

# Memorandum



CITY OF DALLAS

DATE April 12, 2019

Honorable Members of the Government Performance & Financial Management  
Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson,  
TO Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT **Communications Related to the FY 2018 Audit**

On Monday, April 15, 2019, Grant Thornton will brief the Government Performance & Financial Management Committee on Communications Related to the FY 2018 Audit. I have attached the briefing for your review.

Please let me know if you need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich  
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Chris Caso, Interim City Attorney  
Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
Michael Mendoza, Chief of Economic Development & Neighborhood Services  
Laila Aleqresh, Chief Innovation Officer  
Directors and Assistant Directors



# **2018 Presentation to the Government Performance and Financial Management Committee of the City of Dallas**

**Communications Related to the FY 2018 Audit  
April 15, 2019**



# Significant Risks and Areas of Audit Focus

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Water and Sewer Revenues and Receivables	<ul style="list-style-type: none"><li>- Tested existence and accuracy of receivables at 9/30 year-end by reviewing customer activity, invoices, and subsequent payment.</li><li>- Tested revenues by recalculating water and sewer charges using readings and rates per City Ordinance.</li></ul> <p><b>Results:</b> No exceptions noted.</p>
Airport Revenues and Receivables	<ul style="list-style-type: none"><li>- Tested existence and accuracy of receivables at 9/30 year-end by reviewing invoice, examining evidence that services were provided, and verifying subsequent payment was received.</li><li>- Tested revenues by reviewing invoice, examining evidence that services were provided, and verifying payment was received.</li></ul> <p><b>Results:</b> No exceptions noted.</p>
Grant Revenues and Receivables	<ul style="list-style-type: none"><li>- Tested existence and accuracy of receivables at 9/30 year-end by reviewing applicable agreement, ensuring eligibility requirements were met, and verifying payments from awarding party.</li><li>- Tested revenues by reviewing applicable agreement, ensuring eligibility requirements were met, and verifying payments from awarding party.</li><li>- Reconciled amounts reported as grant revenues to the SEFA/SESA.</li></ul> <p><b>Results:</b> No exceptions noted.</p>

# Significant Risks and Areas of Audit Focus (continued)

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Other Revenues and Receivables	<ul style="list-style-type: none"> <li>- Tested existence and accuracy of receivables at 9/30 year-end by reviewing invoice, examining evidence that services were provided, and verifying subsequent payment was received.</li> <li>- Tested revenues by reviewing invoice, examining evidence that services were provided, and verifying payment was received.</li> </ul> <p><b>Results:</b> No exceptions noted.</p>
Net pension and OPEB liability and expense, actuarial information related to self-insurance (IBNR), workers compensation liabilities	<ul style="list-style-type: none"> <li>- Reviewed assumptions in the actuarial report for reasonableness. Agreed and tested the active census population data from the GRS valuation report as of 12/31/17. Verified Net Pension Liability disclosures (GASB 68) were appropriate.</li> <li>- Reviewed the actuarial report or third party calculations related to worker's compensation, self-funded group health insurance, life insurance and general liability insurance. Reviewed the work of specialist used by the City to calculate the financial amounts.</li> <li>- Reviewed assumptions in the actuarial report for reasonableness. Agreed and tested the active census population data to the Holmes Murphy valuation report as of 9/30/18. Verified OPEB disclosures were appropriate.</li> </ul> <p><b>Results:</b> No exceptions noted.</p>
Compliance and controls related to federal and state single audit major programs	<ul style="list-style-type: none"> <li>- Tested compliance and the effectiveness of internal controls over compliance in accordance with Uniform Guidance and the State of Texas Single Audit Circular.</li> </ul> <p><b>Results:</b> See Single Audit slide</p>

# Significant Risks and Areas of Audit Focus (continued)

The following provides an overview of the areas of significant audit focus based on our risk assessments.

Areas of focus	Results
Controls- based approach	Payroll
Controls- based approach	Disbursements

## Other Areas:

- Governance
- Account inquiries were made through out the audit with employees of the City while testing individual transactions
- Fraud and non compliance inquiries were made during the planning process, through out our audit, and during concluding
- Information technology
- Adequacy of disclosures
- Investments/Treasury
- Debt, including compliance and ratios
- Tax Revenues
- Allowance for doubtful accounts
- Capital Assets
- Investments
- Compliance with Public Funds Investment Act
- Revenue and GO bond issuances
- Employee Compensation
- Operating Expenditures
- Landfill closure and post-closure
- Passenger Facility Charge compliance
- Dallas Convention Center Hotel Development Corporation
- Love Field Airport Modernization Corporation and related transactions

# Federal and State Major Programs

Federal Programs Audited	State Programs Audited
Continuum of Care	Sidewalks and Landscaping Improvements
Special Supplemental Nutrition Program for Women, Infants, and Children	HHSC Health Community Collaborative Grant
Housing Opportunities for Persons with AIDS (HOPWA)	A Modern Streetcar System Development Program
Highway Planning and Construction	Air Pollution Compliance Program
	ATMS Communication Network
	Zang Triangle Sustainable Development Infrastructure
	CJD Rifle Resistant Body Armor

# Single Audit – Current Year Draft Findings

Source	Program	Award #	Finding	Severity	Status
Federal	Continuum of Care	Various	Testing still in process; however, similar findings noted as in previous years.	Still to be determined	Repeat Finding

Testing and/or reviews still in process on the major programs.

# Scope of IT Control Testing

- The scope of the IT Controls Testing included the following IT governance areas:
  - Security Administration
  - Change Management
  - Batch Job Administration
- The following applications were included in our review:
  - SAP (and underlying databases)
  - Advantage Financial System (and underlying databases)
  - Active Directory
- IT control observations were identified during this year's IT testing:
  - End users with security administration access in SAP
  - End users with privileged access to batch administration in SAP
  - Inappropriate access to promote application changes in SAP
  - Timely revocation of SAP access for terminated employees
  - Changes to SAP were not being formally tested and approved prior to implementation.
  - User accounts and associated permissions within SAP were not being formally, proactively reviewed for appropriateness

# Reports Issued

- Financial statements and single audits:
  - Comprehensive annual financial report (CAFR)
  - Single Audits
    - Federal (Uniform Grants Guidance)- to be issued
    - State (State of Texas Single Audit Circular) - to be issued
- Separate reports:
  - Airport Revenues Fund and Passenger Facility Charge compliance
  - Dallas Convention Center Hotel Development Corporation
  - Dallas Water Utilities
  - Downtown Dallas Development Authority Tax Increment Financing District
  - Texas Commission on Environment Quality financial assurance agreed-upon procedures

# Results of Financial Statement Audits

- Comprehensive Annual Financial Report (CAFR) :
  - Unmodified "clean" opinions
  - Issued March 21<sup>st</sup>, 2019
  - Includes GFOA Certificate of Achievement for 2017 CAFR. The City has received this award for twelve years in a row.
  - No scope limitations
  - Continued open and effective communication with management
- Federal Single Audit Report:
  - Pending completion
  - Continuum of Care – similar repeat findings
- State Single Audit Report:
  - Pending completion

# Summary of Misstatements

There were no adjusting journal entries recorded or passed as a result of the financial statement audits.

# Other Required Communications

Professional standards require that we communicate the following matters to you, as applicable.

Going concern matters
Fraud and noncompliance with laws and regulations
Significant deficiencies and material weaknesses in internal control over financial reporting
Use of other auditors
Use of internal audit
Related parties and related party transactions



# Other Required Communications

(continued)

Disagreements with management
Management's consultations with other accountants
Significant issues discussed with management
Significant difficulties encountered during the audit
Other significant findings or issues that are relevant to you and your oversight responsibilities
Modifications to the auditor's report
Other information in documents containing audited financial statements



# Quality of Accounting Practices

Accounting policies	Accounting policies used are considered appropriate in all material respects.
Accounting estimates	<ul style="list-style-type: none"><li>• Depreciation of capital assets;</li><li>• Allowance for receivables;</li><li>• Accruals for self-insurance liabilities, including Incurred But Not Reported (IBNR) Claims;</li><li>• Arbitrage rebate liability;</li><li>• Net Pension and OPEB Assets, Liabilities and related disclosures; and</li><li>• Landfill closure and post-closure</li></ul> <p>We performed test to satisfy ourselves that these amounts are materially correct.</p>
Disclosures	<ul style="list-style-type: none"><li>• We have assessed the financial statements and disclosures for clarity and completeness.</li><li>• Footnote disclosures in the financial statements appear overall to be neutral, consistent, and clear.</li></ul>

# Internal Controls Matters

## Responsibility

We are responsible for obtaining reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. Control deficiencies that are of a lesser magnitude than a significant deficiency will be communicated to management.

## Definitions

- A deficiency in internal control ("control deficiency") exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect, misstatements on a timely basis.
- A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the city's annual or interim financial statements will not be prevented or detected on a timely basis.
- A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the city's financial reporting.

# Significant Deficiencies

## Significant deficiencies were identified related to Information Technology General Controls

- End users with security administration access in SAP
- Inappropriate access to promote application changes in SAP

# Use of the Work of Others

## Other Auditors

Hopkins & Associates

Logan & Associates

Owen & Thurman, P.C.

Emma S. Walker, P.C.

## Specialists

GT IT/Advisory – review of information technology environment

Grant Thornton Pricing Group – reviewed investment valuations

Grant Thornton Compensation & Benefits Consulting Group – evaluated assumptions utilized in workers' compensation, health insurance and general claims, OPEB, and pension actuarial valuations

Harvest Investments – Investment valuation related to short-term investments

## Specialists

Holmes Murphy– performed OPEB actuarial analysis

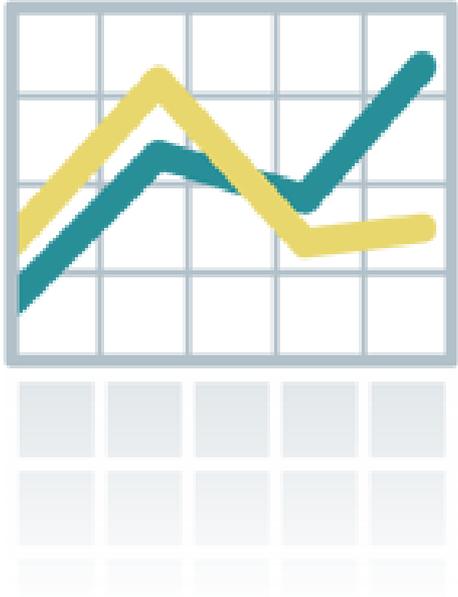
Segal Consulting – performed pension actuarial analysis

Bickmore – calculated self-insurance workers' compensation liability, general liability, and auto liability

Holmes Murphy– performed insurance IBNR analysis

Hilltop Holdings – performed arbitrage rebate liability

# Financial Trends



# Financial Highlights – Government-Wide (In Millions)

## Definitions:

- "Change in net position (deficit)": essentially "net income (loss)"
- "Total net position (deficit)": the excess (deficit) of assets vs. liabilities
- "Unrestricted net position": "remaining" net position after deducting "net investment in capital assets" and "restricted" components
- "Capital Assets, net": long-term capital assets, net of accumulated depreciation

## Financial Trends

<u>Government-Wide:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Governmental:</b>					
Change in net position (deficit)	\$ 1,229	\$ (494)	\$ (742)	\$ 256	\$ 81
Total net position	(2,822)	(3,847)	(3,353)	(2,679)	2,245
Ending unrestricted net position (deficit) (1)	(5,904)	(6,773)	(6,164)	(5,393)	(306)
Capital assets, net (3)	4,084	3,917	3,829	3,735	3,596
<b>Business-type:</b>					
Change in net position	\$ 152	\$ 111	\$ (4)	\$ 93	\$ 114
Total net position	3,420	3,319	3,208	3,280	3,357
Ending unrestricted net position (2)	(87)	(50)	1,946	239	363
Capital assets, net (3)	6,890	6,680	6,468	6,057	5,808

## Key Observations:

- (1) The "Governmental" unrestricted net (deficit) position decreased annually from 2014-2017 and increased from 2017-2018.
- (2) The "Business-type" unrestricted net position decreased from 2014 to 2015, increased in 2016, decreased in 2017 and 2018.
- (3) "Capital Assets, net balances (both "Governmental" and "Business-type") have increased annually from 2014-2018.

# Financial Highlights – Governmental Tax Rate, Assessed Value and Debt (In Millions)

## Definitions:

- The "Tax Rate" is the City's tax rate in total (per \$100 of valuation) with components for general fund or debt service shown separately
- "Taxable Assessed Valuation" is the total value of the City's tax base upon which the tax rate is levied
- Total "General Obligation Debt" is debt backed by the full faith and credit of the City

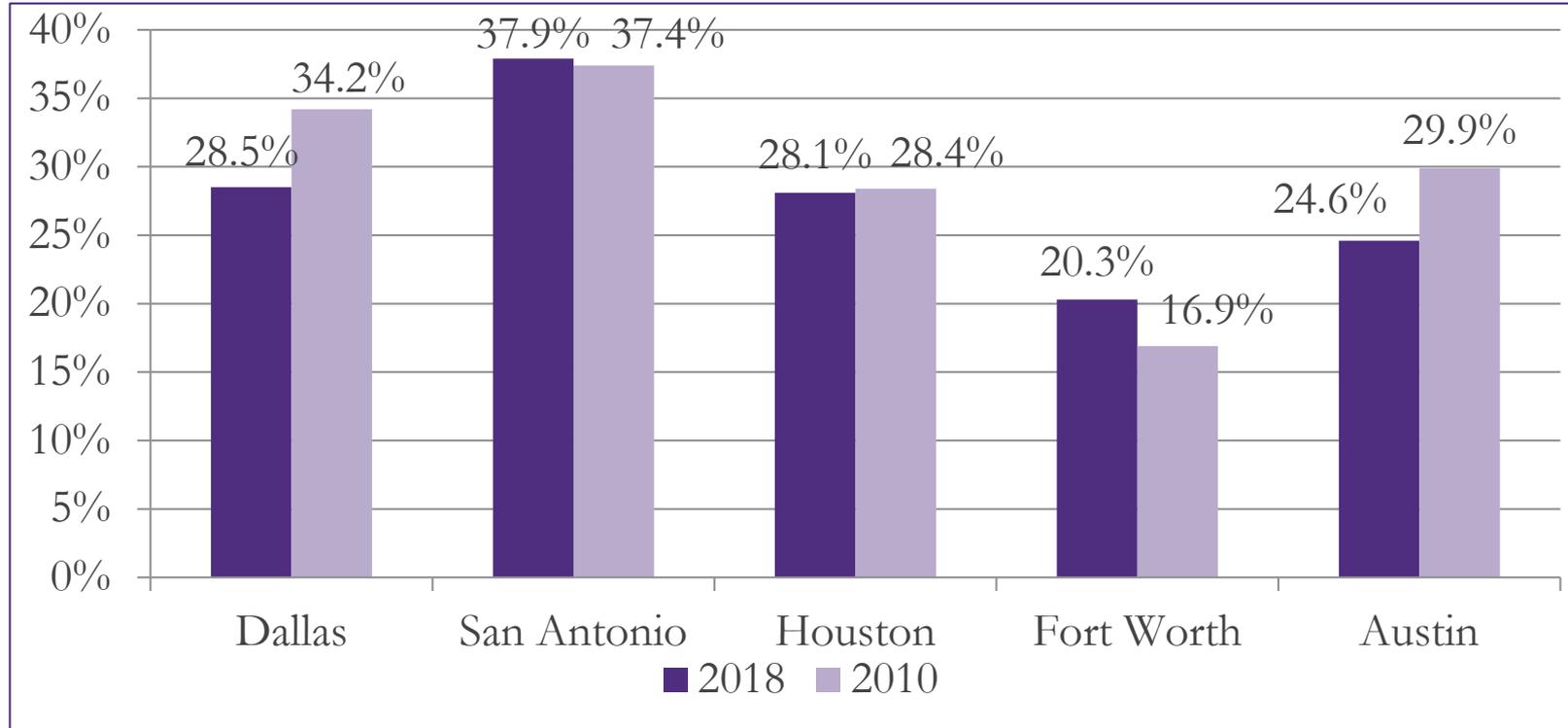
## Financial Trends:

<u>Governmental:</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate (per \$100 valuation)					
Total (1)	\$ 0.7804	\$ 0.7825	\$ 0.7970	\$ 0.7970	\$ 0.7970
General Fund	0.5580	0.5601	0.5646	0.5646	0.5601
Debt Service (2)	0.2224	0.2224	0.2324	0.2324	0.2369
Taxable Assessed Valuation (in billions) (3)	\$ 118.3	\$ 110.4	\$ 100.3	\$ 93.1	\$ 87.3
Total General Obligation Debt (4)	\$ 1,558	\$ 1,355	\$ 1,492	\$ 1,559	\$ 1,236
Debt Service expenditures as a percentage of non-capital expenditures (5)	15.23%	16.20%	16.60%	16.34%	15.10%

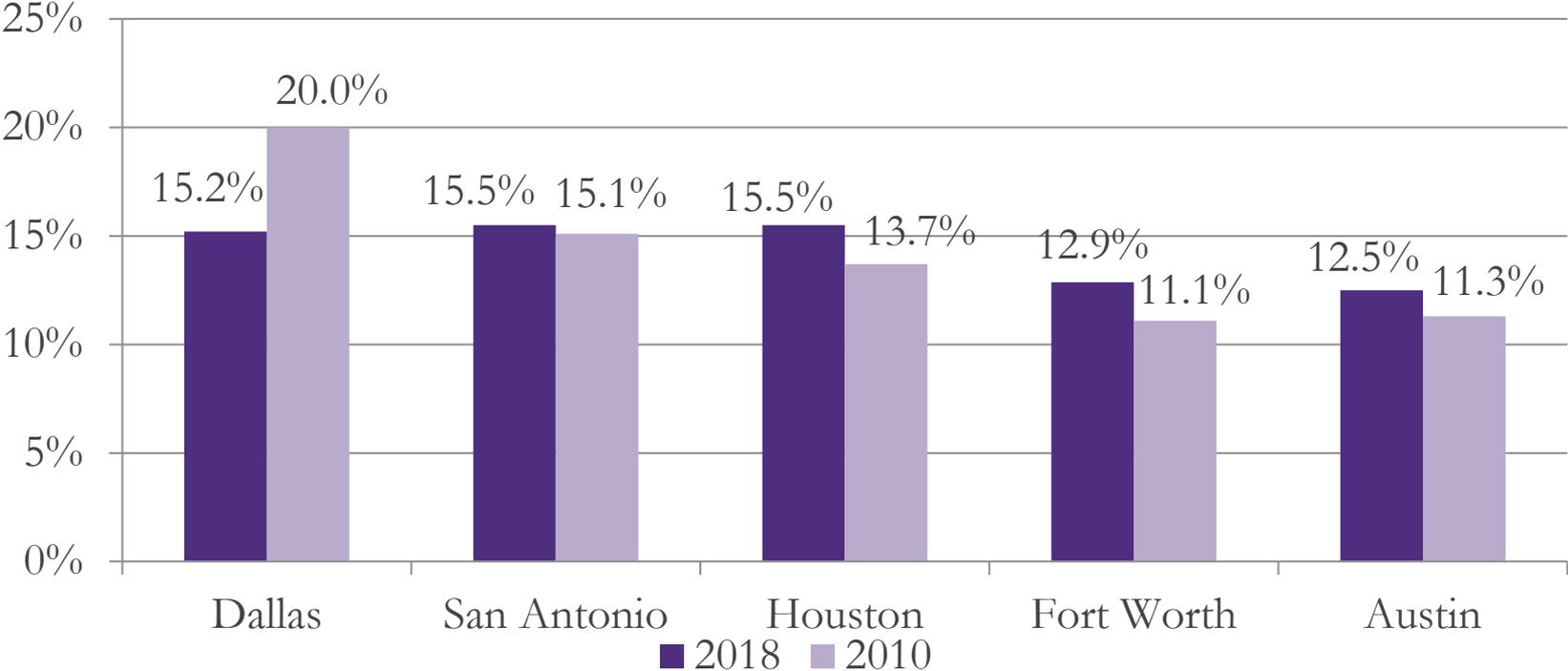
## Key Observations:

- (1) The total tax rate remained unchanged from 2014-2016. Total tax rate decreased in 2017 and again in 2018..
- (2) The tax rate component for debt service increased from 2014-2015, stayed flat in 2016, and decreased in 2017 and in 2018.
- (3) The taxable assessed valuation increased annually from 2014-2018.
- (4) Total General Obligation debt increased in 2015, decreased in 2016 and 2017 and increased in 2018.
- (5) Debt service expenditures as a % of non-capital expenditures increased in 2015 and 2016, decreased in 2017-2018.

# Debt Service Component of Tax Rate as a Percentage of Total Rate



# Debt Service Expenditures as a Percentage of Non-Capital Expenditures



# Financial Highlights – General Fund (In Millions)

## Definitions:

- The General fund essentially accounts for all activities that are not required to be accounted for elsewhere
- Transfers in (out) of general fund, net reflects all transfers from (to) other funds of the City, net

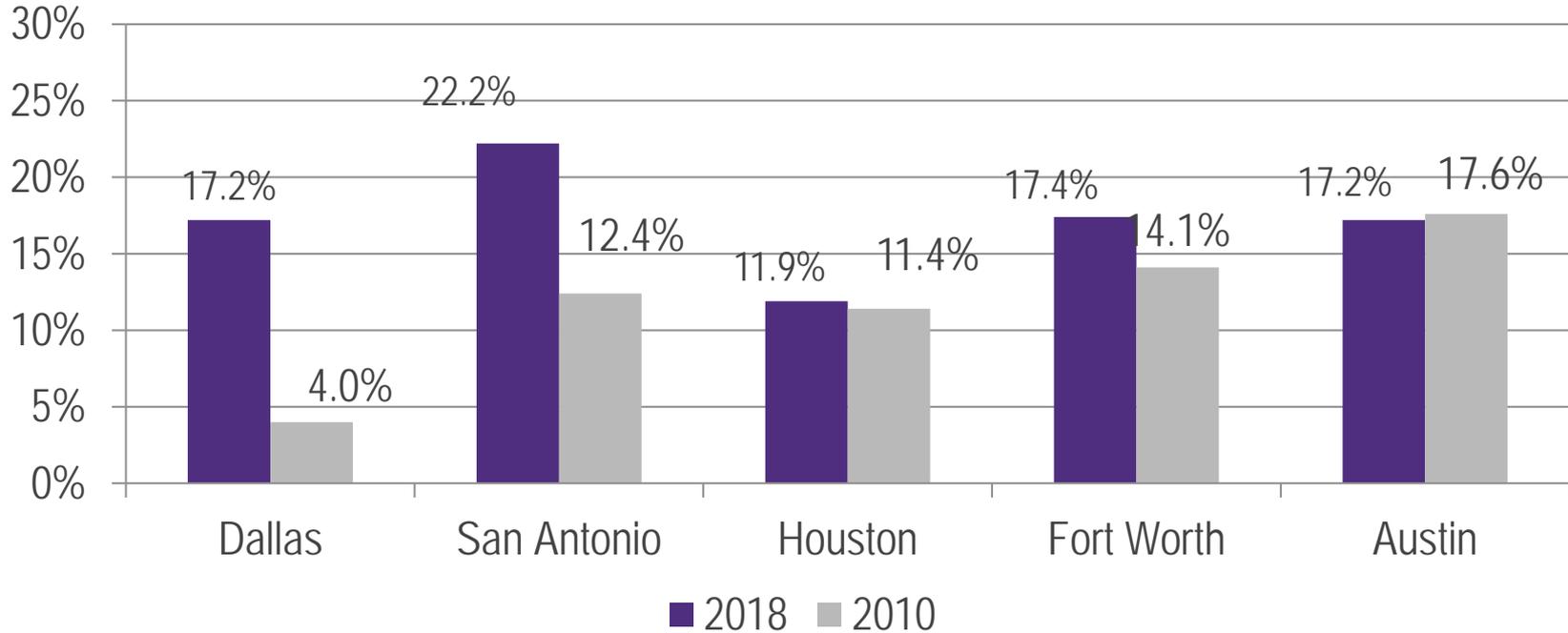
## Financial Trends:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund Balance: (1)					
Total	\$ 256.3	\$ 235.2	\$ 191.0	\$ 200.1	\$ 180.7
Unreserved/Unassigned	\$ 212.8	\$ 171.7	\$ 153.7	\$ 141.6	\$ 129.2
General Fund Expenditures (2)	\$ 1,235.6	\$ 1,160.0	\$ 1,122.7	\$ 1,138.8	\$ 1,091.9
Unreserved/Unassigned General Fund balance as a percentage of expenditures (1)	17.22%	14.80%	13.70%	12.40%	11.84%
Excess (deficiency) of revenues over (under) expenditures (3)	\$ 9.8	\$ 32.8	\$ (1.6)	\$ 11.4	\$ 3.6
Transfers in (out) of General Fund, net (4)	\$ (51.6)	\$ 11.3	\$ 6.2	\$ 7.5	\$ 16.1

## Key Observations:

- (1) The Total General Fund Balance increased annually from 2014- 2015, decreased in 2016, and increased in 2017 and 2018. The Unreserved/Unassigned General Fund Balance increased annually from 2014 to 2018. The "unreserved/unassigned general fund balance as a percentage of expenditures" increased annually from 2014 to 2018.
- (2) General Fund expenditures have remained relatively consistent from 2014-2018.
- (3) Revenues have been in excess of expenditures from 2014-2018, except in 2016.
- (4) Transfers have been transfers-in from 2014 through 2017 and transfers-out for 2018 .

# Unassigned/Unreserved General Fund Balance as a Percentage of General Fund Expenditures



# Financial Highlights – Business-Type "Enterprise" Activities (In Millions)

## Definitions:

- Income (loss) before transfers and contributions is essentially "operating income (loss)"
- Revenue bond coverage is "net revenues, as defined" divided by total debt service expenditures

## Financial Trends:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Income (loss) before transfers and contributions:					
Dallas Water Utilities (3)	\$ 123.4	\$ 111.5	\$ 24.9	\$ 77.0	\$ 137.3
Convention Center*	13.7	5.7	4.8	6.9	-
Airport Revenue	16.4	(8.1)	(11.0)	7.3	(6.5)
Sanitation	11.2	3.6	(13.6)	N/A	N/A
Total Capital Assets, net					
Dallas Water Utilities	5,200	5,034	4,889	\$ 4,601	\$ 4,391
Convention Center*	450	464	479	495	508
Airport Revenue	1,187	1,136	1,059	960	907
Sanitation	51	44	39	N/A	N/A
Revenue Bond Coverage:					
Dallas Water Utilities (1)	1.97	1.85	1.74	1.54	1.81
Convention Center* (2)	2.0	1.7	1.8	2.0	1.7
Airport Revenue	N/A	N/A	N/A	N/A	N/A
Sanitation	N/A	N/A	N/A	N/A	N/A

## Key Observations:

- (1) Revenue Bond Coverage for Dallas Water Utilities remained relatively consistent from 2014 to 2018.
- (2) Revenue Bond Coverage for Convention Center has remained consistent from 2014-2018.
- (3) Dallas Water Utilities net income decreased from 2014-2016 and increased in 2017-2018.

\*The operations of the Convention Center include the Kay Bailey Hutchison Convention Center, American Airlines Center, Union Station, the City Fountain, and Office of Special Events,

\*\*The Sanitation fund was presented as a major fund for the first time during FY 2016. As such, other prior year balances are not available.

# Financial Highlights – Risk Funds, OPEB (Other Postemployment Benefits), Pension and Landfill Obligations (In Millions)

## Definitions:

- The Risk funds account for the City's self-insured health, worker's compensation and general liability programs
- The net OPEB obligation is the actuarially-determined liability for benefits to be provided to retired employees
- The landfill closure and post-closure liability is estimated based upon percentage utilized

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Internal Service Fund Balance (deficit): (1)					
Risk Funds fund deficit	\$ (213.2)	\$ (112.0)	\$ (64.2)	\$ (51.5)	\$ (42.0)
Risk Funds claims total liability	248.1	137.4	79.4	68.7	66.2
Risk Funds fund deficit as a % of total general fund balance (2)	83.22%	47.62%	33.59%	25.74%	23.24%
Net Other Post Employment Benefit "OPEB" obligation (5)	\$ -	\$ 264.2	\$ 252.2	\$ 241.5	\$ 229.5
Landfill closure and post-closure liability (4)	\$ 41.5	\$ 40.2	\$ 30.9	\$ 30.6	\$ 34.6
Net Pension Liability (3)	\$ 3,175	\$ 7,262	\$ 9,050	\$ 5,600	\$ 5,090
Net OPEB Liability (5)	\$ 511	\$ 519			

## Key Observations:

- (1) The City's self-insured risk activities are essentially being funded on a "pay-as-you-go" basis.
- (2) The Risk Funds fund deficit as a % of total general fund balance increased annually from 2014 - 2018.
- (3) The net Pension Liability has increased annually from 2014-2016, then decreased in 2017 and 2018.
- (4) The City's unfunded landfill closure and post-closure liability decreased in 2015, increased slightly in 2016 and has increased during 2017 and 2018.
- (5) New account accounting rules, GASB Statement number 75, required by the City to accrue a liability on its financial statements for its unfunded OPEB benefits. Implementation of GASB 75 was adopted during the fiscal year ending September 30, 2018.

# Commitment to Promote Ethical and Professional Excellence

We are committed to promoting ethical and professional excellence. To advance this commitment, we have put in place a phone and internet-based hotline system.

The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

The EthicsPoint URL link can be accessed from our external website or through this link:

[https://secure.ethicspoint.com/domain/en/report\\_custom.asp?clientid=15191](https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191)

Disclaimer: EthicsPoint is not intended to act as a substitute for a company's "whistleblower" obligations.



**Audit Wrap Up Presentation**

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# Accounting Updates



# Selected pronouncements effective for the year ending September 30, 2018:

Pronouncement	Effective Date
<p>Effective for FY18:</p> <p><u>GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</u> The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.</p>	<p>Adopted in FY2018</p>
<p><u>GASB 86 – Certain Debt Extinguishment Issues</u> Provides guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.</p>	<p>Adopted in FY2018. The implementation did not result in any changes to the financial statements.</p>

# Selected pronouncements effective for the year ending September 30, 2018:

Pronouncement	Effective Date
<p>Effective for FY18:</p> <p><u>GASB 85 – Omnibus 2017</u></p> <p>This statement address a variety of topics including issues related to:</p> <ul style="list-style-type: none"><li>- Blending component units: for a primary government that is a business-type activity and uses a single column for financial statement presentation, a component unit may be blended only if the component unit meets a criterion for blending in paragraph 53 of Stmt 14.</li><li>- Fair value measurement and application: Real estate held by insurance entities should be classified either as an investment or a capital asset. The money market investments and participating interest-earning investment contracts described in paragraph 69c of Statement 72 may be measured at amortized cost to the extent permitted by paragraph 9 of Statement 31.</li><li>- OPEB: In financial statements prepared using the current financial resources measurement focus, liabilities to employees for defined benefit pensions of OPEB should be measured as of the end of the reporting period. Update to the measurement of on-behalf payments. "Measure of payroll" required by paragraph 36 of Statement 74 should be covered payroll. Employer-paid member contributions should be classified as plan member contributions. Modifications to the alternative measurement method. Modifications for multiple-employer defined benefit OPEB plans.</li></ul>	<p>Adopted in FY2018.</p> <p>The implementation did not result in any changes to the financial statements</p>

# Selected pronouncement adopted for the year ending September 30, 2018:

Pronouncement	Effective Date
<p>Adopted in FY18:</p> <p><u>GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period</u></p> <p>This statement establishes accounting requirements for interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resource measurement focus. As a result, interest cost incurred before the end of a construction period will be expenses and will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.</p>	<p>Early Adopted in FY2018.</p>

# Recently Issued Guidance

- GASB Statement No. 83 - "Certain Asset Retirement Obligations"
  - This Statement addresses accounting and financial reporting for certain asset retirement obligations.
  - Effective for 9/30/19 year-ends
  
- GASB Statement No. 84 - "Fiduciary Activities"
  - This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
  - Effective for 9/30/19 year-ends
  
- GASB Statement No. 87 - "Leases"
  - This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as deferred inflows of resources or deferred outflows of resources based on the payment provisions of the contract.
  - Effective for 9/30/21 year-ends

# Recently Issued Guidance

- GASB Statement No. 88 - "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"
  - This primary objective of the statement is to improve information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements.
  - Effective for 9/30/19 year-ends
- GASB Statement No.90 - "Majority Equity Interests-an amendment of GASB Statements No.14 and No.61"
  - The primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization.
  - Effective for 9/30/20 year-ends

This communication is intended solely for the information and use of management and the Government Performance and Financial Management Committee of the City of Dallas and is not intended to be and should not be used by anyone other than these specified parties.



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