

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT
DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

2017 SEP 11 AM 10:30

CITY SECRETARY
DALLAS, TEXAS

MONDAY, SEPTEMBER 18, 2017
CITY HALL
COUNCIL BRIEFING ROOM, 6ES
1500 MARILLA STREET
DALLAS, TEXAS 75201
1:00 P.M. – 2:30 P.M.

Chair, Councilmember Jennifer S. Gates
Vice-Chair, Councilmember Scott Griggs
Councilmember Sandy Greyson
Councilmember Lee M. Kleinman
Councilmember Philip T. Kingston
Councilmember Tennell Atkins
Councilmember Kevin Felder

Call to Order

1. Reconsideration of Minutes from the August 21, 2017 Government Performance & Financial Management Committee meeting
2. Consideration of Minutes from the September 5, 2017 Government Performance & Financial Management Committee meeting
3. Consideration of Draft Upcoming Agenda Items Memo(s) for September 20, 2017 and September 27, 2017 City Council Meetings

BRIEFINGS

4. Delinquent Tax Collection Performance
Bridget Lopez, Managing Partner
Linebarger Attorneys at Law

Edward Lopez, Jr., Partner
Linebarger Attorneys at Law

Pamela Pope Johnson, Partner
Linebarger Attorneys at Law

Peggy McCormick, Operations Manager
Linebarger Attorneys at Law
5. Communications Related to the FY 2016 Audit
Dan Barron, Partner
Grant Thornton LLP
6. Communications Related to the 2017 Audit Planning
Dan Barron, Partner
Grant Thornton LLP

Adjourn


Jennifer S. Gates, Chair

Government Performance & Financial Management Committee

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex. Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex. Govt. Code §551.089]

Handgun Prohibition Notice for Meetings of Governmental Entities

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

Meeting Date: August 21, 2017

Convened: 1:33 pm

Adjourned: 3:02 pm

Committee Members Present:

Jennifer S. Gates, Chair
Scott Griggs
Sandy Greyson

Lee Kleinman
Philip Kingston
Tennell Atkins

Kevin Felder

Committee Members Absent:

Other Council Members Present:

Staff Present:

Elizabeth Reich
Akilah McLaughlin
Jack Ireland
Mike Frosch
Stephanie Cooper
Edward Scott

Lance Sehorn
Janette Weedon
Zeronda Smith
Barbara McAninch
Connie Tankersley
Sheri Price

Jiroko Rosales
Kelly High
Sarah Standifer
Errick Thompson
Craig Kinton
William Finch

Brett Wilkinson
Mark Duebner
Zoe Halfmann
Richard Ngugi
Theresa Hampden
Carol Smith

Margaret Wright
Brenda Sparks
Cliff Gillespie
Lisa Hamed

Others Present:

N/A

AGENDA:

Call to Order

1. **Consideration of the August 7, 2017 Minutes**

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s):

A motion was made to approve the August 7, 2017 minutes. Motion passed unanimously.

Motion made by: Kevin Felder

Motion seconded by: Tennell Atkins

2. **Consideration of Upcoming Agenda Items Memo for August 23, 2017 City Council Meeting**

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s):

A motion was made to forward to the City Council on August 23, 2017. Motion passed unanimously.

Motion made by: Scott Griggs

Motion seconded by: Tennell Atkins

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

Briefings

3. **(a) Dallas Fort Worth International Airport Proposed FY 2018 Budget**

Presenter(s): Sean Donohue, CEO, Max Underwood, Vice President, and Mike Phemister, Treasurer, Dallas Ft. Worth International Airport

Information Only:

Action Taken/Committee Recommendation(s):

Recommendation of approval, and a motion was made to move forward to City Council on August 23, 2017. Motion passed on a 6/1 divided vote.

Motion made by: Tennell Atkins

Motion seconded by: Lee Kleinman

(b) Dallas Fort Worth International Airport Approval of the 52nd Supplemental Bond Ordinance

Presenter(s): Sean Donohue, CEO, Max Underwood, Vice President, and Mike Phemister, Treasurer, Dallas Ft. Worth International Airport

Information Only:

Action Taken/Committee Recommendation(s):

A motion was made to move forward to City Council on August 23, 2017 contingent on receiving requested information regarding minority participation (breakdown of percentage of black contractors) by Tuesday, August 22. Motion passed unanimously.

Motion made by: Kevin Felder

Motion seconded by: Tennell Atkins

4. **Office of the City Auditor Fiscal Year 2018 Audit Plan**

Presenter(s): Craig Kinton, City Auditor

Information Only:

Action Taken/Committee Recommendation(s):

A motion was made to include the initiation of the South Dallas Trust Fund in the Audit Plan, and move forward to City Council on August 23, 2017. Motion was denied.

Motion made by: Kevin Felder

Motion seconded by: None

A motion was made to move forward to City Council on August 23, 2017. Motion passed unanimously.

Motion made by: Philip Kingston

Motion seconded by: Sandy Greyson

5. **General Fund Reserves**

Presenter(s): Jack Ireland, Director, Office of Financial Services

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: Not Applicable

Motion seconded by: Not Applicable

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

6. **FY2017 Appropriations Adjustment and FY2016-17 Financial Forecast Report**

Presenter(s): Jack Ireland, Director, Office of Financial Services

Information Only: ___

Action Taken/Committee Recommendation(s):

A motion was made to move forward to City Council on August 23, 2017. Philip Kingston left meeting early, and motion was not able to be considered.

Motion made by: Philip Kingston

Motion seconded by: None

A substitute motion was made to move forward to City Council on August 23, 2017. Motion passed unanimously.

Motion made by: Scott Griggs

Motion seconded by: Tennell Atkins

7. **FY2017 Annual Budget: Government Performance & Financial Management**

Presenter(s): Jack Ireland, Director, Office of Financial Services

Information Only: _

Action Taken/Committee Recommendation(s):

Committee considered one proposed amendment to lower the tax rate to 77.83 cent. Recommendation was made by Chair to move forward to the City Manager for consideration to brief City Council.

Adjourn

Jennifer S. Gates, Chair
Budget, Finance, & Audit Committee

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

Meeting Date: September 5, 2017

Convened: 1:05 pm

Adjourned: 2:54 pm

Committee Members Present:

Jennifer S. Gates, Chair
Scott Griggs
Sandy Greyson

Lee Kleinman
Philip Kingston
Tennell Atkins

Kevin Felder

Committee Members Absent:

Other Council Members Present:

Staff Present:

Elizabeth Reich
Akilah McLaughlin
Jack Ireland
Mike Frosch
Stephanie Cooper
Edward Scott

Lance Sehorn
Janette Weedon
Corrine Steeger
Filicia Hernandez
David Gipson
Molly Carroll

Robin Bentley
Chhunny Chhean
Lois Dillard
Craig Kinton
Carla Brewer
Toccarra Davis

Dolors Lewis
William Finch
Terry Lowery
Genesis Gavino
Kim Bizer Tolbert
Barbara McAninch

Consuelo Tankersley
Robert Sims
Heather Silver
Monica Cordova
Richard Hill

Others Present:

N/A

AGENDA:

Call to Order

1. **Consideration of the August 21, 2017 Minutes**

Presenter(s): N/A

Information Only: _

Action Taken/Committee Recommendation(s):

Minutes were not approved. Chair, Jennifer Gates suggested to hold off on voting until a confirmation was made on whether the minutes should have an attachment or not.

Motion made by: n/a

Motion seconded by: n/a

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

2. **Consideration of Upcoming Agenda Items Memo for September 13, 2017 City Council Meeting**

Presenter(s): N/A

Information Only:

Action Taken/Committee Recommendation(s):

Motion was made to forward to the City Council on August 23, 2017, with exception of Agenda Items A and G be pulled for individual consideration for September 13. Motion passed unanimously.

Motion made by: Jennifer Gates

Motion seconded by: Sandy Greyson

Briefings

3. **Employees' Retirement Fund of the City of Dallas Update**

Presenter(s): Cheryl Alston, Executive Director and David Etheridge, Deputy Director, *Employee Retirement Fund*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

4. **Employee & Retiree Health Benefits**

Presenter(s): Molly Carroll, Director, *Human Resources*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

5. **Financial Management Performance Criteria**

Presenter(s): Jack Ireland, Director, *Office of Budget*

Information Only:

Action Taken/Committee Recommendation(s):

Motion made by: N/A

Motion seconded by: N/A

6. **Annual Investment Policy Review**

Presenter(s): Corrine Steeger, Assist. Director/Treasury Manager, *City Controller's Office*

Information Only:

Action Taken/Committee Recommendation(s):

A motion was made to move forward to City Council on September 13, 2017. Motion passed unanimously.

Motion made by: Scott Griggs

Motion seconded by: Lee Kleinman

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Meeting Record

7. **Public Information Office and Open Records Request Overview**

Presenter(s): Kimberly Bizer Tolbert, Chief of Staff, *City Manager's Office*

Information Only:

Action Taken/Committee Recommendation(s):

A motion was made to move forward to City Council on September 13, 2017 for briefing and action. Motion passed unanimously.

Motion made by: Philip Kingston

Motion seconded by: Scott Griggs

Adjourn

Jennifer S. Gates, Chair
Budget, Finance, & Audit Committee

Memorandum



CITY OF DALLAS

DATE September 11, 2017

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

SUBJECT **Upcoming Draft Agenda Items**

September 20, 2017

The following draft agenda items are scheduled to go before City Council on September 20, 2017.

Draft Agenda Item A

A resolution ratifying the increase in total property tax revenues reflected in the FY 2017-18 budget - Revenue: \$59,544,546

Draft Agenda Item B

Final reading and adoption of appropriation ordinance for the FY 2017-18 City of Dallas Operating, Capital, and Grant & Trust Budgets - Financing: This action has no cost consideration to the City

Draft Agenda Item C

An ordinance setting the tax rate at \$0.7804 per \$100 valuation which includes \$0.5580 for the general fund and \$0.2224 for the debt service fund, and levying ad valorem taxes for the City of Dallas, Texas for FY 2017-18 - Financing: This action has no cost consideration to the City

Draft Agenda Item D

An ordinance amending Chapters 2, 6, 6A, 9A, 14, 17, 18, 41A, 49, of the Dallas City Code to: **(1)** adjust the stormwater fee structure; **(2)** provide for fees as authorized by the Texas Alcoholic Beverage Code; **(3)** adjust license fees for coin-operated amusement devices at amusement centers; **(4)** adjust fees for billiard halls; **(5)** adjust dance hall fees; **(6)** adjust food service manager registration fees; **(7)** permit certain food trailers as mobile food preparation vehicles; **(8)** clarifying and providing requirements for temporary food establishments; **(9)** adjust fees for temporary food establishments; **(10)** adjust fees for plans review for a mobile food preparation vehicle; **(11)** adjust the reinspection fee for food establishments; **(12)** adjust inspection fees for mobile and fixed facility food establishments; **(13)** adjust various service fees for food establishments; **(14)** delete certain fees related to food establishments; **(15)** adjust fees for a food establishment variance and provide for a period of validity; **(16)** adjust fees for the sanitation collection service and charges for disposal of solid waste materials; **(17)** adjust the fee for a sexually oriented business license; **(18)** adjust rates and charges for treated water service, wastewater service, wholesale water, and

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SUBJECT Upcoming Draft Agenda Items

wastewater service to governmental entities, untreated water service, and fire hydrant usage; **(19)** and make certain conforming, semantic, grammatical and structural changes – Estimated Revenue: \$17,616,310 (Water Utilities Estimated Revenue: \$10,000,000, Sanitation Estimated Revenue: \$2,354,923, General Fund Estimated Revenue: \$261,387, Stormwater Drainage Management Estimated Revenue: \$5,000,000)

Draft Agenda Item E

Authorize **(1)** position changes; **(2)** approval of Civilian salary schedules for fiscal year 2017-18; **(3)** merit pay increases for civilian staff effective January 3, 2018; and **(4)** increase the minimum civilian hiring rate to \$10.94; **(5)** adding a two percent top step for each rank in the Police and Fire Executive pay schedule; 6) deleting the bottom step from each rank in the Police and Fire Executive pay schedule; and 7) increasing certification pay for Police and Fire Executives - Financing: This action has no cost consideration to the City

Draft Agenda Item F

An ordinance **(1)** renaming the Mobility and Street Services Department to the Public Works Department; **(2)** renaming the Office of Financial Services to the Office of Budget; **(3)** renaming the Department of Housing/Community Services to the Department of Housing and Neighborhood Revitalization; **(4)** renaming the Office of Business Development and Procurement Services to the Office of Procurement Services; **(5)** creating the Transportation Department; **(6)** incorporating portions of Mobility and Street Services to the Public Works Department; and **(7)** amending sections of the Dallas City Code related to transferring certain functions from Mobility and Street Services and the Dallas Police Department to the newly-created Transportation Department, effective October 1, 2017 - Financing: No cost consideration to the City

September 27, 2017

In addition, the following draft agenda items are scheduled to go before City Council on September 27, 2017.

Draft Agenda Item G

Authorize a three-year professional services contract, with two one-year renewal options, for maintenance and support for broadcast engineering services for WRR Radio - Broadcast Works GP, LLC, most qualified respondent of two - Not to exceed \$142,400 - Financing: Current Funds - Municipal Radio Current Funds (subject to annual appropriations)

Draft Agenda Item H

Authorize a one-year master agreement for the purchase of **(1)** 15 pieces of fleet equipment - Plano Fun Center, Inc. dba Plano Kawasaki Suzuki in the amount of \$103,990, Kirby-Smith Machinery in the amount of \$97,330, Four Brothers Outdoor Power in the amount of \$85,460, and Luarco Two LLC dba Grapevine Kawasaki Polaris in the amount of \$2,495, lowest responsible bidders of seven; **(2)** 9 pieces of fleet vehicles

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SUBJECT Upcoming Draft Agenda Items

and equipment with Silsbee Ford, Inc. in the amount of \$223,353 and Grande Truck Center in the amount of \$124,773 through the Texas Association of School Boards; **(3)** 1 piece of equipment with Freedom Chevrolet in the amount of \$75,800 through the Houston-Galveston Area Council of Governments, and **(4)** 3 pieces of fleet vehicles with Freedom Chevrolet in the amount of \$120,600 through the Dallas County Interlocal Agreement – Total amount not to exceed \$833,801 – Financing: Current Funds (\$544,526) and Water Utilities Current Funds (\$289,275)

Draft Agenda Item I

Authorize a five-year service contract for maintenance and support of the City's automated fire station alerting system - Locution Systems, Inc., Sole Source - Not to exceed \$258,538 - Financing: Current Funds (subject to annual appropriations)

Draft Agenda Item J

Authorize a **(1)** five-year service contract for pesticide and algaecide pond treatment – Magnolia Fisheries, Inc. in the amount of \$249,000, and **(2)** a five-year service contract for fountain repair and maintenance – Lone Star Fountains, Inc. in the amount of \$26,900, lowest responsible bidders of three – Total not to exceed \$320,900 - Financing: Current Funds (subject to annual appropriations)

Draft Agenda Item K

Authorize Supplemental Agreement No. 2 to exercise the first one-year renewal option to the service contract with AAA Data Communications, Inc. for voice and data cable installation services to connect computers and phones at City facilities - Not to exceed \$3,055,200, from \$3,066,891 to \$6,122,091 - Financing: Current Funds (subject to appropriations)

Draft Agenda Item L

Authorize an acquisition contract for the purchase and installation of 58 communication call center consoles for the 911 call center with Russ Bassett Corporation through a procurement process by the Houston-Galveston Area Council of Governments - Not to exceed \$623,010 – Financing: Current Funds

Draft Agenda Item M

Authorize a three-year service contract for the rental of cranes with operators – Maxim Crane Works L.P. in the amount of \$209,220 and TNT Crane & Rigging, Inc. in the amount of \$3,258, lowest responsible bidders of two – Total amount not to exceed \$212,478 - Financing: Current Funds (subject to annual appropriations)

Draft Agenda Item N

Authorize a five-year service contract, with a two-year renewal option, for the printing, insertion, mailing, and document composition services of invoices for Dallas Water Utilities and Courts and Detention Services - FormMaker Software, Inc. dba Kubra, most advantageous proposer of seven - Not to exceed \$10,084,076 – Financing: Current funds (\$1,417,707) and Water Utilities Current Funds (\$8,666,369) (subject to annual appropriations)

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SUBJECT Upcoming Draft Agenda Items

Draft Agenda Item O

Authorize a three-year master agreement for the purchase of hardware and tools associated with the M5 FuelFocus Wireless Automated Fueling System with AssetWorks, LLC through the General Services Administration - Not to exceed \$484,808 - Financing: Current Funds

Draft Agenda Item P

Authorize **(1)** Supplemental Agreement No. 1 to exercise the first of two one-year renewal options to the service contract with Wells Fargo Insurance Services USA, Inc. for the purchase of aviation, crime, fine arts, flood, media and professional liability, and general liability insurance policies effective October 1, 2017 through September 30, 2018 in the amount of \$125,443; and **(2)** Supplemental Agreement No. 1 to exercise the first of two one-year renewal options with McGriff, Seibels & Williams of Texas, Inc. for brokerage fees and the purchase of cyber liability and privacy insurance effective October 1, 2017 through September 30, 2018 in the amount of \$245,225 - Total not to exceed \$370,668 - Financing: Current Funds (subject to annual appropriations)

If you have questions regarding these items, please contact me at (214) 670-7804.



M. Elizabeth Reich
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, 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
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE September 11, 2017

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

SUBJECT **Delinquent Tax Collection Performance**

On Monday, September 18, 2017, Linebarger Attorneys at Law will brief the Government Performance & Financial Management Committee on Delinquent Tax Collection Performance. 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

Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
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Jon Fortune, Assistant City Manager
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Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Delinquent Tax Collection Performance Report

City of Dallas Government Performance and Financial Management Committee



Bridget Moreno Lopez, Managing Partner

Edward Lopez, Jr., Partner

Pamela Pope Johnson, Partner

Peggy McCormick, Operations Manager

September 18, 2017





- National Law Firm
44 Offices in 12 States
30 Offices in Texas
- Representing Dallas since July 1983
33-Year Local Presence in Dallas County
- 41 Years of Collecting Delinquent
Government Deliverables
- Providing Funding for
Essential Public Services
- Connected & Invested
in the Communities We Serve
- Dallas Office Local Team - over 100
attorney and professional staff members
working on your behalf

Services We Offer

Dallas

Collecting Property Taxes



State litigation & Appellate legal services



Advice & Counsel on Complex Litigation Issues



Bankruptcy Representation



Land Bank Program



Code 100 Program



Land Based Receivable Program



Legislative Initiatives & Support



Land Based Receivable Information

- Since 1983, Linebarger has filed over 59,500 lawsuits on behalf of the City and has a 90% resolution rate.
- In 1997, Linebarger begins collecting the City's Land Based Receivable (LBR) accounts. Litigation and collection efforts include amending City liens into lawsuits whenever possible and conducting special mailings on behalf of the City.
- From 2002-2009, City referred delinquent LBR accounts to Linebarger for collection efforts.
- In 2009, City implemented new software system (SAP), and reporting capabilities were impacted. Linebarger continues to collect delinquent LBR accounts through litigation.
- Linebarger files more than 2,000 lawsuits each year in Dallas County. On average, 1,500 of these lawsuits include the City of Dallas as a plaintiff. The percentage of real property lawsuits filed by Linebarger on behalf of the City of Dallas which include LBR liens (paving, demo, mowing) has continued to increase:
 - 2002 – 23%
 - 2016 – 49%> of all lawsuits
- Linebarger protects the City's interests by including LBR liens in judgments that are granted.

Important Tax Cycle Dates

January

- Jan 1: Tax Lien attaches to all property

April

- Rendition deadline for Business Personal Property (BPP)
- Appraisal Notices mailed
- Appraisal Review Board (ARB) Protests begin

July

- July 25: Appraised Value Certified to School District

August-September

- School District adopts Budget and Tax Rate

October-January

- Oct 1: Tax Bills mailed
- Oct-Jan 31: Time period to pay taxes with no penalty or interest

February

- Feb 1: Delinquency date for Real Estate, Mobile Homes and Business Personal Property (BPP)

April

- **April 1: BPP taxes turned over to Linebarger;**

Early BPP Programs Commence:

- Walk and Talk Teams
- Targeted Mailings
- Target Bank: Warrant and Seizure Candidates

July

- **July 1: Real Property Taxes turned over to Linebarger**

- Every account is reviewed by Linebarger and placed in the collection program
- Every eligible account is targeted for mailings, phone collections, seizures, site visits, and/or litigation

Delinquent Tax Collection Program Activities and Results for the City of Dallas (July 2016 – June 2017)

1,279 Lawsuits Filed - \$7,882,799

1,096 Lawsuits Disposed - \$6,073,676

942 Site Visits Targeted - \$11,877,417

32 Automated Calling Campaigns

9 Demand Mailings – 73,796 letters

735 Accounts in Bankruptcy - \$2,576,426

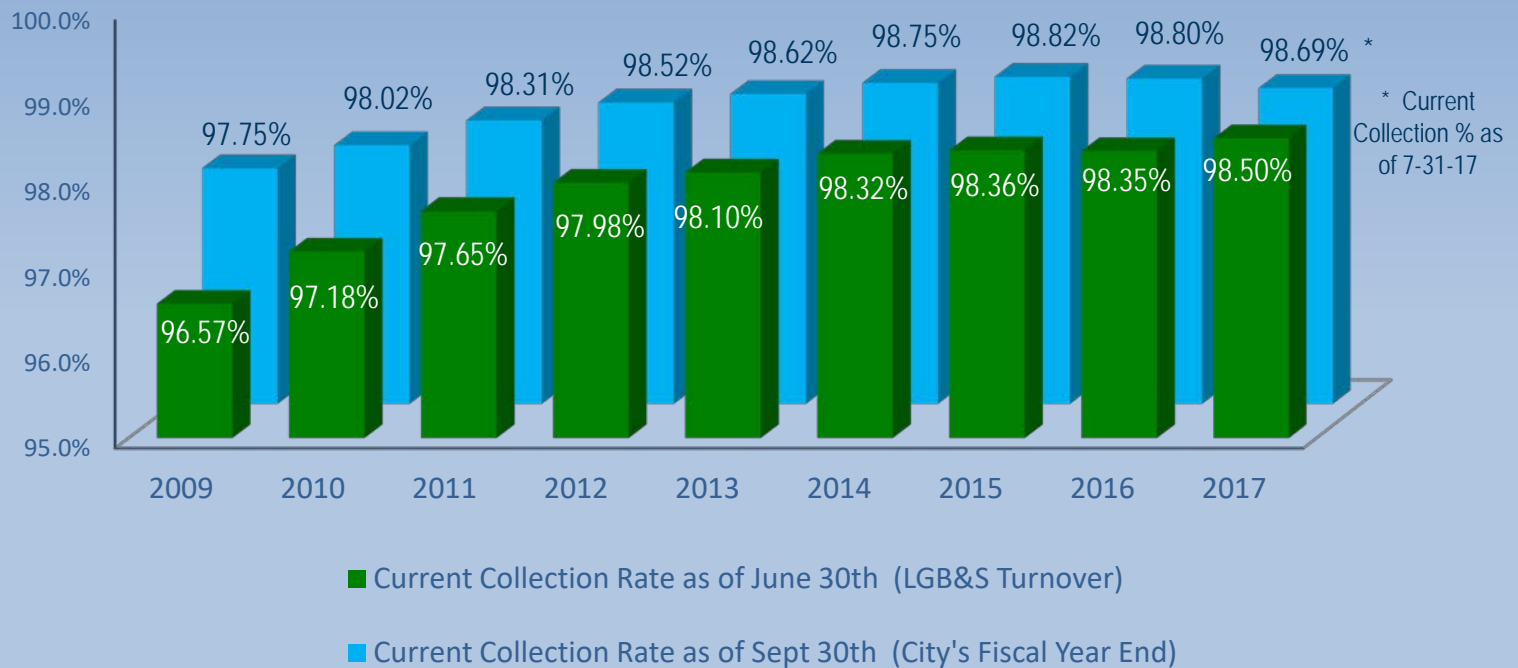
Linebarger collected
\$16,341,815
for the
City of Dallas

Cost-Free Program to City

Linebarger attorney fees are legal statutory "add-on" paid by delinquent taxpayers and not by the City

Current Year Collection Rate Comparison

The City's Year-End Current Collection Rate:
98.8% in 2016

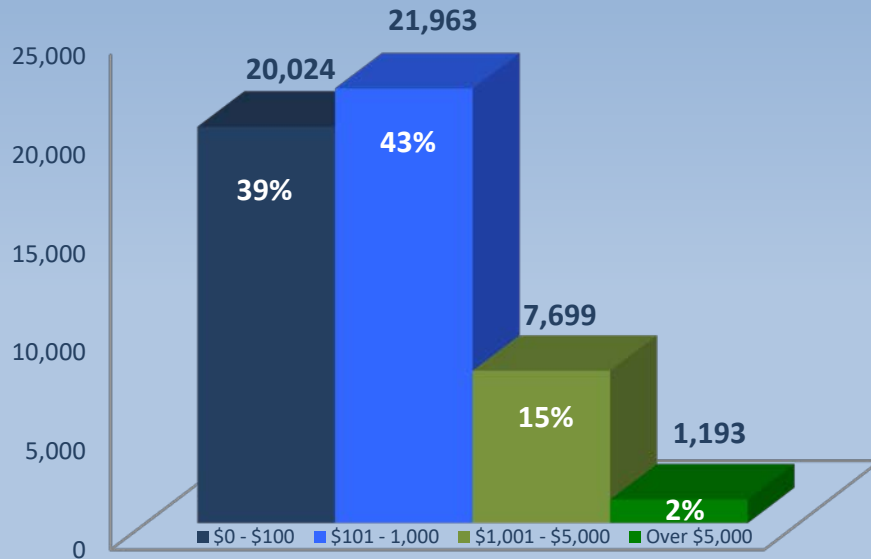


* 2016 BPP accounts turned over to Linebarger on April 3, 2017

* 2016 Real property & Mobile Home accounts turned over to Linebarger on July 1, 2017

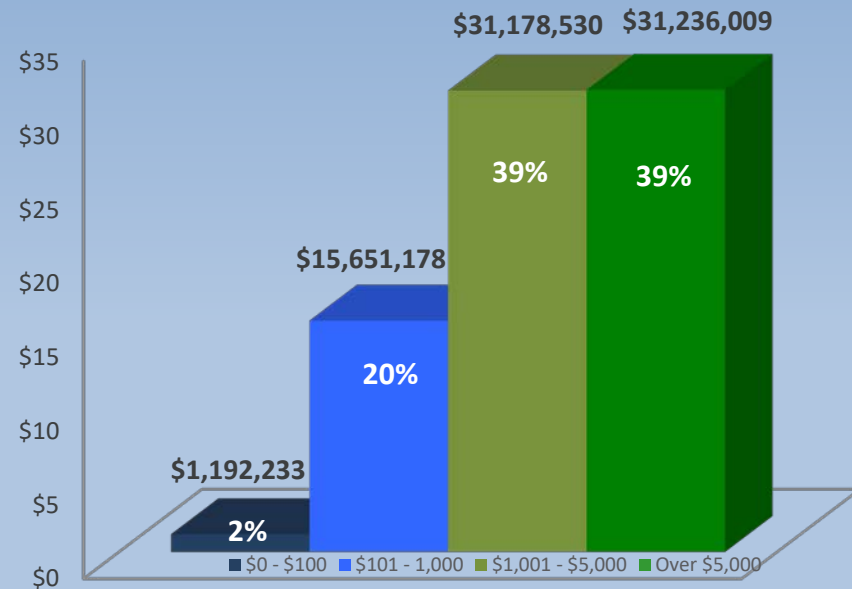
Tax Roll Analysis by Size of Delinquent Accounts

Distribution of Tax Roll by No. of Accounts
(2016 & Prior Base Tax + P&I)



Total Number of Accounts Due - 50,879

Distribution of Tax Roll by Dollars Due
(2016 & Prior Base Tax + P&I)



2016 & Prior Total Tax Due - \$79,257,952

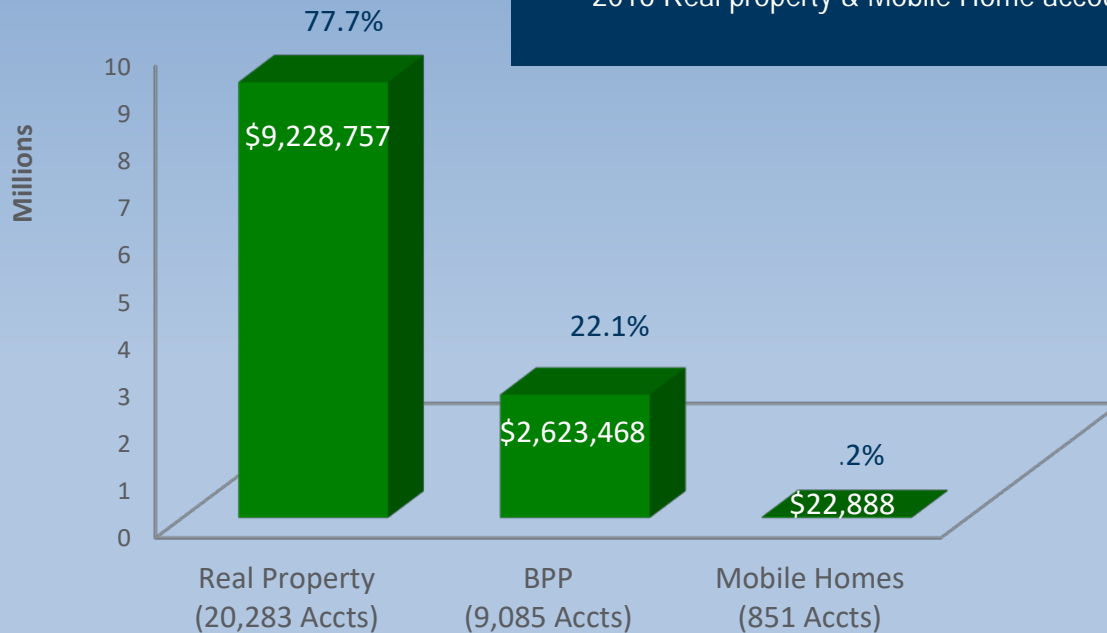
Average Size of Accounts

\$59.54
 \$712.62
 \$4,049.69
 \$26,182.74

Current Year Turnover Comparison

2016 Tax Year vs. 2015 Tax Year

- 2016 BPP accounts turned over to Linebarger on April 1, 2017
- 2016 Real property & Mobile Home accounts turned over to Linebarger on July 1, 2017



■ 2016 Base Tax - \$11,875,113 2016 Base Tax + P&I - \$16,322,823

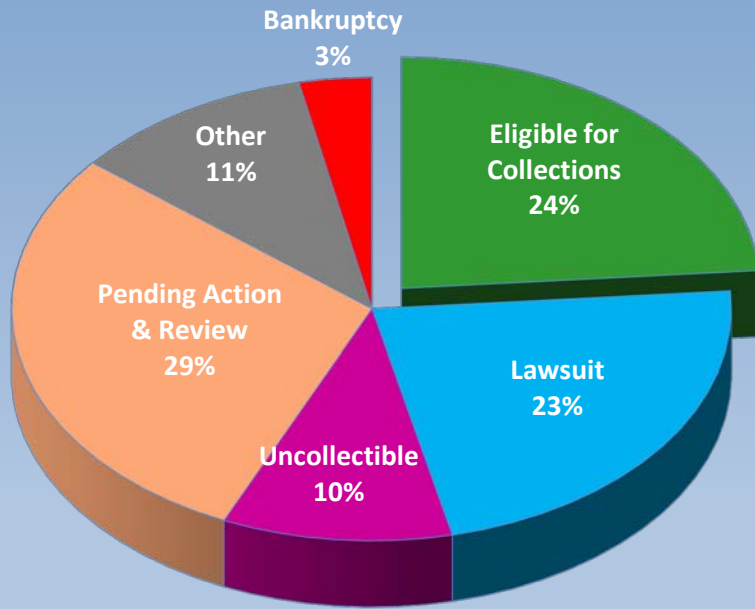
2015 Base Tax - \$11,619,234 2015 Base Tax + P&I - \$15,976,910



2016 Base Tax turned over to Linebarger increased by \$255,878 or 2.2%

Status of Accounts

As of July 2017



Total Base Tax, Penalty, Interest and Attorney Fees Due as of July 1, 2017: 50,879 accounts for \$79,257,952

Over 65/Disabled and/or Deferral Growth



Code 100 Program

- In 2006, the City recommended establishing a team with representatives from Code Compliance, Housing, and the City Attorney's Office to create and maintain a list of the Top Code 100 properties deemed to be problem sites requiring immediate legal action.
- In October 2007, the City identified the first 100 properties for litigation research and action.
- The Code properties are targeted for prosecution when delinquent property taxes are due.
- A total of 350 properties have been referred for legal action through this program.
- As of September 2017, the status of properties in the Code 100 Program are:

Pending – 99 properties

Paid – 75 properties

Sold – 122 properties

Exempt – 9 properties

Land Bank – 27 properties

Bankruptcy – 1 property

Not Suitable for Strike Off to City – 17 properties

Land Bank Program

- Since July 2004, Linebarger has provided legal services in support of the City of Dallas' efforts to provide affordable housing to its citizens through the Land Bank Program.
- Linebarger has expended over **\$10 million** out of pocket to support the Land Bank Program.



2,005 Lawsuits Filed



1,345 Lots Sold to DHADC (Land Bank)



763 Lots Sold to Developers



458 Homes Sold

Community Participation and Investment



Linebarger staff volunteers at Onesimo Hernandez Elementary school events



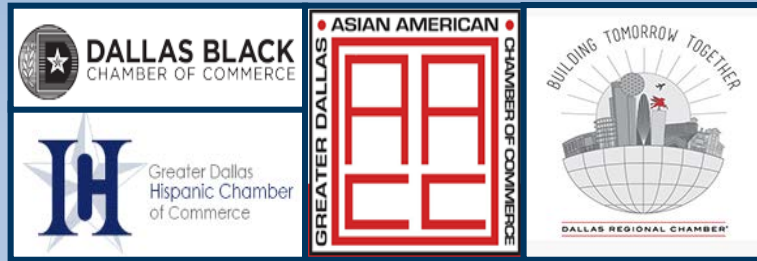
Hired 150+ Dallas ISD Student Interns since 1984
 Adopted Onesimo Hernandez Elementary School



Support of Local Community Events



Managing Partner Bridget Moreno Lopez serves on the DFW International Airport Board of Directors.



Membership in area chambers of commerce



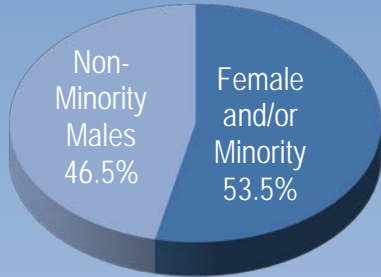
Ms. Lopez addresses the 2017 NALEO Conference at the DFW International Airport.



Support of local civic, school and non-profit programs

Equal Opportunity Employer

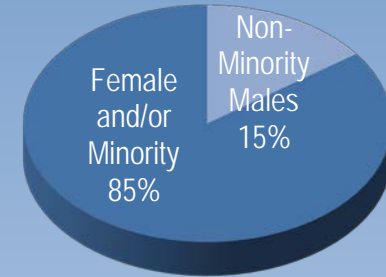
Firm Ownership



We are committed to providing ownership and career opportunities for minorities and women and to supporting Minority & Women owned Business Enterprises (MWBE).

Fifty-three and one-half percent (53.5%) of our owners (all licensed attorneys) are minorities and/or females.

Total Employees



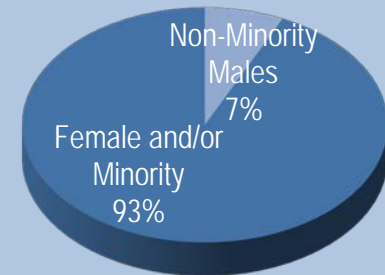
We believe it is important that our organization be as diversified as the communities we serve.

- Eighty-five percent (85%) of all firm employees are minorities and/or females.
- Sixty percent (60%) of our Management Committee members are women and/or minorities.
- Linebarger's Dallas office is ninety-three percent (93%) women and/or minorities.

We are award-winning in our approach to Equal Opportunities employment:

- Named as one of PINK magazine's 15 Top Companies for Women in 2009.
- In 2004, Texas Lawyer recognized us as the "star" among Texas' 25 largest firms it comes to women and minorities.

Dallas Office



In 2015-16, Linebarger spent over \$2.4 million with M/WBE vendors in North Texas

If there is any additional information we can provide or if you have any questions, please contact us.

As always, it is a privilege to serve the City of Dallas.

Bridget Moreno Lopez, Managing Partner
bridget.lopez@lgbs.com

Edward Lopez, Jr., Partner
edwardl@lgbs.com

Pamela Pope Johnson, Partner
pamj@lgbs.com

Peggy McCormick, Operations Manager
peggym@lgbs.com



Memorandum



CITY OF DALLAS

DATE September 11, 2017

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 2016 Audit**

On Monday, September 18, 2017, Grant Thornton LLP will brief the Government Performance & Financial Management Committee on Communications Related to the FY 2016 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

Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, 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
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



Grant Thornton

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

Communications Related to
the FY 2016 Audit

September 18, 2017

Attendees:

Dan Barron – Partner

Natalie Wood – Senior Manager

Kirt Seale – Principal



Our Values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



Our Responsibilities

We are responsible for:

- Performing an audit under US Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards* of the financial statements prepared by management, with your oversight;
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US Generally Accepted Accounting Principles (GAAP);
- Forming and expressing an opinion about whether certain supplementary information, including the Schedule of Expenditures of Federal (SEFA) and State Awards (SESA), is fairly stated in relation to the financial statements as a whole;
- Reading other information and considering whether it is materially inconsistent with the financial statements;
- Communicating fraud and abuse with regard to federal and state programs;
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose;
- Reporting material non-compliance related to laws, regulations, contracts and grant agreements, as well as significant deficiencies and/or material weaknesses in internal control related to financial reporting;
- Reporting material non-compliance with federal and state awards requirements applicable to major programs audited under Uniform Grants Guidance and the State of Texas Single Audit Circular, as well as significant deficiencies and/or material weaknesses in internal control over compliance.

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.

Those Charged with Governance and Management Responsibilities

Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process;
- Setting a positive tone at the top and challenging the City's activities in the financial arena;
- Discussing significant accounting and internal control matters with management;
- Informing us about fraud or suspected fraud, including its views about fraud risks; and
- Informing us about other matters that are relevant to our audit, such as:
 - Entity strategies and related business risks that may result in heightened risks of material misstatement;
 - Matters warranting particular audit attention;
 - Significant communications with regulators;
 - Matters related to the effectiveness of internal control and your oversight responsibilities; and
 - Your views regarding our current communications and your actions regarding previous communications.

Management

Management is responsible for:

- Preparing and fairly presenting the financial statements, including supplementary information such as SEFA (Schedule of Expenditures of Federal Awards) and SESA (Schedule of Expenditures of State Awards) in accordance with US GAAP;
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting;
- Communicating significant accounting and internal control matters to those charged with governance;
- Providing us with unrestricted access to all persons and all information relevant to our audit;
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses;
- Adjusting the financial statements, including disclosures, to correct material misstatements;
- Informing us of subsequent events; and
- Providing us with written representations.

Materiality

Materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is ordinarily evaluated against relevant financial statement benchmarks.

- Based on relevant financial statement benchmarks we believe that Total Assets/ or Total Revenue (by opinion unit) is the appropriate benchmark for the City.
- We believe total expenditures on each major program is the appropriate benchmark for the Federal and State Single Audit.

Financial statement items greater than materiality are within our audit scope. Other accounts or classes of transactions less than materiality may be in our scope if qualitative risk factors are present (for example, related party relationships or significant unusual transactions).

Use of the Work of Others

Specialists

Harvest investments - Valuation of certain investments

GT Compensation and Benefits Consulting Practice - Review of the City's self-insurance liabilities, workers compensation liabilities, pension liabilities, and other postemployment benefits liabilities and disclosures.

M/WBE Subcontractors

- Hopkins & Associates
- Logan & Associates
- Owen & Thurman, P.C.
- Serna & Company, P.C.

Significant Risks

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

Areas of audit focus	Assertions
Water and Sewer Revenues and Receivables Airport Revenues	Existence and occurrence
Capital Assets	Valuation-gross and valuation-net
Investments	Valuation-net
Net pension liability and expense, actuarial information related to self-insurance (IBNR), workers compensation liabilities and OPEB Plans	Presentation and disclosure Completeness and accuracy
Compliance and controls related to federal and state single audit major programs	Completeness and accuracy of SEFA and SESA
Debt compliance and ratios	Compliance with debt covenants



Significant Risks (continued)

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

Controls	Cycles
Controls- based approach	Payroll
Controls- based approach	Disbursements

Other Areas:

- Governance
- Fraud inquiries
- Information technology
- Adequacy of disclosures
- Investments/Treasury
- Debt
- Tax Revenues
- Allowance for doubtful accounts
- 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



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
- Four IT control observations were identified during this year's IT testing, and one was successfully and completely remediated/fixed prior to the end of the financial year.
 - End users with security administration access in SAP
 - End users with privileged access to batch administration in SAP
 - Inappropriate access to promote in SAP
 - The remediation observation involved enabled SAP accounts with privileged access for terminated employees.

Reports Issued

Financial statement audits:

- Comprehensive annual financial report (CAFR)
- Single audits
 - Federal (Uniform Grants Guidance)
 - State (State of Texas Single Audit Circular)

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 Environmental Quality financial assurance agreed-upon procedures

Results of Financial Statement Audits

- Comprehensive Annual Financial Report (CAFR)
 - Unmodified "clean" opinions
 - Includes GFOA Certificate of Achievement for 2015 CAFR. The City has received this award for ten years in a row.
 - No scope limitations
 - Continued open and effective communication with management
- Federal Single Audit Report
 - Unmodified opinions for all programs
 - Noncompliance noted for one program
 - Material weakness noted for one program
- State Single Audit Report
 - Unmodified opinions for all programs
 - Control deficiency and noncompliance noted for one program

Results of Financial Statement Audits (continued)

Summary of adjustments:

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

Internal Control Matters

Our responsibility

- Obtain 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.
- We express no opinion on the effectiveness of internal control.
- Control deficiencies that are of a lesser magnitude than a significant deficiency were 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.



Federal and State Major Programs

Federal Programs Audited	State Programs Audited
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Commercial Auto Theft Interdiction Squad
Community Development Block Grants (CDBG)	Katy Trail VI from Ellsworth Street to Worcola Street
Continuum of Care Program	Dallas CBD car Circulator Programs
Confiscated Monies	



Single Audit-Current Year Findings

Source	Program	Award #	Finding	Severity	Status
Federal	Continuum of Care	TX0236L6T001406 TX0072L6T001407 TX0050L6T001407	Special Test: Reasonable Rental Rates - based on testing performed, we noted four (4) of sixty (60) participant files reviewed were missing properly completed Rent Reasonableness Determination form documenting that the City performed the reasonable rental rates analysis, and the Tenant Rent Calculation Worksheet used to support the calculation and determination of monthly rent amount amounts to be paid on the participant's behalf.	Noncompliance	Repeat finding (2016-002)
Federal	Continuum of Care	TX0236L6T001406 TX0072L6T001407 TX0050L6T001407	Eligibility, Special Test: Housing Quality Standards, and Special Test: Reasonable Rental Rates - based on testing performed, we noted that there was a lack of sufficient review of participant files to ensure the accuracy and completeness of participant files, including the review of information included in the files to support the provision of services.	Material Weakness	Repeat finding (2016-001)

Single Audit-Current Year Findings, continued

Source	Program	Award #	Finding	Severity	Status
State	Commercial Auto Theft Interdiction Squad (CATIS)	608-16-DPD0000	Cash management – during our testing, we noted that as part of its August 31, 2016 Quarterly Expenditure Report, the City of Dallas’ Police Department (DPD) Grants Management requested reimbursement of \$15,555 for body armor/vests which were not received or paid for until November 2016 and December 2016, respectively.	Control deficiency and noncompliance	New finding (State 2016-001)



Single Audits- Status of Prior Year Findings

Source	Program	Award #	Finding	Severity	Status
Federal	Continuum of Care	TX0236L6T001305 TX0050L6T001306 TX0072L6T001306	<p>Special Test: Reasonable Rental Rates - based on testing performed, we noted one (1) of sixty (60) client files reviewed was missing properly completed Rent Reasonableness Determination form documenting that the City performed the reasonable rental rates analysis, and the Tenant Rent Calculation Worksheet used to support client's calculation and determination of monthly rent amount amounts to be paid on the client's behalf.</p> <p>Eligibility, Special Test: Housing Quality Standards, Special Test: Reasonable Rental Rates - based on testing performed, we noted that there was a certain lack of sufficient review of client files to ensure accuracy and completeness of client files and the information included in the files to support the provision of services.</p>	Material weakness and noncompliance	Repeat findings (2015-001; 2015-002)
State	None				

Other Required Communications

Disagreements with management

We had no disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the City's financial statements or the auditor's report.

Management's consultations with other accountants

We are not aware of any consultations by management with other accountants regarding accounting or auditing matters.



Other Required Communications (continued)

Significant difficulties encountered during the audit

We encountered no significant difficulties, including:

- Significant delays in providing or unwillingness to provide information, including matters related to going concern;
- Unnecessarily brief time to complete the audit;
- Unavailability of expected information or City personnel, including access to information at a component unit;
- Management imposed restrictions, including those related to the use of external confirmations, the inability to perform procedures on required supplementary information, or restrictions related to a group audit; and
- Extensive unexpected effort to obtain evidence.



Quality of Accounting Practices and Alternative Treatments

Accounting policies

Accounting principles used by the City are considered appropriate in all material respects and consistent with prior year.

Accounting estimates

The following were identified as significant estimates:

- Depreciation of capital assets;
- Allowance for receivables;
- Accruals for self-insurance liabilities, including Incurred But Not Reported (IBNR) Claims;
- Arbitrage rebate liability;
- Net Pension and OPEB Assets, Liabilities and related disclosures; and
- Landfill closure and post-closure.

We performed tests to satisfy ourselves that these amounts were free from material misstatement.

Quality of Accounting Practices and Alternative Treatments (continued)

Disclosures

- We have assessed the financial statements and disclosures for clarity and completeness.
- Footnote disclosures in the financial statements appear overall to be neutral, consistent, and clear.

Value for Fees

Deliverables

Reports on the 2016 City of Dallas financial statements, including the following: CAFR, Airport Revenue Fund (including the Schedule of Expenditures of Passenger Facility Charges), Dallas Water Utilities, Dallas Convention Center Hotel Development Corporation, and DDDA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

(For Federal and State Single Audit) Report on Compliance Related To Major Programs (Uniform Guidance and State of Texas Single Audit Circular) and on Internal Control Over Compliance

(For Federal and State Single Audit) Schedule of Findings and Questioned Costs

Performance of Computer Data Acquisition and Analysis

Provide timely and appropriate communication with management and City Council (Government Performance and Financial Management Committee) regarding technical audit, accounting, and internal control matters

Issue written communications to management and City Council describing significant deficiencies and/or material weaknesses, if any, noted during our audit, as applicable

Financial Trends



Financial Highlights – Summary (In Millions)

<u>Government-Wide:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental:					
Change in net position (deficit)	\$ (742)	\$ 256	\$ 81	\$ 83	\$ 18
Total net position	(3,353)	(2,679)	2,245	2,163	2,081
Ending unrestricted net position (deficit)	(6,164)	(5,393)	(306)	(294)	(280)
Capital assets, net	3,829	3,735	3,596	3,413	3,290
Business-type:					
Change in net position (deficit)	\$ (4)	\$ 93	\$ 114	\$ 119	\$ 91
Total net position	3,208	3,280	3,357	3,243	3,154
Ending unrestricted net position (deficit)	1,946	239	363	293	291
Capital assets, net	6,468	6,057	5,808	5,592	5,282
<u>Governmental:</u>					
Tax Rate (per \$100 valuation)					
Total	\$ 0.7970	\$ 0.7970	\$ 0.7970	\$ 0.7970	\$ 0.7970
General Fund	0.5646	0.5646	0.5601	0.5439	0.5379
Debt Service	0.2324	0.2324	0.2369	0.2531	0.2591
Taxable Assessed Valuation (in billions)	\$ 100.3	\$ 93.1	\$ 87.3	\$ 83.7	\$ 82.0
Total General Obligation Bonds	\$ 1,485.0	\$ 1,406.0	\$ 1,235.8	\$ 1,429.0	\$ 1,292.0
Debt Service expenditures as a percentage of non-capital expenditures	16.6%	16.3%	15.1%	15.9%	17.5%
General Fund Balance:					
Total	\$ 191.0	\$ 200.1	\$ 180.7	\$ 157.0	\$ 149.0
Unreserved/Unassigned	\$ 153.7	\$ 141.6	\$ 129.2	\$ 120.8	\$ 101.2
General Fund Expenditures	\$ 1,122.7	\$ 1,138.8	\$ 1,091.9	\$ 1,022.5	\$ 974.6
Unreserved/Unassigned General Fund balance as a percentage of expenditures	13.70%	12.40%	11.84%	11.81%	10.38%
Excess (deficiency) of revenues over (under) expenditures	\$ (1.6)	\$ 11.4	\$ 3.6	\$ 0.5	\$ 22.0
Transfers in (out) of General Fund, net	\$ 6.2	\$ 7.5	\$ 16.1	\$ 2.3	\$ 0.1

Financial Highlights – Summary (continued)

<u>Business-Type:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Income (loss) before transfers and contributions:					
Dallas Water Utilities	\$ 24.9	\$ 77.7	\$ 137.3	\$ 115.8	\$ 100.6
Convention Center*	4.8	6.9	-	(7.3)	(4.5)
Airport Revenue	(11.0)	7.3	(6.5)	(5.3)	13.2
Total Capital Assets, net					
Dallas Water Utilities	\$ 4,889	\$ 4,601	\$ 4,391	\$ 4,211	\$ 3,987
Convention Center*	479	495	508	511	526
Airport Revenue	1,059	960	907	868	767
Ending net position:					
Dallas Water Utilities	\$ 2,469	\$ 2,450	\$ 2,512	\$ 2,393	\$ 2,285
Convention Center*	265	266	267	276	285
Airport Revenue	568	558	552	553	538
Revenue Bond Coverage:					
Dallas Water Utilities (minimum requirement 1.25)	1.74	1.54	1.81	1.85	1.73
Convention Center*	1.8	2	1.7	1.7	1.6
Airport Revenue	N/A	N/A	N/A	N/A	N/A
Internal Service Fund Balance (deficit):					
Risk Funds fund deficit	\$ (64.2)	\$ (51.5)	\$ (42.0)	\$ (52.2)	\$ (56.0)
Risk Funds claims total liability	79.4	68.7	66.2	70.1	64.9
Risk Funds fund deficit as a % of total general fund balance	Calculated 33.59%	25.74%	23.24%	33.25%	37.56%
Net Other Post Employment Benefit "OPEB" obligation	\$ 252.2	\$ 241.5	\$ 229.5	\$ 207.5	\$ 170.1
Landfill closure and post-closure liability	\$ 30.9	\$ 30.3	\$ 34.6	\$ 33.2	\$ 32.0

*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

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Governmental:</u>					
Change in net position (deficit)	\$ (742)	\$ 256	\$ 81	\$ 83	\$ 18
Total net position	(3,353)	(2,679)	2,245	2,163	2,081
Ending unrestricted net position (deficit) (1)	(6,164)	(5,393)	(306)	(294)	(280)
Capital assets, net (3)	3,829	3,735	3,596	3,413	3,290
<u>Business-type:</u>					
Change in net position	\$ (4)	\$ 93	\$ 114	\$ 119	\$ 91
Total net position	3,208	3,280	3,357	3,243	3,154
Ending unrestricted net position (2)	1,946	239	363	293	291
Capital assets, net (3)	6,468	6,057	5,808	5,592	5,282

Key Observations:

- (1) The "Governmental" unrestricted net (deficit) position increased annually from 2012-2016
- (2) The "Business-type" unrestricted net position increased annually from 2012-2014, but decreased in 2015 and 2016
- (3) "Capital Assets, net balances (both "Governmental" and "Business-type") have increased annually from 2012-2016

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

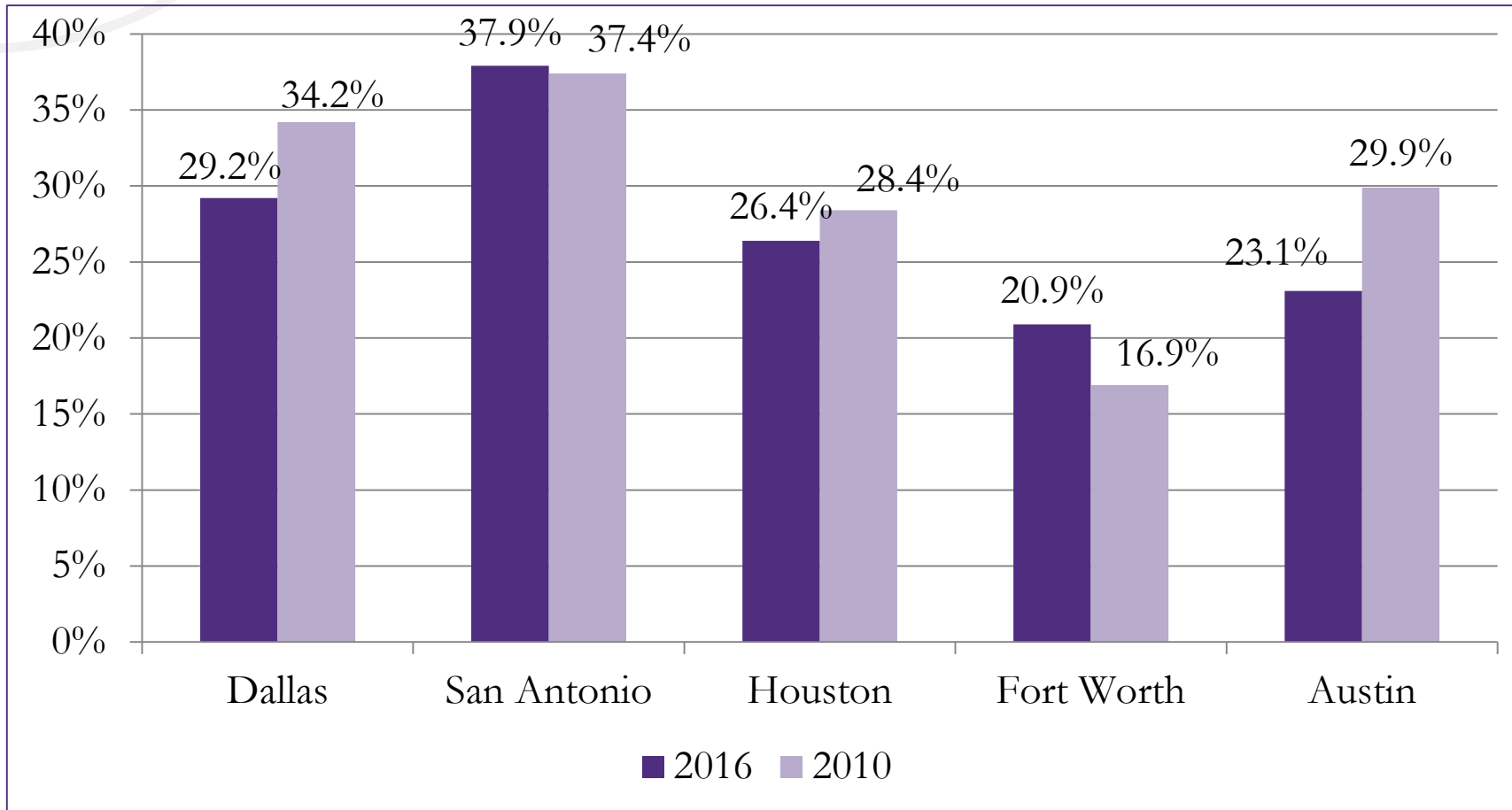
Financial Trends:

<u>Governmental:</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate (per \$100 valuation)					
Total (1)	\$ 0.7970	\$ 0.7970	\$ 0.7970	\$ 0.7970	\$ 0.7970
General Fund	0.5646	0.5646	0.5601	0.5439	0.5379
Debt Service (2)	0.2324	0.2324	0.2369	0.2531	0.2591
Taxable Assessed Valuation (in billions) (3)	\$ 100.3	\$ 93.1	\$ 87.3	\$ 83.7	\$ 82.0
Total General Obligation Debt (4)	\$ 1,492.0	\$ 1,559	\$ 1,236	\$ 1,353	\$ 1,292
Debt Service expenditures as a percentage of non-capital expenditures (5)	16.60%	16.34%	15.10%	15.88%	17.50%

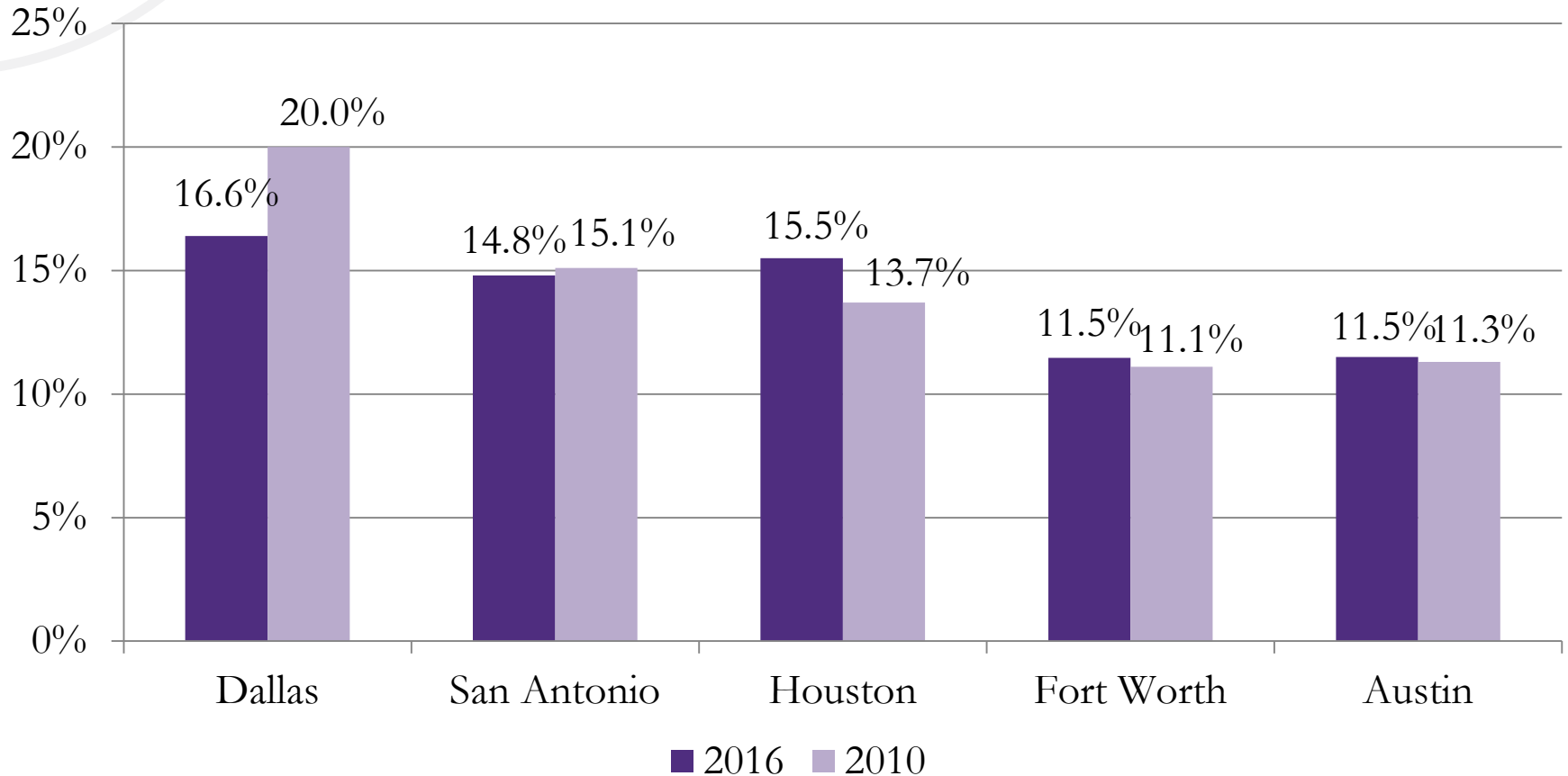
Key Observations:

- (1) The total tax rate remained unchanged from 2012-2016
- (2) The tax rate component for debt service decreased annually from 2013-2015, and stayed flat in 2016
- (3) The taxable assessed valuation increased annually from 2012-2016
- (4) Total General Obligation debt decreased annually increased in 2013, decreased in 2014, increased in 2015, and decreased in 2016
- (5) Debt service expenditures as a % of non-capital expenditures decreased from 2012-2014, increased in 2015 and 2016

Debt Service Component of Tax Rate as a % of Total Rate



Debt Service Expenditures as a % 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

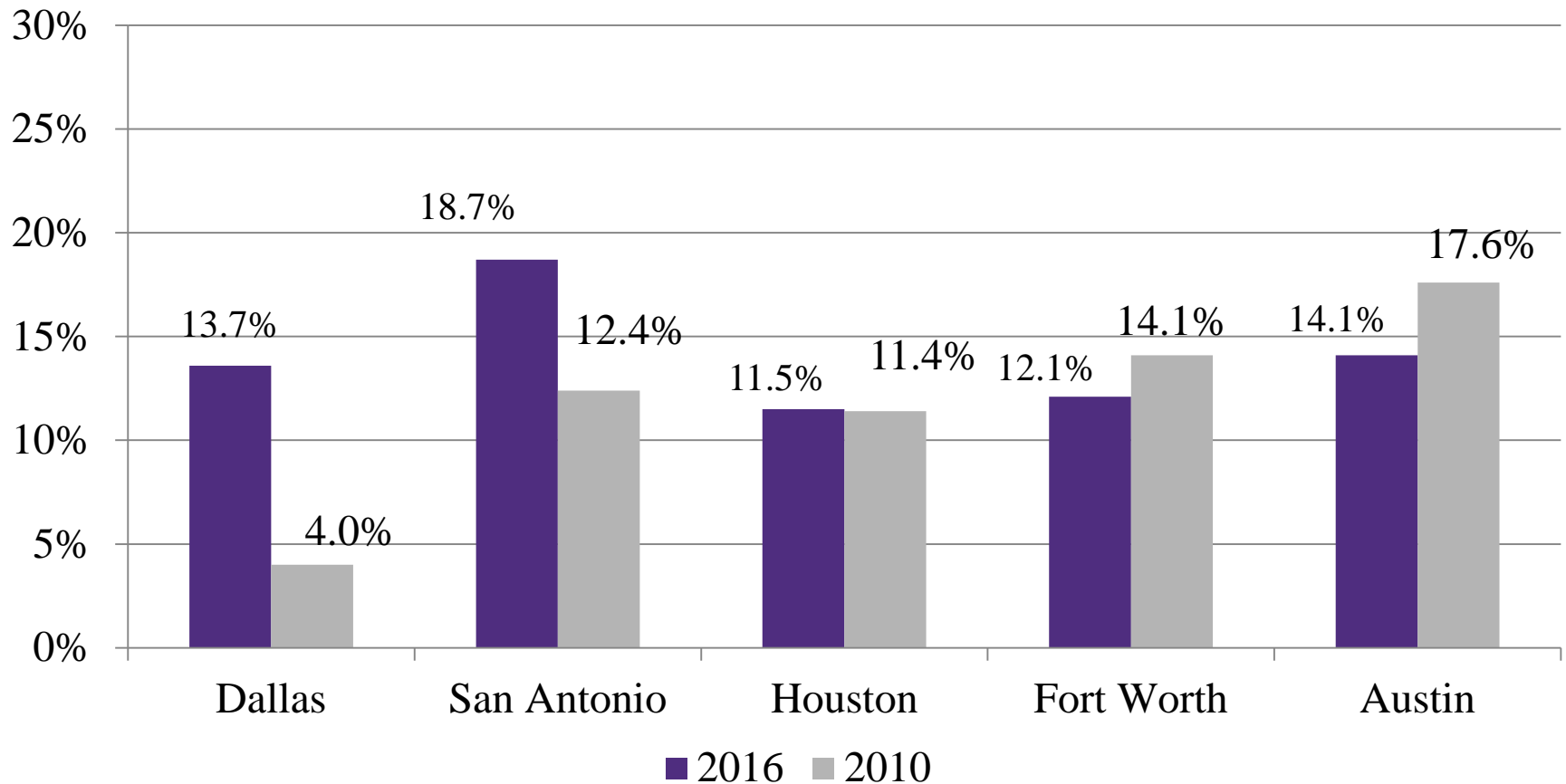
Financial Trends:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund Balance: (1)					
Total	\$ 191.0	\$ 200.1	\$ 180.7	\$ 157.0	\$ 149.0
Unreserved/Unassigned	\$ 153.7	\$ 141.6	\$ 129.2	\$ 120.8	\$ 101.2
General Fund Expenditures (2)	\$ 1,122.7	\$ 1,138.8	\$ 1,091.9	\$ 1,022.5	\$ 974.6
Unreserved/Unassigned General Fund balance as a percentage of expenditures (1)	13.70%	12.40%	11.84%	11.81%	10.38%
Excess (deficiency) of revenues over (under) expenditures (3)	\$ (1.6)	\$ 11.4	\$ 3.6	\$ 0.5	\$ 22.0
Transfers in (out) of General Fund, net (4)	\$ 6.2	\$ 7.5	\$ 16.1	\$ 2.3	\$ 0.1

Key Observations:

- (1) The Total General Fund Balance increased annually from 2012 to 2015, and decreased in 2016. The Unreserved/Unassigned General Fund Balance increased annually from 2012 to 2016. The "unreserved/unassigned general fund balance as a percentage of expenditures" increased annually from 2012 to 2016.
- (2) General Fund expenditures have remained relatively consistent from 2012-2016
- (3) Revenues have been in excess of expenditures from 2012-2016
- (4) Transfers have been transfers -in from 2012 through 2016

Unassigned/Unreserved General Fund Balance as a % 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Income (loss) before transfers and contributions:					
Dallas Water Utilities (4)	\$ 24.9	\$ 77.0	\$ 137.3	\$ 115.8	\$ 100.6
Convention Center*	4.8	6.9	-	(7.3)	(4.5)
Airport Revenue	(11.0)	7.3	(6.5)	(5.3)	13.2
Total Capital Assets, net (1)					
Dallas Water Utilities	4,889	\$ 4,601	\$ 4,391	\$ 4,211	\$ 3,987
Convention Center*	479	495	508	511	526
Airport Revenue	1,059	960	907	868	767
Revenue Bond Coverage:					
Dallas Water Utilities (2)	1.74	1.54	1.81	1.85	1.73
Convention Center* (3)	1.8	2.0	1.7	1.7	1.6
Airport Revenue	N/A	N/A	N/A	N/A	N/A

Key Observations:

- (1) Total Capital Assets, net increased annually between 2012-2016
- (2) Revenue Bond Coverage for Dallas Water Utilities remained relatively consistent from 2012 to 2016
- (3) Revenue Bond Coverage for Convention Center has remained consistent from 2012-2016
- (4) Dallas Water Utilities net income has decreased since 2014

*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,

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

Financial Trends:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Internal Service Fund Balance (deficit): (1)					
Risk Funds fund deficit	\$ (64.2)	\$ (51.5)	\$ (42.0)	\$ (52.2)	\$ (56.0)
Risk Funds claims total liability	79.4	68.7	66.2	70.1	64.9
Risk Funds fund deficit as a % of total general fund balance (2)	33.59%	25.74%	23.24%	33.25%	37.56%
Net Other Post Employment Benefit "OPEB" obligation (3)	\$ 252.20	\$ 241.50	\$ 229.50	\$ 207.50	\$ 170.10
Landfill closure and post-closure liability (4)	\$ 30.90	\$ 30.60	\$ 34.57	\$ 33.20	\$ 32.00
Net Pension Liability (5)	\$ 9,050	\$ 5,600	\$ 5,090		

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 decreased from 2012-2014, and increased in 2015 and 2016
- (3) The net OPEB obligation has increased annually 2012-2016, after accounting rules changed to require governments to reflect the liability beginning in 2008
- (4) The City's unfunded landfill closure and post-closure liability increased slightly from 2012-2014, and decreased in 2015, and remained consistent in 2016
- (5) New accounting rules, GASB Statement Number 68, required the City to accrue a liability on its financial statements for its unfunded pension benefit obligation. Implementation of GASB 68 was adopted during the fiscal year ending September 30, 2015

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 found on our internal website
- Can be accessed from our external website
https://secure.ethicspoint.com/domain/en/report_custom.asp?clientid=15191

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

Grant Thornton's Client Service Cycle

Grant Thornton's Client Service Cycle is our model for delivering high quality, personalized service. Our commitment to this recurring process helps us ascertain that you receive the full benefits of working with us, year after year.

- What issues/challenges are most important to you and your organization?
- What are your expectations for this project?
- How would you rate the team's overall service delivery?
- How can your Grant Thornton team bring additional value to your organization?
- Would you refer Grant Thornton to a friend or colleague?



Technical Update - Adopted in Current Year

- GASB Statement No. 72 - "Fair Value Measurement and Application"
 - Guidance for determining a fair value measurement for financial reporting purposes.
 - Effective for 9/30/2016 year-ends

- GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"
 - Objective is to identify the hierarchy of GAAP.
 - Effective for 9/30/16 year-ends.

- GASB Statement No. 79 - "Certain External Investment Pool and Pool Participants"
 - Objective is to establish additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools.
 - Effective for 9/30/16 year-ends.

No changes to significant accounting policies in the current year. Policies continue to be appropriate and consistent in their application.

Technical Update - Future Implementation

- GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"
 - Objective is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
 - Effective for 9/30/2017 year-ends

- GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans."
 - Objective is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
 - Effective for 9/30/17 year-ends.

No changes to significant accounting policies in the current year. Policies continue to be appropriate and consistent in their application.

Technical Update - Future Implementation (continued)

- GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"
 - Objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).
 - Effective for 9/30/2018 year-ends

- GASB Statement No. 77 - "Tax Abatement Disclosures"
 - Guidance requires governments that enter into tax abatement agreements to disclose the information about the agreements including description, amount, and commitments made by the government, other than to abate taxes, as part of the tax abatement agreement.
 - Effective for 9/30/17 year-ends.

No changes to significant accounting policies in the current year. Policies continue to be appropriate and consistent in their application.

Technical Update - Future Implementation (continued)

- GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans"
 - Objective is to establish requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions
 - Effective for 9/30/2017 year-ends

- GASB Statement No. 80 - "Blending Requirements for Criteria Component Unit-An Amendment of GASB Statement No. 14"
 - Requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member
 - Effective for 9/30/17 year-ends.

No changes to significant accounting policies in the current year. Policies continue to be appropriate and consistent in their application.

Technical Update - Future Implementation (continued)

- GASB Statement No. 81 - "Irrevocable Split-Interest Agreements"
 - Objective is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement
 - Effective for 9/30/2018 year-ends

- GASB Statement No. 82 - "Pension Issues"
 - The Statement will address issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and treatment of deviations from the guidance, and the classification of payments made by employers to satisfy employee contribution requirements
 - Effective for 9/30/17 year-ends.

- GASB Statement No. 83 - "Certain Asset Retirement Obligations"
 - The Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs).
 - Effective for 9/30/19 year-ends.

No changes to significant accounting policies in the current year. Policies continue to be appropriate and consistent in their application.

Technical Update - Future Implementation (continued)

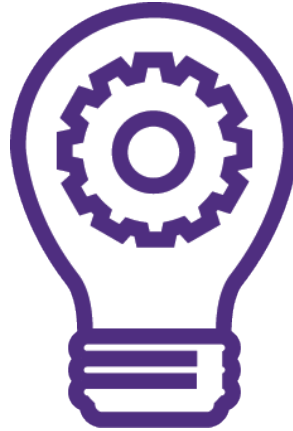
- GASB Statement No. 84 - "Fiduciary Activities"
 - Objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
 - Effective for 9/30/2020 year-ends

- GASB Statement No. 85 - "Omnibus 2017"
 - The Statement will address several different accounting and financial reporting issues identified by GASB during the implementation and application of certain GASB pronouncements.
 - Effective for 9/30/18 year-ends.

- GASB Statement No. 86 - "Certain Debt Extinguishment Issues"
 - The Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished, and notes to the financial statements for debt that is defeased in-substance.
 - Effective for 9/30/18 year-ends.

No changes to significant accounting policies in the current year. Policies continue to be appropriate and consistent in their application.

Questions and Answers



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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Memorandum



CITY OF DALLAS

DATE September 11, 2017

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 2017 Audit Planning**

On Monday, September 18, 2017, Grant Thornton LLP will brief the Government Performance & Financial Management Committee on Communications Related to the FY 2017 Audit Planning. 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

Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, 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
Jo M. (Jody) Puckett, Assistant City Manager (Interim)
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors



Grant Thornton

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

Communications Related to the
FY 2017 Audit Planning

September 18, 2017

Attendees:

Dan Barron – Partner

Natalie Wood – Senior Manager

Kirt Seale – Principal



Our Values are CLEARR

To achieve our global vision, we capitalize on our strengths by embracing the following values:

- Unite through global **Collaboration**
- Demonstrate **Leadership** in all we do
- Promote a consistent culture of **Excellence**
- Act with **Agility**
- Ensure deep **Respect** for people
- Take **Responsibility** for our actions

Our values serve as the foundation of each step we take toward achieving our vision. They guide our decision-making and provide a framework for our people to make correct and appropriate choices.



Our Responsibilities

We are responsible for:

- Performing an audit under US Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards* of the financial statements prepared by management, with your oversight;
- Forming and expressing an opinion about whether the financial statements are presented fairly, in all material respects in accordance with US Generally Accepted Accounting Principles (GAAP);
- Forming and expressing an opinion about whether certain supplementary information, including the Schedule of Expenditures of Federal (SEFA) and State Awards (SESA), is fairly stated in relation to the financial statements as a whole;
- Reading other information and considering whether it is materially inconsistent with the financial statements;
- Communicating fraud and abuse with regard to federal and state programs;
- Communicating specific matters to you on a timely basis; we do not design our audit for this purpose;
- Reporting material non-compliance related to laws, regulations, contracts and grant agreements, as well as significant deficiencies and/or material weaknesses in internal control related to financial reporting;
- Reporting material non-compliance with federal and state awards requirements applicable to major programs audited under Uniform Grants Guidance and the State of Texas Single Audit Circular, as well as significant deficiencies and/or material weaknesses in internal control over compliance.

An audit provides reasonable, not absolute, assurance that the financial statements do not contain material misstatements due to fraud or error. It does not relieve you or management of your responsibilities. Our respective responsibilities are described further in our engagement letter.



Our Responsibilities

Federal and State Single Audits:

Appropriately plan the audit by considering control risks

Form and express an opinion regarding:

- Schedule of Expenditures of Federal Awards;
- Schedule of Expenditures of State Awards;
- Compliance with major program requirements;
- Internal control over compliance; and
- Summarize findings and questioned costs



Our responsibilities for other information in the Comprehensive Annual Financial Report (CAFR), such as management's discussion and analysis and other required supplementary information

- Read the other information (we do not corroborate it)
- Consider whether it is materially inconsistent with the financial statements
- Call to management's attention identified material inconsistencies or misstatements of fact, if any

Remember, our responsibility does not extend beyond our report.

Those Charged with Governance and Management Responsibilities

Those Charged with Governance

Those charged with governance are responsible for:

- Overseeing the financial reporting process;
- Setting a positive tone at the top and challenging the City's activities in the financial arena;
- Discussing significant accounting and internal control matters with management;
- Informing us about fraud or suspected fraud, including its views about fraud risks;
- Informing us about other matters that are relevant to our audit, such as:
 - Entity strategies and related business risks that may result in heightened risks of material misstatement;
 - Matters warranting particular audit attention;
 - Significant communications with regulators;
 - Matters related to the effectiveness of internal control and your oversight responsibilities; and
 - Your views regarding our current communications and your actions regarding previous communications.

Management

Management is responsible for:

- Preparing and fairly presenting the financial statements in accordance with US GAAP;
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting;
- Communicating significant accounting and internal control matters to those charged with governance;
- Providing us with unrestricted access to all persons and all information relevant to our audit;
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses;
- Adjusting the financial statements, including disclosures, to correct material misstatements;
- Informing us of subsequent events; and
- Providing us with written representations.

We approach your audit by...

- Understanding the City and the environment it operates in;
- Using that knowledge and understanding to analyze the City's financial statements;
- Determining materiality;
- Identifying areas more likely to be materially misstated;
- Focusing audit attention and effort on those areas; and
- Testing major programs compliance with direct and material compliance requirements (OMB Uniform Grants Guidance)(and State of Texas Single Audit Circular).



Materiality

- Materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is ordinarily evaluated against relevant financial statement benchmark(s).
- We believe that total assets or total revenues (based on the type of fund) is the relevant benchmarks for the City.

Financial statement items greater than materiality are within our audit scope. Other accounts or classes of transactions less than materiality may be in our scope if qualitative risk factors are present (for example, related party relationships or significant unusual transactions).

Audit Timeline

Audit planning	July-September 2017
IT procedures	August-September 2017
Preliminary Single Audit procedures	October – November 2017
Preliminary Financial procedures	October – December 2017
Final procedures	January – March 2018
Status meetings with management	Periodic
Closing meeting with management	TBD
Government Performance and Financial Management Committee closing meeting	TBD



Engagement Team

Audit

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Dan Serna	dserna@serna.com	817-483-3884
Diccy Thurman	diccyt@owensthurman.com	214-941-2361

Reports to be issued

Audits

- Comprehensive annual financial report (CAFR)
- Single audits (OMB Uniform Grants Guidance) (and State of Texas Single Audit Circular)

Audits

- Airport Revenues Fund and Passenger Facility Charge compliance
- Dallas Water Utilities
- Downtown Dallas Development Authority Tax Increment Financing District
- Dallas Convention Center Hotel Development Corporation
- Texas Commission on Environmental Quality financial assurance agreed-upon procedures

Areas of Audit Focus - CAFR

Areas of audit focus	Assertions
Water and Sewer Revenues and Receivables Airport Revenues	Existence and occurrence
Capital Assets	Valuation-gross and valuation-net
Investments	Valuation-net
Net pension liability and expense, actuarial information related to self-insurance (IBNR), workers compensation liabilities and OPEB Plans	Presentation and disclosure Completeness and accuracy
Compliance and controls related to federal and state single audit major programs	Completeness and accuracy of SEFA and SESA
Debt compliance and ratios	Compliance with debt covenants



Areas of Audit Focus – CAFR (contd.)

Controls	Cycles
Controls-based approach	Payroll
Capital Assets	Valuation – gross and valuation - net

Other Areas

- Governance
- Fraud inquiries
- Information technology
- Adequacy of disclosures
- Investments/Treasury
- Debt
- Tax Revenues
- Allowance for doubtful accounts
- Net pension liability
- 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



IT Control Update

In-Scope Systems

SAP (and underlying databases)
Advantage Financial System (and underlying databases)
Active Directory

Control Areas Tested

Security Administration
Change Management
Batch Job Administration

FY 2017

Current fiscal year testing in process.



Technical Update

GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"

- Applicable to pension plans not within the scope of GASB Statement 68
- Effective for 9/30/2017 year-ends

GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"

The Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple

- Employer Plans
- Effective for 9/30/2017 year-ends

GASB Statement No. 77, "Tax Abatement Disclosures"

- Requires disclosure for the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatements recipients, and gross dollar amount of the tax abatement.
- Effective for 9/30/2017 year-ends



Technical Update Future Implementation

GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans"

- This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plans.
- Effective for 9/30/2017 year-ends

GASB Statement No. 80, "Blending Requirements for Certain Component Unit – An Amendment of GASB Statement No. 14"

- This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments.
- Effective for 9/30/2017 year-ends

Fiscal Year 2018

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"

- This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, and establishes new accounting and financial reporting requirements for OPEB plans.
- Effective for 9/30/2018 year-ends



Questions and Answers

