

Memorandum



CITY OF DALLAS
(Report No. A10-005)

DATE: November 13, 2009

TO: Honorable Mayor and Members of the City Council

SUBJECT: Final Report – Audit of Revenue Sharing with the City of Grapevine

The City of Grapevine accurately determined and timely paid the City of Dallas \$68,356.73, which is its portion of the Fiscal Year (FY) 2007 shared revenue.

Texas Transportation Code Section 22.089 requires the City of Grapevine to pay to the City of Dallas and the City of Fort Worth a portion of excess airport revenue¹ attributed to City of Grapevine property within the Dallas/Fort Worth (DFW) Airport boundaries. The City of Grapevine retains one-third (1/3) of total excess airport revenues with the remaining two-thirds (2/3) shared by the City of Dallas and the City of Fort Worth in proportion to each city's ownership interest in the DFW Airport (7/11 and 4/11 respectively).

The City of Dallas Office of the City Auditor determined the City of Grapevine's compliance with Texas Transportation Code Section 22.089 by:

- Interviewing City of Grapevine management and evaluating processes used to calculate shared revenue
- Reconciling the property tax, sales use tax, mixed beverage tax, municipal court revenue, and utility franchise payments to information the City of Grapevine received from the property appraisal district, utility franchisees, and information submitted to the State of Texas Comptroller of Public Accounts
- Reviewing the Independent Auditor's Report that verified the accuracy of revenue calculations
- Verifying the revenue was timely remitted by the City of Grapevine and properly recorded in the City of Dallas accounting system

¹ Revenue generated in FY 2007 in excess of base year (FY 2000) revenue in the City of Grapevine area located within the DFW Airport boundaries. The revenue includes the annual maintenance and operations portion of the ad valorem tax, sales and use tax revenue, utility franchise tax revenue, municipal court revenue, and mixed beverage tax revenue.

- Performing trend analysis on the ad valorem tax, sales and use tax, mixed beverage tax, municipal court revenue, and utility franchise tax revenue
- Conducting research on ad valorem tax rates and property tax values for the City of Grapevine

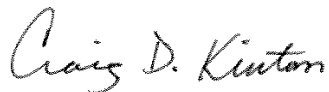
Our audit objective was to verify whether the City of Grapevine accurately and timely paid shared revenues for FY 2007 in compliance with Texas state law. This audit was conducted under authority of the City Charter, Chapter IX, Section 3.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The result of this audit has been discussed with the City of Grapevine and the City of Dallas management and we appreciate the cooperation received throughout the audit. A written response to this audit was not required.

If you have any questions or need additional information, please contact me at 214-670-3222 or Gary Lewis, Assistant City Auditor, at 214-670-5347.

Sincerely,



Craig D. Kinton
City Auditor

C: Mary K. Suhm, City Manager
Dave K. Cook, Chief Financial Officer
Bruno Rumbelow, City Manager – City of Grapevine