has reached capacity, and maintain and monitor the landfill during the postclosure care period.

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(000's omitted in tables)

NOTE I: D/FW INTERNATIONAL AIRPORT

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

Joint Revenue Bonds were issued to construct the Airport. Outstanding debt and related debt service are accounted for by the Dallas/Fort Worth International Airport. The current portion of the Joint Revenue Bonds payable totaled \$86,785,000 and the long-term portion was \$6,539,465,000 as of September 30, 2015.

The following condensed financial information has been taken from the Airport's September 30, 2015, financial statements:

Total Assets	\$ 7,448,455
Deferred Outflows of Resources	31,724
Total Asset and Deferred Outflows of Resources	<u>7,480,179</u>
Total Liabilities	7,101,153
Deferred Inflows of Resources	3,605
Total Liabilities and Deferred Inflows of Resources	<u>7,104,758</u>
Net Position	<u>\$ 375,421</u>
Operating Revenues	\$ 679,240
Operating (Expenses)	(702,140)
Non-Operating Revenues (Expenses)	(98,095)
Capital Contributions	13,773
Special Item	(41,761)
Change in Accounting Principle	<u>(176,548)</u>
Change in Net Position	<u>\$ (325,531)</u>

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

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

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

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

Plan Description

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

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

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

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

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

As of January 1, 2014, the Plan's membership consisted of the following members (numbers in the following table are not in thousands):

Employees covered by benefit terms:

Pension plan membership consisted of the following:	
	January 1, 2014
Inactive employees or beneficiaries currently receiving benefits	3,820
Inactive employees entitled to, but not yet receiving benefits	296
Total Inactive Members	4,116
Active members	6,199
Total	10,315

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

Actuarial valuations are completed on a calendar year basis, and census data was not collected as of September 30, 2014 (measurement date). It is assumed that the population remains constant between December 31 and September 30.

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

Summary of Plan Provisions

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

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

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

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

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

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(000's omitted in tables)

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

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

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

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

Cost-of-Living Adjustments (COLA) <i>Ad-Hoc COLA Program</i>	<p><i>In general, pensioners and vested members who elected the Ad-Hoc COLA Program, nonvested members as of January 1, 2008, and Tier I members who were hired after January 1, 2008 are participants in the Ad-Hoc COLA program. However, a one-time election was available to Ad-Hoc COLA program participants to switch to a 2% guaranteed COLA. The election window for Municipal Employees, Police Officers and Firefighters not included in the 2010 bargaining agreement was in the fourth quarter of 2013. The election window for remaining Firefighters was in the fourth quarter of 2014.</i></p> <p><i>Participants in the program who retire prior to September 30 of the preceding year may receive a compound COLA on Blue service benefits. The amount of the COLA is determined based on the prior year’s valuation results. The initial COLA percentage is determined by selecting the appropriate percentage from the following table based on the Fund’s Funding Period:</i></p> <table><tr><td><u>Tier</u></td><td><u>Funding Period</u></td><td><u>COLA Percentage Increase</u></td></tr><tr><td><u>#1</u></td><td>28.1 or greater</td><td>0.0%</td></tr><tr><td><u>#2</u></td><td>24.1 to 28.0</td><td>2.0%</td></tr><tr><td><u>#3</u></td><td>18.1 to 24.0</td><td>3.0%</td></tr><tr><td><u>#4</u></td><td>18.0 or less</td><td>4.0%</td></tr></table> <p><i>Next, the initial COLA percentage is applied to the benefits of the participants of the program to determine the increase in the liability. Using the new liability the Funding Period is re-calculated. If the tier of the Funding Period does not change, then the initial COLA percentage will be the proposed percentage for the following January 1. However, if the tier does change, then the COLA percentage is changed to the percentage shown in the new tier. Then the liability and Funding period are recalculated to check that the tier does not change. This process is repeated until the proposed COLA percentage does not change the Tier of the Funding Period.</i></p> <p><i>2.0% Guaranteed</i></p> <p><i>Vested members hired before January 1, 2008, who elected the 2% Guaranteed COLA, and also those who elected to opt out of the Ad-Hoc COLA program, receive a simple COLA of 2% of their Base Pension Amount every January 1. All Orange service benefits of Tier I employees also receive a 2% simple COLA.</i></p> <p><i>None</i></p> <p><i>Tier II participants are not eligible for a COLA.</i></p>	<u>Tier</u>	<u>Funding Period</u>	<u>COLA Percentage Increase</u>	<u>#1</u>	28.1 or greater	0.0%	<u>#2</u>	24.1 to 28.0	2.0%	<u>#3</u>	18.1 to 24.0	3.0%	<u>#4</u>	18.0 or less	4.0%
<u>Tier</u>	<u>Funding Period</u>	<u>COLA Percentage Increase</u>														
<u>#1</u>	28.1 or greater	0.0%														
<u>#2</u>	24.1 to 28.0	2.0%														
<u>#3</u>	18.1 to 24.0	3.0%														
<u>#4</u>	18.0 or less	4.0%														
Deferred Retirement Option Program (DROP): <i>Eligibility</i> <i>DROP Enrollment</i> <i>Amount</i> <i>Contributions</i>	<p><i>Participants eligible for Normal Retirement may elect to enroll in DROP.</i></p> <p><i>A member may participate in DROP for up to 60 months. There is no minimum length of time a member must stay in the DROP. A member who elects a DROP must stay in the DROP for at least two years to be eligible for a retroactive cost-of-living increase at the time of actual retirement.</i></p> <p><i>Enrollment in DROP freezes a member’s Credited Service and Final Average Compensation for purposes of calculating the monthly retirement benefit. The DROP provides a lump sum payment for the number of months enrolled based on the monthly annuity calculated at the member’s DROP enrollment date.</i></p> <p><i>Member and employer contributions continue during the DROP period but are not credited to the member’s DROP account.</i></p>															

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

Changes in Plan Provisions:	<p><i>Included for the first time in this valuation are plan changes that apply to Firefighters. The benefits for individuals hired before January 10, 2015 are now bifurcated, with the prior formula applying to pre-January 10, 2015 service, and the new provisions (shown below) applying to service earned on or after January 10, 2015:</i></p> <ol style="list-style-type: none"> <i>1. The Final Average Compensation is changed from the highest three years to the highest five years.</i> <i>2. Overtime earnings (other than built-in overtime) are eliminated from the Final Average Compensation for determining benefits, and employees no longer contribute on those earnings. (The City continues to contribute on overtime.)</i> <i>3. The multiplier is lowered to 2.50% for standard pension benefits and to 2.25% for non-duty death, non-duty disability, and early retirement benefits.</i> <i>4. The benefit earned on or after January 10, 2015 is subject to an annual 2.00% simple post-retirement cost-of-living adjustment (COLA).</i> <i>5. The impact from changes in the plan to the NPL is \$110.2 million. Refer to the Employees' Retirement Fund - Schedule of Changes in Net Pension Liability - Last Ten Years found in the Required Supplementary Information section.</i>
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If a member continues to work after the normal retirement date, the member is required to make contributions to the Plan until the date of actual retirement. Members continue to accrue credited service until they retire.

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

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

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

Obligation to Contribute to the Plan

The City contributes to the City Plan an amount equal to 19.74% (20.46% for sworn police officers) of the retirement eligible earnings of members. The City Council, through its budget appropriation, has the right to contribute an additional amount over and above the members' contributions, in accordance with state law, plus the cost of administration of the City Plan. No additional contributions were made during FY2015. Eligible Employees of the City, as a condition of employment, commencing on the effective date of their membership in the Plan, shall contribute 8.25% (8.73% for sworn police officers) of their eligible earnings to the Plan until the date of their actual retirement or earlier termination of employment. The employer and employee contribution rates are not used when the actuary determines the annual required contributions to the City Plan.

Funding Policy

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

Year Ended September 30,	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency	Covered- Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	\$ 82,938	\$ 78,165	\$ 4,773	\$ 397,886	19.6%

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

Actuarial Methods and Assumptions

The following are the significant actuarial assumptions used for the January 1, 2014, actuarial valuation:

Valuation date	<i>January 1, 2014</i>
Methods and used assumptions to determine contribution rates:	
Actuarial cost method	<i>Entry age</i>
Amortization method	<i>Level percent of covered payroll, open</i>
Remaining amortization period	<i>30 years remaining as of January 1, 2014</i>
Asset valuation method	<i>Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.</i>
Actuarial assumptions:	
Investment rate of return	<i>8.00% (8.14% for determining the blended interest rate, to account for an explicit administrative expense assumption)</i>
Inflation rate	<i>3.00%</i>
Projected salary increases	<i>3.50% - 18.00%</i>
Cost-of-living adjustments	<i>2.00%*</i>
Payroll growth rate	<i>3.25% per annum, used to amortize unfunded actuarial accrued liabilities</i>
Administrative expenses	<i>\$2.5 million, increasing 3% annually. An additional \$2.0 million is added for the first two fiscal years, to account for the implementation of new administrative software by the Plan.</i>
Retirement rates	<i>The retirement rates were set by the Fund's actuary based on a study of experience for 2010-2012. The Municipal and Fire rates are age-related, while the Police rates are service-based. Municipal employees have some assumed probability of retirement prior to eligibility for an unreduced pension, whereas the public safety employees are assumed to wait until full benefits are payable. The weighted average assumed retirement age for Municipal employees is 61.2; the age for Firefighters is 57.8, and the age for Police Officers is 56.1 (28.6 years of service). The weighted average retirement age for each participant is calculated as the sum of the product of each potential current or future retirement age times the probability of surviving from current age to that age and then retiring at that age, assuming no other decrements. The overall weighted retirement age is the average of the individual retirement ages based on all the active participants included in the December 31, 2014 actuarial valuation.</i>
Mortality	<i>Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, set forward one year, and adjusted using generational projection under Scale AA to reflect future mortality improvement. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, reduced by 20% for males and loaded by 50% for females, and adjusted using generational projection under Scale AA.</i>

*2% cost-of-living adjustment (COLA) is assumed for members receiving the guaranteed COLA and for benefits accrued on or after October 1, 2013, by Municipal employees hired prior to July 1, 2011, and Police employees hired prior to January 1, 2013. Future COLAs are assumed for members participating in the ad-hoc COLA program beginning in 2031, at a rate of 2% per year compounded. (Prior to 2031, no ad-hoc COLAs are anticipated)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	15%	5.40%
International equity	15%	6.15%
Fixed income	18%	1.46%
Real return	10%	3.50%
Real estate	13%	6.50%
Absolute return	19%	4.25%
Private equity	9%	9.25%
Cash	<u>1%</u>	-0.25%
Total	100%	

Discount rate: The blended discount rate used to measure the total pension liability is 6.98%. The projection of cash flows used to determine the discount rate assumed City and plan member contributions will be made at the current contribution rates: 19.74% from the City and 8.25% from the members for Municipal and Firefighter employees, and 20.46% from the City and 8.73% from the members for Police Officers. The City is assumed to continue to contribute for current employees on total pay, including overtime. Members are assumed to contribute as a percentage of base pay, excluding overtime. Based on these assumptions, the City Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current City Plan members. The long-term expected rate of return on City Plan investments was applied to the first 40 periods of projected benefit payments, a 4.11% municipal bond rate was applied to the next 25 years, and the long-term rate was again applied for all periods thereafter to determine the total pension liability. The 4.11% municipal bond rate was based on the S&P Municipal Bond 20-Year High Grade Index as of September 25, 2014.

Pension Expense for the year ended September 30, 2015, was as follows:

Service Cost	\$	92,189
Interest on TPL		234,701
Employee Contributions		(31,929)
Administrative expenses		3,739
Other		131
Expected return on assets		(158,653)
Expensed portion of current year period differences between expected and actual experience in TPL		(17,825)
Current year plan changes		110,188
Expensed portion of current year period differences between projected and actual investment earnings		(268)
Total expense	\$	<u>232,273</u>

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

For the year ended September 30, 2015, the City reported the following Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Pension Liability related to pensions. The following amounts have been allocated to Governmental Activities and Business-Type Activities on the Statement of Net Position, see the table below:

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources			
Pension contributions made after the measurement date	\$ 69,992	\$ 10,679	\$ 80,671
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 77,459	\$ 11,667	\$ 89,126
Net difference between projected and actual earnings on pension plan investments	933	140	1,073
Total Deferred Inflows of Resources	\$ 78,392	\$ 11,807	\$ 90,199
Net Pension Liability	\$ 1,325,294	\$ 203,805	\$ 1,529,099

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

		Deferred Outflows/(Inflows) Recognized in Future Years							
	Year Established	Outstanding Balance at October 1, 2014	Amount Recognized During FYE September 30, 2015	Outstanding Balance at September 30, 2015	2016	2017	2018	2019	2020
Fiscal Year									
Inflows									
Investment	2015	\$ (1,342)	\$ (268)	\$ (1,074)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	--
Demographic	2015	(106,951)	(17,825)	(89,126)	(17,825)	(17,825)	(17,825)	(17,825)	(17,825)
Total Inflows		<u>(108,293)</u>	<u>(18,093)</u>	<u>(90,200)</u>	<u>(18,093)</u>	<u>(18,093)</u>	<u>(18,093)</u>	<u>(18,093)</u>	<u>(17,825)</u>
Total		<u>\$ (108,293)</u>	<u>\$ (18,093)</u>	<u>\$ (90,200)</u>	<u>\$ (18,093)</u>	<u>\$ (18,093)</u>	<u>\$ (18,093)</u>	<u>\$ (18,093)</u>	<u>\$ (17,825)</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

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

J.1. Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2014	\$ 3,441,706	\$ 1,976,515	\$ 1,465,191
Charges for the year:			
Service Cost	92,189	-	92,189
Interest	234,701	-	234,701
Change of benefit terms	110,188	-	110,188
Differences Between Expected and Actual Experience	(106,951)	-	(106,951)
Contributions - Employer	-	78,165	(78,165)
Contributions - Employee	-	31,929	(31,929)
Net Investment Income	-	159,994	(159,994)
Benefit Payments, Including Refunds of Employee Contributions	(161,159)	(161,159)	(0)
Administrative Expenses	-	(3,739)	3,739
Other Changes	-	(131)	131
Net Changes	<u>168,968</u>	<u>105,060</u>	<u>63,908</u>
Balances at September 30, 2015	<u>\$ 3,610,674</u>	<u>\$ 2,081,575</u>	<u>\$ 1,529,099</u>

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

The following presents the net pension liability of the City Plan, calculated using the discount rate of 6.98%, as well as what the City Plan's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.98%) or one percentage-point higher (7.98%) than the current rate:

1% Decrease (5.98%)	Current Discount Rate (6.98%)	1% Increase (7.98%)
\$ 2,028,166	\$ 1,529,099	\$ 1,118,959

Note: The balances as of September 30, 2014 constitute measurements of the NPL for the fiscal year ended September 30, 2015.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE K: EMPLOYEE BENEFITS

K.1. POSTEMPLOYMENT BENEFITS

Plan Descriptions

In addition to the pension benefits described in Note J, the City provides postemployment health care benefits, established under legal authority of the City Charter and administered by the City. The single employer plan coverage is offered to all employees who retire from the City in accordance with criteria listed in Note J. However, some retirees elect not to continue the health coverage during their retirement. Currently 2,850 (not in thousands) retirees and beneficiaries meet those eligibility requirements. The City also provides a \$5,000 lump sum death benefit single-employer plan for beneficiaries of retired employees who retired on or after January 1, 1970. Neither of these plans issue stand-alone financial statements.

For those employees who terminate and are vested in the City's retirement plan, health care benefits may continue, until the employee retires, by paying the full cost of coverage. For all other employees who terminate without retirement, health care benefits continue for 30 days after termination. At that time the former employee has continuation rights to health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985. In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City will perform actuarial studies each year. The actuarial information presented in the notes and in the required supplementary section represent the January 1, 2015, actuarial valuation.

Employees hired on or after January 1, 2009 are not eligible for a City of Fort Worth retiree premium subsidy but may enroll for coverage at retirement and pay full premium for coverage for themselves and eligible dependents.

Funding Policies

For the health care benefits and the death benefit, contractual requirements for the City are established and may be amended by the City Council. During FY2015, retirees' health insurance was provided with separate plan designs depending on whether the retiree was eligible for Medicare. The City paid for a major portion or all of the total health insurance cost for retirees depending on the retiree's date of employment or length of service and on the retiree's coverage election. The City paid 30 to 50 percent of the cost for coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium was paid by the retirees for their dependents or by the surviving spouse. Expenditures for postemployment health care are recognized as claims or premiums when paid. During FY2015, the cost for health care benefits for retirees, dependents, and surviving spouses was \$19,778,000. For FY2015, death benefit payments totaled \$480,000.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE K: EMPLOYEE BENEFITS (CONTINUED)

K.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Costs

The City's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City's annual OPEB cost for fiscal years ended September 30, 2013, September 30, 2014, and September 30, 2015, and the related information for each plan, are shown below:

<u>Funding Policy and Annual OPEB Cost</u>						
	Healthcare			Death Benefit		
Contribution Rates						
City	33% - 100% *			100%		
Plan Members	0% - 67% *			N/A		
	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>	<u>9/30/2013</u>	<u>9/30/2014</u>	<u>9/30/2015</u>
Annual Required Contribution	\$ 98,334	\$ 88,405	\$ 75,983	\$ 943	\$ 916	\$ 795
Interest on Net OPEB Obligation	16,249	18,545	20,252	164	192	216
Adjustment to Annual Required Contribution	(23,198)	(25,433)	(27,775)	(234)	(264)	(296)
Annual OPEB Cost (Expense)	91,385	81,517	68,460	873	844	715
Contributions Made	(35,433)	(40,595)	(32,076)	(370)	(608)	(444)
Increase in Net OPEB Obligation	55,952	40,922	36,384	503	236	271
Net OPEB Obligation, Beginning of Year	394,908	450,860	491,782	5,453	5,956	6,192
Net OPEB Obligation, End of Year	<u>\$ 450,860</u>	<u>\$ 491,782</u>	<u>\$ 528,166</u>	<u>\$ 5,956</u>	<u>\$ 6,192</u>	<u>\$ 6,463</u>
Percentage of Annual OPEB Cost Contributed	38.8 %	49.8 %	46.9 %	42.4 %	72.0 %	62.1 %
Percentage of Annual Required Contribution Contributed	36.0 %	45.9 %	42.2 %	39.2 %	66.4 %	55.8 %

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

At September 30, 2015, the total liability of \$534,629,000 for net OPEB obligation was \$464,788,000 for governmental activities and \$69,841,000 for business-type activities. The employer's required contribution rate as a percentage of payroll for FY2015 was 18.7%.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE K: EMPLOYEE BENEFITS (CONTINUED)

K.1. POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

The funded status of the Plan as of January 1, 2015, was as follows:

	Healthcare	Death Benefit
Actuarial Accrued Liability (a)	\$ 821,619	\$ 8,743
Actuarial Value of Plan Assets (b)	55,626	-
Unfunded Actuarial Accrued Liability (a) – (b)	<u>\$ 765,993</u>	<u>\$ 8,743</u>
Funded Ratio (b) / (a)	6.8 %	0.0 %
Covered Payroll (c)	\$ 411,647	\$ 411,647
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll $[(a) - (b)] / (c)$	186 %	2 %

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

Actuarial Methods and Assumptions

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

Significant methods and assumptions were as follows:

	Healthcare	Death Benefit
Actuarial Valuation Date	1/1/2015	1/1/2015
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Open, Level Dollar	Open, Level Dollar
Remaining Amortization Period	30	30
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Discount Rate	4.1%	4.1%
Healthcare Cost Trend Rate	8.5%	N/A
Healthcare Inflation Rate	3%	N/A

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE K: EMPLOYEE BENEFITS (CONTINUED)

K.2. DEFERRED COMPENSATION PLAN

The City offers its employees a Deferred Compensation Plan (DCP) created in accordance with Internal Revenue Code Section 457. The City's DCP is administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). In 1997, the City implemented the requirements of GASB Statement No. 32, *Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. In accordance with this statement and recent tax law changes, the City amended its trust agreements, which establish that all assets and income of the trust are for the exclusive benefit of eligible employees and their beneficiaries. Due to the implementation of these changes, the City does not have any fiduciary responsibility or administrative duties relating to the DCP other than remitting employees' contributions to the trustees. Accordingly, the City has not presented the assets and liabilities from the DCP in these basic financial statements. Deferred compensation investments are held by outside trustees. The City's DCP investments include mutual funds whose focus is on stocks, bonds, treasury securities, money-market-type investments, or a combination of these. The City's DCP, available to all permanent City employees, permits them to defer income based upon guidelines published by the Internal Revenue Service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE L: COMMITMENTS AND CONTINGENCIES

The City has executed a long-term supply agreement with Tarrant Regional Water District (District) for all of its raw water needs whereby the City makes monthly payments to fund its water purchases. The FY2015 payments to the District under the agreement were \$74,661,447. Future payments will be a direct result of future water usage.

The City is subject to extensive and rapidly changing Federal and State environmental regulations governing wastewater discharges, solid and hazardous waste management, and site remediation and restoration activities. The City's policy is to accrue environmental and related remediation costs when it is probable that a liability has been incurred and the amount can be reasonably estimated. As discussed in Note G.4., as of September 30, 2015, the City has recorded a pollution remediation liability of \$7,166,000 in accordance with GASB Statement No. 49, *Reporting for Pollution Remediation Obligations*. No other liabilities have been specifically identified and no such costs have been accrued other than those disclosed.

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

The City has outstanding construction commitments of \$87,082,197 as of September 30, 2015.

Various other claims and lawsuits are pending against the City. After consultation with legal counsel, the City had potential losses from pending litigation that are reasonably possible totaling \$7,137,176 as of September 30, 2015.

On December 9, 2014, the City adopted a resolution committing an amount not to exceed \$225,000,000 for the construction of a multipurpose arena at the intersection of Harley Avenue and Gendy Street (the Venue Project). Funding for the project will come from various revenue sources including admission tax, livestock facility use tax, parking tax, state and local taxes derived in accordance with Chapter 351 of Texas Tax Code and other revenue that the City determines appropriate. In FY2015, the City Council approved the issuance of up to \$150,000,000 in refunding and improvement bonds. A portion of the bond issued will be used to extend the terms for certain Public-Events related debt to make hotel occupancy tax receipts available for use in the Venue Project Fund until other revenue streams become available. It is anticipated that the Venue taxes will begin being assessed and provide a source of revenue for planned debt issues in FY2020.

Until FY2020, local hotel occupancy tax revenue from the Culture and Tourism Fund is projected to be available as follows to transfer to the Venue Project Fund to accumulate reserves, cash-fund certain project obligations, and service future debt issues associated with the project as follows:

FY2015	\$2,600,000*
FY2016	\$1,300,000
FY2017	\$1,800,000
FY2018	\$3,000,000
FY2019	\$3,200,000

*Actual transfer made in FY2015, see Note C.4.

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE M: SEGMENT FINANCIAL INFORMATION

Segment financial information for the City's Municipal Parking Fund is presented below:

Municipal Parking Fund	
Condensed Schedule of Net Position	
Assets	
Current Assets	\$ 1,501
Other Assets	2,867
Capital Assets	49,427
Deferred Outflows of Resources	95
Total Assets and Deferred Outflows of Resources	<u>53,890</u>
Liabilities	
Other Current Liabilities	2,166
Other Noncurrent Liabilities	45,561
Total Liabilities	<u>47,727</u>
Deferred Inflows of Resources	106
Net Position	
Net Investment in Capital Assets	5,562
Restricted	376
Unrestricted	119
Total Net Position	<u>\$ 6,057</u>
Condensed Schedule of Revenues, Expenses, and Changes in Net Position	
Operating Revenues	\$ 7,315
Depreciation Expense	1,812
Other Operating Expenses	3,140
Operating Income (Loss)	<u>2,363</u>
Nonoperating Revenues (Expenses):	
Investment Income	29
Interest and Service Charges	(2,424)
Other Nonoperating Revenues (Expenses)	(226)
Transfers Out	(30)
Change in Net Position	(288)
Restatement (Note A.16.)	(1,748)
Beginning Net Position	8,093
Ending Net Position	<u>\$ 6,057</u>
Condensed Schedule of Cash Flows	
Net Cash Provided (Used) by:	
Operating Activities	4,260
Noncapital Financing Activities	(30)
Capital and Related Financing Activities	(4,438)
Investing Activities	25
Net Increase (Decrease)	(183)
Beginning Cash and Cash Equivalents	4,402
Ending Cash and Cash Equivalents	<u>\$ 4,219</u>

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE N: SUBSEQUENT EVENTS

On December 8, 2015, the City issued Water and Sewer System Revenue Bond, Series 2015B (SWIFT Program), for the amount of \$13,000,000 to be used for providing the first of the two-part subsidized financing for implementation of the multi-phase Advanced Metering Infrastructure (AMI) Project along with an automated leak detection system. The planned project comes under the authority of Texas Water Development Board's State Water Implementation Revenue Fund for Texas (SWIFT) Program, which provides low-cost financial assistance for eligible projects.

Subsequent to year end, the City was notified that its workers' compensation reinsurer for claims outstanding for FY2003 might potentially file for bankruptcy. As of the date of the Financial Statements, the City was aware of one outstanding claim for FY2003 that was covered by the reinsurer. On December 22, 2015, the City the Insurance Company signed a Commutation Agreement in the amount of \$5,200,000 to cover the remaining claim. The City is not able to determine at this point whether the settlement will be sufficient to cover all subsequent payments needed for the claim.

On February 18, 2016, the City drew down the 44th installment on the Water and Sewer System Revenue Bonds, Series 2010A in the amount of \$125,000. See Note G for interest and maturity date information.

NOTE O: NEW ACCOUNTING STANDARDS

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses the accounting and financial reporting issues related to fair value measurements, and will provide guidance for determining and applying fair value measurements to certain investments and disclosures. This Statement is effective for the City's financial periods beginning October 1, 2015.

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE O: NEW ACCOUNTING STANDARDS (CONTINUED)

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for the City’s financial periods beginning October 1, 2015.

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

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

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

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

CITY OF FORT WORTH, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015
(000's omitted in tables)

NOTE O: NEW ACCOUNTING STANDARDS (CONTINUED)

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. This Statement is effective for the City's financial periods beginning October 1, 2016.

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

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

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF FORT WORTH, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(in 000's)
(Unaudited)

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Other Financing Sources:				
Revenues:				
General Property Taxes	\$ 308,874	\$ 308,874	\$ 308,037	\$ (837)
Sales Taxes	126,014	126,711	130,299	3,588
Other Local Taxes	8,735	8,735	9,248	513
Charges for Services	27,466	27,571	19,651	(7,920)
Licenses and Permits	47,401	47,401	52,233	4,832
Fines and Forfeitures	17,931	17,931	15,915	(2,016)
Revenue from Use of Money and Property	4,548	4,548	4,086	(462)
Intergovernmental	904	904	1,071	167
Other	1,923	2,340	2,087	(253)
Total Revenues	543,796	545,015	542,627	(2,388)
Other Financing Sources:				
Transfers In - Other Funds	41,846	43,881	43,305	(576)
Total Other Financing Sources	41,846	43,881	43,305	(576)
Total Revenues and Other Financing Sources	585,642	588,896	585,932	(2,964)
Expenditures:				
Departmental:				
City Attorney's Office	6,368	6,401	4,693	1,708
City Auditor's Office	1,628	1,728	1,430	298
City Manager's Office	7,898	8,008	7,396	612
City Secretary's Office	1,093	1,118	1,056	62
Code Compliance	18,902	18,835	18,721	114
Financial Management Services	9,936	10,273	9,724	549
Fire	118,688	123,066	123,066	-
Housing and Economic Development	5,762	6,283	5,903	380
Human Resources	3,460	3,628	3,437	191
Library	19,187	19,375	18,542	833
Municipal Court	17,388	17,299	16,856	443
Non-Departmental	72,665	72,817	59,622	13,195
Parks and Community Services	44,358	45,357	43,053	2,304
Planning and Development	11,553	12,038	11,718	320
Police	204,606	207,191	202,049	5,142
Transportation and Public Works	46,257	48,984	45,617	3,367
Total Expenditures	589,749	602,401	572,883	29,518
Contribution to / (Use of) Fund Balance	\$ (4,107)	\$ (13,505)	\$ 13,049	\$ 26,554
Explanation of Differences Between Budgetary Contribution to / (Use of) Fund Balance and GAAP Net Change in Fund Balance				
Contribution to / (Use of) Fund Balance (Budgetary Basis)			\$	13,049
Differences - Budgetary to GAAP				
Current year non-budgeted transfers treated as other financing sources for financial reporting purposes but not as budgetary inflows.				25,565
Current year non-budgeted transfers treated as other financing uses for financial reporting purposes but not as budgetary outflows.				(95)
Net Change in Fund Balance (GAAP Basis)			\$	38,519

See accompanying notes to the required supplementary information.

CITY OF FORT WORTH, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015
(000's omitted in tables)

ADOPTED BUDGET

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

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

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

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

The City Council must approve any transfer of appropriation balances or portions thereof from one department to another. The City Manager has the authority, without City Council approval, to transfer appropriation balances from one expenditure account to another within a single department of the City. The Chief Financial Officer has delegated authority to make transfers between funds for the intended purpose of the appropriation. Supplemental appropriations of \$12,652,000 were approved by the City Council. The reported budgetary data includes amendments made during the year. At the close of each fiscal year, any appropriated balance in the General Fund lapses to fund balance.

Budgets for the Grant Special Revenue Fund are established pursuant to the terms of the related Federal and State grant awards and are therefore considered a legally adopted budget once the specific appropriation is approved. The Culture and Tourism Fund and the Crime Control and Prevention District (CCPD) Fund are included in the Special Revenue Funds and have legally adopted budgets that are reflected as supplemental information in the Combining and Individual Fund Financial Statements and Schedules section. These budgets must be approved and legally enacted by the City Council prior to September 30. Prior to action taken by City Council, the CCPD Board of Directors (Board) must approve the original budget for the CCPD Fund. In addition, the Board as well as the City Council must also approve any supplement or transfer of appropriation balances or portions thereof from one department to another. At the close of each fiscal year the appropriated balance in both of these Special Revenue funds lapses. Other Special Revenue Funds, the Debt Service Fund and Capital Projects have legally adopted budgets, however, there is no comparison of budget to actual presented in the financial statements for such funds.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2015
(in 000's)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
1/1/2010	\$ 1,868,800	\$ 2,300,500	\$ 431,700	81.2%	\$ 368,300	117.2%
1/1/2011	1,894,700	2,473,700	579,000	76.6%	367,600	157.5%
1/1/2012	1,869,700	2,617,900	748,200	71.4%	383,800	194.9%
1/1/2013	1,854,900	2,902,300	1,047,400	63.9%	376,300	278.3%
1/1/2014	1,995,113	3,124,080	1,128,967	63.9%	397,886	283.7%
1/1/2015	2,094,381	3,365,535	1,271,154	62.2%	411,647	308.8%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
TO THE RETIREMENT FUND – LAST TEN FISCAL YEARS
SEPTEMBER 30, 2015
(in 000's)

Year Ended September 30,	Actuarially Determined Contributions*	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll**	Contributions as a Percentage of Covered Employee Payroll
2006	(Historical information prior to implementation of GASB 67/68 is not required)				
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014	\$ 82,938	\$ 78,165	\$ 4,773	\$ 397,886	19.6%
2015	93,563	80,821	12,742	411,647	19.6%

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

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

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
PROJECTED RECOGNITION OF DEFERRED OUTFLOWS/(INFLOWS)
SEPTEMBER 30, 2015
(in 000's)

					<u>Deferred Outflows/(Inflows) Recognized in Future Years</u>				
	Year	Outstanding	Amount	Outstanding					
	Established	Balance at	Recognized	Balance at					
		October 1,	During FYE	September 30,					
		2014	September 30,	2015	2016	2017	2018	2019	2020
Fiscal Year									
Inflows									
Investment	2015	\$ (1,342)	\$ (268)	\$ (1,074)	\$ (268)	\$ (268)	\$ (268)	\$ (268)	--
Demographic	2015	(106,951)	(17,825)	(89,126)	(17,825)	(17,825)	(17,825)	(17,825)	(17,825)
Total Inflows		<u>(108,293)</u>	<u>(18,093)</u>	<u>(90,200)</u>	<u>(18,093)</u>	<u>(18,093)</u>	<u>(18,093)</u>	<u>(18,093)</u>	<u>(17,825)</u>
Total		<u>\$ (108,293)</u>	<u>\$ (18,093)</u>	<u>\$ (90,200)</u>	<u>\$ (18,093)</u>	<u>\$ (18,093)</u>	<u>\$ (18,093)</u>	<u>\$ (18,093)</u>	<u>\$ (17,825)</u>

Note: In accordance with Paragraph 71 of GASB Statement No. 68, the difference between projected and actual earnings on investments is recognized over a closed five-year period. The difference between expected and actual total pension liability experience (noted as "Demographic" in the chart above) is recognized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. For 2015, the period is six years.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
EMPLOYEES' RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
- LAST TEN FISCAL YEARS
SEPTEMBER 30, 2015
(in 000's)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Total Pension Liability					
Service Cost	\$ 92,189	(Historical information prior to implementation of GASB 67/68 is not required)			
Interest	234,701				
Charge of Benefit Terms	110,188				
Differences Between Expected and Actual Experience	(106,951)				
Benefit Payments, Including Refunds of Employee Contributions	(161,159)				
Net Change in Total Pension Liability	<u>168,968</u>				
Total Pension Liability - Beginning	<u>3,441,706</u>				
Total Pension Liability - Ending (a)	<u><u>\$ 3,610,674</u></u>				
Plan Fiduciary Net Pension					
Contributions - Employer	\$ 78,165				
Contributions - Employee	31,929				
Net Investment Income	159,994				
Benefit Payments, Including Refunds of Employee Contributions	(161,159)				
Administrative Expense	(3,739)				
Other	(130)				
Net Change in Plan Fiduciary Net Position	<u>105,060</u>				
Plan Fiduciary Net Position - Beginning	<u>1,976,515</u>				
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,081,575</u></u>				
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 1,529,099</u></u>				
Plan Fiduciary Net Position as a % of the Total Pension Liability	57.65%				
Covered Employee Payroll	\$ 411,647				
Net Pension Liability as a % of Covered Employee Payroll	371.46%				

Notes to Schedule:

Benefits changes: The benefits for Municipal employees hired before July 1, 2011 and Police employees hired before January 1, 2013 (Groups I and III) were bifurcated effective October 1, 2013. Prospectively, the benefit multiplier changed from 3.00% to 2.5% for standard pension benefits and from 2.75% to 2.25% for early retirement, non-duty death and non-duty disability benefits. The compensation base was extended from the highest three years to the highest five years, and overtime earnings are now excluded. Benefits earned on or after October 1, 2013 are subject to an annual 2.00% simple COLA, rather than an ad-hoc COLA.

Change of assumptions: There have been no assumption changes since GASB 68 implementation.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2015
(in 000's)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as % of Payroll ((b-a)/c)
	(a)	(b)	(b-a)	(a/b)	(c)	
Healthcare						
12/31/2009	\$ 5,000	\$ 989,851	\$ 984,851	1%	\$ 334,726	294%
12/31/2010	15,388	1,055,308	1,039,920	1%	334,726	311%
1/1/2012	16,000	942,238	926,238	2%	383,802	241%
1/1/2013	24,328	993,541	969,213	2%	376,317	258%
1/1/2014	38,977	932,667	893,690	4%	397,886	225%
1/1/2015	55,626	821,619	765,993	7%	411,647	186%
Death Benefit						
12/31/2009	\$ -	\$ 10,631	\$ 10,631	0%	\$ 334,726	3%
12/31/2010	161	11,025	10,864	1%	334,726	3%
1/1/2012	-	11,589	11,589	0%	383,802	3%
1/1/2013	-	10,921	10,921	0%	376,317	3%
1/1/2014	-	10,252	10,252	0%	397,886	3%
1/1/2015	-	8,743	8,743	0%	411,647	2%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF FORT WORTH, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SEPTEMBER 30, 2015
(in 000's)

Year Ended	Annual Required Contributions	Percentage Contributed	Net OPEB Obligation
Healthcare			
9/30/2010	\$ 103,633	28.3%	\$ 243,174
9/30/2011	110,705	22.5%	324,619
9/30/2012	105,502	27.9%	394,908
9/30/2013	98,334	36.0%	450,860
9/30/2014	88,405	45.9%	493,023
9/30/2015	75,983	42.2%	528,166
Death Benefit			
9/30/2010	\$ 2,842	9.5%	\$ 3,476
9/30/2011	984	17.8%	4,301
9/30/2012	1,435	15.7%	5,453
9/30/2013	943	39.2%	5,956
9/30/2014	916	66.4%	6,192
9/30/2015	795	55.8%	6,463

APPENDIX C

FORM OF CO-BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Co-Bond Counsel

*An opinion in substantially the following form will be delivered by
McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman LLP, co-Bond Counsel,
upon the delivery of the Bonds, assuming no material changes in facts or law.*

CITY OF FORT WORTH, TEXAS GENERAL PURPOSE REFUNDING AND IMPROVEMENT BONDS, SERIES 2016

AS CO-BOND COUNSEL for the City of Fort Worth, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of \$_____. The Bonds bear interest from the date and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the charter of the City, certified copies of the proceedings of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond No. R-1); however, we express no opinion with respect to any statement of insurance printed on the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with the Constitution and laws of the State of Texas, and the Bonds constitute valid and legally binding obligations of the City; and that the ad valorem taxes, upon all taxable property within the City, necessary to pay the interest on and principal of said Bonds, have been pledged for such purpose, within the limits prescribed by the Constitution and the charter of the City. The opinion hereinbefore expressed is qualified to the extent that the obligations of the City, and the enforceability thereof, are subject to applicable bankruptcy, reorganization or similar laws relating to or affecting creditors' rights generally, and the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In addition, we have relied upon the report of Grant Thornton LLP, independent certified public accountants, with respect to certain arithmetical and mathematical computations relating to the Bonds and the obligations refunded with the proceeds of the Bonds.

In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the

taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

Financial Advisory Services
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