

To the Mayor and Members of the City Council

July 12, 2011

Page 1 of 2



SUBJECT: JULY 2011 – SALES TAX UPDATE

In response to the volatile nature of sales tax revenue, the Staff is committed to providing you a brief update of the sales tax collections. The Texas Comptroller’s Office posted results on July 7th. The results are dependent upon the timeliness and accuracy of sales tax payers’ returns. This payment from the State represents taxes collected on sales that occurred primarily in the month of May. In this report, you will see our sales tax collection compared to last year and the impact on the current year’s budget.

MONTHLY SALES TAX COLLECTIONS FOR MAY

CITY OF FORT WORTH

MAY FY2011	\$ 6,964,832	DOLLAR VARIANCE		% VARIANCE
MAY FY2010	\$ 7,316,483	(\$351,651)	↓	-4.81% ↓

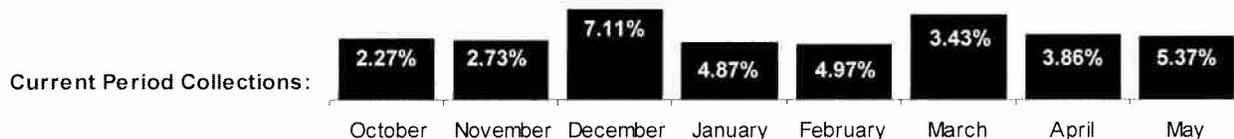


Note: Chart is based on the City's one-cent sales tax collection only.

Note: The City’s May sales tax collections were down **\$351,651** compared to last year. The City has had single audit adjustments over the last three reported months. According to the Comptroller’s office, an entity filed a refund for taxes paid on tax exempt equipment and received a credit of \$1.1M in March, \$1.4M in April, and \$907K for the current month. The refunds stemmed from an audit that occurred in different time periods and the credit was granted after a declared legal judgment. Although this is an unusual event, the Comptroller has informed Staff that additional adjustments should be expected.

COLLECTION DETAIL FOR CITY SALES TAX

	MAY 2010	MAY 2011	CHANGE
Current Period Collections:	\$ 7,490,064	\$ 7,892,093	5.37% ↑
Other Collections:	75,117	131,423	74.96%
Audit Collections:	(109,389)	(907,196)	729.33%
Service Fee:	(149,116)	(142,326)	-4.55%
Retainage:	9,807	(9,162)	-193.42%
Net Payment	\$ 7,316,483	\$ 6,964,832	-4.81% ↓



City Sales Tax Trend: Variance for the most recent months vs. same period last year.

Note: As you can see, “Current Period” collections have a positive trend signaling continued sales tax improvement.

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Page 2 of 2



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CITY OF FORT WORTH BUDGET COMPARISON - FY2011

	YTD BUDGET	YTD ACTUAL	YTD VARIANCE	
CITY OF FORT WORTH	\$ 62,405,447	\$ 64,804,186	3.84%	▲
CRIME CONTROL AND PREVENTION DIST.	\$ 27,356,606	\$ 30,131,150	10.14%	▲
MASS TRANSIT AUTHORITY - THE "T"	\$ 29,503,378	\$ 32,177,482	9.06%	▲
	ADOPTED BUDGET	BUDGET RE-ESTIMATE	YR END VARIANCE	
CITY OF FORT WORTH	\$ 96,351,438	\$ 98,750,176	2.49%	▲
CRIME CONTROL AND PREVENTION DIST.	\$ 42,237,472	\$ 45,012,016	6.57%	▲
MASS TRANSIT AUTHORITY - THE "T"	\$ 45,552,000	\$ 48,226,104	5.87%	▲

Note: Although the City has lost approximately \$3.4M in audit adjustments from prior periods, collections total **\$2,398,738** more than budget. Staff recommends maintaining a conservative forecast, due to additional audit adjustments by the Comptroller.

The following chart demonstrates how our trend compares to the state and other cities:

**CITY OF FORT WORTH
CITY COMPARISONS - FY 2011 v. FY 2010**

CITY	QTR 1	QTR 2	APRIL	MAY	YTD
BURLESON	14.02%	-1.10%	-1.96%	43.25%	10.05%
GRAPEVINE	13.59%	3.00%	9.60%	10.65%	8.84%
SOUTHLAKE	2.15%	8.00%	4.40%	10.60%	5.38%
EULESS	7.28%	6.60%	2.25%	-1.02%	5.33%
HURST	6.62%	2.80%	8.76%	1.66%	4.94%
DALLAS	3.59%	4.70%	3.23%	5.01%	4.13%
ARLINGTON	8.10%	0.50%	-1.68%	4.67%	3.61%
WATAUGA	6.13%	0.40%	1.63%	3.80%	3.19%
FORT WORTH	9.29%	0.90%	-16.19%	-4.81%	1.44%
NORTH RICHLAND HILLS	5.27%	-3.00%	-2.11%	1.76%	0.90%
KELLER	2.81%	-2.40%	6.81%	-8.56%	-0.10%
GRAND PRAIRIE	-6.73%	-2.70%	2.03%	4.05%	-2.88%
BEDFORD	-0.61%	-7.90%	-3.11%	-11.44%	-5.06%
STATE TOTAL	8.26%	10.00%	11.39%	9.95%	9.53%

Note: YTD collections for Fort Worth are up **1.44%** compared to last year.

Again, hopefully you find this additional information helpful. If you have any questions, please call Horatio Porter, Budget Officer, at 817.392.2379.

Tom Higgins
Tom Higgins
 Interim City Manager