

Memorandum



CITY OF DALLAS

DATE May 9, 2008

TO Members of the Finance, Audit & Accountability Committee
Chair Mitchell Rasansky, Vice Chair Jerry Allen, Mayor Pro Tem Dr. Elba Garcia,
Vonciel Jones Hill, Angela Hunt, Ron Natinsky and David Neumann

SUBJECT FY 06-07 External Audit Status

The Committee's May 12th agenda includes the Subject briefing. Grant Thornton's Ben Kohnle will brief the Committee and his briefing materials are attached.

Should you require additional information, please let me know.

A handwritten signature in black ink, appearing to read 'D. Cook'.

David Cook
Chief Financial Officer

Attachment

Cc: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Tom Perkins, Jr., City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Ryan S. Evans, First Assistant City Manager
David O. Brown, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager



2008 Meeting with the Finance, Audit and
Accountability Committee
City of Dallas

Audit Status Update
May 12, 2008

Audit timeline

Financial statement and OMB Circular A-133 audit

Appointed as City's auditor	November 2007
Audit planning	January 2008
Financial Statement Audit (CAFR Audit)	February – May 2008
Financial Reporting (CAFR Audit)	May – June 2008
OMB (A-133) Compliance Audit	March – June 2008
Status meeting with management	Weekly
Finance, Audit and Accountability Committee Update Meetings	March 24, 2008 May 12, 2008

Audit Status by Area - CAFR Audit

Area	% Complete (March 24 th 2008)	% Complete (May 2 nd 2008)	Ratio
Planning and First Time Through	60%	85%	15%
Cash	0%	60%	1%
Investments	10%	80%	6%
A/R and Revenue	60%	95%	8%
Grant Revenue	10%	80%	2%
Capital Assets	5%	20%	15%
Other Assets	60%	90%	1%
Employee Comp	85%	98%	3%
Debt	80%	95%	4%
Aviation	95%	95%	7%
DWU	20%	70%	8%
Other Sections	25%	90%	15%
Financial Reporting	0%	0%	15%
			<u>100%</u>

Audit Status by Area – Single Audit

Area	% Complete (May 2 nd 2008)	Ratio
Planning and First Time Through	75%	15%
Special Supplement Nutrition Program for Women, Infants and Children	5%	14%
Community Development Block Grant-Entitlement and (HUD) Small Cities Cluster	50%	16%
Housing Opportunities for Persons with AIDS	25%	7%
HOME Investment Partnership Program	25%	7%
Urban Areas Security Initiative	10%	11%
Flood Control Projects	15%	8%
Airport Improvement program	40%	8%
Confiscated State Funds (State)	10%	1%
Commercial Auto Theft Interdiction (State)	10%	3%
Financial Reporting	10%	10%
		<u>100%</u>

Proposed Audit Adjustments (GT and City)

- Amortization of bond premium/discounts – effective interest rate method vs. straight-line adjustment to prior years (\$19M)
- Reclassification entry from cash to pooled investments (\$17.9M)
- Adjusting entry to correct non pooled investments (\$0.5M) (treated as revenue in previous years)
- Other assets – adjustment to UHC account balance recorded for benefit payments (\$1.4M)
- Adjustment for interest income on non-pooled investments which was recorded in revenue this year vs. prior year (\$0.6M)
- Adjustments totaling \$1.3M recorded to increase allowance for doubtful account for various receivables
- Depreciation expense impact being evaluated relating to prior year assets totaling \$56M
- Customer deposits for real estate changed by \$1.6M