MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, OCTOBER 24, 2022

22-0012

GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT COMMITTEE
CITY COUNCIL CHAMBER, CITY HALL/VIDEO CONFERENCE
COUNCILMEMBER CARA MENDELSOHN, PRESIDING

PRESENT: [7] Mendelsohn, Willis, *Atkins, *Bazaldua (**1:08 p.m.), *McGough, Ridley, West

ABSENT: [0]

The meeting was called to order at 1:05 p.m. with a quorum of the committee present.

The meeting agenda, posted in accordance with Chapter 551, "OPEN MEETINGS," of the Texas Government Code, was presented.

After all business properly brought before the committee had been considered, the meeting adjourned at 3:33 p.m.

_____
Chair

ATTEST:

_____ _____
City Secretary Staff Date Approved

The agenda is attached to the minutes of this meeting as EXHIBIT A.

The actions taken on each matter considered by the committee are attached to the minutes of this meeting as EXHIBIT B.

The briefing materials are attached to the minutes of this meeting as EXHIBIT C.

***Note: Members of the Committee participated in this meeting by video conference.**
**** Note: Indicates arrival time after meeting called to order/reconvened.**

DRAFT

E X H I B I T A

RECEIVED

2022 OCT 21 AM 10:31

CITY SECRETARY
DALLAS, TEXAS

City of Dallas

1500 Marilla Street,
Council Chambers, 6th Floor
Dallas, Texas 75201

Public Notice

220981

POSTED CITY SECRETARY DALLAS, TX

Government Performance and Financial Management Committee

October 24, 2022

1:00 PM

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on Time Warner City Cable Channel 16. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 by 5:00 p.m. of the last regular business day preceding the meeting. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. ***The Council agenda is available in alternative formats upon request***.

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while

Información General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *Time Warner City Cable* Canal 16. El Ayuntamiento Municipal se reúne en el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 5:00 pm del último día hábil anterior a la reunión. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act.* ***La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.***

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasara o interrumpirá los procedimientos, o se negara a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos *(pagers)* audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal

"Los ciudadanos y visitantes presentes durante las

attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que este presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisara al oficial que este presidiendo la sesión a tomar acción." Según la sección 3.3 (c) de las reglas de procedimientos del Ayuntamiento.

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 pistol 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."

"Pursuant to Section 46.03, Penal Code (places weapons prohibited), a person may not carry a firearm or other weapon into any open meeting on this property."

"De conformidad con la Sección 46.03, Código Penal (coloca armas prohibidas), una persona no puede llevar un arma de fuego u otra arma a ninguna reunión abierta en esta propriedad."

2022 CITY COUNCIL APPOINTMENTS

COUNCIL COMMITTEE	
ECONOMIC DEVELOPMENT Atkins (C), Arnold (VC), McGough, Narvaez, Resendez, West, Willis	**ENVIRONMENT AND SUSTAINABILITY** Blackmon(C), Ridley (VC), Arnold, Bazaldua, Resendez, Schultz, West
GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT Mendelsohn (C), Willis (VC), Atkins, Bazaldua, McGough, Ridley, West	**HOUSING AND HOMELESSNESS SOLUTIONS** Thomas (C), Moreno (VC), Arnold, Blackmon, Mendelsohn, Ridley, Schultz
PUBLIC SAFETY McGough (C), Mendelsohn (VC), Atkins, Moreno, Resendez, Thomas, Willis	**QUALITY OF LIFE, ARTS, AND CULTURE** Bazaldua (C), West (VC), Arnold, Blackmon, Narvaez, Ridley, Thomas
TRANSPORTATION AND INFRASTRUCTURE Narvaez (C), Atkins (VC), Bazaldua, Mendelsohn, Moreno, Schultz, Willis	**WORKFORCE, EDUCATION, AND EQUITY** Schultz (C), Thomas (VC), Blackmon, McGough, Moreno, Narvaez, Resendez
AD HOC JUDICIAL NOMINATING COMMITTEE Resendez (C), Arnold, Bazaldua, Ridley, Thomas,West, Willis	**AD HOC LEGISLATIVE AFFAIRS** Atkins (C), McGough, Mendelsohn, Narvaez, Willis
AD HOC COMMITTEE ON PROFESSIONAL SPORTS RECRUITMENT AND RETENTION Johnson (C), Atkins, Bazaldua, Blackmon, Thomas	**AD HOC COMMITTEE ON GENERAL INVESTIGATING & ETHICS** Mendelsohn (C), Atkins, Blackmon, McGough, Schultz
AD HOC COMMITTEE ON ADMINISTRATIVE AFFAIRS Willis (C), McGough, Moreno, Schultz, West	

(C) – Chair, (VC) – Vice Chair

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

This Council Committee meeting will be held by videoconference and in the Council Chambers, 6th Floor at City Hall.

The public is encouraged to attend the meeting virtually; however, City Hall is available for those wishing to attend the meeting in person following all current pandemic-related public health protocols.

The meeting will be broadcast live on Spectrum Cable Channel 95 and online at bit.ly/cityofdallastv. The public may also listen to the meeting as an attendee at the following videoconference link:

https://dallascityhall.webex.com/dallascityhall/j.php?MTID=m03ffb0a23e96f56f34943c8a99207fcd

Call to Order

MINUTES

1. 22-2223 Approval of the Special Called October 3, 2022 Government Performance and Financial Management Committee Meeting Minutes

Attachments: Minutes

BRIEFING ITEMS

A. 22-2233 Development Services - Monthly Technology Update and Metrics Review
[Andrew Espinoza, Director, Development Services]

Attachments: Presentation

B. 22-2224 Upcoming 2022 External Audit - Overview and Planning Meeting
[Sara Dempsey, Partner in Charge, Weaver and Tidwell, LLP.; Lance Sehorn, Assistant City Controller, City Controller's Office]

Attachments: Presentation

C. 22-2225 Employee Retirement Fund (ERF) Periodic Performance and Employee Engagement Update
[Cheryl Alston, Employees' Retirement Fund Administrator; David Etheridge, Employees' Retirement Fund Assistant Administrator]

Attachments: Presentation

D. 22-2226 Office of the City Auditor Briefing on Internal Audit Reports Released Between September 24, 2022 and October 14, 2022 and the Recommended 2023 Annual Internal Audit Work Plan
[Mark Swann, City Auditor]

Attachments: Presentation
FY 23 Audit Work Plan

E. 22-2439 Holiday Pay for Temporary Staff Personnel Rules Changes
[Nina Arias, Director, Human Resources]

Attachments: Presentation

BRIEFINGS BY MEMORANDUM

F. 22-2228 Budget Accountability Report (information as of August 31, 2022)
[Budget & Management Services]

Attachments: Report

G. 22-2229 Technology Accountability Report (information as of September 30, 2022)
[Information & Technology Services]

Attachments: Report

H. 22-2094 City of Dallas Investment Policy Annual Review and Proposed 2022 City of Dallas Investment Policy
[City Controller's Office]

Attachments: Memorandum

I. 22-2230 Panhandling Diversion Program Update
[Office of Homeless Solutions]

Attachments: Memorandum

J. 22-2201 Upcoming Agenda Item 22-2187 on the October 26, 2022 City Council Agenda - Issuance and Sale of Waterworks and Sewer System Revenue Bonds to the Texas Water Development Board
[City Controller's Office; Dallas Water Utilities]

Attachments: Memorandum

K. 22-2231 GPFM Committee Forecast

Attachments: Forecast

ADJOURNMENT

EXECUTIVE SESSION NOTICE

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]

E X H I B I T B

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

OCTOBER 24, 2022

Item 1: Approval of the Special Called October 3, 2022 Government Performance and Financial Management Committee Meeting Minutes

Councilmember Ridley moved to adopt the minutes as presented.

Motion seconded by Councilmember West and unanimously adopted. (Bazaldua absent when vote taken.)

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

OCTOBER 24, 2022

BRIEFING ITEMS

Item A: Development Services - Monthly Technology Update and Metrics Review

The following individual briefed the committee on the item:

- Andrew Espinoza, Director, Development Services Department

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

OCTOBER 24, 2022

BRIEFING ITEMS

Item B: Upcoming 2022 External Audit - Overview and Planning Meeting

The following individual briefed the committee on the item:

- Sara Dempsey, Partner in Charge, Weaver and Tidwell, LLP.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

OCTOBER 24, 2022

BRIEFING ITEMS

Item C: Employee Retirement Fund (ERF) Periodic Performance and Employee Engagement Update

The following individuals briefed the committee on the item:

- Cheryl Alston, Employees' Retirement Fund Administrator;
- David Etheridge, Employees' Retirement Fund Assistant Administrator; and
- Jack Ireland, Chief Financial Officer, City Manager's Office

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

OCTOBER 24, 2022

BRIEFING ITEMS

Item D: Office of the City Auditor Briefing on Internal Audit Reports Released Between September 24, 2022 and October 14, 2022 and the Recommended 2023 Annual Internal Audit Work Plan

The following individual briefed the committee on the item:

- Mark Swann, City Auditor

Councilmember Willis moved to forward the item to city council.

Motion seconded by Councilmember Ridley and unanimously adopted.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

OCTOBER 24, 2022

BRIEFING ITEMS

Item E: Holiday Pay for Temporary Staff Personnel Rules Changes

The following individuals briefed the committee on the item:

- Nina Arias, Director, Human Resources; and
- Kim Tolbert, Deputy City Manager, City Manager's Office

Councilmember Willis moved to forward the item to city council.

Motion seconded by Councilmember West and adopted on a divided vote with Councilmember Ridley voting "No." (Atkins absent when vote taken)

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

OCTOBER 24, 2022

BRIEFING BY MEMORANDUM

Item F: Budget Accountability Report (Information as of August 31, 2022)

Item G: Technology Accountability Report (information as of September 30, 2022)

Items H: City of Dallas Investment Policy Annual Review and Proposed 2022 City of Dallas Investment Policy

Councilmember Willis moved to forward item H to city council.

Motion seconded by Councilmember Ridley and unanimously adopted.

Item I: Panhandling Diversion Program Update

Item J: Upcoming Agenda Item 22-2187 on the October 26, 2022 City Council Agenda - Issuance and Sale of Waterworks and Sewer System Revenue Bonds to the Texas Water Development Board

Councilmember Willis moved to forward item J to city council.

Motion seconded by Councilmember Ridley and unanimously adopted.

Items K: GPFM Committee Forecast

The committee discussed all items.

E X H I B I T C

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2233 **Item #:** A.

Development Services - Monthly Technology Update and Metrics Review
[Andrew Espinoza, Director, Development Services]

Development Services Monthly Technology and Metrics Review

Government Performance & Financial Management Committee
October 24, 2022

Andrew Espinoza, Director/Chief Building Official
Development Services
City of Dallas

Presentation Overview

- Technology
- Residential Permits
- Performance Goals
- Recruitment and Onboarding
- Matrix Consulting Group Study Update
- Next Steps

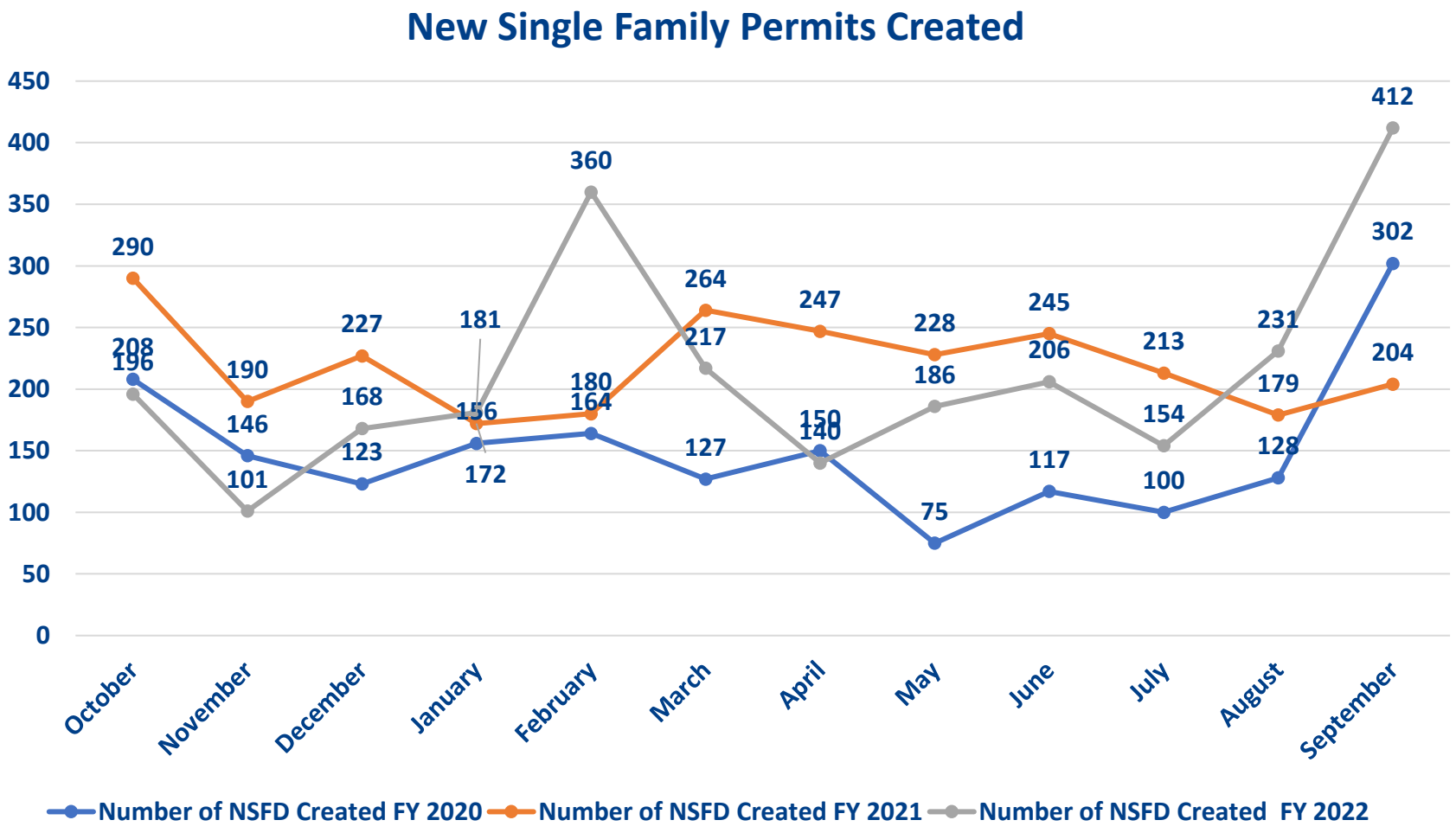
Technology

- Electronic plan review software
  - Evaluate list of enhancements
  - Meet with vendor November 2022
  - Procurement process
  - Establishing an ongoing continuous training plan for customers and internal staff

Technology

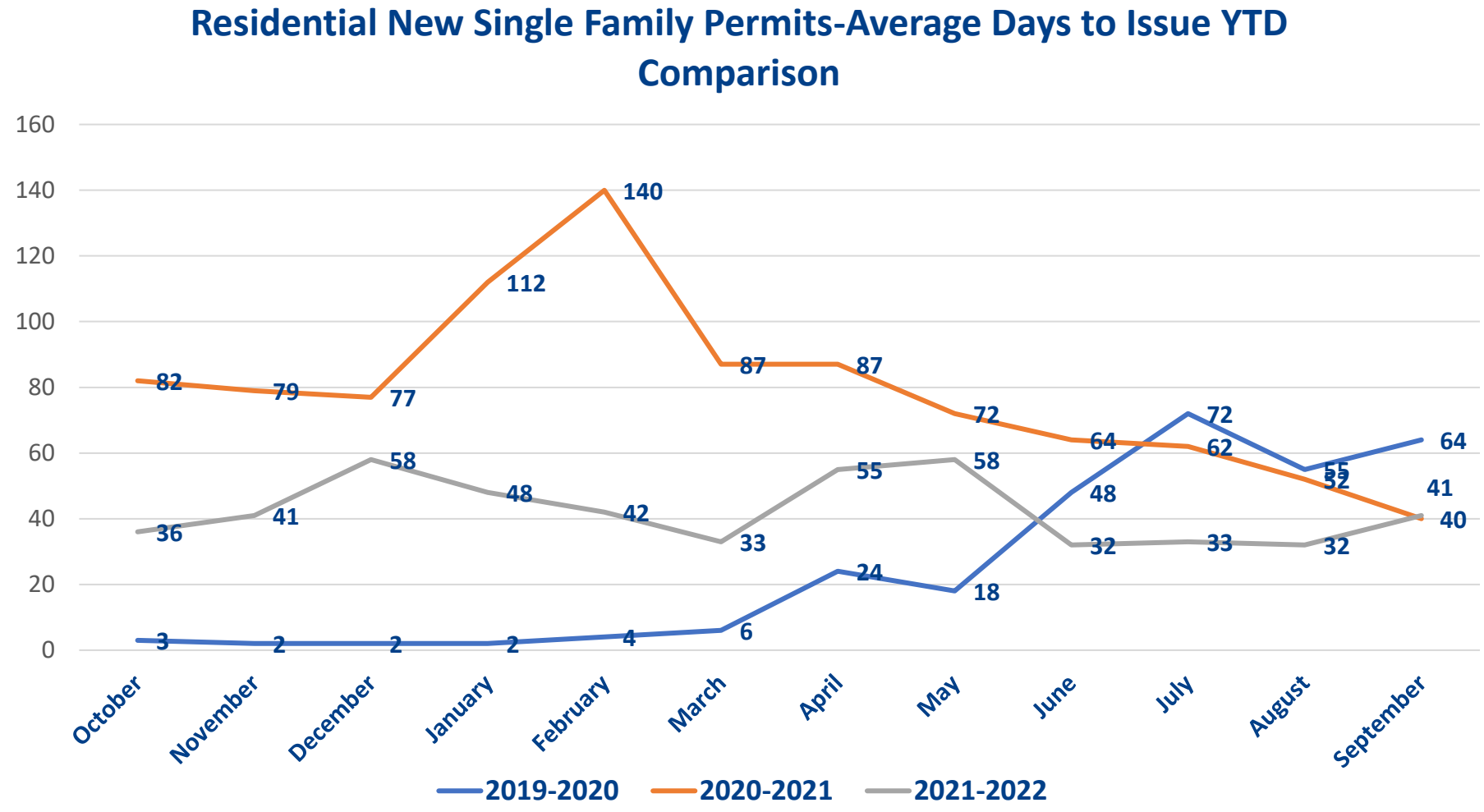
- Land Mangement Permitting Software
  - Statement of Work (SOW) completed October 2022 -IT, CAO, Procurement, vendor and consultant to finalize process
  - Contract recommendations for City Manager and City Council
  - Implementation anticipated to be a two-year process from date of City Council approval of the contract

Residential Permit Volume



A total of 181 additional permits from the previous month were processed for the month. This represents a 78% increase compared to the month of August.

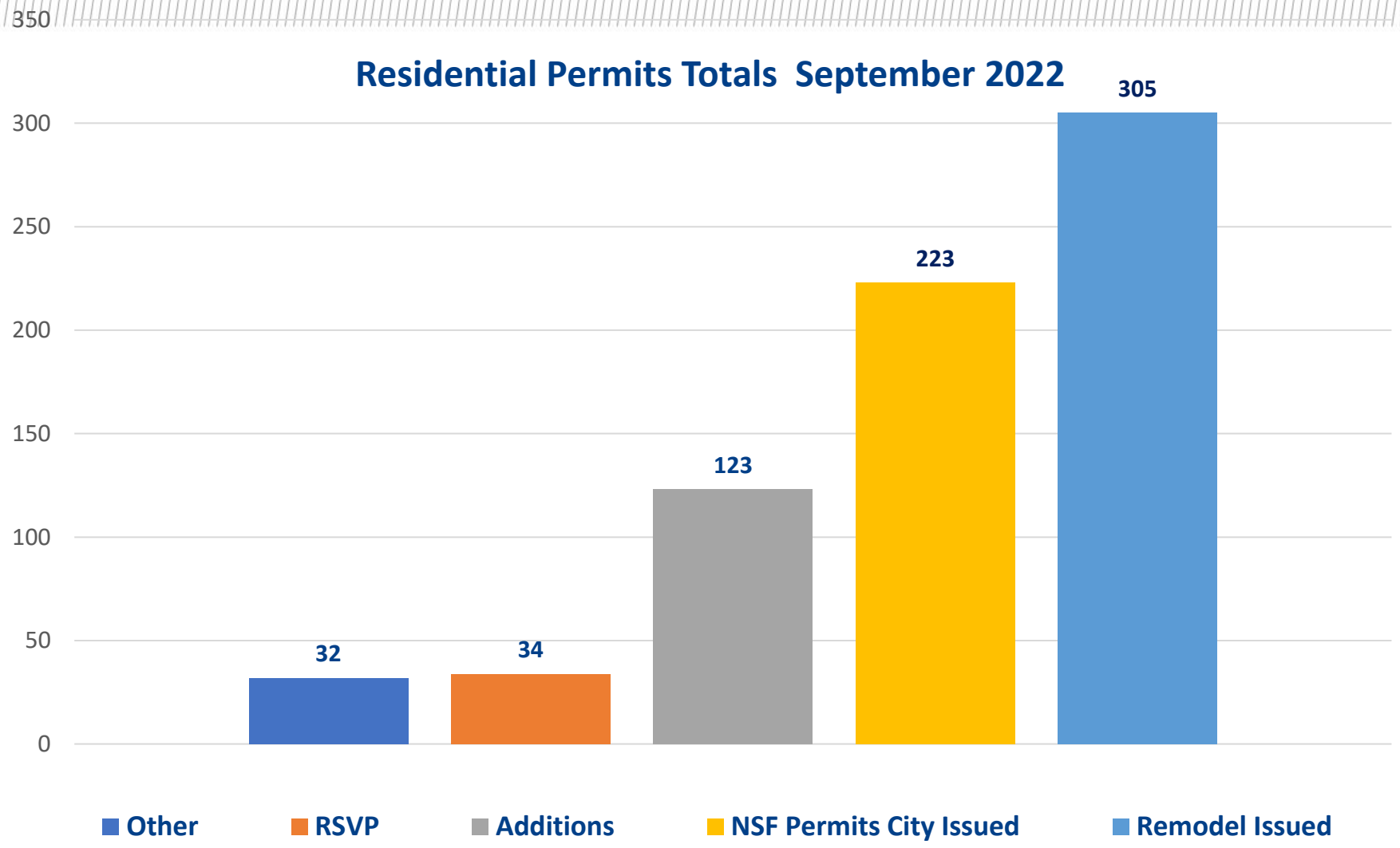
Residential Permit Average Turnaround



An increase of 9 days to issue new single family permits for the month of September.

******Note: Calendar days are being reported beginning September 2022***

Residential Permit Average Metrics



34 RSVP New Single Family permits issued the same day

Remodel/Additions single family permits issued on average within 5 business days

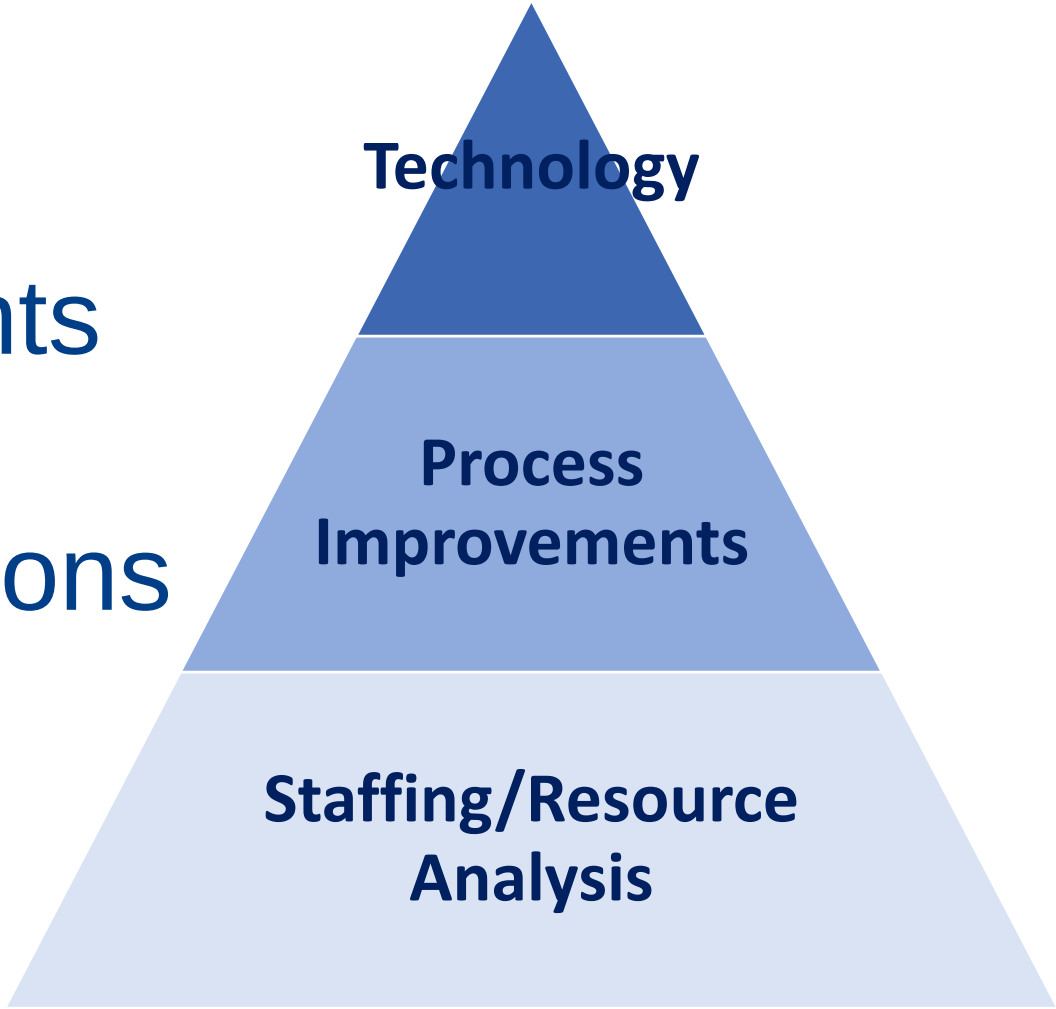
Third Party Vendors performed 582 reviews

Recruitment and Onboarding

- Filled approximately 40 positions in the last 90 days
  - Approximate 25% vacancy rate
  - Hosted second Hiring Fair October 18, 2022
- Currently have 80 vacancies
  - 54 positions were recently added with FY2023 Budget
  - Continue to work with the Matrix Group on finalizing recommendations with compensation study

Matrix Consulting Group Study

- Identify staffing needs and resources
- Opportunities for improvements
- Understand key challenges
- Best Practices/recommendations
- Strengths of the Organization
- 57 Recommendations



Next Steps

- Complete Land Management Contract Negotiations and submit Final Recommendations (October 2022)
- Finalize online permitting plan review customer enhancements (November 2022)
- Council Briefing recommendations on Matrix Study (November)
- Implementation of Matrix Recommendations

Development Services Monthly Technology and Metrics Review

Government Performance & Financial Management Committee
October 24, 2022

Andrew Espinoza, Director/Chief Building Official
Development Services
City of Dallas

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2224 **Item #:** B.

Upcoming 2022 External Audit - Overview and Planning Meeting
[Sara Dempsey, Partner in Charge, Weaver and Tidwell, LLP.; Lance Sehorn, Assistant City Controller, City Controller's Office]

2022 External Audit Planning Meeting

October 2022 Government Performance and Financial Management Committee Meeting

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Overview

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- Introduction
- Interim Communications
- Audit Process
- New Accounting Pronouncements
- Government Performance and Financial Management Committee Concerns
- Questions

Engagement Team

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City of Dallas External Audit Team

Brittany George
IT Advisory Partner

Sara Dempsey
Engagement Partner

Shawn Parker
Quality Control Partner

Jeff Wada
Audit Senior Manager

Ben Thompson
Audit Senior

Subcontractors

Fernandez & Co, PC

JJ Williams, PC

Harris & Dickey, LLC

Weaver Audit Associates

Weaver Analytics

Our responsibilities under U.S. GAAS and GAGAS

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We are responsible for:

- Conducting our audit in accordance with US Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAGAS) of the financial statements that have been prepared by management, with your oversight
- Forming and expressing opinions about whether the financial statements are presented fairly, in all material respects, in accordance with US Generally Accepted Accounting Principles
- Forming and expressing an opinion about whether certain supplementary information is fairly stated in relation to the financial statements as a whole
- Communicating fraud
- Communicating relevant significant matters to you on a timely basis
- Reporting material noncompliance related to laws, regulations, contracts and grant agreements, as well as any significant deficiencies and/or material weaknesses in internal control related to financial reporting.
- Obtaining an understanding of internal control over significant transaction cycles and perform testing to determine if controls are operating as designed. However, we do not express an opinion on effectiveness of internal control.

Our responsibilities under Uniform Guidance and UGMS

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Our responsibilities related to the Federal and State Single Audits in accordance with Uniform Guidance and Uniform Grant Management Standards (UGMS), respectively, are to:

- Consider internal control over compliance related to compliance requirements for each major program. We do not express an opinion over internal controls over compliance
- Test compliance for each direct and material compliance requirement for each major program and express and opinion
- Communicate any material noncompliance for major programs, questioned costs, and significant deficiencies or material weaknesses in internal control over compliance
- Form and express an opinion on whether the Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards are fairly stated in relation to the financial statements

Responsibilities for other information in the ACFR

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Our responsibilities for other information in the Annual Comprehensive Financial Report (ACFR) are to:

- Read other information such as management's discussion and analysis and other required supplementary information (we do not corroborate it)
- Consider whether it is materially consistent with the financial statements
- Bring to management's attention if there are any identified material inconsistencies or misstatements of fact

Those Charged with Governance and Management Responsibilities

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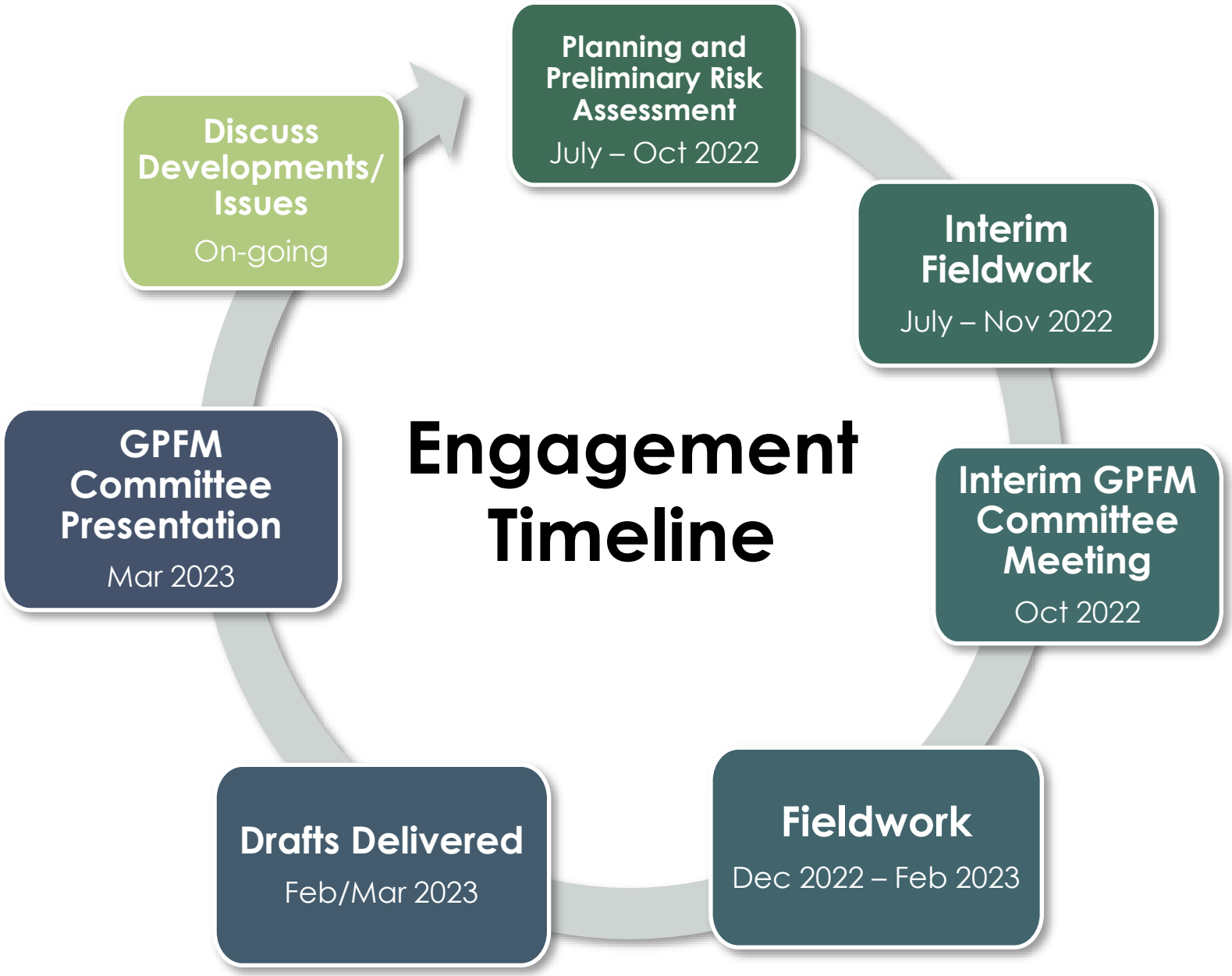
Those Charged with Governance

- Overseeing the financial reporting process;
- Setting a positive tone at the top and challenging the City's financial activities;
- Discussing significant accounting and internal control matters with management;
- Informing us about fraud or suspected fraud, including views about fraud risks;
- Informing us about other matters that are relevant to our audit, such as:
    - City 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

- Preparing and fairly presenting the financial statements in accordance with US GAAP;
- Preparing and fairly presenting the schedule of expenditures of federal and state awards;
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting and compliance with federal and state grants;
- 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;
- Selecting and using appropriate accounting policies;
- 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.

Engagement Timeline



Audit Approach

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The audit process will be a **risk-based approach** in which we identify potential areas of risk that could lead to material misstatement of the financial statements. This includes:

- Gaining an 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

Materiality

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- Materiality is the substantial likelihood that an omission or misstatement will influence the judgment of a reasonable user of the financial statements. It is ordinarily evaluated against relevant financial statement benchmarks.
- We believe that total assets, revenues, or expenditures (based on the type of fund or opinion unit) are relevant benchmarks for the City's financial statements.
- We believe that total expenditures is a relevant benchmark for the federal and state major programs.

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).

Risk Assessment Overview

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Our audit process is a risk-based approach in which we identified potential areas of risk that could lead to material misstatement of the financial statements.

Financial Statement Level Risk	Planned Procedures
Management override of internal controls	- testing approval of journal entries - testing approval of cash disbursements - testing approval of payroll disbursements - testing bid procedure process - testing valuation process - testing budget amendments - agree disclosures to support - testing estimates for reasonableness
Audit Area Risks	**Planned Procedures**
Improper revenue recognition for DWU, Aviation, Convention Center, and Sanitation	- testing existence, valuation, and cutoff of receivables and revenue - obtain customer activity and detail for evidence of the service being performed and that payment was received - recalculated revenue using authorized rates and meter readings - perform analytical procedures
Improper grant revenue and receivable recognition	- Agree amounts recorded in the general ledger to the final Schedule of Federal and State Awards - testing expenditures to ensure they were allowable costs and eligible for reimbursement - testing receipts from granting agencies - read grant agreements to test for compliance

Risk Assessment Overview

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Audit Area Risks	Procedures Performed
Improper revenue recognition for other funds	- testing existence, valuation, and cutoff of receivables and revenue - obtain detail for evidence of the service being performed and that payment was received - perform analytical procedures
Capital assets	- inspect records and documents related to significant projects - vouch transactions to invoices, pay apps, and bid procedures
Long-term liabilities	- testing the existence and occurrence of long-term liabilities - testing the disclosures and presentation - testing covenants and continuing disclosures
Misappropriation of assets through purchases	- perform control testing over randomly sampled disbursements - perform data mining procedures to identify unusual transactions
Misappropriation of assets through payroll disbursements	- perform control testing over randomly sampled payroll disbursements - perform data mining procedures to identify unusual transactions and trends
Evaluation of estimates	- evaluate the reasonableness of significant estimates, such as those that were determined by management or an actuary

Risk Assessment Overview

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Other Areas	Procedures Performed
Information Technology	- logical security: access is authenticated and approved - change management: testing process of implementing new applications and system changes - computer operations: critical data is backed up regularly
Investments	- testing valuation, disclosures, and Public Funds Investment Act
Risks, uncertainties, contingencies	- read Council and Committee minutes - Inquire of management - receive attorney letter - read contracts and agreements
Data mining procedures	- obtain detail of disbursements, approved vendors, payroll transactions, addresses - testing significant vendors, employees paid after termination dates, employees with significant overtime
Implementation of New Standards - Leases	- sample selection of leases and recalculate lease liability or lease receivable based off of lease contract - obtain an understanding of controls over identifying and recording leases - use analytics to test completeness of lease population

Other areas we plan to test:

- Passenger Facilities Charge compliance
- Love Field Airport Modernization Corporation and related transactions
- TCEQ compliance

Deliverables

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Audits

- Annual comprehensive financial report (ACFR)
- Single audits: OMB Uniform Guidance and State of Texas Uniform Grant Management Standards
- Downtown Dallas Development Authority Tax Increment Financing District
- Dallas Convention Center Hotel Development Corporation
- Dallas Water Utilities Fund
- Airport Revenues Fund

Other Reports

- Passenger Facility Charge Compliance
- Texas Commission on Environmental Quality Financial Assurance Agreed-Upon Procedures

Tentative Federal and State Major Programs

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Federal Programs

- HOME (ALN #14.239)
- Housing Opportunities for Persons with AIDS (HOPWA) (ALN #14.241)
- Emergency Rental Assistance Program (ALN #21.023)
- Coronavirus State and Local Fiscal Recovery Funds(ALN #21.027)
- Airport Improvement Grant (ALN #20.106)
- Homeland Security Grant (ALN #97.067)

State Programs

- CJD Rifle Resistant Body Armor Grant
- TDHCA – Homeless Housing Services Program

GASB Standards- Effective in FY2022 and beyond:

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2022

- GASB 87 – Leases
- GASB 92 – Omnibus 2020 (multiple effective dates)
- GASB 99 – Omnibus 2022 (Part 0)
- Implementation Guide 2019-3 – Leases
- Implementation Guide 2020-1 – Update 2020
- SAS 134-140 . SAS 134 requires a new audit opinion format

2023

- GASB 91 – Conduit Debt Obligations
- GASB 94 – Public Private Partnerships)
- GASB 96 – Subscription Based IT Arrangements
- GASB 99 – Omnibus 2022 (Part 1)
- Implementation Guide 2021-1 Update 2021 (various effective dates)

BEYOND

- GASB 99 – Omnibus 2022 (Part 2)
- GASB 100 – Accounting Changes and Error Corrections – an amendment of GASB 62
- GASB 101 – Compensated Absences

GASB Standards- Effective in FY2022

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Effective for the year ended September 30, 2022:

GASB 87 – Leases

Establishes a unified reporting model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset

Expected effect on audit: Leases will have to be recorded on the financial statements. As the Lessee, the City will recognize a lease liability and an intangible right-to-use lease asset. As the Lessor, the City will recognize a lease receivable and a deferred inflow of resources.

Discussion

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- **Questions?**
- **Points of Concern?**
- **Additional Areas of Risk?**
- **Additional Services Requested?**

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Contact Us

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City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2225 **Item #:** C.

Employee Retirement Fund (ERF) Periodic Performance and Employee Engagement Update [Cheryl Alston, Employees' Retirement Fund Administrator; David Etheridge, Employees' Retirement Fund Assistant Administrator]

Employees' Retirement Fund of the City of Dallas

Government Performance and Financial Management
October 24, 2022

Cheryl Alston, Executive Director
David Etheridge, Deputy Director
Employees' Retirement Fund of the City of Dallas

Purpose

- Provide a periodic update on the Employees' Retirement Fund

- No action required from the City Council at this time

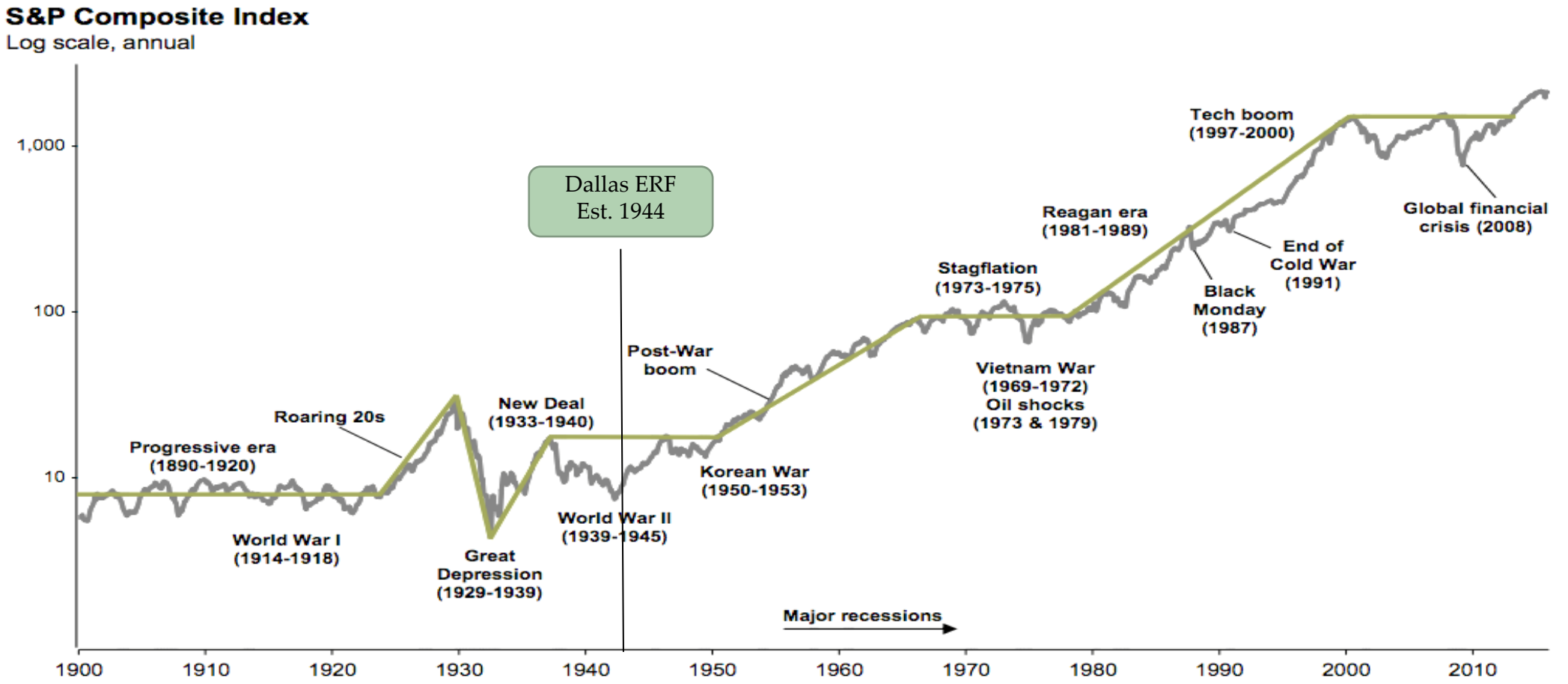
Background/History

History	Established in 1944
Type Plan	Single employer defined benefit plan that provides retirement, disability and death benefits for the permanent civilian employees of the City of Dallas
Governance	Seven-member board consisting of three persons appointed by the City Council, three employees elected by the membership, and the City Auditor, ex officio
Design	City of Dallas does not participate in Social Security. Dallas ERF does not have a Deferred Retirement Option Program (DROP). Cost of Living Adjustments based on Consumer Price Index (CPI)

Dallas ERF has a long-term horizon

Stock market since 1900

GTM – U.S. | 15



Global Pandemic

Source: FactSet, NBER, Robert Shiller, J.P. Morgan Asset Management.
Data shown in log scale to best illustrate long-term index patterns.

Dallas ERF is in good standing

- Conservative Global Investment Portfolio with 85% valued daily; returns as of 12/31/2021
  - 1-year return – 16.4%
  - 5-year return – 9.4%
  - 10-year return – 9.1%

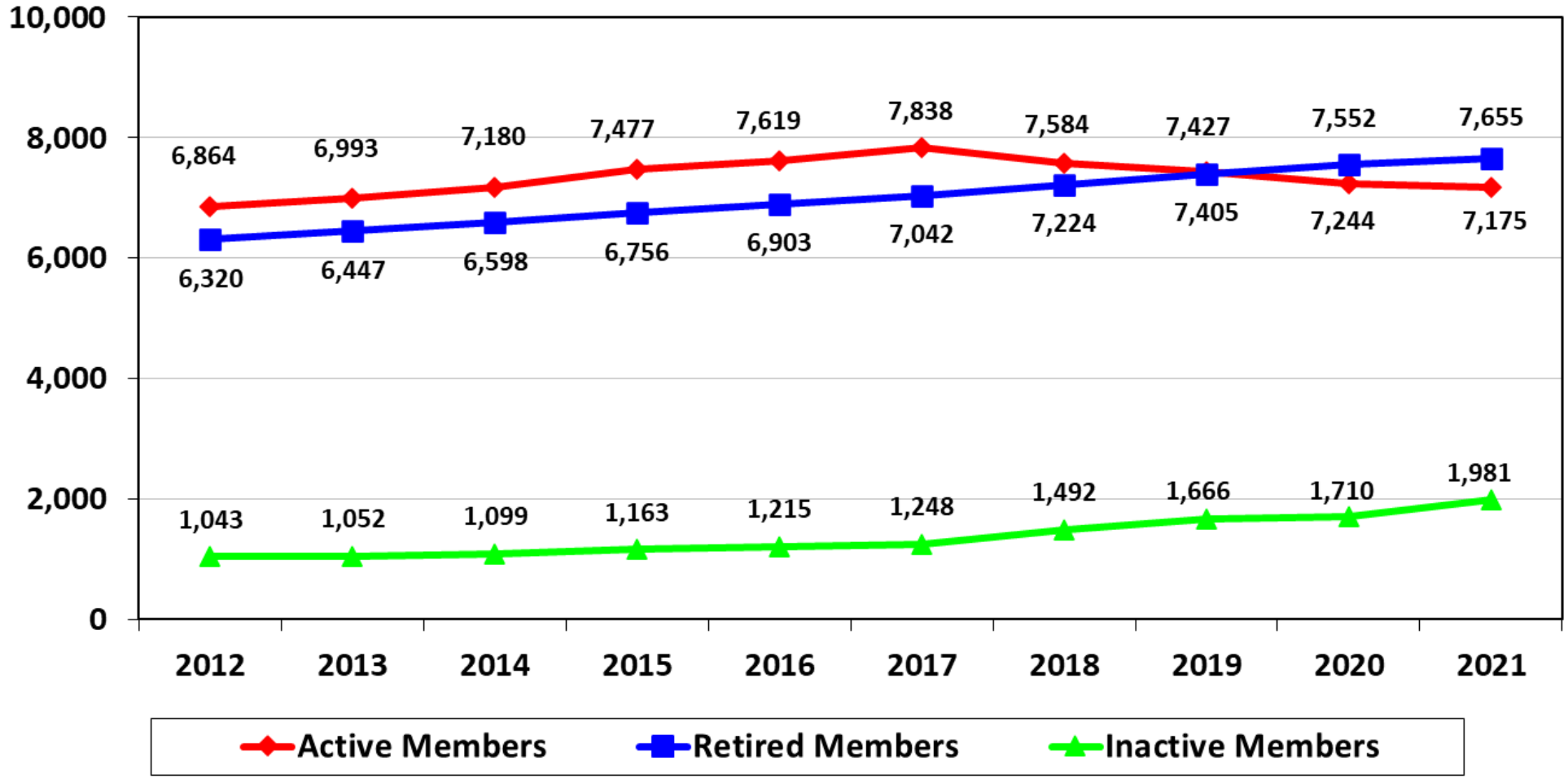
- Actuarial Valuation conducted annually, most recently for 12/31/2021

- Experience Study conducted every five years; most recently for the period ended 12/31/2019

- Funded Ratio (actuarial assets divided by actuarial accrued liability) – 76% as of 12/31/2021

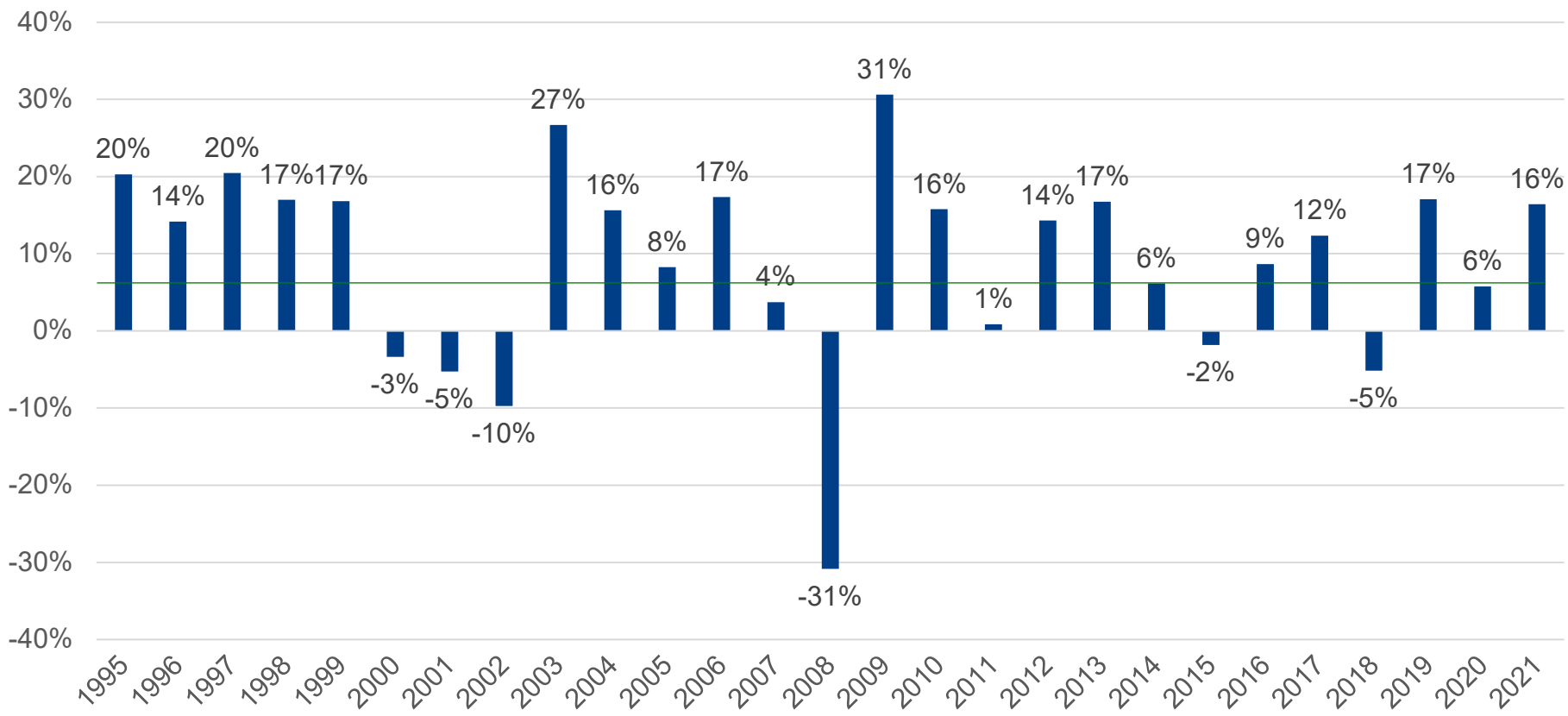
- Assets under Management – $4.093 billion as of 12/31/2021

City of Dallas employs 7,100+ civilian employees to deliver City services to 1.4+ million citizens



Note: active membership decreased 1.0% versus last year

Long-Term ERF Investment History



7.25%
Investment Rate
of Return

- 1-year – 16.4%
- 5-year – 9.4%
- 10-year – 9.1%
- Inception (1/1/1985) – 9.2%

Asset Class Performance for the Market

Asset Class Returns - Best to Worst

2017	2018	2019	2020	2021	2022 YTD
Emrg Mrkts 37.7%	T-Bills 1.9%	U.S. Equity 31.0%	U.S. Equity 20.8%	REITs 46.2%	Commodities 18.4%
Developed 25.6%	Core Bond 0.0%	REITs 25.8%	Emrg Mrkts 18.7%	Commodities 27.1%	T-Bills 0.0%
U.S. Equity 21.0%	U.S. TIPS -1.3%	Developed 22.7%	U.S. TIPS 11.0%	U.S. Equity 26.7%	U.S. TIPS -8.9%
High Yield 7.5%	High Yield -2.1%	Emrg Mrkts 18.9%	Developed 8.3%	Developed 11.8%	Core Bond -10.3%
REITs 4.2%	REITs -4.8%	High Yield 14.3%	Core Bond 7.5%	U.S. TIPS 6.0%	High Yield -14.2%
Core Bond 3.6%	U.S. Equity -5.3%	Core Bond 8.7%	High Yield 7.1%	High Yield 5.3%	Emrg Mrkts -17.5%
U.S. TIPS 3.0%	Commodities -11.2%	U.S. TIPS 8.4%	T-Bills 0.7%	T-Bills 0.0%	Developed -19.3%
Commodities 1.7%	Developed -13.4%	Commodities 7.7%	Commodities -3.1%	Core Bond -1.5%	U.S. Equity -20.9%
T-Bills 0.8%	Emrg Mrkts -14.2%	T-Bills 2.3%	REITs -7.9%	Emrg Mrkts -2.2%	REITs -21.6%

Year-to-Date
as of 9/30/2022
-12.7% Dallas ERF
return vs the benchmark
of -17.6%

Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

Fund's Target Asset Allocation by Economic Regime

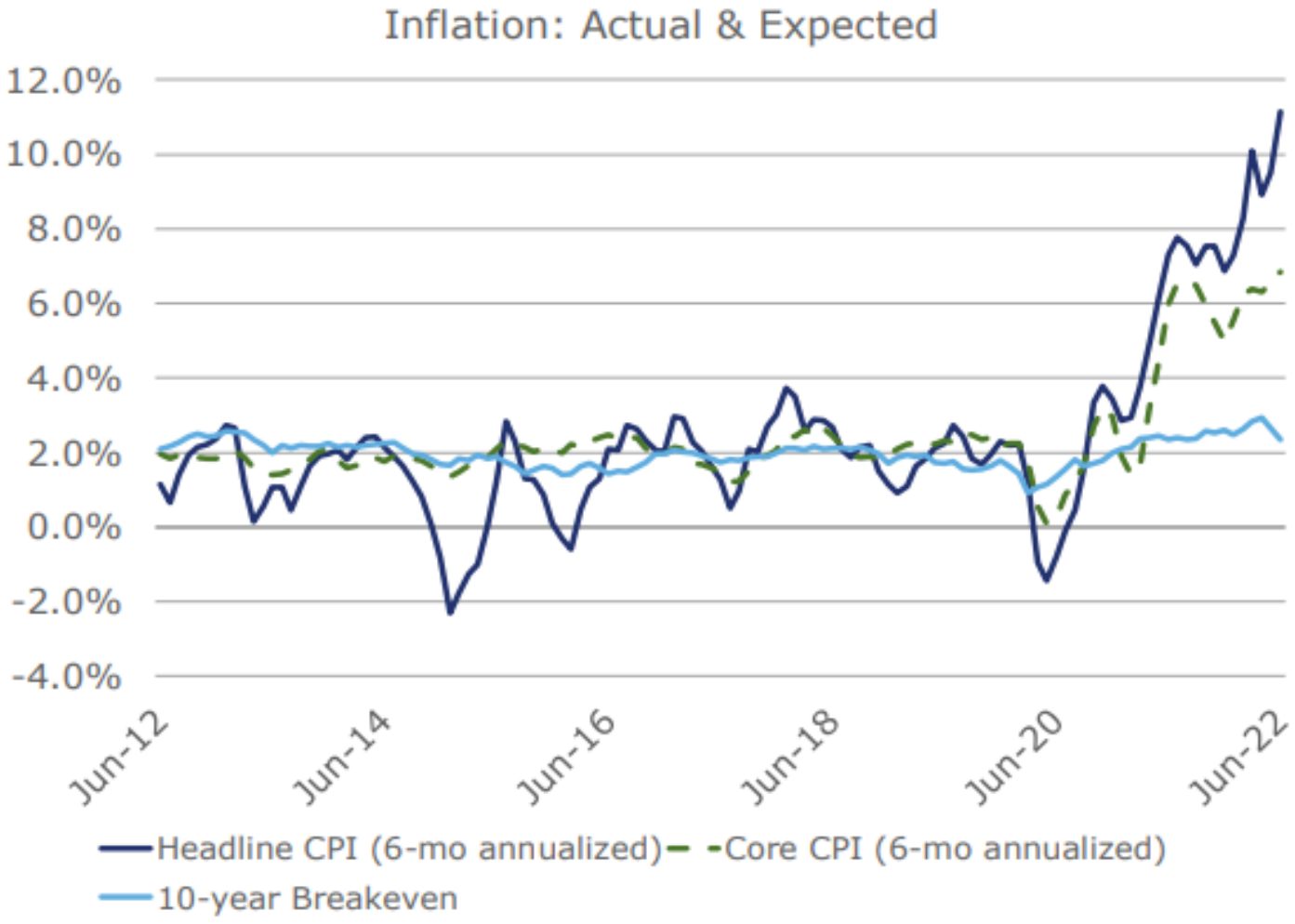
Asset Class	Percentage
Domestic Equity	12.5%
International Equity	12.5%
Global Equity	7.5%
Global Low Volatility Equity	12.5%
Private Equity	7.5%
Total Growth/Equity	**52.5%**
Global Real Assets / Marketable Alternatives	7.5%
Real Estate Investment Trust (REIT)	2.5%
Private Real Estate	7.5%
Total Inflation Hedging	**17.5%**
Global Fixed Income	15.0%
Opportunistic Credit	5.0%
High Yield	10.0%
Total Risk Reduction / Mitigation	**30.0%**
Total	**100%**

Diversity, Equity and Inclusion (DEI) - Woven into the DNA of Dallas ERF

Dallas ERF Board			Dallas ERF Staff		
Gender	Male	71%	Gender	Female	58%
	Female	29%		Male	42%
Ethnicity	Caucasian	58%	Ethnicity	African-American	34%
	African-American	14%		Caucasian	24%
	Asian-American	14%		Asian-American	24%
	Hispanic-American	14%		Hispanic-American	18%

- Started Next Generation Manager Program over 10 years ago to hire diverse asset management firms
- Dallas ERF has 15+% of assets invested with diverse and women-owned asset management firms
- Received awards from Institutional Investor on DEI Leadership in 2021 and 2022

Inflation Impacts Assets and Liabilities



Source: Bloomberg

Dallas ERF 30-year Inflation Assumption – 2.50%

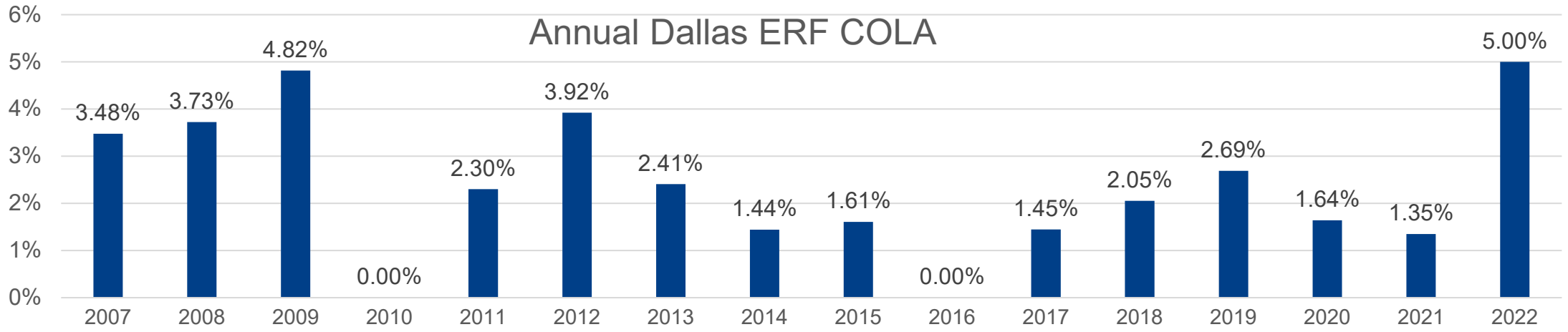
Historical Inflation Rates

- The assumed inflation rate is not used directly in the actuarial valuation, but it impacts the development of:
  - Investment return assumption
  - Salary increase assumption
  - Payroll growth rate
  - Cost of Living Adjustment assumption
- Actual inflation (measured by the CPI-U) during
  - Last 5 years: 1.82%
  - Last 10 years: 1.75%
  - Last 20 years: 2.14%
  - Last 30 years: 2.40%
  - Since 1913: 3.11%

Source: Gabriel, Roeder, Smith & Company, 2020

Dallas ERF Cost of Living Adjustment

- The Dallas ERF Cost of Living Adjustment (COLA) is calculated annually based on the Consumer Price Index (CPI) as of October.
- The base pension is used to determine the amount; the COLA does not compound annually.
- The maximum COLA is 5% for Tier A members and 3% for Tier B members, while the minimum is 0%.
- Although the CPI for October will not be released until November, current trends indicate the COLA for 2023 will be the maximum allowed for each Tier.
- For comparison, the COLA for Social Security recipients is 8.7% for 2023



ERF Membership Statistics as of 12/31/2021

- Oldest employee born in 1939 (82 years old)
- Youngest employee born in 2002 (19 years old)
- 1,100+ employees are eligible to retire.
- Oldest service retiree born in 1922 (99 years old)
- Oldest beneficiary born in 1914 (107 years old)
- Disabled retiree has been in payment status for 56+ years (age 89).
- Service retiree has been in payment status for 42+ years (age 97).

Pension Legislation and Legal Updates

- In 2021, Section 802.2015 of the Texas Government Code was amended to require a pension fund's amortization period not to exceed 30 years based on its most recent actuarial valuation.

- Dallas ERF's amortization period currently exceeds 30 years.

- The State of Texas Pension Review Board (PRB) amendment rules are expected to be released in the fourth quarter of 2022.

- Upon receipt of the PRB guidelines, Dallas ERF and the City of Dallas will work together to create a plan.

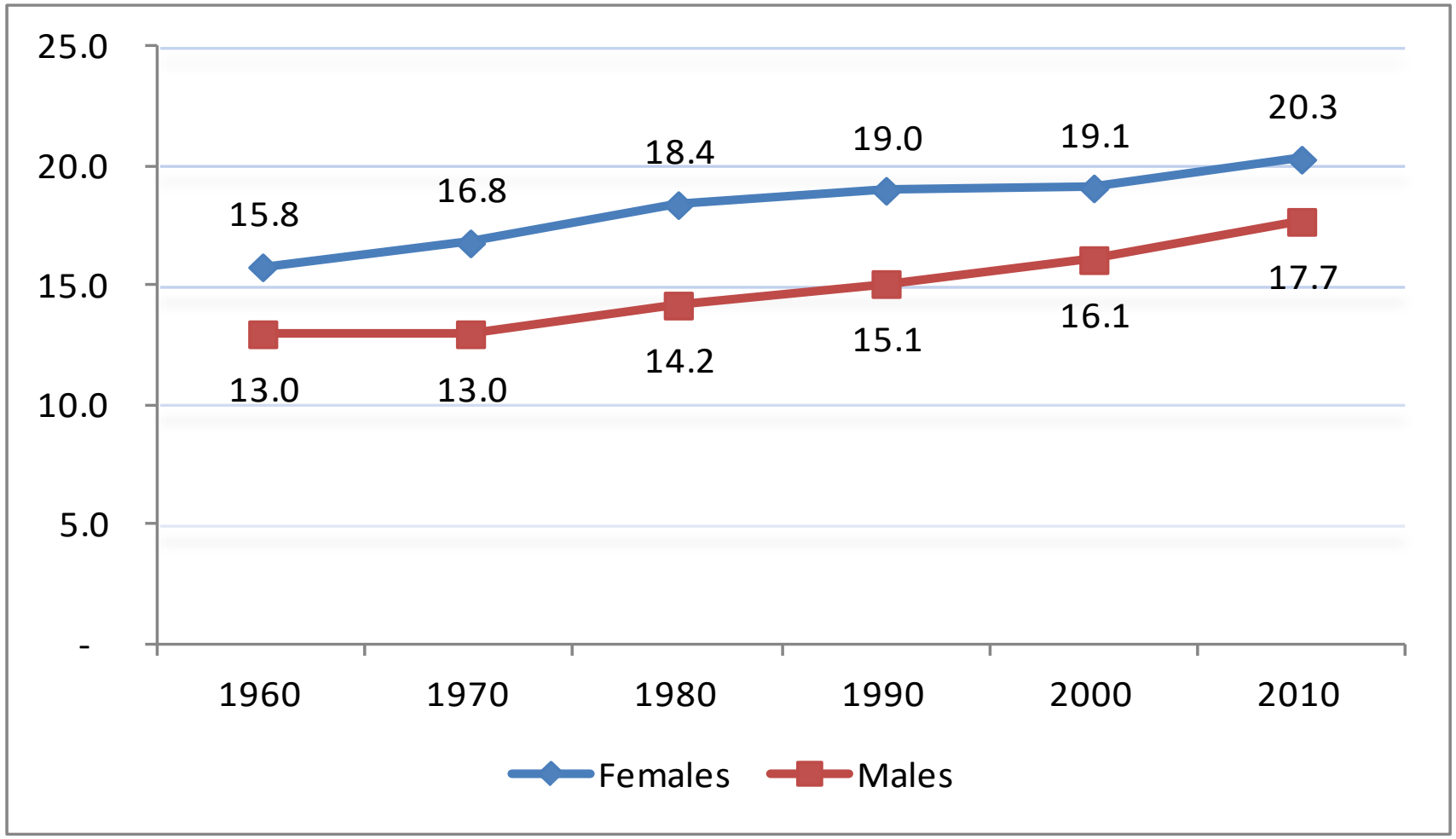
In 2016 Dallas ERF Board, Dallas City Council and Dallas Voters worked together to amend Chapter 40A

- The Chapter 40A Amendment process requires all three parties to approve any changes not required by Federal law.

- The Dallas ERF Board, Dallas City Council, and the voters of the City of Dallas must approve any other changes to Chapter 40A.
  - Dallas ERF Board unanimously approved in August 2016.
  - Dallas City Council approved changes in August 2016.
  - City of Dallas voters approved changes in November 2016 **(69% of voters approved).**

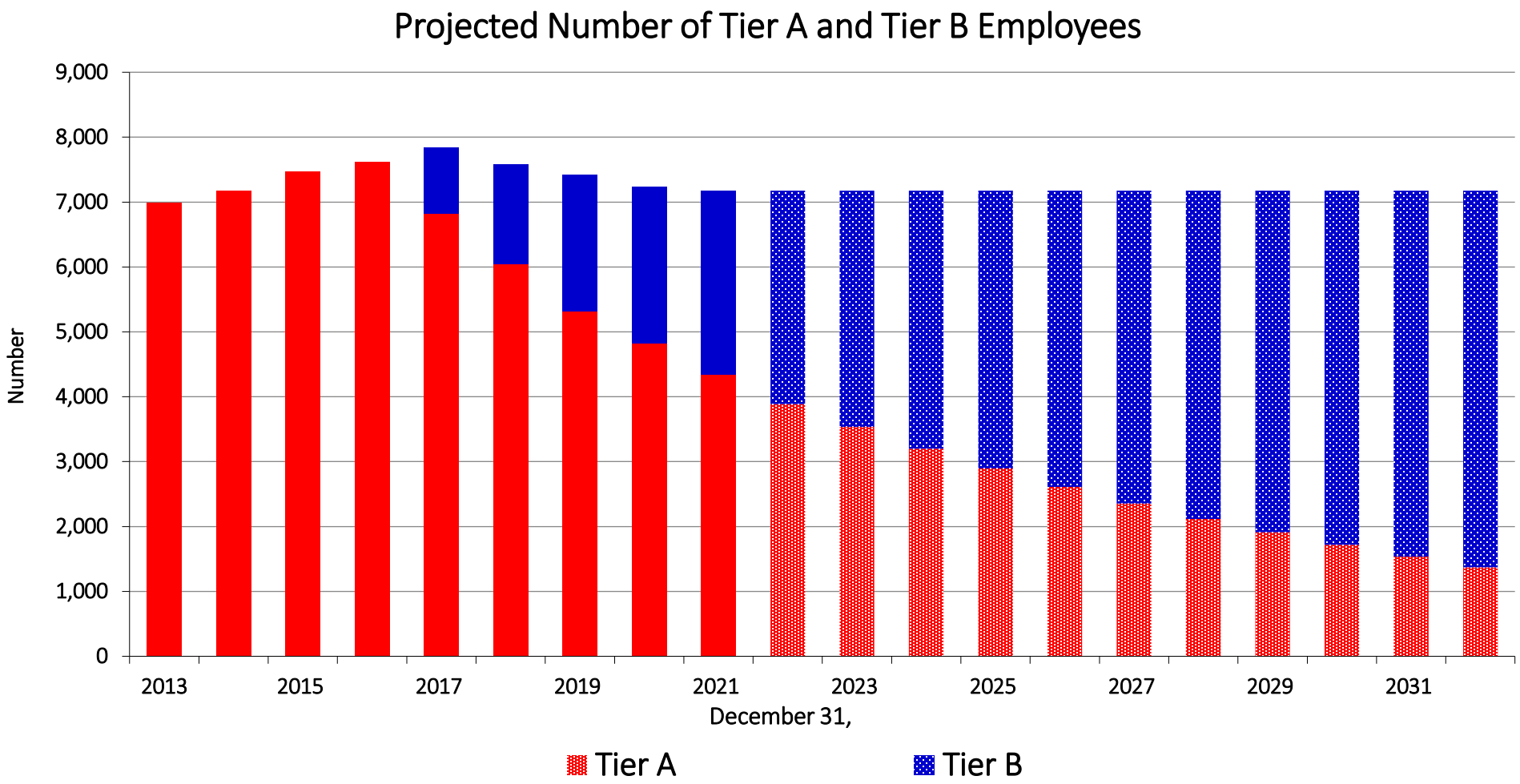
- Chapter 40A Amendment became effective on January 1, 2017.

Dallas ERF adjusted benefits for employees hired on and after January 1, 2017 due to people living and working longer.



Since 2010, life expectancies continue to increase. The latest published rates (2012) are 20.5 years for females and 17.9 years for males, both from age 65.

Projected Active Membership



Actives as of 9/30/2022

Tier A – 53%
Tier B – 47%

Changes have reduced the growth of future liabilities

Dallas Employees' Retirement Fund

Valuation Date	Normal Cost%	Change
12/31/2016	20.75%	
12/31/2017	20.04%	-0.71%
12/31/2018	19.56%	-0.48%
12/31/2019 [1]	19.05%	-0.51%
12/31/2019 [2]	20.50%	1.45%
12/31/2020	20.11%	-0.39%
12/31/2021	19.71%	-0.40%

[1] Based on old assumptions

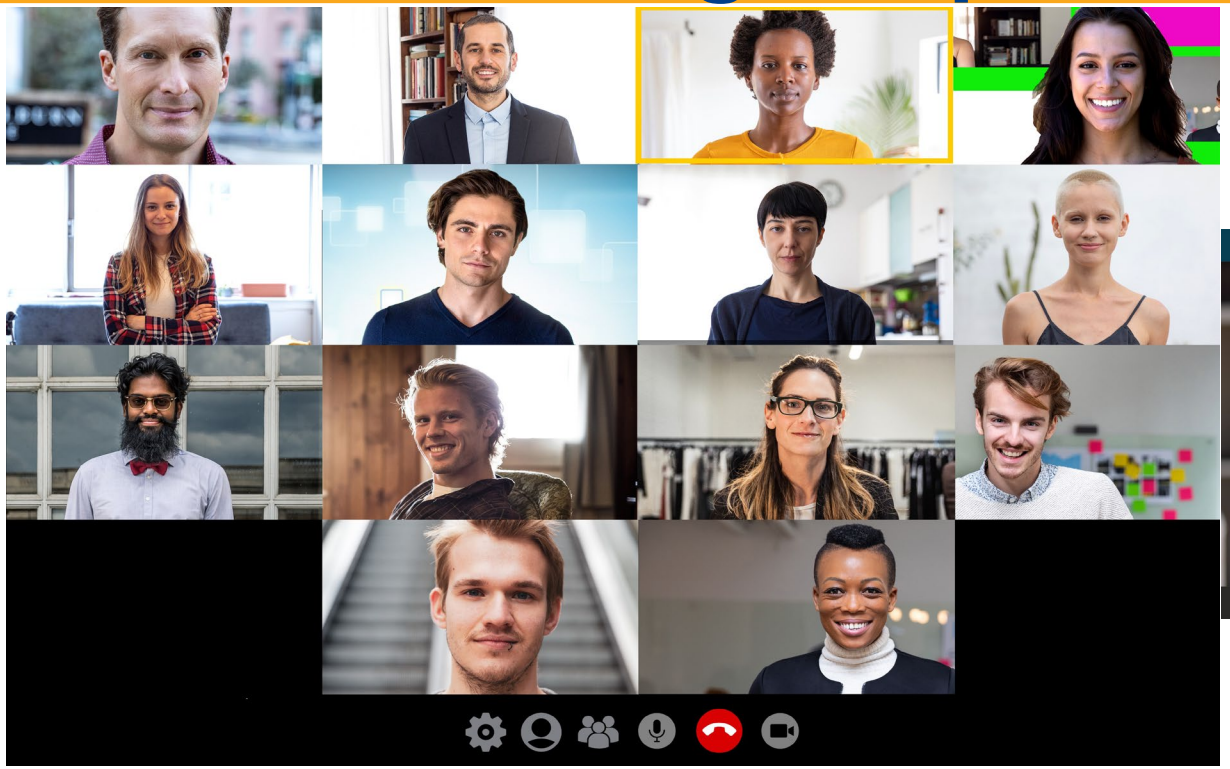
[2] Based on new assumptions

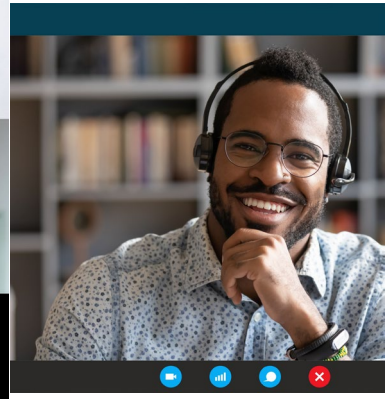
- **Normal Cost** is the annual cost of future pension benefits and administrative expenses assigned, under an actuarial cost method, for subsequent years and a valuation date.

- In 2019, the Dallas ERF Board adopted more conservative assumptions by reducing its investment rate of return from 7.75% to 7.25%.

- The Normal Cost percentages increased with the new 2019 assumptions; however, the new Normal Cost is forecasted to be 15% as the Tier B participation increases.

Dallas ERF benefit management & membership education during the pandemic



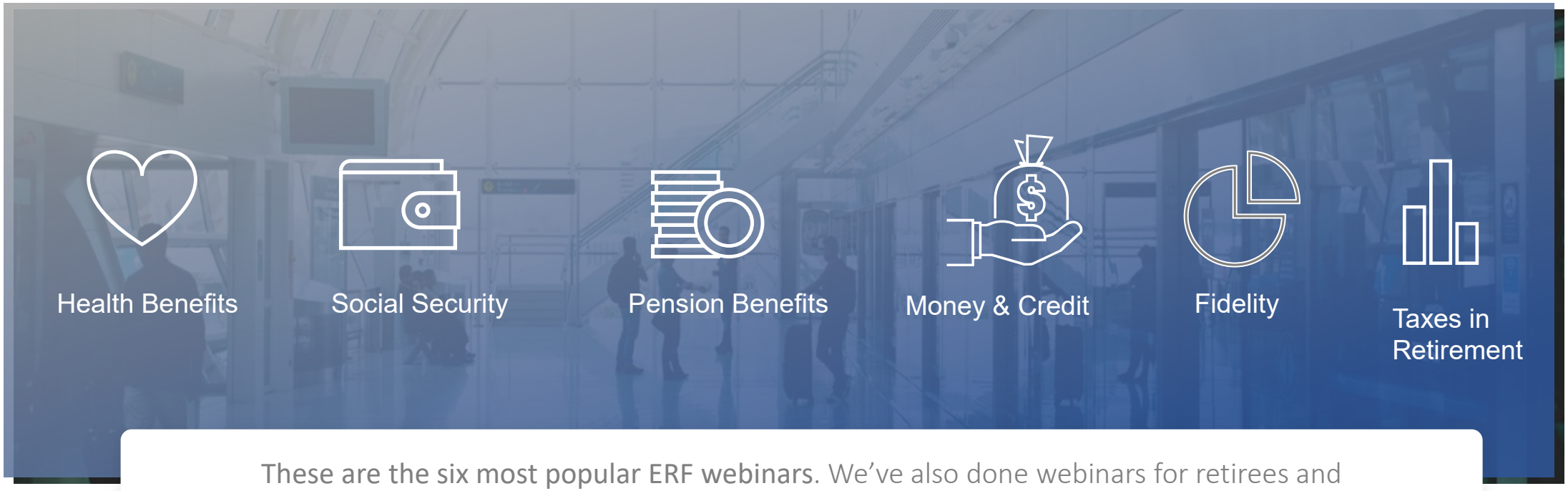


Virtual Meetings

The recent pandemic has made virtual meetings a reality for ERF Membership. Employees find this option to be a convenient way to obtain pension education.

Dallas ERF benefit management & membership education during the pandemic - cont.

ERF offers six core webinar courses



These are the six most popular ERF webinars. We've also done webinars for retirees and instructional videos on the new secure member portal, myERF.

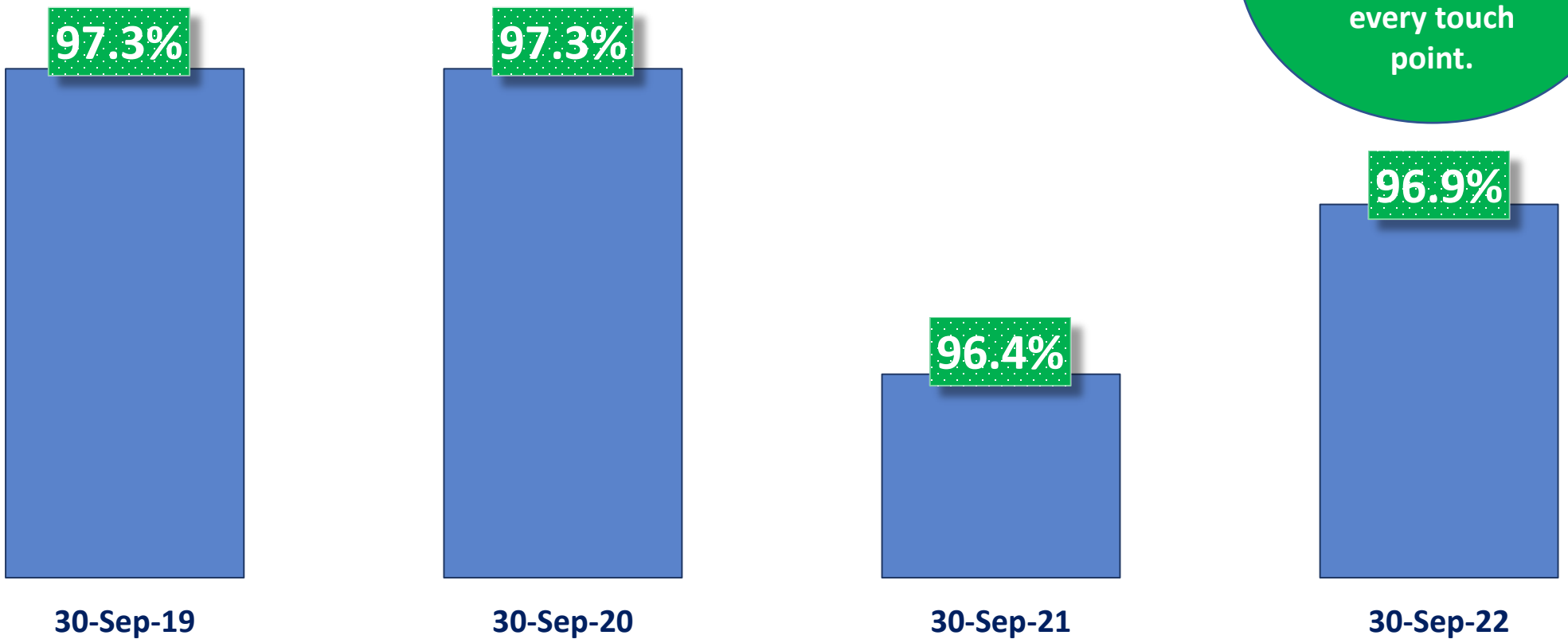
Dallas ERF benefit management & membership education during the pandemic - cont.

Health Benefits	1 Hour 14 minutes	76	42%	69%	**8/ 608**
Social Security	1 Hour 50 Minutes	80	52%	74%	**8 / 642**
Fidelity	1 Hour 30 minutes	55	32%	58%	**8 / 443**
Pension Benefits	1 Hour	85	53%	75%	**8 / 686**
Taxes After Retirement	1 Hour	57	47%	67%	**8 / 456**
Money & Credit	1 Hour	33	62%	30%	**4/ 132**
On Demand Views	**All sessions are recorded and provided via email to those that registered but could not attend the live session. On demand views represent those that watched the recordings.**				**44 / 607**
Total	**Webinar analytics from June 2020 – September 2022**				**3,574**

Dallas ERF benefit management & membership education during the pandemic – cont.

Overall Customer Service Ratings

ERF Members are encouraged to provide feedback at every touch point.



Conclusion

- Conservative Global Investment Portfolio with 85% valued daily
- Actuarial Rate of Return is 7.25%
- Funded Ratio – 76%
- Long term Investment Return exceeds actuarial rate as of 12/31/2021
  - 10-year return – 9.1%
  - Since inception (1/1/85) – 9.2%
- 47% of Actives are in Tier B with lower Normal Cost as of 09/30/2022.
- Dallas ERF is nationally recognized for investment performance and Diversity, Equity, and Inclusion Leadership.

City of Dallas

Questions

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2226 **Item #:** D.

Office of the City Auditor Briefing on Internal Audit Reports Released Between September 24, 2022 and October 14, 2022 and the Recommended 2023 Annual Internal Audit Work Plan
[Mark Swann, City Auditor]

Office of the City Auditor

Auditor Briefing Update

Reports Released between September 24, 2022, and October 14, 2022

October 24, 2022
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee

OFFICE OF THE CITY AUDITOR – FINAL REPORT

Audit of Stormwater Billing Calculations

September 26, 2022

Mark S. Swann, City Auditor

Mayor
Eric Johnson

Mayor Pro Tem
Carolyn King Arnold

Deputy Mayor Pro Tem
Omar Narvaez

Council Members
Tennell Atkins
Adam Bazaldua
Paula Blackmon
B. Adam McGough
Cara Mendelsohn
Jesse Moreno
Jaime Resendez
Paul E. Ridley
Jaynie Schultz
Casey Thomas, II
Chad West
Gay Donnell Willis

City of Dallas

Report Issued – September 26, 2022

Audit of Stormwater Billing Calculations

Objective and Scope

The objective of this audit was to determine if property stormwater impervious area determinations and fees are in accordance with City procedures.

The scope of the audit was management operations from October 1, 2018, to June 1, 2020.

Observed Conditions

No errors in the fee calculations made by the Stormwater Information Management System were noted.

Documentation supporting receipt of property impervious area updates and processing of accurate data was lacking.

City Management agreed with 2 of 2 recommendations (100 percent).

Report Issued – September 26, 2022

Audit of Stormwater Billing Calculations

Recommendations

A.1: Develop and implement procedures to ensure all data needed to update the Stormwater Information Management System is received, and the system is accurately updated.

A.2: Develop and implement procedures to ensure all property impervious area classifications are correct.

OFFICE OF THE CITY AUDITOR - FINAL REPORT

Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report

September 30, 2022

Mark S. Swann, City Auditor

Mayor
Eric Johnson

Mayor Pro Tem
Carolyn King Arnold

Deputy Mayor Pro Tem
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City of Dallas

Report Issued – September 30, 2022

Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report

Objective and Scope

The audit objectives were to determine if:

(1) Expenditures claimed for *CARES Act* funding comply with the Act's expense eligibility requirements;

(2) Documentary evidence support expenditures claimed for *CARES Act* funding.

(3) CARES Act periodic reports are accurate.

The report covers the Coronavirus Relief Fund from March 1, 2020, through December 31, 2020.

Baker Tilly US, LLP was retained to test the Coronavirus Relief Fund expenditures.

Report Issued – September 30, 2022

Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report

Observed Conditions

- The expenditures tested by Baker Tilly US, LLP complied with the CARES Act's eligibility requirements.
- Baker Tilly US, LLP noted several best practices the City should consider. There was not always enough detailed documentary evidence to directly connect the expenditures to the City's COVID-19 response.
- Potential ineligible expenditures were identified, but the City of Dallas took immediate action to replace the expenditures with eligible expenditures.
- Documentation of the payroll approval process controls was incomplete.
- Finally, subrecipient monitoring had areas for improvement.

City Management agreed with 5 of 5 recommendations (100 percent).

Report Issued – September 30, 2022

Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report

Recommendations

A.1: Ensure all future non-payroll and non-public health and safety employee payroll expenditures have easily retrievable supporting documentation that directly connects the expenditure to the City's COVID-19 response.

A.2: Prepare a memo describing the payroll approval process controls.

A.3: Perform analytical procedures and sample-based testing on the Coronavirus Relief Fund expenditures to help ensure funds were used on eligible expenditures.

Report Issued – September 30, 2022

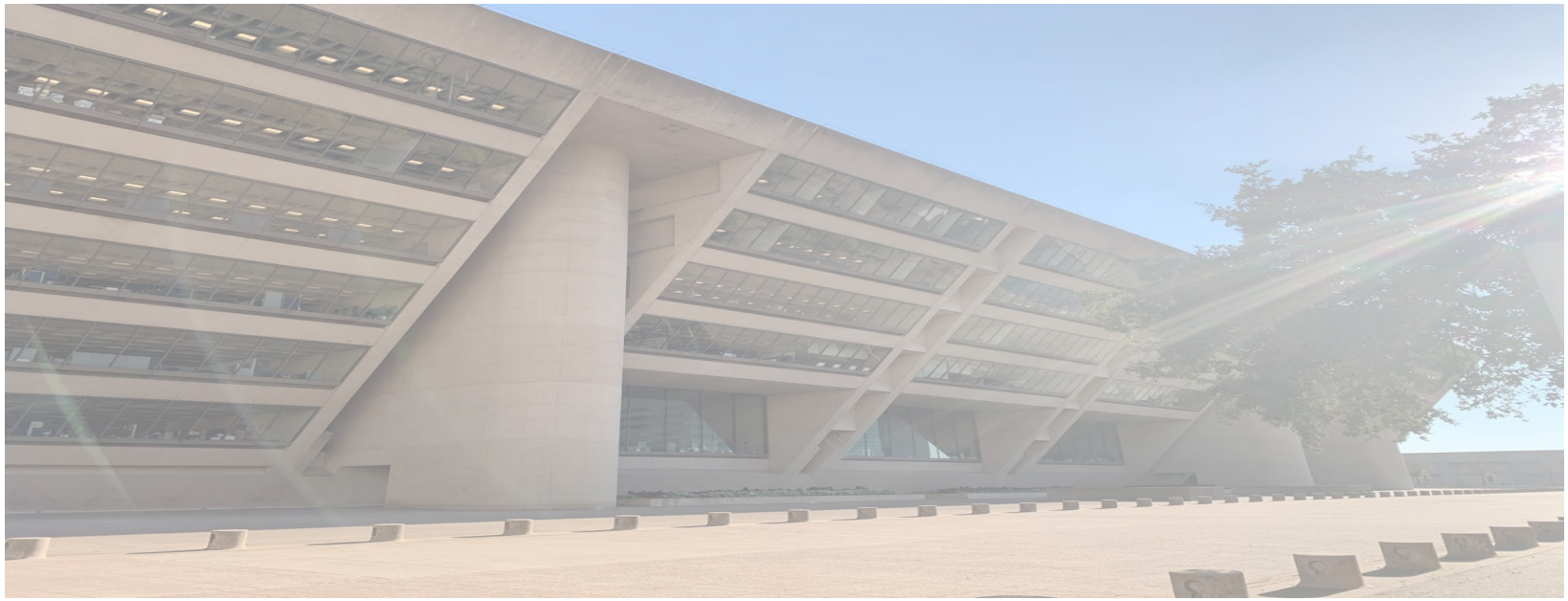
Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report

Recommendations

B.1: Ensure the risk assessment for each future applicable subrecipients is documented and the level of monitoring is consistent with the assigned risk levels of the subrecipients.

B.2: Review all subrecipient agreements to ensure all the necessary information required to be disclosed is included.

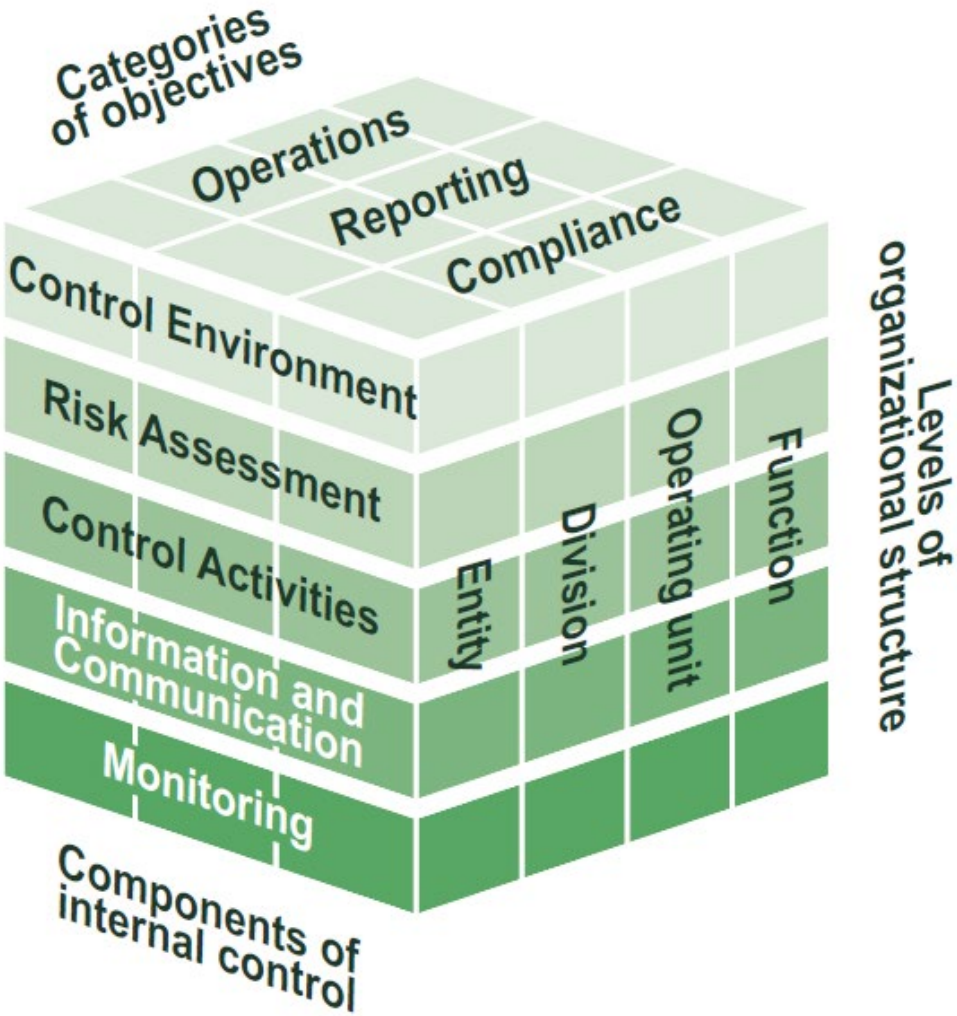
Fiscal Year 2023 Recommended Audit Work Plan



Audit Plan Explained

The Audit Plan attempts to identify the risks that matter and provide City-wide audit coverage by allocating 22,000 resource hours to complete 19 audit or attestation engagements.

Standards for Internal Control in the Federal Government (Green Book)



Fiscal Year 2023 Risk Assessment

No.	Fund Type	Department Abbrevation	Auditable Unit Description	FY2023 - Planned Budget	Risk Weight	Risk Weight = Values Only	Audit Plan	Last Audit or Other Review
1	GF	CCO	CCO: Financial Reporting	25,567,082	1,255		2023	FY 2021 External Audit - Weaver
2	EF	DWU	DWU-EF: Wastewater Collection & Treatment	81,767,796	1,245		2023	
3	GF	DPD	DPD: Police Investigations	100,654,471	1,230		2023	
4	EF	DWU	DWU-EF: Water Utilities Customer Account Services	36,034,449	1,230			2015
5	GF	CCO	CCO: Payroll	2,223,270	1,200		2023	
6	GF	MGT	MGT: 3-1-1 Customer Service Center	5,850,487	1,200		2023	
7	Debt	DEBT	Debt Services	412,314,869	1,200		2023	
8	GF	DFR	DFR:EMS	20,790,059	1,190			
9	GF	DPD	DPD: Police Field Patrol & Support	350,781,034	1,190		2023	
10	GF	BMS	BMS: Budget, Utility	1,994,773	1,185		2023	
11	EF	DWU	DWU-EF: Water Production & Delivery	110,722,482	1,185			2019
12	GF	DFR	DFR: Fire Dispatch &Communications	26,565,237	1,175		2023	
13	GF	HR	HR: Consulting	3,206,659	1,160		2023	
14	GF	DPD	DPD: Police Operational Support (9-1-1)	46,535,434	1,135		2023	
15	ISF	ITS	ITS-ISF: Public Safety	6,715,412	1,105			Kirkland and Ellis 2022
16	ISF	ITS	ITS -ISF: 9-1-1 Technology Services; Public Safety Support	14,212,742	1,075		2023	
17	GF	DFR	DFR: Fire-Rescue Response	263,105,329	1,065			2020
18	GF	MGT	MGT: Emergency & Sustainability	2,300,826	1,035		2023	
19	EF	DWU	DWU-EF: DWU General Expense	141,484,773	1,025			
20	CAP	CAP	CAP: General Purpose	532,677,357	1,020		2023	
21	EF	DWU-SDM	DWU-SDM-EF: Storm Water Services	72,433,742	980			2022
22	ISF	ITS	ITS-ISSF: Employee Support	40,609,996	980			
23	EF	AVI	AVI-EF-Dallas Love Field	90,442,605	970			2022
24	GF	SEC	SEC: Open Records & Records Management	1,484,047	940			2020
25	EF	SAN	SAN-EF: Citizen Sanitation Services	96,625,171	925		2023	

Office of the City Auditor

Auditor Briefing Update

Reports Released between September 24, 2022, and October 14, 2022

October 24, 2022
Mark S. Swann, City Auditor

Government Performance & Financial Management Committee

APPENDIX – Audit Reports

Here are the final reports and links for your reference.

October Update:

- Audit of Stormwater Billing Calculations
- Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report

Audit of Stormwater Billing Calculations

September 26, 2022

Mark S. Swann, City Auditor

Mayor
Eric Johnson

Mayor Pro Tem
Carolyn King Arnold

Deputy Mayor Pro Tem
Omar Narvaez

Council Members
Tennell Atkins
Adam Bazaldua
Paula Blackmon
B. Adam McGough
Cara Mendelsohn
Jesse Moreno
Jaime Resendez
Paul E. Ridley
Jaynie Schultz
Casey Thomas, II
Chad West
Gay Donnell Willis

City of Dallas

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Executive Summary

Objective and Scope

The objective of this audit was to determine if property stormwater impervious area determinations and fees are in accordance with City procedures.

The scope of the audit was management operations from October 1, 2018, to June 1, 2020.

What We Recommend

Management should:

- Develop procedures to ensure all data needed to update the Stormwater Information Management System is received and the system is accurately updated.
- Develop procedures to ensure all impervious area classifications are correct and updated timely.

Background

Given changes in state and federal stormwater regulations and improvements in stormwater data, the City of Dallas decided to update the Storm Drainage Management fee structure from one based on assumed impervious area to one based on actual impervious area. The City retained Raftelis Financial Consultants, Inc. to design the Stormwater Information Management System to facilitate a new billing process and update parcel characteristic data. The new fee structure along with the Stormwater Information Management System went operational on October 1, 2016.

The goal of the new fee structure was to ensure the financial stability of the Storm Drainage Management program and recover costs more equitably from fee payers. Each change to the monthly fee structure must be approved by City Council ordinance.

Stormwater billing generated the following revenues.

Fiscal Year 2018-19 - $60,207,073

Fiscal Year 2019-20 - $61,393,115

What We Found

No errors in the fee calculations made by the Stormwater Information Management System were noted.

Documentation supporting receipt of property impervious area updates and processing of accurate data was lacking.

Objectives and Conclusions

1. Are property stormwater impervious area determinations in accordance with City procedures?

   Generally, no. Documentation is lacking to validate that all record changes have been received and accurately updated in the Stormwater Information Management System. A sample of 25 property billing classification changes had 13 properties with incorrect impervious area classifications. A separate sample of 25 exempt property billing classification changes had 4 properties that did not have documentation for the parcel fee exemption classification. (See Observation A).

2. Are property stormwater fees calculated in accordance with City procedures?

   Yes. The Stormwater Information Management System business rules work as intended, and the proper fee structure is loaded into the system.

Audit Results

Both *City Council Resolution 88-3428* and Administrative Directive 4-09, *Internal Control* prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Stormwater Impervious Area Determination

The Stormwater Information Management System is updated annually based on Dallas Central Appraisal District property tax records and bi-annually for property aerial images. System documentation was not provided that showed all records to be updated were received and accurately updated.

Additionally, system changes occur from customer disputes of property billing information. Documentation was not provided to show that all customer inquiries were received and resolved.

A sample of 25 property billing classification changes had 13 properties (52 percent) with incorrect impervious area classifications.

The following is a breakdown of the 13 properties with incorrect impervious area classifications.

- Six properties (46 percent) were classified with no impermeable area, yet the property image showed a house on the property.
- Five properties (38 percent) had an incorrect property classification.
- Two properties (15 percent) had inconsistent classifications between the impervious area classification and the stormwater fees billing classification.

A separate sample of 25 exempt property billing classification changes had 4 properties (16 percent) that lacked support for the parcel fee exemption status.

As a result, there is an increased risk that stormwater fees billed are not correct.

Criteria

- Standards for Internal Control in the Federal Government, *Principle 10 – Design Control Activities.*

Assessed Risk Rating:

High

We recommend the **Director of the Department of Dallas Water Utilities:**

A.1: Develop and implement procedures to ensure all data needed to update the Stormwater Information Management System is received, and the system is accurately updated.

A. 2: Develop and implement procedures to ensure all property impervious area classifications are correct.

Appendix A: Background and Methodology

Background

Storm Drainage Management revenue is collected through the monthly water bills issued by Dallas Water Utilities. The Stormwater Drainage Utility monthly rate is based on measured impervious area for each property. Impervious area is pavement, rooftop, or other hard surfaces that prevents or substantially impedes rain from soaking into the ground. Runoff from impervious area places a higher demand on the City's stormwater sewer system.

The City contracted with Raftelis Financial Consultants, Inc. to develop, administer, and maintain the Stormwater Information Management System, which went operational on October 1, 2016. The Stormwater Information Management System has the following four primary roles.

1) Process source and customer data to compute stormwater bills, including annual property updates.
2) Provide customer service representatives with a comprehensive way to view and edit stormwater billing data that can be loaded into the billing system.
3) Provide the data for the customer to access the Stormwater Fee Finder website.
4) Provide management reports for internal analysis or external program checks.

Raftelis Financial Consultants, Inc.'s administrative and maintenance responsibilities are as follows:

<u>Stormwater Information Management System Support</u>

- Administer and maintain.
- Troubleshoot.
- Enhance functionality.
- Provide user support.
- Provide customer service support.
- Assist with billing data cleanup effort.

<u>Stormwater Information Management System Database</u> <u>Maintenance</u>

- Assist with annual parcel updates.
- Assist with SAP stormwater account data updates.
- Assist with impervious area data updates.
- Develop annual update process and policies.

The Stormwater Information Management System retrieves data from the City's geographic information system to calculate the amount of impervious area on each tax parcel, which is the key piece of information for stormwater fee billing. The Stormwater Information Management System addresses the nuances to calculating the stormwater fee for each customer that are not manageable within either the City's geographic information system or billing system. For each parcel, these nuances may include calculating the number of billing units, rate differentiation by parcel class and/or tier, application of credits or fee incentives, and customer-driven account changes.

Using the Stormwater Information Management System, City staff manages critical information such as property class, exemption status, credit and incentive amount and status, and other relevant data. The Stormwater Information Management System links stored documents for tracking customer correspondence over time and provides the ability to view and describe a property to a customer curious about their fee.

Methodology

To accomplish our audit objectives, we performed the following steps:

- Interviewed personnel from the Department of Dallas Water Utilities, other city departments, and Raftelis Financial Consultants, Inc.
- Reviewed policies and procedures, relevant City Ordinances, and applicable Administrative Directives.
- Performed various analyses and reviewed documents as needed to support conclusions.
- Considered risk of fraud, waste, and abuse.
- Considered all five internal control components of the *Standards for Internal Control in the Federal Government.*

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

Major Contributors to the Report

Frank Mayhew, CIA, CISA, CFE – In-Charge Auditor
Rory Galter, CPA – Engagement Manager

Appendix B: Management's Response

Memorandum

DATE: September 16, 2022

TO: Mark S. Swann – City Auditor

SUBJECT: Response to Audit of Stormwater Billing Calculations

This letter acknowledges the City Manager's Office received the *Audit of Stormwater Billing Calculations* and submitted responses to the recommendations in consultation with the Dallas Water Utilities Department (DWU).

City management appreciates the hard and valuable work of the City Auditor and his staff, and we recognize the importance of robust internal controls and ensuring accurate stormwater billing.

While City management agrees with the auditor's recommendations, we believe the risk ratings for the recommendations should be low due to immaterial financial risk, operational awareness of accounts that need to be reviewed, and the existing corrective action plan to review accounts since the Stormwater Information Management System (SIMS) conversion.

In addition, we believe the inaccuracies noted in the audit do not represent the overall accuracy of stormwater billing accounts. Testing was performed on samples from DWU's Exception Log, which is a log of property changes requiring manual review resulting from annual property updates, impervious area updates, unattached parcels, or classification changes. DWU staff actively reviews the log, which as of the audit, consisted of approximately 5,590 accounts, or 1.9% of total stormwater accounts. Therefore, while the auditor's testing population is effective for identifying accounts with incorrect impervious area classifications or lacking support for the parcel exemption status, the testing results should not be extrapolated across the population of DWU stormwater billing accounts.

To better understand the root cause of the issue, DWU and the City Controller's office researched the accounts the auditor noted to have inaccurate data. To help ensure accurate stormwater billing, DWU transitioned from a fee structure based on assumed to actual impervious area. To implement this change, DWU retained a consultant to design a system, facilitate a new billing process, and update parcel characteristic data in the system based on annual updates from the various county appraisal districts.

The analysis determined that DWU placed some level of confidence in the consultant's internal processes to verify the accuracy of system updates to parcel data, specifically classification. DWU

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recognizes that its current process to verify the accuracy of the consultant's annual update of property classifications can be strengthened and agrees to implement the auditor's recommendations.

Sincerely,

T.C. Broadnax
City Manager

C: Genesis D. Gavino, Chief of Staff
Jack Ireland, Chief Financial Officer
Kimberly Bizor Tolbert, Deputy City Manager
Terry Lowery, Director, Dallas Water Utilities

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Director of the Department of Dallas Water Utilities:				
	A.1: Develop and implement procedures to ensure all data needed to update the Stormwater Information Management System is received and the system is accurately updated.	**Agree:**	While Dallas Water Utilities (DWU) believes Stormwater Information Management System data is generally accurate, DWU agrees to improve processes, including documenting procedures to ensure the data updated in Stormwater Information Management System, including classifications, is accurate.	06/30/2023	06/30/2024
	A.2: Develop and implement procedures to ensure all property impervious area classifications are correct.	**Agree:**	DWU will ensure all property impervious area classifications are correct by implementing recommendation A.1 and developing a review process for classification changes occurring outside of the annual property update.	06/30/2023	06/30/2024

Audit of Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report

September 30, 2022

Mark S. Swann, City Auditor

Mayor

Eric Johnson

Mayor Pro Tem

Carolyn King Arnold

Deputy Mayor Pro Tem

Omar Narvaez

Council Members

Tennell Atkins

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Executive Summary

Objective and Scope

The audit objectives were to determine if: (1) expenditures claimed for *CARES Act* funding comply with the Act's expense eligibility requirements; (2) documentary evidence support expenditures claimed for *CARES Act* funding; and, (3) *CARES Act* periodic reports are accurate.

The report covers the Coronavirus Relief Fund for the period March 1, 2020, through December 31, 2020.

What We Recommend

Baker Tilly US, LLP recommendations are summarized as follows:

- Have documention that supports the expenditure was incurred due to the City's COVID-19 response and justifies the amount of the expenditure.
- Prepare a memo describing the payroll approval process controls.
- Strengthen subrecipient monitoring in the risk assessment and information disclosure areas.

Background

The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* was signed into law on March 27, 2020. The *CARES Act* provided federal funding for COVID-19 pandemic relief efforts in various forms. The City of Dallas received approximately $388.4 million from the *CARES Act*. The report covers the Coronavirus Relief Fund, which is the largest source of funding received by the City of Dallas. Approximately $235 million was awarded to the City of Dallas. Coronavirus Relief Fund funds can only be used for necessary expenditures that:

(1) Are incurred because of COVID-19.

(2) Were not accounted for in the most recently approved budget as of March 27, 2020.

(3) Are incurred between March 1, 2020 and December 31, 2021 (subsequently changed from December 30, 2020).

Baker Tilly US, LLP was retained to test the Coronavirus Relief Fund expenditures.

What We Found

The expenditures tested by Baker Tilly US, LLP complied with the CARES Act's eligibility requirements. Baker Tilly US, LLP noted several best practices the City should consider. There was not always enough detailed documentary evidence to directly connect the expenditures to the City's COVID-19 response. Potential ineligible expenditures were identified, but the City of Dallas took immediate action to replace the expenditures with eligible expenditures. Documentation of the payroll approval process controls was incomplete. Finally, subrecipient monitoring had areas for improvement.

See Appendix A for Baker Tilly US, LLP's report.

Objectives and Conclusions

1. Did the expenditures claimed for Coronavirus Relief Fund funding comply with the expense eligibility requirements?

   Yes. The expenditures tested by Baker Tilly US, LLP complied with the CARES Act's eligibility requirements.

   From the expenditures selected for testing, potential ineligible expenditures were identified. However, the City of Dallas took immediate action to replace the expenditures with eligible expenditures. See Appendix A, page 14, CRF Non-Payroll Expenditures recommendation 3 of Baker Tilly US, LLP's report.

2. Did documentary evidence support expenditures claimed for Coronavirus Relief Fund funding?

   Generally, yes. Documentation that supports the expense incurred due to COVID-19 and justifies the amount of the expenditure was not always readily apparent. See Appendix A, page 13, CRF Non-Payroll and page 14, CRF Payroll recommendation 1 of Baker Tilly US, LLP's report.

3. Are Coronavirus Relief Fund periodic reports accurate?

   Yes. The City submitted the required interim and quarterly data in the manner and according to the timelines established by the Department of the Treasury Office of the Inspector General.

Audit Results

See Appendix A for Baker Tilly US, LLP's report.

Background and Methodology

Background

The C*oronavirus Aid, Relief, and Economic Security (CARES) Act* was signed into law on March 27, 2020. The *CARES Act* provided federal funding for relief efforts in various forms. The City of Dallas received approximately $388.4 million from the *CARES Act*. The C*oronavirus Aid, Relief, and Economic Security (CARES) Act – Interim Report 01* covered the Airport Grants, for which the City received approximately $53.8 million. The following discusses the *Coronavirus Aid, Relief, and Economic Security (CARES) Act Final Report*, covering the Coronavirus Relief Fund, which is the largest source of funding received by the City of Dallas. Approximately $235 million was awarded to the City of Dallas, all of which had been spent by June 2021.

Coronavirus Relief Fund – The U.S. Department of Treasury provided $150 billion in direct payments (based on population) to state, local, and tribal governments impacted by COVID-19. Only local governments with populations of more than 500,000 were eligible.

As written in the Department of the Treasury Office of the Inspector General *Coronavirus Relief Fund Prime Recipient Quarterly GrantSolutions Submissions Monitoring and Review Procedures Guide*, OIG-CA-20-029, August 31, 2020:

> *"The CARES Act stipulates that Coronavirus Relief Fund recipients shall use the funds provided under a payment made under Title V to cover only those costs that:*
>
> *(1) are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19);*
>
> *(2) were not accounted for in the budget most recently approved as of March 27, 2020; and*
>
> (3) *were incurred between March 1, 2020, and December 30, 2020*" (subsequently changed to December 31, 2021).

The *CARES Act* assigned responsibility for monitoring and oversight of the receipt, disbursement, and use of Coronavirus Relief Fund payments to the Department of Treasury Office of Inspector General. The Department of Treasury Office of Inspector General was assigned authority to recoup funds if it is determined that a recipient of a Coronavirus Relief Fund payment failed to comply with the requirements under Section 601 (d) of the Social Security Act, as amended by Title V of the *CARES Act*.

Recipients must submit quarterly reports to the Department of Treasury Office of Inspector General. The first quarterly report was due no later than September 21, 2020, for the period March 1 through June 30, 2020. Thereafter, quarterly reports are due no later than ten calendar days after the end of each calendar quarter.

Methodology

To accomplish our audit objectives, we performed the following steps;

- Interviewed City personnel.
- Reviewed procedures for processing *CARES Act* expenditures.
- Retained Baker Tilly US, LLP to test the Coronavirus Relief Fund expenditures.
- Considered the risk of fraud, waste, and abuse.
- Considered all five internal control components of the *Federal Internal Controls Standards*.

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

Major Contributors to the Report

Baker Tilly US, LLP
Wendi Unger, CPA, Partner
Amanda Blomberg, CPA, Director
Casandra Chase, CPA, Manager

DWG CPA PLLC (sub-contractor to Baker Tilly US, LLP)
Darrell Groves, CPA, CFE, CGMA, Partner
Whitney Groves, Senior Associate
Dahlia Kohn, Senior Associate

Office of the City Auditor
Shino Knowles, CPA – In-Charge Auditor
Rory Galter, CPA – Engagement Manager

Appendix A: Baker Tilly US, LLP Report

See next page for the Baker Tilly US, LLP Report

Note: Going forward in Appendix A the page numbers in black in the bottom center of the page are Baker and Tilly US, LLP's pagination for their report as a separate, stand-alone document.

bakertilly
now, for tomorrow.
City of Dallas
CARES Act Assistance Services
2020-2021

Contents

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PROCEDURES 2
EXPENDITURE POPULATION AND SAMPLE METHDOLOGY 3
CONCLUDING NOTES AND RECOMMENDATIONS 6

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Objectives and Responsibilities

Objectives

The overall objective of this engagement was to assist the Office of the City Auditor of the City of Dallas ("City") by reviewing a sample of the City's expenditures funded through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, specifically those charges funded through the Coronavirus Relief Fund, for compliance with the Uniform Guidance and the U.S. Department of Treasury's authoritative standards specific to Coronavirus Relief Fund.

Our Responsibilities

As part of this engagement, we agreed to perform the following:

- Select and review a sample of expenditures from the City's Coronavirus Relief Fund expenditure population for the period from March 1, 2020, through December 31, 2020.
- Identify any noncompliance or internal control issues and make recommendations for rectifying these issues to allow the City to maximize eligible reimbursement and to ensure compliance with federal regulations.
- Select and review a sample of subrecipient payments made under the Coronavirus Relief Fund program for the period from March 1, 2020, through December 31, 2020.
- Identify any issues with the City's subaward contract language and provide recommendations on the City's plans for subrecipient monitoring and processes for identifying and evaluating subrecipients to ensure compliance with federal and state regulations.
- Propose recommendations to City policies and procedures, if necessary.

City's Responsibilities

To comply with the independence requirements of the American Institute of Certified Public Accountants (AICPA) and the Government Accountability Office (GAO), in connection with our performance of these services, the City agreed to:

- Continue to make all management decisions and perform all management functions.
- Designate an employee(s) with suitable skill, knowledge and/or experience, preferably within senior management, to oversee the services we perform.
- Evaluate the adequacy and results of the services we perform.
- Accept responsibility for the results of these services.
- Establish and maintain internal controls, including monitoring ongoing activities related to this non-attest function.

Procedures

Planning

During the planning phase, we met with individuals from the Office of the City Auditor and Office of Budget to gain an understanding of the classes of expenditures that were charged to Coronavirus Relief Fund (payroll, non-payroll, etc.), the City's control processes, the applicable compliance requirements to include in the Work Plan as well as the City's perspective on overall risks that may exist. Together with the City, we established the compliance categories to review. It was concluded that our main focus would be on compliance with expenditure allowability. We then worked with the Office of the City Auditor to develop the Work Plan. The Work Plan was a living document throughout the engagement and contained the objectives, procedures, sampling methodology, compliance attributes, and other relevant information for each applicable compliance category. The Work Plan was developed to enhance transparency and align the Office of the City Auditor and Baker Tilly's understanding of the various services to be provided throughout the duration of the project. While the Work Plan was developed in collaboration between the Office of the City Auditor and Baker Tilly, the Office of the City Auditor approved the Work Plan and ultimately decided what would be included in the scope of the project. Any changes to the Work Plan were discussed with and approved by the Office of the City Auditor.

Review

To begin reviewing the allowability compliance requirement identified during the planning phase, we selected samples for testing from the expenditure population provided by the City and facilitated all requests for support through the Office of Budget. The Office of Budget worked with various City departments to obtain the requested supporting documents and uploaded all items to an online document sharing portal. Further into the project the Office of the City Auditor requested that subrecipient monitoring compliance be included in Baker Tilly's scope. We worked with the Office of Budget and other City departments responsible for facilitating those subrecipient agreements and monitoring to complete our review of the City's compliance with authoritative guidance specific to the subrecipient monitoring requirement.

Recommendations

Recommendations resulting from the review of expenditures, control procedures and subrecipient agreements/monitoring were flagged for further analysis by Baker Tilly and the City. These recommendations were perpetually communicated to the appropriate individuals at the City due to the fluid nature of the funding source, as well as discussed at the periodic status meetings held between the City and Baker Tilly throughout the review process.

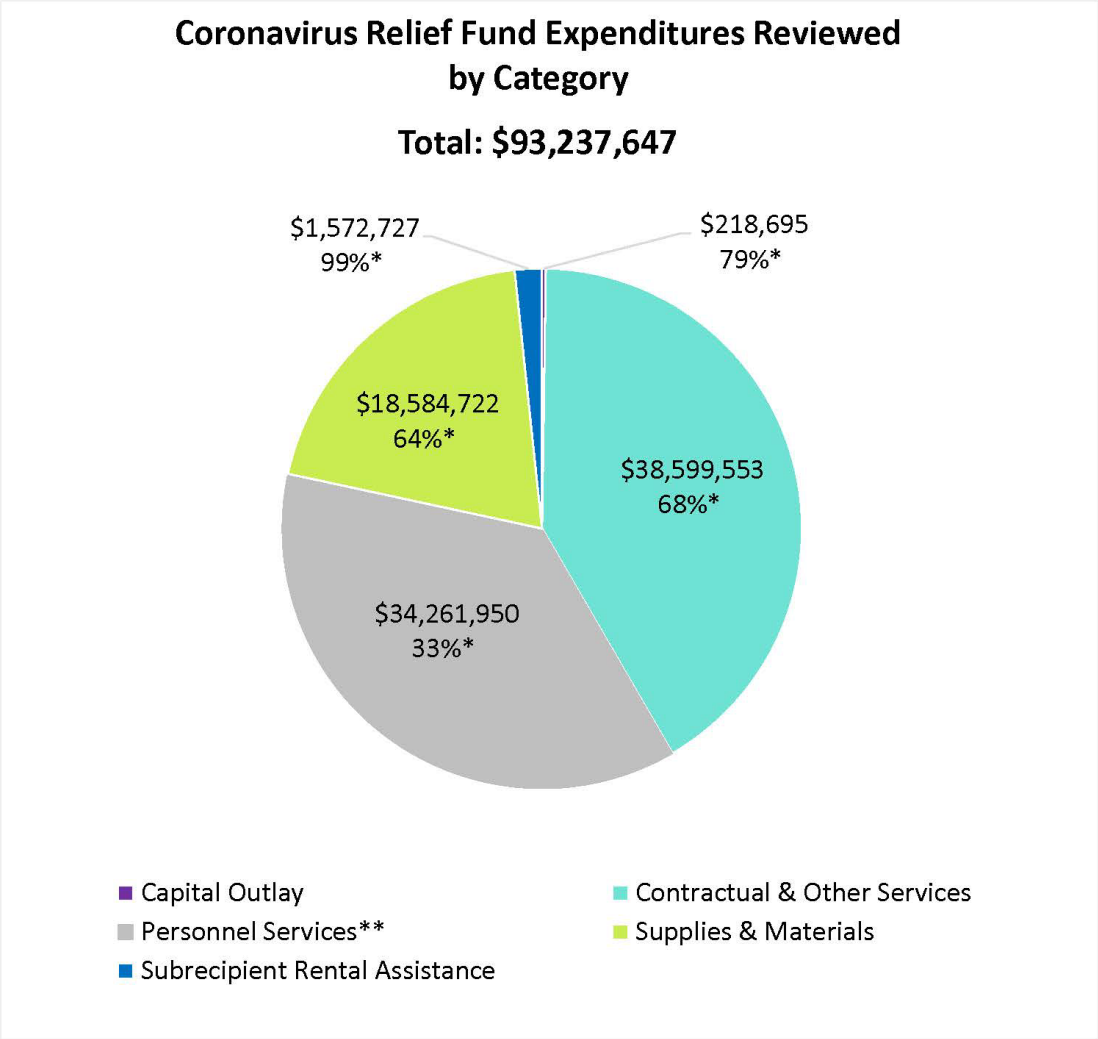
Expenditure Population and Sample Methodology

The Coronavirus Relief Fund expenditure population was provided in two batches. A separate sample was selected from each batch. The personnel services (payroll) sampled from the first population focused on the City's Lawson payroll system and the second sample was tailored to include only Workday payroll system items. Additionally, the second sample was also tailored to exclude payroll and non-payroll items that were concurrently tested by the City's external auditors. The following graphs and charts provide further quantitative details on the samples selected for review.

	Total Expenditures	Cutoff Period
Population #1	$76,918,965	March 1, 2020 - June 30, 2020
Population #2	$114,779,858	July 1, 2020 - December 31, 2020
Grand Total	$191,698,823	

Total Coronavirus Relief Funds Spent	$	224,558,002
Percentage of Expenditures Provided for Sampling		85%
Total Expenditures Sampled	$	93,237,647
Percentage of Expenditures Sampled to:		
Total Coronavirus Relief Funds Spent		42%
Total Expenditures Provided for Sampling		49%

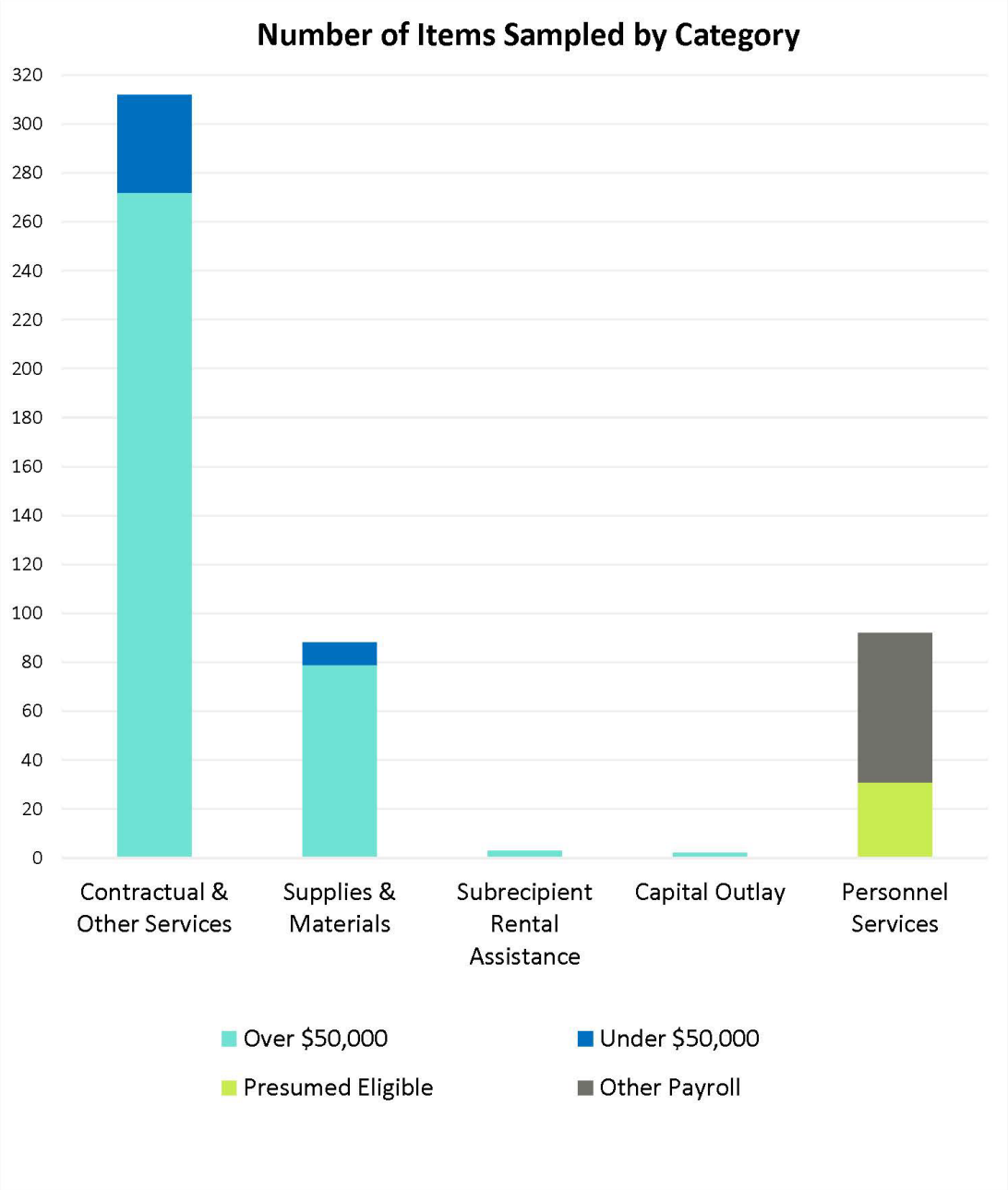
3



**Percentage of expenditure category sampled for testing.*

***Personnel Services: An initial sample of payroll transactions was made, totaling $34.2M. The City provided details for these batch transactions from which several additional sub-selections were made, drilling down to the employee level. The individual employee transaction was then reviewed accordingly using the respective supporting documents provided by the City including timesheets, system reports, and documentation of review and approval. Count of items sampled for review are detailed on the subsequent page.*

4


Number of Items Sampled by Category
320
300
280
260
240
220
200
180
160
140
120
100
80
60
40
20
0
Contractual & Other Services
Supplies & Materials
Subrecipient Rental Assistance
Capital Outlay
Personnel Services
Over $50,000
Under $50,000
Presumed Eligible
Other Payroll

5

Concluding Notes and Recommendations

Our procedures were based on our knowledge of federal grant compliance regulations including the Uniform Guidance and the US Department of Treasury guidance and FAQs, as well as our experiences with other municipalities similar in size to the City of Dallas.

The Coronavirus Relief Fund guidance as published in the Federal Register indicates that the Uniform Guidance is not applicable except for the following sections:

1. 2 CFR 200.303 regarding internal controls
2. 2 CFR 200.330 through 200.332 regarding subrecipient monitoring and management
3. Subpart F regarding audit requirements

Notably missing from these sections would be the allowable cost principles typically found under Subpart E of 2 CFR 200. However, the Treasury guidance clearly states that Coronavirus Relief Fund may only be used to reimburse costs that meet all the following criteria:

1. Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. Were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

Our recommendations may be more conservative in nature than would be required under the Uniform Guidance based on the Treasury expenditure requirements noted above. To meet criteria #1, we would expect documentation to show why expenditures were necessary with respect to COVID-19. Our recommendations consider best practices for such documentation. The City should determine what recommendations, if any, it feels are appropriate given its interpretation of the guidance.

Non-Payroll Expenditures

1) In addition to the general ledger coding mechanism used to identify COVID-19 expenditures, we recommend that the City verify that all expenditures have readily available documentation to directly connect the transaction to the City's COVID-19 response.

2) More than half of the non-payroll expenditures that were reviewed included system reports indicating they were automated disbursements. The City confirmed documentation supporting the approval of these expenditures exists within the originating documents used to initiate the payment process. This documentation was not reviewed as a part of our testing, but we believe this to be sufficient support that an external auditor or federal agency may request for review.

3) The City should ensure only eligible expenditures are charged to the grant. During the review, potentially ineligible charges were identified and the City took immediate action to rectify those items by making journal entries to adjust the population accordingly and those adjustments will be accounted for in subsequent reimbursement requests.

Payroll

1) In addition to the general ledger coding mechanism used to identify COVID-19 expenditures, we recommend that payroll transactions, excluding those for public health and public safety employees, include a description of the individual's connection to mitigation of or response to the COVID-19 public health emergency.

2) About twenty-three percent of the payroll transactions tested did not include formal documentation of review and approval of the employee's time charged to the grant. Ninety-five percent of these transactions were made up of uniformed employee's payroll charges. While there appears to be informal processes in place around review of timesheets, or specific departmental policies that indicate time approvals are not required, we recommend the City ensures that time records and related payroll costs charged to the grant are reviewed for accuracy and that the City maintains documentation supporting that those review and approval controls exist. This might include a payroll lookback analysis. In addition, we advise the City's departments create a memo describing the controls around the approval process, specific to ensuring compliance with the Coronavirus Relief Fund, if not currently available.

Subrecipient Monitoring

1) The City should ensure that it has documented its risk assessment over all applicable subrecipients which should include the subrecipient's prior experience with managing grants, audit results and/or findings, key personnel or system changes, and any previous monitoring results known at the time of the assessment.

2) The level of monitoring performed by the City should be appropriate to the level of risk assigned to the respective subrecipient.

3) The City should review all subrecipient agreements to ensure all the necessary information required to be disclosed is included.

Appendix B: Management's Response

Memorandum

DATE: September 26, 2022

TO: Mark S. Swann, City Auditor

SUBJECT: Response to Audit of Coronavirus Aid, Relief and Economic Security (CARES) Act Final Report

This letter acknowledges the City Manager's Office and the Office of Budget received the *Audit of Coronavirus Aid, Relief and Economic Security (CARES) Act Final Report.*

The COVID-19 pandemic had a severe negative impact on Dallas's residents and businesses and stressed vital services and the resources of local non-profit organizations. City management is grateful for the financial resources Congress appropriated to help mitigate the negative impact of COVID-19 on the community. Further, we are satisfied with our efforts to ensure needed funding was promptly put into action to help shelter residents, perform COVID-19 testing, provide personal protection equipment, maintain adequate staffing levels of first responders, ensure equitable access to City services, and support other crucial initiatives.

City management is pleased that the expenditures tested by Baker Tilly complied with the CARES Act's eligibility requirements, despite incomplete Federal guidance. Additionally, we are pleased that documentation generally supports expenditures claimed for Coronavirus Relief Funding and required reports were accurate and timely.

However, we recognize there are generally opportunities to improve any process and appreciate the best practices suggested in the audit. The Office of Budget & Management Services agrees to implement the recommended best practices suggested in the audit.

Sincerely,

T.C. Broadnax
City Manager

C: Genesis D. Gavino, Chief of Staff
Jack Ireland, Chief Financial Officer
Janette Weedon, Director, Office of Budget & Management Services

"Our Product is Service"
Empathy | Ethics | Excellence | Equity

Assessed Risk Rating	Recommendation	Concurrence and Action Plan		Implementation Date	Follow-Up/ Maturity Date
SECTION 1: Coronavirus Relief Fund					
Moderate	**We recommend the Director of the Office of Budget & Management Services:**				
	A.1: Ensure all future non-payroll and non-public health and safety employee payroll expenditures have easily retrievable supporting documentation that directly connects the expenditure to the City's COVID-19 response.	**Agree:**	The Office of Budget & Management Services (BMS) will ensure all future non-payroll and non-public health and safety employee payroll expenditures have supporting documentation, such as job descriptions and program narratives, that directly connects the expenditure to the City's COVID-19 response.	3/31/2023	6/30/2023
	A.2: Prepare a memo describing the payroll approval process controls.	**Agree:**	BMS will work with the City Controller's Office and the Department of Human Resources to document the payroll approval process controls in a memo.	3/31/2023	6/30/2023
	A.3. Perform analytical procedures and sample-based testing on the Coronavirus Relief Fund expenditures to help ensure funds were used on eligible expenditures.	**Agree:**	BMS will perform analytical procedures to identify expense classifications for sample-based testing to help ensure funds were used on eligible expenditures.	12/31/2022	3/31/2023

Assessed Risk Rating	Recommendation		Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
SECTION 2: Subrecipient Monitoring					
Moderate	**We recommend the Director of the Office of Budget & Management Services:**				
	B.1: Ensure the risk assessment for each future applicable subrecipients is documented and the level of monitoring is consistent with the assigned risk levels of the subrecipients.	**Agree:**	BMS will ensure a risk assessment is performed for all future subrecipients. BMS will ensure departments use the results of the risk assessment to determine the appropriate monitoring activity for the subrecipient.	12/31/2022	3/31/2023
	B.2: Review all subrecipient agreements to ensure all the necessary information required to be disclosed is included.	**Agree:**	BMS will ensure departments review all subrecipient agreements to ensure all the necessary information required to be disclosed is included.	12/31/2022	3/31/2023

OFFICE OF THE CITY AUDITOR

FISCAL YEAR 2023 RECOMMENDED AUDIT WORK PLAN

October 24, 2022

MARK S. SWANN
CITY AUDITOR

The Office of the City Auditor shines light on City government operations.

FISCAL YEAR 2023 RECOMMENDED AUDIT WORK PLAN

The Office of the City Auditor's mission is to collaborate with elected officials and employees to elevate public trust in government by providing objective assurance, investigation, and advisory services.

The City of Dallas (City) Office of the City Auditor performs work for and under the direction of the Dallas City Council. The Fiscal Year 2023 Recommended Audit Work Plan (Audit Plan) is designed to address risks related to the delivery of City services and satisfy responsibilities established by the Dallas City Charter, meet the needs of the City Council, and outline the professional services that the Office of the City Auditor plans to initiate and/or complete during the Fiscal Year 2023.

This Audit Plan is based on a risk prioritization assessment updated in Summer 2022 and requests received from City management, council members, and audit staff. The Audit Plan attempts to identify the risks that matter and provide City-wide audit coverage by allocating 22,000 resource hours to complete 19 audit or attestation engagements and other advisory services.

This Audit Plan is a working document in which the City Auditor is authorized to amend the Audit Plan when deemed necessary by the City Auditor's professional judgment. The City Council will be notified concerning additions to, deletions, or other changes to this Audit Plan. The Audit Plan includes audits, attestation engagements, and other advisory services.

AUDIT AND ATTESTATION SERVICES

The Office of the City Auditor complies with generally accepted government auditing standards when performing audits and attestation engagements. These standards provide a framework for conducting high-quality audits and attestation engagements with competence, integrity, objectivity, and independence. The types of audits and attestation engagements performed under these standards include:

PERFORMANCE AUDITS

The Office of the City Auditor conducts performance audits to provide objective analysis to assist City management, and those charged with governance and oversight to: (1) improve program performance and operations; (2) reduce costs; (3) facilitate decision-making by parties with responsibility to oversee or initiate corrective action; and, (4) contribute to public accountability. Performance audit objectives vary widely and can include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses.

ATTESTATION ENGAGEMENTS

The Office of the City Auditor conducts attestation engagements to address a broad range of financial or non-financial objectives. An attestation engagement results in an examination, a review, or an

agreed-upon procedures report on a subject matter or an assertion about a subject matter that is the responsibility of another party.

FINANCIAL AUDITS

The Office of the City Auditor conducts financial audits to provide an independent assessment of whether an entity's reported financial information (e.g., financial condition, results, and use of resources) is presented fairly and follows recognized criteria. Financial audits provide users with statements concerning the reliability of information and provide information about internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

OTHER PROFESSIONAL SERVICES

The Office of the City Auditor provides other professional services which may or may not be performed following generally accepted government auditing standards. These additional professional services include:

CITY COUNCIL SUPPORT

The Office of the City Auditor is authorized to conduct audits, attestation engagements, or other professional services for individual City Council Members, provided the request will not impact the completion of the Audit Plan. If in the judgment of the City Auditor, a recommendation will impact the completion of the Audit Plan, the City Auditor is to request that the Council Member submit the request in writing for consideration and approval by the Government Performance & Financial Management Committee, or its equivalent, and the City Council as an amendment to the Audit Plan. All work products will be produced at the direction of the City Auditor.

MANAGEMENT ASSISTANCE

The Office of the City Auditor is authorized to perform audits and attestation services, and other professional services at the request of City management to assist in carrying out City management's responsibilities. These services may include, but are not limited to, providing technical advice, such as participating in committees, task force groups, panels, and focus groups. The Office of the City Auditor may provide City management assistance based on consideration of the impact on auditor independence and audit plan completion.

LITIGATION SUPPORT

The Office of the City Auditor is authorized to perform audits, attestation services, and other professional services at the request of the City Attorney. The services provided by the Office of the City Auditor depend on the needs of the City Attorney. These services may include but are not limited to research, analysis, and computer forensics.

INDEPENDENCE DISCLOSURES

Section 40-A.2. (c)(C) of the Dallas City Code designates the City Auditor as a voting member of the Employees' Retirement Fund Board of Trustees. Generally accepted government auditing standards require the Office of the City Auditor to disclose impairments to independence. The Office of the City Auditor lacks independence concerning any audit work that might be conducted at the Employees' Retirement Fund. If applicable, the effects of this independence concern on audit work will be identified in any final reports.

COMPETENCY AFFIRMATION

The City Auditor reviewed the recommended Audit Plan. The City Auditor believes the Office of the City Auditor staff and contracted specialists possess adequate professional competence to address potential audit engagement objectives. Also, the City Auditor believes the Office of the City Auditor can maintain objectivity while performing the recommended audit engagements.

No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate
Fiscal Year 2023 Audit Work Plan				
1	311	311 Customer Service	→ Are common customer service calls closed out timely and effectively?	900
2	City Controller's Office	Debt Management Process	→ Is the City compliant with its Financial Management Performance Criteria for Capital and Dept Management? → Are the debt management policies, practices, and processes reflective of the Government Finance Officers Association's best debt management practices? → Are bond issuances in compliance with regulatory agencies and Securities and Exchange Commission Rule 15c2-12? → Are service agreements and fee structures with the City's debt service providers in the City's best interest? → How do the City's debt management practices compare with the other peer cities in Texas?	900
3	City Controller's Office / Procurement Services	Unusual Financial Transactions	→ Are there duplicate payments without refunds? → Are there employees and vendors with matching banking information? → Are there unusual credit card purchases? → Are there any unexplainable duplicate tax identification numbers in the vendor address master file? → Are there unexplainable additions, deletions, or changes to the vendor address master file? → Are City vendors complying with business license requirements?	900
4	Dallas Fire-Rescue	Payroll Process	→ Are controls in place to ensure worked hours were accurately recorded and approved?	900

No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate
Fiscal Year 2023 Audit Work Plan				
			→ Are injuries in the line of duty approved, recorded, and paid following City Personnel Rules? → Are act-in-charge events recorded and paid following City Personnel Rules? → Are new hires, increments, and class changes approved, recorded, and paid following Personnel Rules? → Was there any unusual overtime usage that indicates waste or abuse? → Does Dallas Fire-Rescue manage overtime in a way that limits the financial and operational impact on Department service delivery objectives?	
5	Dallas Fire-Rescue and Dallas Police	911 Communications	→ Are 911 calls received and responded to timely? → Are 911 calls coded correctly and consistently? → Are performance measures accurately captured, tracked, and reported to appropriate parties to evaluate and manage actual performance? → Are 911 center employees trained to meet job expectations and monitored to ensure proper protocols and procedures are followed?	900
6	Dallas Police	Body-Worn and In-Car Camera Operations	→ Are controls in place to ensure body-worn camera users comply with the Dallas Police Department's directives for body-worn cameras? → Are controls in place to ensure compliance with the Dallas Police Department's directives for in-car cameras?	900
7	Dallas Water Utilities	Wastewater Collections and Treatment	→ Is the Department complying with reporting requirements for	900

No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate
Fiscal Year 2023 Audit Work Plan				
			wastewater collection and treatment?	
8	Human Resources / Civil Service	Human Capital Management	→ Do the City-wide talent retention and development practices reflect best practices? → What is the history of human capital management-related assessments in the City, and where do recommendations align and diverge? → What organizational structure will best enable the City to recruit, retain and develop talent efficiently and effectively? → Do succession plans exist for City Council direct reports and City department directors?	900
9	Information and Technology Services	Cybersecurity	→ Does the Information and Technology Services' cybersecurity capabilities benchmark with the Cybersecurity Capability Maturity Model (C2M2), Version 2 Toolkit at Maturity Level 1 – Basic Safeguards? a) Asset, Change, and Configuration Management b) Threat and Vulnerability Management c) Risk Management d) Identity and Access Management e) Situational Awareness f) Event and Incident Response, Continuity of Operations g) Third-Party Risk Management h) Workforce Management i) Cybersecurity Architecture j) Cybersecurity Program Management	900
10	Information and Technology	Cloud Computing Cybersecurity	→ Do the City's cloud computing contract requirements reflect best	900

No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate
Fiscal Year 2023 Audit Work Plan				
	Services, and Other Departments		practices to protect the City's information assets? → Are the City's largest cloud computing vendors complying with contract requirements regarding cybersecurity?	
11	Procurement Services	Procurement Advertisement Practice	→ Does the procurement advertisement practice reflect best practices to promote competition and competitive pricing? → Are scopes of work or specifications written to promote competition and competitive pricing?	600
12	Office of Bond and Construction Management	2017 Bond Program	→ Are the 2017 Bond Program meeting expectations for project delivery?	900
13	Office of Budget & Management Services	Franchise Fees Compliance	→ Verify franchise fees (which may include utilities, cable, and telephone), identified by a third-party vendor on a percentage of recovery basis, are received by the City and vendor invoices are accurate.	100
14	Office of Budget & Management Services	Sales/Use Tax Compliance	→ Verify sales/use taxes, identified by a third-party vendor on a percentage of recovery basis, are received by the City and vendor invoices are accurate.	300
15	Office of Homeless Solutions	Homeless Response System Strategy and Coordination	→ Is the Office of Homeless Solutions making progress toward its strategic goals? o Is the scattered site housing model working to keep people housed? o Is the City adding additional housing units with wrap-around services? o Are the people and families provided housing assistance by the Office of Homeless Solutions Rapid ReHousing Program during fall 2020 still living in housing in fall 2022?	900

No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate
Fiscal Year 2023 Audit Work Plan				
			→ Is the coordination between key partners in the regional effort to end homelessness working?	
16	Office of Emergency Management	Emergency Management Operations Center Activation	→ Is the activation of the Office of the Emergency Management Operations Center following procedures? → Are plans and policies for activation current?	900
17	Office of Environmental Quality and Sustainability	Climate Action Plan	→ Does the Climate Action Plan prioritize activities that will have the most impact? → Are oversight mechanisms in place to help the City meet its Climate Action Plan goals? → Is the Office of Environmental Quality and Sustainability reporting regularly on its progress toward Climate Action Plan Goals?	900
18	Office of Equity and Inclusion	Racial Equity Plan	→ Does the Racial Equity Plan prioritize activities that will have the most impact? → Are oversight mechanisms in place to help the City meet its Racial Equity Plan goals? → Is the Office of Equity and Inclusion reporting regularly on its progress toward Racial Equity Plan Goals?	900
19	Sanitation Services	Personnel	→ Are department procedures effective in ensuring the fair application of personnel decision-making processes (hiring, promotion, discipline, termination, etc.)? → Do department procedures support fairness in the assignment of equipment, work assignments, and other personnel benefits (Uniform Vouchers, etc.)?	900
20	Small Business Center	Minority and Women-Owned Business Enterprise Participation	→ Are City procurements meeting the City's goals for Minority and Women-Owned Business Enterprise participation?	900

No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate
Fiscal Year 2023 Audit Work Plan				
			→ If goals are not met, is the City documenting the good faith effort?	
21	Youth Commission	Youth Services	→ Are there opportunities to increase the effectiveness of the City's limited youth services resources? → Is the City coordinating with other service providers to reduce duplication of services?	900
22	Multiple Departments	Fiscal Year Budget Revenue Estimates	→ Does the City of Dallas have effective processes to ensure reasonable proposed budget revenues are included in the City Manager's *Fiscal Year 2023-24 Proposed Annual Budget*?	900
23	Multiple Departments	Domestic Violence Prevention and Response Coordination and Effectiveness	→ Are the departments working to prevent domestic violence and support victims coordinating effectively? → Are domestic violence prevention programs achieving the intended results?	900
24	Department to be Determined	Housing Inventory	→ What is the number of single-family housing units in the City? → What is the number of multi-family housing units in the City? → What is the three-year average of additions and reductions for single-family housing units? → What is the three-year average of additions and reductions for multi-family housing units? → Is the City adding sufficient housing attainable for people exiting homelessness?	900
25	Department to be Determined	Capital Project	→ Are controls implemented to ensure fiscal management and administrative oversight for individual major construction projects?	900

No.	Department/ Division	Topic	Preliminary Objective(s)	Hours Estimate
Fiscal Year 2023 Audit Work Plan				
			→ Are costs charged to the construction project supported, reviewed, and approved? → Are costs closed out and capitalized in the City's fixed asset records?	

No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate
In-Progress Engagements from Fiscal Year 2022 Audit Work Plan				
1	Aviation	Cybersecurity	→ Does the Aviation Department's cybersecurity capabilities benchmark with the Cybersecurity Capability Maturity Model (C2M2), Version 2 Toolkit at Maturity Level 1 – Basic Safeguards? a) Asset, Change, and Configuration Management b) Threat and Vulnerability Management c) Risk Management d) Identity and Access Management e) Situational Awareness f) Event and Incident Response, Continuity of Operations g) Third-Party Risk Management h) Workforce Management i) Cybersecurity Architecture j) Cybersecurity Program Management	700
2	City Attorney – Community Court	Community Courts Treatment Services	→ Are controls in place to ensure that the financial activities of the Community Court comply with applicable City of Dallas financial policies? → Are case files identified, tracked, and monitored for changes in case disposition authorized by a judge and changes in disposition recorded? → Are case files secured?	100
3	City Controller's Office	Short-Term Rental and Hotel Occupancy Tax Collections	→ Are processes in place to ensure updated and complete populations for collections? → Are internal controls in place and effective to ensure all payments received are recorded and deposited timely?	250

No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate
In-Progress Engagements from Fiscal Year 2022 Audit Work Plan				
4	Civil Service	Personnel Appeals	→ Are policies and procedures effective in ensuring the fair application of internal employee appeals and appeals of terminations and demotions of City employees?	125
5	Dallas Fire-Rescue	Uniform Personnel Recruitment and Candidate Selection	→ Are candidate sourcing strategies and community outreach effective? → Does the candidate selection process reflect best practices and promote a quality hire?	125
6	Dallas Police	Uniform Personnel Recruitment and Candidate Selection	→ Are candidate sourcing strategies and community outreach effective? → Does the candidate selection process reflect best practices and promote a quality hire?	125
7	Development Services	Enterprise Fund Expenses	→ What are the top ten expense categories the Development Services Enterprise Fund uses? Do the uses promote the public good? → Are there unusual financial transactions where the public benefit cannot be explained?	400
8	Equipment and Fleet Maintenance	Fleet Downtime Performance Monitoring	→ Is downtime/availability performance and rental data complete, accurate, monitored, and supported by evidence? → Is downtime/availability performance and rental data complete, accurate, monitored, and supported by evidence? → Is the data reviewed for accuracy/completeness? → Are availability performance measures accurate? If not, why?	100
9	Housing and Neighborhood Revitalization	Home Buying and Preservation Assistance	→ Does the Homebuyer Assistance Program: (1) align with governance requirements and, (2) meet the City's objectives for the program?	300

No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate
In-Progress Engagements from Fiscal Year 2022 Audit Work Plan				
10	Human Resources / Civil Service	Talent Acquisition	→ Is the talent acquisition process efficient? → Are candidate sourcing strategies and community outreach effective? → Does the candidate selection process reflect best practices and promote a quality hire? → Are candidate sourcing strategies aligned with the City's diversity strategy?	125
11	Information and Technology Services	SAP Business Consulting Division/ Deloitte Consulting	→ Is SAP user-provisioning managed and access maintained using the principle of least privilege? → Are the Deloitte Consulting contract performance and billings to contract pricing terms monitored? → Is contracting with a third party efficient for this service?	900
12	Office of Environmental Quality & Sustainability	Environmental Stewardship Training	→ Is the environmental stewardship training program effective and efficient?	250
13	Office of Risk Management	General Liability and Subrogation Claims Administration	→ Do citizens have a fair and accessible means to address claims? → Are claims reserve amounts and insurance coverage methodically determined? → Do controls ensure subrogation amounts and/or insurance claims are identified, investigated, and collected?	550

No.	Department/ Division	Topic	Potential Objective(s)	Hours Estimate
Prescribed Assurance or Other Services				
1	Multiple Departments	Special Audits	Conduct audits under *Chapter IX, Section 4* of the City Charter of officers who vacate their offices due to death, resignation, removal, or expiration of term.	900
2	Multiple Departments	Attestations	Conduct audits under City Administrative Directive 4.5 - *Contracting Standards and Procedures*, of all construction projects with an estimated contract award of $50 million and greater, before City Council consideration.	600
3	Multiple Departments	Prior Audit Follow-Up	City Auditor Responsibilities and Administrative Procedure Requirements to evaluate City Management's implementation of high-impact prior audit recommendations.	1,200
4	Multiple Departments	Council and Management Assistance	Unplanned assurance or advisory services requested by the Mayor, Council Members, or City management. Review Council annual attendance records in accordance with *Council Rules of Procedures 4.13*.	2,000

Audit Plan Total Estimated Work Hours	**29,550**
Available Resource Work Hours	**22,000**

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2439 **Item #:** E.

Holiday Pay for Temporary Staff Personnel Rules Changes
[Nina Arias, Director, Human Resources]

City of Dallas

Holiday Pay for Temporary Staff Personnel Rules Changes

Government Performance and Financial Management
October 24, 2022

Nina Arias
Human Resources
City of Dallas

Kimberly Bizor Tolbert
Deputy City Manager

Presentation Overview

- Overview of Temporary Employees
- Proposed Holiday Pay for Temporary Employees
- Proposed Changes to Personnel Rules
- Staff Recommendation
- Next Steps

Temporary Employees

Temporary employees are defined in the Personnel Rules as:

- Assigned less than six months in duration
- A cooperative work-study program with an educational institution
- A seasonal position, even though the assignment may last more than six months
- A position that is intended to give an introductory work experience to a person preparing for entry into the work force
- A position scheduled to work less than 20 hours per week SEC. 34-8 (a)

Proposed Holiday Pay for Temporary Employees

- Currently, temporary employees are allowed to observe City holidays, but they do not get paid for the day
- A change in the Personnel Rules is required to allow temporary employees to receive holiday pay as ongoing compensation
- The proposed change will:
  - improve the ability to attract employees to City temporary positions and potentially transition employees to full-time positions
  - provide pay equity practices for individuals who may be in the same positions or work closely with permanent City employees who receive holiday pay

Current Temporary Employees

Number of City Temporary employees	**231** **(as of October 1, 2022)**
Estimated number of holidays per City temporary employee	6 (after six months of employment)
Estimated number of paid holiday hours for City temporary employees	11,088
Average hourly wage for City temporary employees	$25.04 (as of January 1, 2023)
Estimated annual cost for holiday pay for City temporary employees	$277,644

* No additional backfill costs are estimated as staffing levels are already based on staffing for holidays.

Proposed Personnel Rules Changes

Personnel Rules Reference	Personnel Rule Wording (Current)	Recommended Personnel Rule Wording	Reason
SEC. 34-9 ELIGIBILITY FOR BENEFITS	(a) Permanent Employees. (1) A permanent full-time employee is eligible for employee benefits, including, but not limited to, paid leave as provided in this chapter, health benefit plan participation, life insurance, and retirement benefits. Benefits may be changed at any time subject to applicable law and subject to city council approval when required, for any lawful reason, including budget constraints. (2) An employee hired in a classification other than permanent full-time is eligible for benefits in accordance with federal law and as described in the applicable plan documents.	(a) ~~Permanent e~~Employees. (1) A permanent full-time employee is eligible for employee benefits, including, but not limited to, paid leave as provided in this chapter, health benefit plan participation, life insurance, and retirement benefits. Benefits may be changed at any time subject to applicable law and subject to city council approval when required, for any lawful reason, including budget constraints. (2) An employee hired in a classification other than permanent full-time is eligible for benefits in accordance with federal law and as described in the applicable plan documents. *(3) A temporary employee is entitled to holiday pay in accordance with Section 34-25(b).*	Identifies that a temporary employee is entitled to holiday pay.

Personnel Rules Changes

Personnel Rules Reference	Personnel Rule Wording (Current)	Recommended Personnel Rule Wording	Reason
SEC. 34-25. HOLIDAYS.	Holiday pay. Paid holidays are extended to every permanent employee. A temporary employee is extended the official holiday, but without pay, except that a temporary employee who is assigned to work on the official holiday will be paid for the hours worked. A full-time permanent employee receives holiday pay equal to the employee's standard work day. A part-time permanent employee receives holiday pay prorated on the basis of the average number of paid hours credited to the employee in the four payroll weeks preceding the holiday. For the purpose of calculating overtime, holidays are included as hours worked.	Holiday pay. Paid holidays are extended to every permanent employee*, and temporary employees as described in Section 34-8(a).* ~~A temporary employee is extended the official holiday, but without pay, except that a temporary employee who is assigned to work on the official holiday will be paid for the hours worked.~~ A full-time *permanent or temporary* employee receives holiday pay equal to the employee's standard work day. A part-time *permanent or temporary* employee receives holiday pay prorated on the basis of the average number of paid hours credited to the employee in the four payroll weeks preceding the holiday. For the purpose of calculating overtime, holidays are included as hours worked.	Add temporary employees to the types of employees eligible for holiday pay.

Staff Recommendation

- Amend Personnel Rules (Section 34-9 (a)(3)) and (Section 34-25 (b))to provide holiday pay for temporary employees

Next Steps

- Receive GPFM Committee feedback on proposed amendments
- City Council action – November 9, 2022

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2228 **Item #:** F.

Budget Accountability Report (information as of August 31, 2022)
[Budget & Management Services]

BUDGET ACCOUNTABILITY REPORT

As of August 31, 2022

Prepared by Budget & Management Services

1500 Marilla Street, 4FN
Dallas, TX 75201

214-670-3659
financialtransparency.dallascityhall.com

EXECUTIVE SUMMARY

Financial Forecast Report

Operating Fund	Year-End Forecast vs. Budget	
	Revenues	*Expenses*
General Fund	✓	✓
Aviation	19% over budget	✓
Convention and Event Services	✓	✓
Development Services	21% over budget	✓
Municipal Radio	22% under budget	6% under budget
Sanitation Services	✓	✓
Storm Drainage Management	✓	✓
Dallas Water Utilities	8% over budget	✓
Bond and Construction Management	✓	15% under budget
Equipment and Fleet Management	✓	✓
Express Business Center	22% over budget	✓
Information Technology	✓	✓
Radio Services	✓	✓
9-1-1 System Operations	8% over budget	✓
Debt Service	✓	✓

✓ YE forecast within 5% of budget

Dallas 365

Year-to-Date	Year-End Forecast
20 On Target	22 On Target
5 Near Target	4 Near Target
10 Not on Target	9 Not on Target

Budget Initiative Tracker

12 Complete	0 At Risk
23 On Track	0 Canceled

Cover Photo Credit: City of Dallas - Mural by Tristan Eaton, Stack Building, Deep Ellum

FINANCIAL FORECAST REPORT

The Financial Forecast Report (FFR) provides a summary of financial activity through August 31, 2022, for the General Fund and other annual operating funds of the City. The Adopted Budget column reflects the budget adopted by City Council on September 22, 2021, effective October 1, 2021, through September 30, 2022. The Amended Budget column reflects City Council-approved transfers between funds and programs, department-initiated transfers between expense objects, approved use of contingency, and other amendments supported by revenue or fund balance.

Year-to-date (YTD) actual amounts represent revenue or expenses/encumbrances that have occurred through the end of the most recent accounting period. Departments provide the year-end (YE) forecast, which projects anticipated revenues and expenditures as of September 30, 2022. The variance is the difference between the FY 2021-22 amended budget and the YE forecast. Variance notes are provided when the YE forecast is +/- five percent of the amended budget and/or if YE expenditures are forecast to exceed the amended budget.

General Fund Overview

The General Fund overview provides a summary of financial activity through August 31, 2022.

	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	$272,058,286	$272,058,286		$287,241,830	$15,183,544
Revenues	1,535,018,900	1,589,890,654	1,511,584,233	1,603,114,690	13,224,036
Expenditures	1,535,018,900	1,589,890,654	1,395,801,710	1,584,166,894	(5,723,760)
Ending Fund Balance	$272,058,286	$272,058,286		$306,189,626	$34,131,340

Fund Balance. As of August 31, 2022, the beginning fund balance for the adopted and amended budgets and YE forecast reflects the FY 2020-21 audited unassigned ending fund balance and includes FY 2020-21 YE savings.

Revenues. Through August 31, 2022, General Fund revenues are projected to be $13,224,000 over budget. Sales tax revenue is projected to be $4,698,000 over budget based on actual collection trends. Additionally, Franchise and other revenue is forecast to be $7,102,000 over budget. This is partially offset by decline in fines and forfeitures and operating transfers in. Fines and forfeitures fees combined with operating transfers in are projected to be $8,286,000 under budget.

Expenditures. Through August 31, 2022, General Fund expenditures are projected to be $5,724,000 under budget primarily due to salary savings from vacant uniform and non-uniform positions across all General Fund departments, partially offset by expenses for uniform overtime, contractual services such as temporary staffing, and supplies for various General Fund departments.

FY 2021-22 Amended Budget. City Council amended the General Fund budget on:

- December 8, 2021, by resolution #21-2023 in the amount of $197,558 for the establishment of the Inspector General Division.
- May 11, 2022, by ordinance #32193 in the amount of $24,859,738 due to additional sales tax revenue and intergovernmental revenue from Dallas County. This allocation will be used for the maintenance and operation of various departments and activities.
- September 28, 2022, by ordinance #32301 in the amount of $29,814,458 due to additional sales tax revenue. This allocation will be used for the maintenance and operation of various departments and activities.

FY 2021-22 Financial Forecast Report

GENERAL FUND REVENUE

Revenue Category		FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
1	Property Tax	$876,483,968	$876,483,968	$877,165,690	$878,236,194	$1,752,226
2	Sales Tax	344,283,066	394,108,522	367,497,168	398,806,270	4,697,748
3	Franchise and Other	117,599,602	117,599,602	91,727,681	124,701,369	7,101,767
4	Charges for Services	108,668,947	108,668,947	92,040,886	111,542,487	2,873,540
5	Fines and Forfeitures	26,390,716	26,390,716	22,857,046	23,104,477	(3,286,239)
6	Operating Transfers In	32,918,730	33,116,288	23,185,836	28,116,288	(5,000,000)
7	Intergovernmental	13,101,905	17,950,645	19,490,278	19,455,671	1,505,026
8	Miscellaneous	8,877,610	8,877,610	10,719,048	11,735,104	2,857,494
9	Licenses and Permits	5,844,356	5,844,356	5,628,271	5,666,830	(177,526)
10	Interest	850,000	850,000	1,272,329	1,750,000	900,000
	Total Revenue	$1,535,018,900	$1,589,890,654	$1,511,584,233	$1,603,114,690	$13,224,036

VARIANCE NOTES

General Fund revenue variance notes are provided below for revenue categories with YE forecast variances of +/- five percent and revenue with an amended budget.

2 Sales Tax. City Council increased the sales tax budget from $364,294,064 to $394,108,522 on September 28 by adopting the end of the year budget ordinance. Revenues are forecast to be $4,698,000 over the amended budget based on actual collection trends eleven months into the fiscal year.

5 Fines and Forfeitures. Fines and forfeitures are projected to be $3,286,000 under budget primarily due to declines in citations filled with the court (18.4 percent decline compared to the same period last year from October to August), in addition to decline in parking fine activity.

6 Operating Transfers In. The revenue budget for Operating Transfers In was amended on December 8, 2021 by resolution #21-2023 in the amount of $197,558 for the establishment of the Inspector General Division. Revenues are forecast to be $5,000,000 under budget primarily because General Fund revenue is forecast to exceed the budgeted amount, eliminating the need for the Sports Arena transfer.

7 Intergovernmental. City Council increased Intergovernmental revenue by $4,849,000 on May 11 as part of the mid-year appropriations adjustment process, due to an unanticipated reimbursement from Dallas County, authorized on December 8, 2021 by resolution #21-1961. This reimbursement represents Dallas County's 50/50 cost participation in Public Works resurfacing projects that will mutually benefit both Dallas County and the City of Dallas.

8 Miscellaneous. Miscellaneous revenues are projected to be $2,857,000 over budget primarily due to auction sales exceeding budget.

VARIANCE NOTES (continued)

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

10 Interest. Interest revenue is projected to be $1,750,000 primarily due to improved market conditions and anticipated interest rate hikes.

FY 2021-22 Financial Forecast Report

GENERAL FUND EXPENDITURES

	Expenditure Category	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
	Non-uniform Pay	$260,333,866	$258,565,939	$213,645,680	$237,589,310	($20,976,629)
	Non-uniform Overtime	6,826,827	6,826,827	13,424,431	14,815,186	7,988,359
	Non-uniform Pension	35,609,192	37,712,500	31,231,485	34,440,822	(3,271,678)
	Uniform Pay	496,243,907	497,132,747	437,679,355	480,881,022	(16,251,725)
	Uniform Overtime	35,775,121	50,775,121	71,477,560	69,655,851	18,880,730
	Uniform Pension	171,394,327	171,394,327	154,823,488	172,184,411	790,084
	Health Benefits	73,731,868	73,765,142	49,656,349	73,765,506	364
	Workers Comp	10,115,891	10,115,891	0	10,115,891	0
	Other Personnel Services	12,262,614	12,286,173	10,391,974	12,273,609	(12,564)
1	Total Personnel Services	$1,102,293,613	$1,118,574,666	$982,330,323	$1,105,721,608	($12,853,058)
2	Supplies	75,425,847	77,930,683	76,372,719	89,728,582	11,797,899
3	Contractual Services	433,322,701	463,687,418	374,418,204	466,052,169	2,364,750
4	Capital Outlay	11,677,806	17,398,954	14,550,930	17,910,374	511,420
5	Reimbursements	(87,701,067)	(87,701,067)	(51,870,467)	(95,245,839)	(7,544,772)
	Total Expenditures	$1,535,018,900	$1,589,890,654	$1,395,801,710	$1,584,166,894	($5,723,760)

VARIANCE NOTES

General Fund expenditure variance notes are provided below for expenditure categories with YE forecast variances of +/- five percent. The Amended Budget column reflects department-initiated transfers between expense objects.

1 Personnel Services. Personnel services are forecast to be $12,853,000 under budget primarily due to salary savings associated with vacant uniform and non-uniform positions across General Fund departments, which are partially offset by uniform overtime expenses in Dallas Police Department ($8,878,000) and Dallas Fire-Rescue ($10,002,000) and non-uniform overtime expenses.

2 Supplies. Supplies are forecast to be $11,798,000 over budget primarily due to radios and other expenses related to the Real-Time Crime Center; protective equipment for Dallas Police Department; various supplies for ambulance operations, in-house repairs, and preventive maintenance of Dallas Fire-Rescue fleet; increases in the cost for building materials used by Building Services; supplies for Park & Recreation facilities improvements; and usage of Transportation signal systems supplies.

3 Contractual Services. Contractual services are forecast to be $2,365,000 over budget primarily due to outsourced fleet repairs, preventive maintenance, and groundskeeping of facilities maintained by DFR; temporary staffing costs across several General Fund departments; and a deposit for the November 8, 2022 joint election, to be reimbursed by Convention and Event Services. These costs are partially offset by savings in salary and benefit stabilization.

4 Capital Outlay. Capital outlay is forecast to be $511,000 over budget primarily due to renovations at Code Compliance facilities, Transportation street light projects, and the Bike Plan supplemental agreement.

VARIANCE NOTES (continued)

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

5 Reimbursements. Reimbursements are forecast to be $7,545,000 better than budget primarily due to additional reimbursements from the Coronavirus Relief Fund and American Rescue Plan Act (ARPA) for eligible Dallas Fire-Rescue salary expenses, and a deposit from Convention and Event Services to cover the November 8, 2022 joint election, partially offset by a reduction in anticipated reimbursements for Dallas Police Department.

FY 2021-22 Financial Forecast Report

GENERAL FUND EXPENDITURES

#	Expenditure by Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
1	Arts and Culture	$21,337,590	21,127,336	$20,344,426	21,039,810	($87,526)
2	Budget and Management Services	4,512,904	4,388,156	3,472,855	4,320,562	(67,594)
3	Building Services	24,356,319	26,538,775	22,905,473	26,505,386	(33,389)
4	City Attorney	17,814,203	18,665,088	16,163,385	18,620,208	(44,880)
5	City Auditor	3,048,254	2,989,115	2,481,673	2,786,177	(202,938)
6	City Controller	7,764,698	7,804,952	7,023,048	7,772,133	(32,819)
7	Independent Audit	745,429	752,000	752,000	752,000	0
8	City Manager	2,933,212	3,237,300	2,846,445	3,181,498	(55,802)
9	City Secretary	3,050,306	3,068,256	2,591,129	3,068,256	0
10	Elections	104,713	283,013	100,066	283,012	0
11	Civil Service	3,021,703	2,737,119	2,038,519	2,642,387	(94,732)
12	Code Compliance	35,032,924	35,314,022	29,501,686	35,301,555	(12,467)
13	Court and Detention Services	24,077,721	24,080,239	21,312,841	23,674,752	(405,487)
14	Jail Contract	9,450,527	8,989,658	7,598,918	8,989,658	0
15	Dallas Animal Services	16,068,520	16,173,829	13,871,595	16,070,408	(103,421)
16	Dallas Fire-Rescue	335,699,096	351,663,887	319,774,730	351,457,442	(206,445)
17	Dallas Police Department	565,934,568	569,379,714	512,626,538	569,351,227	(28,487)
18	Data Analytics and Business Intelligence	3,988,372	3,258,538	2,788,533	3,258,538	0
19	Economic Development	3,252,177	3,541,806	3,514,182	3,536,131	(5,675)
20	Housing and Neighborhood Revitalization	3,825,426	3,715,087	2,235,446	3,432,166	(282,921)
21	Human Resources	7,199,251	7,312,253	6,074,649	7,168,977	(143,276)
22	Judiciary	3,675,924	4,220,484	3,422,893	4,047,898	(172,586)
23	Library	32,917,306	32,692,563	26,473,922	32,224,248	(468,315)
	Management Services					
24	311 Customer Service Center	5,079,860	5,030,513	3,233,136	4,836,665	(193,848)
25	Communications, Outreach, and Marketing	2,330,867	2,344,584	1,685,619	2,248,284	(96,300)
26	Community Care	9,204,147	9,120,978	4,656,475	8,813,400	(307,578)
27	Community Police Oversight	630,129	548,951	367,236	515,750	(33,201)
28	Emergency Management	1,130,290	1,135,003	931,667	1,085,003	(50,000)
29	Environmental Quality and Sustainability	4,255,762	4,249,929	4,193,397	4,060,841	(189,088)
30	Equity and Inclusion	2,644,998	2,716,879	2,189,391	2,617,272	(99,607)
31	Government Affairs	914,383	969,693	917,651	953,733	(15,960)
32	Historic Preservation	755,602	726,575	576,517	724,094	(2,481)
33	Homeless Solutions	11,913,143	11,987,770	10,189,488	11,898,805	(88,965)
34	Integrated Public Safety Solutions	4,969,809	4,527,006	2,632,837	4,350,566	(176,440)
35	Small Business Center	2,454,801	2,209,055	1,196,556	2,102,603	(106,452)
36	Mayor and City Council	5,351,007	5,432,068	4,771,074	5,421,840	(10,228)
37	Non-Departmental	115,542,145	138,518,281	98,672,221	137,048,660	(1,469,621)
38	Park and Recreation	99,627,169	102,368,491	94,315,524	102,368,491	0
39	Planning and Urban Design	4,209,553	6,605,112	4,753,437	6,488,234	(116,878)
40	Procurement Services	3,082,909	2,813,102	2,403,469	2,740,013	(73,089)
41	Public Works	76,357,799	81,871,019	77,423,095	81,871,019	0
42	Transportation	45,249,577	45,298,648	41,294,162	45,053,385	(245,263)
	Total Departments	$1,525,515,093	1,580,406,847	$1,386,317,903	$1,574,683,087	($5,723,760)
43	Financial Reserves	0	0	0	0	0
44	Liability/Claims Fund Transfer	4,483,807	9,483,807	9,483,807	9,483,807	0
45	Salary and Benefit Stabilization	5,020,000	0	0	0	0
	Total Expenditures	$1,535,018,900	$1,589,890,654	$1,395,801,710	$1,584,166,894	($5,723,760)

VARIANCE NOTES

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

1 Arts and Culture. City Council increased OAC's budget by $40,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OAC's budget by $250,000 on September 28 by ordinance #32301 due to salary savings.

2 Budget and Management Services. City Council increased BMS's budget by $28,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased BMS's budget by $153,000 on September 28 by ordinance #32301 due to salary savings.

3 Building Services. City Council decreased BSD's budget by $18,000 on May 11 by ordinance #32193 to reallocate existing resources between various City departments, partially offset by an increase for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council increased BSD's budget by $2,200,000 on September 28 by ordinance #32301 for emergency building maintenance and an increased cost in materials due to inflation.

4 City Attorney. City Council increased CAO's budget by $197,558 on December 8 by resolution #21-2023 and by $553,000 on May 11 by ordinance #32193 for the establishment of the Inspector General Division, one-time Employee Retirement Fund (ERF) pension costs, and the Compensation Study Phase II implementation. CAO's budget was increased by $100,000 on September 28 for retirement pay-outs via a transfer from S&B.

5 City Auditor. City Council increased AUD's budget by $16,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased AUD's budget by $75,000 on September 28 by ordinance #32301 due to salary savings. AUD is projected to be $203,000 under budget primarily due to salary savings as a result of vacant positions.

6 City Controller. City Council increased CCO's budget by $40,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation, partially offset by a decrease to reallocate existing resources between various City departments.

7 Independent Audit. City Council increased Independent Audit's budget by $7,000 on September 28 by ordinance #32301 for an increase in the contract cost.

8 City Manager. City Council increased CMO's budget by $54,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. CMO's budget was increased by $250,000 on September 28 for retirement pay-outs via a transfer from S&B.

9 City Secretary. City Council increased SEC's budget by $18,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

10 Elections. City Council increased Election's budget by $178,000 on May 11 by ordinance #32193 due to a higher-than-anticipated contract expense with the Dallas County Elections Department for the June 5, 2021 Joint Runoff Election and advertising ($382,000), partially offset by a refund from the May 1, 2021 Joint Election ($203,000) due to final costs being less than the City's deposit.

VARIANCE NOTES (continued)

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

11 Civil Service. City Council increased CVS's budget by $15,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased CVS's budget by $300,000 on September 28 by ordinance #32301 due to salary savings.

12 Code Compliance. City Council increased CCS's budget by $281,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

13 Court and Detention Services. City Council decreased CTS' budget by $72,000 on May 11 by ordinance #32193 to reallocate existing resources between various City departments, partially offset by an increase for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council increased CTS' budget by $75,000 on September 28 by ordinance #32301 for school crossing guard services.

14 Jail Contract. City Council decreased the Jail Contract's budget by $461,000 on September 28 by ordinance #32301 due to savings as a result of the new contract with Dallas County.

15 Dallas Animal Services. City Council increased DAS's budget by $33,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

16 Dallas Fire-Rescue. City Council increased DFR's budget by $965,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and the increase in fuel prices. City Council increased DFR's budget by $15,000,000 on September 28 by ordinance #32301 for uniform overtime expenses.

17 Dallas Police Department. City Council increased DPD's budget by $945,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and the increase in fuel prices, partially offset by a decrease to reallocate existing resources between various City departments. City Council increased DPD's budget by $2,500,000 on September 28 by ordinance #32301 for uniform overtime expenses.

18 Data Analytics and Business Intelligence. City Council increased DBI's budget by $70,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. City Council decreased DBI's budget by $800,000 on September 28 by ordinance #32301 due to salary savings.

19 Economic Development. City Council increased ECO's budget by $290,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments.

20 Housing and Neighborhood Revitalization. City Council decreased HOU's budget by $10,000 on May 11 by ordinance #32193 to reallocate existing resources between various City departments, partially offset by an increase for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased HOU's budget by $100,000 on September 28 by ordinance #32301 due to salary savings.

VARIANCE NOTES (continued)

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

21 Human Resources. City Council increased HR's budget by $188,000 on May 11 by resolution ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and temporary staffing costs related to Workday implementation. City Council decreased HR's budget by $75,000 on September 28 by ordinance #32301 due to salary savings.

22 Judiciary. City Council increased CTJ's budget by $175,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council increased CTJ's budget by $275,000 on September 28 by ordinance #32301 for translation services. CTJ's budget was also increased by $95,000 on September 28 for temporary help expenses via a transfer from S&B.

23 Library. City Council increased LIB's budget by $238,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased LIB's budget by $463,000 on September 28 by ordinance #32301 due to salary savings.

24 311 Customer Service Center. City Council increased 311's budget by $51,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased 311's budget by $100,000 on September 28 by ordinance #32301 due to salary savings.

25 Communications, Outreach, and Marketing. City Council increased COM's budget by $86,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. City Council decreased COM's budget by $72,000 on September 28 by ordinance #32301 due to salary savings.

26 Community Care. City Council increased OCC's budget by $39,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OCC's budget by $122,000 on September 28 by ordinance #32301 due to salary savings.

27 Community Police Oversight. City Council increased OCPO's budget by $3,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OCPO's budget by $84,000 on September 28 by ordinance #32301 due to salary savings. OCPO is projected to be $33,000 under budget primarily due to salary savings associated with three vacant positions.

28 Emergency Management. City Council increased OEM's budget by $5,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation.

29 Environmental Quality and Sustainability. City Council increased OEQS's budget by $64,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OEQS's budget by $70,000 on September 28 by ordinance #32301 due to salary savings.

30 Equity and Inclusion. City Council increased OEI's budget by $254,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase IIimplementation, and to reallocate existing resources between various City departments. City Council decreased OEI's budget by $182,000 on September 28 by ordinance #32301 due to salary savings.

VARIANCE NOTES (continued)

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

31 Government Affairs. City Council increased OGA's budget by $5,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. OGA's budget was increased by $50,000 on September 28 for retirement pay-outs via a transfer from S&B.

32 Historic Preservation. City Council increased OHP's budget by $5,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased OHP's budget by $34,000 on September 28 by ordinance #32301 due to salary savings.

33 Homeless Solutions. City Council increased OHS's budget by $75,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments.

34 Integrated Public Safety Solutions. City Council increased IPSS' budget by $14,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased IPSS' budget by $457,000 on September 28 by ordinance #32301 due to salary savings.

35 Small Business Center. City Council increased SBC's budget by $54,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments. City Council decreased SBC's budget by $300,000 on September 28 by ordinance #32301 due to salary savings. SBC is projected to be $106,000 under budget primarily due to salary savings associated with three vacant positions.

36 Mayor and City Council. City Council increased MCC's budget by $81,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and to reallocate existing resources between various City departments.

37 Non-Departmental. City Council increased Non-D's budget by $7,276,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, HRIS module implementation ($1,939,000), and expenses associated with a new data center ($5,200,000). City Council increased Non-D's budget by $15,700,000 on September 28 by ordinance #32301 to transfer $20,000,000 to a new Equity Fund for implementation of Racial Equity Plan Big Audacious Goals and $200,000 to a new Disaster Response Fund for immediate response to disasters, partially offset by savings associated with delayed Master Lease drawdowns and the elimination of a transfer to the Information Technology Equipment Fund.

38 Park and Recreation. City Council increased PKR's budget by $1,441,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, the increase in fuel prices, and partial design costs ($600,000) for future capital improvements at Fair Park. City Council increased PKR's budget by $1,300,000 on September 28 by ordinance #32301 for unbudgeted emergency lighting repairs and increased preventive security measures at recreation centers.

VARIANCE NOTES (continued)

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

39 Planning and Urban Design. City Council increased PUD's budget by $2,543,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs, the Compensation Study Phase II implementation, and zoning updates. City Council decreased PUD's budget by $147,000 on September 28 by ordinance #32301 due to salary savings.

40 Procurement Services. City Council increased POM's budget by $20,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation. City Council decreased POM's budget by $290,000 on September 28 by ordinance #32301 due to salary savings.

41 Public Works. City Council increased PBW's budget by $5,513,000 on May 11 by ordinance #32193 for street resurfacing projects including preventive maintenance, Smart Cities pilot projects, and in-house asphalt treatments, one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation, partially offset by a decrease to reallocate existing resources between various City departments.

42 Transportation. City Council increased TRN's budget by $49,000 on May 11 by ordinance #32193 for one-time Employee Retirement Fund (ERF) pension costs and the Compensation Study Phase II implementation, partially offset by a decrease to reallocate existing resources between various City departments.

44 Liability/Claims Fund Transfer. The transfer from the General Fund to the Liability Fund was increased by $5,000,000 for environmental remediation efforts and other liability considerations.

45 Salary and Benefit Stabilization. The FY 2021-22 Ordinance authorizes the City Manager to transfer appropriations from S&B to any department as allowed by City Charter Chapter XI (Sec. 3), of which, $2,369,000 was transferred to General Fund departments for adjustments including truck driver pay increases ($569,000), pay increases and temporary help expenses in Judiciary ($248,000), other adjustments as a result of the Compensation Study ($1,153,000), and for retirement pay-outs in CAO, CMO, and OGA ($400,000). City Council reallocated the remaining $2,651,000 S&B budget on September 28 by ordinance #32301 due to savings.

FY 2021-22 Financial Forecast Report

ENTERPRISE FUNDS

Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
1 AVIATION					
Beginning Fund Balance	$15,319,809	$15,319,809		$48,029,990	$32,710,181
Total Revenues	142,389,852	151,389,852	160,872,583	179,496,951	28,107,099
Total Expenditures	142,389,852	151,389,852	119,387,807	151,069,961	(319,891)
Ending Fund Balance	$15,319,809	$15,319,809		$76,456,980	$61,137,171
2 CONVENTION AND EVENT SERVICES					
Beginning Fund Balance	$39,553,867	$39,553,867		$43,463,337	$3,909,470
Total Revenues	100,819,948	110,831,405	95,412,481	112,148,539	1,317,134
Total Expenditures	100,819,948	110,831,405	66,530,419	110,831,405	0
Ending Fund Balance	$39,553,867	$39,553,867		$44,780,471	$5,226,604
3 DEVELOPMENT SERVICES					
Beginning Fund Balance	$48,987,040	$48,987,040		$49,020,764	$33,724
Total Revenues	33,476,527	33,468,516	37,495,451	40,572,693	7,104,177
Total Expenditures	38,383,670	53,383,670	31,251,960	52,552,362	(831,308)
Ending Fund Balance	$44,079,897	$29,071,886		$37,041,095	$7,969,209
4 MUNICIPAL RADIO					
Beginning Fund Balance	$355,950	$355,950		$909,189	$553,239
Total Revenues	1,861,000	1,861,000	1,361,339	1,451,960	(409,040)
Total Expenditures	1,815,740	1,815,740	1,511,721	1,697,991	(117,749)
Ending Fund Balance	$401,210	$401,210		$663,158	$261,948
5 SANITATION SERVICES					
Beginning Fund Balance	$16,465,593	$16,465,593		$18,206,255	$1,740,662
Total Revenues	137,982,207	137,982,207	131,966,023	142,704,476	4,722,269
Total Expenditures	139,536,992	141,699,380	91,625,854	141,699,380	0
Ending Fund Balance	$14,910,808	$12,748,420		$19,211,351	$6,462,931
6 STORM DRAINAGE MANAGEMENT—DALLAS WATER UTILITIES					
Beginning Fund Balance	$10,386,150	$10,386,150		$18,863,503	$8,477,353
Total Revenues	69,314,586	69,314,586	67,587,242	69,314,586	0
Total Expenditures	69,314,586	71,814,586	52,947,442	71,814,586	0
Ending Fund Balance	$10,386,150	$7,886,150		$16,363,502	$8,477,352
7 WATER UTILITIES					
Beginning Fund Balance	$108,890,415	$108,890,415		$136,997,769	$28,107,354
Total Revenues	713,732,650	713,732,650	700,287,349	772,234,280	58,501,630
Total Expenditures	722,432,650	755,468,335	602,971,066	741,951,481	(13,516,854)
Ending Fund Balance	$100,190,415	$67,154,730		$167,280,568	$100,125,838

FY 2021-22 Financial Forecast Report

INTERNAL SERVICE FUNDS

Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
8 BOND AND CONSTRUCTION MANAGEMENT					
Beginning Fund Balance	($1,173,960)	($1,173,960)		($2,279,033)	($1,105,073)
Total Revenues	23,065,518	23,065,518	11,051,146	21,940,772	(1,124,746)
Total Expenditures	23,065,518	23,065,518	17,248,805	19,661,739	(3,403,779)
Ending Fund Balance	($1,173,960)	($1,173,960)		$0	$1,173,960
9 EQUIPMENT AND FLEET MANAGEMENT					
Beginning Fund Balance	$10,625,614	$10,625,614		$12,577,658	$1,952,044
Total Revenues	55,306,860	64,993,138	44,142,345	64,415,595	(577,543)
Total Expenditures	56,541,723	66,228,001	56,418,775	66,228,001	0
Ending Fund Balance	$9,390,751	$9,390,751		$10,765,252	$1,374,501
10 EXPRESS BUSINESS CENTER					
Beginning Fund Balance	$4,666,187	$4,666,187		$5,029,721	$363,534
Total Revenues	2,593,790	2,593,790	2,648,632	3,167,182	573,392
Total Expenditures	2,323,978	2,323,978	2,001,131	2,264,080	(59,898)
Ending Fund Balance	$4,935,999	$4,935,999		$5,932,823	$996,824
11 INFORMATION TECHNOLOGY					
Beginning Fund Balance	$7,697,728	$7,697,728		$9,307,658	$1,609,930
Total Revenues	99,176,891	99,176,891	90,267,280	99,167,818	(9,073)
Total Expenditures	99,176,891	99,176,891	79,701,551	98,377,059	(799,833)
Ending Fund Balance	$7,697,728	$7,697,728		$10,098,418	$2,400,690
12 RADIO SERVICES					
Beginning Fund Balance	$517,133	$517,133		$1,429,013	$911,880
Total Revenues	13,248,650	13,248,650	10,865,906	13,248,220	(430)
Total Expenditures	13,248,650	13,629,450	10,675,313	13,290,454	(338,996)
Ending Fund Balance	$517,133	$136,333		$1,386,779	$1,250,446

FY 2021-22 Financial Forecast Report

OTHER FUNDS

Department	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
13 9-1-1 SYSTEM OPERATIONS					
Beginning Fund Balance	$4,180,269	$4,180,269		$6,626,869	$2,446,600
Total Revenues	12,017,444	12,017,444	11,431,301	12,931,195	913,751
Total Expenditures	14,341,472	15,292,904	11,096,921	15,128,008	(164,896)
Ending Fund Balance	$1,856,241	$904,809		$4,430,056	$3,525,247
14 DEBT SERVICE					
Beginning Fund Balance	$66,867,697	$66,867,697		$69,564,897	$2,697,200
Total Revenues	345,529,962	345,529,962	336,737,571	354,936,990	9,407,028
Total Expenditures	348,776,403	348,776,403	287,639,122	334,127,540	(14,648,863)
Ending Fund Balance	$63,621,256	$63,621,256		$90,374,347	$26,753,091
15 EMPLOYEE BENEFITS					
City Contributions	99,503,000	99,503,000	68,372,803	101,102,867	$1,599,867
Employee Contributions	40,959,071	40,959,071	38,267,448	44,568,798	3,609,727
Retiree	27,867,000	27,867,000	10,712,124	26,857,732	(1,009,268)
Other	0	0	166,655	166,655	166,655
Total Revenues	168,329,071	168,329,071	117,519,030	172,529,397	4,366,981
Total Expenditures	176,549,294	176,549,294	70,137,301	178,389,962	1,840,668

Note: FY 2021-22 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects incurred but not reported (IBNR) claims.

16 RISK MANAGEMENT					
Worker's Compensation	14,085,135	14,085,135	560,753	14,085,135	$0
Third Party Liability	11,688,742	11,096,779	4,814,720	16,688,742	5,000,000
Purchased Insurance	11,096,779	11,096,779	1,639	11,096,779	0
Interest and Other	0	0	121,238	121,238	121,238
Total Revenues	36,870,656	36,870,656	5,498,350	36,971,491	5,121,238
Total Expenditures	52,064,548	52,064,548	22,893,026	43,905,471	(8,159,077)

Note: FY 2021-22 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects the total current liability for Risk Management (worker's compensation/liability/property insurance).

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the beginning fund balance with the YE revenue and expenditure forecasts. As of August 31, 2022, the beginning fund balance for the adopted and amended budgets and YE forecast represents the FY 2020-21 audited unassigned ending fund balance and includes FY 2020-21 YE savings. Variance notes are provided below for funds with a YE forecast variance of +/- five percent, YE forecast projected to exceed budget, or projected use of fund balance.

1 Aviation. City Council increased AVI's budget by $9,000,000 on September 28 by ordinance #32301 for increased DPD/DFR reimbursements ($2,000,000) and a capital construction transfer ($7,000,000). AVI revenues are projected to be $28,107,000 over budget primarily due to higher-than expected revenue garage parking, concessions, and terminal rentals. AVI expenses are projected to be $320,000 under budget primarily due to savings in rent expenses, which are partially offset by increases in airfield maintenance and job order contracts.

2 Convention and Event Services. City Council increased CCT's budget by $10,011,000 on September 28 by ordinance #32301 for increased Hotel Occupancy Tax (HOT) and Alcohol & Beverage Tax (ABT) collections. CCT revenues are projected to be $1,317,000 over budget due to a projected increase in HOT and ABT collections, which have recovered to that of pre-pandemic levels.

3 Development Services. City Council increased DEV's budget by $14,165,000 on August 10 by resolution #22-1139 for the purchase of a property for the Stemmons Project and by $835,000 on September 28 by ordinance #32301 for additional Stemmons Project expenses and salary expenses as a result of staff added mid-year. DEV revenues are projected to be $7,104,000 over budget due to higher permit activity.

4 Municipal Radio. WRR revenues are projected to be $409,000 under budget primarily due to declines in arts-related advertising revenues. WRR anticipates using fund balance to offset lost revenue. On June 9, City Council approved the transfer of operation of WRR to KERA. WRR expenses are projected to be $118,000 under budget primarily due to salary savings associated with one vacancy and lower-than-expected music licensing fees.

5 Sanitation Services. City Council increased SAN's budget by $2,162,000 on May 11 by ordinance #32193 due to the increase in fuel prices. SAN revenues are projected to be $4,722,000 over budget due to stronger than anticipated residential collection revenues.

6 Storm Drainage Management - Dallas Water Utilities. City Council increased SDM's budget by $2,500,000 on May 11 by ordinance #32193 to support capital construction and equipment purchases. The budget increase is supported by use of the Fund Balance.

7 Water Utilites. City Council increased DWU's budget by $33,036,000 on May 11 by ordinance #32193 to support capital construction and equipment purchases. DWU revenues are projected to be over budget by $58,502,000 due to higher than expected consumption attributed to dry weather. DWU expenses are projected to be $13,517,000 under budget due to the close out of old bond funds and the balances transferred to the debt service sinking fund and salary savings due to vacancies partially offset by an increased cost in fuel.

8 Bond and Construction Management. BCM revenues are projected to be $1,125,000 under budget due to charges to capital projects encumbered in the prior fiscal year. BCM expenses are projected to be $3,404,000 under budget primarily due to salary savings associated with 49 vacant positions. BCM charges each capital project budget for project implementation costs. Savings in actual implementation expenses result in fewer charges to the capital project.

VARIANCE NOTES

The Enterprise, Internal Service, and Other Funds summaries include the beginning fund balance with the YE revenue and expenditure forecasts. As of August 31, 2022, the beginning fund balance for the adopted and amended budgets and YE forecast represents the FY 2020-21 audited unassigned ending fund balance and includes FY 2020-21 YE savings. Variance notes are provided below for funds with a YE forecast variance of +/- five percent, YE forecast projected to exceed budget, or projected use of fund balance.

9 Equipment and Fleet Management. City Council increased EFM's budget by $7,743,000 on May 11 by ordinance #32193 and by $1,943,000 on September 28 by ordinance #32301 for increased fuel cost and department chargebacks. The FY 2021-22 budget was based on an anticipated blended fuel rate of $2.00 per gallon. In August 2022, the actual average blended rate was $3.36 per gallon. EFM revenues are estimated to be $578,000 under budget primarily due to a decline in equipment auction proceeds.

10 Express Business Center. Express Business Center revenues are $573,000 over budget primarily due to an increase in auto pound sales.

12 Radio Services. City Council increased Radio Services' budget by $381,000 on May 11 by ordinance #32193 for consulting and engineering support for the P25 Radio System Project. Radio expenses are projected to be $339,000 under budget primarily due to salary savings associated with five vacant positions.

13 9-1-1 System Operations. City Council increased 911's budget by $467,000 on May 11 by ordinance #31293 for costs associated with the transition of 911 call centers from an analog network to a digital network (ESINet). 911 revenues are projected to be $914,000 over budget due to increased collections for wireless and wireline fees.

14 Debt Service. Debt Service revenues are projected to be $9,407,000 over budget primarily due to an increase in property tax penalties and interest and unbudgeted transfers to debt service from Sanitation Services and Storm Drainage Management. Debt Service expenses are projected to be $14,649,000 under budget due to interest savings realized in the November 2021 bond sale, as well as a lower than budgeted cash payment to pay off Commercial Paper.

15 Employee Benefits. Expenses are projected to be $1,841,000 over budget primarily due to higher participation in the voluntary products like dental and FSA spending accounts in which enrollees incur the full cost. Revenues are projected to be $4,367,000 over budget primarily due to higher employee contributions related to the aforementioned higher participation in voluntary products which are partially offset by a steady decline in medical enrollment by retirees.

16 Risk Management. The transfer from the General Fund to the Liability Fund was increased by $5,000,000 for environmental remediation efforts and other liability considerations. Risk Management expenses are projected to be $8,159,000 under budget primarily due to a delay in anticipated claims expenses and lower-than-expected payout in FY 2021-22 resulting in some claims to be moved over to FY 2022-23.

FY 2021-22 Financial Forecast Report

GENERAL OBLIGATION BONDS

2017 Bond Program

Proposition		Authorized by Voters	ITD Appropriations	ITD Expenditures	Current Encumbered	Unencumbered
A	Street and Transportation	$533,981,000	$419,861,470	$195,897,929	$79,692,350	$144,271,191
B	Park and Recreation Facilities	261,807,000	234,143,026	160,762,622	13,597,467	59,782,936
C	Fair Park	50,000,000	42,889,098	29,481,510	2,981,618	10,425,970
D	Flood Protection and Storm Drainage	48,750,000	34,543,268	10,535,059	13,664,841	10,343,369
E	Library Facilities	15,589,000	15,589,000	14,819,449	235,439	534,111
F	Cultural and Performing Arts Facilities	14,235,000	14,102,088	11,283,661	1,876,172	942,255
G	Public Safety Facilities	32,081,000	29,897,353	24,421,951	1,608,717	3,866,685
H	City Facilities	18,157,000	15,423,904	1,958,719	743,702	12,721,483
I	Economic Development	55,400,000	46,367,495	19,009,238	10,657,433	16,700,824
J	Homeless Assistance Facilities	20,000,000	17,981,370	8,399,858	539,471	9,042,041
Total		$1,050,000,000	$870,798,072	$476,569,996	$125,597,210	$268,630,866

2012 Bond Program

Proposition		Authorized by Voters	ITD Appropriations	ITD Expenditures	Current Encumbered	Unencumbered
1	Street and Transportation Improvements	$260,625,000	$265,630,488	$255,768,964	$4,831,872	$5,029,652
2	Flood Protection and Storm Drainage Facilities	326,375,000	326,375,000	238,189,790	60,212,205	27,973,005
3	Economic Development	55,000,000	55,000,000	37,739,662	4,647,279	12,613,059
Total		$642,000,000	$647,005,488	$531,698,415	$69,691,357	$45,615,716

2006 Bond Program

Proposition		Authorized by Voters	ITD Appropriations	ITD Expenditures	Current Encumbered	Unencumbered
1	Street and Transportation Improvements	$390,420,000	$406,490,554	$391,983,151	$9,961,711	$4,545,692
2	Flood Protection and Storm Drainage Facilities	334,315,000	342,757,166	287,270,753	16,767,548	38,718,865
3	Park and Recreation Facilities	343,230,000	353,343,060	346,695,391	1,503,859	5,143,811
4	Library Facilities	46,200,000	48,318,600	47,665,916	11,042	641,641
5	Cultural Arts Facilities	60,855,000	63,821,447	63,091,775	59,834	669,839
6	City Hall, City Service and Maintenance Facilities	34,750,000	36,216,478	31,129,900	1,389,517	3,697,060
7	Land Acquisition Under Land Bank Program	1,500,000	1,500,000	1,474,169	0	25,831
8	Economic Development	41,495,000	45,060,053	41,939,230	1,153,500	1,967,324
9	Farmers Market Improvements	6,635,000	6,933,754	6,584,013	12	349,728
10	Land Acquisition in the Cadillac Heights Area	22,550,000	22,727,451	11,350,869	302,370	11,074,213
11	Court Facilities	7,945,000	8,146,606	7,865,684	120	280,802
12	Public Safety Facilities and Warning Systems	63,625,000	66,072,938	65,323,005	6,299	743,634
Total		$1,353,520,000	$1,401,388,107	$1,302,373,854	$31,155,813	$67,858,439

Note: The tables above reflect expenditures and encumbrances recorded in the City's financial system of record. They do not include commitments that have not yet been recorded in the system, such as amounts recently approved by City Council.

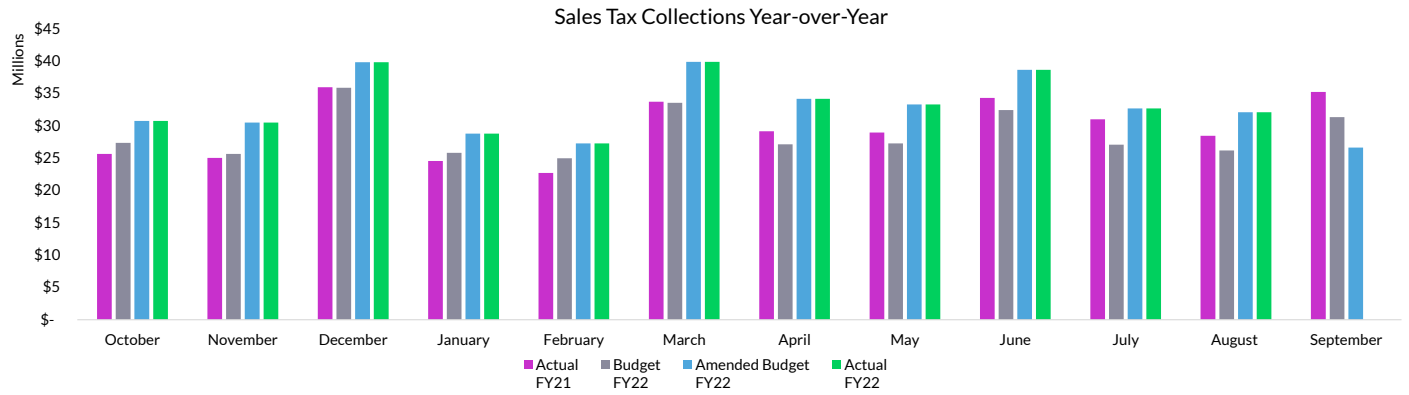
FY 2021-22 Financial Forecast Report

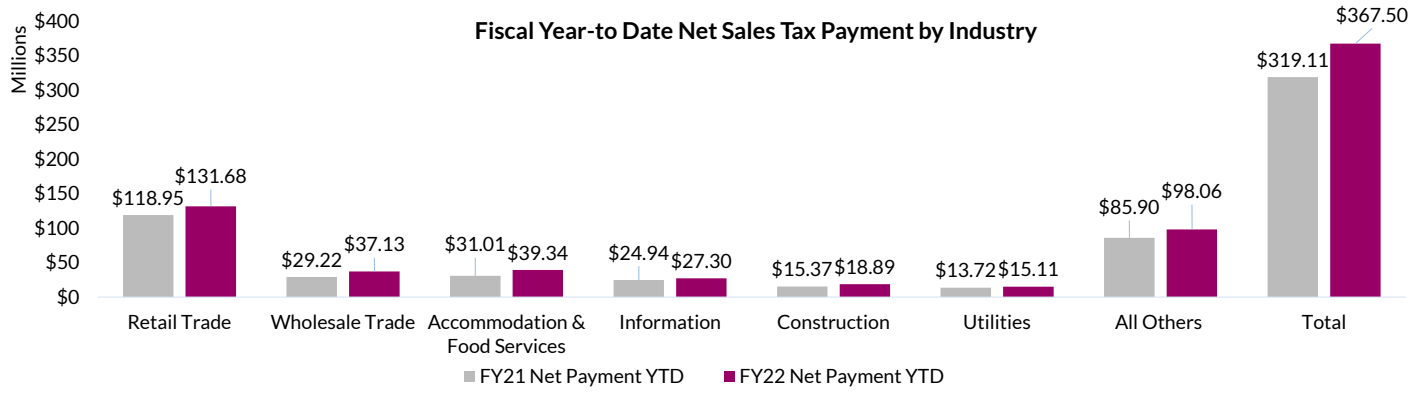
ECONOMIC INDICATORS

Sales Tax

The current sales tax rate is 8.25 percent: 6.25 percent goes to the state, one percent to the City, and one percent to DART. In FY 2020-21, the City received $354,287,642 in sales tax revenue. In FY 2021-22, the City budgeted $344,283,066, which was increased to $394,108,522 by the end of the year ordinance #32301 approved by the City Council on September 28. As of August 31, 2022, the sales tax forecast is $398,806,270 based on actual collection trends eleven months into the fiscal year. We will continue to keep you updated.

The charts in this section provide more information about sales tax collections.





Note: Net sales tax payments by industry do not include the City's self-reported sales tax numbers.

FY 2021-22 Financial Forecast Report

ECONOMIC INDICATORS

Year-over-Year Change in Sales Tax Collections		
Industry	**August FY22 over August FY21**	**FYTD22 over FYTD21**
Retail Trade	0%	11%
Wholesale Trade	38%	27%
Accommodation and Food Services	13%	27%
Information	-1%	9%
Construction	44%	23%
Utilities	48%	10%
All Others	17%	14%
Total Collections	13%	15%

Retail Trade. Includes establishments engaged in selling (retailing) merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise, so retailers are organized to sell merchandise in small quantities to the general public.

Wholesale Trade. Includes establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of (a) goods for resale to other wholesalers or retailers, (b) capital or durable nonconsumer goods, and (c) raw and intermediate materials and supplies used in production.

Accommodation and Food Services. Includes establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption.

Information. Includes establishments engaged in (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

Construction. Includes establishments primarily engaged in the construction of buildings or engineering projects (e.g. highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction or in subdividing land for sale as building sites are also included in this sector.

Utilities. Includes establishments providing electric power, natural gas, steam supply, water supply, and sewage removal.

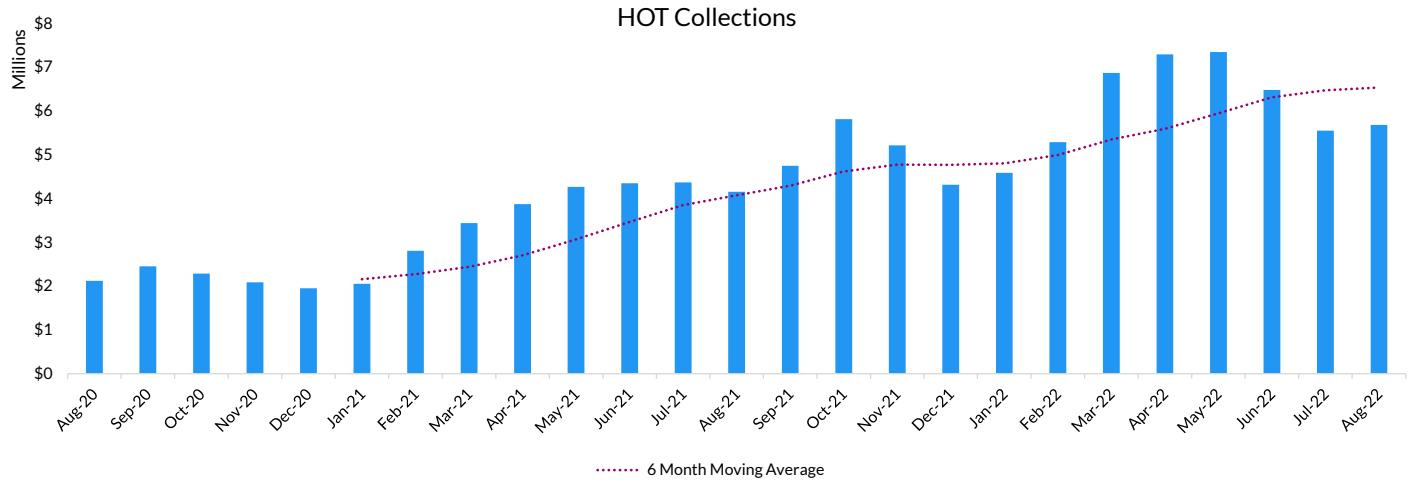
All Others. Includes but is not limited to manufacturing, professional and business services, financial activities, education and health services, and natural resources and mining.

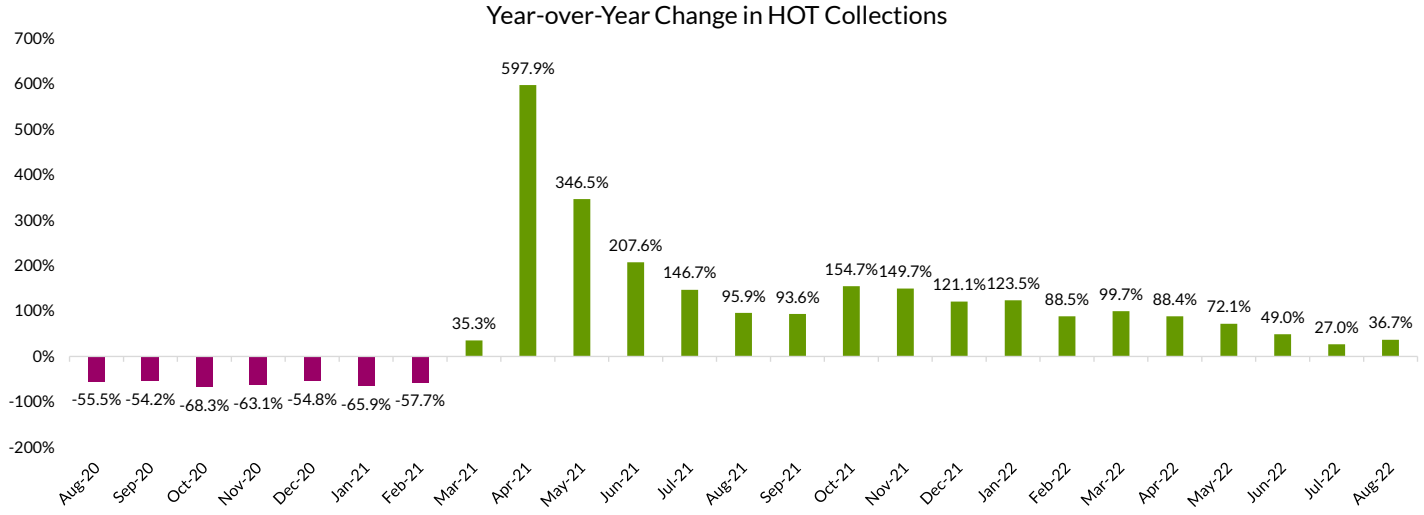
FY 2021-22 Financial Forecast Report

ECONOMIC INDICATORS

Hotel Occupancy Tax

The City collects hotel occupancy taxes (HOT) on hotel, motel, bed and breakfast, and short-term rentals in the city limits. The HOT rate in Dallas is 13 percent of the cost of the room (not including food served or personal services not related to cleaning and readying the space for the guest)—six percent goes to the state, and seven percent goes to the City. HOT is the largest single revenue source for the Kay Bailey Hutchison Convention Center, and data is typically updated every two months.





FY 2021-22 Financial Forecast Report

ECONOMIC INDICATORS

Convention Center Event Bookings

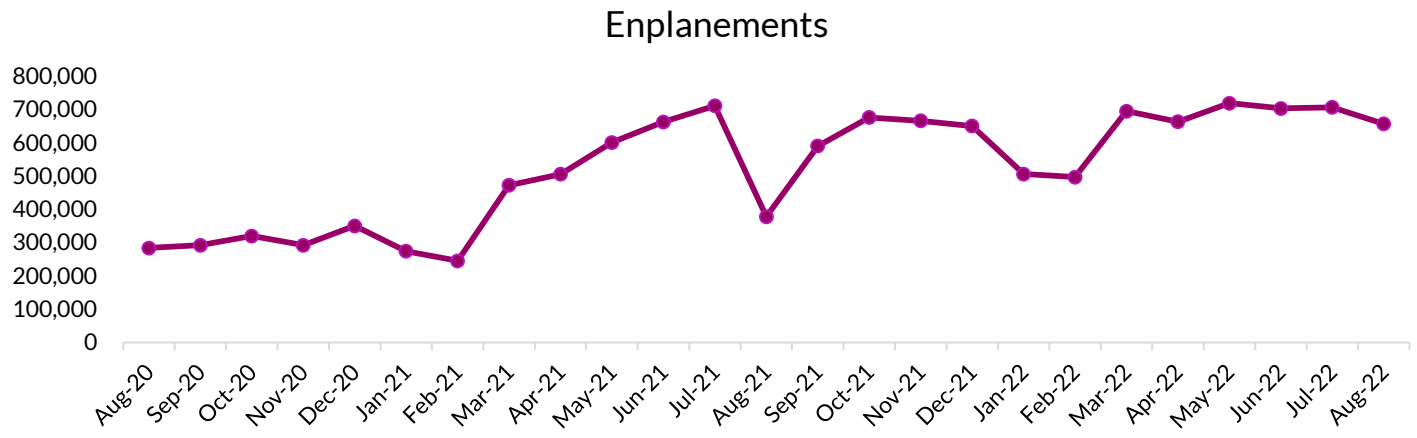
The table below lists the number of actual, planned, and forecast events at the KBHCCD for the last three fiscal years. Please note if no event takes place, it results in an equal reduction in revenue and expenses.

	FY20 Actual	FY21 Actual	FY22 Planned	FY22 Actual/Forecast*
October	6	3	9	6
November	11	1	5	5
December	5	2	11	9
January	13	1	6	4
February	12	0	10	10
March	1	2	4	13
April	1	1	5	8
May	0	6	3	6
June	0	7	9	11
July	0	7	3	4
August	0	4	3	8
September	0	5	5	3
Total	49	39	73	87

* Due to shifts in cancellations and rescheduling, FY 2021-22 actuals for prior months may be updated.

Love Field Enplanements

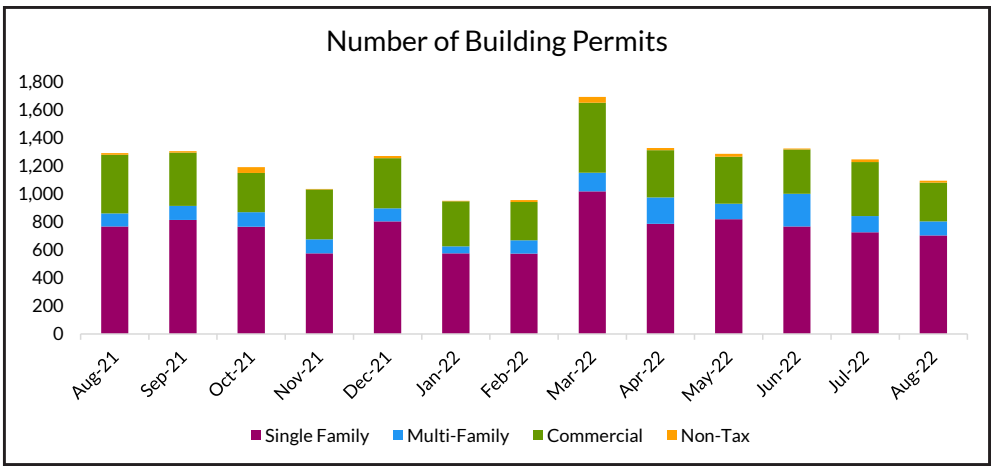
An enplanement is when a revenue-generating passenger boards an aircraft. Enplanements are the most important air traffic metric because enplaned passengers directly or indirectly generate 80 percent of Aviation revenues. Typically, Aviation generates only 20 percent of total operating revenues from non-passenger-related activities.



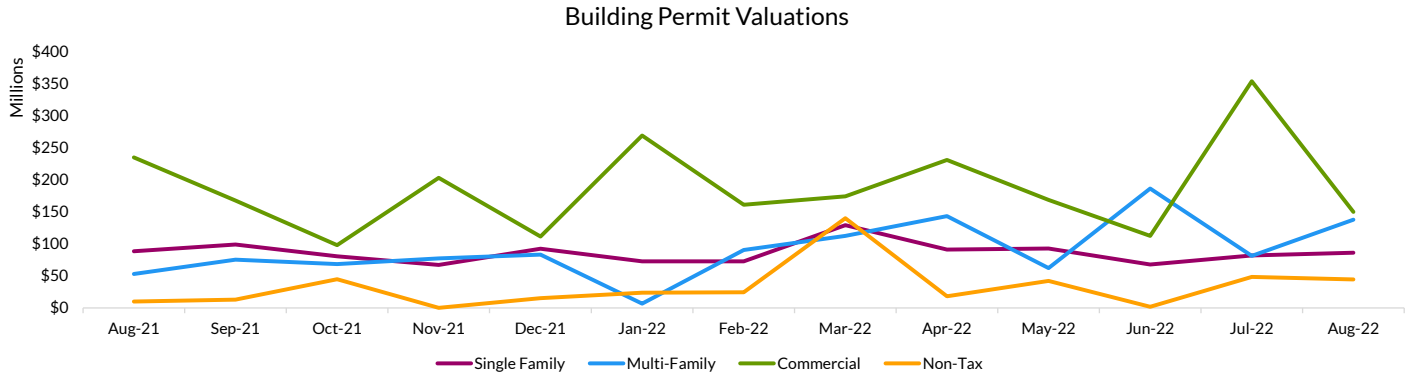
FY 2021-22 Financial Forecast Report

ECONOMIC INDICATORS

Building Permits



Building permits (required for all construction in Dallas) can provide insight into upcoming activity in the housing market and other areas of the economy. Permits are a key indicator of the confidence developers have in the economy; likewise, a decline can indicate developers do not anticipate economic growth in the near future. In some cities, this measure may be a leading indicator of property tax value growth, but in Dallas, the property tax forecast model includes other variables like wage/job growth, housing supply, gross domestic product, population, vacancy rates, and others.



DALLAS 365

The Dallas 365 initiative aligns 35 key performance measures to our eight strategic priorities. The department responsible for each measure is noted at the end of the measure's description, and last year's performance is included if available. If FY 2020-21 data is not available, N/A is listed.

Year-to-date (YTD) and year-end (YE) targets are presented for each measure. YTD targets may vary based on seasonality of the work. Each month, we compare 1) the YTD target with the actual performance for the current reporting period and 2) the YE target with the department's forecasted performance as of September 30, 2022.

Year-to-Date

20 On Target

5 Near Target

10 Not on Target

Year-End Forecast

22 On Target

4 Near Target

9 Not on Target

Measures are designated "on target" (green) if actual YTD performance is equal to or greater than the YTD target. If actual YTD performance is within five percent of the YTD target, it is "near target" (yellow). Otherwise, the measure is designated "not on target" (red). The same methodology applies to YE forecasts. Variance notes are provided for each red measure.

#	Measure	FY 2020-21 Actual	YTD Target	YTD Actual	YE Target	YE Forecast
	Economic Development					
1	Percentage of inspections performed next day, as requested (Development Services)	N/A	98.0%	98.5%	98.0%	98.5%
2*	Average number of days to complete permit application prescreen (Development Services)	N/A	5	5.6	5	5.7
3	Percentage of City spend with vendors located in Dallas (Small Business Center)	N/A	40.0%	39.2%	40.0%	39.2%
4	Percentage of certified M/WBE spend with vendors located in Dallas (Small Business Center)	81.7%	82.8%	65.0%	82.8%	83.8%
	Environment & Sustainability					
5	Percentage of annual Comprehensive Environmental and Climate Action Plan (CECAP) milestones completed (242 of 263 milestones) (Office of Environmental Quality & Sustainability)	92.7%	44.1%	84.0%	92.0%	92.0%
6	Percentage of on-time bulk & brush collections (Sanitation Services)	N/A	99.9%	99.9%	99.9%	99.9%
7	Residential recycling diversion rate (Sanitation Services)	18.3%	19.0%	18.7%	19.0%	18.7%

* For most measures, high values indicate positive performance, but for these measures, the reverse is true.

FY 2021-22 Dallas 365

#	Measure	FY 2020-21 Actual	YTD Target	YTD Actual	YE Target	YE Forecast
	Government Performance & Financial Management					
8	Percentage of invoices paid within 30 days (City Controller's Office)	85.5%	90.0%	88.1%	90.0%	88.1%
9	Percentage of vehicles receiving preventive maintenance on schedule (Equipment & Fleet Management)	88.3%	85.0%	96.5%	85.0%	92.4%
10	Percentage of 311 calls answered within 90 seconds (311 Customer Service Center)	28.1%	75.0%	50.6%	75.0%	57.7%
11	Percentage decrease in preventable city vehicle and equipment incidents (Office of Risk Management)	N/A	-3.3%	3.1%	-3.3%	4.0%
	Housing & Homeless Solutions					
12	Percentage of development funding contributed by private sources (Housing & Neighborhood Revitalization)	78.0%	60.0%	85.6%	60.0%	60.0%
13	Percentage of unduplicated persons placed in permanent housing who remain housed after six months (Office of Homeless Solutions)	90.8%	85.0%	93.6%	85.0%	93.6%
14	Percentage of beds utilized under the Pay-to-Stay program (Office of Homeless Solutions)	N/A	80.0%	93.5%	80.0%	92.4%
	Public Safety					
15	Percentage of EMS responses within nine minutes or less (Dallas Fire-Rescue)	89.7%	90.0%	85.1%	90.0%	85.3%
16	Percentage of first company responses to structure fires within five minutes and 20 seconds of dispatch (NFPA Standard 1710) (Dallas Fire-Rescue)	83.9%	90.0%	87.4%	90.0%	87.4%
17*	Crimes against persons (per 100,000 residents) (Dallas Police Department)	2,085.6	2,000.0	2,296.0	2,000.0	2,287.0
18	Percentage of responses to Priority 1 calls within eight minutes or less (Dallas Police Department)	54.4%	60.0%	47.1%	60.0%	47.1%
19	Percentage of 911 calls answered within 10 seconds (Dallas Police Department)	65.9%	90.0%	96.3%	90.0%	96.3%
20	Complaint resolution rate (Office of Community Police Oversight)	86.8%	70.0%	84.3%	70.0%	82.2%
21	Percentage of crisis intervention calls handled by the RIGHT Care team (Office of Integrated Public Safety Solutions)	43.4%	73.5%	47.1%	80.0%	52.6%

* For most measures, high values indicate positive performance, but for these measures, the reverse is true.

FY 2021-22 Dallas 365

#	Measure	FY 2020-21 Actual	YTD Target	YTD Actual	YE Target	YE Forecast
	Quality of Life, Arts, & Culture					
22	Percentage of litter and high weed service requests closed within SLA (Code Compliance)	74.6%	65.0%	83.7%	65.0%	83.7%
23	Percentage increase in dogs and cats fostered (Dallas Animal Services)	N/A	5.0%	36.7%	5.0%	23.3%
24	Percentage of technology devices checked out monthly (Hotspots and Chromebooks) (Library)	58.4%	75.0%	76.8%	75.0%	77.2%
25	Satisfaction rate with library programs (Library)	N/A	93.0%	98.9%	93.0%	98.9%
26	Percentage of cultural services funding to ALAANA (African, Latinx, Asian, Arab, Native American) artists and organizations (Office of Arts & Culture)	31.2%	30.0%	29.8%	30.0%	30.0%
27	Average number of recreation programming hours per week (youth, seniors, and athletic leagues) (Park & Recreation)	N/A	1,604	2,146	1,604	2,146
28	Participation rate at late-night Teen Recreation (TRec) sites (Park & Recreation)	11.9%	80.0%	74.2%	80.0%	74.2%
	Transportation & Infrastructure					
29	Percentage of bond appropriations awarded (ITD) (Bond & Construction Management)	88.7%	86.0%	79.2%	90.0%	90.0%
30	Planned lane miles improved (837 of 11,770 miles) (Public Works)	90.8%	96.0%	65.1%	100.0%	80.0%
31	Percentage of potholes repaired within 3 days (Public Works)	100.0%	98.0%	99.0%	98.0%	99.0%
32	Percentage of signal malfunction responses within 120 minutes (Transportation)	94.3%	91.0%	92.8%	91.0%	92.5%
33	Percentage of faded long line pavement marking miles improved (612 of 1,223 miles) (Transportation)	N/A	40.2%	72.9%	50.0%	50.0%
	Workforce, Education, & Equity					
34	Percentage increase in the number minutes of original multicultural and multilingual content (on public, educational, and government) compared to FY 2020-21 (Communications, Outreach, & Marketing)	57.0%	25%	37.2%	25%	46.6%
35	Number of WIC clients receiving nutrition services (Office of Community Care)	N/A	62,000	65,804	62,000	66,127

* For most measures, high values indicate positive performance, but for these measures, the reverse is true.

FY 2021-22 Dallas 365

VARIANCE NOTES

2 The average number of days to complete application prescreens increased due to a Project Dox outage in August.

10 311 had an increase in call volume for 311-only calls and DWU calls for customers with over 60 days of outstanding balances. 311 is a multi-discipline call center; therefore, the longest call holding is automatically routed to an agent. This multi-discipline approach impacts this performance measure. 311 is focused on filling vacancies and training staff. An ITS upgrade to activate courtesy callback software features has been re-visited with a tentative start date of Oct. 1st.

11 There has been a 3.92% increase in preventable incidents from October 2021 to August 2022. However, an unusually high number of incidents during the first quarter impacts the overall year-to-date performance. In August, ORM safety personnel continued to visit multiple workplace sites and met with department staff to discuss action plans to increase safety awareness. Action plans included toolbox talks and safe driving awareness.

15 DFR continues to experience increased response times because of several factors. While call volume decreases from the traditional spike during the summer, it remains very high. In addition, DFR's EMS transport rate has historically been 40-45%, now over 60%. Increases in call volume and transport rates result in a decrease in the number of available units and an increase in unit hour utilization, which causes increases in response times.

17 Overall violent crime is down 4.35% for August 2022 compared to the same period in 2021. With the focus on interrupting and disrupting violent people and places, the department strives to continue to see a reduction in crimes against persons. DPD is targeting hot spots such as apartment complexes to decrease crime and is implementing the Place Network Investigations (PNI) plan as part of the Violent Crime Plan.

18 In FY 2021-22, 175 sworn officers have been hired. DPD continues to proactively recruit and hire to meet the hiring goal for FY 2021-22. In June, 28 recruits started their academy training, and 19 graduated in August to begin their field training. The Dallas Police Department is committed to its Violent Crime Plan; overall, violent crime is down 4.35% YTD.

21 The City has received 17,948 mental health calls for service from October 2021 - August 2022. RIGHT Care has responded to 8,999 mental health calls and an additional 1,838 calls at DPD Patrol's request, which did not originate as mental health calls. OIPSS continues to: add new teams as part of the expansion plan, provide additional training and capabilities to our existing teams, and partner with external stakeholders for operational support to address the growing demand for mental health services.

28 The participation rate at late-night teen recreation sites continues to be impacted by the COVID-19 evolution of the Delta and Omicron variants, staff shortages and hiring challenges. As a result, PKR has completed the interview process and identified two potential candidates for the Manager position vacancy. In addition, division-wide performance measures are being developed to incorporate staff performance plans for a more holistic approach to providing teen programming.

29 The complexities of contract negotiations on projects and the escalating costs of materials impact the construction schedules, resulting in a variance. Staff will expedite projects when feasable to meet the annual target and the 6-year implementation schedule.

30 Supply chain issues, fires at cement plants, and ongoing staffing issues are impacting lane mile improvement goals. As a result, PBW is projecting 80% completion of the original goal.

BUDGET INITIATIVE TRACKER

The Budget Initiative Tracker reports on 35 activities included in the FY 2021-22 budget. For each initiative included in this report, you will find the initiative number, title, description, status, and measure. At the end of each description, the responsible department is listed. Each month, the responsible department provides a current status for the initiative and indicates whether the initiative is "complete" (blue circle), "on track" for completion by the end of the fiscal year (green check mark), "at risk" of not being completed by the end of the fiscal year (yellow exclamation mark), or "canceled" (red x).

12	23	0	0
Complete	On Track	At Risk	Canceled

In the Spotlight

CECAP Milestones are Underway through programs like Branch Out Dallas

Branch Out Dallas is led by a citywide team, community partners, and volunteers who distribute trees to residents who sign up online. The program started in 2018 to reduce the heat island effect and increase the overall tree canopy in the city. Each tree planted helps get closer to meeting these goals, which are also a part of the the Comprehensive Environmental and Climate Action Plan (CECAP) annual milestones.

CECAP aims to protect and enhance ecosystems, trees, and green spaces that can improve public health. The goal is to improve by targeting 33%, 37%, and 40% or more canopy cover citywide by 2030, 2040, and 2050, respectively. The plan also targets a 20%, 50%, and 75% reduction in the urban heat island index by 2030, 2040, and 2050, respectively.

As of August 31st, CECAP annual milestones are 84% complete. In addition, the Office of Environmental Quality and Sustainability is on track to complete its targeted milestones for the fiscal year

FY 2021-22 Budget Initiative Tracker

ECONOMIC DEVELOPMENT

1 Economic Development Entity

INITIATIVE Launch the economic development entity called for in the Economic Development Policy with $7 million over 3 years to pay formation costs and hire staff to begin the entity's business and real estate development work, after which it will be self sustaining. In FY 2021-22, ECO will spend $2 million to launch operations, hire a new Economic Development Corporation Director, develop a 3-year work plan, and develop an operational budget for Year 2 and Year 3. (ECO)

STATUS City Council approved creation of the Economic Development Corporation (EDC) on January 12, 2022 and the certificate of formation was filed with the State of Texas in February. The City Council approved the initial Board of Directors to the EDC on August 24, 2022. The target hire date for the EDC Director is winter 2022. After that, work will begin to develop a 3-year work plan and operational budget.

2 Small Business Center

INITIATIVE Establish a Small Business Center focused on business diversity, including the Minority/Women-owned Business Enterprises program, workforce development and reentry services, and entrepreneurship to support local businesses. (ECO)

STATUS The Small Business Center (SBC) was established effective October 1, 2021, and a director was hired in November 2021. The SBC convenes and leverages existing external efforts to address challenges affecting workforce readiness, capacity building of minority, women, and veteran-owned businesses, business startups and retention strategies, and re-entry services for formerly incarcerated residents.

ENVIRONMENT & SUSTAINABILITY

3 Sanitation Collection

INITIATIVE Keep Dallas a safe, clean, and beautiful place to live by improving trash, recycling, and brush and bulky trash service delivery, including increasing employee pay to attract enough staff to meet our requirements and creating an outreach/compliance division to strengthen customer experience. (SAN)

STATUS SAN residential collection services continues to show improvements from FY 2020-21. The number of missed garbage and recycling service calls from October 2021 through August 2022 have decreased for the current fiscal year overall, however there was approximately an 8 percent increase in August 2022 compared to August 2021. The on-time brush and bulky waste service has remained consistently at the 99.9 percent target since the beginning of FY 2021-22.

The pay increase for truck drivers, heavy equipment operators, and crew leaders was implemented in July 2021. Through August 2022, the Department's filled truck driver positions increased by 5 percent compared to this same month last fiscal year. SAN is now approximately 9 percent short from the target of 240 truck drivers. Sanitation continues to hold weekly interviews and extend same-day job offers for qualified candidates.

The Outreach Team Manager was hired in February 2022, the Enforcement Manager was hired in July 2022 and hiring for the Outreach Specialist positions is underway at this time.

4 Air Quality Monitors

INITIATIVE Install $1 million worth of additional Air Quality Monitors around the city to collect data on air quality and inform policy decisions affecting residents' health and quality of life. (OEQS)

STATUS The first contract for Level 1 sensors has been approved by City Council. OEQS staff held a series of three neighborhood meetings in West Dallas to attain community input regarding the locations for the first of several monitors. Work continues on the data platform and data qualification procedures. Equipment was ordered in May, but shipments were delayed due to supply chain and manufacturer quality control issues. OEQS anticipates installation to allow equipment calibration in October 2022.

FY 2021-22 Budget Initiative Tracker

ENVIRONMENT & SUSTAINABILITY

5 Solar Energy Initiative

INITIATIVE Invest $1.5 million in FY 2021-22 and $500,000 in FY 2022-23 for a solar energy initiative, to install solar panels, energy efficient lighting, and retrofit controls at City facilities. (BSD)

STATUS Approximately $1.5 million in energy efficiency and solar panel installation projects are in development. City Council approved the project contracts on April 13, 2022. Construction of solar PV projects at Dallas West Branch Library, Pleasant Oaks Recreation Center, and Fretz Park Recreation Center will start in October to November 2022. Construction of high-efficiency lighting & lighting controls projects at Juanita Craft Recreation Center, Hampton Illinois Branch Library, and City Hall Parking Garage will start in October to November 2022. All six projects are estimated to be completed by December 2022.

6 Comprehensive Food & Urban Agriculture Plan

INITIATIVE Prioritize Dallas communities' access to healthy, local food by contributing $200,000 to implement a Comprehensive Food & Urban Agriculture Plan in collaboration with external stakeholders. (OEQS)

STATUS OEQS staff are continuing efforts under the contract for the Comprehensive Food & Urban Agriculture Plan, including internal and external engagement with over 35 different farms (both community and commercial scale) and other Dallas food stakeholders. The plan is currently out for departmental review. After a period for public review, the department anticipates bringing the plan forward for committee and City Council adoption in fall 2022. OEQS staff are also working with the City's internal Food Equity Working group, the Office of Community Care, and the Office of Procurement Services to pilot a project to provide 200 small growing units for food desert homes.

7 Branch Out Dallas

INITIATIVE Relaunch Branch Out Dallas to provide 2,500 native trees to residents to plant in yards across Dallas helping to reduce heat island effect and stormwater runoff to our drainage system. (SDM)

STATUS The City held the FY 2021-22 Branch Out Dallas event on November 6, 2021 and distributed 2,500 trees across the City for residential properties. The FY 2022-23 activities are currently being planned and will be provided in spring 2023,

8 Water Distribution System

INITIATIVE Enhance monitoring for lead and copper in the water distribution system and develop a plan to educate and support customers in regulatory-driven programs for lead and copper monitoring within schools, childcare centers, and public spaces. In FY 2021-22, DWU will hire two FTEs and spend approximately $75,000 to develop an outreach plan and procedures to sample both schools and day care operations; develop a data management and reporting procedure to comply with the new regulations; and, begin initial sampling in the second quarter of 2022 with a goal of 50 sites sampled by September 30, 2022. (DWU)

STATUS The Water Quality Group has determined the total number of schools and daycare centers that will be impacted by the new Lead and Copper Rule Revision: 389 Public and Charter Schools, 73 Private Schools and 412 Childcare and Daycare Centers. DWU has reclassified two existing positions who are developing a Lead Service Line inventory, contacting schools and day care centers to develop a facilities database and distribute education material, and developing the plan to conduct sampling and lead testing. The process is expected to continue into FY 2023-24.

FY 2021-22 Budget Initiative Tracker

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

9 Equipment and Fleet

INITIATIVE Achieve a state of good repair in five years for all City fleet vehicles, including sanitation trucks, fire apparatus, police cruisers, and heavy vehicles used by Public Works and Dallas Water Utilities by investing $75 million for the purchase of replacement and additional fleet and equipment. (EFM, SDM, DWU, and SAN)

STATUS: The FY 2021-22 fleet acquisition is currently underway for 13 departments, including 640 vehicles on order with a replacement cost of approximately $75.8 million.

10 Data Analytics

INITIATIVE Harness the power of data to increase transparency and accountability by adding six new positions to the Office of Data Analytics & Business Intelligence, investing in the City's Data Inventory, and embracing data-driven decision making across our organization. (DBI)

STATUS As of August, one Data Coordinator, one GIS intern, and two Data Science Analysts have been hired. The department continues to grow the data team and is currently in the recruitment process for one Sr. Data Science Analyst, and one Sr. GIS Analyst.

11 Total Compensation Study

INITIATIVE Invest in our City employees and improve recruiting and retention of high-caliber and diverse employees by continuing to implement the Total Compensation Study and ensuring competitive pay. (HR)

STATUS Phase one of the compensation study was completed in 2021. Phase two was completed in April and was focused on moving positions that were not able to be moved to market in phase one and addressing internal pay compression. Phase three, beginning in FY 2022-23, will continue to address internal pay compression.

HOUSING & HOMELESSNESS SOLUTIONS

12 Addressing Homelessness

INITIATIVE Contribute $25 million to leverage an additional $47 million in public and private investment for an overall $72 million program that employs housing navigation services, landlord incentives, rental subsidies, move-in kits, and case management to reduce and prevent homelessness, in partnership with Dallas County, the Dallas Housing Authority, the Metro Dallas Homeless Alliance, and other cities in Dallas County. The program will be implemented from FY 2021-22 through FY 2023-24. It is anticipated approximately 1,000 individuals will be housed in the first year and a total of 2,762 individuals housed by the end of September 2023. The third year of the program will be focused solely on providing rental assistance and case management to those individuals housed in FY 2021-22 and FY 2022-23. (OHS)

STATUS From October 2021 to August 2022, the Dallas Real Time Rapid Rehousing Initiative housed 1163 individuals, exceeding the goal for FY 2021-22. Of this, 57% of the households consist of adults with children and 43% are adults only. OHS is partnering with Metro Dallas Homeless Alliance (MDHA) to launch the encampment decommissioning effort to offer individuals in established encampments housing solutions.

13 Affordable Housing Units

INITIATIVE Incentivize developers to build affordable housing by subsidizing $10 million worth of water and sewer infrastructure required for up to 250 new affordable single family and 1,000 multifamily units over the life of the program (based on the mix of projects and the amount of funding requested). The program will be implemented from FY2021-22 to FY 2023-24 with new units projected in years 2 and 3 due to construction timelines. (HOU)

STATUS Housing is implementing this new funding along with other measures through the existing Notice of Funding Availability. On January 12, City Council approved the first project utilizing these funds, providing $1.8 million to be used for water infrastructure related to the development of 125 for-sale single family homes. Construction is anticipated to begin by October 2022. Twenty percent of these homes will be reserved for families 80 percent AMI and the remaining homes will be restricted to 120 percent AMI and below. HOU anticipates bringing an additional project to the City Council for approval in August 2022 for a 168-unit multifamily development. Pending City Council and permit approval, construction is expected to begin by spring 2023.

FY 2021-22 Budget Initiative Tracker

HOUSING & HOMELESSNESS SOLUTIONS

14 Preservation of Affordable Housing

INITIATIVE Devote $11.3 million for the preservation of affordable housing and investment in water and sewer infrastructure in qualified census tracts. In FY 2021-22, HOU will spend $2 million for neighborhood infrastructure and $2 million to preserve 20 housing units. (HOU)

STATUS In December, City Council approved the program design to use ARPA funding for home repairs and infrastructure improvements within specific qualified neighborhoods in Dallas. Staff are currently engaged in the hiring process, as well as communications and outreach planning. The application opened in May, and HOU has received 66 applications year to date. These applications are moving quickly through the process, with 43 in various pre-construction processes. Home rehab activities are anticipated to continue through FY 2023-24.

PUBLIC SAFETY

15 Police Response Times

INITIATIVE Improve response times to high priority calls by hiring 250 police officers to end FY 2021-22 at 3,155 police officers, and by continuing to implement the recommendations of the KPMG efficiency study. (DPD)

STATUS DPD readjusted staffing at all patrol divisions for optimized efficiency in order to help better answer the call volume at each division. DPD continues to proactively recruit and hire to meet the FY 2021-22 hiring goal and anticipates ending the fiscal year with 3,140 officers. Year to date in FY 2021-22, 175 sworn officers have been hired.

16 911 Response

INITIATIVE Answer 90 percent of 911 calls within 10 seconds by adding 911 call takers and dispatchers and increasing pay to improve talent acquisition and retention. (DPD)

STATUS The August service level was 96.92 percent, with an average answer time of 4 seconds. Pay increases were implemented in August 2021 and year to date, DPD has hired 36 new call takers and 9 dispatchers. The 911 Call Center is currently staffed at 87 percent, with 116 call takers and 7 trainees.

17 RIGHT Care

INITIATIVE Mitigate behavioral health crises and avoid unnecessary arrests and hospitalizations by adding $2 million to double the number of RIGHT Care teams from five to ten. (IPSS)

STATUS The RIGHT Care team performance continues to excel as it becomes more established. Nine teams (one for each of the seven police patrol divisions and two dedicated roving teams) are currently operating from 7am-11pm, seven days a week. Two additional Citywide overnight rover teams are expected to launch in early FY 2022-23. IPSS anticipates a continual increase in the number of calls handled by the RIGHT Care Team.

18 Street Racing Remediation

INITIATIVE Address city wide speeding and unsafe drivers with $500,000 for traffic calming in neighborhoods and $200,000 for a street racing remediation pilot project. (TRN)

STATUS In August, traffic calming installations and modifications, such as speed cushions, were completed at Harter Road from Lake Highlands Drive to Northcliff Drive. Street racing remediation measures such as raised pavement markers and ceramic buttons are being reviewed for possible implementation at Cesar Chavez Boulevard from Marilla Street to Commerce Street. Road diet installation has been completed for Jefferson Boulevard to reduce the current configuration of six lanes to four lanes. Pavement markings have been installed and signage is expected to be completed by October 2022.

FY 2021-22 Budget Initiative Tracker

PUBLIC SAFETY

19 Non-Emergency Enforcement

INITIATIVE Alleviate Police Department call volume by transferring non-emergency calls such as handicapped/fire lane parking enforcement and street blockage clearance from DPD to the Department of Transportation. (DPD and TRN)

STATUS TRN is completing hiring actions for Parking Enforcement Officer positions from Job Fair applicants. Additional Parking Enforcement Officer interviews are in progress. Part of the Parking team will be relocating to available space at Canton Street facility. Most of the Parking team will relocate to the new 7800 Stemmons Freeway facility in FY 2022-23. DPD has drafted a "Train the Trainer" course to provide training for TRN, and TRN review is in progress. Both departments are actively working towards the transfer of services with an anticipated transition date in January 2023.

21 Tornado Warning Sirens

INITIATIVE Improve tornado warning siren coverage by purchasing and installing ten additional sirens for a total of 178 sirens citywide. (OEM)

STATUS All ten sites have been identified and approved by Oncor, and all but one have been approved by the Department of Public Works. The tenth site is slated for Forest Cliff Park. Almost all components of the sirens have been delivered, and OEM staff has coordinated with ITS to ensure P25-compliant radios and associated hardware are on hand for installation. Once final deliveries are completed, the project will be completed in fall 2022.

23 Facility Security Assessment

INITIATIVE In FY 2021-22, initiate $3.5 million (of $6.4 million allocated) of high-priority improvements identified through the City Facility Security Assessment including perimeter access control, security camera systems, radio systems, officer shelter space, vehicles access control, panic notification, lighting, weapons screening, security operating center upgrades, security staffing, and intrusion detection. (CTS)

STATUS Security enhancement projects are underway at various parks, recreation centers, City Hall Oak Cliff Municipal Center, Municipal Courts, Libraries and DAS. These enhancements include interior and exterior lighting, fencing, and surveillance systems. Once pending proposals in the amount of $474,830 are processed and active, year-to-date obligations will total $2,485,555.

20 Single-Role Paramedic Program

INITIATIVE Develop and pilot a new Single-Role Paramedic Program to introduce a new career path within Dallas Fire-Rescue to better meet workload demands and calls for medical service. (DFR)

STATUS Phase One of the Single Role Paramedic program introduced a new career path within Dallas Fire-Rescue. Phase two (pilot program) began in February 2022, consisting of two DFR rescues staffed with existing personnel. Phase Two will be utilized to evaluate the feasibility, extent, and direction of Phase Three, which will be implemented in FY 2022-23.

22 Emergency Preparedness

INITIATIVE Prepare for emergency situations that may require sheltering through the purchase and installation of eight generators in City facilities and the purchase of six mobile "power packs" that can be used to provide warming or cooling for up to a 5,000 square foot facility. (BSD and OEM)

STATUS City Council approved the purchase of the eight generators in September 2021; all eight have arrived and received permits for installation. Construction has started at two locations (Jaycee-Zaragoza Rec Center and Timberglen Rec Center), with construction at the remaining six expected to begin in September 2022. The entire project is expected to be completed by the end of December 2022.

With the use of additional funding sourced from the Homeland Security Grant Program, OEM has been able to procure two additional power packs, for a total of eight. All eight power packs have been received. Five are fully operational and the last three are waiting on final deliveries for connecting parts. OEM is currently developing Standard Operating Procedures (SOPs) for deploying the power pack units.

FY 2021-22 Budget Initiative Tracker

QUALITY OF LIFE, ARTS, & CULTURE

24 Trail Program

INITIATIVE Clean 1,365 unimproved alleys spanning 129 miles and launch a pilot trail program transforming 33 alleys into safe, well-lit trails. (Revised)(PBW)

STATUS Through August, PBW has completed cleanup of 1,363 unimproved alleys. Two alleys were not cleaned, as once field inspected it was determined that no cleanup was needed.

The pilot trail program added two additional alleys for a total of 35 alleys. 14 of the total 35 alleys to be converted to trails have been approved to move forward, and eight alleys located in historic preservation areas were approved by the Landmark Commission. 13 alleys were disqualified due to property owner rejection of improvements or other factors.

26 White Rock Lake

INITIATIVE Initiate a Comprehensive Master Plan for White Rock Lake and procure a consultant to provide preliminary engineering to determine a phased approach for the dredging of White Rock Lake. (PKR and DWU)

STATUS The consultant contracts for the Master Plan and preliminary engineering for White Rock Lake Dredging will be brought forward for City Council consideration in November 2022.

25 Library Master Plan

INITIATIVE Utilize federal ARPA funds to leverage private funds and initiate a new Library master plan. (LIB)

STATUS A new RFP was posted and closed on June 28, 2022. Procurement evaluations of proposals are nearing completion, and the contract is tentatively scheduled for City Council consideration in November 2022. Upon contract execution, the Friends of the Dallas Public Library are prepared to issue payment of matching funds directly to the vendor.

27 Wi-Fi at Park Facilities

INITIATIVE Install Wi-Fi at 63 park facilities. (PKR)

STATUS This project uses $3.0 million of ARPA funding that has been allocated for Park & Rec's enhancements. The funds have been encumbered; however, due to supply chain and contractor issues a full timeline is unavailable. The anticipated date for equipment delivery is the first quarter of FY 2022-23. A scaled down approach will complete 14 high priority sites by December 2022 using refurbished equipment.

FY 2021-22 Budget Initiative Tracker

TRANSPORTATION & INFRASTRUCTURE

28 Sidewalk Master Plan

INITIATIVE Improve pedestrian mobility by reconstructing and repairing half of the Sidewalk Master Plan's $30 million priority projects within the next two years. In FY 2021-22, PBW will spend $9.7 million in bond funds (certificate of obligation and general obligation bonds), and $0.3 million from the General Fund to complete 28 sidewalk projects, which equates to approximately 20.4 miles of sidewalk improvements. (PBW)

STATUS PBW is on track to complete all 28 sidewalk improvement projects by December 2022. Construction on 17 of the 28 projects has been completed. Several projects have been impacted by a cement shortage.

29 Traffic Signals

INITIATIVE Devote $14 million over three years to leverage over $50 million in matching federal funds to replace 100 traffic signals as part of our Vision Zero strategy. In FY 2021-22 spend $2 million to design 50 traffic signals to leverage federal and county funds. (Revised)(TRN)

STATUS TRN is currently waiting to receive the match fund agreement from TxDOT in addition to the ones received from Dallas County and NCTCOG for the design of 44 signals in total. Design is expected to begin this fiscal year and the project to replace traffic lights will be a multi-year effort.

30 Crosswalks

INITIATIVE In FY 2021-22, spend $2.5 million (of $5.0 million allocated) to restripe 540 lane miles and paint 504 crosswalks. (TRN)

STATUS Through August 946.08 lane miles have been restriped which exceeds the fiscal year-end goal of 540 lane miles. 1,233 crosswalks have been refreshed as of August 2022.

31 School Zone Flashing Beacons

INITIATIVE Replace 1,000 outdated school zone flashing beacons with state-of-the-art technology to protect students as they walk to school. This initiative will be implemented in three phases. In FY 2021-22 spend $2.0 million to procure service contract for the replacement of the school zone flashing beacon system. Phase 1 will be purchasing the system, and the vendor chosen will be responsible for the installation of all in field equipment in phases 2 and 3. (TRN)

STATUS As of August, installation for the school zone flashing beacons (phase 2) is underway.

32 Bike Lanes

INITIATIVE Extend and improve our bike lane network throughout the City with an annual investment of $2 million to design and/or implement approximately 18 lane miles of bicycle facilities per year. (TRN)

STATUS As of July, the Richmond Bike Lane installation has been completed.

FY 2021-22 Budget Initiative Tracker

WORKFORCE, EDUCATION, & EQUITY

33 Language Access

INITIATIVE Hire four additional Spanish speaking agents in 311, add a City language access coordinator, and ensure bilingual employees receiving language pay serve the public effectively. (311, EQU, and COM)

STATUS Four Spanish-speaking customer service agents were hired in January 2022 and completed training in February 2022. The Language Access Coordinator position has closed, first round interviews with HR have been scheduled, and second round interviews will include a full panel with representatives from DPD, OCC, COM, and PUD. The Language Skill Assignment Pay audit was published on February 25, 2022. COM and EQU will work in conjunction with HR to review the policy, research peer city policies, and implement recommendations.

35 Water/Wastewater Service

INITIATIVE Accelerate the extension of water and sewer services to all 47 occupied and unserved areas of the City. In FY 2021-22, DWU will award approximately $9.5 million for the design of 211,219 feet and construction of 9,960 feet of new pipelines in the Mesquite Heights, Killough Blvd & Wasco Lane, and Gooch Street areas. (DWU)

STATUS Engineering work for the remaining occupied and unserved areas began in February 2022 and includes the design of approximately 211,219 feet of new pipelines to the remaining unserved areas. Upon completion of design, these projects will be packaged and awarded for construction beginning in FY 2022-23. Construction in the University Hills area is expected to start in October 2022. In addition, approximately 11,146 feet of new pipelines to four unserved locations that were designed in-house are planned to be awarded for construction in November 2022.

34 Accessibility

INITIATIVE Implement software system to track identified American Disabilities Act (ADA) compliance issues and barrier removal costs. (EQU)

STATUS EQU, ITS, and the proposed (ADA) software vendor have confirmed the ADA tracking program is compatible with the City's systems and meets security requirements. Software testing with City of Dallas stakeholders was extended and is currently ongoing. Software budgeting for add-ons have been requested and the discussion with the vender continue. EQU and ITS are working to confirm the software additions and City of Dallas contracting requirements.

Budget Initiative Tracker

MULTI-YEAR INITIATIVES

While most initiatives can be completed in a single fiscal year, several FY 2018-19, FY 2019-20, and FY 2020-21 initiatives required additional time because of the scope and term of the project, as well as delays due to COVID-19. We will continue to report the status of these seven initiatives below, using the initiative numbers from the prior reports for reference.

4	4	0	0
Complete	On Track	At Risk	Canceled

FY 2018-19

7 P-25 Radio System

INITIATIVE Expanding radio coverage area, improving system reliability, lowering operating costs, and improving interoperability across City departments and with other public safety agencies through implementation of the new P-25 radio system. (ITS)

STATUS Of the 33 planned sites, 30 are complete and the remaining three are approximately 75 percent complete.

The original planned power source at the Desoto Radio Site cannot support the project, so Oncor will deliver a new power distribution in September 2022. The delay is pushing back public safety migration and testing, so ITS will wait to migrate public safety departments until after the State Fair of Texas has concluded. Other departments including PKR, OAC, CCS, CCT, and TRN have already been migrated to the new radio system. DWU is currently undergoing migration.

23 Historic Resource Survey

INITIATIVE Devoting $100,000 to conduct a historic resource survey with private partners. (OHP)

STATUS OHP staff and external consultant presented the final report to the Landmark Commission on May 2, 2022 and to the City Plan Commission on June 2, 2022. The final presentation to City Council has been delayed.

FY 2019-20

29 Juanita J. Craft Civil Rights House

INITIATIVE Preserve civil rights history by restoring the Juanita J. Craft Civil Rights House. (OAC)

STATUS The Mayor proclaimed February 9, 2022 as Juanita Craft Day and City Council accepted $176,481 in private donations for the Craft House from the Junior League of Dallas and other community stakeholders with the total private donations to this project at $403,000. Construction and rehabilitation of the Juanita J. Craft Civil Rights House is approximately 50% complete. The estimated completion date of construction has been extended to November 2022, for an expected opening date in February 2023 after installation of exhibits. The extension was due to additional work on remediation of water damage, as well as on the foundation, piers, and walls of the house.

39 Ethics Training

INITIATIVE Foster an ethical organizational culture by continuing biennial ethics training and expanding the Values Ambassador program. (EQU)

STATUS The Biennial Ethics training program was completed in December 2021. On December 8, City Council voted to approve amendments to the Code of Ethics creating the new Inspector General role, Chief Integrity Officer role, and an Integrity Champions program. The Values Ambassador program is cancelled and will be replaced in 2022 with the new Inspector General's Office. EQU acquired new Ethics eLearning content and continues to deliver live Ethics training to all new employees through New Employee Orientation and Fire Academy programs.

Budget Initiative Tracker

MULTI-YEAR INITIATIVES

FY 2020-21

4 Brush and Bulky Trash Collection

INITIATIVE Streamline brush/bulky trash collection to reduce emissions, improve air quality, and realize collection efficiencies as outlined in the CECAP. (SAN)

STATUS SAN continues to work with the GIS vendor Route Smart Technologies to optimize and streamline collection routes. From April to June 2022 (Q3), SAN averaged 14.43 total miles driven per tons of bulk and brush collected. This is a 5.65% improvement from January to March 2022 (Q2). SAN will continue to monitor miles per tons of bulk and brush to ensure it continues to reduce emissions, improve air quality, and realize collection efficiencies as outlined in the CECAP.

11 Police Mediation

INITIATIVE Strengthen accountability through the Office of Community Police Oversight by adding a mediation coordinator and intake specialist. (OPO)

STATUS As of July, both positions have been filled and the new hires have been onboarded.

5 Language Equity

INITIATIVE Assist residents in their primary languages, which include Spanish, Vietnamese, Arabic, French, Burmese, Hindi, Korean, Swahili, and Mandarin, by recruiting four additional Spanish-speaking customer service agents (CSAs) and maintaining LanguageLine translation services. (311)

STATUS 311 recruitment efforts have allowed management to hire four additional bilingual CSAs during the second quarter of FY 2021-22. Their training will be completed in March 2022. Additionally, 311 has maintained its utilization of LanguageLine, a translation service provider, which allows 311 to bridge language and cultural barriers on-demand, 24/7/365 days a year.

25 Facility Accessibility

INITIATIVE Increase accessibility for residents with disabilities by updating City facilities in compliance with the Americans with Disabilities Act (ADA). (EQU)

STATUS ADA compliance assessment will be conducted on 26 city buildings during FY 2021-22; 17 building reviews have been completed since October 2021. ADA compliance improvements are ongoing in 5th floor restrooms (City Council Chambers); the project is 80% complete. Renovations to the 4th and 6th floor City Hall restrooms are partially completed and will be fully completed by November 2022. ITS Website training has been completed and EQU and ITS have selected training modules for Accessibility Training for the CoD (Department) web content uploaders. The three-part training is anticipated by the end of the fiscal year.

PROCESS IMPROVEMENT

The Process Improvement Team seeks to build a culture of continuous improvement throughout the City of Dallas, partnering with departments to leverage data and research-based best practices for transformative operational success today while laying the foundation for future innovation.

In its first operational year, the Process Improvement Team has focused on building awareness among departments, creating an organization-wide framework for process improvement, and establishing a cross-functional knowledge base for greater inter-departmental coordination and collaboration. The following table summarizes current Process Improvement projects for FY 2021-22. Additional projects will be added to the list throughout the course of the fiscal year.

Project Status

3	5	2	0
Complete	On Track	Delayed	Pre-Kickoff

#	Measure	Status	Timeline	Key Performance Indicators		
				Measure (Target)	Baseline	Current
1	**Building Inspection Call Center** Increase customer satisfaction at the Building Inspection Call Center (DEV)		May – Oct 2021	Call handle rate (90%)	64%	79%
			Status Update: Complete. *The PI Team is engaged with new leadership to support daily performance monitoring using data collection forms and post-call customer satisfaction surveys. Frequent check-ins will continue to ensure an upward trend. Because staffing challenges continue affecting overall performance, work instructions are being developed to improve knowledge transfer.*			
2	**Lew Sterrett Prisoner Intake** Streamline the central prisoner intake process at Lew Sterrett to maximize staff capacity (DPD)		TBD	TBD	TBD	TBD
			Status Update: Delayed. *This project is pending final approval from County leadership and coordination with all entities' stakeholders' schedules to visit Lew Sterrett for an exploratory assessment meeting The project will be facilitated by Toyota Consulting Services.*			
3	**Water/Wastewater Permit Process** Reduce cycle time of Water/ Wastewater Permit Application Process to decrease overall building permit lead time (DEV/ DWU)		Nov 2021 – Mar 2022	Permit Application Cycle Time (1 day)	45 days	1 days
			Status Update: Complete. *The team is working on making minor adjustments to the application to further improve commercial and residential customers. DEV is overcoming staffing challenges and plans to cross-train staff to fill the needs. Frequent check-ins will continue to ensure an upward trend.*			
4	**SFD Building Permit Process** Decrease building permits issuance lead time for single-family residential developments (DEV)		Feb 2022 – TBD	Permit Application Internal Processing Time (12 days)	29 days	TBD
			Status Update: Delayed. *The rolling action items list is being reviewed by leaders to assign resources for action implementation. Timeline TBD.*			

PROCESS IMPROVEMENT

#	Measure	Status	Timeline	Key Performance Indicators		
				Measure (Target)	Baseline	Current
5	**DPD Workload Optimization** Assess current operational demands to identify process improvement opportunities for workload management (DPD)	✓	Jan – Dec 2022	TBD	TBD	TBD
			Status Update: On Track. *Weekly meetings with stakeholders are taking place to determine the best fit model to represent all factors. A comprehensive data assessment is ongoing. Insights and conclusions will be delivered shortly to determine the next steps.*			
6	**DFR Workload Optimization** Assess current operational demands to identify process improvement opportunities for workload management (DFR)	✓	Jan – Dec 2022	TBD	TBD	TBD
			Status Update: On Track. *Relevant factors have been determined. The training pipeline project will be launched as a result of process analysis.*			
7	**New Employee Hiring** Document the current process and make the documented steps detailed enough for everyone involved to understand and follow. (HR/CVS)	○	Mar – Aug 2022	Percentage of hiring managers introduced to standardized tools (100%)	0%	100%
			Status Update: Complete. *New hiring and department leaders' tools were developed and presented to department directors and hiring managers. These tools include updated instructions to guide hiring managers through the process, Microsoft Planner Tasks, and a Tableau dashboard for leadership to track recruitment progress and timeliness. Data is continuously monitored through performance tracking tools to ensure results are sustained.*			
8	**New Employee Onboarding** Reduce lead time for onboarding new employees to maximize throughput and increase internal customer satisfaction. (HR/CVS)	✓	Aug – Dec 2022	TBD	TBD	TBD
			Status Update: On Track. *A team has been formed and weekly meetings are being conducted. A process map is being developed, opportunities for improvement have started to be identified, and solutions will be documented in an action plan. The actions will result in a process redesign, to be communicated soon.*			
9	**Contract Review and Execution** Decrease contract review and execution lead time in order to minimize costs to the City and improve quality of procurement services from vendors. (OPS)	✓	Aug – Dec 2022	Number of contract development days	TBD	TBD
			Status Update: On Track. *Team has been formed, and weekly meetings are being conducted. The process map is developed, opportunities for improvement have been identified, and solutions are currently documented in an action plan. An executive update is scheduled for 10/17.*			
10	**Risk Review & Certificate of Insurances** Decrease the number of days and rework to process Risk Reviews and Certificates of Insurance (ORM)	✓	Sept 2022 - Jan 2023	TBD	TBD	TBD
			Status Update: On Track. *Data collection for validation and data analysis are taking place. The next steps are to conduct team meetings to document the current state and determine opportunities for improvement.*			

CITY OF DALLAS

TEXAS

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2229 **Item #:** G.

Technology Accountability Report (information as of September 30, 2022)
[Information & Technology Services]

Technology Accountability Report (TAR)

City of Dallas

As of September 30, 2022

Prepared by Information & Technology Services

1500 Marilla Street, 4DS **214-671-9868**
Dallas, TX 75201

Executive Summary

The TAR provides a monthly report to the Dallas City Council providing information, updates, and performance metrics across five key areas of IT delivery and management in the city. Where applicable, the report will present information for the previous month and for the fiscal year to date. Over time, the information and metrics will evolve as feedback is received and new areas of focus identified.

The five defined technology delivery and management areas of the TAR are:

- **IT Programs & Projects** – Generally defined, an IT project is a time-defined (temporary) technology-related endeavor with an established beginning and end date that has a set of defined tasks and assigned resources, undertaken to develop a unique product, service or result. An IT Program, on the other hand, is a collection of projects which are generally aligned to common, or complementary objectives. The TAR provides information about the IT Programs and Projects underway at the city and performance metrics on the degree to which they are implemented on-time, within budget, and to the desired outcomes.
- **IT Operations** – How the organization administers its network, fulfills service requests, and provides support and maintenance for its software, hardware, devices, and other related IT services is known as IT Operations. The TAR provides information on the availability of city systems, major outages impacting business operations, and the timeliness of requests for services.
- **Budget, Procurement, & Staffing** – The TAR provides information on the execution of the department's IT budget, currently pending and upcoming technology procurements, and the recruitment and hiring of IT positions.
- **Cybersecurity** – Computing Security, Cybersecurity, or Information Technology (IT) Security is the practice of protecting devices, systems, and networks from information disclosure, theft, damage, or disruption of services caused by either intentional, or unintentional acts. The TAR provides information about the potential threats the city faces and the programs being implemented to improve our cyber posture.

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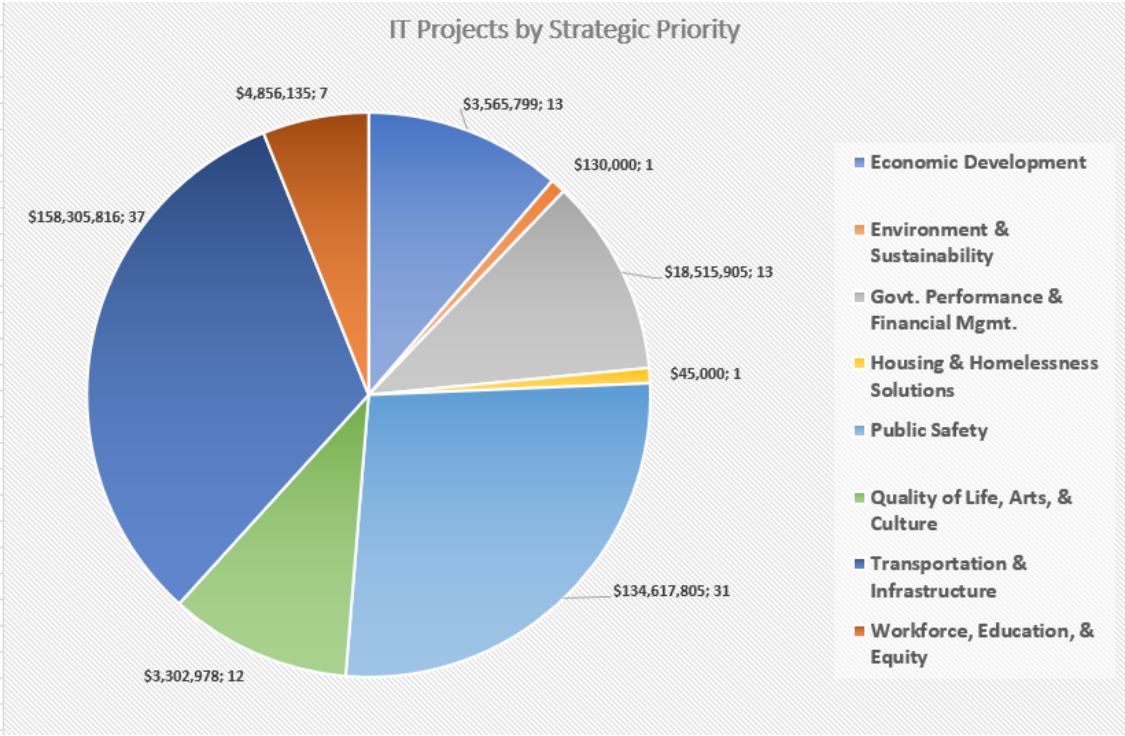
Section 1: IT Programs & Projects

IT Programs & Projects provides information and status updates on the major IT programs and projects in the City of Dallas. Formal IT programs and projects are proposed by City Departments and submitted to the Information & Technology Services (ITS) for review by the City's IT Governance Board (ITGB). The ITGB reviews the Technology Requests (TR) submitted by departments to ensure they are appropriately funded, align to the City's strategic priorities, and comply with all applicable policies and practices.

A. Project Pipeline

1. IT Projects by Strategic Priority

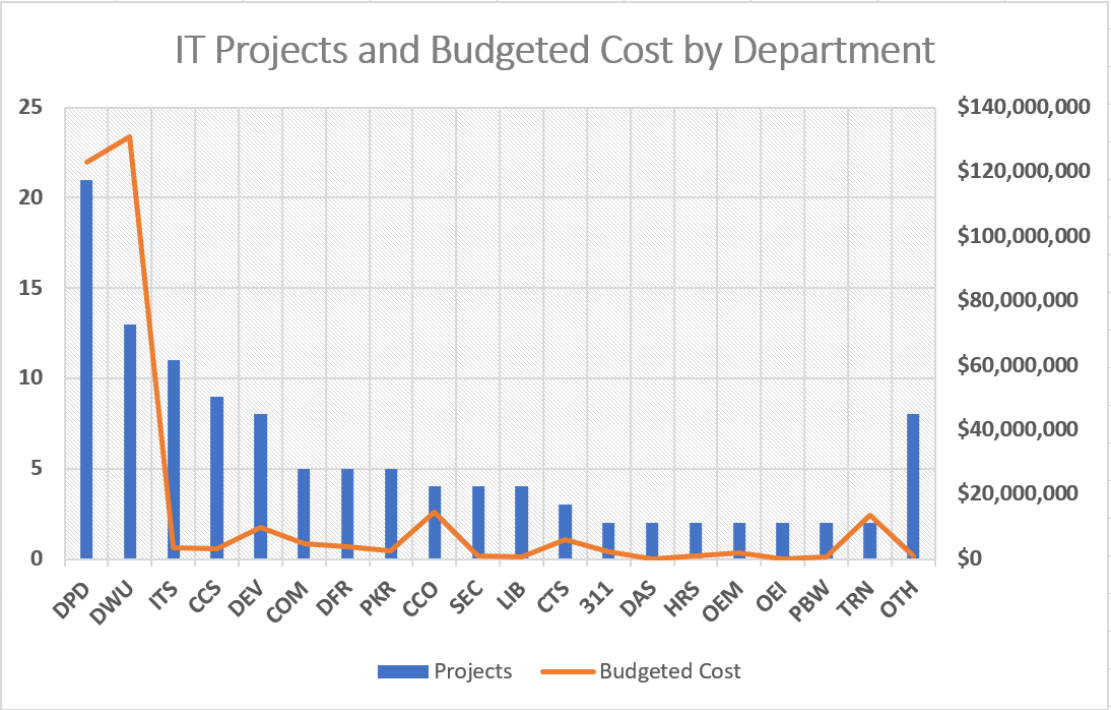


NOTES:

1. As of 9/30/2022, ITS has 114 approved IT projects in the pipeline.
2. The total budgeted costs for the 114 projects are $323,341,851.
3. Project pipeline includes at least one project aligned to every one of the identified 8 strategic priorities.
4. The highest number of active IT projects are aligned to the Transportation and Infrastructure strategic priority with a total of 37 projects at a total budgeted cost of $158

million, followed by Public Safety with 31 projects at a total budgeted cost of $134.6 million, Government Performance & Financial Management with 13 projects at a total budgeted cost of $18.5 million, and Economic Development with 13 projects at a total budgeted cost of $3.6 million.

2. *IT Projects and Budgeted Cost by City Department*



NOTES:

1. 27 City Departments are represented across the 114 approved IT projects in the pipeline.
2. Dallas Police Department has 21 active projects at a total budgeted cost of $123 million, followed by Dallas Water Utilities with 13 active projects at a total budgeted cost of $130.8 million, Information & Technology Services with 11 active projects at a total budgeted cost of $3.3 million, Code Compliance with 9 active projects at a total budgeted cost of $3.2 million, and Development Services with 8 active projects at a total budgeted cost of $9.9 million.
3. 8 Departments have 1 active project each, making up the Other (OTH) group in figure 2 above.

B. Major Project Status

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
1	Enterprise Contact Center (ECC) Solution	The Enterprise Contact Center application within the City of Dallas is a secure, reliable, and scalable call platform to meet the high call volumes and growth to meet the needs of city residents. The ECC includes Natural Language Processing (NLP), Knowledge Base, Workforce Management, Interactive Voice Response (IVR), Courtesy Call Back, and other core call center capabilities to support multiple departments across the city.	GPFM	311	12/2022	In Process
2	Core Financial System Upgrade	The CG Advantage 3 system is utilized by all departments within the City for processing and recording of all budget, procurement and financial accounting transactions and interfaces with many enterprise business applications. This major upgrade will move the City's core financial system to a cloud-based solution providing advanced capabilities and incorporating modern technologies such as robotic process automation (RPA) and machine learning (ML) to improve the quality and speed of financial transactions.	GPFM	CCO	12/2023	In Process
3	Code Compliance Management System (CCMS) Phase 2	CCMS Phase 2 provides Code Compliance Services (CCS) with an application to support all operational, mobility, integration with 311 CRM/SAN/CTS, and other supporting departments, in managing service requests from city residents.	Quality of Life	CCS	5/2022	Delayed
4	Consumer Health Payment Portal for Code Compliance	A new payment portal which allows residents using payment cards to utilize a telephonic payment portal to make payments based upon the invoice number and other account information in lieu of going into a physical location to make payments.	Quality of Life	CCS	5/2022	Delayed
5	Code Compliance: Business Analysis for an asset management system	The Code Compliance office is seeking an asset management system to manage a number of different of assets to include Ballistic vests, uniform items (pants, belts, reflective vests, shirts, jackets) that they issue officers, and other equipment deployed to their staff to perform their duties. This effort gathers requirements to conduct market research and identify potential solutions to meet the business need.	Quality of Life	CCS	12/2022	Delayed
6	Portable Illegal Dumping Camera Tower and Camera Installation	Fixed cameras installed in targeted zones and utilized by Code Compliance and the City Marshals Illegal Dumping program. Camera tower will be used to provide surveillance at chronic illegal dumping sites for the purposes of recording violators in the process to aid in potential prosecutions.	Quality of Life	CCS	9/2022	In Process

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
7	Envision Connect Replacement Project	This project will replace the current Restaurant Inspection System - Envision Connect. Envision Connect is at the end of life for support. The vendor is requesting to move to their newer application for restaurant inspections.	Quality of Life	CCS	12/2022	In Process
8	Vacant Property Registration Salesforce Platform	The Department needs to develop a registration platform and process for identifying and tracking vacant properties. This City wide process will be managed by Code and will need to allow citizens to access an online platform to register and pay for vacant	Quality of Life	CCS	12/2022	In Process
9	Automated Nuisance Abatement Work Order Salesforce System	Streamline Nuisance Abatement work order creation, work order processing, and work order completion to accurately generate invoice for lien processing and to enhance operational efficiency. Implement a process within the current 311/Salesforce system to control.	Quality of Life	CCS	7/2023	In Process
10	Consumer Protection online Salesforce Application/ permitting system	This system will allow department to implement online permit process for seven applications (wood vendor, motor vehicle repairs, Credit access, electronic repairs, home repair, scrap tire). Will Allow business owners to access, complete, submit, and track their business permit applications online.	Quality of Life	CCS	7/2023	In Process
11	Remote Video Streaming	COM is currently exploring acquiring equipment that would allow live video and audio to be streamed from offsite locations to our control room. This is a frequently requested service by various departments and Council offices, and aligns with COM's mission.	Quality of Life	COM	11/2022	Delayed
12	Closed Captioning System for City Council Meetings	Closed Captioning on the live webstream/cable channel of City Council meetings will help meet ADA compliance and our Equity and Inclusion goals.	Quality of Life	COM	6/2023	In Process
13	RFCSP for Court Case Management System	The current Court Case Management System (Tyler Technologies) contract will expire June 2024. CTS wishes to conduct market research and conduct a competitive procurement to ensure the best solution is selected to upgrade and improve court case management.	Public Safety	CTS	12/2023	In Process
14	DAS Inventory Management Tool	Dallas Animal Services manages a large inventory of drugs, supplies and business equipment needed to perform their functions. Currently inventory management is done through a legacy system database (animal software) or on spreadsheets, but are inadequate to provide appropriate controls and functionality.	Quality of Life	DAS	5/2022	Delayed

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
15	Expand OnBase Content Management to the entire DEV Department	The OnBase content management system was originally implemented only for the Building Inspection division within the Development Services Department (DEV). Purpose of this project is to implement the content management system to all divisions within DEV.	Economic Development	DEV	5/2022	In Process
16	Development Services Training Simulator	The building permitting and inspection process involves a number of different components operating independently on separate software platforms. The purpose of this project is to develop a training simulator that allows for cross-collaboration across city divisions to improve quality and efficiency of processes.	Economic Development	DEV	3/2023	In Process
17	Development Services Customer Queue Management Automation	Customers currently walking into the permit center need to be able to "sign in" and set appointments remotely. DEV needs to be able to offer this service to their customers to better track the data associated with their customers' experiences; volume, wait times, types of service...etc. This project will identify, procure, and implement a customer queue management solution for Development Services.	Economic Development	DEV	7/2023	In Process
18	Land Management System POSSE replacement project	The city's current permitting system has reached end of life, cannot interact with the new geospatial technology standards, and is difficult to change to support new business requirements, and workflows. This project will deploy a new system to replace the existing system and to add efficiencies in the permitting process.	Infrastructure	DEV	12/2022	Delayed
19	Relocate Development Services to New Facility	In September 2022, the City of Dallas purchased a new facility at 7800 N. Stemmons Freeway which will serve as the offices and storefront for the Development Services Department (DEV). This project will provide all new IT infrastructure including cabling, network, workstations, printers, radio equipment, etc. in line with the facility opening.	Infrastructure	DEV	01/2023	In Process
20	Telestaff Workforce Management for Public Safety	Implementation of a web-based hosting, Software as a Service (SaaS) solution Workforce TeleStaff System for automation of scheduling and staffing for City of Dallas Public Safety 24-hour employees.	Public Safety	DFD	9/2022	Delayed

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
21	Station Alerting System	Dallas Fire Rescue dispatches resources from 58 fire stations strategically deployed throughout the City. To avoid response delays, DFR relies on a station Alerting System that integrates with our Computer Aided Dispatch (CAD) system to advise firefighter/paramedics of assistance calls. The current station alerting system is end of life, difficult to maintain, and lacks the full range of functionality more modern solutions provide. This project will conduct market research into, procure, and implement a new, modern station alerting system for Dallas Fire Rescue.	Public Safety	DFD	9/2023	In Process
22	Smart Device/Technology Behavioral Health App for DFR members	This project will provide a Peer Support Contact App for Dallas Fire–Rescue (DFR) personnel. At Dallas Fire-Rescue (DFR), the City is promoting whole-person wellness. This new application will supplement existing mental health support services available to the City's DFR members.	Public Safety	DFD	2/2023	In Process
23	IT Infrastructures For New Fire Stations 19, 21, 36, 41, 46, 58 & 59	Eight new Fire Stations are being constructed: #46, #36, #59, #41 Temporary, #41 Primary, #19, #21 and #58. All new IT infrastructures including cabling, network, workstations, printers, radio equipment, etc. will be activated in line with facility openings.	Public Safety	DFD	2/2023	Ongoing
24	Unmanned Aerial Systems (Drones)	The City of Dallas currently has Unmanned Aerial Systems (UAS) unites that are deployed during critical emergency response incidents. UAS provides a real-time video that offers crucial information to incident command and executive staff. This information allows for improved incident management	Public Safety	DFD	9/2023	In Process
25	Mobile Surveillance Platform Vehicles (Formerly known as Bait Car)	The Dallas Police Department ("DPD") currently operates a fleet of 25 Mobile Surveillance Platform vehicles. These vehicles are deployed throughout the City and serve as "bait cars". These vehicles are outfitted with covert cameras, microphones, GPS, and other capabilities.	Public Safety	DPD	12/2022	Ongoing
26	Flock Safety-New fixed ALPR Cameras	The City of Dallas currently has fixed Automated License Plate Readers (LAPR) cameras throughout the city of Dallas. The contract for the current vendor has ended and this project will procure a new vendor and expand the number of cameras in use throughout the city.	Public Safety	DPD	1/2023	In Process

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
27	P25 Compliant Radio Project	The city's current public safety radio network is 40 years old and not compliant with new standards (P25) for these networks. This project installs all-new infrastructure for a fully P25 compliant radio communications system that will be used by multiple departments within the City and County of Dallas. This system is intended and designed to host external governmental agencies throughout the region.	Public Safety	DPD	01/2023	In Process
28	County CAD Collaboration	Upgrade and expand the city's Computer-aided Dispatch (CAD), extending it to the County to improve collaborate on emergency 911 call center responses. This project is also required to fully implement the upgrade of the 911 call center's telecommunications infrastructure.	Public Safety	DPD	1/2023	In Process
29	DPD WEB-RMS Case Management System	This project will migrate DPD's current law enforcement Records Management System (RMS) case management system from the current onsite solution to an upgraded Web-based system. The upgraded RMS will give the department needed functionality that is not available to the department currently in the on-premise solution. Current limitations require process workarounds creating potential errors and inefficiencies which will be resolved with the upgrade.	Public Safety	DPD	2/2023	In Process
30	Axon Air (Drones)	The City of Dallas currently has Unmanned Aerial Systems that are deployed during critical incidents. The UAS provide real time video remotely captured that provide critical information to officers and commanders to make the best decisions possible.	Public Safety	DPD	2/2023	In Process
31	911 Telecommunications Network Upgrade -- ESInet	This project will upgrade the City's current 911 telecommunications network to a Next-Generation 911 built on a modern broadband infrastructure. The new infrastructure allows the transmission of photos, videos, and other broadband data between a 911 Caller, 911 Center, and Responder in the field to offer a higher level of service and support to public safety personnel.	Public Safety	DPD	2/2023	In Process
32	Real Time Crime Center (RTCC) Video Integration (Previously Starlight)	Builds upon prior initiative to provide an analytics-driven video monitoring platform, capable of alerting the Dallas Police Department's Real Time Crime Center (RTCC) of criminal behavior indicators and activity occurring at local businesses.	Public Safety	DPD	2/2023	In Process
33	Ricoh-Fortis Document Management System Replacement	The DPD Fortis document management system is at end of life and no longer supported. This project will replace and upgrade the DPD document management system.	Public Safety	DPD	3/2023	In Process

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
34	COBWEBS Social Media Investigation Software	This project will implement social media investigative software for the Police Department (DPD). This software will provide an efficient tool for investigating social media post from potential suspects to aid in investigations.	Public Safety	DPD	4/2023	In Process
35	Non-City Business Live Surveillance (Fusus)	The Fūsus product suite will provide a video and data collaboration platform to expedite intelligence gathering and efficiency of response to situations as they unfold throughout the community. Further, providing a tool for identifying the location of cameras in proximity that may provide valuable information to aid in the response and/or subsequent investigation.	Public Safety	DPD	9/2023	In Process
36	Early Warning System	This project provides the Dallas Police Department a data-driven, decision-making support application that helps Police leadership systematically identify officers who are showing signs that they are at risk to citizens or of executing law enforcement objectively. The platform utilizes data from a multitude of sources to assess and score risk and provide information to DPD leadership for potential interventions.	Public Safety	DPD	10/2022	Delayed
37	DPD - Auto Pound Online Payment System	This project provides a public portal to allow for citizens to pay fines and fees online to the auto pound in order to recover their vehicle. The information from the payment system allows for better management of the DPD Auto Pound.	Public Safety	DPD	12/2023	In Process
38	In Car Video - Body Worn Camera - Interview Room Installation	Implement a holistic solution that integrates all the three components: (1) in-car video, (2) interview rooms, and (3) body-worn cameras into a single hosted solution. The solution needs to be a consolidated and cohesive system rather than disparate components.	Public Safety	DPD	12/2024	Ongoing
39	Use of Force - Police Strategies LLC	This project will provide a data analytics platform which produces analytic dashboards which provides comparative analyses by extracting data from incident reports & officer narratives, analyzes the data using established algorithms, and produces written summary reports used by DPD leadership in focusing resources.	Public Safety	DPD	7/2023	In Process
40	Enterprise Capital Project Management System (ECPMS) Phase 2	Phase 2 Implementation of the Enterprise Capital Project Management System (ECPMS), IBM Tririga, to support the DWU Capital Projects division. Also, includes the delivery of reporting enhancements and efficiencies to the Phase 1 implementation.	Infrastructure	DWU	12/2022	In Process

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
41	DWU Billing CIS and Customer Portal Replacement	DWU's current Customer Information System (CIS) will no longer be supported as of 2025. This project will perform market research, procure, and implement a new CIS and Customer Portal that needs minimal customization (95% out of the box functionality) for billing Water, Wastewater, Sanitation, and Stormwater utilities.	Infrastructure	DWU	7/2023	In Process
42	Enterprise Work Order and Asset Management (EWAMS) Phase 2	Implementation of an Enterprise Work Order and Asset Management System (EWAMS), that can be utilized as the standard for the City of Dallas. The Phase 2 effort of this Enterprise platform implementation will manage Work Orders and Maintenance.	Infrastructure	DWU	9/2023	In Process
43	Enterprise Work Order and Asset Management (EWAMS) Phase 3	This professional service contract allows for continuous consultant services for the expansion of the Enterprise Work Order and Asset Management System (EWAMS). Phase 3 will oversee the implementation of Dallas Water Utilities (DWU) Meter Services division.	Infrastructure	DWU	5/2028	In Process
44	Payment Vendor (SAP Users - DWU)	This project is to migrate DWU and other user departments of online (Biller Direct) and IVR payments to a new payment platform which provides real-time information for payments and reconciliation.	Infrastructure	DWU	12/2023	In Process
45	HUD Income Limits Eligibility Survey - HOU Website	Updates and enhancements to the Housing & Neighborhood Revitalization Department's (HOU) website to help reduce uncertainty or confusion amongst City of Dallas residents when determining their income eligibility for the various programs based on the Housing and Urban Development (HUD) Income Limits.	Economic Development	HOU	2/2023	In Process
46	Unsupported Software Remediation	Identify Servers running unsupported Software, DBs running unsupported versions of software, and Applications that will require modifications to bring up to supported software levels. Develop a plan to upgrade, in a sequenced fashion.	Infrastructure	ITS	6/2023	Ongoing
47	Network Unified Communications (UC) Upgrade	The City's current collaboration suite is at end of life and requires an update to maintain functionality and reduce risk. This project will upgrade the Unified Communications Management (UCM) to the latest version available.	Infrastructure	ITS	12/2022	In Process

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
48	Apptio IT Financial Transparency SaaS	This project is for a cloud-based solution for the Department of Information and Technology Services (ITS) to gain detailed insight into information technology (IT) expenses, cloud infrastructure / software usage and other IT related costs.	GPFM	ITS	12/2022	In Process
49	DocuSign Use Case Review	Reassess business needs for an e-Notary and X.509 compliant digital signature solution for the City Secretary's Office (SEC), City Attorney's Office (ATT) and the Real Estate Division of Public Works (PBW).	GPFM	ITS	12/2022	In Process
50	ServiceNow Phase 2	ServiceNow Phase 2 comprises 4 major tasks or subprojects - "IT Software and Hardware Asset Management", "ServiceNow Stabilization and Workflow Improvement", "ServiceNow Fedramp Cloud Migration", and "ServiceNow Version Upgrade to San Diego Q1 2022".	Infrastructure	ITS	1/2023	In Process
51	IT Project and Portfolio Management Tool	This project will implement a new Project and Portfolio Platform (PPM) tool suite to provide a centralized and automated project management portfolio, assist with project intake, and improve the tracking and management of IT projects.	GPFM	ITS	3/2023	In Process
52	Visualization Engineering Services	Purchase of Visualization Engineering services will provide an authoritative visualization of our Current State and Future States - an effort critical to information data center improvements. The outputs of this engagement will be crucial to the success o	Infrastructure	ITS	4/2023	In Process
53	Data Center Improvement Program	This program provides a comprehensive review, assessment, and cleanup of the City Hall Data Center and all other locations which hold primary and ancillary equipment used for IT operations in the City.	Infrastructure	ITS	4/2024	Ongoing
54	Digital Equity Infrastructure	This project seeks to meet the City's vision of ensuring that all Dallas households will have high-speed, reliable internet and access to devices in their homes by seeking commercial telecommunication service providers to develop and implement digital equity infrastructure which addresses established gaps in targeted communities.	Infrastructure	ITS	12/2023	In Process
55	Infrastructure Upgrade of Dallas LIB system (formerly called E-Rate)	This project will refresh existing, and add new components, to LIB Network Infrastructure. The upgraded infrastructure will dramatically improve the delivery of digital services to LIB patrons.	Quality of Life	LIB	9/2023	In Process
56	Library Website update	The library's website needs to be updated to meet the current and future needs of the library including being able to support additional online content and online programs and education.	Quality of Life	LIB	3/2023	In Process

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
57	Neighborly Expansion - Fair Housing	The purpose of the software is to complete the Fair Housing assessment of housing projects. This ensures we affirmatively further fair housing in the City as required by the Fair Housing Act and HUD.	Quality of Life	OEI	3/2023	In Process
58	ADA Software Tracking System	This request acquires a software system to track identified ADA Compliance issues, track barrier removal costs, and to provide public interface to show City's progress toward removing barriers. Public reporting of barrier removal is a federal requirement.	Quality of Life	OEI	3/2023	In Process
59	Stormwater Compliance Information Management System	OEQ staff currently manage mission-critical and legally sensitive environmental management consent decree (EMCD) /permit-required tasks though a 20-year-old "homemade" information system built on MS Access 2002 and InfoPath. This project will procure and implement a new, modern system which provides timely information through dashboards and reports.	Infrastructure	OEQ	3/2023	In Process
60	Implement Workday Prism	The Workday Prism Project will aggregate historical data from the City's prior payroll system and make it available with new payroll data in Workday.	GPFM	PER	5/2022	Delayed
61	IT Infrastructure for Parks and Recreation Sites Phase 2	This project includes the acquisition and installation of IT infrastructure and services for new PKR facilities. New IT Infrastructures include local and metro network, internet, PCs, printers, security systems, point of sale systems, telephones, etc.	Quality of Life	PKR	12/2022	Ongoing
62	IT Infrastructure for Bachman Aquatic Center	Park and Recreation Department is building a new Aquatic Center at 2750 Bachman Drive which requires full IT infrastructure implementation.	Quality of Life	PKR	6/2023	In Process
63	PKR Recreational Management System	Dallas Park and Recreation Department is looking for a recreation management system to manage recreation activities and programs of its 43 recreation centers, 107 pavilions, 19 aquatic facilities and over 200 athletic fields.	Quality of Life	PKR	12/2023	In Process
64	Electronic Document Management - EDMS	Project Provides Electronic Document Management and Document Archive System for City Secretary's Office.	GPFM	SEC	12/2022	In Process
65	SEC Records Inventory Management Solution	Replace the current obsolete unsupported FoxPro database with a state-of-the-art software application (preferably SaaS) that provides full functionality for operating a records center. Replacing this application will improve the management of the 70,000+	GPFM	SEC	11/2022	In Process
66	Boards and Commissions Management Solution	The business objective for this project is to assist and upgrade the City Council's Boards and Commission appointment process in 3 key areas: New Boards and Commission Application Portal, Upgraded Boards and Commission Tracking/Reporting Solution and a Ne	GPFM	SEC	12/2022	In Process

As of 09/30/22

#	Project Name	Description	Strategic Priority	Dept.	Estimated Completion Date	Project Status
67	Build an Ethics Financial Reporting Solution	The purpose of this system is to promote and support ethical financial compliance.	GPFM	SEC	2/2023	In Process
68	Advanced Traffic Management System (ATMS)	The objective of this project is to transition from the City of Dallas 25+ year old analog traffic management system to a new Advanced Traffic Management System (ATMS). The transition includes a new GUI (Graphical User Interface) and Central Traffic Management system.	Infrastructure	TRN	10/2022	In Process

NOTES

2 Core Financial System Upgrade. The contract requirements and project timeline have been finalized and the contract action is scheduled for Council review on December 14th.

3 Code Compliance Management System (CCMS) Phase 2. Project delayed due to issues related to Payment Card Industry (PCI) compliance issues. ITS is working with Code Compliance and the system vendor to complete compliance and fully implement the new system. New implementation date of January 2023.

4 Consumer Health Payment Portal for Code Compliance. Project delayed due to issues related to Payment Card Industry (PCI) compliance issues. ITS is working with Code Compliance and the system vendor to complete compliance and fully implement the new system. New implementation date of January 2023.

7 Envision Connect Replacement Project. Project delayed due to issues related to Payment Card Industry (PCI) compliance issues. ITS is working with Code Compliance and the system vendor to complete compliance and fully implement the new system. New implementation date of February 2023.

8 Vacant Property Registration Salesforce Platform. Project delayed due to issues related to Payment Card Industry (PCI) compliance issues. ITS is working with Code Compliance and the system vendor to complete compliance and fully implement the new system. New implementation date of January 2023.

14 DAS Inventory Management Tool. Multiple departments have requested an asset/inventory management tool to assist with performing their job functions. ITS is consolidating requirements across departments to perform market research to determine whether an option for a city-wide can be met.

17 Development Services Customer Queue Management Automation. The Business Requirements Document (BRD) has been completed, reviewed, and approved by all parties. Market research is underway to identify potential solutions.

18 Land Management System POSSE replacement project. ITS is working with Development Services to complete Statement of Work (SOW) to support discussions with proposed vendor. Office of Procurement Services, Development Services, Information & Technology Services met with proposed vendor in mid-October and conducted detailed reviews of SOW.

19 Relocate Development Services to New Facility. ITS has conducted multiple building surveys of new site and is working with vendors on the ordering of new equipment and installation of circuits.

21 Fire Station Alerting System. ITS and DFR team has completed market research and finalized the Business Requirements Document (BRD) in preparation for the release of a Request for Proposals (RFP) for a new system. ITS is working with Procurement Services and City Attorney's Office to release the RFP by November 15, 2022.

24 Unmanned Aerial Drones for DFD. The delivery order (DO) for the air drones has been placed and the equipment has been received from the vendor. In the next phase the drones can be configured and deployed.

26 Flock Safety – New Fixed ALPR Cameras. ITS is working with DPD and the vendor to resolve a potential security risk posed by the implementation to the City's network. A solution which remediates the risk has been identified and the program is progressing toward implementation.

27 P25 Compliant Radio Project. Effective with August 2022, the new P25 Public Safety Radio system was live, operational, and performing as designed. Non Public Safety departments have already been migrated to the new system. DPD, DFR and other Public Safety departments are undergoing final testing and training and will begin migrating to the new system after the State Fair of Texas in November 2022. Final migration of all City of Dallas Departments expected for completion by February 2023.

32 Real-Time Crime Center (RTCC) Video Integration. A vendor has been identified to provide the platform which integrates camera feeds from non-City businesses into the RTCC. The Technology Request (TR) for the purchase was approved by the ITGB on September 15, 2022 and a purchasing request (PR) has been submitted for approval. This item will required Council approval.

39 Use of Force – Police Strategies, LLC. Vendor services have been procured and ITS and DPD have worked to provide the vendor with data needed to create the initial set of dashboards and provide them to the City in January 2023.

48 Apptio IT Financial Transparency Software. Vendor services have been procured and vendor is loading data into test environment.

68 Advanced Traffic Management System (ATMS). The vendor has substantially completed the required work for this project per the scope of the contract. There are a number of remaining functions for which ITS and TRN are working with the vendor to establish a go-forward plan to include in subsequent releases or phases of the project.

Section 2: IT Operations

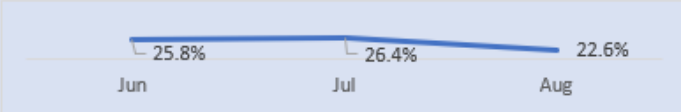
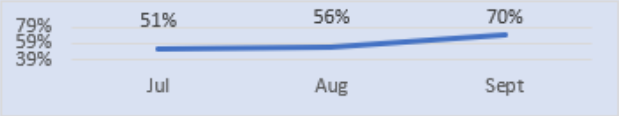
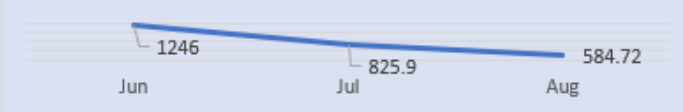
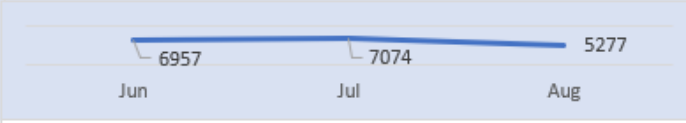
IT Operations provides information and status updates on the IT operations to include outages and incidents impacting city operations. Source data is drawn from the City's ServiceNow platform which was implemented in April 2021 to better manage incident reporting and resolution and to better track and control requests for IT services. ServiceNow documents incidents and service requests and is used by technicians and departments alike to submit, track, manage, and resolve pending requests and issues.

As of 09/30/22

A. Outage Report

1. Monthly Help Desk Report

	Jun	Jul	Aug	Sep
Total Calls	7502	7546	8006	7252
Answered	7136	7138	7763	7017
Abandoned	366	408	243	235
Abandoned (<10sec)	166	172	115	93
Abandoned %(<10sec)	2.3	2.4	1.5	1.3

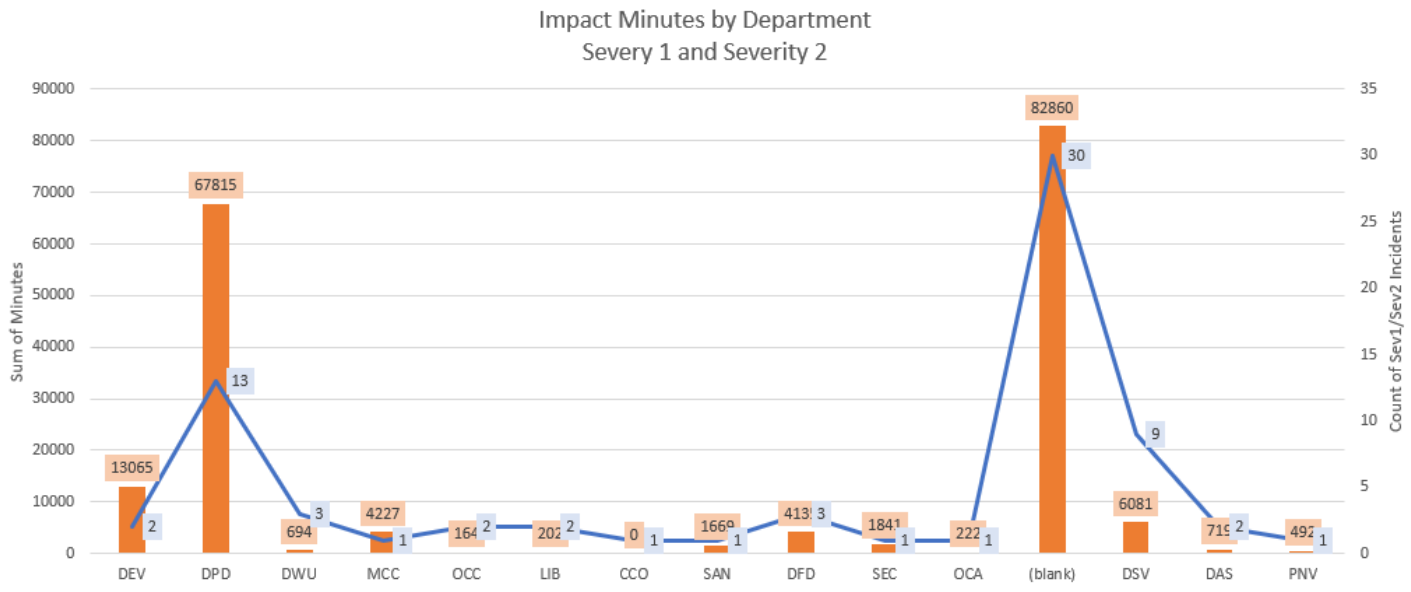
Metric	Current Month	Trend
Average Speed to Answer – Voice	0:00:13	Goal is 10 seconds
Password Related Incidents	23%	
First Contact Resolution - Incident	55.55%	
Average Duration – Service Desk	9.7Hours	
Average Duration – Field Services	3.66 Days	

NOTES:

1. In September 2022, the IT Helpdesk received 7017 calls for support. This is a significant decrease from the prior month.
2. In September 2022, the IT Helpdesk resolved 70% on first contact. This was an increase from prior months.

As of 09/30/22

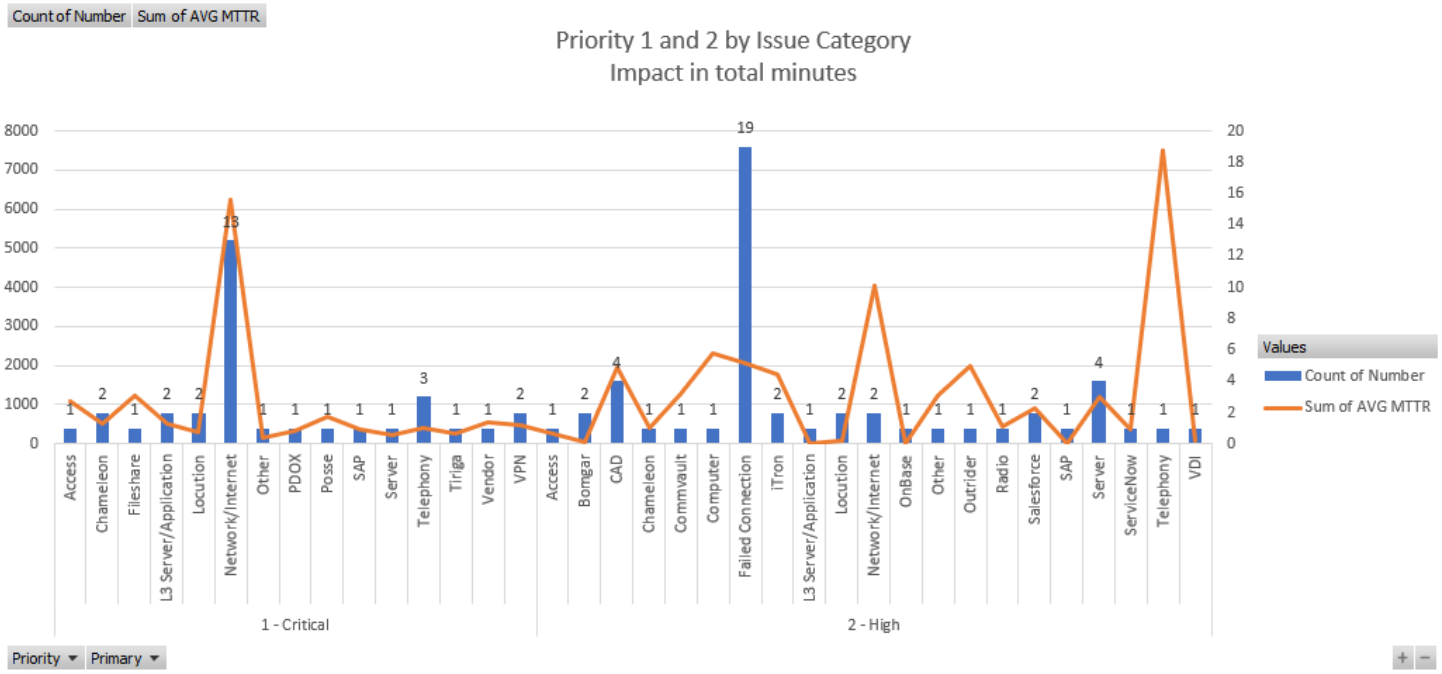
2. *Monthly Incident Report (Break/Fix "My Computer doesn't work")*



NOTES:

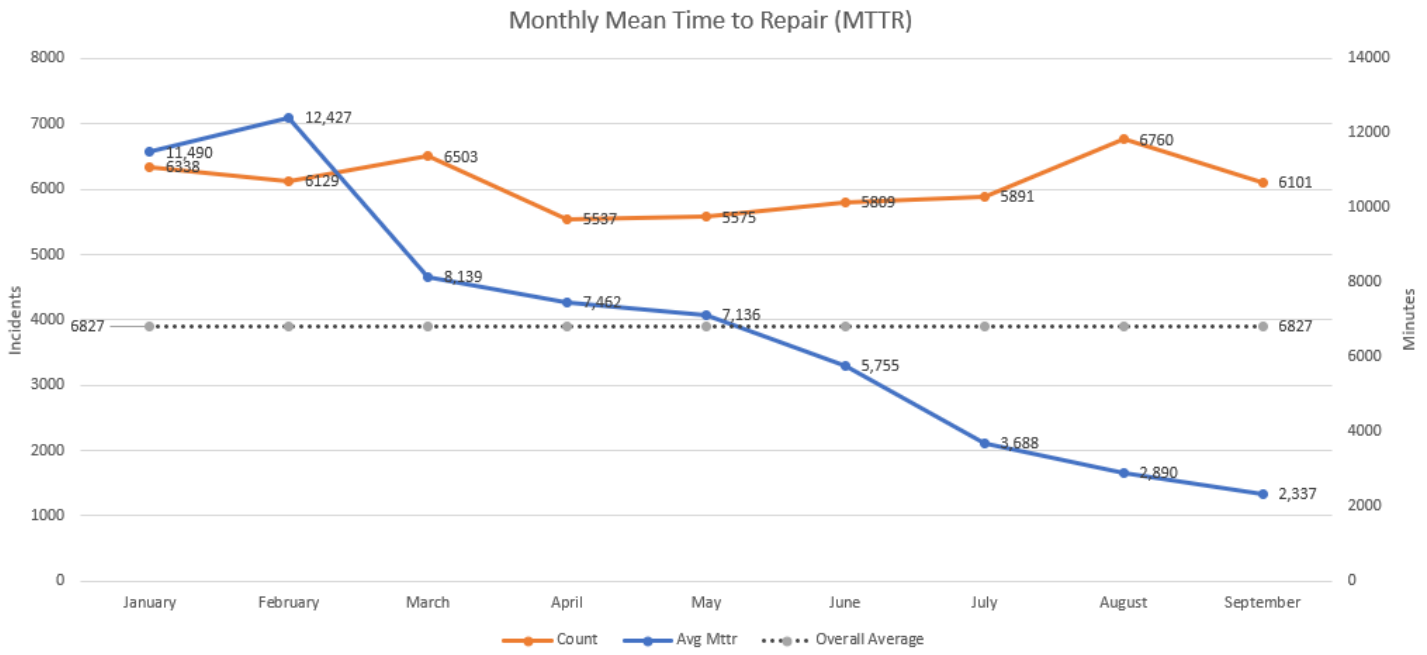
1. Severity 1 and Severity 2 incidents are the most severe and most likely result in degraded services or outages that impact the ability of City departments to fulfill their missions.
2. This chart tracks the number of reported incidents by department, along with the total number minutes the incident(s) potentially impacted them.
3. These data are extracted from ServiceNow based upon input by city IT technicians. Our analysis reveals that there are incidents which are resolved, but have not been timely or appropriately closed out within the ServiceNow platform, resulting in artificially inflated resolution timeframes. ITS is working with IT service delivery managers to improve documented processes to ensure timely updates to ServiceNow in order to accurately reflect the actions for the incident and to provide a more representative experience.

As of 09/30/22



NOTES:

1. This chart provides the distribution of incidents and impact minutes over specific services.

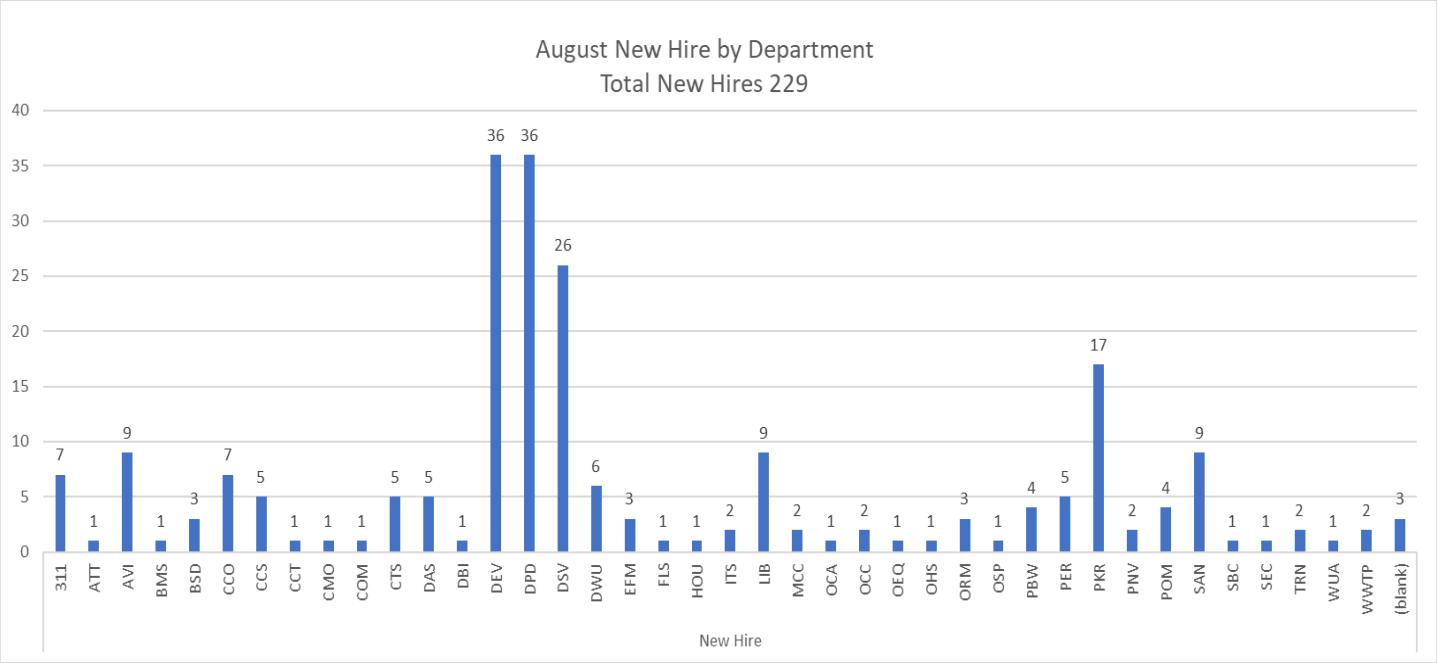


NOTES

1. This chart provides the trendline for the average mean time to repair (MTTR), an industry standard for tracking the timeliness of resolution on reported incidents.
2. In September 2022 there was a continued downward trend for the MTTR.

B. Service Requests (including new employee onboarding)

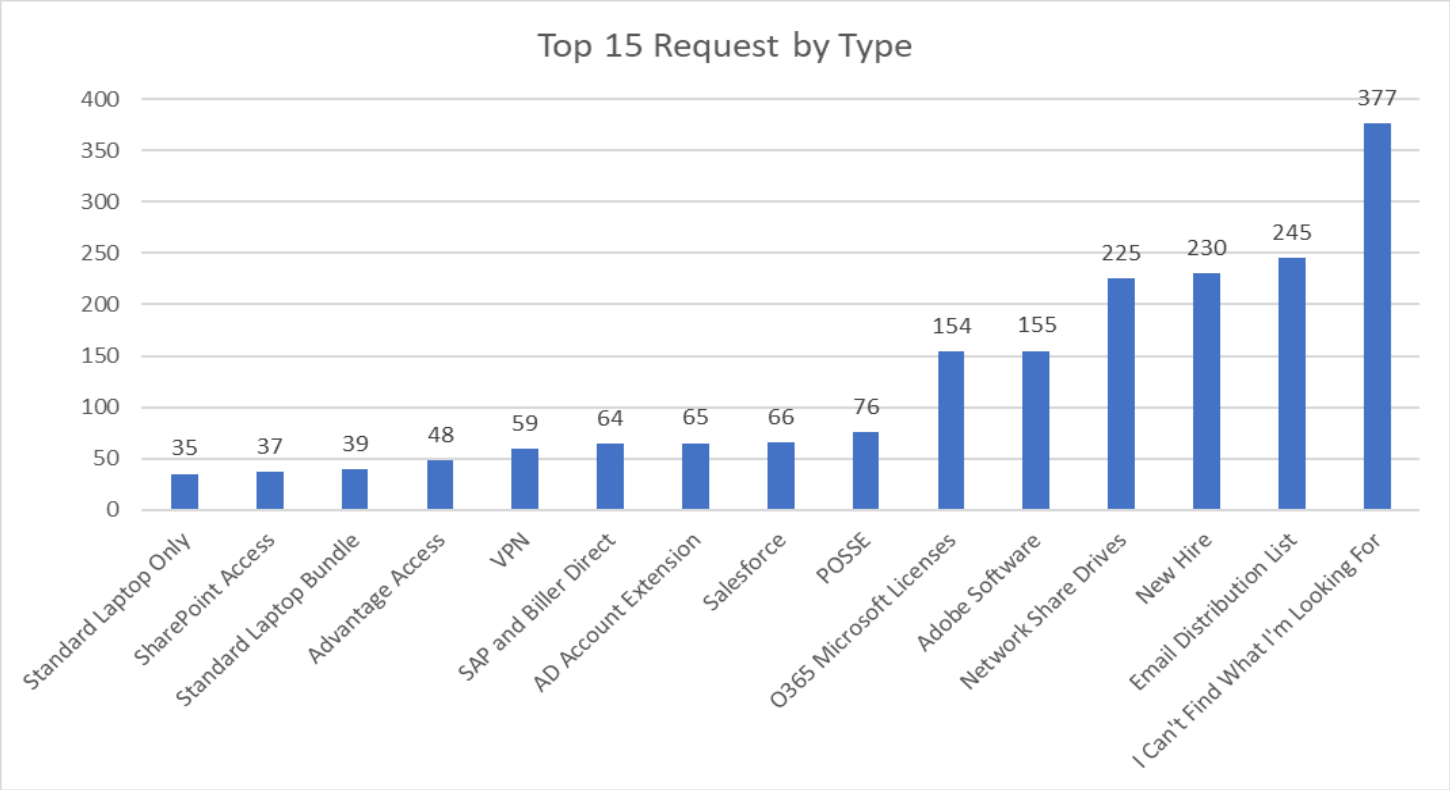
1. New Hire Report



Notes

1. In the month of August, a total of 229 new employees were onboarded.
2. DEV, DPD, and DSV being the top 3 hiring departments.
3. Blank indicates no department match was available for the requested onboarding at the time the report was generated.

2. *Service Request Report (An ask for service – "I need Software Installed")*



Note

1. August Service Request totaled 1875. This report depicts the top 15 Request by type that were selected.
2. "I Can't Find What I'm Looking For" is a category used when a service catalog item does not exist for what the user is asking.

Section 3: IT Budget Execution

IT Budget Execution provides information on the execution of the IT budget, the management of technology procurements, and the management of IT Human Capital. Information in this section is effective through 8/31/2022.

A. Contract/Procurement Management

Upcoming Contracts Requiring Council Approval

- Professional Services for Visualization Engineering for Data Center Improvements, $686K (New)
- Data Access Governance Solution, $492K (New)
- Network Cabling Services, $7.2M (Continuation of Existing Services)
- Voice and Data Network Services, $30.2M (Continuation of Existing Services)
- Document Management System for Dallas Police, $218K (Continuation of Existing Software)
- Web Application Firewall (WAF) & Distributed Denial of Services (DDoS) Protective Technology to support the City's website redesign, $653K (New)
- NeoGov Modules, $1.3M (Continuation of Existing Software)
- Project and Portfolio Management Software, $287K (Replacement of Existing Software)

B. Budget Performance & Execution

Fund 0191-9-1-1 System Operations

Expenditure Category	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	621,187	621,187	470,298	531,888	(89,299)
Overtime Pay	0	0	0	0	0
Pension	88,488	88,488	67,818	73,843	(14,645)
Health Benefits	52,227	52,227	34,456	52,227	0
Worker's Compensation	1,403	1,403		1,403	0
Other Personnel Services	19,701	19,701	10,192	11,333	(8,368)
Total Personnel Services	**783,006**	**783,006**	**582,764**	**670,694**	**(112,312)**
Supplies	201,464	201,464	91,679	149,764	(51,700)
Contractual Services	13,357,002	14,308,434	10,422,478	14,307,550	(884)
Capital Outlay	0	0	0	0	0
Reimbursements	0	0	0	0	0
Total Expenditures	**14,341,472**	**15,292,904**	**11,096,921**	**15,128,008**	**(164,896)**

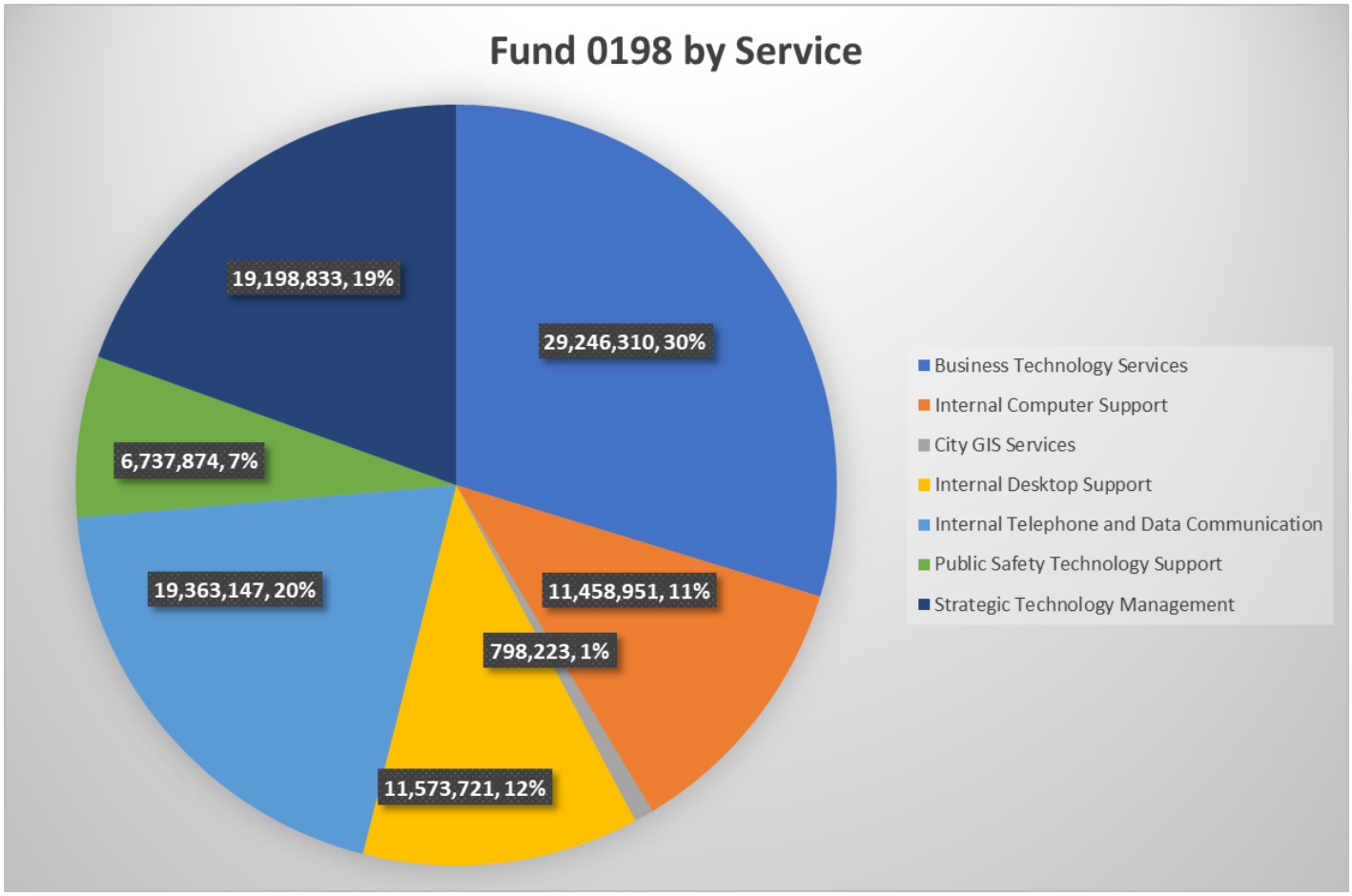
Fund 0197 - Communication Services (Radio Network)

Expenditure Category	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	1,936,838	1,936,838	1,378,525	1,571,398	(365,440)
Overtime Pay	58,386	58,386	120,098	131,015	72,629
Pension	274,180	274,180	215,681	238,018	(36,162)
Health Benefits	224,725	224,725	130,372	224,725	0
Worker's Compensation	6,357	6,357	0	6,357	0
Other Personnel Services	032,926	32,926	35,462	38,888	5,962
Total Personnel Services	**2,533,412**	**2,533,412**	**1,880,138**	**2,210,401**	**(323,011)**
Supplies	1,132,380	1,132,380	435,401	583,372	549,008)
Contractual Services	9,582,858	9,963,658	8,323,483	10,460,388	496,730
Capital Outlay	0	0	36,292	36,292	36,292
Reimbursements	0	0	0	0	0
Total Expenditures	**13,248,650**	**13,629,450**	**10,675,313**	**13,290,454**	**(338,996)**

Budget Performance & Execution (continued)

Fund 0198 – Data Services

Expenditure Category	FY 2021-22 Adopted Budget	FY 2021-22 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	18,995,007	18,995,007	13,789,105	15,616,958	(3,378,049)
Overtime Pay	41,612	41,612	17,094	41,612	0
Pension	2,689,811	2,689,811	1,991,943	2,147,058	(542,753)
Health Benefits	1,484,959	1,484,959	861,619	1,484,959	0
Worker's Compensation	40,807	40,807	0	40,807	0
Other Personnel Services	1,006,373	1,006,373	385,815	547,860	(458,513)
Total Personnel Services	**24,258,569**	**24,258,569**	**17,045,577**	**19,879,253**	**(4,379,316)**
Supplies	748,032	748,032	300,373	602,125	(145,907)
Contractual Services	74,170,290	74,170,290	61,836,117	77,285,282	3,114,992
Capital Outlay	0	0	519,484	610,398	610,398
Reimbursements	0	0	0	0	0
Total Expenditures	**99,176,891**	**99,176,891**	**79,701,551**	**98,377,059**	**(799,832)**



C. ITS Staffing & Hiring Report

1. ITS Funded Staffing Levels

IT Fund	FY 20	FY 21	FY 22	FY 23	FY 24 Plan
Fund 0191 - 9-1-1 Technology Support	7.0	7.0	7.0	7.0	7.0
Fund 0197 - Radio Communications	28.2	28.5	30.1	29.5	29.5
Fund 0198 - Data Services	204.0	190.1	204.0	212.0	214.0
Total	239.2	225.6	241.1	248.5	250.5

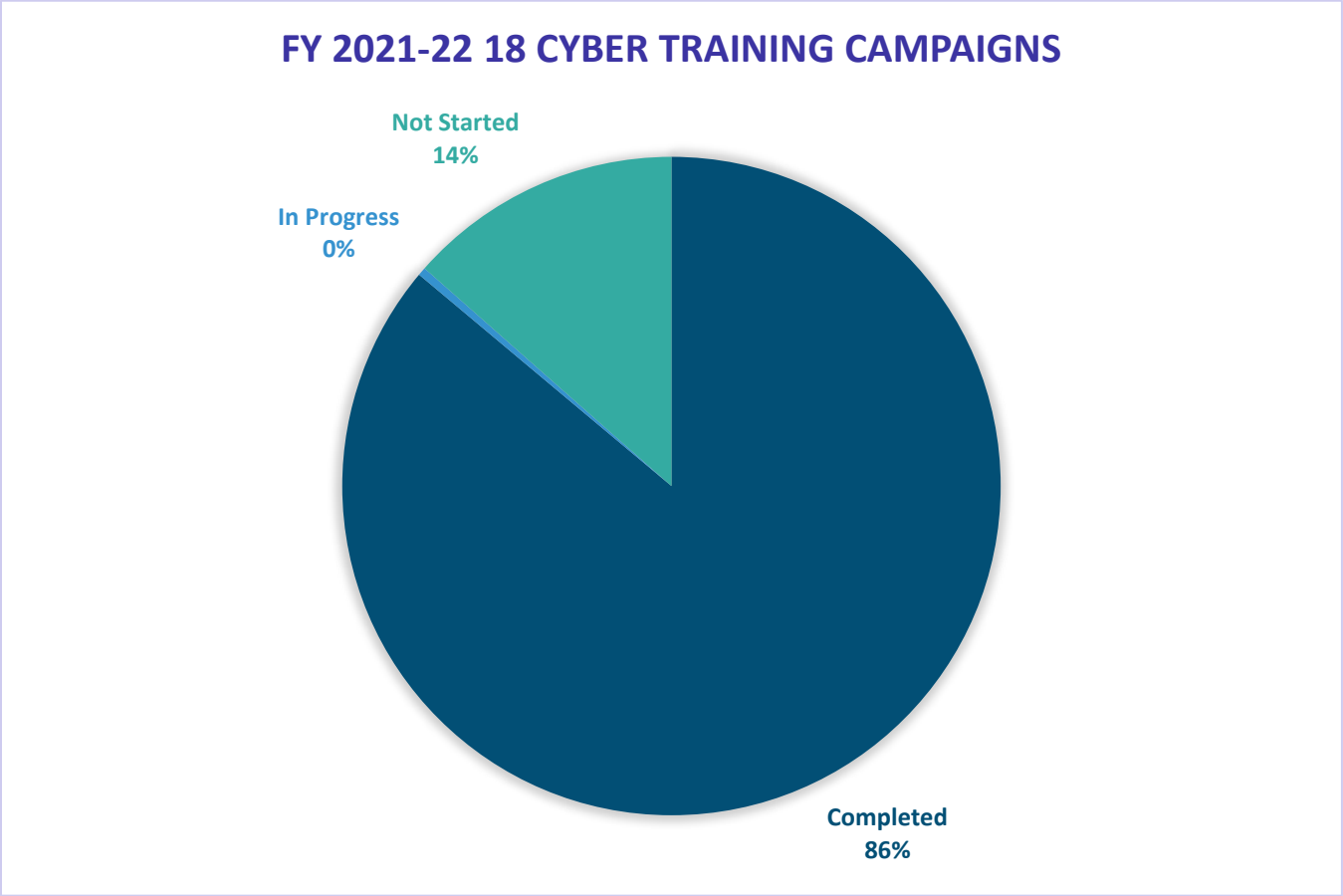
2. Vacancies and Hiring Activities

- As of September 30, 2022, ITS had 49 vacancies out of the available 248.5 positions.
- As of September 30, 2022, of the 49 vacancies the disposition was:
  - 3 positions are actively posted
  - 21 had been previously posted and are undergoing review
  - 5 are at the interview stage
  - 6 are undergoing reclassification to re-align within the ITS department
  - 14 are awaiting posting

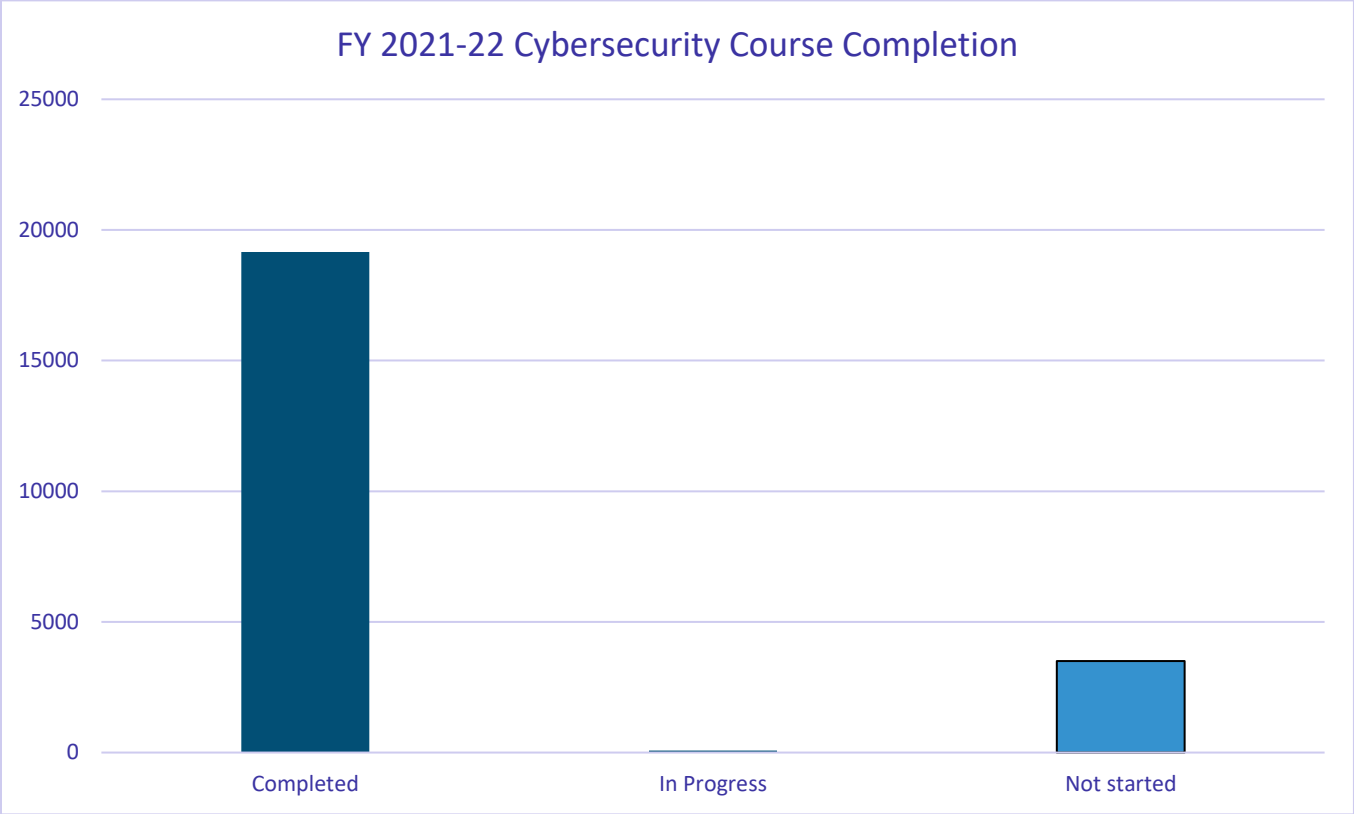
Section 4: Cybersecurity Programs

A. Awareness Training

- Security Awareness training is measured on an annual basis. Over the past 12 months ITS has witnessed a steady decline in risk scoring for Employee's annual training. Beginning with each new fiscal year the City will undergo a new set of security awareness courses to meet not only the best practices, but State of Texas House Bill 3834 requirements for all government employees. The information below illustrates the enrollment and completion efforts of employee training over the course of the year. FY 2021-22 the City completed 99% of 18 training campaigns covering HIPAA, PCI, and Cybersecurity.
    - Note employees with less than 25% of job function on technology are not required to complete cybersecurity training.

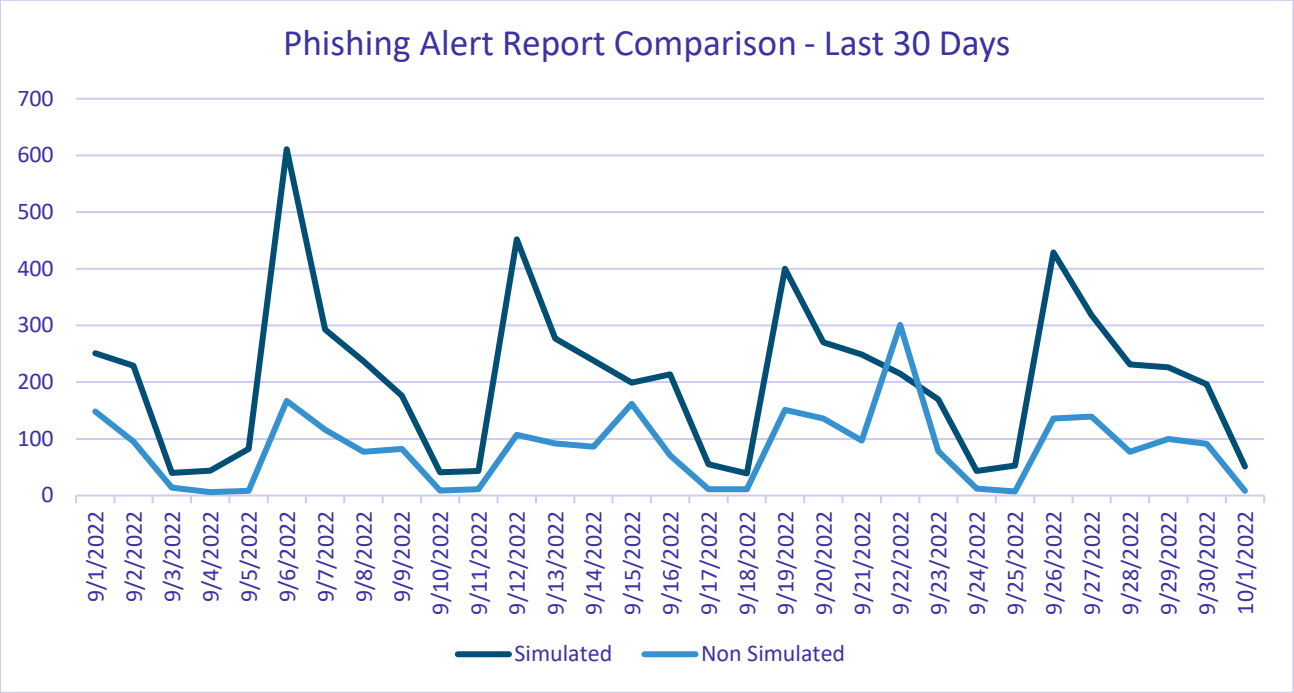


As of 09/30/22



In addition, ITS continuously applies best practices to the employees around phishing and their ability to recognize and appropriately handle phishing incidents. Campaigns designed given real world scenarios, typically taken from recent events are sent out to the employee population to test their ability to distinguish and act. This provides feedback to the employees as well has increased the actual amount of true phishing reported. As well, a "Report phishing" button added to user's Outlook has increased both the numbers of test phish and actual phishing emails.

As of 09/30/22


Phishing Alert Report Comparison - Last 30 Days
700
600
500
400
300
200
100
0
9/1/2022
9/2/2022
9/3/2022
9/4/2022
9/5/2022
9/6/2022
9/7/2022
9/8/2022
9/9/2022
9/10/2022
9/11/2022
9/12/2022
9/13/2022
9/14/2022
9/15/2022
9/16/2022
9/17/2022
9/18/2022
9/19/2022
9/20/2022
9/21/2022
9/22/2022
9/23/2022
9/24/2022
9/25/2022
9/26/2022
9/27/2022
9/28/2022
9/29/2022
9/30/2022
10/1/2022
Simulated
Non Simulated

B. Situational Awareness

Annually ITS assess the overall Security posture of the organization based upon the NIST Cybersecurity Framework (CSF). Each category within the NIST CSF is evaluated for the current level of maturity and expectant maturity level. This process uses current and projected technologies and documented standards and procedures to complete the process. ITS utilizes both internal and external resources to conduct assessments. The results of the assessments are used by ITS to develop security strategy for cybersecurity and privacy. The below figure outlines the maturity model for the CSF. While the TAR does not provide our scores from our self-assessment, ITS can provide this information to Council members and discuss the assessments in depth as requested.

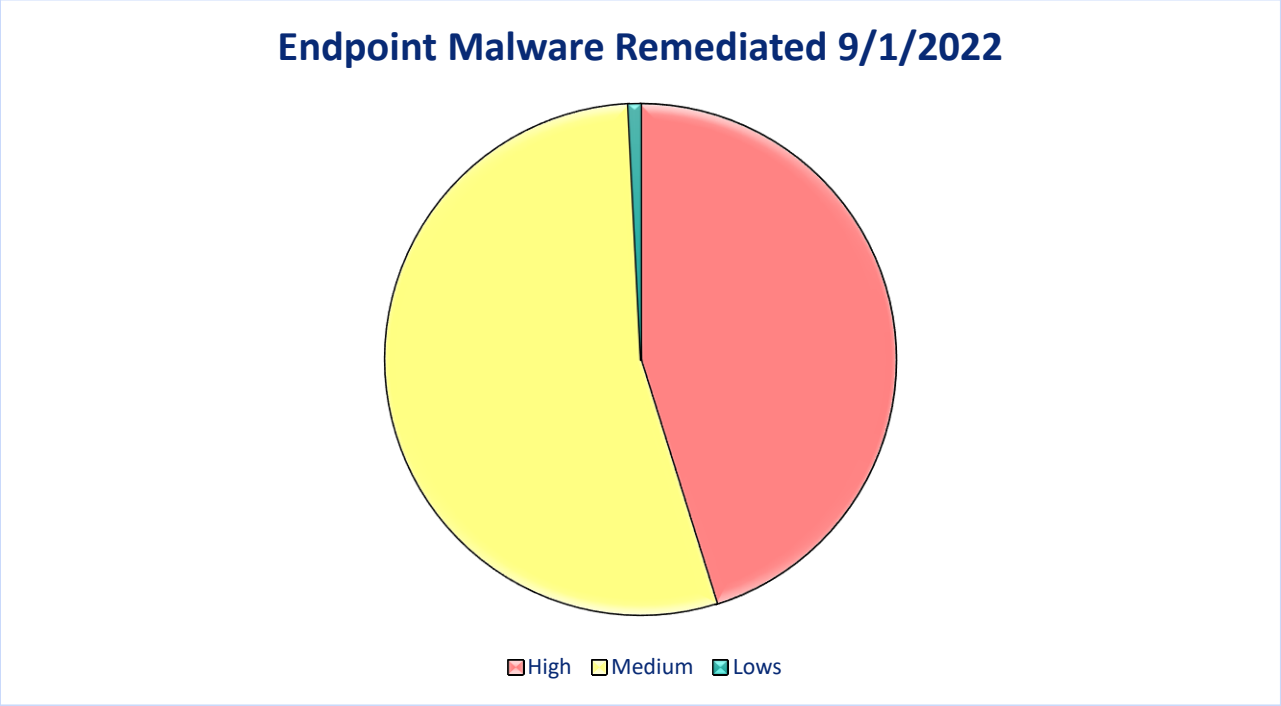
Capability Maturity Model Levels

NIST Cybersecurity Framework Functions	Level 1 Initial	Level 2 Repeatable	Level 3 Defined	Level 4 Managed	Level 5 Optimized
Identify	Little to no cybersecurity risk identification.	Process for cybersecurity risk identification exists, but it is immature.	Risks to IT assets are identified and managed in a standard, well defined process.	Risks to the business environment are identified and proactively monitored on a periodic basis.	Cybersecurity risks are continuously monitored and incorporated into business decisions.
Protect	Asset protection is reactive and ad hoc.	Data protection mechanisms are implemented across the environment.	Data is formally defined and protected in accordance with its classification.	The environment is proactively monitored via protective technologies.	Protection standards are operationalized through automation and advanced technologies.
Detect	Anomalies or events are not detected or not detected in a timely manner.	Anomaly detection is established through detection tools and monitoring procedures.	A baseline of "normal" activity is established and applied against tools/procedures to better identify malicious activity.	Continuous monitoring program is established to detect threats in real-time.	Detection and monitoring solutions are continuously learning behaviors and adjusting detection capabilities.
Respond	The process for responding to incidents is reactive or non-existent.	Analysis capabilities are applied consistently to incidents by Incident Response (IR) roles.	An IR Plan defines steps for incident preparation, analysis, containment, eradication, and post-incident.	Response times and impacts of incidents are monitored and minimized.	The capabilities of all IT personnel, procedures, technologies are regularly tested and updated.
Recover	The process for recovering from incidents is reactive or non-existent.	Resiliency and recovery capabilities are applied consistently to incidents impacting business operations.	A Continuity & Disaster Recovery Plan defines steps to continue critical functions and recover to normal operations.	Recovery times and impacts of incidents are monitored and minimized.	The capabilities of all IT personnel, procedures, technologies are regularly tested and updated.

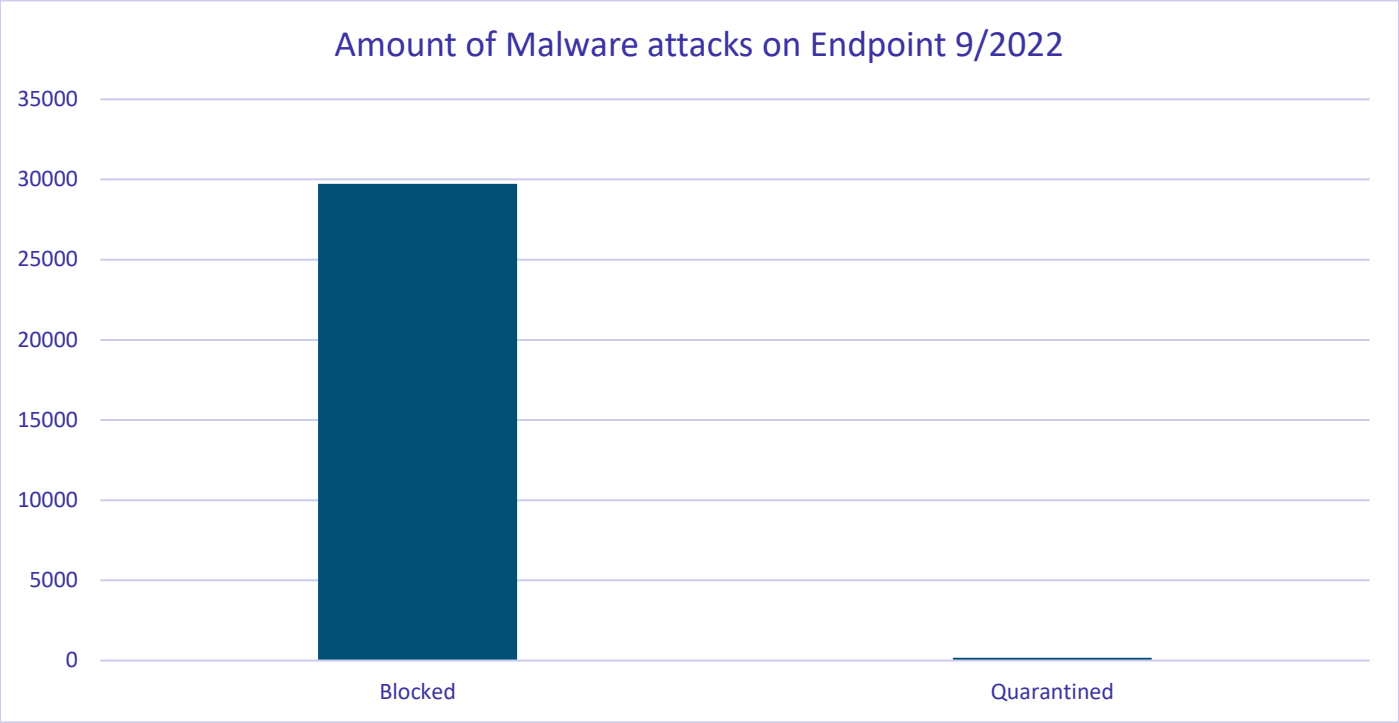
Figure 3: Assessing Cybersecurity Maturity

C. Data Protection & Privacy

Endpoint protection is one component to the organization's ability to handle daily malware. All devices needing connection to the internet are subject to attacks. Attacks are mitigated through technologies monitoring the systems in real time reacting and responding to those attacks. Below are the current status for endpoint attack metrics.



As of 09/30/22


Amount of Malware attacks on Endpoint 9/2022
35000
30000
25000
20000
15000
10000
5000
0
Blocked
Quarantined

Section 5: IT Infrastructure

IT Infrastructure information and status updates on efforts to upgrade and improve the IT infrastructure used by the City to reduce technical debt, better meet current needs, and build for future service needs.

A. Network and Telecommunications

Information to be provided pending further review

B. Compute & Storage

Information to be provided pending further review

C. Data Center Improvements

Information to be provided pending further review

D. Disaster Recovery and Business Continuity

Information to be provided pending further review

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2094 **Item #:** H.

City of Dallas Investment Policy Annual Review and Proposed 2022 City of Dallas Investment Policy [City Controller's Office]

Memorandum

CITY OF DALLAS

DATE October 21, 2022

TO Honorable Members of the Government Performance and Financial Management Committee: Cara Mendelsohn (Chair), Gay Donnell Willis (Vice Chair), Tennell Atkins, Adam Bazaldua, Adam McGough, Paul Ridley, Chad West

SUBJECT **City of Dallas Investment Policy Annual Review**

The Public Funds Investment Act (Chapter 2256, Texas Government Code) requires the City Council adopt a resolution annually stating that it has reviewed the City's Investment Policy and approved any amendments. On August 15, the Investment Committee, composed of the Chief Financial Officer, City Controller, and Treasury Manager, met for the annual review of the policy.

The following is a summary of recommended changes to the Investment Policy. These recommended changes will help to further align the City's policy with the PFIA.

- **8.2 – Change the rating requirement for municipal securities to a required rating of A or higher**
  - This change moves the Policy in line with PFIA and will allow the City to access a much broader group of securities while maintaining high credit quality.

- **8.7 – Addition of commercial paper as a permissible investment**
  - As a permissible investment under PFIA, commercial paper allows the City to purchase high quality short-term corporate debt. This asset class can provide a significant increase in yield for investments inside of nine months. Currently, the yield on commercial paper is approximately 0.4 percent higher than comparable treasury securities.

- **8.8 – Remove waiver of rating requirement for sweep assets**
  - Money market funds used as sweep assets for the City should be required to maintain a Aaa rating.

- **11.0 – Clarification on custody arrangement for collateral**
  - Clarifies that the City does not have an agreement with the third-party custodian, but rather the bank does.

- **12.0 – Clarification on safekeeping and custody arrangements**
  - Clarifies that the safekeeping/custody agreement will be directly with the City. Additionally, language regarding safekeeping of collateral was removed as it is covered by section 11.0.

- **13.0 – Change to weighted average maturity and addition of commercial paper to diversification table**
  - The weighted average maturity restriction was changed to three years to allow the City flexibility in all market environments, particularly the ability to preserve interest income in declining rate environments. Commercial paper was also added to the diversification tables with a maximum maturity of 270 days and a restriction that no more than 5 percent of the portfolio may be invested in any one issuer. Clarification was added that the market sectors are guidelines and will be measured as of the time of purchase. Commercial paper is also limited to 40 percent of the total portfolio of the City.

There are no changes in the Texas State Public Funds Investment Act (PFIA) for 2022.

We would appreciate your support of the proposed 2022 Investment Policy when the City Council considers it on October 26. If you need additional information, please contact me.

Jenny Kerzman
Jenny Kerzman (Oct 14, 2022 10:30 CDT)

Jenny Kerzman
Assistant Director – Treasury, City Controller's Office

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

CITY OF DALLAS

INVESTMENT POLICY

~~As adopted by City Council~~
As Approved on October 26, 2022 by:

The Honorable Mayor
and
Members of the City Council

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Appendices
A. Government Code – Chapter 2256 “Public Funds Investment Act”
B. Council Resolution

1.0 Policy

It is the policy of the City of Dallas to invest public funds in a manner which will provide security and optimize interest earnings to the maximum extent possible while meeting the daily cash flow demands of the City and conforming to all federal, state and local statutes, rules and regulations governing the investment of public funds. This Policy sets forth the investment program of the City of Dallas and the guidelines to be followed in achieving its objectives.

Not less than annually, City Council shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to the Investment Policy or investment strategies.

This Policy is intended to satisfy the requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA" or the "Act") that an investing entity such as the City of Dallas adopt and review an investment policy governing the investment by the investing entity of its funds and funds under its control.

2.0 Scope

This Policy governs the investment of all funds of the City except those that are identified in Section 2.2 below. With respect to the funds of non-profit corporations that are established by City resolution and act on behalf of the City in accordance with State law, this Policy shall prevail in the absence of a specific investment policy adopted by the non-profit corporation. In addition to this Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) of the City or of a non-profit corporation established by City resolution and acting on behalf of the City in accordance with State law shall be governed and controlled by their governing ordinance, resolution or trust indenture, including the authorization of eligible investments, and by the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), including all regulations and rulings promulgated thereunder applicable to the issuance of tax-exempt obligations.

2.1 All funds are managed as a pooled fund group, referenced in this Policy as the City's investment pool, with the exception of the following, which are managed as separately invested assets:

2.1.1 Bond Funds - funds established with the proceeds from specific bond issues when it is determined that segregating these funds from the City's investment pool will result in maximum interest earnings retention under the provisions of the Internal Revenue Code.

2.1.2 Bond Reserve Funds - funds set at prescribed levels by certain bond ordinances to pay principal and/or interest if required to prevent default.

2.1.3 Endowment Funds - funds given to the City with the instructions that the principal is to remain intact, unless otherwise agreed to, and the income generated by the investments will be used for specified purposes.

2.1.4 Commercial Paper Funds - unexpended proceeds from the issuance of commercial paper notes.

2.2 Funds not governed by this Policy include:

2.2.1 Employees' Retirement Fund

2.2.2 Dallas Police and Fire Pension System

2.2.3 Deferred Compensation Funds

2.2.4 Private Donations – investments donated to the City are excluded from this Policy if separately managed under terms of use specified by the donor.

3.0 Objective

Investment of the funds covered by this Policy shall be governed by the following investment objectives, in order of priority:

3.1 **Safety**

Safety of principal is the primary objective of the Investment Policy. Investment of the City's funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The City will mitigate credit risk, which is the risk of loss due to the failure of the issuer or backer, by:

- Limiting investments to the types listed in Section 8.0 ("Authorized and Suitable Investments") of this Policy
- Qualifying the broker/dealers and financial institutions with which the City may engage in an investment transaction in accordance with Section 9.0 ("Authorized Broker/Dealers and Financial Institutions)
- Diversifying the investment portfolio so that the impact of potential losses from any one type of investment or from any one individual issuer will be minimized (see Section 13.0 "Diversification and Maximum Maturities").

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar local government investment pools and limiting the weighted average maturity of the portfolio in accordance with this Policy (see Section 17.0 "Investment Strategies").

3.2 Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. A portion of the portfolio will be placed in money market mutual funds or local government investment pools offering same-day liquidity to meet unanticipated demands.

3.3 Yield

The City's investment portfolio shall be designed with the objective of attaining a market rate of return, throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

4.0 Delegation of Authority

The Chief Financial Officer, under the direction and authority of the City Manager, shall direct the cash management program of the City as defined in Article XV, Section 2-134 "Duties of the Chief Financial Officer", Volume I, Chapter 2 "Administration" of the Dallas City Code, as amended. City Council shall designate the Chief Financial Officer, City Controller, and the Assistant Director/Treasury Manager as Investment Officers responsible for the investment of its funds, under the direction and authority of the City Manager.

The City's Investment Officers shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the written procedures. Authority granted to a person to invest the City's funds is effective until rescinded or until termination of the person's employment by the City. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls, to be reviewed by the City Auditor, to regulate the activities of subordinate officials. In order to assure quality and capability of investment management, the Investment Officers shall possess sufficient working knowledge of economics and securities markets, as well as the supervisory experience and judgment necessary to carry out the responsibilities outlined in this Policy.

5.0 Prudence

Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

5.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

5.2 In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over

which the official had responsibility rather than consideration as to the prudence of a single investment and, whether the investment decision was consistent with the City's Investment Policy and written investment procedures.

6.0 Ethics and Conflicts of Interest

Investment Officers who have a personal business relationship with a business organization offering to engage in an investment transaction with the City shall refrain from activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

6.1 Investment Officers shall sign annual statements agreeing to abide by this section of the Investment Policy and affirming no known conflicts of interest.

6.2 Investment Officers must file a disclosure statement with the Texas Ethics Commission and City Council if:

a) the Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City; or
b) the Investment Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the City.

6.3 An Investment Officer has a personal business relationship with a business organization if:

a) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;
b) funds received by the Investment Officer from the business organization exceed 10 percent of his/her gross income for the previous year; or
c) the Investment Officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for his/her personal account.

7.0 Training

The Investment Officers and the persons authorized to execute investment transactions shall attend at least one 10-hour investment training session within 12 months after taking office or assuming duties and receive not less than 8 hours of instruction relating to investment responsibilities during a two-year period that begins on the first day of the City's fiscal year following the initial 10 hours of instruction and consists of the two consecutive fiscal years after that date. Training must be received from an independent source approved by the City's Investment Committee and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Act.

8.0 Authorized and Suitable Investments

City funds governed by this Policy may be invested in the instruments described below, all of which are authorized by Chapter 2256 of the Government Code (Public Funds Investment Act).

8.1 Direct obligations of the United States, its agencies or instrumentalities, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

The City will restrict investments in eligible securities described in this section to discount notes and callable or non-callable fixed-rate securities with a fixed principal repayment amount.

8.2 Direct obligations of states and local governments rated not less than ~~Aa3~~ A or its equivalent (long-term rating) or an equivalent short-term rating by at least one nationally recognized investment rating firm.

8.3 Fully collateralized Certificates of Deposit/Share Certificates that are issued by a bank or credit union that has its main office or branch office within the City and are:

a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; or

b) secured by obligations in accordance with Section 11.0 herein.

If the certificate of deposit is collateralized by pledged securities the City must have on file a signed Depository Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios for pledged securities, standards for collateral custody and control of pledged securities, collateral valuation of pledged securities, and conditions for agreement termination.

8.4 Certificates of Deposit obtained through a depository institution or a broker approved by the City's Investment Committee under the provisions of Section 9.0 of this Policy that has its main office or branch office within the City and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Act.

8.5 Fully collateralized repurchase agreements in accordance with the conditions prescribed in Section 2256.011 of the Act. Prior to investment in a repurchase agreement, the City must have on file a signed Master Repurchase Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination and provided the repurchase agreement:

a) has a defined termination date;
b) is secured by a combination of cash and obligations of the United States or its agencies and instrumentalities described by Section 2256.009(a) (1) of the Act. Securities received for repurchase agreements must have a market value greater than or equal to 103% at the time the investment is made and throughout the terms of the repurchase agreement;
c) requires the securities being purchased by the City or cash held by the City to be assigned to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and

d) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state, and which is rated no less than A or its equivalent by two nationally recognized rating services.

8.6 A securities lending program is an authorized investment if it meets the following conditions:

a) A loan made under the program must allow for termination at any time;

b) A loan made under the program must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state that is rated no less than A or its equivalent by two nationally recognized rating services. An agreement to lend securities must have a term of one year or less and shall comply with the provisions of section 1058 of the Internal Revenue Code;

c) A loan made under the program must be secured as prescribed in Section 2256.0115(b)(3) of the Act. Securities being held as collateral must be pledged to the City, held in the City's name, and deposited at the time the investment is made with a third party approved by the City;

d) The amount of collateral must not be less than 100% of the market value of securities loaned, including accrued income. The market value of securities loaned shall be determined daily. Cash received as collateral shall not be invested for a term later than the expiration date of the securities lending agreement and may only be invested in investments as authorized by this Policy.

8.7 Commercial paper is an authorized investment if the commercial paper:

a) has a stated maturity of 270 days or fewer from the date of its issuance;
b) is rated not less than A-1 or P-1 or an equivalent rating by at least:
    1. two nationally recognized credit rating agencies; or
    2. one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

~~8.7~~ 8.8 No-load money market mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA, and, in addition:

a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service. ~~A rating is not required for a sweep account investment, which is part of the city's depository contract;~~ and,
b) have provided the City with a prospectus and other information as may be required by law.

Investments will be made in a money market mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

~~8.8~~ 8.9 No-load mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA and have provided the City with an offering circular and other information required by the Act.

Investments will be made in a mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

~~8.9~~ 8.10 Local government investment pools which are organized in conformity with Chapter 791 (Interlocal Cooperation Contracts Act) and meet the requirements of the PFIA that:

a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service; and

b) have provided the City with an offering circular and other information required by the Act.

To become eligible, investment pools must be approved by City Council action. Investments will be made in a local government investment pool only after a thorough investigation of the pool and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved pools. A pool approved by the Investment Committee shall invest its funds in investment types consistent with the Act and the pool's own adopted investment policies and objectives. An approved pool is not required to invest its funds in investment types according to the investment policies and objectives adopted by its participants.

The Investment Officers may at times restrict or prohibit the purchase of specific issues due to current market conditions. An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. Ratings shall be monitored using nationally recognized financial information sources, including actions published on rating agency websites. The City shall take all prudent measures consistent with the Act to liquidate an investment that does not have the minimum rating required by the Act.

9.0 Authorized Broker/Dealers and Financial Institutions

The Investment Committee shall, at least annually, review, revise, and adopt a list of qualified broker/dealers and financial institutions authorized to engage in the purchase and sale of obligations of the U.S. Government, its agencies or instrumentalities with the City. In order to be considered, those firms that desire to become qualified bidders for securities transactions will be required to provide information regarding creditworthiness, experience and reputation. Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

A written copy of this Investment Policy shall be presented to any person offering to engage in an investment transaction with the City. Investments shall only be made with those business organizations (including money market mutual funds and local government investment pools) which have provided the City with a written instrument executed by a qualified representative of the firm, acknowledging that the business organization has received and reviewed the City's Investment Policy in satisfaction of the business organization's duties under Financial Industry Regulatory Authority (FINRA) Rule 2111 (Suitability).

10.0 Competitive Bidding

It is the policy of the City to require competitive bidding for all individual security purchases and sales except for:

a) transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates)

b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution

c) automatic overnight "sweep" transactions with the City Depository

d) fully insured certificates of deposit placed in accordance with the conditions prescribed in Section 2256.010(b) of the Act or placed with the City's Depository if so authorized by the City Depository Contract.

At least three bids or offers must be solicited for all other transactions involving individual securities. The City's investment advisor is also required to solicit at least three bids or offers when transacting trades on the City's behalf. In situations where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish a fair market price for the security. Bids for certificates of deposit may be solicited in any manner permitted by the Act.

11.0 Collateralization of Deposits

The City requires that all uninsured collected balances plus accrued interest, if any, in depository accounts be secured in accordance with the requirements of this Policy and Chapter 2257, Government Code ("Public Funds Collateral Act") and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Financial institutions serving as City depositories will be required to sign a Depository Agreement with the City which details securities that can serve as eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, rights of substitution and conditions for agreement termination.

Pledged securities serving as collateral for a depository will always be held by an independent third party ~~with~~ which is approved by the City. ~~has a current custodial agreement and~~ The collateral report shall be reviewed at least monthly to ensure that the market value of the pledged securities is at least 102%. Eligible collateral are as follows:

Eligible Collateral

1. Direct obligations of the United States or other obligations of the United States or other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States.

2. Direct debt obligations of an agency or instrumentality of the United States.

3. Mortgage-backed securities issued directly by an agency or instrumentality of the United States eligible under the Public Funds Collateral Act.

4. Direct debt obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

The use of a letter of credit issued to the City by the Federal Home Loan Bank may be considered by the City to provide collateral for bank deposits and for certificates of deposit.

The City's Investment Officers reserve the right to accept or reject any form of collateral or enhancement at their sole discretion.

12.0 Safekeeping and Custody

Safekeeping and custody of investment securities shall be in accordance with applicable law and accounting standards. All securities transactions, except local government investment pool and money market mutual fund transactions, shall be conducted on a delivery versus payment (DVP) basis. Investment securities will be held by a third-party custodian designated by and contracted with the City and be required to issue safekeeping receipts clearly detailing that the securities are owned by the City.

Safekeeping and custody of collateral shall be in accordance with applicable law and accounting standards. ~~Pledged securities serving as collateral will be held by a third-party custodian designated by the City and pledged to the City as evidenced by safekeeping receipts of the institution with which the securities are deposited.~~

13.0 Diversification and Maximum Maturities

The City's Investment Pool will be diversified to limit market and credit risk by observing the limitations at the time of purchase as listed below. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed ~~1.5~~ 3 years at the time investments are purchased for the Investment Pool. Funds managed as separately invested assets in Section 2.1 of the Policy are subject to all of the following with the exception of the Issuer Limitation on investment in U.S. Agencies and Instrumentalities. Funds managed as separately invested assets may be invested 100% in the obligations of any one U.S. Agency or Instrumentality.

	Maximum Stated Maturity[1]	**Issuer Limitations**
U.S. Treasuries	5 Years	100% of the City's investment pool may be invested in obligations of the U.S. Treasury.
U.S. Agencies/Instrumentalities	5 Years	No more than 50% of the book value of the City's investment pool may be invested in the obligations of any one issuer.
Commercial Paper	270 days	No more than 5% of the City's investment pool may be invested in any single issuer.

Municipal Notes and Bonds	5 Years	The City may not own more than the lesser of $5 million or 20% of any single issue.
Repurchase Agreements	30 Days	No more than 15% of the City's investment pool may be invested with one counterparty, excluding flexible repurchase agreements for investment of bond proceeds.
Mutual Funds	N/A	The City may not own more than the lesser of $100 million or 5% of the total assets of any one fund, excluding mutual funds for investment of commercial paper proceeds.
Local Government Investment Pools	N/A	The City may not own more than the lesser of $400 million or 10% of the total assets of any one pool.
Certificates of Deposit	5 Years	The City may not own more than $50 million of any single financial institution's certificates of deposit at any one time, excluding certificates of deposit placed with the City's Depository if so authorized by the City Depository Contract.

In addition to the above limitations, the City's investment pool shall be diversified by the market sector guidelines (as determined at time of purchase) as follows:

	Maximum Percentage of Investment Pool (1)
U.S. Treasuries	100%
U.S. Agencies/Instrumentalities	100% (maximum 30% callable)
Commercial Paper	40%
Municipal Notes and Bonds	15%
Repurchase Agreements	15% (2)
Mutual Funds	15%
Local Government Investment Pools	45%
Certificates of Deposit	20% (3)

(1) Purchases of securities with stated maturities greater than the maximum authorized under this section require prior City Council approval. With respect to bond proceeds and other bond funds, the City may, in the bond ordinance, specifically authorize investments in repurchase agreements with maturities in excess of 30 days subject to any required approvals from bond insurers.

(2) Excluding flexible repurchase agreements for bond proceeds.

(3) Excluding certificates of deposit placed with the City's Depository if so, authorized by the City Depository Contract.

14.0 Sale of Securities

The City's policy is to hold securities to maturity. However, securities may be sold:

a) in order to minimize the potential loss of principal on a security whose credit quality has declined;

b) in order to reposition the portfolio for the purpose of improving the quality, yield, or target duration of the portfolio; or

c) in order to meet unanticipated liquidity needs of the portfolio.

15.0 Investment Committee

An Investment Committee shall be established and meet quarterly to determine investment guidelines, general strategies, and monitor performance. Members of the Investment Committee will include the Investment Officers, the Cash and Investment Manager and the City's Investment Advisor if the City has contracted with an Advisor. The Investment Advisor is a non-voting member of the Investment Committee.

16.0 Investment Advisor

The City may retain the services of an Investment Advisor to assist in the review of cash flow requirements, the formulation of investment strategies, and the execution of security purchases, sales and deliveries.

17.0 Investment Strategies

The City of Dallas maintains separate portfolios for individual funds or groups of funds (as listed under Sec. 2.0 of this Policy) which are managed according to the terms of this Policy and the corresponding investment strategies listed below. The investment strategy for portfolios established after the annual Investment Policy adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

17.1 Investment Pool Strategy

The City's Investment Pool is an aggregation of the majority of City funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. The objectives of this portfolio are to:

a) A ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists;

b) ensure that anticipated cash flows are matched with adequate investment liquidity;

c) limit market and credit risk through diversification; and

d) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy by managing the portfolio to meet or exceed the 12-month moving average yield on treasury one-year constant maturities as reported by Federal Reserve Statistical Release H.15.

17.2 Bond Funds Strategy

Occasionally, separate non-pooled portfolios are established with the proceeds from bond sales in order to maximize earnings within the constraints of arbitrage regulations. The objectives of these portfolios are to:

a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;

b) ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;

c) manage market and credit risk through diversification and control of counterparty risk; and

d) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

17.3 Bond Reserve Fund Strategy

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay the final principal and/or interest due on outstanding bonds that are similarly secured or to make up any shortfalls in debt service funds as required by the bond ordinance. The objectives of Bond Reserve Fund Portfolios are to:

e) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;

f) ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;

g) manage market and credit risk through diversification and control of counterparty risk; and

h) attain a market rate of return commensurate with the objectives and the restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

17.4 Endowment Funds Strategy

Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes may be invested as separate non-pooled portfolios if required by the terms of the gift. The objectives of Endowment Portfolios are to:

a) ensure safety of principal and sufficient liquidity by investing only in high-quality securities for which a strong secondary market exists;

b) manage market and credit risk through the use of a competitive process to place investments;

c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the terms of the gift.

17.5 Commercial Paper Funds Strategy

The City issues tax-exempt commercial paper notes as an interim financing tool for construction projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors. The objectives of this portfolio are to:

a) ensure safety of principal and sufficient liquidity by investing in money market mutual funds or short-term high-quality securities for which a strong secondary market exists;

b) manage market and credit risk through diversification of funds and/or securities. Funds must be rated AAA by at least one nationally recognized rating agency; and

c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and governing bond ordinances.

18.0 Reporting

Investment performance is regularly monitored by investment staff and reported to the Investment Committee on a quarterly basis. Month-end market prices on each security are obtained from nationally recognized securities databases including those provided by the City's depository bank through its safekeeping services and Bloomberg Professional Services. These prices are recorded in the City's portfolio database and included in all management reports as well as the City's Comprehensive Annual Financial Report.

Not less than quarterly the Investment Officers will submit to the standing finance committee of the city council described in Dallas City Charter, Chapter III, Section 13 (2), the City Manager, and the Mayor and City Council a written report of the status of the current investment portfolio. The report must meet the requirements of the Act.

An independent auditor shall formally review the quarterly reports prepared under this section at least annually, and that auditor shall report the results of the review to City Council.

19.0 Annual Compliance Audit

In conjunction with the annual financial audit, a compliance audit shall be performed which includes an audit of management controls on investments and adherence to the City's established investment policy.

20.0 Investment Policy Adoption

The City's Investment Policy is hereby adopted by resolution of the City Council on ~~October 13, 2021~~ October 26, 2022, in accordance with the PFIA.

GLOSSARY

ACCRETION OF DISCOUNT

Periodic straight-line increases in the book or carrying value of a security so the amount of the purchase price discount below face value is completely eliminated by the time the bond matures or by the call date, if applicable.

ACCRUED INTEREST

The interest accumulated on a security from its issue date or since the last payment of interest up to but not including the purchase date. The purchaser of the security pays to the seller the market price plus accrued interest.

AMORTIZATION OF PREMIUM

Periodic straight-line decreases in the book or carrying value of a security so the premium paid for a bond above its face value or call price is completely eliminated.

ASK

The price at which securities are offered by sellers.

BARBELL MATURITY STRATEGY

A maturity pattern within a portfolio in which maturities of the assets in the portfolio are concentrated in both the short and long ends of the maturity spectrum.

BASIS POINT

One one-hundredth (1/100) of one percent; 0.0001 in decimal form.

BENCHMARK

A comparative base for performance evaluation. A benchmark can be a broad-based bond index, a customized bond index, or a specific objective.

BID

The price offered for securities by purchasers. (When selling securities, one asks for a bid.)

BOND EQUIVALENT YIELD

Used to compare yields available from discounted securities that pay interest at maturity with yields available from securities that pay interest semi-annually.

BOOK ENTRY SECURITIES

Stocks, bonds, other securities, and some certificates of deposit that are purchased, sold, and held as electronic computer entries on the records of a central holder. These securities are not available for purchase in physical form; buyers get a receipt or confirmation as evidence of ownership.

BOOK VALUE

The original cost of the security as adjusted for amortization of any premium paid or accretion of discount since the date of purchase.

BROKER

A party who brings buyers and sellers together. Brokers do not take ownership of the property being traded. They are compensated by commissions. They are not the same as dealers; however, the same firms that act as brokers in some transactions may act as dealers in other transactions.

CALLABLE BOND

A bond that the issuer has the right to redeem prior to maturity at a specified price. Some callable bonds may be redeemed on one call date while others may have multiple call dates. Some callable bonds may be redeemed at par while others can be redeemed only at a premium. Some callable bonds are step-up bonds that pay an initial coupon rate for the first period, and then the coupon rate increases for the following periods if the bonds are not called by the issuer.

CERTIFICATE OF DEPOSIT (CD)

A time deposit with a specific maturity evidenced by a certificate. Large-denomination (over $100,000) CD's are typically negotiable.

CODE

The Internal Revenue Code of 1986, as amended.

COLLATERAL

Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATION (CMO)

A type of mortgage-backed security created by dividing the rights to receive the principal and interest cash flows from an underlying pool of mortgages in separate classes or tiers.

COMMERCIAL PAPER

Short-term unsecured promissory notes issued by corporations for a maturity specified by the buyer. It is used primarily by corporations for short-term financing needs at a rate which is generally lower than the prime rate.

CONFIRMATION

The document used to state in writing the terms of the trade which had previously been agreed to verbally.

COUPON RATE

The stated annual rate of interest payable on a coupon bond expressed as a percentage of the bond's face value.

CREDIT RISK

The risk that (1) the issuer is downgraded to a lower quality category and/or (2) the issuer fails to make timely payments of interest or principal.

CUSIP NUMBER

A nine-digit number established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

CUSTODY

The service of an organization, usually a financial institution, of holding (and reporting) a customer's securities for safekeeping. The financial institution is known as the custodian.

DEALER

A firm which buys and sells for its own account. Dealers have ownership, even if only for an instant, between a purchase from one party and a sale to another party. They are compensated by the spread between the price they pay and the price they receive. Dealers are not the same as brokers; however, the same firms which act as dealers in some transactions may act as brokers in other transactions.

DELIVERY VERSUS PAYMENT (DVP)

The safest method of settling a trade involving a book entry security. In a DVP settlement, the funds are wired from the buyer's account and the security is delivered from the seller's account in simultaneous, interdependent wires.

DEPOSITORY TRUST COMPANY (DTC)

An organization that holds physical certificates for stocks and bonds and issues receipts to owners. Securities held by DTC are immobilized so that they can be traded on a book entry basis.

DERIVATIVE

A security that derives its value from an underlying asset, group of assets, reference rate, or an index value. Some derivatives can be highly volatile and result in a loss of principal in changing interest rate environments.

DISCOUNT

The amount by which the price paid for a security is less than its face value.

DISCOUNT SECURITIES

Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity.

DIVERSIFICATION

Dividing investment funds among a variety of securities offering independent returns, to reduce risk inherent in particular securities.

DURATION

A sophisticated measure of the weighted average maturity of a bond's cash flow stream, where the present values of the cash flows serve as the weights.

ECONOMIC CYCLE (BUSINESS CYCLE)

As the economy moves through the business cycle, interest rates tend to follow the levels of production, output, and consumption - rising as the economy expands and moves out of recession and declining after the economy peaks, contracts, and heads once again into recession.

EFFECTIVE MATURITY

The average maturity of a bond, given the potential for early call. For a non-callable bond, the final maturity date serves as the effective maturity. For a callable bond, the effective maturity is bounded by the first call date and the final maturity date; the position within this continuum is a function of the call price, the current market price, and the reinvestment rate assumed.

FACE VALUE

The principal amount due and payable to a bondholder at maturity; par value. Also, the amount on which coupon interest is computed.

FAIL

The event of a securities purchase or sale transaction not settling as intended by the parties.

FAIR VALUE

The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC)

A federal agency that insures bank deposits.

FEDERAL FARM CREDIT BANKS (FFCB)

A government-sponsored corporation that was created in 1916 and is a nationwide system of banks and associations providing mortgage loans, credit, and related services to farmers, rural homeowners, and agricultural and rural cooperatives. The banks and associations are cooperatively owned, directly or indirectly, by their respective borrowers. The Federal Farm Credit System is supervised by the Farm Credit Administration, an independent agency of the U.S. government. (See Government Sponsored Enterprise)

FEDERAL FUNDS

Monies within the Federal Reserve System representing a member bank's surplus reserve funds. Banks with excess funds may sell their surplus to other banks whose funds are below required reserve levels. Normally, Federal funds are employed in settling all government securities transactions. The Federal Funds Rate is the rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB)

Government-sponsored wholesale banks (currently twelve regional banks) which lend funds and provide correspondent banking services to member commercial bank, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank. (See Government Sponsored Enterprises)

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or "Freddie Mac")

A government-sponsored corporation that was created in July 1970, by the enactment of Title III of the Emergency Home Finance Act of 1970. Freddie Mac was established to help maintain the availability of mortgage credit for residential housing, primarily through developing and maintaining an active, nationwide secondary market in conventional residential mortgages. (See Government Sponsored Enterprises)

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae)

FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. FNMA securities are highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest. (See Government Sponsored Enterprises)

FEDERAL OPEN MARKET COMMITTEE (FOMC)

Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank presidents. The president of the New York Federal Reserve Bank is a permanent member while the other presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM

The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., twelve regional banks and about 5700 commercial banks that are members of the system.

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

A not-for-profit organization authorized by Congress to ensure investor protection and market integrity through regulation of broker-dealers.

FINRA RULE 2111 (SUITABILITY)

FINRA Rule 2111 requires, in part, that a broker-dealer or associated person "have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the [firm] or associated person to ascertain the customer's investment profile."

FIXED-INCOME SECURITY

A financial instrument promising a fixed amount of periodic income over a specified future time span.

GOVERNMENT-SPONSORED ENTERPRISES (GSE's)

Payment of principal and interest on securities issued by these corporations is not guaranteed explicitly by the U.S. government, however, most investors consider these securities to carry an implicit U.S. government guarantee. The debt is fully guaranteed by the issuing corporations. GSE's include: Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

INSTRUMENTALITIES

See Government-Sponsored Enterprises

INTEREST RATE RISK

The risk that the general level of interest rates will change, causing unexpected price appreciations or depreciations.

LADDERED MATURITY STRATEGY

A maturity pattern within a portfolio in which maturities of the assets in the portfolio are equally spaced. Over time, the shortening of the remaining lives of the assets provides a steady source of liquidity or cash flow. Given a normal yield curve with a positive slope this passive strategy provides the benefit of being able to take advantage of the higher, longer-term yields without sacrificing safety or liquidity.

LIQUIDITY

An entity's capacity to meet future monetary outflows (whether they are required or optional) from available resources. Liquidity is often obtained from reductions of cash or by converting assets into cash.

LIQUIDITY RISK

The risk that an investment will be difficult to sell at a fair market price in a timely fashion.

MARKET RISK

The risk that the value of a security will rise or decline as a result of changes in market conditions. It is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification; also known as systematic risk.

MARKET VALUE

The price at which a security is trading and could presumably be purchased or sold.

MARKING-TO-MARKET

The practice of valuing a security or portfolio according to its market value, rather than its cost or book value.

MASTER REPURCHASE AGREEMENT

A written contract covering all future transactions between the parties to repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer to liquidate the underlying securities in the event of default by the seller.

MATURITY DATE

The date on which the principal or face value of an investment becomes due and payable.

MONEY MARKET INSTRUMENT

Generally, a short-term debt instrument that is purchased from a broker, dealer, or bank. Sometimes the term "money market" with "short-term", defines an instrument with no more than 12 months remaining from the purchase date until the maturity date. Sometimes the term "money market" is used more restrictively to mean only those instruments that have active secondary markets.

MORTGAGE-BACKED SECURITIES (MBS)

Securities composed of, or collateralized by, loans that are themselves collateralized by liens on real property.

OFFER

The price asked by a seller of securities. (When purchasing securities, one asks for an offer.)

OPEN MARKET OPERATIONS

Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

OPPORTUNITY COST

The cost of pursuing one course of action measured in terms of the foregone return that could have been earned on an alternative course of action that was not undertaken.

PAR

See Face Value

PFIA OR ACT

The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

POOLED FUND GROUP

An internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested (as defined by the Public Funds Investment Act).

PREMIUM

The amount by which the price paid for a security exceeds its face value.

PRIMARY DEALER

A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL

The face or par value of an instrument, exclusive of accrued interest.

PRUDENT PERSON RULE

An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED REPRESENTATIVE

A person who holds a position with - and is authorized to act on behalf of - a business organization (as defined by the Public Funds Investment Act).

RATE OF RETURN

The amount of income received from an investment, expressed as a percentage. A market rate of return is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

REINVESTMENT RATE

The interest rate earned on the reinvestment of coupon payments.

REINVESTMENT RATE RISK

The risk that the actual reinvestment rate falls short of the expected or assumed reinvestment rate.

REPURCHASE AGREEMENT (RP or REPO)

An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price on demand or at a specified later date. The difference between the selling price and the repurchase price provides the interest income to the party that provided the funds. Every transaction where a security is sold under an agreement to be repurchased is a repo from the seller/borrower's point of view and a reverse repo from the buyer/lender's point of view.

REVERSE REPURCHASE AGREEMENT: (See Repurchase Agreement)

SAFEKEEPING

A procedure where securities are held by a third party acting as custodian for a fee.

SECONDARY MARKET

A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION (SEC)

Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SECURITIES LENDING

The temporary transfer of securities by one party, the lender, to another, the borrower. The securities borrower is required to provide acceptable assets as collateral to the securities lender in the form of cash or other securities. If the borrower provides securities as collateral to the lender, it pays a fee to borrow the lent securities. If it provides cash as collateral, the lender pays interest to the borrower and reinvests the cash at a higher rate.

SEC RULE 15C3-1

See Uniform Net Capital Rule

STRUCTURED NOTES

Debt obligations whose principal or interest payments are determined by an index or formula.

SEPARATELY INVESTED ASSET

An account or fund of a state agency or local government that is not invested in a pooled fund group (as defined by the Public Funds Investment Act).

SPREAD

Most commonly used when referring to the difference between the bid and asked prices in a quote. Additionally, it may also refer to additional basis points that a non-Treasury security earns over and above a Treasury with a comparable maturity date.

STRIPS

Separation of the principal and interest cash flows due from any interest-bearing securities into different financial instruments. Each coupon payment is separated from the underlying investment to create a separate security. Each individual cash flow is sold at a discount. The amount of the discount and the time until the cash flow is paid determine the investor's return.

SWAP

The trading of one asset for another. Sometimes used in active portfolio management to increase investment returns by "swapping" one type of security for another.

TOTAL RETURN

Interest income plus capital gains (or minus losses) on an investment.

TREASURY BILLS

A non-interest bearing discount security issued by the U.S. Treasury, generally having initial maturities of 3 months, 6 months, or 1 year.

TREASURY BONDS

Long-term, coupon bearing U.S. Treasury securities having initial maturities of more than 10 years.

TREASURY NOTES

Intermediate-term, coupon bearing U.S. Treasury securities having initial maturities of 2 - 10 years.

UNIFORM NET CAPITAL RULE

Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called *net capital rule* and *net capital ratio*. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD TO MATURITY (YTM)

The promised return assuming all interest and principal payments are made and reinvested at the same rate taking into account price appreciation (if priced below par) or depreciation (if priced above par).

APPENDIX A

PUBLIC FUNDS INVESTMENT ACT

GOVERNMENT CODE

TITLE 10. GENERAL GOVERNMENT

SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section 61.003, Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

(A) preservation and safety of principal;

(B) liquidity; and

(C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section 52(b)(1) or (2), Article III, or Section 59, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

(1) a local government;

(2) a state agency;

(3) a nonprofit corporation acting on behalf of a local government or a state agency; or

(4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

(1) a public retirement system as defined by Section 802.001;

(2) state funds invested as authorized by Section 404.024;

(3) an institution of higher education having total endowments of at least $150 million in book value on September 1, 2017;

(4) funds invested by the Veterans' Land Board as authorized by Chapter 161, 162, or 164, Natural Resources Code;

(5) registry funds deposited with the county or district clerk under Chapter 117, Local Government Code; or

(6) a deferred compensation plan that qualifies under either Section 401(k) or 457 of the Internal Revenue Code of 1986 (26 U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 1, eff. June 14, 2017.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

(1) be written;

(2) primarily emphasize safety of principal and liquidity;

(3) address investment diversification, yield, and maturity and the quality and capability of investment management; and

(4) include:

(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds;

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and

(F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

(1) orally;

(2) in writing;

(3) electronically; or

(4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy

must describe the investment objectives for the particular fund using the following priorities in order of importance:

(1) understanding of the suitability of the investment to the financial requirements of the entity;

(2) preservation and safety of principal;

(3) liquidity;

(4) marketability of the investment if the need arises to liquidate the investment before maturity;

(5) diversification of the investment portfolio; and

(6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of

the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec. 3

(h) An officer or employee of a commission created under Chapter 391, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter 573, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an

investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of $2,500 or more for the personal account of the investment officer.

(j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

(k) A written copy of the investment policy shall be presented to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (l), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the

organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(l) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to

state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. 1701), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

(1) preservation and safety of principal;

(2) liquidity; and

(3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

(1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and

(2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

(a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) In addition to the requirements of Subsection (a)(1), the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a school district or a municipality shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by a designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003(b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by

Subsection (a)(2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section 52(b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter 392, Local Government Code, may satisfy the training requirement provided by Subsection (a)(2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(1) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(2) if the authority does not have an officer described by Subdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter 36 or 49, Water Code.

(f) Subsection (a)(2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(1) does not invest municipal or housing authority funds, as applicable; or

(2) only deposits those funds in:

(A) interest-bearing deposit accounts; or

(B) certificates of deposit as authorized by Section 2256.010.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 3, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 222 (H.B. 1148), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1248 (H.B. 870), Sec. 1, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. 1488), Sec. 8.015, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. 1238), Sec. 2, eff. September 1, 2017.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

(6) bonds issued, assumed, or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through:

(i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or

(ii) a depository institution with a main office or branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section 2257.041(d); or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 4, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 2, eff. June 14, 2017.

Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. 2647), Sec. 1, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

(2) secured by obligations that are described by Section 2256.009(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or

(3) secured in accordance with Chapter 2257 or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter:

(1) the funds are invested by an investing entity through:

(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025; or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

(4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997.
Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. 256), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 5, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. 2928), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

(1) has a defined termination date;

(2) is secured by a combination of cash and obligations described by Section 2256.009(a)(1); and

(3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and

(4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

(e) Section 1371.059(c) applies to the execution of a repurchase agreement by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 6, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 3, eff. June 14, 2017.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:

(A) pledged securities described by Section 2256.009;

(B) pledged irrevocable letters of credit issued by a bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

(C) cash invested in accordance with Section:

(i) 2256.009;

(ii) 2256.013;

(iii) 2256.014; or

(iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

(A) pledged to the investing entity;

(B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or

(B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

(1) has a stated maturity of 270 days or fewer from the date of its issuance;

(2) will be, in accordance with its terms, liquidated in full at maturity;

(3) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 270 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies; or

(B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank

organized and existing under the laws of the United States or any state.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and

(3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with the Securities and Exchange Commission;

(2) has an average weighted maturity of less than two years; and

(3) either:

(A) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or

(B) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

(c) An entity is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);

(2) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999.
Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;

(4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section 1371.059(c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the

entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

(2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

(3) the maximum stated maturity date any investment security within the portfolio has;

(4) the objectives of the pool;

(5) the size of the pool;

(6) the names of the members of the advisory board of the pool and the dates their terms expire;

(7) the custodian bank that will safekeep the pool's assets;

(8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;

(9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;

(10) the name and address of the independent auditor of the pool;

(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and

(13) the pool's policy regarding holding deposits in cash.

(c) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

(2) a monthly report that contains, at a minimum, the following information:

(A) the types and percentage breakdown of securities in which the pool is invested;

(B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(E) the size of the pool;

(F) the number of participants in the pool;

(G) the custodian bank that is safekeeping the assets of the pool;

(H) a listing of daily transaction activity of the entity participating in the pool;

(I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

(f) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a $1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or

greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed:

(1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints

provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 6, eff. June 14, 2017.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter 2270, an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997.
Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this

subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the

municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. 495), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. 894), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit

issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. 2346), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section 1371.001.

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:

(A) monitoring rating changes in corporate bonds acquired with public funds; and

(B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Corporate bonds are not an eligible investment for a public funds investment pool.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. 1543), Sec. 1, eff. June 17, 2011.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be

available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. 1464), Sec. 1, eff. September 1, 2005.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS. (a) In this section:

(1) "Eligible entity" means a political subdivision that has:

(A) a principal amount of at least $250 million in:

(i) outstanding long-term indebtedness;

(ii) long-term indebtedness proposed to be issued; or

(iii) a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued; and

(B) outstanding long-term indebtedness that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

(2) "Eligible project" has the meaning assigned by Section 1371.001.

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

(1) another law; or

(2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section 1371.059(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

(1) an operation and maintenance expense of the eligible entity;

(2) an acquisition expense of the eligible entity;
(3) a project cost of an eligible project; or
(4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, eff. June 14, 2017.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, eff. September 1, 2017.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

(1) describe in detail the investment position of the entity on the date of the report;

(2) be prepared jointly by all investment officers of the entity;

(3) be signed by each investment officer of the entity;

(4) contain a summary statement of each pooled fund group that states the:

(A) beginning market value for the reporting period;

(B) ending market value for the period; and

(C) fully accrued interest for the reporting period;

(5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997.
Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. 2226), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section 2256.017, this subchapter does not:

(1) prohibit an investment specifically authorized by other law; or

(2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009(b) is not an authorized investment for a state agency, a local government, or another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage loans that may constitute an investment described in Section 2256.009(b) are authorized investments with respect to the housing bond programs operated by:

(1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

(2) an entity created under Chapter 392, Local Government Code; or

(3) an entity created under Chapter 394, Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.
Amended by:
Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. 253), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under

this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

APPENDIX B

COUNCIL RESOLUTION

~~October 13 2021~~ October 26, 2022

WHEREAS, in 1987 the City Council adopted the City's Investment Policy which was in compliance with the federal and state law and the City Charter; and

WHEREAS, in 1995 and 1997 through ~~2020~~ 2021, the City Council amended the City's Investment Policy to incorporate amendments to the Public Funds Investment Act, improve management of the City's investments and reflect organizational changes; and

WHEREAS, the Public Funds Investment Act requires that the investment shall be made in accordance with written policies approved, at least annually, by the governing body; and

WHEREAS, investment policies must address safety of principal, liquidity, yield, diversification and maturity, with primary emphasis on safety of principal. **Now, Therefore,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the attached City of Dallas Investment Policy and investment strategies have been reviewed by the City Council and shall be adopted as the guiding policy in the ongoing management of the specified funds in accordance with Federal and State law and the City Charter.

Section 2. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas and it is accordingly so resolved.

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2230 **Item #:** I.

Panhandling Diversion Program Update
[Office of Homeless Solutions]

Memorandum

CITY OF DALLAS

DATE October 21, 2022

TO Honorable Members of the Government Performance and Financial Management Committee: Cara Mendelsohn (Chair), Gay Donnell Willis (Vice Chair), Tennell Atkins, Adam Bazaldua, Adam McGough, Paul Ridley, Chad West

SUBJECT **Office of Homeless Solutions Update: Panhandling Deflection Program**

Subject:
The following memorandum is an update on the holistic strategy to address homelessness equitably through the Panhandling Deflection Program and sustainable giving education, done in partnership by the Office of Homeless Solutions' (OHS), the City Attorney's Office (CAO), the Office of Integrated Public Safety (OIPSS), Data Analytics and Business Intelligence (DBI), Code Compliance Services (CCS), Communications, Outreach and Marketing (COM), Transportation (TRN), and the City Marshal's Office. The details of progress made on the program are outlined below:

New Program Initiatives
As a part of the larger Panhandling Deflection Program, COM is working with OHS to pilot a multi-channel communications campaign to educate Dallas residents and visitors about the perils of street charity and opportunities to give responsibly. This pilot will run throughout the season of giving: winter holidays and calendar year-end when charitable giving is highest, using lessons learned to inform ongoing communications concerning panhandling. This will augment existing signage posted at key hotspot intersections based on 311 reports with a wider public awareness campaign aimed at community members who continue to give directly to those illegally soliciting.

- As a first step, OHS has successfully engaged more than 100 organizations linked to street feeding. Building on this targeted outreach, COM will expand its multichannel, multimedia marketing messages, educating residents and stakeholders about:
    - Illegal solicitation
    - Street charity, which hinders access to care; and
    - Sustainable giving, supporting professional nonprofit service providers through donations and volunteerism
- COM's pilot program will market OHS' new website offering responsible giving resources for volunteers and donors via multichannel outreach to include:
    - Proactive pitching of media during the Season of Giving
    - Text signup to receive information on responsible giving options
    - Media buys
    - Direct outreach educating property owners to discourage street charity
    - Updated 311 hold messages and knowledge base scripts for staff to share responsible giving resources

Current Panhandling Challenges

- Signage pilot at hotspot intersections initially decreased illegal solicitation. However, ongoing effectiveness requires ongoing education and activity

DATE October 21, 2022

SUBJECT **Office of Homeless Solutions Update: Panhandling Diversion Initiative**

- An increase in loitering and illegal solicitation in vehicular rights of way endangers pedestrians, threatens our Vision Zero goals, and increases damage to traffic signals, streetlights, and electric signage through the opening of pull boxes, with wiring removed. Rodent activity threatening public safety is also increased by the accumulation of food and debris around panhandlers and encampments, resulting in chewed-through electrical wiring, causing power outages to impacted infrastructure

Ongoing Progress:

- Proposed amendments to Dallas City Code Chapter 28 and Chapter 13 are included in the October 26, 2022, City Council agenda
- OHS and CCS will continue educating private property owners and residents on how best to protect their properties and boundaries and how to report violations
- OHS' Street Outreach continues to conduct cleanings at the Forest Lane and U.S.75/North Central Expressway site. This will continue through the coming weeks as a nearby encampment is decommissioned through the Dallas R.E.A.L. Time Rapid Rehousing (DRTRR) initiative and the COM-led communications pilot launches
- The hotspot at Lovers Lane and U.S. 75/North Central Expressway is targeted for bi-weekly cleanings by OHS' Street Outreach. Police surveillance towers have also been erected in the vicinity to deter illegal solicitation
- DBI's internal facing Panhandling ESRI (GIS) Portal server software underwent an upgrade. The system upgrade included adoption of a near real-time notification system via email to all team members. During that time, October 3 – 14, 2022, no new entries were able to be logged. A report taking this into account is attached

Should you have any questions or need additional information, please contact me at Christine.crossley@dallascityhall.com.

Christine Crossley

Christine Crossley
Director
Office of Homeless Solutions

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

City of Dallas

Panhandling Deflection Program Update

Government Performance and Financial Management
October 24, 2022

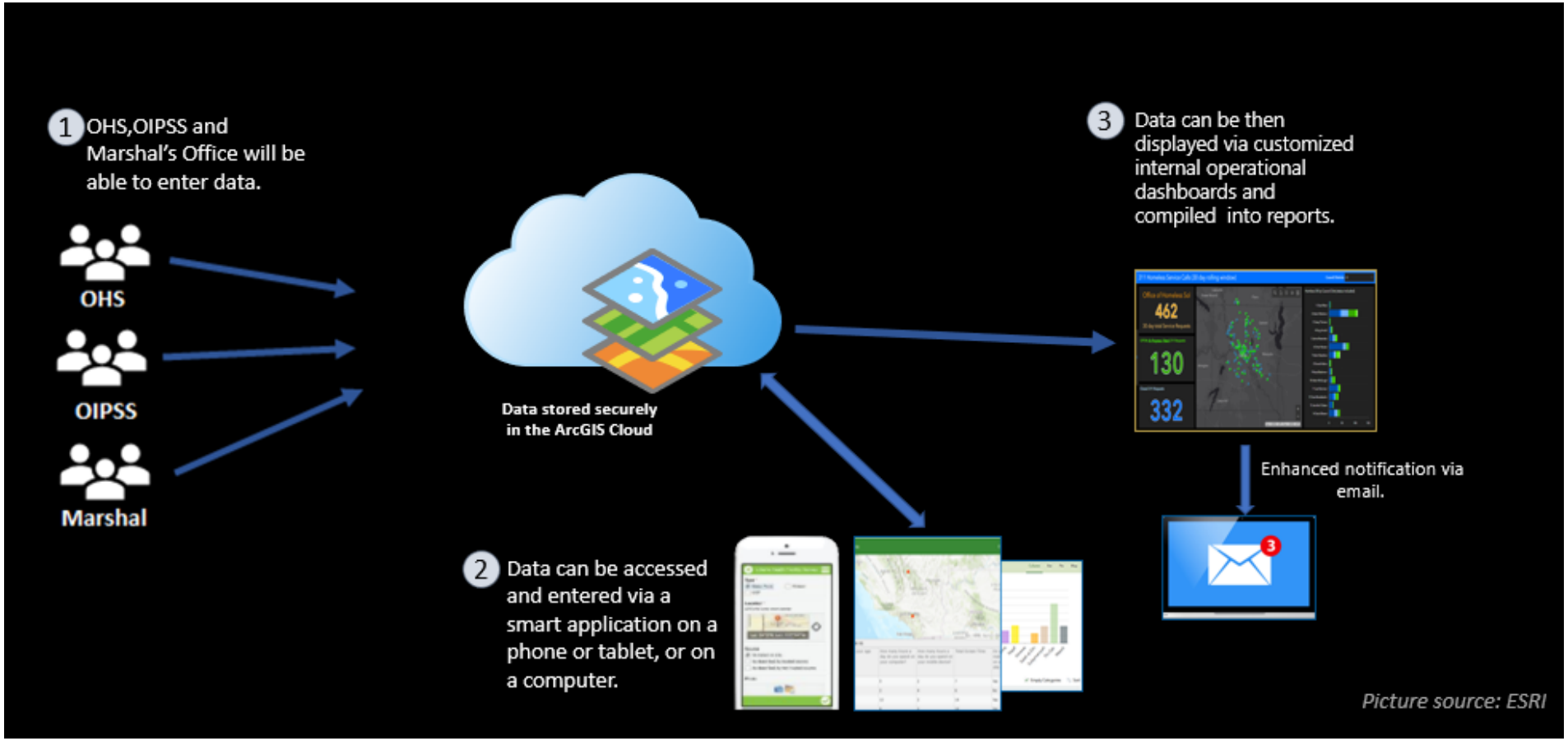
Christine Crossley, Office of Homeless Solutions
Ayeh Powers, City Attorney's Office
Kevin Oden, Office of Integrated Public Safety Solutions
David Pughes, Marshal's Office
Brita Andercheck, Data Analytics and Business Intelligence
Dianne Gibson, Community Courts
City of Dallas

Presentation Overview

- Data Collection and Integration Workflow via Enhanced Notification
- Location Metrics
- Panhandling SR's by Month

Data Collection and Integration Workflow via Enhanced Notification

Notifications are now live.



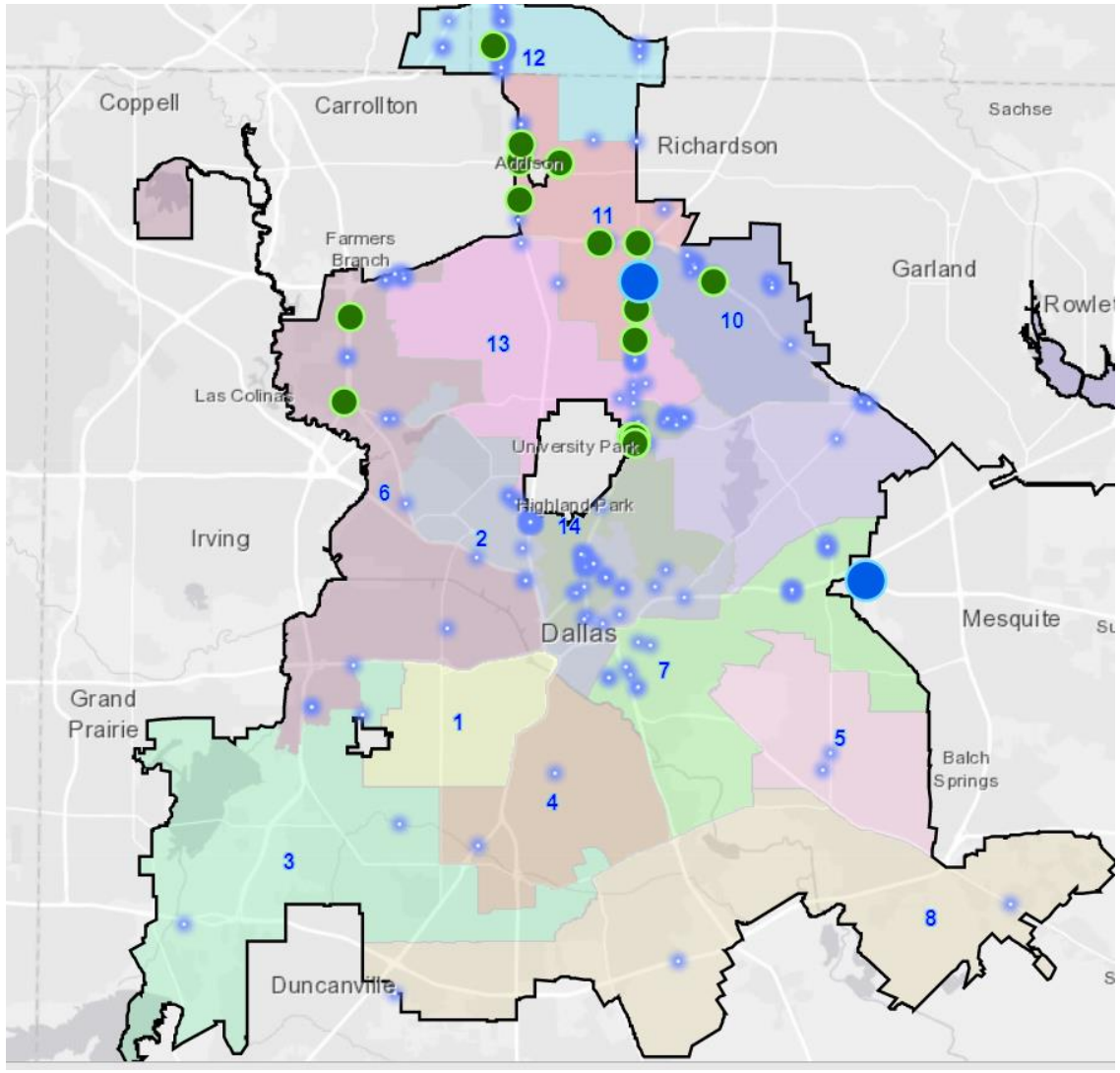
Location Metrics

Total Field Reports- 90

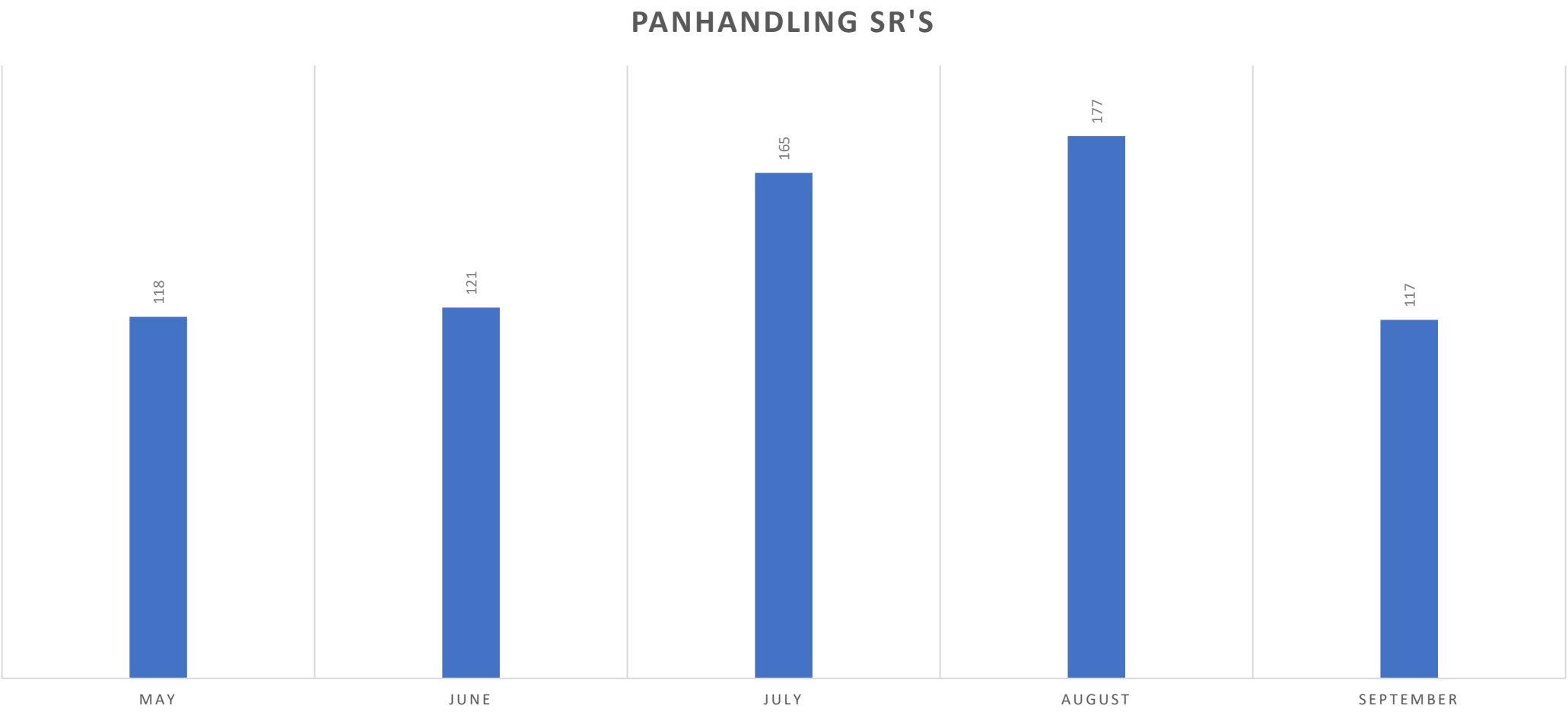
- Marshals- 10
- OHS- 54
- OIPSS- 26

Demographics

- Female - 17
- Male - 69



Panhandling SR's by Month



City of Dallas

Panhandling Deflection Program Update

Government Performance and Financial Management
October 24, 2022

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City of Dallas

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2201 **Item #:** J.

Upcoming Agenda Item 22-2187 on the October 26, 2022 City Council Agenda - Issuance and Sale of Waterworks and Sewer System Revenue Bonds to the Texas Water Development Board
[City Controller's Office; Dallas Water Utilities]

Memorandum

CITY OF DALLAS

DATE October 21, 2022

TO Honorable Members of the Government Performance and Financial Management Committee: Cara Mendelsohn (Chair), Gay Donnell Willis (Vice Chair), Tennell Atkins, Adam Bazaldua, Adam McGough, Paul Ridley, Chad West

SUBJECT **Upcoming Agenda Item 22-2187 on the October 26, 2022 City Council Agenda - Issuance and Sale of Waterworks and Sewer System Revenue Bonds to the Texas Water Development Board**

On April 27, 2022, City Council authorized the submission of loan applications to the Texas Water Development Board (TWDB) for low-cost financial assistance via the State Water Implementation Revenue Fund for Texas (SWIRFT) for planning, design, and construction of Dallas Water Utilities (DWU) projects selected as part of the TWDB's State Water Implementation Fund for Texas (SWIFT) prioritization list. DWU's amended request for funding from the TWDB includes two eligible projects representing $80.8 million in planned capital improvements and one multi-year commitment of $170 million to fund DWU's water main replacement program for five years, for a total funding commitment of $250.8 million.

On July 27, 2022, the TWDB adopted resolutions authorizing loans under the SWIRFT program in an aggregate amount not to exceed $250.8 million to finance the authorized DWU projects. Thereafter, on August 24, 2022, City Council authorized the acceptance and execution of the loan Financing Agreement between the TWDB and the City. In accordance with the TWDB financial assistance program, DWU will issue $114.8 million in Waterworks and Sewer System Revenue Bonds that will be purchased by the TWDB, which will in turn provide the City with interest rates based on the cost of funds, wherein the interest rate is further reduced by a subsidy established by TWDB. City Council authorization will be required for subsequent bond sales, each year for the next four years, to issue the remaining amount of the five-year water main replacement program commitment with the TWDB.

On October 26, 2022, DWU will seek City Council approval of an Ordinance authorizing the issuance and sale of City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2022C, in the amount of $114,800,000 to the TWDB. Following a successful transaction, TWDB anticipates closing on the bonds in December 2022.

If you have any questions, please contact Terry Lowery, Director of Dallas Water Utilities.

for Jack Ireland
Chief Financial Officer

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 22-2231 **Item #:** K.

GPFM Committee Forecast

GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT

COMMITTEE FORECAST

	TITLE	PRESENTER(S)
TUESDAY, NOVEMBER 15, 2022, 1:00 P.M.		
BRIEFING ITEMS	Development Services – Monthly Technology Update and Metrics Review	Andrew Espinoza, Director, Development Services
	Dallas Police and Fire Pension System 2023 Budget	Kelly Gottschalk, Executive Director, Dallas Police and Fire Pension System; Brenda Barnes, Chief Financial Officer, Dallas Police and Fire Pension
	Fidelity Investments: Registered Independent Advisors and Personalized Planning & Advice	Katie Hickney, Vice President, Manager Director, Fidelity Investments; Sheri Kowalski, City Controller, City Controller's Office
	Office of Procurement Services Update and Purchasing/Travel Card Auditing Process	Danielle Thompson, Director, Office of Procurement Services
	Communications, Outreach & Marketing Fair Park Multimedia Center Update	Catherine Cuellar, Director, Communications, Outreach & Marketing
	Office of the City Auditor Briefing on Internal Audit Reports Released Between October 15, 2022 and November 4, 2022	Mark Swann, City Auditor
BRIEFINGS BY MEMORANDUM	Technology Accountability Report (information as of October 31, 2022)	Information & Technology Services
	Process Improvement End of Year Update	Budget & Management Services
	Office of the City Auditor's Audit Recommendation Implementation Status as of November 4, 2022	City Auditor's Office
TUESDAY, DECEMBER 13, 2022, 1:00 P.M.		
BRIEFING ITEMS	Development Services – Monthly Technology Update and Metrics Review	Andrew Espinoza, Director, Development Services
	Office of the City Auditor Briefing on Internal Audit Reports Released Between November 5, 2022 and December 2, 2022	Mark Swann, City Auditor
BRIEFINGS BY MEMORANDUM	Budget Accountability Report (information as of September 30, 2022)	Budget & Management Services
	Technology Accountability Report (information as of November 30, 2022)	Information & Technology Services
	Quarterly Investment Report (information as of September 30, 2022)	City Controller's Office
	Accounts Payable Memo	City Controller's Office