

City of Fort Worth, Texas

FY 2021

RESERVE REQUIREMENT SUPPLEMENT

For the Fiscal Year Ended September 30, 2021



City of Fort Worth, Texas
Reserve Requirement Supplement
For the Fiscal Year Ended September 30, 2021

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March 7, 2022

Department Heads,
Fiscal Coordinators and City Staff
City of Fort Worth, Texas

Ladies and Gentlemen:

We are pleased to submit the Reserve Requirement Supplement for the fiscal year ended September 30, 2021. The City's Financial Management Policy Statements (FMPS) 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. This report contains information pertaining to the City's Operating Funds and their compliance with the City's Financial Management Policy Statements under Section III: Fund Reserve Policies.

FMPS Fund Reserve Policies can be found on the City's Intranet Website under Financial Management Services found here: <http://www.cfwnet.org/finance/policy-statements/>

Any non-compliant Fund should consult with the Planning and Data Analytics Department during the upcoming fiscal planning process to allocate a Contribution to Net Position/Fund Balance over the next fiscal year(s) to regain compliance with their Fund Reserve Policy.

For Governmental Funds, calculations only include the Operating Fund and only include the Actuals ledger (budgetary basis) from the General Ledger.

For Proprietary Funds, the full accrual accounting basis is used to calculate the reserve level. Working Capital is calculated using the current ratio, which is current assets net of current liabilities and performed against the operating fund only. Days of cash on hand is calculated by dividing cash on hand [current cash, cash equivalents & investments] by the cash per day [operating expenses, excluding depreciation, divided by 365] as reported on the fund level financial statements in the City's Annual Comprehensive Financial Report.

The Financial Management Services Department (FMS) reviews and updates the FMPS on an annual basis and submits revisions to the Mayor and City Council for approval. Any discrepancies noted above between the policies as currently written and the intent will be updated during this process to add clarification to the calculation.

Details of any Operating Fund's Reserve Requirement Supplement can be provided upon request by emailing the FMS Financial Reporting Division at [FIN_FINANCIAL_REPORTING](#) or by calling 817-392-2455.

The PDF comes fully bookmarked for your convenience.

If you have any questions about this information, please feel free to contact me at 817-392-8500.

Respectfully Submitted,

Anthony Rousseau

Anthony Rousseau
Interim Finance Director

DEPARTMENT OF FINANCIAL MANAGEMENT SERVICES

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Governmental Funds

Governmental Funds

Governmental Funds

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

General Fund

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.

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The proceeds of specific revenue sources that have been committed or restricted to expenditures for specified purposes other than debt service or capital projects are accounted for as special revenue funds.

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

Environmental Protection Fund is used to accumulate revenue to pay for any environmental program or service as such services are required by state or federal mandates.

Culture and Tourism Fund is used to account for taxes received from hotel and motel occupancy to promote tourism.

Golf Fund is used to account for the operation of three City golf courses. The Fund's operations are financed by course fees, golf equipment rentals and merchandise and concession sales to the public and an annual subsidy from the General Fund.

Debt Service Funds

Debt Service Funds account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term obligations paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is reserved to signify the amounts that are restricted exclusively for debt service expenditures. It comprises three funds: General Debt Service Fund, Culture and Tourism Debt Service Fund, and Venue Debt Service Fund. In addition, long-term obligations that are paid with special assessments or fund revenues are included in this fund.

General Fund

CITY OF FORT WORTH, TEXAS
RESERVE REQUIREMENT SUPPLEMENT
GENERAL FUND
SEPTEMBER 30, 2021
(UNAUDITED **)**

GENERAL FUND

Next Year's Budgeted Expenditures	\$	831,934,777
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Fund Balances:

Nonspendable (Postage, Light & Signal, Fire, and Commissary Inventories)	\$	2,332,000
Restricted		-
Committed (State Sales Tax Agreement)		18,752,000
Assigned (To be appropriated by Council at a future date)		22,600,000
Unassigned		159,921,000
Ending Fund Balance	\$	203,605,000

Reserve Requirement:

Unassigned Fund Balance	\$	159,921,000
Next Year's Budgeted Expenditures (FY22 Adopted Budget)		831,934,777
Minimum Reserve Requirement @16.67% of next year's budgeted expenditures		138,683,527
Actual		19.22%

Governmental Funds Reserve Policy Excerpts: [\(http://www.cfwnet.org/finance/policy-statements/\)](http://www.cfwnet.org/finance/policy-statements/)

General Fund:

The City will maintain an Unassigned Fund Balance in the General Fund equivalent to two months (16.67 %) of the next fiscal year budgeted operating expenditures.

Basis: **Budgetary basis** is used for calculating the reserve level for Governmental Funds Reserve.

Other Governmental Funds

CITY OF FORT WORTH, TEXAS
RESERVE REQUIREMENT SUPPLEMENT
OTHER GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021
(UNAUDITED **)**

	A	B	C	D	E
Fund No./Fund Name	Next Year's Budgeted Expenditures	Fund Balances	Reserve Goal	Projected Excess of Reserve	Compliant with Policy
Special Revenue Funds:					
26001 - Crime Control & Prevention District	\$ 94,701,007	\$ 39,982,000	\$ 15,786,658	\$ 24,195,342	Yes
25005 - Environmental Management	4,717,585	3,319,000	786,421	2,532,579	Yes
Culture and Tourism Funds					
20101 - Culture and Tourism	39,702,619	17,930,000	6,618,427	11,311,573	Yes
20103 - 2% Hotel Occupancy Tax	5,751,813	3,105,000	958,827	2,146,173	Yes
20104 - Project Financing Zone	2,807,846	248,000	468,068	(220,068)	No
20105 - DFW Revenue Sharing	7,700,000	4,823,000	1,283,590	3,539,410	Yes
20106 - Venue	3,544,626	9,000	590,889	(581,889)	No
20102 - Golf	5,582,344	1,471,000	930,577	540,423	Yes
28009 - Alliance Maintenance Facility	5,110,016	2,606,000	851,840	1,754,160	Yes
Debt Service Funds: ⁽¹⁾ ⁽²⁾					
40100 - General Debt Service	128,189,442	34,124,000	32,047,361	2,076,640	Yes
40101 - Culture & Tourism Debt Service	4,988,858	1,420,000	1,247,215	172,786	Yes
40103 - Venue Debt Service	14,926,498	4,300,000	3,731,625	568,376	Yes

Governmental Funds Reserve Policy Excerpts: (<http://www.cfwnet.org/finance/policy-statements/>)

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.

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.

Basis: **Budgetary basis** is used for calculating the reserve level for the Governmental Funds Reserve.

References:

A - Next year's budgeted expenditures per City's Adopted Budget.

⁽¹⁾ For Debt Service Fund, projected debt service over the succeeding debt service schedule is used.

⁽²⁾ Rock Creek PID Debt Service is no longer included in calculation due to its reclassification to a custodial fund.

B - Restricted and Assigned Fund Balances for Special Revenue Funds
Restricted, Committed and Assigned Fund Balances for Debt Service Funds

C - See the Governmental Funds Reserve Policy excerpts above for respective fund type percentage reserve goal multiplied by the next year's budgeted expenditures (special revenue funds) or projected debt service (debt service fund).

D - The project excess reserve amount is calculated by subtracting reserve goal amount from fund balances (B minus C).

E - If column D (projected excess reserve) amount is positive, the fund is compliant; and if negative, the fund is not compliant.

Proprietary Funds

Enterprise Funds

Enterprise Funds

Enterprise Funds are used to account for the acquisition, operation, and maintenance of governmental facilities and services, which are entirely or predominantly self-supported by user charges. The operations of Enterprise Funds are accounted for in such manner as to show a profit or loss similar to comparable private enterprises.

Major Enterprise Funds

Water and Sewer Fund

The Water and Sewer Fund is used to account 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

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

Nonmajor Enterprise Funds

Municipal Parking Fund

The Municipal Parking Fund is used to account for the operation of the Will Rogers Memorial Center parking system, Taylor Street garage, Convention Center garage, Houston Street garage, Western Heritage garage, 15th Street garage, and several surface lots located in the downtown area, as well as parking meters and parking compliance personnel. The Fund's operations are financed by parking activities and office space rentals.

Municipal Airports Fund

The Municipal Airports Fund is used to account for the Meacham, Spinks (South Fort Worth) and Alliance (North Fort Worth) Airport operations. Revenues are derived principally from the hangar and terminal building rental, landing fees, and fuel surcharges.

Solid Waste Fund

The Solid Waste Fund is used to account for solid waste services provided to the residents of the City. The Fund's operations are financed by trash collection utility fees and cart rentals.

CITY OF FORT WORTH, TEXAS
RESERVE REQUIREMENT SUPPLEMENT
PROPRIETARY OPERATING FUNDS - ENTERPRISE FUNDS
SEPTEMBER 30, 2021
(UNAUDITED **)**

	Major Funds		Nonmajor Funds		
	Water and Sewer	Stormwater Utility	Municipal Parking	Municipal Airport	Solid Waste
Next Year's Budgeted Expenses	\$ 311,614,443	\$ 22,143,113	\$ 4,138,472	\$ 11,161,705	\$ 72,135,912
1) Working Capital (WC)					
Reserve Goal	\$ 77,903,611	\$ 5,535,778	\$ 1,034,618	\$ 2,790,426	\$ 18,033,978
Working Capital (Operating Fund Only)					
Current Assets	270,752,000	18,719,000	778,000	6,989,000	27,430,000
Less: Current Liabilities	109,103,000	6,196,000	2,809,000	1,325,000	10,287,000
WC (Spendable)	161,649,000	12,523,000	(2,031,000)	5,664,000	17,143,000
Excess WC (Spendable)	\$ 83,745,389	\$ 6,987,222	\$ (3,065,618)	\$ 2,873,574	\$ (890,978)
Compliant with Policy	Yes	Yes	No	Yes	No
Net Position appropriated in next year's budget	-	2,928,095	-	-	-
Projected Excess WC (Spendable)	\$ 83,745,389	\$ 4,059,127	\$ (3,065,618)	\$ 2,873,574	\$ (890,978)
2) Cash On Hand					
Operating expenses, net of depreciation	\$ 306,686,000	\$ 22,922,000	\$ 3,926,000	\$ 10,030,000	\$ 60,453,000
Cash per day	840,236	62,800	10,756	27,479	165,625
Cash on Hand	181,970,000	14,155,000	-	4,313,000	18,302,000
Days Cash on Hand	217	225	-	157	111
Minimum (100 days cash on hand)	84,023,562	6,280,000	1,075,616	2,747,945	16,562,466
Excess cash on hand over the minimum	97,946,438	7,875,000	(1,075,616)	1,565,055	1,739,534
Compliant with Policy	Yes	Yes	No	Yes	Yes
Goal (150 days cash on hand)	126,035,342	9,420,000	1,613,425	4,121,918	24,843,699
Excess cash on hand over the goal	55,934,658	4,735,000	(1,613,425)	191,082	(6,541,699)
3) No negative unrestricted net position	Yes	Yes	No	Yes	Yes
Unrestricted Net Position	\$ 324,368,000	\$ 41,583,000	\$ (1,611,000)	\$ 82,050,000	\$ 1,221,000

Proprietary Funds Reserve Policy Excerpts: [\(http://www.cfwnet.org/finance/policy-statements/\)](http://www.cfwnet.org/finance/policy-statements/)

Enterprise Funds:

The City will maintain the following goal 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:

1) A goal of **Working Capital** in Enterprise Funds equivalent to three months (25%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group (e.g., transfer out from Water and Sewer Operating Fund to its Capital Projects Fund or Debt Service Fund). This calculation shall be performed against the operating fund only.

2) A Reserve of 100 **days cash on hand** with a goal of 150 Days Cash on Hand. This calculation shall be performed against the operating fund only.

3) The City's goal is that **no Enterprise Fund shall have a negative Unrestricted Net Position**. This calculation shall be performed by using all of the funds for the respective reporting group.

Basis: **Full accrual accounting** basis is used to calculate the reserve level for Proprietary Funds Reserve.

Internal Service Funds

Internal Service Funds

Internal Service Funds have been established to account for the financing of goods and services provided by one department to other City departments.

Group Health and Life Insurance

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

Risk Financing

The fund administration of the City's commercial insurance program, self-insured programs, claims litigation management, and subrogation. This is to protect City resources and to minimize the financial impact when losses do occur. Workers' Compensation is self-funded by the City. Claims are handled by a third-party administrator or contractor. The City is a reimbursing agency for unemployment compensation. The Texas Workforce Commission (TWC) sends quarterly reports to the City concerning claims paid on behalf of the City to eligible former employees.

Equipment Services Fund

The Equipment Services Fund is used to account for the maintenance, repair and rental operations of most City vehicles.

Capital Project Services Fund

The Capital Project Services Fund is used to account for general engineering services provided to various City departments.

CITY OF FORT WORTH, TEXAS
RESERVE REQUIREMENT SUPPLEMENT
PROPRIETARY OPERATING FUNDS - INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2021
(UNAUDITED **)**

	Insurance Funds		Noninsurance Funds	
	Group Health & Life Insurance	Risk Financing	Equipment Service	Capital Project Service
Next Year's Budgeted Expenses	\$ 71,712,507	\$ 22,777,731	\$ 28,612,004	\$ 14,579,761
1) Working Capital (WC)				
Reserve Goal	\$ 17,928,127	\$ 5,694,433	\$ 2,861,200	\$ 1,457,976
Working Capital (Operating Fund Only)				
Current Assets	44,613,000	35,686,000	6,261,000	7,854,000
Less: Current Liabilities	7,643,000	12,290,000	2,544,000	888,000
WC (Spendable)	36,970,000	23,396,000	3,717,000	6,966,000
Excess WC (Spendable)	\$ 19,041,873	\$ 17,701,567	\$ 855,800	\$ 5,508,024
Compliant with Policy	Yes	Yes	Yes	Yes
Net Position appropriated in next year's budget	18,732	30,352	-	38,513
Projected Excess WC (Spendable)	\$ 19,023,141	\$ 17,671,215	\$ 855,800	\$ 5,469,511
2) No negative unrestricted net position	Yes	Yes	Yes	Yes
Unrestricted Net Position	\$ 39,482,000	\$ 9,921,000	\$ 3,408,000	\$ 5,832,000
Proprietary Funds Reserve Policy Excerpts: (http://www.cfwnet.org/finance/policy-statements/)				
Internal Service Funds: The City will maintain the following minimum reserve levels in all Internal Service Insurance Funds: 1) A goal of Working Capital in Insurance Funds equivalent to three months (25%) and Noninsurance Funds equivalent to ten percent (10%) of the next fiscal year budgeted operating expenses, excluding intrafund transfers out to funds within the same reporting group (e.g., transfer out from Water and Sewer Operating Fund to its Capital Projects Fund or Debt Service Fund). This calculation shall be performed using the operating fund only. 2) No Internal Service Fund shall have a negative Unrestricted Net Position. This calculation shall be performed by using all of the funds for the respective reporting group of the specific internal service fund. Basis: Full accrual accounting basis is used to calculate the reserve level for Proprietary Funds Reserve.				