BUDGET RESPONSE TO CITY COUNCIL MEMBERS

No. 24-016

To the Mayor and Members of the City Council

September 7, 2023

Page 1 of 3



SUBJECT: General Fund Budget-to-Actuals Trends 2019-2022

The purpose of this budget response is to provide information on the General Fund's budget to actuals history from Fiscal Years 2019-2022, including any use of/contribution to fund balance. The table below details budget, actuals and the resulting variance for the past four fiscal years.

	Fiscal Year		2019		2020		2021		2022
	Revenue	\$	732,087,577	\$	772,822,338	\$	786,515,945	\$	846,078,603
	Expenditure	\$	732,287,577	\$	776,913,432	\$	786,931,838	\$	869,961,219
Budget									
	4990000 Use Of Fund Bal/Net Position	\$	200,000	\$	4,091,094	\$	415,893	\$	23,882,616
	5990000 Contr To Fund Bal/Net Position	\$-		\$-		\$-		\$-	
Actuals	Revenue	\$	736,703,473	\$	756,597,232	\$	812,926,591	\$	886,252,256
	Expenditure	\$	722,042,070	\$	739,474,964	\$	766,071,161	\$	845,440,982
	Resulting Contr To Fun Bal/Net Position	\$	14,661,403	\$	17,122,268	\$	46,855,429	\$	40,811,275

The General Fund has seen a contribution to fund balance each year in Fiscal Years 2019-2022. The reasons for these contributions vary from year to year. The portions of the contribution to fund balance dedicated to high revenues and/or low expenditures are shown in the bottom section of the table. Below is a more qualitative description of the major drivers behind the contribution to fund balance for each year seen.

FY2019

The \$4.6M or 0.6% revenue variance was primarily related to sales tax (\$2M) as well as unbudgeted reimbursements recovering Police costs from Hurricane Harvey (\$1M). Other revenue drivers included development-related fees and an insurance recovery from a totaled Fire truck.

The -\$10.2M or -1.4% expenditure variance was driven by conservative salary and O&M savings spread across most General Fund departments. The largest percentage of savings was derived from Police (-18% of the total savings) followed by the City Manager's office (-13%).

FY2020

The -\$16.2M or -2.1% revenue variance was primarily related to shortfalls in sales tax (\$-6.5M), property tax collection (\$-3.9M) and other revenues citywide during the COVID-19 pandemic.

The -\$37.4M or -5.1% expenditure variance was driven by moving allowable General Fund expenditures to emergency CARES funding (-\$23M), Police and Fire savings due to vacancies and related O&M savings (-\$11M), and other precautionary savings imposed citywide due to economic uncertainty.

FY2021

The \$26.4M or 3.2% revenue variance was primarily related to the unexpected performance of mid-pandemic sales tax (\$18M) and a rebound in property tax collection (\$8M).

The -\$20.8M or -2.7% expenditure variance was primarily driven by moving allowable General Fund expenditures to emergency CARES funding (-\$18M). Police and Code contributed the largest percentages of total savings (-20% and -16%, respectively).

ISSUED BY THE CITY MANAGER

FORT WORTH, TEXAS

BUDGET RESPONSE TO CITY COUNCIL MEMBERS

No. 24-016



September 7, 2023

Page 2 of 3



SUBJECT: General Fund Budget-to-Actuals Trends 2019-2022

There was a budgeted use of fund balance totaling \$23.9M in FY22 based on the FY21 contribution to fund balance. This was driven by a series of M&Cs appropriating fund balance for a variety of capital projects, including \$11M for arterials, \$5M for land acquisition and demolition related to the Fort Worth Nature Center master plan, \$2M for land acquisition for the new library in northwest FW and Fire Station 26, and \$2M for costs related to future City Hall. The remaining appropriations of fund balance were related to a new budget management system for \$1.4M, a \$1.2M local funds grant match for the Defense Economic Assistance Adjustment Grant (DEAAG) with NASJRB, an appropriation for the Police Monitor Program, and a number of rollovers for contractual obligations from FY2021. This table is included behind this Budget Response.

FY2022

The \$40.2M or 4.5% revenue variance was primarily related to increased collections in sales tax (\$22M), franchise fees (\$7.4M), a larger-than-budgeted transfer from water/sewer (\$3.9M) and increased receipts of mixed beverage tax (\$2.3M). Development-related fees also contributed (\$5M) as economic recovery continued.

The -\$24.5M or -2.9% expenditure variance was primarily driven by a high citywide vacancy rate of 17% (-\$12.2M), as well as moving allowable General Fund expenditures to ARPA funding and the SAFER grant for Fire (-\$8M). Delayed economic incentives of -\$3M were also a savings factor, though some of this budget was rolled forward into FY2023.

An M&C in January 2023 designated \$31.6M of fund balance based on the FY22 contribution to fund balance. Projects included the Juneteenth Museum for \$15M, capital project shortfalls for \$9.5M, the Digital Dome at the Fort Worth Museum of Science and History at \$5M, the Public Safety payroll project for \$1.265M, ITS Public Safety radio replacements for \$859K. This table is included behind this Budget Response.

Conclusions

Revenue: Sales tax collections have been the primary driver of revenue variances over the periods described. Collections have outperformed conservative sales tax budgets in each of the described years except for FY2020 during the pandemic. For FY2024, the sales tax collection is budgeted more aggressively in an attempt to capture realistic economic projections and correct this pattern of underbudgeting.

Expenditures: While turnover is a consistent part of any organization, high vacancy rates have been a more significant component of expenditure savings since COVID-19. Council has received related budget responses on workforce initiatives meant to address talent acquisition, competitive pay and benefits and other retention efforts. Additionally, Fiscal Years 2020-2022 were marked by relief of expenditures through CARES and ARPA funding, both of which have now expired.

If you have questions concerning this information, please contact Clay Pearson, Interim Chief Transformation Officer, at 817-392-6222 or clay.pearson@fortworthtexas.gov.

David Cooke City Manager

BUDGET RESPONSE TO CITY COUNCIL MEMBERS

No. 24-016

September 7, 2023

Page 3 of 3



To the Mayor and Members of the City Council

SUBJECT: General Fund Budget-to-Actuals Trends 2019-2022

FORT WORTH.

FY21 Year End Review

Assigned Fund Balance

Description		Amount	
Arterials in North Fort Worth	\$	11,000,000	
Land Purchase – Nature Center		5,000,000	
Future City Hall Operating Expenses (Funds were set aside in FY20)		2,000,000	
New Budget System – Planning & Data Analytics Department		1,400,000	
City match for Texas Military Preparedness Commission's (TMPC)			
Defense Economic Adjustment Assistance Grant (DEAAG) program		1,200,000	
Land Purchase – Future City Facilities		2,000,000	
FY21 Departmental Budget Rollovers		945,427	
Expert Panel Program / Legal Contracts		391,000	
Total Assigned Fund Balance	\$	23,936,427	



FY22 Year End Review

Project	Amount
Juneteenth Museum	\$15,000,000
Digital Dome @ FWMS&H	\$5,000,000
Public Safety Payroll Project	\$1,265,000
ITS Public Safety Radio Replacements	\$859,106
Capital Projects Shortfall	\$9,458,492
TOTAL 9/5/2023	\$31,582,598

9

ISSUED BY THE CITY MANAGER

FORT WORTH, TEXAS