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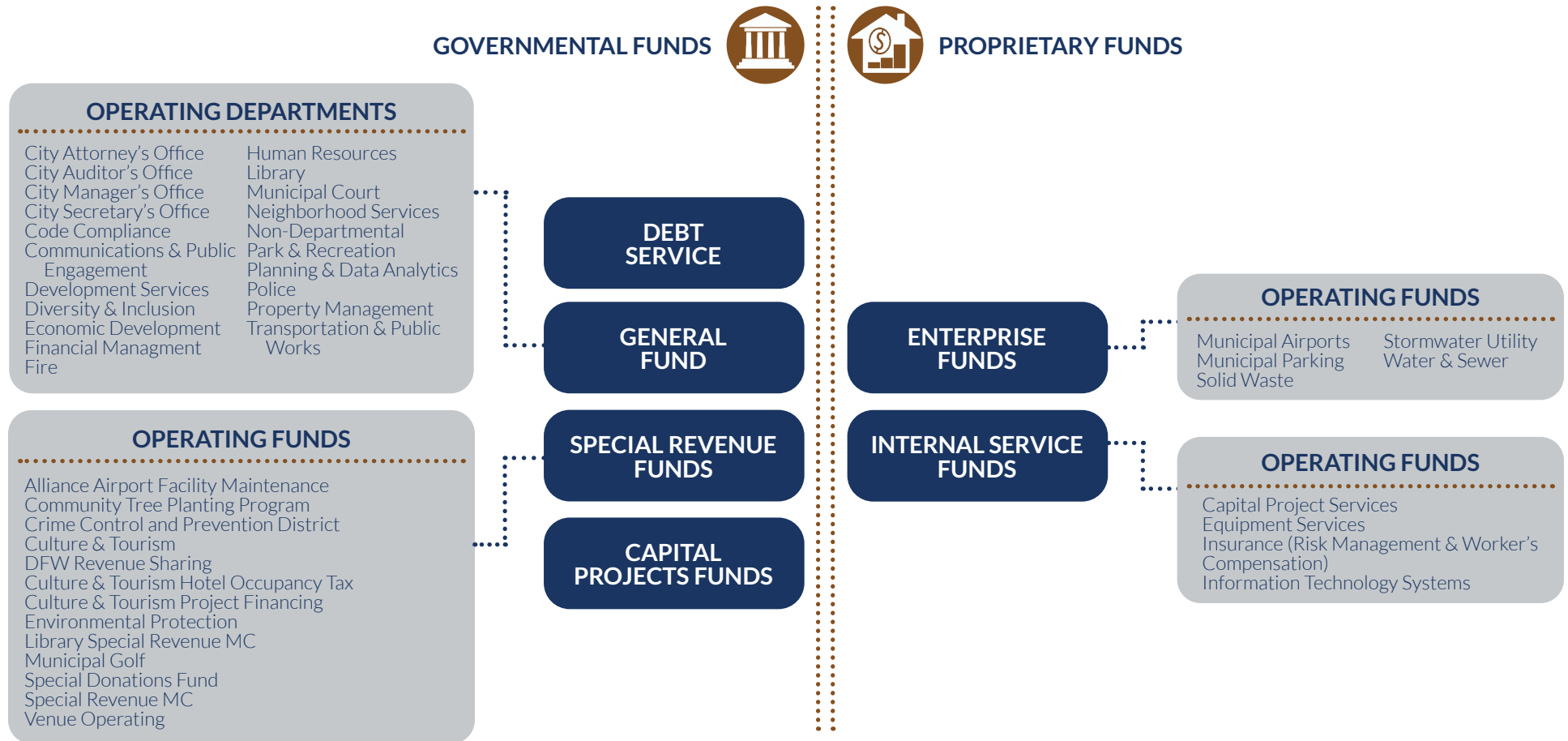
CHAPTER 3

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 FY2023 Adopted Budget totals nearly \$2.3 billion, an increase of 11.87 percent over the FY2022 budget.

CITY OPERATING FUND STRUCTURE



\$(0.02) Cent

Decrease In Property Tax Rate

11.4%

Increase in Property Tax Collected

20.14%

Long-Term Debt Portion of Total Tax Rate

324

Positions Added (96 In Police Department)

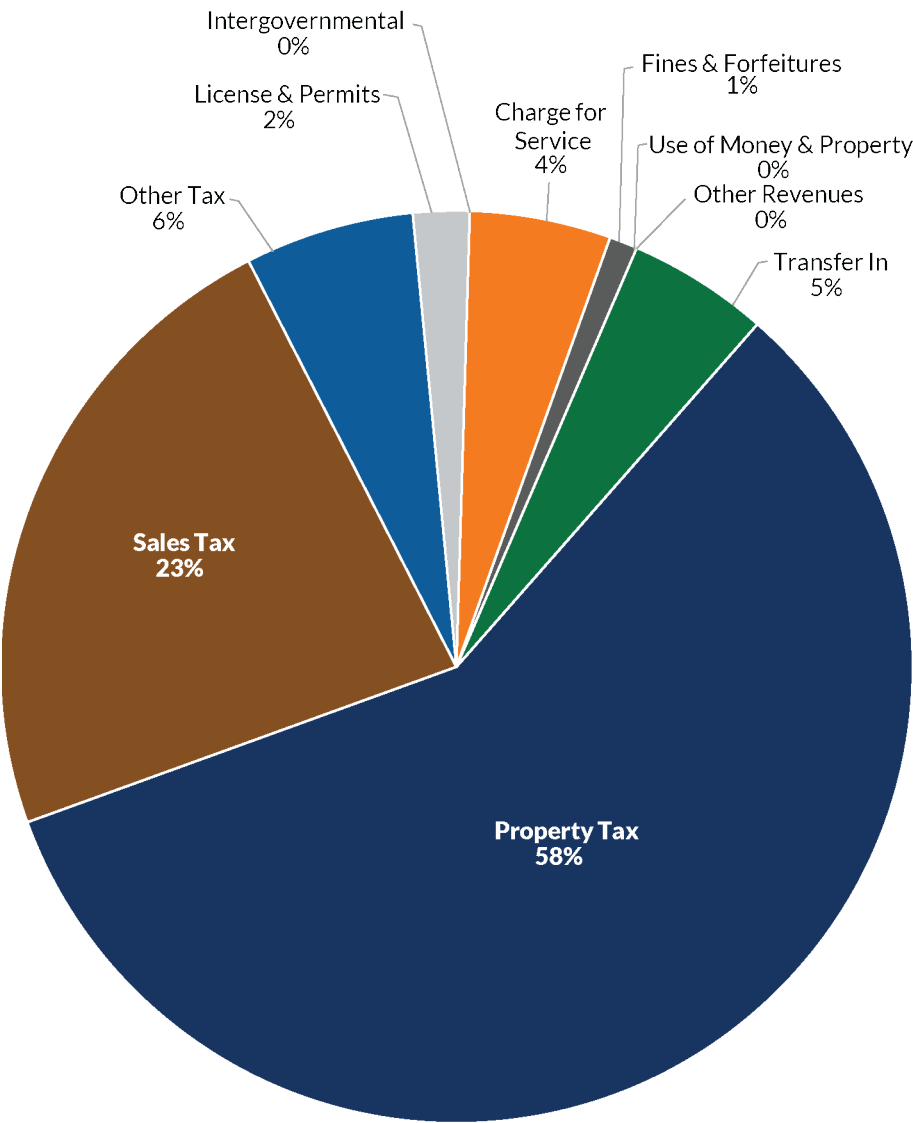
\$14.3M

Increase in PayGo Capital Funding

Source: City of Fort Worth FY2023 Budget.

GENERAL FUND REVENUE SOURCES

The economic outlook for Fort Worth remains 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.



PROPERTY TAX

The FY2023 Adopted Budget lowers the City’s property tax rate.

| | |
|-----------------|----------|
| FY2022 Tax Rate | \$0.7325 |
| FY2023 Tax Rate | \$0.7125 |
| Percent Change | -2.7% |

SALES TAX

Sales tax collections are the second major revenue component. Fort Worth consumers have sustained spending, which generates sales tax receipts. This consumer behavior pushed sales and use tax collections to exceed the original assumptions for last fiscal year. Due to this recent activity, the FY2023 budgeted sales tax is shown with a fairly significant increase as compared to last year. Sales tax collections were evaluated using recent activity, historical trends, and many other economic indicators for the local economy, to determine tax revenue.

\$212,147,461

Budgeted Sales Tax

↑ EXPECTED INCREASE
16%
FY2023 SALES TAX REVENUE

Source: City of Fort Worth FY2023 Budget.

PROPERTY TAX RATE

| Comparison | FY2010 | FY2022 | FY2023 | FY22 - FY23 Change (\$) |
|-----------------------------|------------------|-------------------|-------------------|-------------------------|
| Tax rate per \$100 of value | \$0.8550 | \$ 0.7325 | \$ 0.7125 | \$ (0.02) |
| Appraised Value | \$46,121,543,624 | \$116,686,701,862 | \$133,177,031,015 | \$16.5B |
| Adjusted Net Taxable Value | \$41,851,014,698 | \$87,373,928,947 | \$100,073,539,805 | \$12.7B |

-16.6%

Decrease In Tax Rate per \$100 of Value since FY2010

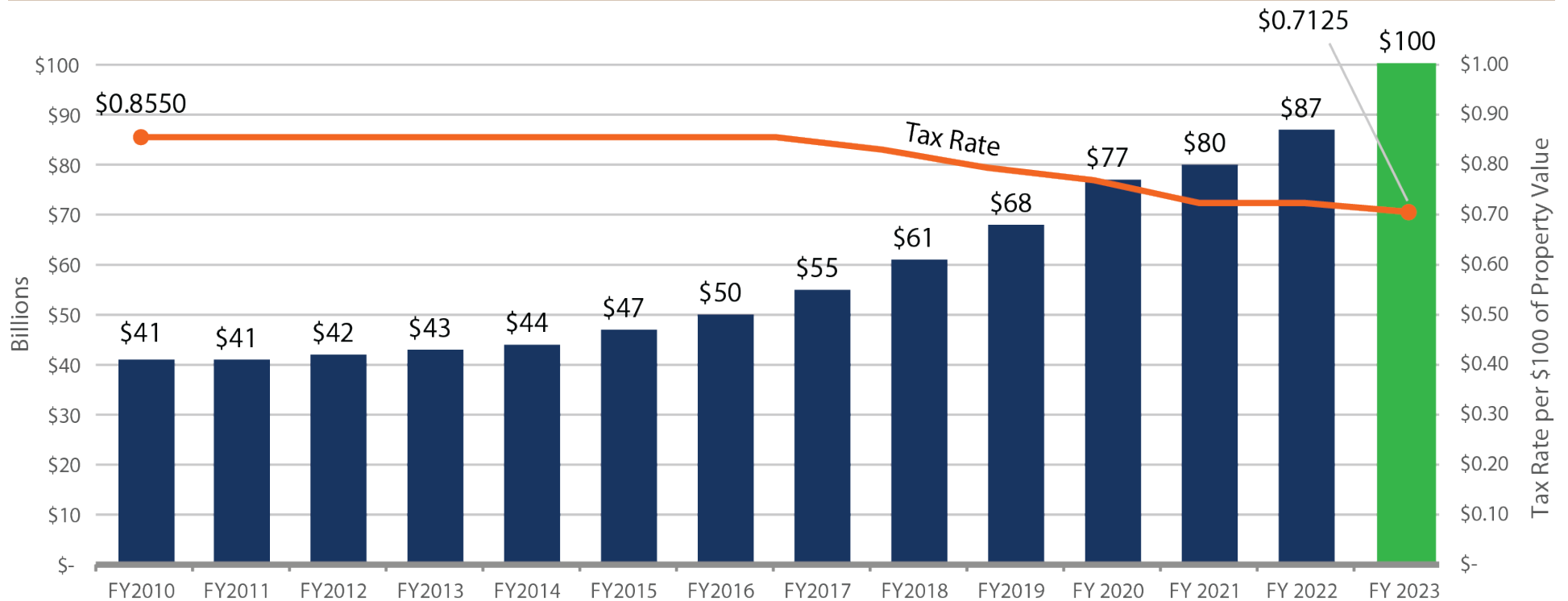
138.1%

Increase In Adjusted Net Taxable Value since FY2010

Appraised Value: A value determined by professional judgement, or the market value of a property.

Adjusted Net Taxable Value: Net Taxable Value plus the value of incomplete properties and properties under protest. Used as the basis of the City's property tax revenue calculation.

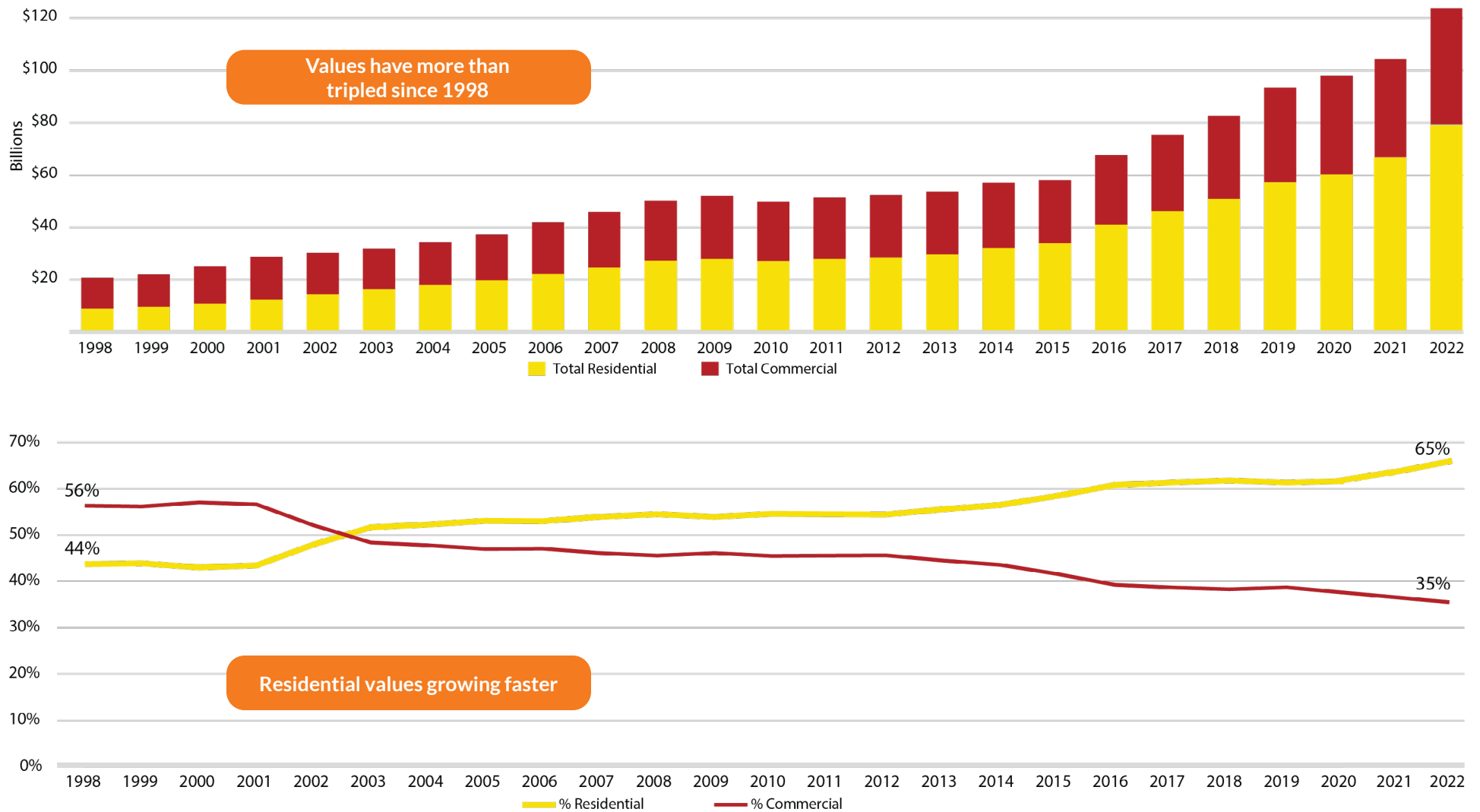
ADJUSTED NET TAXABLE VALUE



Source: City of Fort Worth FY2023 Budget.

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

While property tax revenue has continued to grow as the city has grown, the proportion of total property tax revenue generated by residential properties has exceeded 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.



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

SALES TAX REVENUE GROWTH

Sales Tax is expected to continue growing in FY2023.

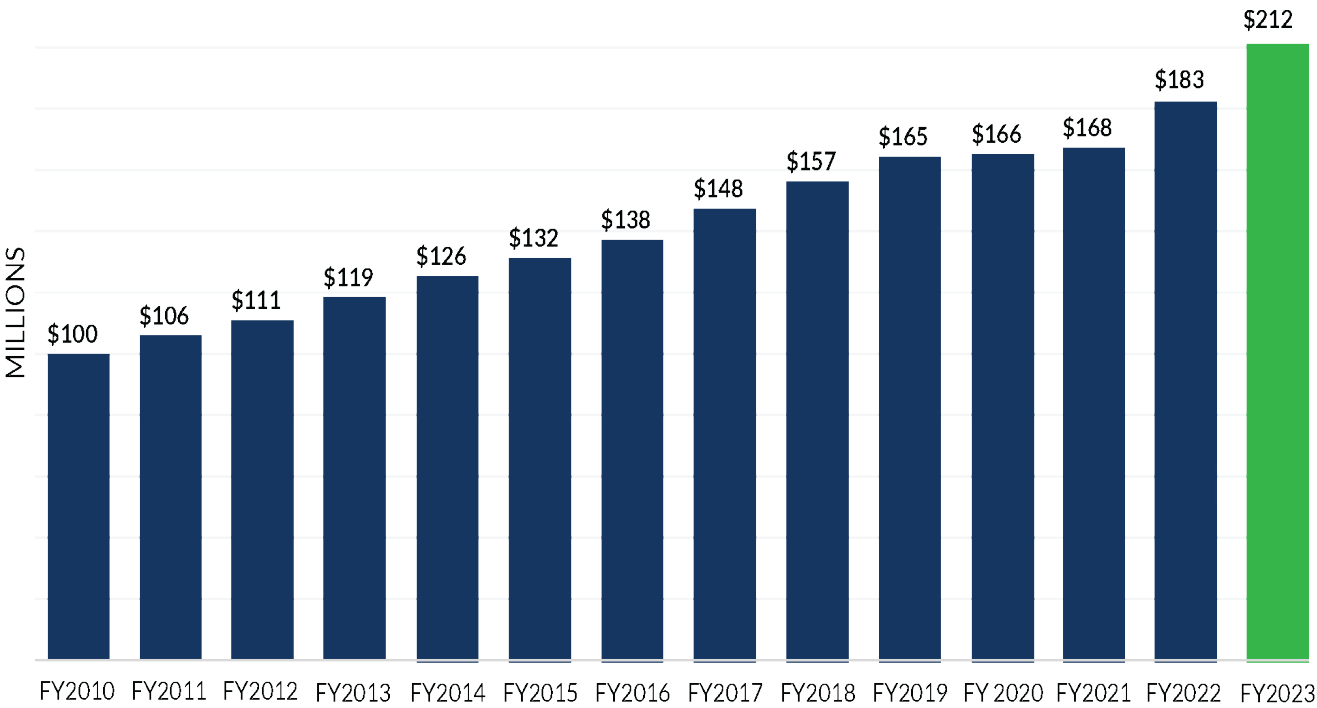
Historical improvement in economic conditions demonstrated by actual receipts reported by the State Comptroller’s Office and growth of the City has influenced growth in the past and is leading the current and future performance of sales tax.

The latest data suggests collections are strongest in retail, general services, professional services, food, and wholesale industries.

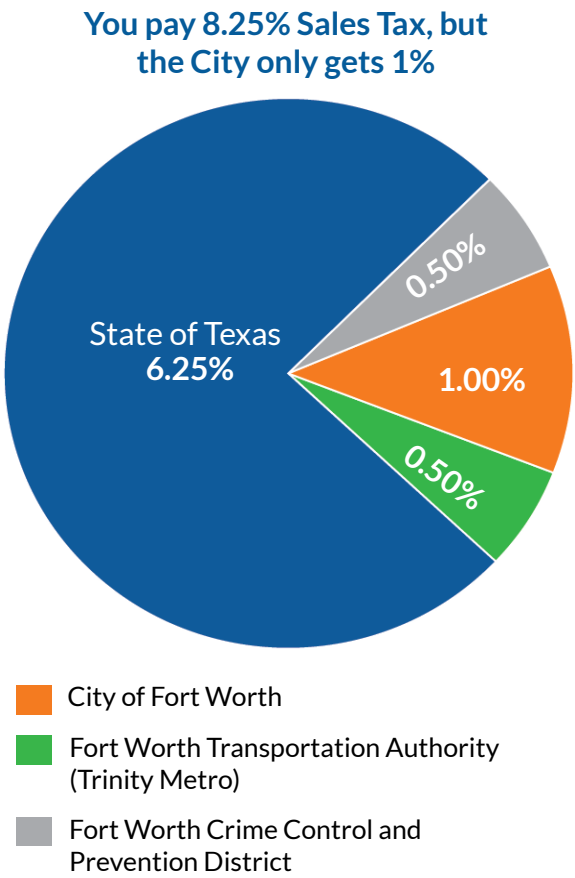
| Percent of Total Major General Fund Revenue Components | |
|--|--------------------|
| 58.1% | Property Tax |
| 23.2% | Sales Tax |
| 5.9% | Other Taxes |
| 5.3% | Transfer In |
| 3.7% | Charge for Service |

112%

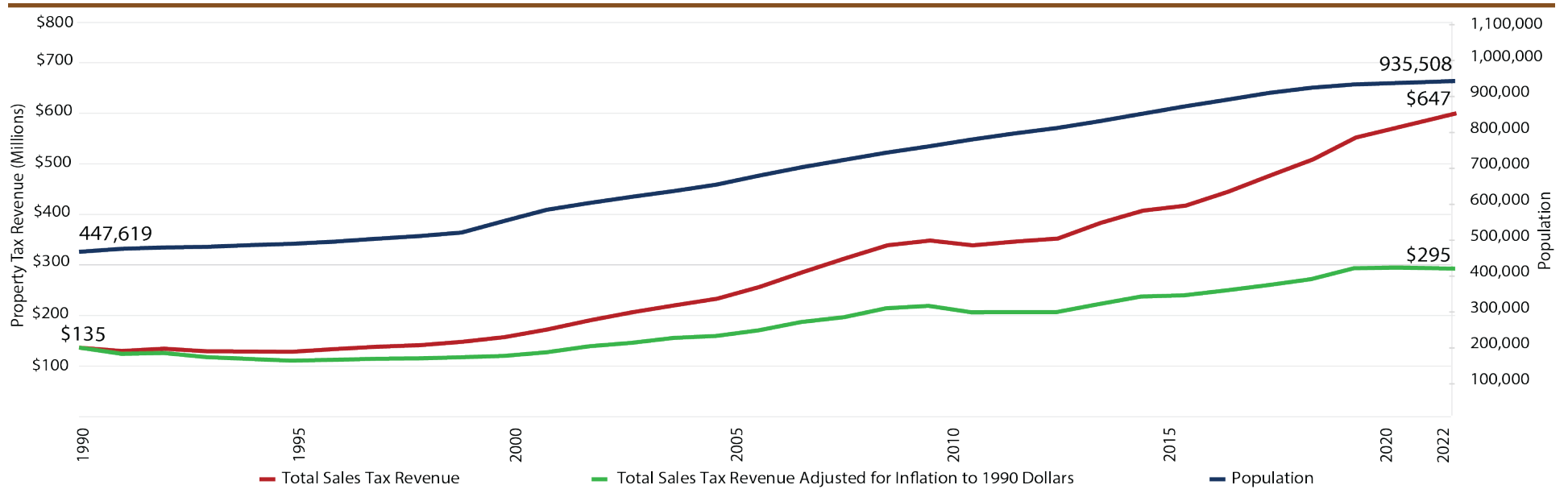
Increase In Sales Tax Revenue since FY2010



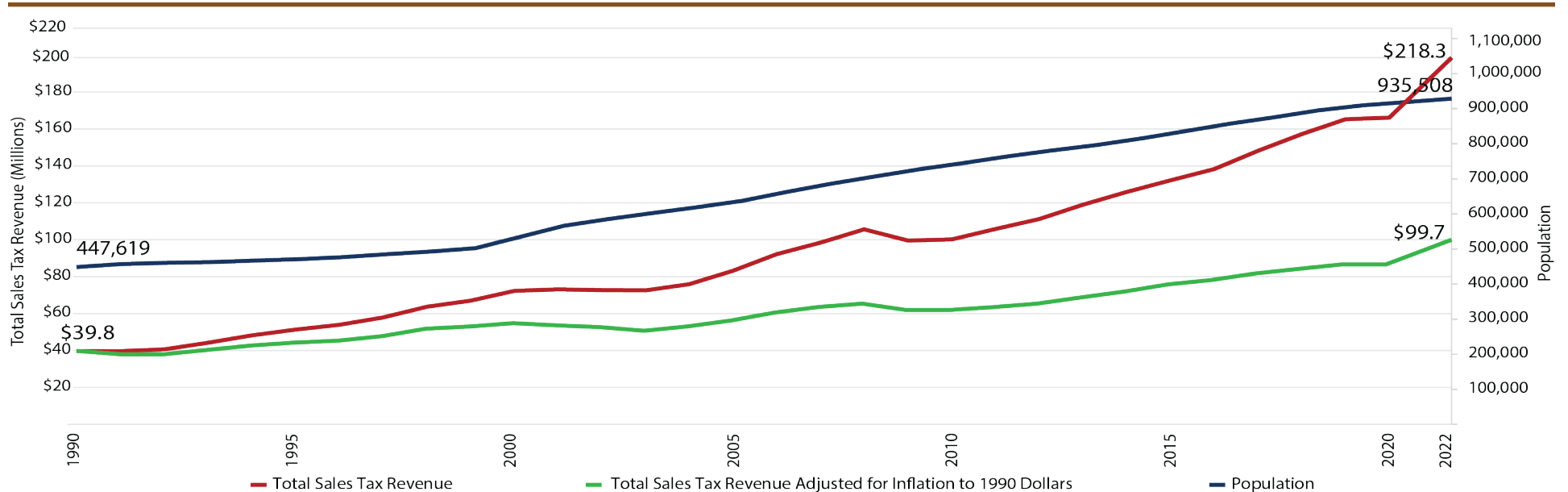
Source: City of Fort Worth FY2023 Budget.



CITY PROPERTY TAX REVENUE, 1990 - 2022



CITY SALES TAX REVENUE, 1990 - 2022



Sources: U.S. Census Bureau; City of Fort Worth, Planning & Data Analytics Department, 2023.

The City strategized to streamline spending, assessing priorities across the organization, and identifying cost savings while also addressing cleanliness and safety concerns for operations. Variances or 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

| FY2022 ADOPTED | FY2023 ADOPTED | DOLLAR CHANGE | PERCENT CHANGE |
|-------------------|-------------------|------------------|-------------------|
| \$831,934,777 | \$915,340,881 | \$83,406,104 | 10.03% |

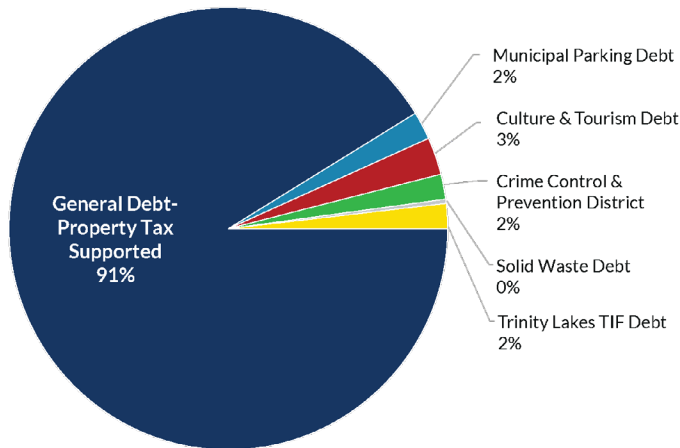
BUDGET GROWTH AREAS, FY2013 – 2023

| DEPARTMENT | FY2013 | FY2023 | DOLLAR CHANGE | PERCENT CHANGE |
|---|---------------|---------------|---------------|----------------|
| City Attorney | \$5,896,247 | \$7,937,225 | \$2,040,978 | 35% |
| City Auditor | \$2,608,330 | \$2,337,683 | \$-270,647 | -10% |
| City Manager's Office | \$6,720,508 | \$10,740,253 | \$4,019,745 | 60% |
| City Secretary | \$1,082,740 | \$2,518,393 | \$1,435,653 | 133% |
| Code Compliance | \$17,570,149 | \$27,330,256 | \$9,760,107 | 56% |
| Communications & Public Engagement* | \$- | \$5,513,485 | \$5,513,485 | - |
| Development Services* (Included Planning in 2013) | \$12,127,542 | \$29,331,458 | \$17,203,916 | 142% |
| Diversity & Inclusion* | \$- | \$2,435,259 | \$2,435,259 | - |
| Economic Development | \$5,129,598 | \$43,767,568 | \$38,637,970 | 753% |
| Financial Management | \$7,265,493 | \$13,758,733 | \$6,493,240 | 89% |
| Fire | \$121,322,144 | \$193,272,915 | \$71,950,771 | 59% |
| Human Resources | \$3,733,152 | \$6,283,156 | \$2,550,004 | 68% |
| Library | \$18,516,242 | \$26,075,266 | \$7,559,024 | 41% |
| Municipal Court | \$17,238,839 | \$15,350,385 | \$-1,888,454 | -11% |
| Neighborhood Services* | \$- | \$14,344,160 | \$14,344,160 | - |
| Non-departmental | \$73,880,800 | \$26,973,345 | \$-46,907,455 | -63% |
| Park & Recreation | \$42,858,260 | \$61,870,514 | \$19,012,254 | 44% |
| Planning & Data Analytics* | \$- | \$8,750,328 | \$8,750,328 | - |
| Police | \$199,787,614 | \$298,551,538 | \$98,763,924 | 49% |
| Property Management* | \$- | \$29,628,584 | \$29,628,584 | - |
| Transportation & Public Works | \$48,098,657 | \$88,570,377 | \$40,471,720 | 84% |

*Indicates that this department was not a department in one of the comparing years.

Source: City of Fort Worth FY2013 and FY2023 Budgets.

TAX RATE ALLOCATION

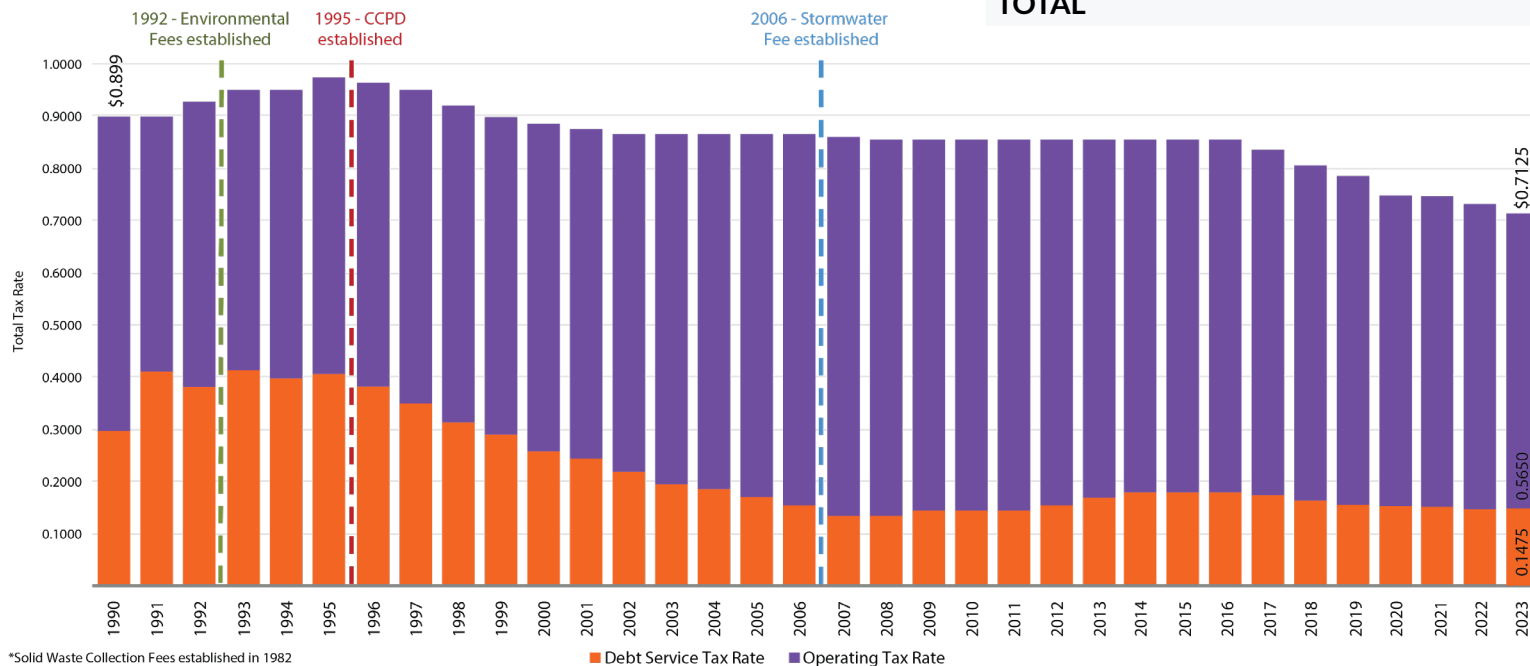


State property tax law allows the City to levy a property tax to pay for its long-term (over 1 year) debt obligations. Of the total debt amount projected for the upcoming FY2023, \$144,211,071 is for general obligation bonds, certificates of obligation, loans, and tax notes.

PROJECTED REVENUES TO COVER DEBT SERVICE

Current property tax collections cover most of the general debt service assisted by delinquent property tax collections. Other revenues include transfer to the General Debt Service Fund from CCPD for CCPD-eligible activities, a transfer from the Trinity Lakes TIF, and interest earnings. Project revenues for debt services are as follows:

| | |
|--|----------------------|
| CURRENT PROPERTY TAX LEVY (DEBT PORTION) | \$137,457,690 |
| OTHER REVENUE (INCLUDING EXISTING FUND BALANCE) | \$8,481,326 |
| TOTAL | \$145,939,016 |



98.5%

Collection Rate in FY2023

20.14%

Long-Term Debt Portion of
Total Tax Rate

*Solid Waste Collection Fees established in 1982

Source: City of Fort Worth FY2023 Budget.