



Fiscal Monitoring Policy

I. Authority

The Fort Worth City Council is responsible for legislation, policy formulation and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of the City of Fort Worth (“City”). The City Manager is responsible for carrying out the policy directives of the City Council and managing the day-to-day operations of the executive departments, including the Financial Management Services Department (“FMS”). This policy shall be administered on behalf of the City Manager by the Chief Financial Officer/ Director of FMS (“CFO”).

II. Purpose

The fiscal monitoring policy is intended to serve as a tool, providing council, management, and the public with the insight required to address issues impacting the City's financial condition. Furthermore, this policy is intended to describe particular elements or aspects of fiscal monitoring such long-term planning programs within the City and to memorialize this financial practice into a formal policy. The outcome of this policy is to prepare and present regular reports that analyze, evaluate, and forecast the City’s financial performance and economic condition.

III. Applicability and Scope

This policy shall apply to all funds under the budgetary and fiscal control of the City Manager and the Mayor and City Council.

IV. Glossary

See Definitions related to this policy provided in the Glossary for Financial Management Policy Statements.

V. Policy

A. Financial Management Reports

FMS shall make available through the City’s PeopleSoft Enterprise Resource Planning System a series of on-demand reports that facilitate access to financial data which allows departments to analyze financial performance.

B. Status Reports on Capital Projects

FMS shall make available through the City’s PeopleSoft Enterprise Resource Planning System a series of on-demand reports that facilitate access to financial data which allows departments to analyze financial performance.

Fiscal Monitoring Policy

C. Commitment to Long-Term Financial Planning (LTFP)

The LTFP process evaluates known internal and external issues impacting the City's financial condition. Such issues are identified, presented, and mitigated when and where possible. The process begins by identifying critical areas which have, or are expected to have, an impact on the financial condition of the City over the next five years. Once the issues are identified, specific goals and objectives are developed for each structural deficiency. The LTFP is a constantly changing and evolving plan, which will be routinely updated and presented on an ongoing five- year rolling basis. The LTFP will be incorporated into the City's Business Planning Process and presented to the City Council and staff throughout the formulation of the annual financial plan and budget. The LTFP is intended to help the City achieve the following:

1. Ensure the City can attain and maintain financial sustainability;
2. Ensure the City has sufficient long-term information to guide financial decisions;
3. Ensure the City has sufficient resources to provide programs and services for the stakeholders;
4. Ensure potential risks to on-going operations are identified in the long-term financial planning process and communicated on a regular basis;
5. Establish mechanisms to identify early warning indicators; and
6. Identify changes in expenditure/expense or revenue structures needed to deliver services or to meet the goals adopted by the City Council.

D. Scope of the Plan

1. Time Horizon: The LTFP will forecast revenues, expenses or expenditures (as applicable), and financial position including reserves for at least five years into the future or longer where specific issues call for a longer time horizon.
2. Comprehensive Analysis: The LTFP will provide meaningful analysis of key trends and conditions, including but not limited to;
 - a. Analysis of the affordability of current services, projects, and obligations:
 - i. An analysis of the City's environment in order to anticipate changes that could impact the City's service and/or financial objectives.
 - ii. Revenue and expense or expenditure projections (as applicable), including the

Fiscal Monitoring Policy

- financial sustainability of current service levels over a multi-year period.
 - iii. The affordability of current debt relative to affordability ratios prescribed by City policy and/or State law.
 - iv. The affordability of maintaining and replacing the City's current capital assets.
 - v. The ability to maintain reserves within the target ranges prescribed by City policy over a multi-year period.
 - vi. The impact of non-current liabilities on the City's financial position.
- b. Analysis of the affordability of anticipated service expansions or investments in new assets:
- i. The operating costs of any new initiatives, projects, or expansion of services where funding has been identified through alternative sources (CIP, grants, debt issuance, etc.) or adopted or approved by the City Council through other actions. Service delivery of administrative services and functions shall be included to the extent needed proportionately with the expansion of other services.
 - ii. The affordability of the City's long-term CIP, including operating and maintenance costs for new assets.
 - iii. The affordability of other master plans that call for significant financial investment by the City.
- c. Synthesis of the above to present the City's financial position:
- i. A clear presentation of the resources needed to accomplish the capital improvements identified in the City's CIP and to maintain the existing capital assets.
 - ii. A clear presentation of the resources needed to maintain services at their present level in addition to the expansion of services as may have been identified through the analysis described above.
 - iii. Identification of imbalances between the City's current direction and the conditions needed for continued financial health.
3. Solution-Oriented: The LTFP will identify issues that may challenge the continued financial health of the City, and the plan will identify possible solutions to those challenges. Planning decisions shall be made primarily from a long-term perspective and structural balance is the goal of the planning process. For the purpose of this policy, structural balance means that annual revenues equal expenses / expenditures and year



Fiscal Monitoring Policy

end reserves meet the minimum levels prescribed by City Reserves policies.

E. Continuous Improvement

City staff will regularly look for and implement opportunities to improve the quality of the forecasting, analysis, and strategy development that is part of the planning process. These improvements will primarily be identified through the comparison of projected performance with actual results.

F. Structural Balance

A Long-term structural balance is the goal from LTFP. Should the long-term forecasting and analysis show that the City is not structurally balanced over the five-year projection period, staff would make recommendations during the annual budget process, on how the plan can be brought into alignment.

G. Non-Current Liabilities

The LTFP will address strategies for ensuring that the City's long-term liabilities remain affordable. The City Council supports efforts to ensure that critical long-term liabilities like debt service, asset maintenance, pensions, and other post-employment benefits remain affordable.