

CITY OF FORT WORTH, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(000's omitted in tables)
(continued)

Government-Wide Financial Analysis (continued)

Overall, the governmental activities increase in net position was \$32,852,000 as a result of current fiscal year activity. This was primarily the result of strong sales tax revenue performance and a decrease in Net Pension Liability and Net Other Post Employment Liability.

Governmental activities expenses increased by \$1,018,000 when compared to FY2021. This increase factors in slightly deflated expenses in FY22 due to an adjustment for the decrease in Net Pension Liability which offsets rising costs of goods and services.

Business-type activities net position increased \$240,308,000 during the current fiscal year which is \$38,478,000 more than the previous year's increase. Key factors that contributed to the business-type activities net position increase were due to the decrease in Net Pension Liability and Net Other Post Employment Liability.

Financial Analysis of the Governmental 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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or City Manager that has been delegated authority to assign resources for use for particular purposes by the City's Council.

As of the end of the current fiscal year, the City's governmental funds reported total fund balances of \$1,300,608,000. This was an increase of \$142,732,000 compared to the prior year. This increase in fund balance is primarily due to an increase in property tax assessed values, increases in sales tax, other local taxes, intergovernmental and other revenue sources offset by decreases in investment income (unrealized loss) as well as an increase in expenditures in General Government and Urban Redevelopment and Housing.

Approximately 18.7 percent or \$243,130,000 constitutes the General Fund's fund balance which is an increase from FY2021 by \$2,757,000 primarily due to an increase in the collection of sales tax. As of September 30, 2022, the General Fund's nonspendable fund balance includes \$3,059,000 for inventories and \$2,565,000 for prepaids, deposits, and other. The General Fund's restricted fund balance includes \$9,898,000 for park improvements. The committed fund balance includes amounts of \$15,916,000 for repayment of State loans, \$3,788,000 for park improvements, \$1,668,000 in contractual commitments carried over from FY2021, and \$15,345,000 for general needs such as public art or facilities. The assigned fund balance includes \$20,000,000 for the support of local museum's and \$11,583,000 for general government purposes. As of September 30, 2022, the General Fund had an unassigned fund balance of \$159,308,000.

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 \$159,308,000, represents 21.2 percent of total General Fund expenditures. The total fund balance of \$243,130,000 represents 32.4 percent of total General Fund expenditures. Fund balance in the General Fund increased by \$2,757,000, over the previous fiscal year.

The Debt Service Fund has a fund balance of \$49,117,000 or 3.8 percent of total governmental fund balance of which all is committed fund balance. Debt Service Fund's fund balance increased by \$2,404,000 when compared to FY2021. This increase in fund balance was due to the issuance of debt as planned.