



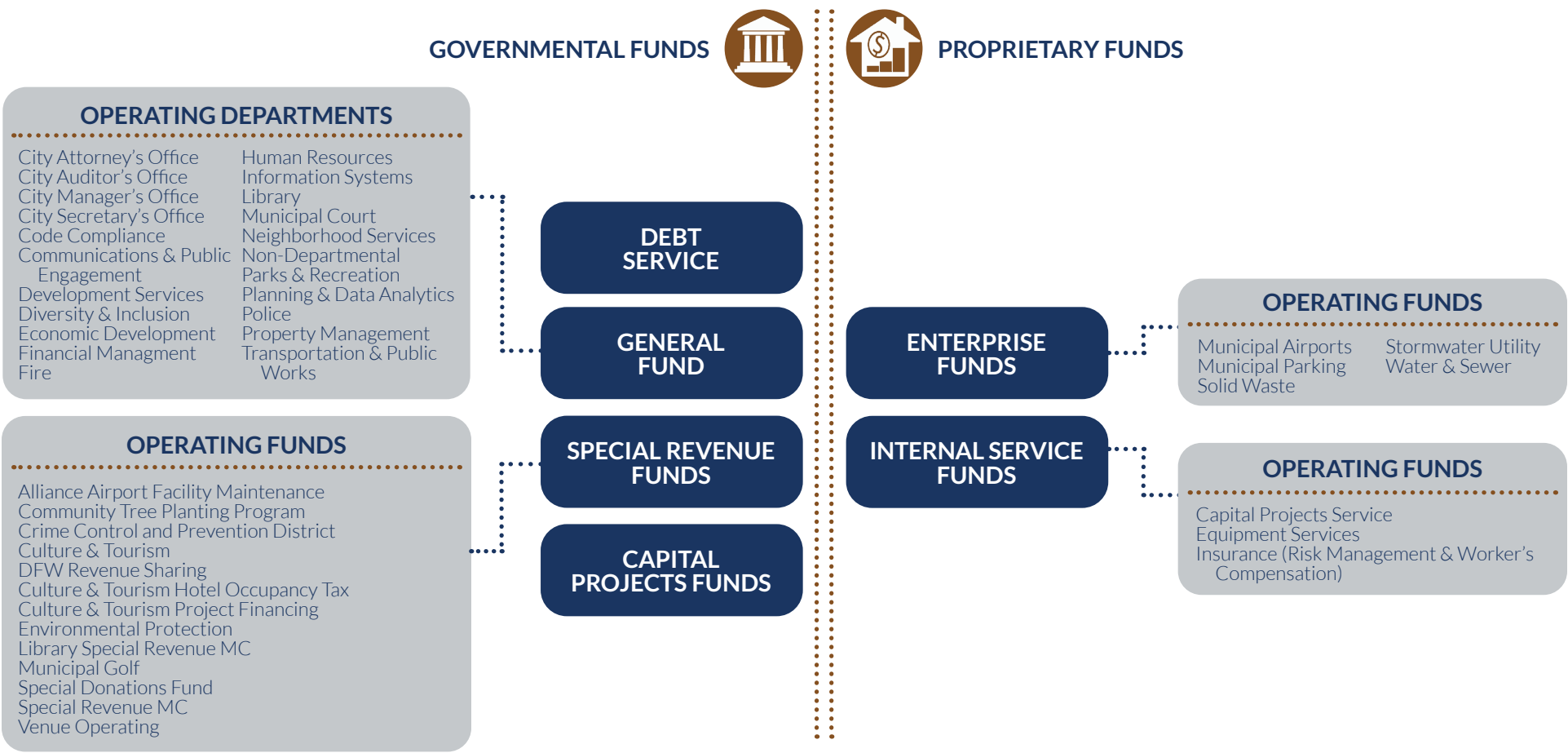
# CHAPTER 3

# FINANCIAL TRENDS

Population growth and economic trends greatly affect the financial planning process of the City of Fort Worth. City officials must consider this information, as well as local revenue trends, debt capacity, and the capital and operating costs of new facilities when responding to the needs of citizens. Economic expansion and population growth call for detailed fiscal planning to provide new infrastructure and public services.

This chapter presents information on financial planning as it applies to a local governmental entity and summarizes past, present, and future financial trends of the City of Fort Worth. The FY2022 Adopted Budget totals nearly \$2 billion, an increase of 6.38 percent over the FY2021 budget.

CITY OPERATING FUND STRUCTURE



0.015 Cent

Decrease in Property Tax Rate

7.2%

Increase in Property Tax Collected

20.14%

Long-Term Debt Portion of Total Tax Rate

65

Positions Added

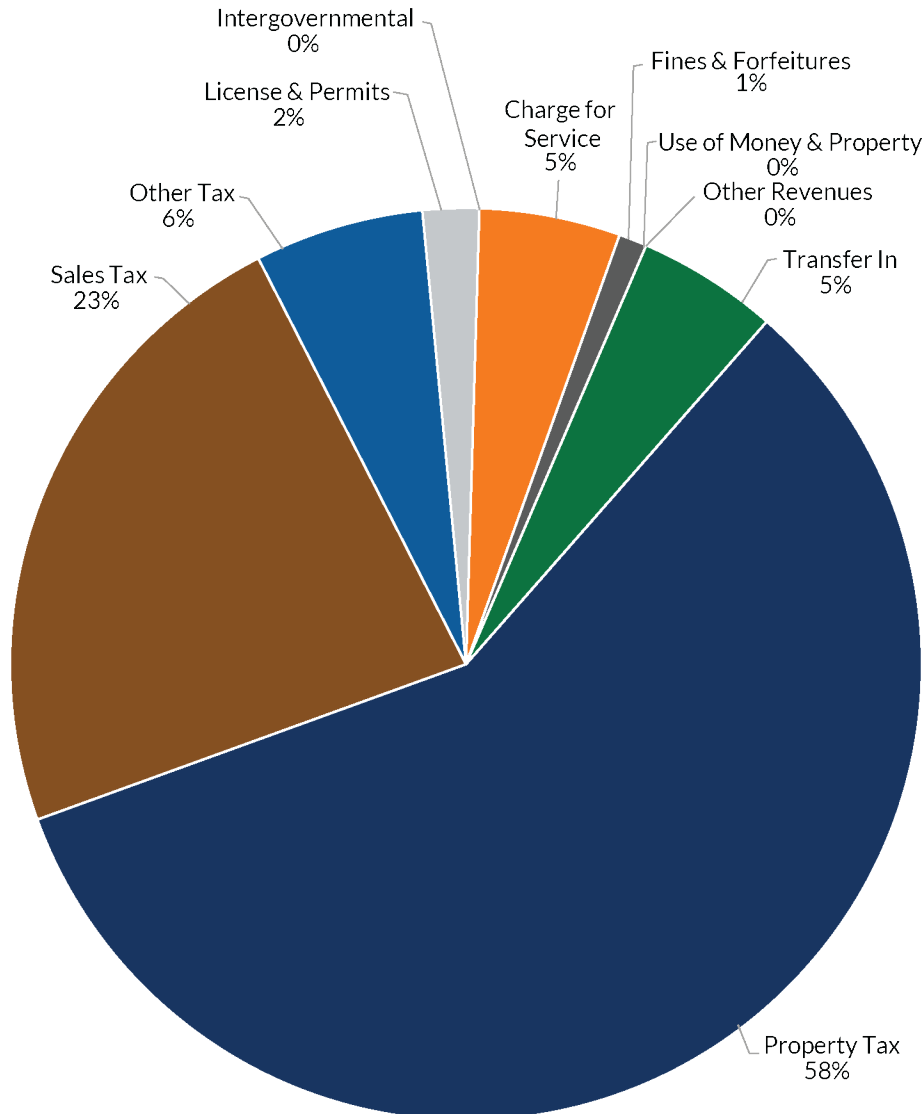
\$4.5M +

Increase in PayGo Capital Funding

Source: City of Fort Worth FY2022 Budget.

## GENERAL FUND REVENUE SOURCES

The economic outlook for Fort Worth is encouraging, with both property tax revenue and fee income continuing to grow. Revenue growth enables City staff to implement budget priorities, while also allowing the City to cover overages in General Fund costs while contributing a small amount to the City's fund balance.



Source: City of Fort Worth FY2022 Budget.

## PROPERTY TAX

The FY2022 Adopted Budget lowers the city's property tax rate from \$0.7475 per \$100 net taxable valuation to \$0.7325 per \$100 net taxable valuation.

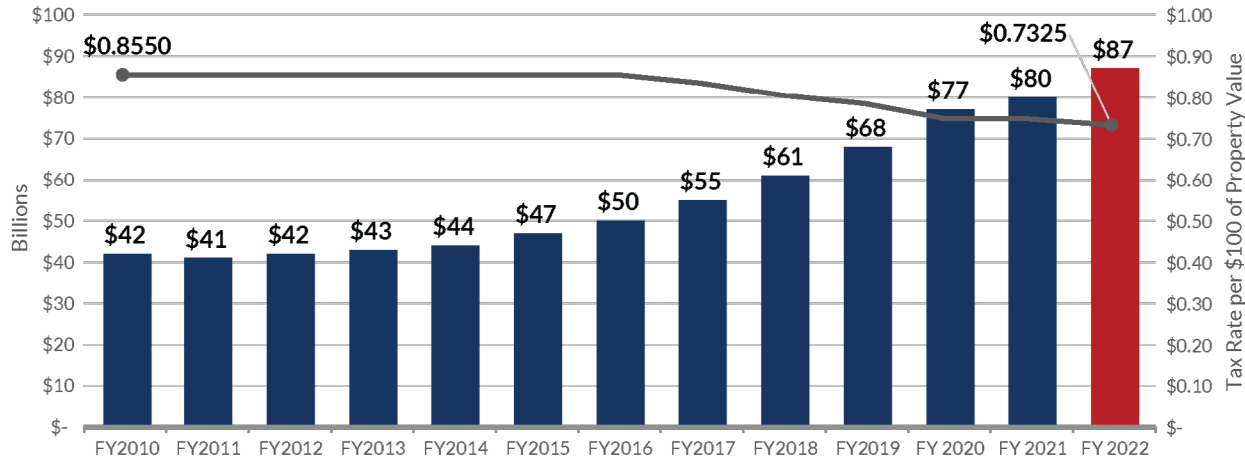
## TOTAL APPRAISED VALUE

Comparison	FY2021	FY2022	\$	%
Tax rate per \$100 of value	\$ 0.7475	\$ 0.7325	\$ (0.0150)	-2.0%
Appraised Value	\$109,589,513,027	\$116,686,701,862	\$7.1B	6.5%
Adjusted Net Taxable Value	\$79,878,186,534	\$87,373,928,947	\$7.5B	9.4%

## SALES TAX

Sales tax collections are the second major revenue component. In developing the FY2021 budget last year, the City took a cautious approach to formulating sales tax projections. Fort Worth has continued to show resiliency where consumers have sustained spending which generate sales tax receipts. This consumer behavior pushed sales and use tax collections to exceed the original assumptions for last fiscal year. Due in part to this recent activity, and lifting of restrictions due to the COVID-19 pandemic, the FY2022 budgeted sales tax is shown with a fairly significant increase as compared to last year. In addition to the rise in recent collections over the original expectations, Fort Worth is still leading the way in population growth, as the 12th largest city in the United States, and is still growing. Sales tax collections were evaluated using recent activity, historical trends, and many other economic indicators for the local economy, to determine tax revenue. Based on this evaluation and FY2021 year-end budget projections, tax revenue is expected to increase in FY2022 by 8.70%, or \$14.6M, from budgeted FY2021 sales tax and is budgeted at \$182,885,742.

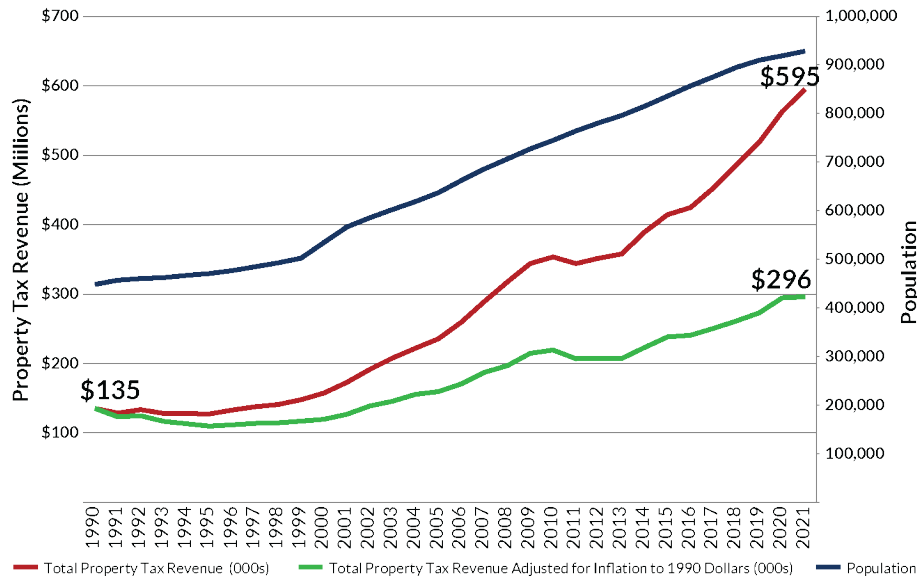
## ADJUSTED NET TAXABLE VALUE



Adjusted Net Taxable Value (which is the Net Taxable Value plus the value of incomplete properties and properties under protest), increased \$7.5 billion or 9.4 percent in the same time period across all properties within the City of Fort Worth. Adjusted Net Taxable Value is the basis for the City's property tax revenue calculation.

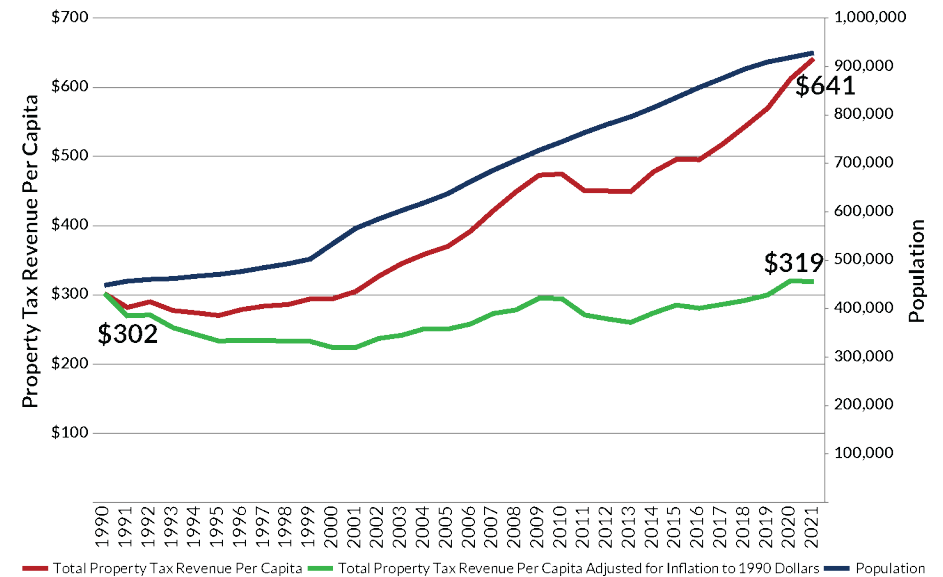
Source: City of Fort Worth FY2022 Budget.

## CITY PROPERTY TAX REVENUE, 1990 - 2021



Sources: U.S. Census Bureau; City of Fort Worth, Planning & Data Analytics Department, 2021.

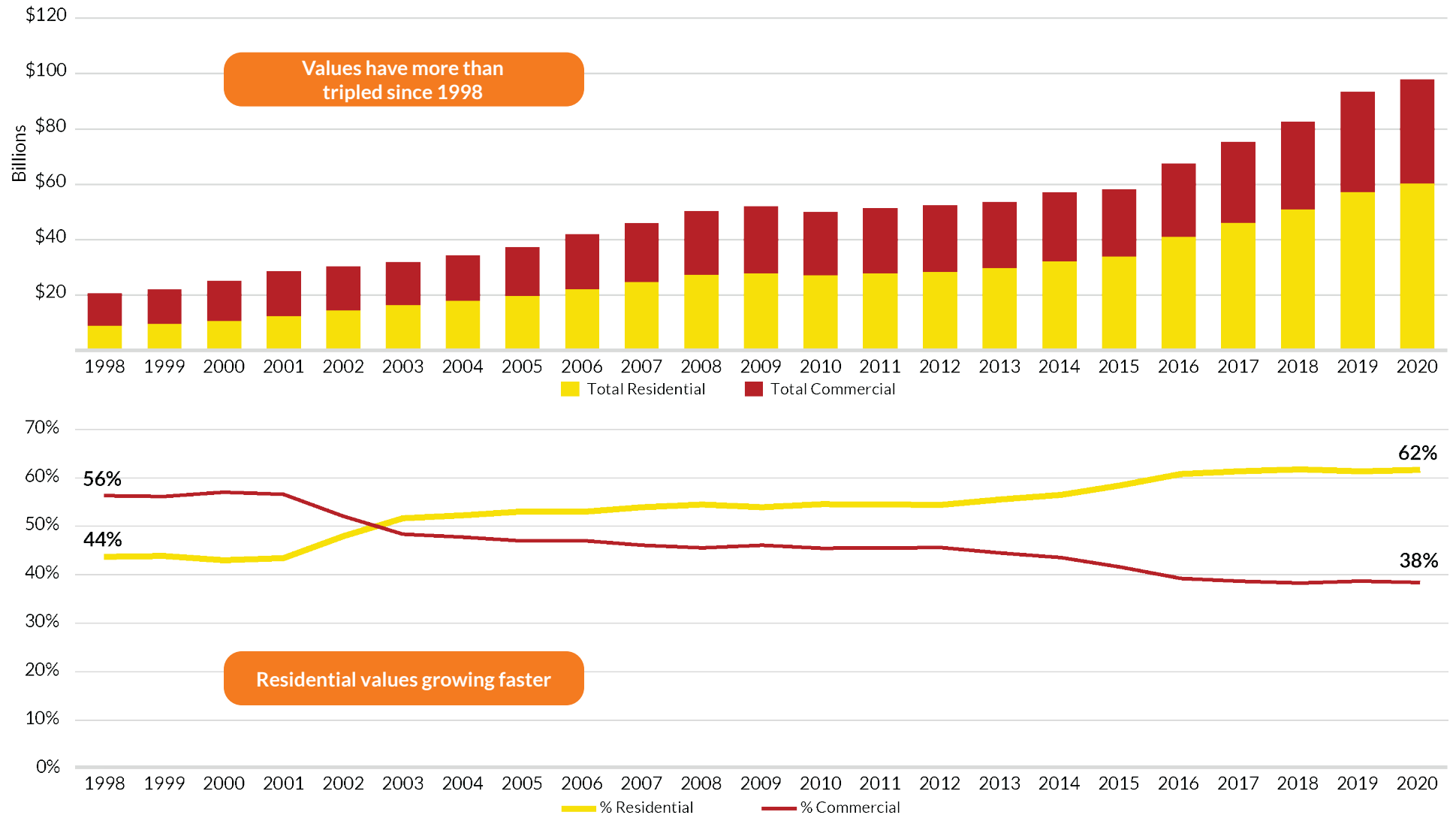
## CITY PROPERTY TAX REVENUE PER CAPITA, 1990 - 2020



Sources: U.S. Census Bureau; City of Fort Worth, Planning & Data Analytics Department, 2021.

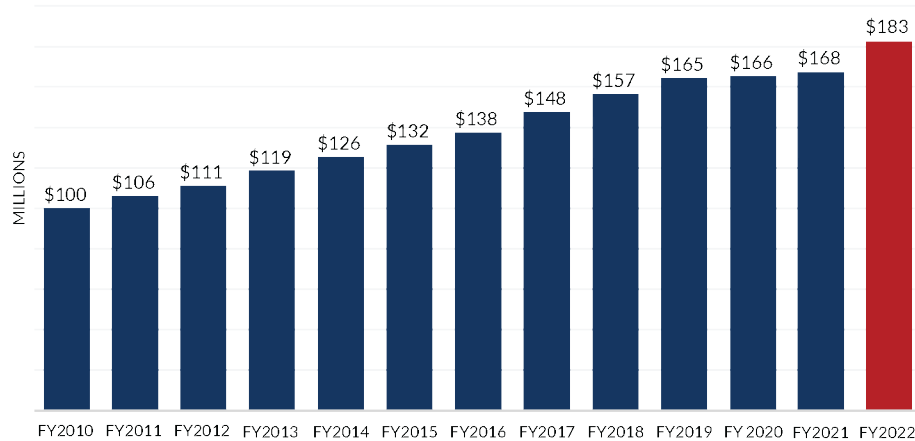
## TOTAL MARKET VALUE OF TAXABLE REAL & PERSONAL PROPERTY, 1998 – 2021

While property tax revenue continues to grow, the proportion of total property tax revenue generated by residential properties exceeds that generated by commercial properties -- and the gap has grown in recent years. The City is working to attract commercial development to rebalance the property tax burden and generate jobs.



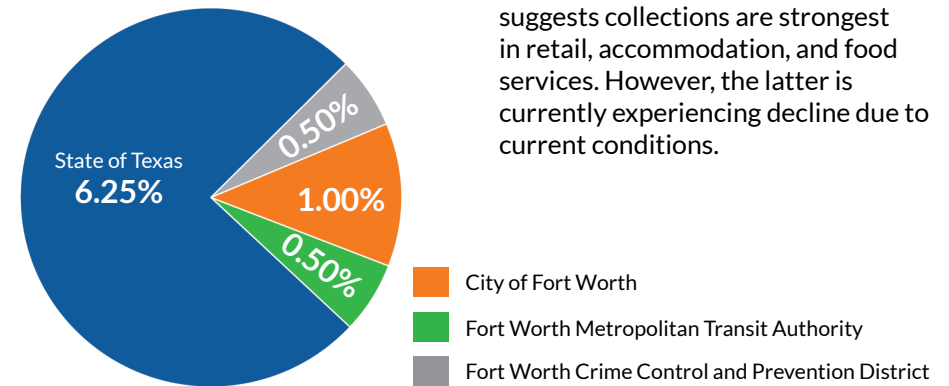
\*Estimates. Source: Property Tax Division at the Texas Comptroller of Public Accounts.

## SALES TAX REVENUE GROWTH



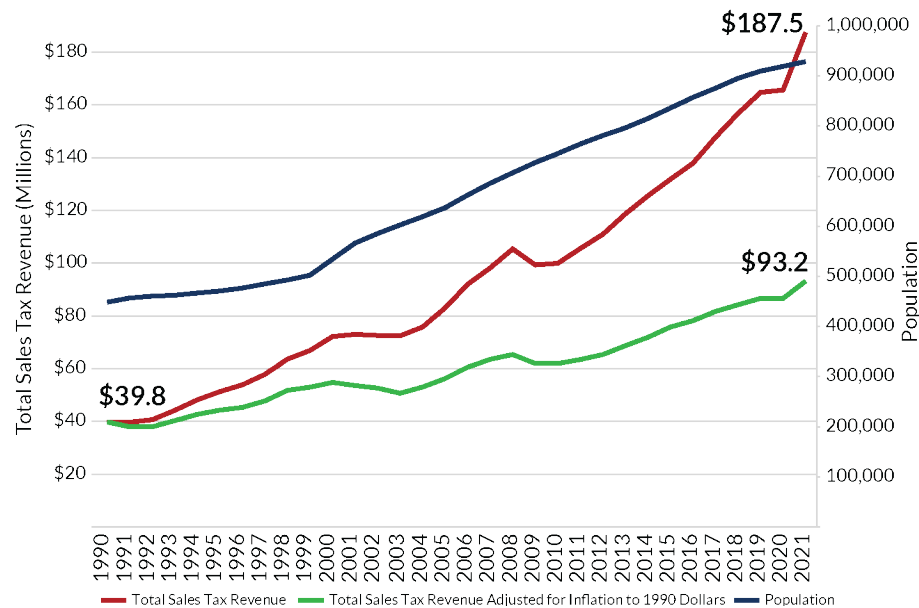
Source: City of Fort Worth FY2022 Budget.

You pay 8.25% Sales Tax, but the City doesn't get all of that



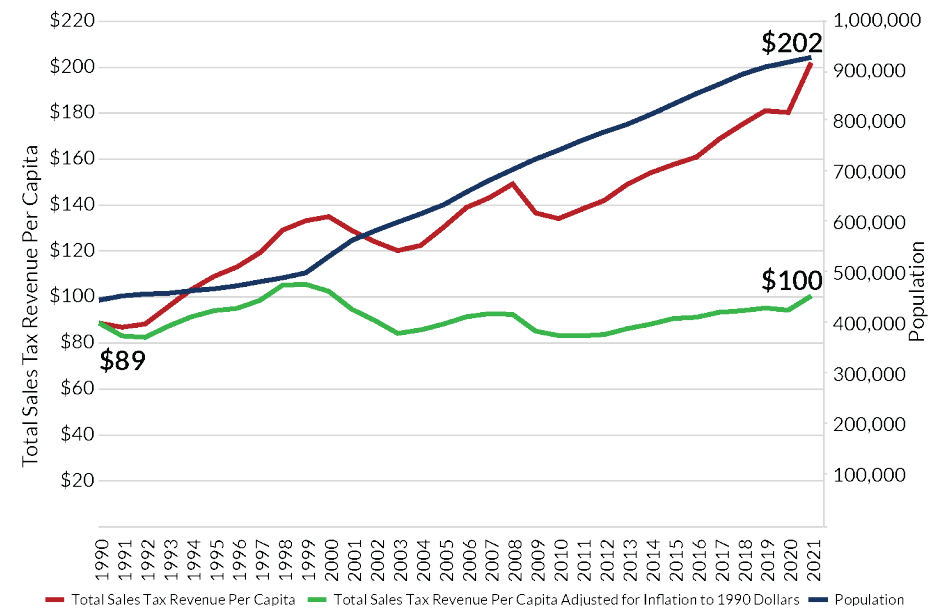
Sales Tax is projected to taper through FY2022. The latest data suggests collections are strongest in retail, accommodation, and food services. However, the latter is currently experiencing decline due to current conditions.

## CITY SALES TAX REVENUE, 1990 – 2021



Sources: U.S. Census Bureau; City of Fort Worth, Planning & Data Analytics Department, 2022.

## CITY SALES TAX REVENUE PER CAPITA, 1990 – 2021



The City streamlined spending, assessing priorities across the organization and identifying cost savings while also addressing safety concerns for operations as a direct result of COVID-19. Fluctuations in budgeted categories may be greater than in prior years due to this strategic implementation. However, despite identified savings, some costs continue to increase due to a variety of factors, including rising costs of supplies and contractual services, additional facilities becoming operational, improving equity of city services, and enhancing public safety.

## ADOPTED GENERAL FUND REVENUE BUDGET

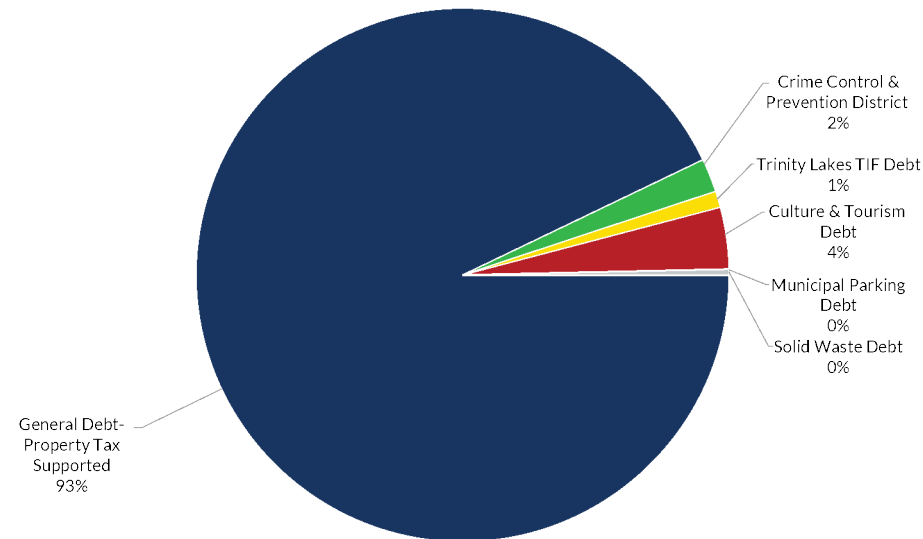
FY2021 ADOPTED	FY2022 ADOPTED	DOLLAR CHANGE	PERCENT CHANGE
\$782,064,035	\$831,934,777	\$49,870,742	6.38%

## BUDGET GROWTH AREAS, FY 2012 – 2022

DEPARTMENT	FY 2012	FY2022	DOLLAR CHANGE	PERCENT CHANGE
City Attorney	\$6,245,503	\$7,452,544	\$1,207,041.00	19%
City Auditor	\$2,483,287	\$2,131,447	\$-351,840.00	-14%
City Manager's Office	\$6,523,440	\$9,942,348	\$3,418,908.00	52%
City Secretary	\$1,203,946	\$1,926,202	\$722,256.00	60%
Code Compliance	\$16,396,786	\$25,691,223	\$9,294,437.00	57%
Communications & Public Engagement*	\$-	\$4,645,717	\$4,645,717.00	-
Development Services* (Including Planning in 2012)	\$13,150,145	\$19,635,405	\$6,485,260.00	49%
Diversity & Inclusion*	\$-	\$2,089,083	\$2,089,083.00	-
Economic Development	\$5,440,045	\$41,451,007	\$36,010,962.00	662%
Financial Management	\$7,808,033	\$12,722,748	\$4,914,715.00	63%
Fire	\$118,158,882	\$174,944,776	\$56,785,894.00	48%
Human Resources	\$4,025,026	\$5,754,584	\$1,729,558.00	43%
IT*	\$-	\$17,537,956	\$17,537,956.00	-
Library	\$19,851,666	\$22,900,585	\$3,048,919.00	15%
Municipal Court	\$15,306,134	\$14,846,205	\$-459,929.00	-3%
Neighborhood Services*	\$-	\$11,149,184	\$11,149,184.00	-
Non-departmental	\$58,580,456	\$13,509,715	\$-45,070,741.00	-77%
Parks & Recreation	\$40,181,891	\$55,722,945	\$15,541,054.00	39%
Planning & Data Analytics*	\$-	\$8,735,579	\$8,735,579.00	-
Police	\$193,521,155	\$282,524,533	\$89,003,378.00	46%
Property Management*	\$-	\$25,920,591	\$25,920,591.00	-
Transportation & Public Works	\$48,748,786	\$70,700,400	\$21,951,614.00	45%

\*Indicates that this department was not a department in one of the comparing years. Source: City of Fort Worth FY2012 and FY2022 Budgets.

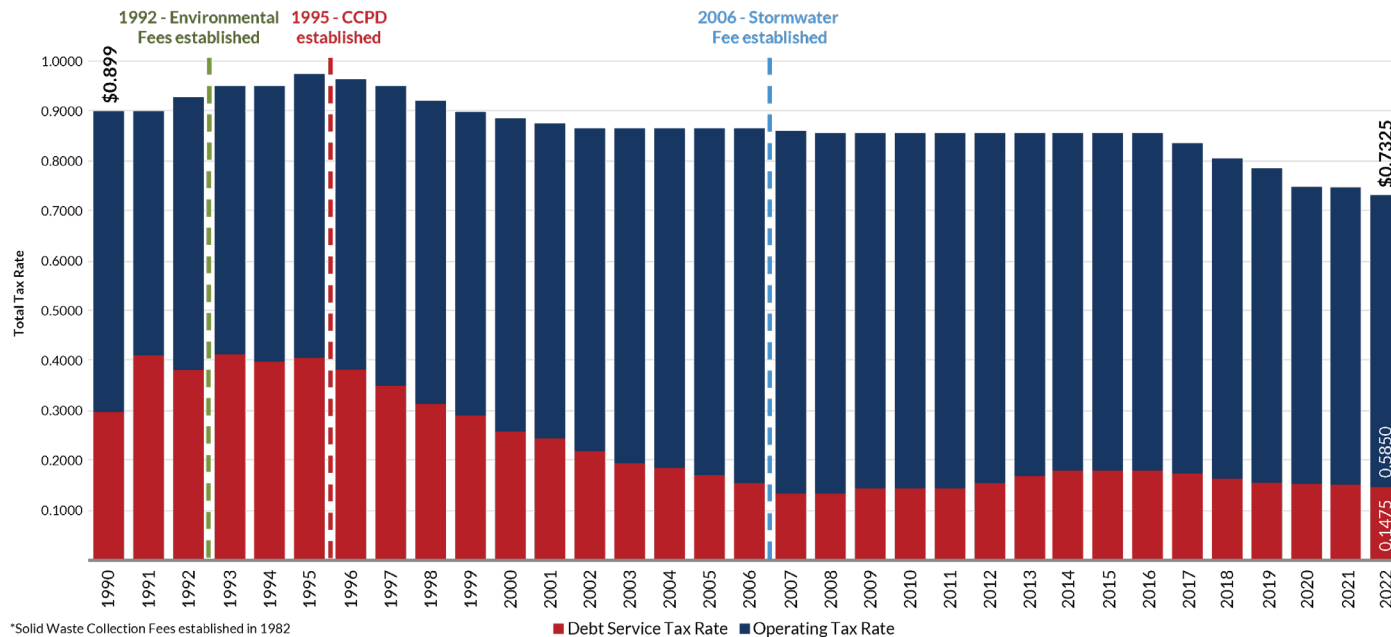
## TAX RATE ALLOCATION



Of the total debt amount projected for FY2022, \$133,547,724 is for general obligation bonds, certificates of obligation, loans, and tax notes.

## PROJECTED REVENUES TO COVER DEBT SERVICE

CURRENT PROPERTY TAX LEVY	\$120,022,221
OTHER REVENUE (INCLUDING EXISTING FUND BALANCE)	\$8,167,221
<b>TOTAL</b>	<b>\$128,189,442</b>



State property tax law allows the city to levy a property tax to pay for its long-term (over 1 year) debt obligation. For the next fiscal year, \$0.1475 (20.14%) of the total tax rate is devoted to paying long-term debt service obligations. For FY2022 the City's combined adopted property tax rate is \$0.7325 per \$100 of assessed valuation with a 98.25% collection rate. This represents a \$0.15 decrease from the prior year's property tax rate. The debt service levy rate of \$0.1475 per \$100 of assessed valuation is expected to yield approximately \$120 million which, along with other revenues, will allow the repayment of all current general debt obligations.

\*Solid Waste Collection Fees established in 1982

Source: City of Fort Worth FY2022 Budget.