Memorandum

DATE    September 25, 2009

TO      Members of the Budget, Finance & Audit Committee:
       Jerry R. Allen, Chair; Ann Margolin, Vice Chair; Voncie Jones Hill; Angela Hunt;
       Delia D. Jasso; Ron Natinsky; David A. Neumann

SUBJECT  Overview of FY 2009-10 General Government Revenues

The Budget, Finance, and Audit Committee will be briefed on FY 2009-10 General
Government Revenues on Tuesday, September 29, 2009. Attached is a copy of the
briefing for your review.

Please let me know if I can provide additional information.

[Signature]

David Cook
Chief Financial Officer

C: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor

Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Jeanne Chipperfield, Director, Budget & Management Srvc.

“Dallas, the City that works: diverse, vibrant and progressive”
Overview of FY2009-10
General Government Revenues

Budget, Finance & Audit Committee
September 29, 2009
Purpose

• Provide an overview of the FY2009-10 General Government revenue sources
General Government Revenue Sources

- Ad Valorem Tax: $639.1M (50.8%)
- Interfund Revenue: $107.1M (8.5%)
- Charges for Service: $135.6M (10.8%)
- Sales Tax: $206.6M (16.4%)
- Licenses and Permits: $8.0M (0.6%)
- Fines & Forfeitures: $44.1M (3.5%)
- Miscellaneous: $9.5M (0.8%)
- Intergovernmental: $7.3M (0.6%)
- Interest Earned: $3.9M (0.3%)

The data represents the various revenue sources for a government, with the Ad Valorem Tax being the largest contributor.
Property Taxes

- Largest revenue source to General Fund and Debt Service Fund
- Comprises 51% of revenues
- Revenues determined by tax base value determined by the appraisal districts and the tax rate set by the City Council
  - Taxable value continues to change during year based on changes in exemptions and settlement of lawsuits
- Tax rate split between General Fund and Debt Service Fund

FY2009-10 Tax Rate per $100 taxable value

<table>
<thead>
<tr>
<th>Fund</th>
<th>Rate per $100 Taxable Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>49.18¢</td>
<td>65.8%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>25.61¢</td>
<td>34.2%</td>
</tr>
<tr>
<td><strong>Total Rate</strong></td>
<td><strong>74.79 ¢</strong></td>
<td><strong>100.0%</strong></td>
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</tbody>
</table>
Sales Tax

• Comprises 16% of total revenues
• Volatile revenue source; highly dependent on the economy
• Total rate in Dallas is 8.25%
• Revenues allocated to:

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>State of Texas</td>
<td>6.25%</td>
</tr>
<tr>
<td>DART</td>
<td>1.00%</td>
</tr>
<tr>
<td>City of Dallas</td>
<td>1.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8.25%</strong></td>
</tr>
</tbody>
</table>
Interfund Revenue

- Transfers from other funds, comprises 8.5% of revenues
  - Reimbursement for centralized services provided by the General Fund to other enterprise, internal service, and some grant funds (indirect costs)
  - Water Utilities Payment in Lieu of Taxes (PILOT) and street rental payment
  - Other budgeted revenue transfers such as FY10 WRR transfer to support the arts and annual American Airlines Center lease payment
  - Reimbursement of debt service costs for bonds/notes issued for self-supporting services
    - Such as equipment notes sold for enterprise funds and pension obligation bonds
  - Bond interest earnings transferred to the debt service fund
Franchise Revenues

- Franchise is granted for the use of the City’s rights of way
- Comprises 7.7% of revenues
- Franchises include:

<table>
<thead>
<tr>
<th>Company</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oncor – charged per kilowatt hour</td>
<td>$48.7m</td>
<td>3.9%</td>
</tr>
<tr>
<td>AT&amp;T – charged per access line</td>
<td>21.0m</td>
<td>1.7%</td>
</tr>
<tr>
<td>Atmos – 4% of gross receipts</td>
<td>10.6m</td>
<td>0.8%</td>
</tr>
<tr>
<td>(currently negotiating new franchise)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time Warner Cable – 5% of gross receipts</td>
<td>5.8m</td>
<td>0.5%</td>
</tr>
<tr>
<td>Other (fiber optics, kiosks, etc)</td>
<td>11.1m</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

$97.2m 7.7%
Charges for Services

- Charges collected from the users of various services; 10.8% of revenues
  - Sanitation Collection – residential garbage and recycling pickup
  - Private Disposal – commercial customers landfill usage fees
  - Emergency Ambulance – transport fees and itemized billing for supplies/medications used
Charges for Services (cont’d)

- Park & Recreation fees including golf, tennis, special events, classes, athletic fields, etc
- Security Alarms
- Vital Statistics – birth and death certificates
- Street Lighting – payment from TXDOT for freeway lights
- Other includes multi-family inspections; mow/clean; demolition; secured closure; restaurant inspection fees
Fines & Forfeitures

• Revenues received related to various enforcement activities conducted by the City – 3.5% of revenues
  ▫ Municipal Court – payments for misdemeanor tickets such as traffic citations; deferred adjudication fees; warrant fees
  ▫ Vehicle Towing and Storage – towing, notification, impoundment and storage fees for vehicles towed to the City’s auto pound
  ▫ Parking fines for tickets issued by Parking Enforcement
  ▫ Red Light Camera tickets issued through the SafeLight program
  ▫ Library fines for overdue, damaged or lost materials
Intergovernmental Revenue

• Payments received from other governments; comprises 0.6% of revenues
• Includes
  ▫ D/FW Airport revenue sharing agreements with the cities of Euless, Irving and Grapevine
  ▫ Pass through of the payment from Dallas County for support of the Bridge
Licenses & Permits

• Revenue from licenses and permits issued by various departments, comprises 0.6% of revenues
• Includes
  ▫ Licenses for use of rights of way
  ▫ Beer and liquor licenses
  ▫ Dog and cat registrations
  ▫ Transportation regulation permits
Interest Earned

• Interest earnings on cash balances invested in the City’s investment pool
• Varies based on investment returns and cash balances
• Comprises 0.3% of revenues
Miscellaneous

- Remaining revenues; 0.8% of revenues
  - Auto auction – unclaimed vehicles at the auto pound are auctioned, net revenue is transferred to the General Fund
  - Paper and cardboard recycling revenues received from the sale materials collected by the Sanitation department; offsets the residential collection fee
  - Damages to City property collected from insurance companies
  - Sale of City surplus property (does not include land)
Questions