

Memorandum



CITY OF DALLAS

DATE June 15, 2012

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT FY 2010-11 Comprehensive Annual Financial Report

On Monday, June 18, 2012, at the Budget, Finance, and Audit Committee meeting, you will be briefed on the FY 2010-11 Comprehensive Annual Financial Report. The briefing will be provided by Mr. Ben Kohnle, Audit Partner with Grant Thornton LLP. The briefing material is attached for your review. Additionally, a complete copy of the report has been delivered to your office.

Please contact me if you need additional information.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield
Chief Financial Officer

Attachment

C: Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig D. Kinton, City Auditor
C. Victor Lander, Administrative Judge
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Edward Scott, City Controller
Stephanie Pegues-Cooper, Assistant to the City Manager



Presentation to the Budget, Finance and Audit Committee of The City of Dallas

FY 2010-11 Comprehensive Annual Financial Report

June 18, 2012

Attendees:

Ben Kohnle – Partner

Kirt Seale – Principal

Natalie Wood - Manager

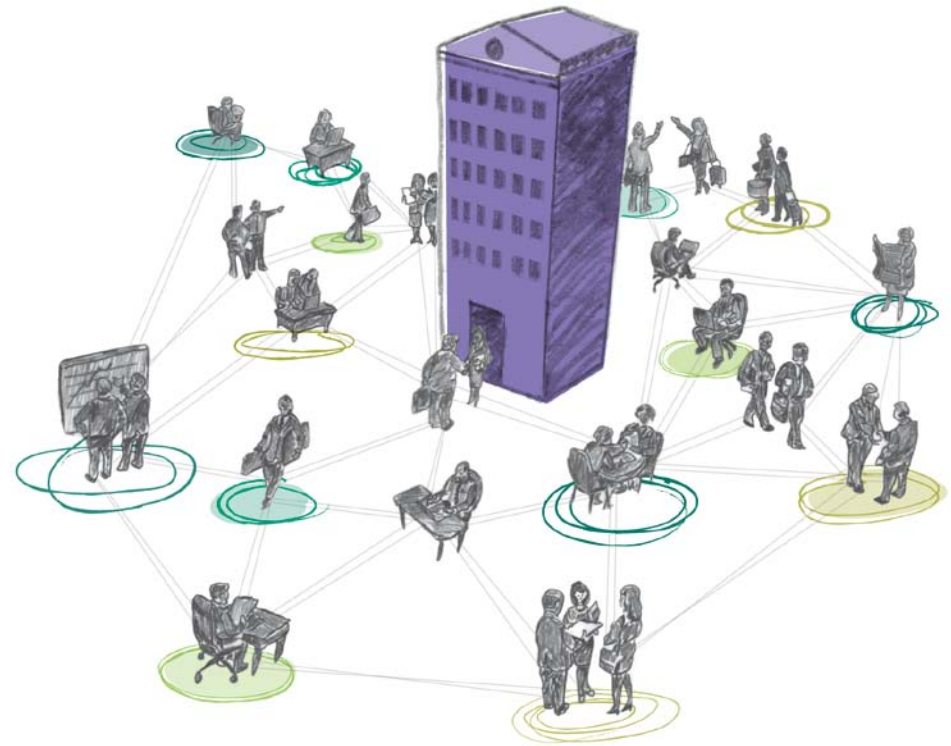


Our values are CLEARR

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 ensure that our people make correct and appropriate choices.



Responsibilities



Our responsibilities

We are responsible for:

- **Performing an audit under US Generally Accepted Auditing Standards and Government Auditing Standards**
- **Performing an audit in accordance with OMB Circular A-133 and the State of Texas Single Audit Circular and issuing reports on compliance and controls over financial reporting and major federal and state programs.**
- **Forming and expressing opinions about whether the financial statements prepared by management, with your oversight:**
 - are materially correct
 - are fairly presented
 - conform with US GAAP
- **Forming and expressing an opinion about whether certain required supplementary information 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 specific matters to you**

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.



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**

Management

Management is responsible for:

- **Preparing and fairly presenting the financial statements and the schedules of expenditures of federal and state awards in conformity 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**
- **Providing us with certain written representations**

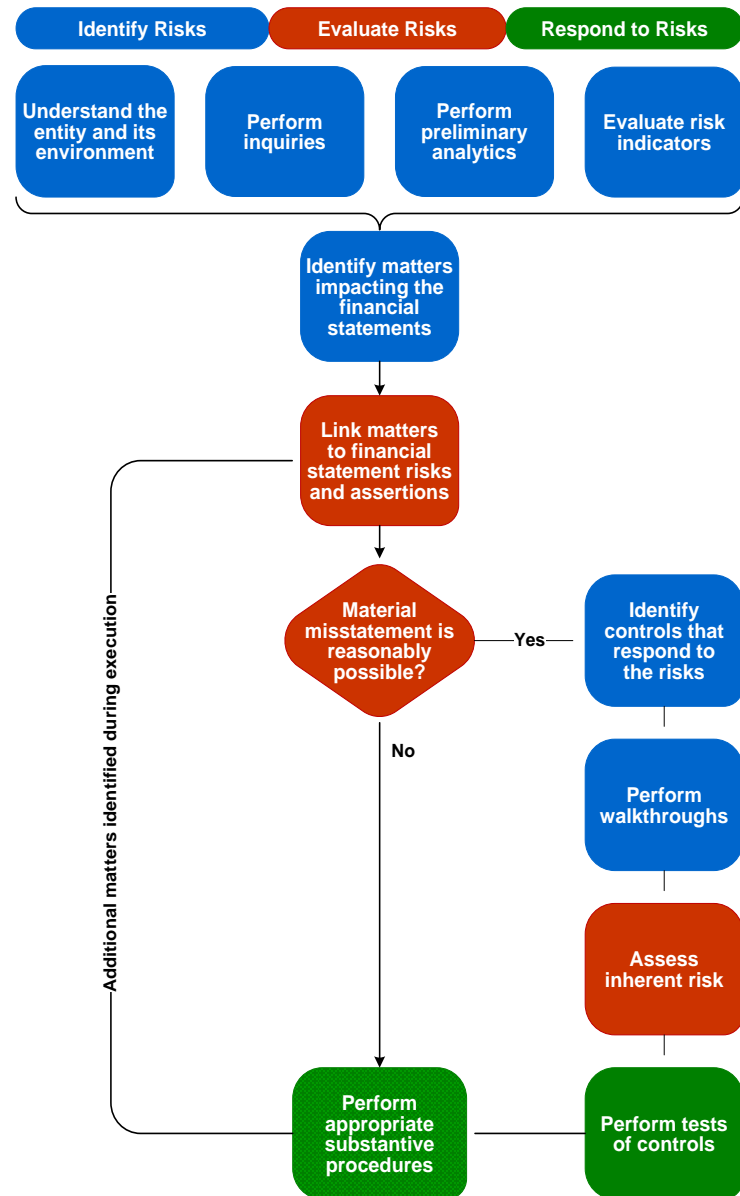
Audit scope and results



Horizon audit methodology

We approach our audits by:

- Understanding your business, including the environment the City operates in
- Using that knowledge and understanding to analyze your financial statements
- Determining materiality
- Identifying areas more likely to be materially misstated
- Focusing audit attention and effort on those areas



Materiality

Essentially, materiality is the magnitude of an omission or misstatement that likely influences a reasonable person's judgment. It is based on a relevant financial statement benchmark.

- **Based on relevant financial statement benchmarks we believe that total assets/ or total revenue (by opinion unit) is the appropriate benchmark for the City.**

Financial statement items greater than materiality are in scope. Other areas less than materiality may be in scope if qualitative factors are present (for example, related party relationships or transactions and fraud risk).



Significant risks

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

Areas of focus	
Governance	Fraud inquiries and procedures
Tax revenues	Information technology
Grants and expenditures	Adequacy of disclosures
Investments/treasury	Pension and OPEB expenses, assets, liabilities, and other disclosures
Payroll and related liabilities	Self-insurance expenses and liabilities, including IBNR
Operating expenses and related payables	Water & Sewer revenues and receivables
Debt	Love Field Airport Modernization Corporation and related transactions
Fixed assets	Compliance and controls related to Federal and State Major Programs

Scope of IT Control Testing

- The scope of the IT Controls Testing included the following IT governance areas:
 - Security Administration
 - Program Maintenance
 - Program Execution
- The following applications were included in our review:
 - General ledger/financial system (AMS)
 - Pay1 billing system (SAP)

Reports issued

Financial statement audits:

- Comprehensive annual financial report
- Single audits
 - Federal (OMB Circular A-133)
 - State

Separate reports:

- Vickery Meadow TIF
- DDDA TIF
- Airport revenues fund and PFC compliance
- Dallas water utilities
- TCEQ financial assurance agreed-upon procedures

Internal control deficiency letter



Results of Financial Statement Audit

- Comprehensive Annual Financial Report (CAFR)
 - Unqualified "clean" opinions
 - Includes GFOA Certificate for 2010 CAFR
 - One significant deficiency noted related to capital assets and CIP
 - All prior year control deficiencies have been remediated
 - No scope limitations
 - Continued open and effective communication with management
- Federal Single Audit Report (A-133)
 - Qualified opinion for one program, unqualified opinions for the others
 - One instance of material noncompliance
 - Two material weaknesses and one significant deficiency noted
 - Two additional compliance findings reported
 - All prior year findings have been remediated
- State Single Audit Report
 - Qualified opinion for one program, unqualified opinions for the others
 - One material weakness identified
 - One instance of material noncompliance



Summary of adjustments – recorded adjustments

Fund	Description	Increase (Decrease) to:			
		Assets	Liabilities	Equity	Net Income
<u>Recorded adjustments</u>					
1	AVI Accounts Receivable	2,436			
	Revenue				2,436
	<i>To properly accrue revenue related to FY2011</i>				
2	DWU CIP	88,341			
	Utility Property	(88,341)			
	Depreciation Expense				(357)
	Accumulated Depreciation	(357)			
	<i>To correct CIP for amounts that were improperly transferred to Capital Assets</i>				
3	CC Unrestricted Net Assets			13,821	
	Invested in capital assets, net of related debt			(13,821)	
	<i>To reclass between unrestricted and restricted net assets for Convention Center</i>				
	Net impact	\$ 2,079	\$ -	\$ -	\$ 2,079



Summary of adjustments – passed adjustments

Fund	Description	Increase (Decrease) to:			
		Assets	Liabilities	Equity	Net Income
<u>Passed adjustments</u>					
1	AVI Revenue				(2,117)
	Beginning Net Assets			2,117	
	<i>To correct overbooked FY2011 Revenues due to recorded entry 1</i>				
2	AVI Beginning Net Assets			(3,018)	
	Depreciation Expense				3,018
	<i>To adjust for prior year depreciation recorded in current year</i>				
	Net impact	\$ -	\$ -	\$ (901)	\$ 901



CAFR – Current year internal control findings

Capital Assets	DWU Construction in progress not being transferred correctly to capital assets. Depreciation expense catch-up for depreciation related to prior fiscal years.	Significant deficiency	New Finding	June 2012
IT	Changes identified as a result of periodic user access reviews are not consistently applied.	Deficiency	New Finding	June 2012



CAFR – Status of prior year internal control findings

IT	Developers have been granted end-user and administrative access into SAP production environments resulting in excessive access	Deficiency	Remediated



Single Audits – Current year compliance findings

Source		CFDA #			
Federal	Community Oriented Policing Services Grant (COPS)	16.710	Reporting information for each quarter rather than cumulative	Noncompliance and control deficiency	New finding
Federal	Water Security Training & Technical Assistance	66.478	Failure to submit semi-annual MBE/WBE reports	Noncompliance and significant deficiency	New finding
Federal	Water Security Training & Technical Assistance	66.478	Process not in place for department to verify vendors are not suspended/debarred when performing procurement outside of purchasing department	Material weakness	New finding
Federal	Water Security Training & Technical Assistance	66.478	Failure to maintain inventory listing of grant-funded equipment	Material noncompliance and material weakness	New finding
State	Urban Search and Rescue Task Force Program	n/a	Failure to include required clause in contract and failure to obtain certified payrolls as required by the Davis-Bacon Act	Material noncompliance and material weakness	New finding

Single Audits – Status of prior year compliance findings

	CFDA #			
Workforce Solutions of Greater Dallas / Adult Development Program-ARRA	17.258	Lack of source documents to support accounting records	Material weakness and material noncompliance	Remediated
Community Development Block Grants (“CDBG”) Cluster	14.218	Failure to timely enter program income into HUD IDIS system.	Significant deficiency and noncompliance	Remediated
Community Development Block Grant-ARRA	14.253	Sub-recipient monitoring	Material weakness and material noncompliance	Remediated

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.

Difficulties encountered during the audit

We encountered no significant difficulties, including:

- Significant delays in providing information
- Unnecessarily brief time to complete the audit
- Unavailability of expected information or City personnel, including access to information at a component
- Restrictions imposed by management, including any related to required supplementary information
- Extensive unexpected effort to obtain evidence

Quality of accounting practices and alternative treatments



Quality of accounting practices and alternative treatments

Accounting policies

Accounting principles used by the City are considered appropriate in all material respects.

Accounting estimates

The following were identified as significant estimates

- Depreciation of capital assets
- Allowance for receivables
- Accruals for self-insurance liabilities
- Arbitrage rebate liability
- Net Pension and OPEB Assets, Liabilities and related disclosures

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

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.

Other matters



Value for fees

Deliverables

Reports on the 2011 City of Dallas financial statements, including the following: CAFR, Airport Revenue Fund (including the Schedule of Expenditures of Passenger Facility Charges), Dallas Water Utilities, Vickery Meadow TIF, and DDDA TIF

(For A-133 and State Single Audit) Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

(For A-133 and State Single Audit) Report on Compliance Related To Major Programs (OMB Circular A-133 and State of Texas Single Audit Circular) and on Internal Control Over Compliance

(For A-133 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 (Budget, Finance and Audit 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

Verbally communicate to management certain other deficiencies (not determined to be significant deficiencies or material weaknesses) noted during our audit, as applicable

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.

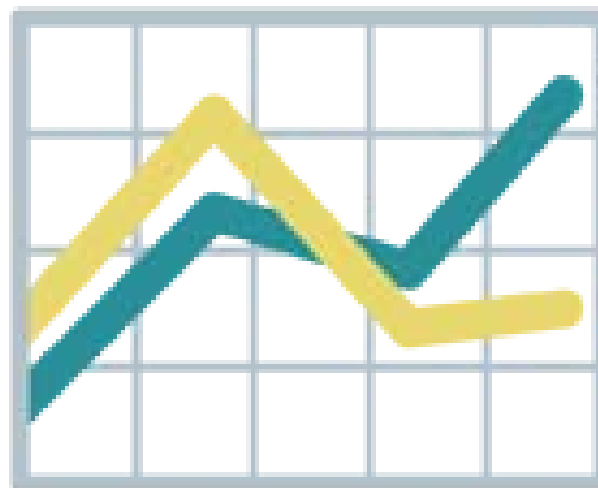
The Ethics Hotline (1.866.739.4134) provides individuals a means to call and report ethical concerns.

The EthicsPoint URL link

- Can be found on our internal Web site
- Can be accessed from our external Web site
(https://secure.ethicspoint.com/domain/en/report_customer.asp?clientid=15191)

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

Financial Trends



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Financial Highlights - Summary

<u>Government-Wide:</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental:					
• Change in net assets (deficit)	\$ 138	\$ 398	(2) \$	14\$ (9)	
• Total net assets	2,075	1,936	1,538	1,540	1,526
• Ending unrestricted net assets (deficit)	(265)	(266)	(207)	(178)	(113)
• Capital assets, net	3,218	3,119	2,653	2,488	2,256
Business-type:					
• Change in net assets	135	69	70	111	122
• Total net assets	3,049	2,913	2,844	2,774	2,664
• Ending unrestricted net assets	239	195	186	222	206
• Capital assets, net	4,996	4,658	4,508	4,339	4,129
<u>Governmental:</u>					
Tax Rate (per \$100 valuation)					
Total	\$ 0.7970	\$ 0.7479	\$ 0.7479	\$ 0.7479	\$ 0.7292
General Fund	0.5324	0.4918	0.5230	0.5196	0.5448
Debt Service	0.2646	0.2561	0.2249	0.2283	0.1844
Taxable Assessed Valuation (in billions)	\$ 83.4	\$ 87.3	\$ 90.5	\$ 84.5	\$ 76.1
Total General Obligation Bonds	\$ 1,405	\$ 1,510	\$ 1,512	\$ 1,404	\$ 1,206
Debt Service expenditures as a percentage of non-capital expenditures	17.95%	19.97%	17.34%	16.31%	14.53%
General Fund Balance:					
Total	\$ 121.4	\$ 92.0	\$ 104.0	\$ 118.3	\$ 133.7
Unreserved/Unassigned	83.3	64.7	78.3	91.5	86.6
General Fund Expenditures	\$ 964.5	\$ 999.8	\$ 1,015.5	\$ 1,033.0	\$ 970.8
Unreserved/Unassigned General Fund balance as a percentage of expenditures	8.64%	6.47%	7.71%	8.86%	8.92%
Excess (deficiency) of revenues over (under) expenditures	\$ 27.3	\$ (35.7)	\$ (17.3)	\$ (33.1)	\$ 21.6
Transfers in (out) of General Fund, net	\$ (3.1)	\$ 18.8	\$ (2.7)	\$ (5.6)	\$ (29.3)

Financial Highlights – Summary (continued)

<u>Business-Type:</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Income (loss) before transfers and contributions:					
• Dallas Water Utilities	\$ 106.9	\$ 44.4	\$ 58.3	\$ 74.6	\$ 82.3
• Convention Center	1.3	(3.3)	(8.1)	2.5	6.3
• Airport Revenue	2.7	17.1	7.5	8.1	1.5
Total Capital Assets, net					
-- Dallas Water Utilities	\$ 3,811	\$ 3,660	\$ 3,513	\$3,331	\$3,120
-- Convention Center	531	539	555	573	580
-- Airport Revenue	652	457	437	432	427
Ending net assets:					
• Dallas Water Utilities	\$ 2,207	\$ 2,107	\$ 2,064	\$ 1,996	\$1,903
• Convention Center	295	295	303	314	311
• Airport Revenue	536	508	471	452	435
Revenue Bond Coverage:					
• Dallas Water Utilities (minimum requirement 1.25)	1.58	1.40	1.43	1.52	1.40
• Convention Center	2.1	1.8	1.7	1.4	1.3
• Airport Revenue	N/A	13.2	10.5	8.6	6.4
Internal Service Fund Balance (deficit):					
• Risk Funds fund deficit	\$ (65.2)	\$ (84.0)	\$ (94.7)	\$ (78.9)	\$(66.1)
• Risk Funds claims total liability	73.4	86.3	93.8	93.9	90.6
• Risk Funds fund deficit as a % of total general fund balance	53.7%	91.3%	91.1%	66.4%	49.4%
Net Other Post Employment Benefit "OPEB" obligation	\$ 126.2	\$ 96.3	\$ 73.2	\$ 36.8	N.A.
Landfill closure and post-closure liability	\$ 33.0	\$ 32.8	\$ 31.7	\$ 30.5	\$ 29.9

Financial Highlights – Government-Wide

Definitions:

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

Financial Trends:

Government-Wide:	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental:					
Change in net assets (deficit)	\$ 138	\$ 398	\$ (2)	\$ 14	\$ (9)
Total net assets	2,075	1,936	1,538	1,540	1,526
Ending unrestricted net assets (deficit) (1)	(265)	(266)	(207)	(178)	(113)
Capital assets, net (3)	3,218	3,119	2,653	2,488	2,256
Business-type:					
Change in net assets	\$ 135	\$ 69	\$ 70	\$ 111	\$ 122
Total net assets	3,049	2,913	2,844	2,774	2,664
Ending unrestricted net assets (2)	239	195	186	222	206
Capital assets, net (3)	4,996	4,658	4,508	4,339	4,129

Key Observations:

- (1) The "Governmental" unrestricted net deficit increased annually from 2007-2010 and remained consistent between 2010 and 2011
- (2) The "Business-type" unrestricted net assets have remained relatively consistent from 2007-2011
- (3) "Capital Assets, net balances (both "Governmental" and "Business-type") have increased annually from 2007-2011

Financial Highlights – Governmental Tax Rate, Assessed Value and Debt

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

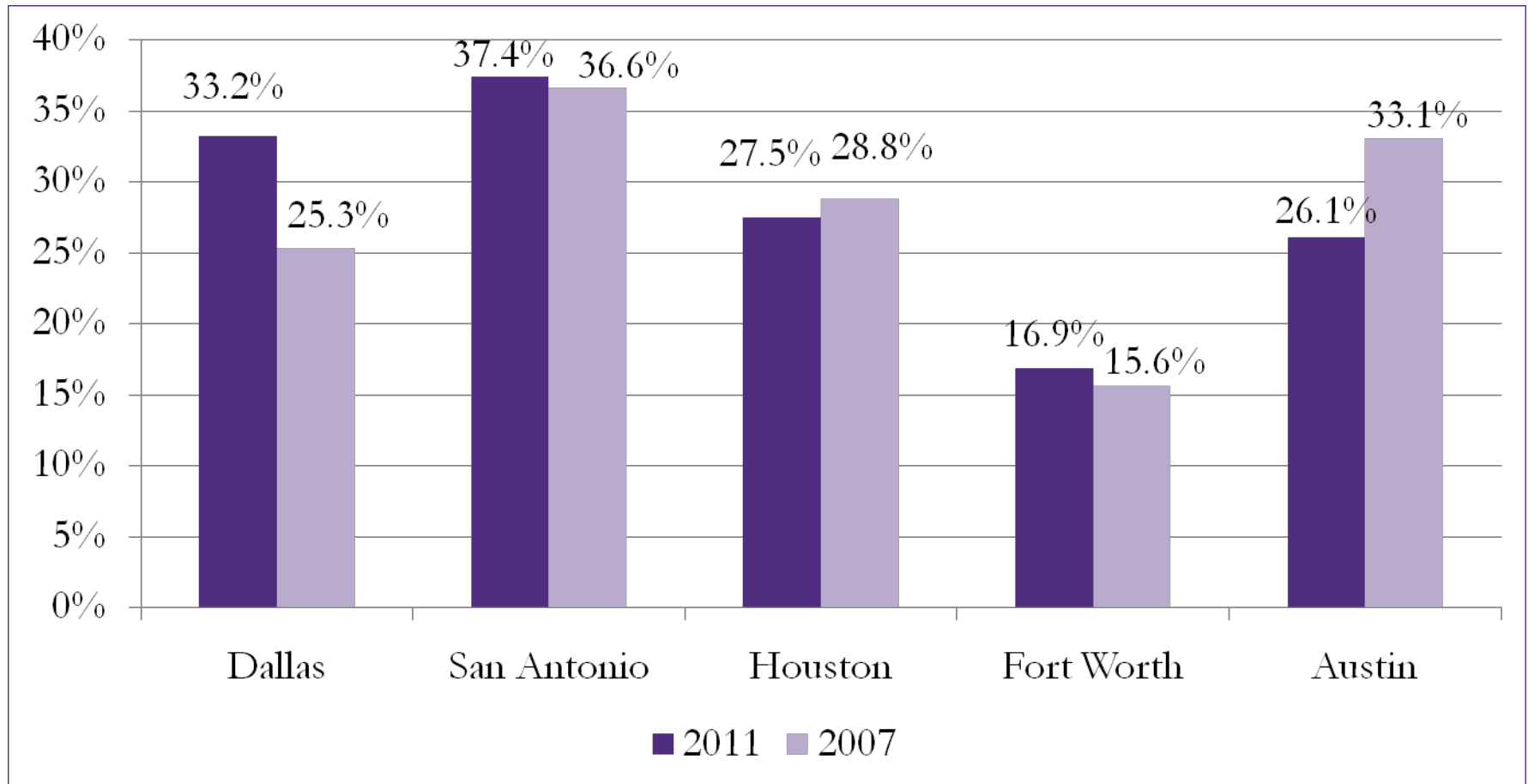
Financial Trends:

<u>Governmental:</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate (per \$100 valuation)					
Total (1)	\$0.7970	\$ 0.7479	\$0.7479	\$0.7479	\$0.7292
General Fund	0.5324	0.4918	0.5230	0.5196	0.5448
Debt Service (2)	0.2646	0.2561	0.2249	0.2283	0.1844
Taxable Assessed Valuation (in billions) (3)	\$ 83.4	\$ 87.3	\$ 90.5	\$ 84.5	\$ 76.1
Total General Obligation Debt (4)	\$ 1,405	\$ 1,510	\$ 1,512	\$ 1,404	\$1,206
Debt Service expenditures as a percentage of non-capital expenditures (5)	17.95%	19.97%	17.34%	16.31%	14.53%

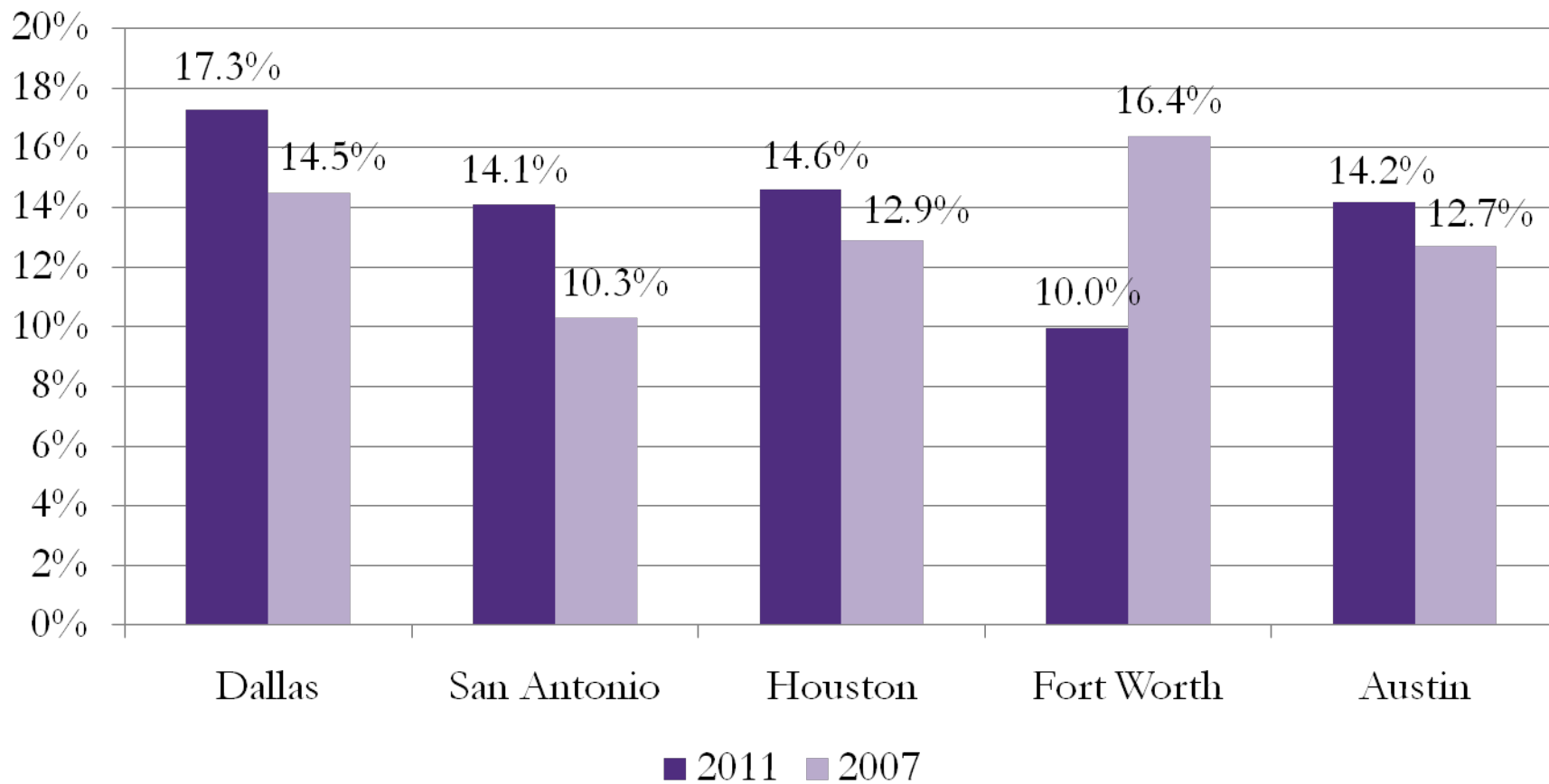
Key Observations:

- (1) After increasing from 2007-2008, the total tax rate remained unchanged from 2008-2010, then increased again in 2011
- (2) The tax rate component for debt service increased annually since 2007 (except for 2009)
- (3) The taxable assessed valuation increased from 2007-2009, before declining 3.2% (2010) and 3.9% (2011)
- (4) Total General Obligation debt increased annually from 2007-2009 before declining in 2010 and 2011
- (5) Debt service expenditures as a % of non-capital expenditures increased annually from 2007-2010 before declining in 2011

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



Debt Service Expenditures as a % of Non-Capital Expenditures



Financial Highlights – General Fund

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:

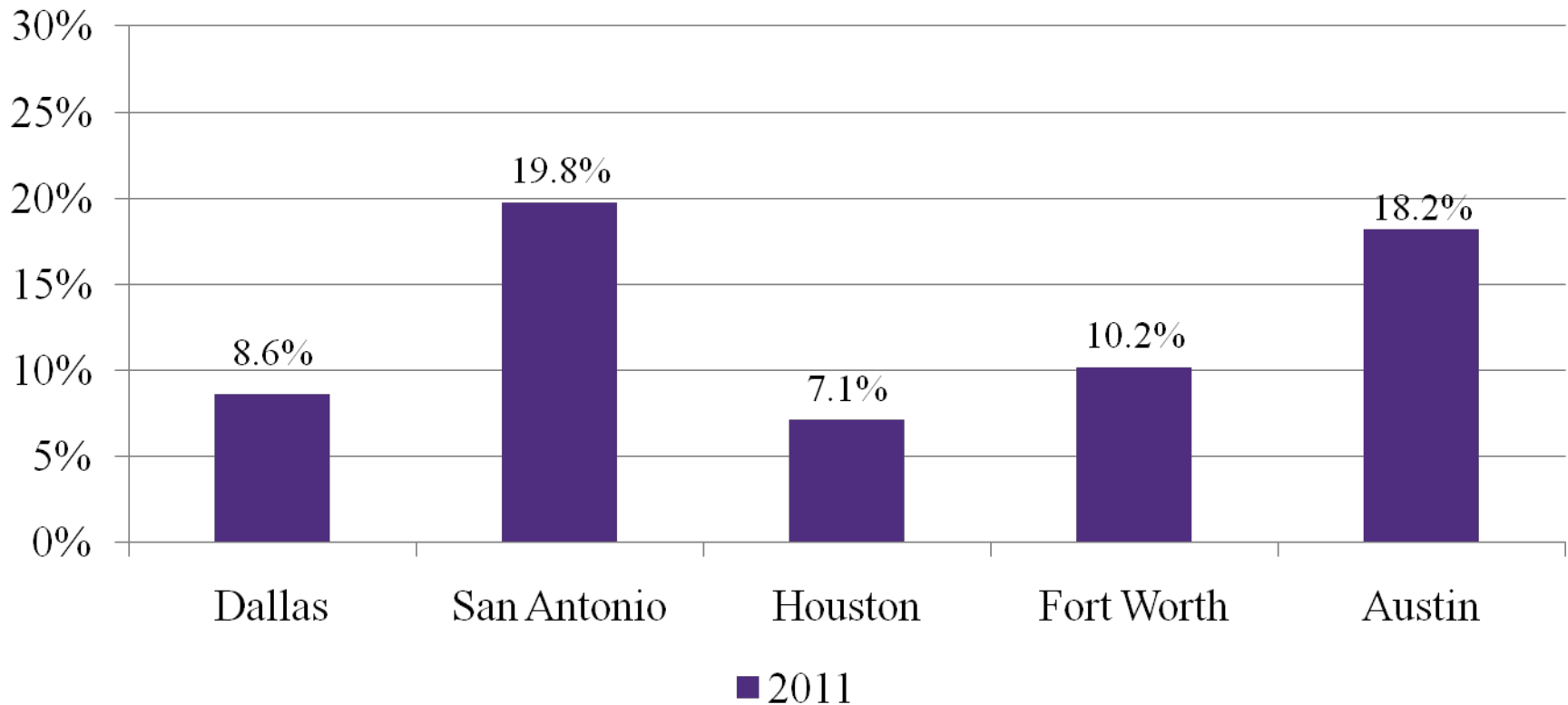
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund Balance: (1)					
Total	\$ 121.4	\$ 92.0	\$ 104.0	\$ 118.3	\$ 133.7
Unreserved	83.3	64.7	78.3	91.5	86.6
General Fund Expenditures (2)	\$ 964.5	\$ 999.8	\$1,015.5	\$1,033.0	\$ 970.8
Unreserved/Unassigned General Fund balance as a % of expenditures (1)	8.64%	6.47%	7.71%	8.86%	8.92%
Excess (deficiency) of revenues over (under) expenditures (3)	\$ 27.3	\$ (35.7)	\$ (17.3)	\$ (33.1)	\$ 21.6
Transfers in (out) of General Fund, net (4)	\$ (3.1)	\$ 18.8	\$ (2.7)	\$ (5.6)	\$ (29.3)

Key Observations:

- (1) The General Fund Balance (both "total" and "unreserved/unassigned" components) and the "unreserved/unassigned general fund balance as a percentage of expenditures" decreased annually from 2007-2010, except for the unreserved/unassigned component which increased slightly in 2008, then both components increased again in 2011.
- (2) General Fund expenditures have remained relatively consistent from 2007-2011
- (3) The excess became a deficiency in 2008 which continued through 2010 before becoming an excess in 2011
- (4) The transfers (out), net of the General Fund declined annually from 2007-2009, and became a net "transfer-in" in 2010 before becoming a net transfer (out) again in 2011.

Unassigned General Fund Balance as a % of General Fund Expenditures (2011)

2011



Financial Highlights – Business-Type "Enterprise" Activities

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Income (loss) before transfers and contributions:					
Dallas Water Utilities	\$ 106.9	\$ 44.4	\$ 58.3	\$ 74.6	\$ 82.3
Convention Center	1.3	(3.3)	(8.1)	2.5	6.3
Airport Revenue	2.7	17.1	7.5	8.1	1.5
Total Capital Assets, net: (1)					
Dallas Water Utilities	\$ 3,881	\$ 3,660	\$ 3,513	\$ 3,331	\$ 3,120
Convention Center	531	539	555	573	580
Airport Revenue	652	457	437	432	427
Revenue Bond Coverage:					
Dallas Water Utilities (2)	1.58	1.40	1.43	1.52	1.40
Convention Center (3)	2.1	1.8	1.7	1.4	1.3
Airport Revenue (3)	N/A	13.2	10.5	8.6	6.4

Key Observations:

- (1) Total Capital Assets, net increased annually between 2007-2011
- (2) Revenue Bond Coverage for Dallas Water Utilities remained relatively consistent from 2007-2011
- (3) Revenue Bond Coverage for Convention Center and Airport Revenue increased annually from 2007-2011. Airport Revenue bonds were refunded during 2011.

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

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Internal Service Fund Balance (deficit): (1)					
Risk Funds Fund deficit	\$ (65.2)	\$ (84.0)	\$ (94.7)	\$ (78.9)	\$ (66.1)
Risk Funds claims total liability	73.4	86.3	93.8	93.9	90.6
Risk Funds Fund deficit as a % of total general fund balance (2)	53.7%	91.3%	91.1%	66.4%	49.4%
Net Other Post Employment Benefit (OPEB) obligation (3)	\$ 126.2	\$ 96.3	\$ 73.2	\$ 36.8	N.A.
Landfill closure and post-closure liability (4)	\$ 33.0	\$ 32.8	\$ 31.7	\$ 30.5	\$ 29.9
Unfunded Pension Benefit Obligation (5)					New accounting rules in progress

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 2007-2010, then decreased in 2011
- (3) The net OPEB obligation has increased annually 2008-2011, 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 annually from 2007-2011
- (5) New accounting rules are expected to be finalized in 2012 which will require the City to accrue a liability on its financial statements for its unfunded pension benefit obligation

Questions & Answers



This communication is intended solely for the information and use of management and the Audit 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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