

To the Mayor and Members of the City Council

December 18, 2012

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SUBJECT: October 2012 – Sales Tax Update

Sales tax revenue represents approximately 20% of the City’s General Fund budget. Staff is committed to providing you regular updates on this important and sometimes volatile revenue source. The Texas Comptroller’s Office posted results on December 12th. 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 October. In this report, you will see Fort Worth’s sales tax collection compared to last year and the impact on the current year’s budget.

MONTHLY NET SALES TAX COLLECTIONS FOR OCTOBER

CITY OF FORT WORTH

October FY2013	\$9,341,902	<u>DOLLAR VARIANCE</u>	▲	<u>% VARIANCE</u>	▲
October FY2012	\$7,567,172	\$1,774,730		23.5%	

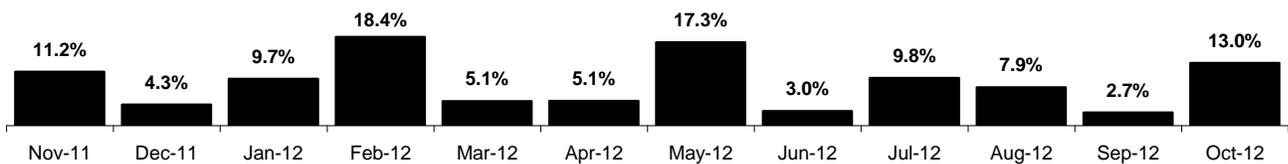


The City’s net sales tax collection is up \$1,774,730 or 23.5% compared to this month last year. These collections are the best on record for the month of October. However, net collections for October 2011 were reduced by an audit adjustment of **\$576,424**. This adjustment was the result of a Plano company paying sales tax to cities that were receiving goods, rather than the source city (Plano). The adjustment covered the period from Jan 2008 to Dec 2009. As depicted in the table below, “current period collections” increased 13.0% over last year, signaling a continued improvement in pure economic activity.

COLLECTION DETAIL FOR CITY SALES TAX

	October FY2012	October FY2013	CHANGE	CHANGE
Current Period Collections:	\$7,999,973	\$9,036,289	\$1,036,316	13.0% ▲
Other Collections:	\$234,816	\$427,280	\$192,464	82.0%
Audit Collections:	(\$576,424)	\$40,654	\$617,079	107.1%
Service Fee:	(\$153,167)	(\$190,084)	(\$36,917)	24.1%
Retainage:	\$61,976	\$27,763	(\$34,212)	-55.2%
Net Collections	\$7,567,172	\$9,341,902	\$1,774,730	23.5% ▲

Current Period Collections



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CITY OF FORT WORTH BUDGET COMPARISON - FY2013

	ADOPTED BUDGET	FISCAL YEAR PROJECTION	VARIANCE	
CITY OF FORT WORTH	\$ 108,798,434	\$ 110,229,496	1.3%	↑
CRIME CONTROL AND PREVENTION DIST.	\$ 49,795,976	\$ 52,016,839	4.5%	↑
MASS TRANSIT AUTHORITY - THE "T"	\$ 57,231,467	\$ 57,779,532	1.0%	↑

The City has collected **\$1,431,062** or **1.3%** more than the FY2013 adopted budget. As depicted above, you will also see how the positive results are affecting our partner agencies. These are the first collections for the fiscal year and while they are encouraging, Staff recommends maintaining a conservative forecast for FY2013 as we continue to experience uncertainty with the national economy and potential audit adjustments. The chart below indicates how other cities in the region compared to FY2012.

CITY OF FORT WORTH

CITY COMPARISONS - FY2013 v. FY2012

CITY	October
WATAUGA	32.6%
SOUTHLAKE	32.6%
EULESS	26.9%
FORT WORTH	23.5%
DALLAS	22.8%
GRAND PRAIRIE	15.8%
HURST	14.5%
GRAPEVINE	10.6%
BEDFORD	10.2%
KELLER	3.5%
NORTH RICHLAND HILLS	2.1%
ARLINGTON	-0.9%
BURLESON	-2.8%
STATE TOTAL	8.2%

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
City Manager**