



FY2024 Annual Comprehensive Financial Report

City of Fort Worth
February 18, 2025

Presented by Financial Management Services

Agenda

**Purpose of an
Annual
Comprehensive
Financial
Report (ACFR)**



Accomplishments



Financial Performance

- Entity-wide Net Position
- Debt
- Funds Performance
- Pension and Other Post Employment Benefits
- Reserve Compliance

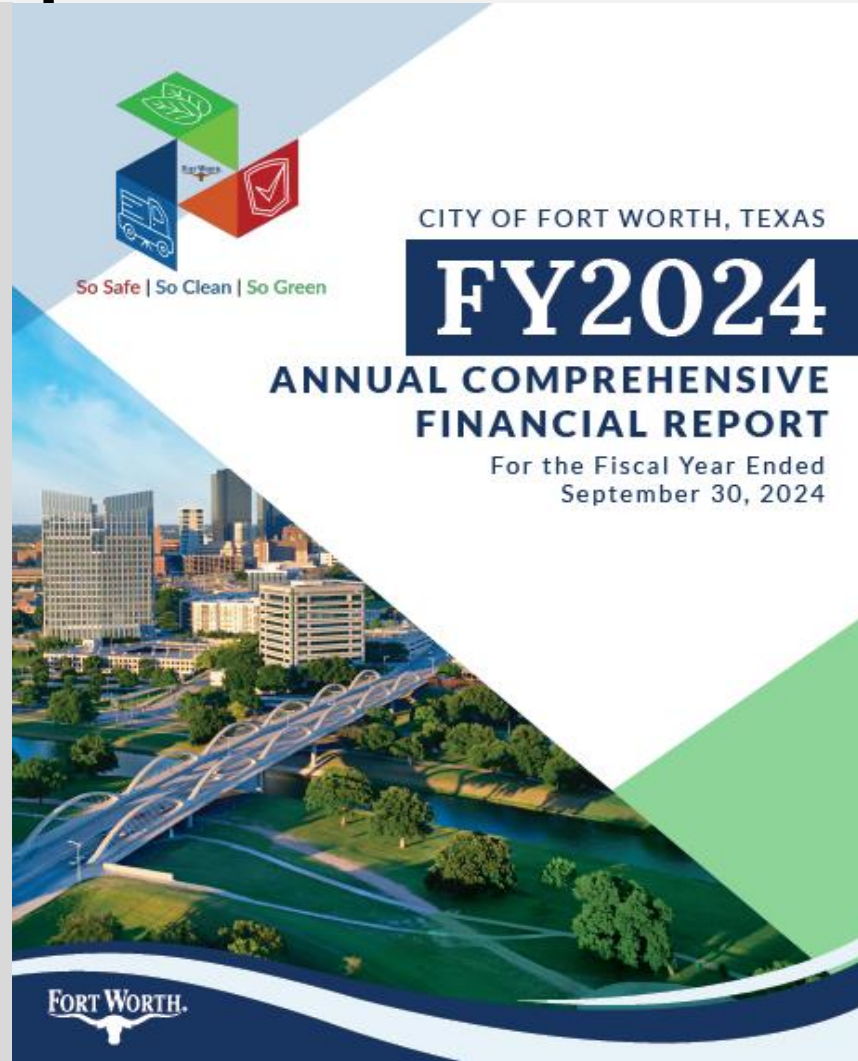


**External
Audit Results
& Findings**



Annual Comprehensive Financial Report

The purpose of an ACFR is to be transparent about the use of taxpayers' money and to give the public a detailed accounting of all expenditures.



Who Uses the ACFR?

- Mayor and City Council
- Residents
- Granting agencies
- Bond rating agencies
- Bondholders and Investors

FY2024 Accomplishments

Received highest level of assurance expressed by Independent Auditors on financial statements as a result of their audit.



Financial Performance

How Performance Is Measured

GAAP BASIS

- Set of Accounting Standards Administered by the Governmental Accounting Standards Board (GASB)
- Revenues are recorded when they are earned. Expenses are recorded in the same period as the revenues to which they relate (matching principle).
- Improves financial accounting and reporting to give financial statement users information they need to make decisions and assess accountability

Budgetary Basis

- Revenues and Expenditures are recorded as they occur, regardless of when earned or become owed
- Planned use of current resources usually generated as cash during the year and budgeted when paid

Entity Wide Net Position

Net Position	Governmental Activities	Business-Type Activities	Total
Beginning Net Position	\$992,516,000	\$3,769,103,000	\$4,761,619,000
FY2024 Activities	+433,172,000	+333,733,000	+766,905,000
FY2024 Ending Net Position	\$1,434,151,000	\$4,102,842,000	\$5,536,993,000

Major Drivers:



Program & General Revenues increased \$327,978,000 including the following:

- Property Taxes \$55,430,000
- Other Local Taxes \$11,362,000
- Investment Income \$164,881,000
- Unrealized Gain on Investments \$40,702,000



Net Pension Liability decreased \$31,668,000

Net OPEB Liability decreased \$33,516,000



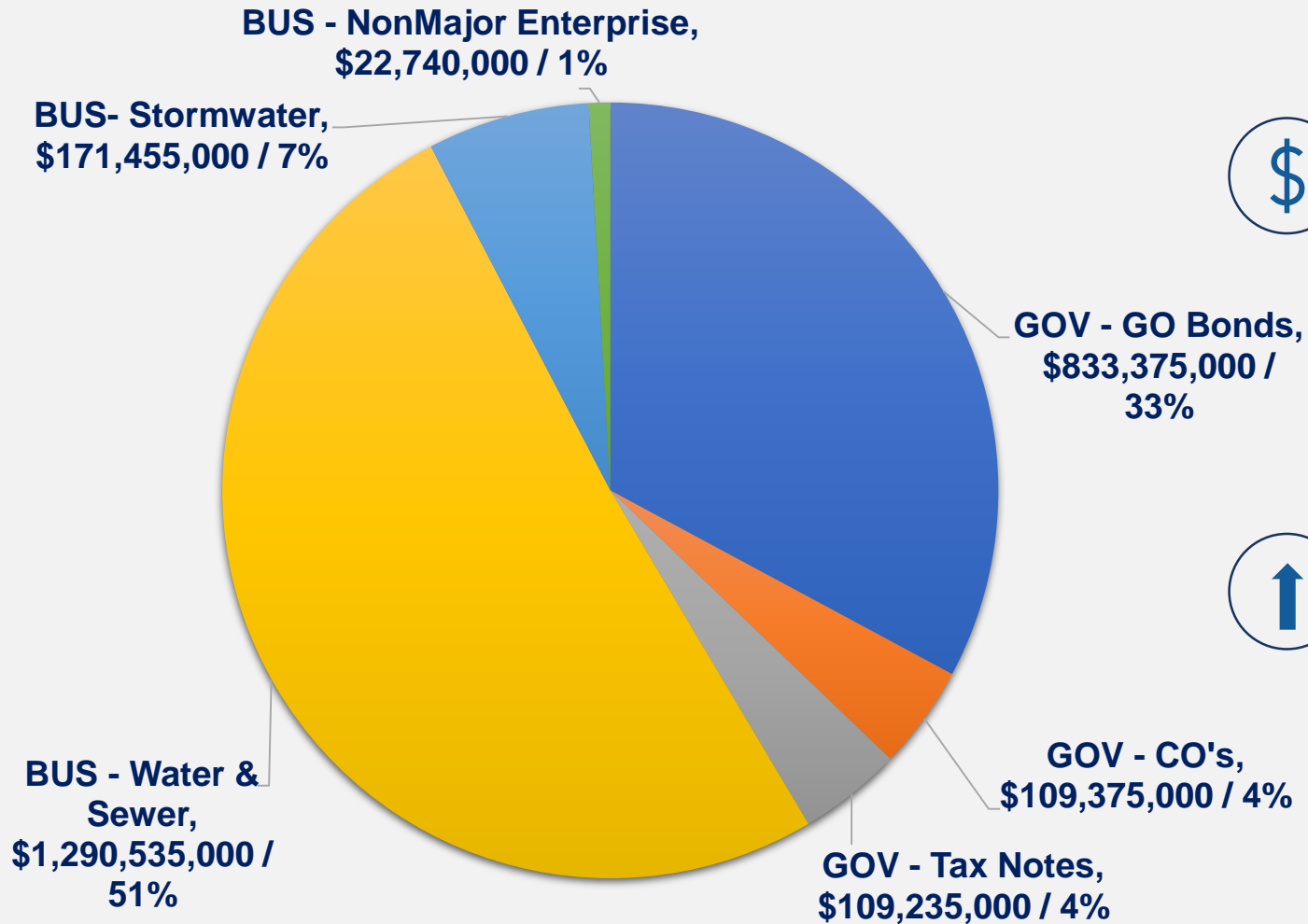
Expenditures/Expenses increased \$220.4M

- General Government \$27.9M
- Public Safety \$29.5M
- Culture & Recreation \$39.2M
- Urban Redevelopment & Housing \$35.8M
- Water & Sewer \$47.5M



Net Position increased \$766,905,000

Bonded Debt



The City's outstanding bonded debt obligation is **\$2,536,715,000**

\$1,051,985,000 – Governmental
\$1,484,730,000 – Enterprise Funds



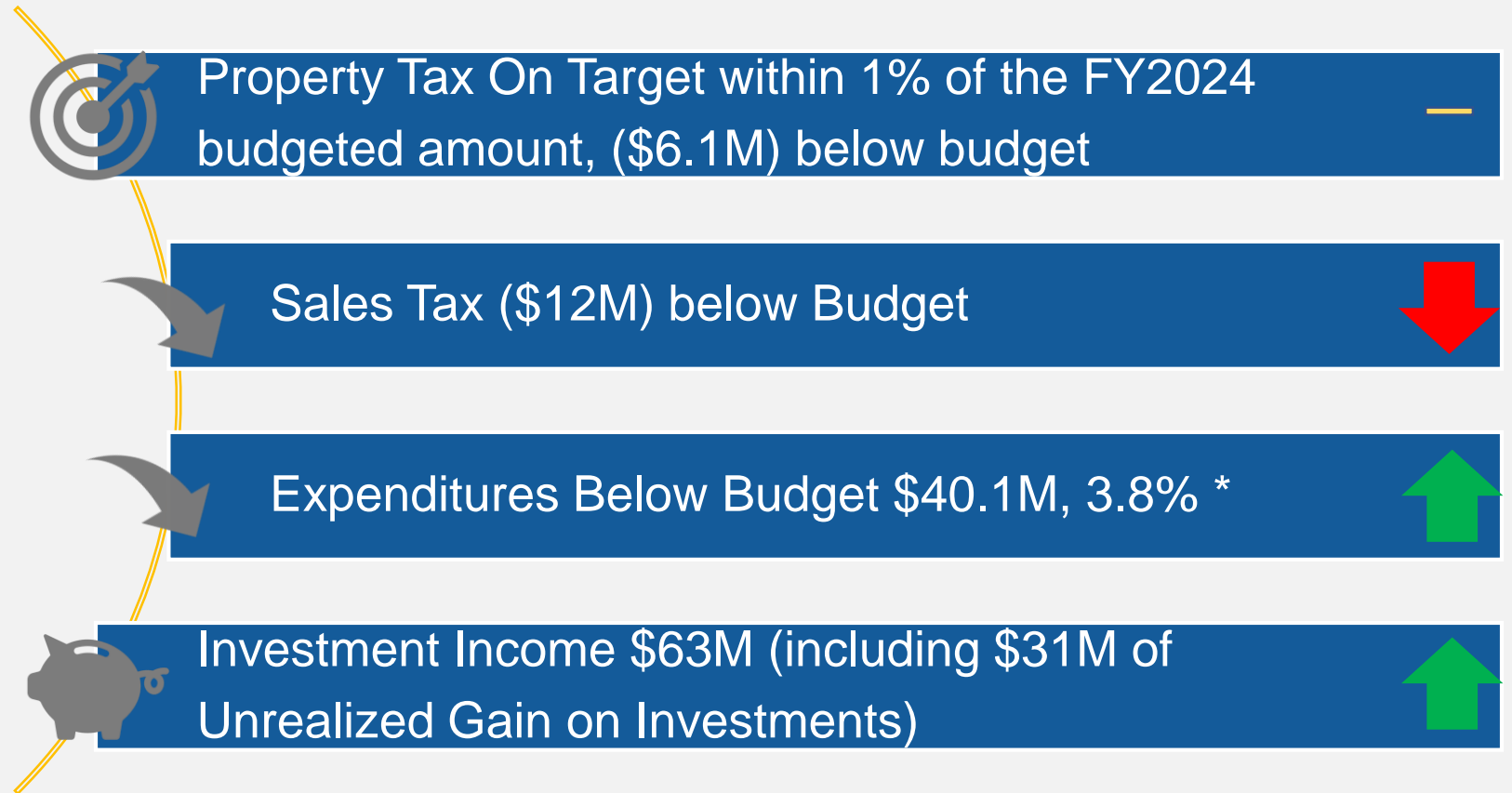
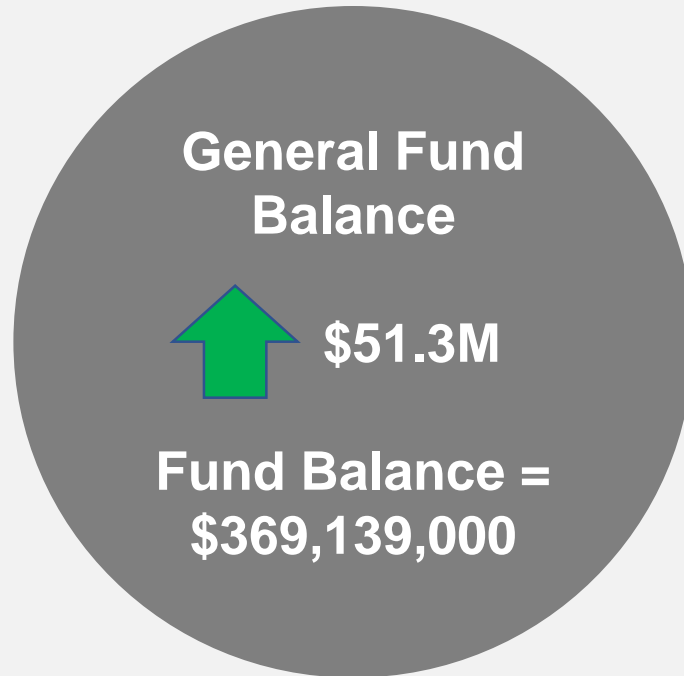
New Issuance
\$454,702,000



Payments
\$293,258,000

General Fund at a Glance

GAAP Basis – includes Gas Endowment activity and other noncash adjustments



* Major driver: Salary and Benefits savings driven by a 20% vacancy rate

General Fund at a Glance

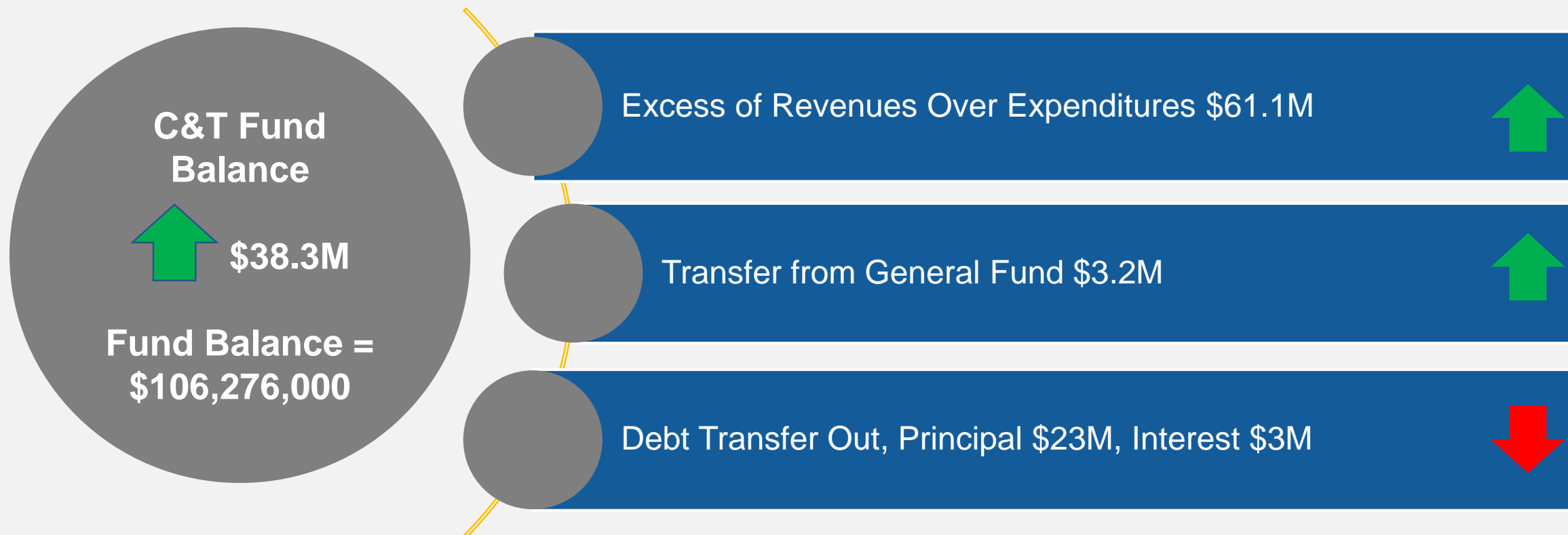
Crosswalk from budgetary basis to GAAP basis

Fund Balance Breakdown (Rounded to nearest 000s)	GAAP		Endowment	GAAP Basis
	Budgetary Basis	Adjustments	Gas Lease	
Beginning Fund Balance	\$ 306,305,898	\$ (18,195,683)	\$ 29,772,510	\$ 317,882,725
Revenues	1,038,702,719	10,663,650	5,575,498	1,054,941,867
Expenditures	1,012,553,705	(9,779,529)	910,539	1,003,684,715
Increase in Fund Balance	26,149,014	20,443,179	4,664,959	51,257,152
Total Ending Fund Balances	\$ 332,454,912	\$ 2,247,496	\$ 34,437,469	\$ 369,139,877
Fund Balance Components:				
Nonspendable ⁽¹⁾	5,344,732	(337,732)	-	5,007,000
Restricted ⁽²⁾	-	-	11,621,292	11,621,292
Committed ⁽³⁾	30,084,601	-	22,816,177	52,900,778
Assigned ⁽⁴⁾	64,446,937	-	-	64,446,937
Unassigned	232,578,642	2,585,228	-	235,163,870
Total Ending Fund Balances	\$ 332,454,912	\$ 2,247,496	\$ 34,437,469	\$ 369,139,877

1. Nonspendable – Inventory and others \$5.2M, Prepaids & Deposits \$128k
2. Restricted – The Park System Endowment Gas Lease \$11.6M
3. Committed – Sales Tax Repayment \$11.5M, Juneteenth Museum Project \$15M, Rollovers \$3.6M, The Park System Endowment Gas Lease \$4.3M, The General Endowment Gas Lease \$18.5M
4. Assigned – Library Capital Project \$9.5M, Capital Projects Shortfalls \$47M, MedStar Transition \$2.9M, Risk Fund Transfer \$5M

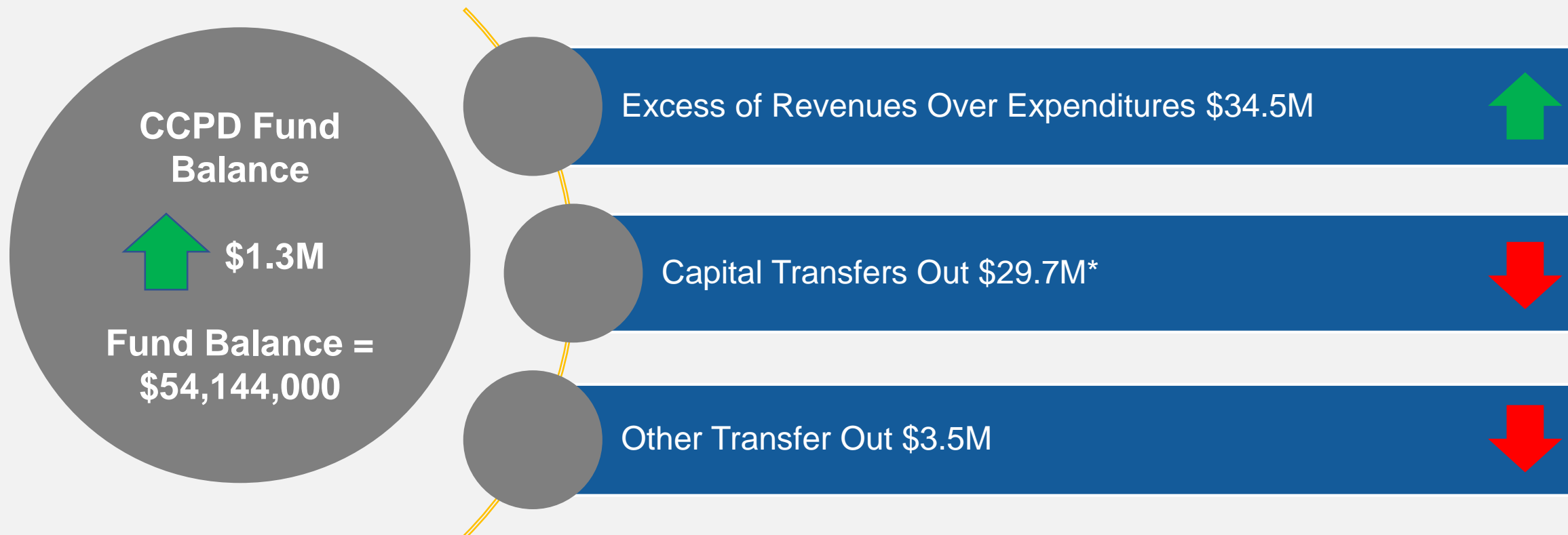
Culture & Tourism at a Glance

GAAP Basis – includes noncash adjustments



Crime Control & Prevention District at a Glance

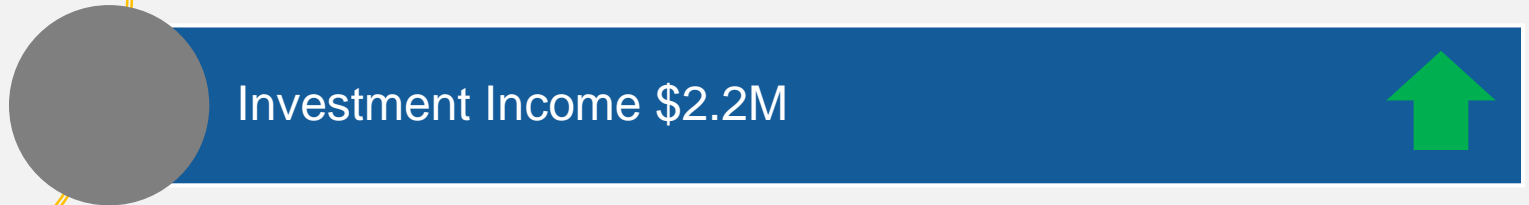
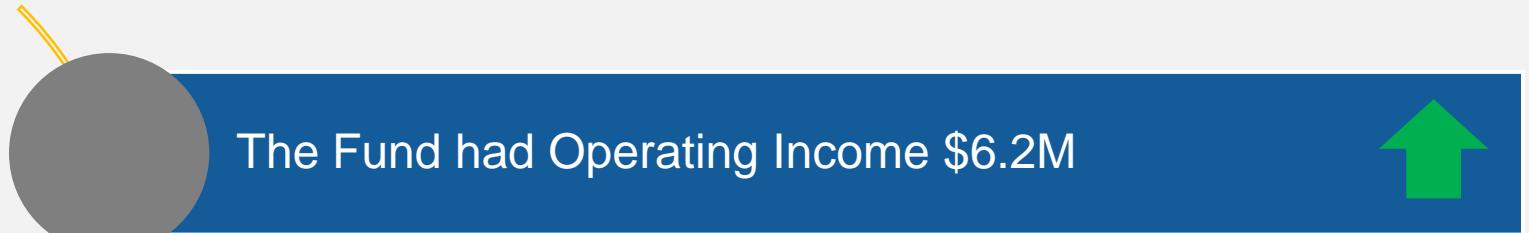
GAAP Basis – includes noncash adjustments



*CCPD Capital Projects - \$19.0M, CCPD Community Based Special Project - \$4.6M, ITS Capital Projects - \$4.8M, Grant Matches – \$1.3M

Risk Financing at a Glance

GAAP Basis – includes noncash adjustments



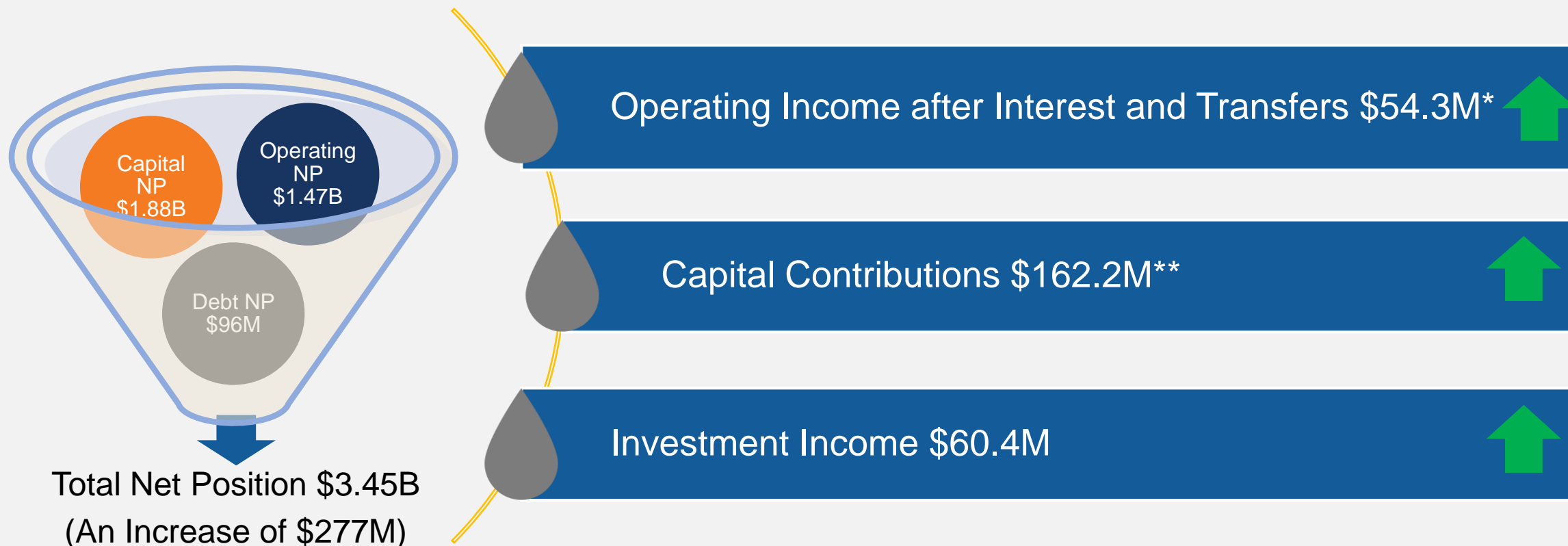
	FY2021	FY2022	FY2023	FY2024
Net Position	\$ 9,921,000	\$ (12,371,000)	\$ (28,219,000)	\$ (10,338,000)
General Fund Transfer	-	-	9,630,000	-
Adjusted Net Position	\$ 9,921,000	\$ (12,371,000)	\$ (18,589,000)	\$ (10,338,000)

M&C 25-0003 adopted appropriation for a one-time transfer of \$5,000,000 to the Risk Fund from the General Fund in FY2025 to reduce the unrestricted net position deficit to (\$5,339,000).

The fund has \$31M in Cash to pay liabilities and other expenses including insurance deductibles
Further discussions are planned for the FY2026 budget process

Water & Sewer at a Glance

GAAP Basis – includes noncash adjustments



*Used to pay a portion of future debt service payment

**Developer Asset Contributions \$100.1M, Contributions from Others \$19.7M, Impact Fees \$42.4M

Pension & Other Post Employment Benefits

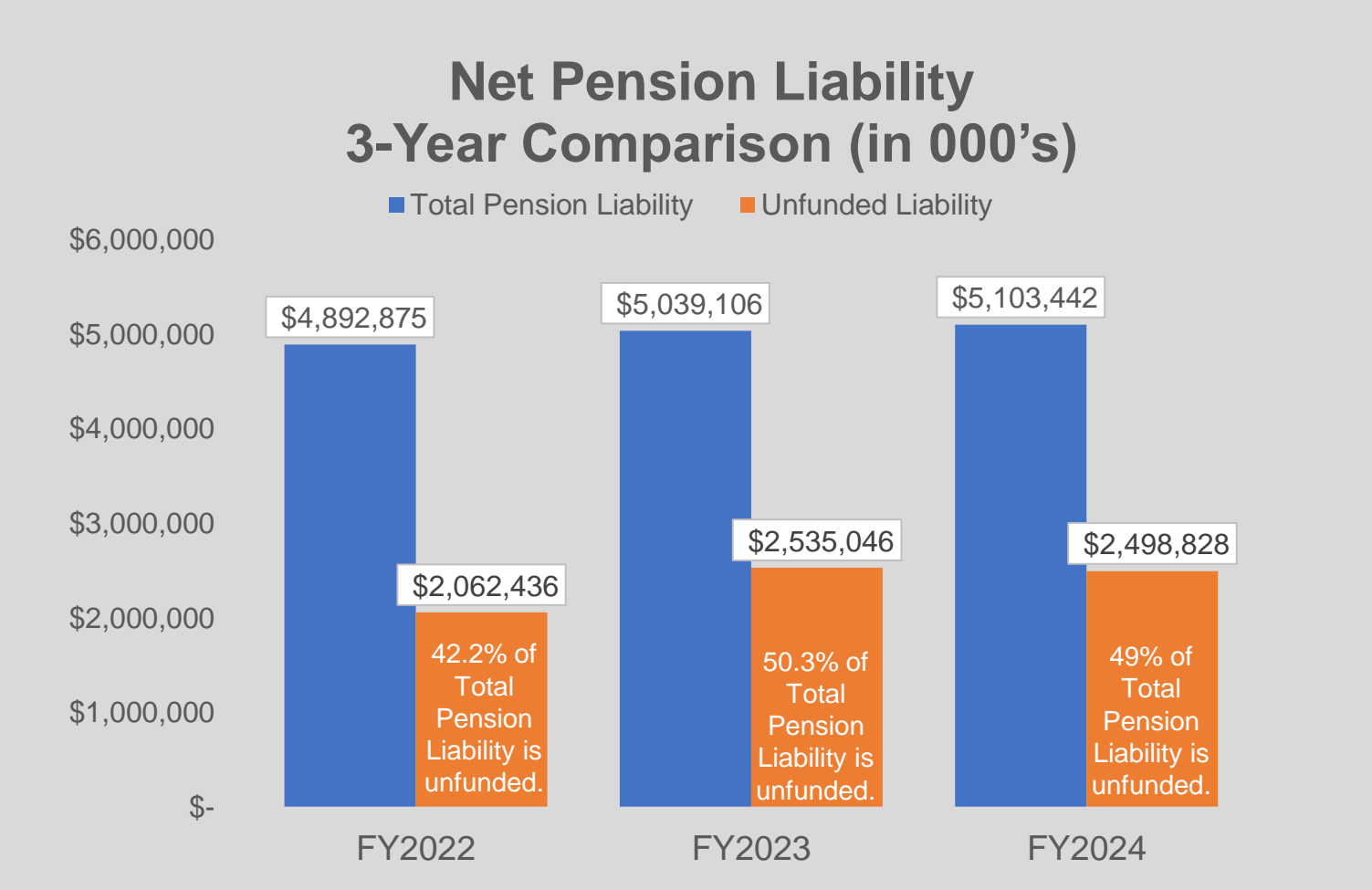
Net Pension Liability

3-Year Comparison

Pension Liability as Calculated for the Annual Comprehensive Financial Report

- The Net Pension Liability (GAAP basis) begins with the Actuarial Report at December 31, 2022 which is then rolled forward to September 30, 2023. The Total Pension Liability is then reduced by the amount of the plan's Fiduciary Net Position.
 - A \$36M decrease in the unfunded liability from FY2023 to FY2024 is the result of fluctuations in the investment market.

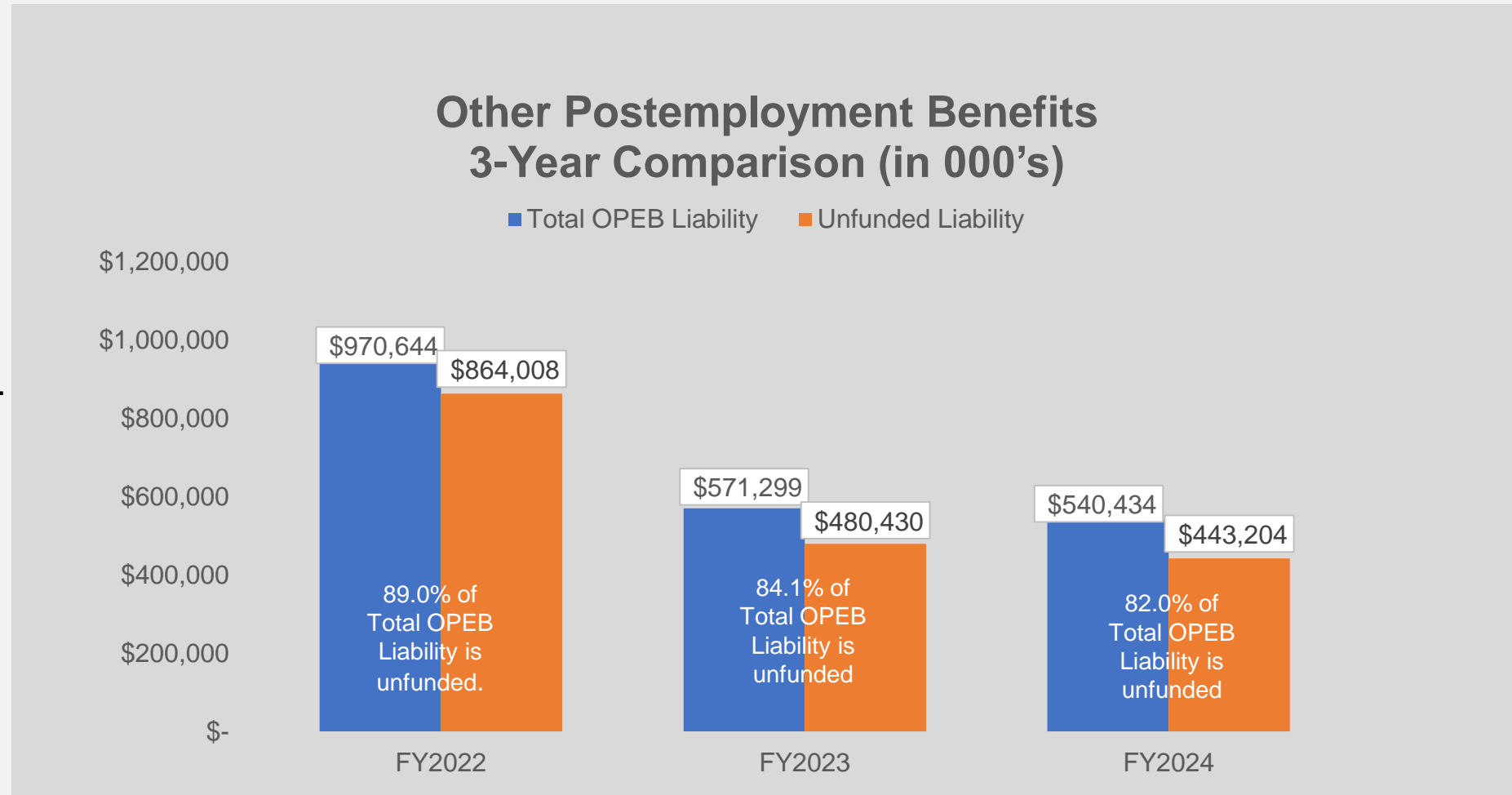
These values will differ from the Actuarial Report that will be finalized by the FWERF Board at the end of April 2025. That report will be provided at the joint City Council / FWERF Board meeting. The report will provide an up-to-date review of the pension system health.



Other Post Employment Benefits Liability

3-Year Comparison

- OPEB Plan assets in trust as of 09/30/2024 are \$104,242,000.
- OPEB expenses are financed on a pay as you go basis.
- The discount rate used was 5.50%.
- Plan assets are projected to exceed the liability by FY2054-55.
- Projected plan assets' earnings will be sufficient to pay insurance claims by FY2055-56.
- This is a closed plan, employees hired on or after January 1, 2009 are not eligible, and therefore the liability will go down over time.



Reserve Compliance

General Fund

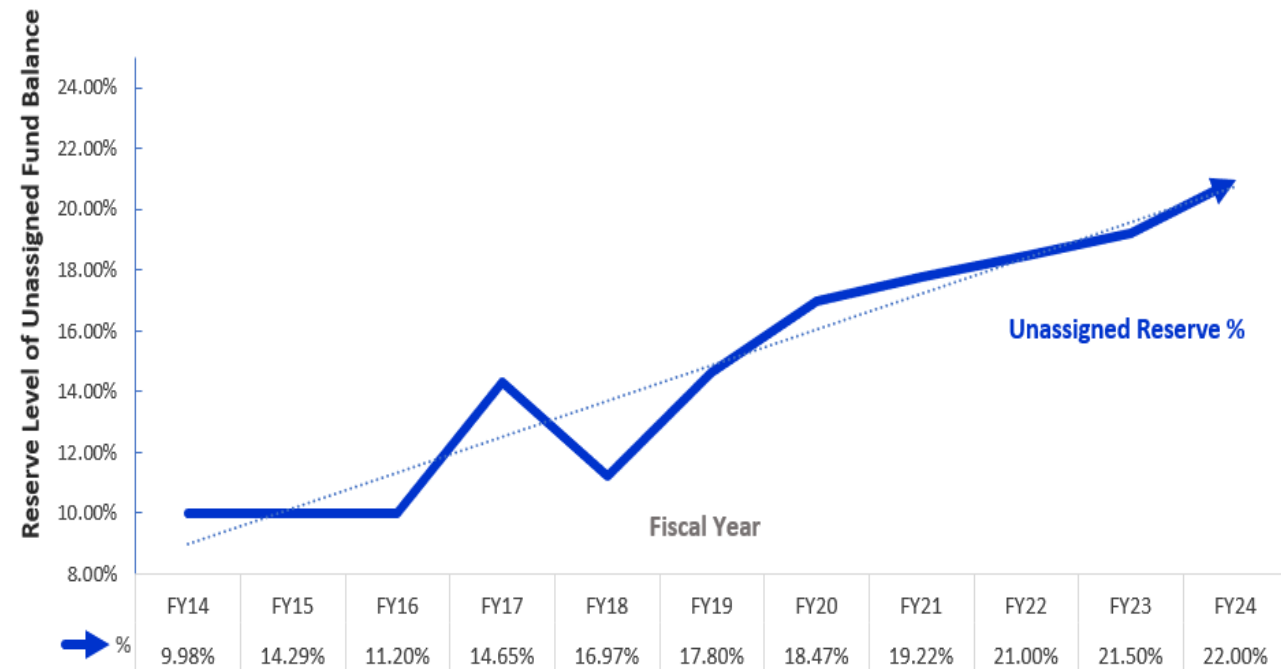
The minimum requirement is
16.67%.

Current reserve policy established
a goal of 25%.

General Fund Reserve provides
assurance for stable service
delivery and protection against
financial instability.

FY24 Unassigned Fund Balance
\$232,578,642 is calculated based
on 22% of FY25 Budgeted
Expenditures of \$1,057,175,646

General Fund - Unassigned Fund Balance Trend



Governmental Funds – Special Revenue

Fund No./Fund Name	Next Year's Budgeted Expenditures	Fund Balances	Reserve Minimum at 16.67%	Projected Excess (Deficit) of Reserve	Compliant with Policy
Special Revenue Funds:					
26001 - Crime Control & Prevention District	\$ 135,086,723	\$ 40,976,000	\$ 22,518,957	\$ 18,457,043	✓
25005 - Environmental Protection	15,614,969	3,464,000	2,603,015	860,985	✓
25006 - Community Tree Planting Program	531,164	134,000	88,545	45,455	✓
25012 - Economic Incentives	5,000,000	6,402,000	833,500	5,568,500	✓
Culture and Tourism Funds					
20101 - Culture and Tourism	52,437,469	38,807,000	8,741,326	30,065,674	✓
20103 - 2% Hotel Occupancy Tax	7,736,075	13,932,000	1,289,604	12,642,396	✓
20104 - Project Financing Zone	6,073,306	25,219,000	1,012,420	24,206,580	✓
20105 - DFW Revenue Sharing	6,247,864	14,024,000	1,041,519	12,982,481	✓
20106 - Venue	10,156,367	12,161,000	1,693,066	10,467,934	✓
20107 - Hotel Occupancy 2% Venue	-	1,626,000	-	1,626,000	✓
20102 - Golf	7,902,693	1,897,000	1,317,379	579,621	✓
28009 - Alliance Maintenance Facility	8,149,735	3,246,000	1,358,561	1,887,439	✓

Special Revenue Funds:

The City will maintain combined Restricted and Assigned Fund Balances in Special Revenue Funds equivalent to two months (16.67%) of the next fiscal year's budgeted operating expenditures.

Governmental Funds – Debt Service

Fund No./Fund Name	Next Year's Budgeted			Projected Excess of Reserve	Compliant with Policy
	Expenditures	Fund Balances	Reserve Goal		
Debt Service Funds:					
40100 - General Debt Service	\$ 177,603,652	\$ 60,482,000	\$ 44,400,913	\$ 16,081,087	✓
40101 - Culture & Tourism Debt Service	6,947,543	11,362,000	1,736,886	9,625,114	✓
40103 - Venue Debt Service	19,860,700	10,312,000	4,965,175	5,346,825	✓

Debt Service Funds:

The City will maintain a level of Restricted, Committed, and Assigned Fund Balances in each governmental Debt Service Fund equivalent to three months (25%) of the highest projected debt service (principal and interest) over the succeeding debt service schedule. Amounts used in this calculation shall not include any amounts allocated for other purposes by the City Council.

Debt Service Excess Fund Balance:

The excess fund balance will be evaluated for strategic uses, including potential cash defeasances to generate debt service savings and reduce future interest costs, or for compliance with arbitrage rebate regulations.

Enterprise Funds

	Major Funds		Nonmajor Funds		
	Water and Sewer	Stormwater Utility	Municipal Parking	Municipal Airport	Solid Waste
Next Year's Budgeted Expenses (FY2024)	\$ 395,902,544	\$ 28,845,979	\$ 5,555,738	\$ 14,008,077	\$ 88,153,307
1) Working Capital (WC)					
Reserve Goal at 25%	\$ 98,975,636	\$ 7,211,495	\$ 1,388,935	\$ 3,502,019	\$ 22,038,327
Current Assets	\$ 341,022,000	\$ 30,577,000	\$ 9,316,000	\$ 18,244,000	\$ 40,857,000
Less: Current Liabilities	112,460,000	7,735,000	2,278,000	1,471,000	7,040,000
Working Capital	228,562,000	22,842,000	7,038,000	16,773,000	33,817,000
Excess WC	\$ 129,586,364	\$ 15,630,505	\$ 5,649,066	\$ 13,270,981	\$ 11,778,673
Compliant with Policy	✓	✓	✓	✓	✓
2) Cash On Hand					
Cash per day	989,014	66,986	17,033	64,948	202,386
Cash on Hand	206,721,000	7,389,000	5,960,000	11,097,000	29,328,000
Days Cash on Hand	209	110	350	171	145
Minimum (100 days cash on hand)	98,901,370	6,698,630	1,703,288	6,494,795	20,238,630
Compliant with Policy	✓	✓	✓	✓	✓
Goal (150 days cash on hand)	148,352,055	10,047,945	2,554,932	9,742,192	30,357,945
3) No negative unrestricted net position	✓	✓	✓	✓	✓
Unrestricted Net Position	\$ 403,530,000	\$ 54,492,000	\$ 3,331,000	\$ 100,333,000	\$ 17,200,000

Internal Service Funds

	Insurance Funds		Noninsurance Funds		
	Group Health & Life Insurance		Equipment Service	Capital Project Service	Information Technology Systems
		Risk Financing			
Next Year's Budgeted Expenses (FY2025)	\$ 91,409,175	\$ 33,319,270	\$ 43,726,070	\$ 18,566,073	\$ 57,117,626
1) Working Capital (WC)					
Reserve Goal*	<u>\$ 22,852,294</u>	<u>\$ 8,329,818</u>	<u>\$ 4,372,607</u>	<u>\$ 1,856,607</u>	<u>\$ 5,711,763</u>
Current Assets	\$ 36,892,000	\$ 31,334,000	\$ 8,811,000	\$ 4,373,000	\$ 3,050,000
Less: Current Liabilities	<u>9,550,000</u>	<u>17,213,000</u>	<u>2,771,000</u>	<u>870,000</u>	<u>5,673,000</u>
Working Capital	<u>27,342,000</u>	<u>14,121,000</u>	<u>6,040,000</u>	<u>3,503,000</u>	<u>(2,623,000)</u>
Excess WC (Deficit)	<u>\$ 4,489,706</u>	<u>\$ 5,791,183</u>	<u>\$ 1,667,393</u>	<u>\$ 1,646,393</u>	<u>\$ (8,334,763)</u>
Compliant with Policy	✓	✓	✓	✓	✗
2) No negative net position (Before Net Investment in Capital Assets)	✓	✗	✓	✓	✓
Net Position	\$ 27,289,000	\$ (10,338,000)	\$ 7,496,000	\$ 2,440,000	\$ 30,789,000

*Reserve Goal for Insurance Funds is three months (25%) and Noninsurance Funds is ten percent (10%)

Risk Financing has developed a plan to restore working capital and fund balance over time. M&C 25-0003 adopted appropriation for a one-time transfer of \$5,000,000 to the Risk Fund from the General Fund in FY25 to reduce the unrestricted net position deficit to (\$5,339,000).

In FY23 IT Systems was moved to an Internal Service Fund and has developed a plan to restore working capital over a maximum of five-years.

Audit Results

Audit Results

- **Unmodified “Clean” Opinions**

- Annual Comprehensive Financial Report and Single Audit Report
- Highest level of assurance from Forvis Mazars, the City’s external auditors
- In compliance with Texas Grant Management Standards (TxGMS) and Uniform Grant Management Standards (UGMs) governance and applicable laws

- **No Material Weaknesses or Significant Deficiencies**

- Internal Controls over Financial Reporting
- Internal Controls over Compliance

Audit Background

Audit Findings History

2020 2021 2022 2023 2024

Grant Management and Reporting:

Material Weakness	0	0	1	0	0
Significant Deficiency	3	3	0	0	0

Financial Accounting and Reporting:

Significant Deficiency	1	2	0	0	0
Total	4	5	1	0	0

Material Weakness is a deficiency in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis.

Significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Grant Information

Description Amount

Active Grants	288
Departments	20
Grant Managers	76
Federal/State Agencies	22
Total Grant Expenditures	\$151M

Agreed Upon Procedures (AUPs)

The following are in progress

Forvis-Mazars will issue 5 agreed-upon procedures reports:

- Budget Compliance
- Investment Compliance
- TCEQ Compliance
- Water & Sewer System Insurance
- Water Excess Revenues Compliance

Thank you

