Basic Financial Statements and Report of Independent Certified Public Accountants

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

September 30, 2021

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

FINANCIAL STATEMENTS

For Fiscal Year Ended September 30, 2021

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Independent Auditor's Report

The Honorable Mayor and Members of City Council
City of Dallas, Texas

Report on the Financial Statements

We have audited the accompanying statement of net position of the Airport Revenues Fund (the Fund), an Enterprise Fund of City of the Dallas, Texas (the City), as of September 30, 2021, and the related statements of revenues, expenses and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Revenues Fund of the City of Dallas, Texas, as of September 30, 2021, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

The Honorable Mayor and Members of City Council
City of Dallas, Texas

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Airport Revenues Fund and do not purport to, and do not, present fairly the financial position of the City of Dallas, Texas, as of September 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of City Contributions to Pension Plan, Notes to Schedule of City Contributions to Pension Plan, and the Schedule of Changes in the City's Total Liability and Related Ratios - Other Postemployment Benefits on pages 52 through 57 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 25, 2022

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2021
(Amounts in thousands)

As management of the Airport Revenues Fund (the "Fund"), an enterprise fund of the City of Dallas (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Fund (including the activities of a blended component unit, the Love Field Airport Modernization Corporation "the LFAMC") for the fiscal year ended September 30, 2021. The Fund's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the fund's financial activity, (3) identify changes in the fund's financial position (its ability to address the next and subsequent year challenges), and (4) identify fund issues or concerns. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Fund exceeded its liabilities and deferred inflows of resources at September 30, 2021, by $696 million (net position). The unrestricted net position balance was $14.9 million at September 30, 2021, and is available primarily for items such as compensated absences, net pension liability and other postemployment benefits.

- The Fund's total net position increased by $52.2 million in fiscal year 2021 and increased by $28.5 million in fiscal year 2020. This represents an increase of $23.7 million in the change in net position from 2020 to 2021. This was primarily attributable to an increase of $2.7 million in total revenues, an increase of $7.9 million in total expenses and an increase of $28.7 million in capital contributions. Total revenue increased primarily due to an increase in concession revenues, a decrease in charges for services revenues, a decrease in passenger facility charges, and offset by an increase in intergovernmental revenue. Total expenses increased primarily due to increase in personnel services and contractual services.

- The total balance of the revenue obligation bonds outstanding was $530.9 million, including premium of $70.4 million, at September 30, 2021.

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OVERVIEW OF THE FINANCIAL STATEMENTS

The Fund's basic financial statements are comprised of three components: 1) management's discussion and analysis, 2) financial statements, and 3) notes to the basic financial statements.

<u>Financial Statements</u>

The financial statements are designed to provide readers with a broad overview of the Fund's finances, in a manner similar to a private-sector business, and are made up of the statement of net position, statement of revenues, expenses, and changes in fund net position, and statement of cash flows. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the Fund's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net position presents information showing how the Fund's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. revenues earned but unbilled and earned but unused compensated absences).

The statement of cash flows reflects changes to the beginning cash and cash equivalents balance. Cash flows are categorized into operating, non-capital financing, capital and related financing, and investing activities.

<u>Notes to the Basic Financial Statements</u>

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found immediately following the financial statements.

FINANCIAL ANALYSIS

The Fund's combined net position was $696 million as of September 30, 2021. This analysis focuses on the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position (Table 1) and changes in fund net position (Table 2) of the Fund's activities.

Table 1
Condensed Statements of Net Position
(in thousands)

	2021	2020
Current and other noncurrent assets	$ 272,684	$ 239,602
Capital assets, net	1,220,794	1,207,966
Deferred outflows of resources	33,545	20,652
Total assets and deferred outflows of resources	1,527,023	1,468,220
Current liabilities	66,536	58,989
Long-term liabilities	758,657	758,124
Deferred inflows of resources	5,867	7,378
Total liablities and deferred inflows of resources	831,060	824,491
Net position:		
Net investment in capital assets	535,479	519,033
Restricted	145,595	131,375
Unrestricted	14,889	(6,679)
Net position	$ 695,963	$ 643,729

The largest portion of the Fund's net position reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The Fund uses these capital assets to provide services to citizens, and consequently they are not available for future spending. Although the Fund's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. Net position increased by $52.2 million. Unrestricted net position balance is approximately $14.9 million at September 30, 2021.

As of the end of fiscal year 2021, the Fund's current liabilities increased $7.5 million primarily due to an increase in account payable, an increase in construction accounts payable and a decrease in accrued interest payable on bonds.

FINANCIAL ANALYSIS - Continued

Analysis of the Operations of the Airport Revenues Fund

The following table provides a summary of the Fund's operations for the year ended September 30, 2021.

Table 2
Changes in Fund Net Position
(in thousands)

	2021	2020
Revenues:		
Operating revenues	$ 146,826	$ 131,462
Passenger Facility Charges (PFC)	20,499	15,805
Intergovernmental	13,198	28,383
Investment income	786	2,916
Total revenues	181,309	178,566
Expenses:		
Personnel services	26,101	23,561
Supplies and materials	7,207	7,157
Contractual and other services	49,342	46,975
Depreciation and amortization	42,294	40,646
Interest on bonds and notes	35,214	33,928
Total expenses	160,158	152,267
Income before capital contributions and transfers	21,151	26,299
Capital contributions	31,312	2,593
Transfers out to other city funds	(229)	(388)
Change in net position	52,234	28,504
Net position, beginning of year	643,729	615,225
Net position, end of year	$ 695,963	$ 643,729

Net position increased $52.2 million in 2021, which represents an increase of $23.7 million from the increase in net position for 2020. This was primarily attributable to an increase in total revenues, and an increase in capital contributions, and offset by an increase in total expenses. The Fund's total revenues increased $2.7 million, primarily all related to an increase in rental fees, an increase in concession fees and an increase in landing fees. Capital contributions increased $28.7 million, primarily due to higher amounts spent on construction by outside developers. The average rate of return on investment decreased approximately 76.9 percent from 1.216 percent in fiscal year 2020 to 0.280 percent in fiscal year 2021. This decrease resulted in a decrease in investment income of $2.1 million.

FINANCIAL ANALYSIS - Continued

Total expenses increased $7.9 million. The Fund's personnel service increased by $2.5 million mainly due to an increase in pension expenses. Contractual services increased $2.4 million, primarily due to an increase in professional service, an increase in repair and maintenance, an increase in custodial service, a decrease in contractor service, a decrease in outside temporary staffing service and a decrease in miscellaneous special services. Additionally, the Fund's depreciation expense increased $1.6 million, and supplies and material expense increased $50 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2021, the Fund had $1.2 billion invested in a broad range of capital assets, net of accumulated depreciation. (See Table 3)

Table 3
Capital Assets, Net of Accumulated Depreciation
(in thousands)

	2021	2020
Land	$ 131,184	$ 131,184
Works of art	5,574	5,574
Construction in progress	70,981	20,405
Buildings	675,265	689,806
Improvements other than buildings	294,682	312,709
Infrastructure assets	1,349	1,443
Equipment	41,759	46,845
Total	$ 1,220,794	$ 1,207,966

During fiscal year 2021, the Fund's capital assets (net of accumulated depreciation) increased $12.8 million primarily from construction in progress.

During fiscal year 2021, the net increase in construction in progress of $50.6 million resulted primarily from the following addition of construction projects: rehabilitation of taxiway C and D, pavement maintenance and construction and reconstruction of runway 13R 31L.

More detailed information about the Fund's capital assets is presented in Note 3 to the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

Debt

During fiscal year 2021, the Fund had $629.7 million in long-term debt and accretion outstanding, compared to $641.2 million in the prior fiscal year, as shown in Table 4. Outstanding debt at year end is primarily attributable to LFAMC issued obligations. During fiscal years 2015 and 2017, the LFAMC issued General Airport Revenue Bonds, Series 2015 and Series 2017. In September 2021, the LFAMC issued General Airport Revenue Bonds, Series 2021. The bonds were issued to refund approximately $310 million of the obligation for the Revenue Credit Agreement. The outstanding balance of the revenue bonds was $530.9 million including the premium of $70.4 million at September 30, 2021. During fiscal year 2011, the LFAMC entered into a revenue credit agreement with an airline carrier, resulting in an obligation, which is reported in the financial statements as a liability. The balance of the obligation for the revenue credit agreement including the premium/discount was $90.6 million at September 30, 2021 and $402.4 million at September 30, 2021.

Table 4
Outstanding Debt at Year End
(in thousands)

	2021	2020
General Airport Revenue Bonds	$ 530,938	$ 230,140
Pension obligation bonds, including premium, discount, and accretion	8,098	8,706
Obligation for revenue credit agreement	90,644	402,400
Total	$ 629,680	$ 641,246

More detailed information about the Fund's long-term liabilities is presented in Note 4 to the financial statements.

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FUTURE ECONOMIC FACTORS

The FY 2021-22 budget and FY 2022-23 planned budget will create innovative airport experiences by promoting safety and comfort, valuing our employees, developing our facilities, recognizing our unique role in the Dallas community, and contributing a positive economic impact. Dallas Love Field is one of the busiest medium-hub air carrier/general aviation airports in the world and has experienced unprecedented growth in passenger traffic since the repeal of the Wright Amendment in 2014.

The Federal Aviation Administration (FAA) awarded $13.7 million in Coronavirus Response and Relief Supplemental Appropriations Act (CRSSA) grants for Love Field, Dallas Executive Airport, and the Vertiport to offset revenue losses due to COVID-19. Aviation will use $3.7 million for operating and maintenance costs in fiscal year 2022.

A faster than expected recovery is anticipated in FY 2021-22, with passenger traffic expected to increase from a current level of 3.8 million enplanements to 7.4 million enplanements by December 2021. As COVID-19 vaccine becomes more readily available to the public, the aviation industry expects to be back to FY 2018-19 enplanements within the next three years. Dallas Love Field is positioned to have enplanements increase to 8.3 million passengers by FY 2023-24 (FY 2018-19 Pre COVID-19 numbers). With the projected increase of enplanements, the fund also expects to increase the budget back to the level of FY 2018-19 at $159 million starting in FY 2023-24.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Fund's finances and to show the Fund's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the City Controller's Office at City of Dallas, 1500 Marilla, Room 2BS, and Dallas, Texas 75201.

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City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

Statement of Net Position
September 30, 2021
(in thousands)

Assets and Deferred Outflows of Resources	
Current assets	
Pooled cash and cash equivalents	$ 46,738
Accounts receivable, less allowance for uncollectible accounts ($11)	14,709
Accrued interest	50
Due from other governments	33,559
Inventories, at cost	1,538
Prepaid expenses	435
Customer assessments receivable	50
Total current assets	97,079
Capital assets	
Nondepreciable	207,739
Depreciable, net of accumulated depreciation	1,013,055
Total capital assets, net	1,220,794
Other noncurrent assets	
Restricted assets	
Cash and cash equivalents held for construction purposes	4,595
Cash and cash equivalents for future debt service	26,400
Cash and cash equivalents held for emergency repairs and replacements	5,000
Cash and cash equivalents held for operation and maintenance expenses	13,810
Cash and cash equivalents held for passenger facility charges	106,571
Other investments held for future debt service	19,229
Total other noncurrent assets	175,605
Total assets	1,493,478
Deferred outflows of resources	
Deferred loss on refunding	6,944
Deferred outflows of resources related to other postemployment benefits	999
Deferred outflows of resources related to pensions	25,602
Total deferred outflows of resources	33,545
Total assets and deferred outflows of resources	$ 1,527,023

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

Statement of Net Position (Continued)
September 30, 2021
(in thousands)

Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities	
Current liabilities	
Accrued payroll	$ 553
Accounts payable	16,094
Due to other governments	199
Compensated absences	989
Unearned revenue	4,978
Pension obligation bonds	585
Capital leases payable	1,372
General airport revenue bonds	9,075
Obligation for revenue credit agreement	9,280
Pollution remediation	28
Construction accounts payable	17,301
Accrued interest payable on bonds	6,082
Total current liabilities	66,536
Noncurrent liablities	
Pension obligation bonds	4,672
Capital leases payable	66,718
General airport revenue bonds	521,863
Commercial paper notes payable	2,280
Accreted interest on capital appreciation bonds	2,841
Obligation for revenue credit agreement	81,364
Pollution remediation	383
Compensated absences	924
Other postemployment benefits	4,536
Net pension liability	73,076
Total noncurrent liabilities	758,657
Total liabilities	825,193
Deferred inflows of resources	
Deferred inflows of resources related to other postemployment benefits	1,679
Deferred inflows of resources related to pensions	4,188
Total deferred inflows of resources	5,867
Total liabilities and deferred inflows of resources	831,060
Net position	
Net investment in capital assets	535,479
Restricted:	
Debt service	20,214
Emergency repairs and replacement	5,000
Operation and maintenance expenses	13,810
Passenger facility charges	106,571
Unrestricted	14,889
Total net position	$ 695,963

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2021
(in thousands)

Operating revenues	
Rental fees	$ 67,507
Concession fees	45,378
Landing fees	30,466
Charges for services	2,586
Licenses and permits	417
Other	328
Fuel flow fees	144
Total operating revenues	146,826
Operating expenses	
Personnel services	26,101
Supplies and materials	7,207
Contractual and other services	49,342
Depreciation and amortization	42,294
Total operating expenses	124,944
Operating income	21,882
Non-operating income (expenses)	
Passenger Facility Charges (PFC)	20,499
Intergovernmental	13,198
Investment income	786
Interest on bonds and notes	(35,214)
Total non-operating income (expenses)	(731)
Income before capital contributions and transfers	21,151
Capital contributions	31,312
Transfers out to other city funds	(229)
Change in net position	52,234
Net position, beginning of year	643,729
Net position, end of year	$ 695,963

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

Statement of Cash Flows
For the Year Ended September 30, 2021
(in thousands)

Cash flows from operating activities	
Cash received from customers	$ 149,627
Cash payments to suppliers for goods and services	(650)
Cash payments to employees for services	(21,195)
Cash payments for contractual services	(49,325)
Other operating cash receipts	328
Net cash provided by operating activities	78,785
Cash flows from non-capital financing activities	
Principal paid on pension obligation bonds	(543)
Interest paid on pension obligation bonds	(95)
Proceeds from pension obligation bonds	1,359
Payment to refunded bond escrow agent	(1,351)
Bond issuance costs	(8)
Intergovernmental operating grant receipts	1,140
Transfers to other city funds	(229)
Net cash provided by non-capital financing activities	273
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(48,863)
Proceeds from obligation for revenue bonds	312,062
Payment to refunded revenue bonds	(316,714)
Bond issuance costs	(2,840)
Principal paid on revenue bonds	(8,640)
Principal paid on notes payable and other obligations	(10,137)
Interest paid on bonds, notes, and other obligations	(35,298)
Proceeds from sale of commercial paper notes	2,280
Passenger facility charges	19,481
Capital contribution receipts	10,474
Net cash used in capital and related financing activities	(78,195)
Cash flows from investing activities	
Maturity of investments	99
Investment income	875
Net cash provided by investing activities	974
Net increase in cash and cash equivalents	1,837
Cash and cash equivalents, beginning of year	201,277
Cash and cash equivalents, end of year	$ 203,114

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

Statement of Cash Flows (Continued)
For the Year Ended September 30, 2021
(in thousands)

Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 21,882
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	42,294
Changes in assets and liabilities	
Decrease in accounts and other receivables	3,144
Increase in inventories	(221)
Decrease in due from other governments	118
Decrease in deferred outflows related to other post-employment benefits	158
Increase in deferred outflows related to pensions	(6,114)
Increase in accounts payable	6,778
Increase in accrued payroll	98
Decrease in compensated absences	(67)
Decrease in allowance for doubtful accounts	(246)
Increase in unearned revenue	231
Decrease in other post-employment benefits	(5,693)
Increase in net pension liability	18,035
Decrease in other liabilities	(101)
Increase in deferred inflows related to other post-employment benefits	57
Decrease in deferred outflows related to pensions	(1,568)
Total adjustments	56,903
Net cash provided by operating activities	$ 78,785
Current assets	
Pooled cash and cash equivalents	$ 46,738
Restricted cash and cash equivalents held for construtcion purposes	4,595
Restricted cash and cash equivalents held for debt service	26,400
Restricted cash and cash equivalents for emergency repairs and replacements	5,000
Restricted cash and cash equivalents for operation and maintenance expesnes	13,810
Restricted cash and cash equivalents for passenger facility charges	106,571
Toal cash and cash equivalents at end of year	$ 203,114
Noncash investing, capital and financing activities	
Premium/discount amortization	$ (2,697)
Accretion on capital appreciation bonds	24
Amortization of deferred gain/loss on refunding	(42)

Note 1. Financial Statement Presentation and Significant Accounting Policies

Reporting Entity

The City of Dallas, Texas (the "City") is a municipal corporation incorporated under Article XI, Section 5 of the Constitution of the State of Texas (Home Rule Amendment). The City operates under the Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The accompanying financial statements present only the financial position, changes in financial position, and cash flows of the Airport Revenues Fund (the "Fund") including a blended component unit, the Love Field Airport Modernization Corporation (the "LFAMC"), which is an enterprise fund of the City, and are not intended to and do not present the financial position and changes in financial position, or where applicable, the cash flows of the City. The City also administers other departments, whose operations are reflected in the Annual Comprehensive Financial Report of the City. However, certain disclosures are for the City as a whole, since such information is not available for the Fund on a separate fund basis (see notes 2, 6, 7, 8, 9, and 10).

Blended Component Units

The criteria considered in determining component unit activities to be reported within the Fund's basic financial statements include whether: the organization is legally separate (can sue and be sued in their own name), the City appoints a voting majority of the organization's board, the City is able to impose its will on the organization, the organization has the potential to impose a financial benefit/burden on the City, or there is fiscal dependency by the organization on the City. Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. The City created the LFAMC, a Texas nonprofit local government corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code. The Corporation was formed to serve as a conduit financing entity for the purpose of issuing bonds to promote the development of the geographic area of the City included at or in the vicinity of Love Field Airport to promote, develop, and maintain the employment, commerce, aviation activity, tourism, and economic development in the city. The LFAMC was created to serve the City exclusively and its activity is included in the Fund's financial statements and information reported for the LFAMC is as of September 30, 2021.

Basis of Presentation

The Fund accounts for all activities in connection with the operations of the Dallas Love Field Airport, Dallas Executive Airport, and Heliport. These activities include, but are not limited to, administration, operation, maintenance, financing, and the related debt service, billing, and collection. This proprietary fund provides services that are intended to be financed primarily through user charges, or activities where periodic determination of net income is appropriate. The Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Fund's principal ongoing operations. The principal operating revenues of the Fund are charges to customers for utilization of airport facilities while operating expenses include personnel services, contractual and other services, supplies and materials, and depreciation on capital assets.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

Basis of Accounting

The accounting policies of the Fund, as reflected in the accompanying accrual basis financial statements, conform to accounting principles generally accepted in the United States of America (GAAP) for local government enterprises as prescribed by the Governmental Accounting Standards Board (GASB). The Fund is accounted for using the economic resources measurement focus. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flow.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Cash, Deposits and Investments

In accordance with City policies, the Fund participates in the City's pooled cash and investment program which is administered by the City Controller's Office. A significant portion of cash and investments held by the City is pooled. The pooled cash and investment program of the City is operated under the provisions of City ordinance and a specific City investment policy. The policy states that the City shall invest cash balances over the anticipated amount needed to meet operating requirements. Investments are stated at fair value. The balance reported as "Cash and Cash Equivalents" represents the equity of the Fund in the pooled cash and investments of the City. The Fund's share of the interest earnings of the pooled investments is determined by allocating interest to each of the participating funds based on average daily balances.

Long-term pooled investments are reported as investments on the statement of net position. Investments in U.S. government obligations and other investments are recorded at fair value based on quoted market prices (Note 2).

Inventory

Inventory consists of construction and operating materials, which are valued at average cost and is recorded as an expense when consumed.

Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2021. Prepaid items are recorded using the consumption method.

Restricted Assets

Proceeds of revenue bonds and other financing arrangements, as well as resources set aside for revenue bond repayment, are classified as restricted assets on the balance sheet when their use is limited by applicable covenants.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

The assets restricted for revenue bond future debt service are used to report resources set aside to fulfill revenue bond debt reserve requirements. Other restricted assets include funds restricted for construction from revenue bond proceeds, contractual obligation debt service funds, and unspent grant proceeds. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

Capital Assets

Capital assets include property, plant, equipment and improvements/infrastructure assets. Generally, equipment with an individual cost of at least $5 thousand, infrastructure with a cost of at least $25 thousand and buildings with a cost of at least $50 thousand and an estimated useful life of more than one year, are capitalized. Purchased or constructed capital assets are stated at cost or at estimated historical cost if original cost is not available. Assets acquired by donation are recorded at acquisition value on the date received. To the extent the construction is performed by the City, the capitalized cost includes direct payroll, payroll related costs, and certain general and administrative overhead expenses. Maintenance and repairs are charged to operations as incurred, whereas improvements that extend the useful lives of capital assets are capitalized.

Depreciation, which includes amortization of assets under capital leases, is computed using the straight-line method over the estimated useful or service lives of the related assets beginning on the date of acquisition or the date placed in service.

The estimated useful lives of the Fund's assets are as follows:

	Useful Life
Buildings	10-50 years
Infrastructure	50-100 years
Improvements other than buildings and runways	10-100 years
Equipment	3-25 years

Artwork is capitalized but not depreciated. These assets are maintained for public exhibition, education, or research and are being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other items for the collection.

Contributions of funds from federal, state, or local grants for the purpose of purchasing or constructing capital assets are recorded as capital contributions revenue as soon as all applicable eligibility requirements have been met.

Compensated Absences

The City's employees earn vacation, sick, and attendance incentive leave which may be used or accumulated up to certain amounts. Unused vacation and attendance incentive leave is paid upon death, retirement, or termination. Unused sick leave is reduced to a specified limit when paid upon retirement, certain terminations, or death.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

In accordance with the criteria established in the Codification of Governmental Accounting Standards, Section C60, "Compensated Absences," a liability is recorded for vacation leave earned by employees attributable to past service and sick leave earned by employees attributable to past service only to the extent it is probable that such leave will result in termination pay. In addition, a liability has been recorded for certain salary related payments associated with the payment of accrued vacation and sick leave.

In the Fund's statement of net position, all compensated absence liabilities incurred are recorded as liabilities. At September 30, 2021, liabilities relating to vacation, attendance incentive leave, and sick leave were $1,913.

Risk Management

The City is self-funded for workers' compensation, employee health insurance, most property damage and the majority of tort liability exposures. Commercial insurance is used where it is legally required, contractually required, or judged to be the most effective way to finance risk. Indemnity and insurance protection are also required for all City contractors, vendors, lessees, and permit holders. Claims and judgments are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The recorded estimated liability for claims and judgments includes a provision for Incurred but Not Reported (IBNR) liabilities for workers' compensation, tort cases, and employee health insurance.

Bond Premiums, Discounts, and Issuance Costs

In the Fund's financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount. Issuance costs, except any portion related to prepaid insurance costs (if applicable), are recognized as an expense in the period incurred.

Transactions with Other City Departments

Transactions that would be recorded as revenues or expenses if they involved organizations external to the Fund are similarly treated when involving other funds of the City. These transactions include charges for administrative services, building rental, risk management services, vehicle maintenance and motor pool services, inventory, and office services and retirees' healthcare.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet and statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension contributions after measurement date – The pension contributions made from the measurement date of the pension plan to the current fiscal year end are deferred and will be recognized in the subsequent fiscal year.
- Net difference in projected and actual earnings on pension assets and difference between estimated and actual experience related to pensions – These are amortized as a component of pension expense over a closed period of five years.
- Difference between estimated and actual experience related to pensions and other postemployment benefits (OPEB) - These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.
- Changes in assumptions related to pensions and OPEB – These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.

In addition to liabilities, the balance sheet and statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Net difference in projected and actual earnings on pension assets and difference between estimated and actual experience related to pensions – These are amortized as a component of pension expense over a closed period of five years.
- Difference between estimated and actual experience related to pensions and other postemployment benefits (OPEB) - These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.
- Changes in assumptions related to pensions and OPEB – These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

Net Position

In the Fund's financial statements, the net position is reported in three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. Net investment in capital assets represents the Fund's total investment in capital assets, net of depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Statement of Cash Flows

For the purpose of the Statement of Cash Flows, the Fund considers pooled cash and cash equivalents and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

New Accounting Pronouncements

During fiscal year 2021, the City adopted the following Governmental Accounting Standards Board (GASB) Statements.

GASB Statement No. 84, "Fiduciary Activities," and GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84,and supersession of GASB Statement No. 32," were implemented as required by GASB. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The primary objectives for GASB Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation pf this statement did not result in any changes to the Fund's financial statements.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

GASB Statement No. 90, "Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61," was implemented as required by GASB during the fiscal year ending September 30, 2021. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engage only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of this statement did not result in any changes to the Fund's financial statements.

GASB Statement No. 92, "Omnibus 2020," was implemented as required by GASB during fiscal years ending September 30, 2021, except for the requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of the Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this statement did not result in any changes to the Fund's financial statements.

GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance," was implemented immediately as required by GASB. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations;
- Statement No. 84, Fiduciary Activities;
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements;
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period;
- Statement No. 90, Majority Equity Interests;
- Statement No. 91, Conduit Debt Obligations;
- Statement No. 92, Omnibus 2020;
- Statement No. 93, Replacement of Interbank Offered Rates;
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting);
- Implementation Guide No. 2018-1, Implementation Guidance Update-2018;
- Implementation Guide 2019-1, Implementation Guidance Update-2019; and
- Implementation Guide No. 2019-2, Fiduciary Activities.

GASB Statement No. 98, “The Annual Comprehensive Financial Report,” was early implemented during the fiscal year ending September 30, 2021. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this statement replaced the name of the City’s Comprehensive Financial Report to Annual Comprehensive Financial Report. The implementation of this statement did not result in any changes to the Fund’s financial statements.

The GASB has issued the following statements which will be effective in future years as described below:

GASB Statement No. 87, “Leases,” will be implemented as required by GASB during the fiscal year ending September 30, 2022. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The City is currently evaluating potential changes to the Fund’s financial statements as a result of implementation of this Statement.

Note 1. Financial Statement Presentation and Significant Accounting Policies (continued)

GASB Statement No. 91, "Conduit Debt Obligations," will be implemented as required by GASB during the fiscal year ending September 30, 2022. The primary objectives of the Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: (1) commitments extended by issuers; (2) arrangements associated with conduit debt obligations; and (3) related not disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving require not disclosures. The City is currently evaluating potential changes to the Fund's financial statements as a result of implementation of this Statement.

GASB Statement No. 93, "Replacement of Interbank Offered Rates," will be implemented as required by GASB during fiscal years ending September 30, 2021 and September 30, 2022. The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of interbank offered rates with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The City is currently evaluating potential changes to the Fund's financial statements as a result of implementation of this Statement.

GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements," will be implemented as required by GASB during fiscal year ending September 30, 2023. The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The City is currently evaluating potential changes to the Fund's financial statements as a result of implementation of this Statement.

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements," will be implemented as required by GASB during fiscal year ending September 30, 2023. The objective of the Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements of subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered in to SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The City is currently evaluating potential changes to the Fund's financial statements as a result of implementation of this Statement.

Note 2. Cash, Deposits, and Investments

A summary of the carrying amount of cash on hand, deposits, and investments at September 30, 2021 is as follows:

	Cash and Pooled Investments with City Treasury
Deposits	$ 19,610
Investments-cash and cash equivalents	27,128
Investments-restricted cash and cash equivalents	175,605
Total	$ 222,343

The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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(Amounts in thousands except where indicated)

Note 2. Cash, Deposits, and Investments (continued)

At September 30, 2021, the investments held for the Fund's General and Investment Pool Programs are as follows:

	Fair Value Measurement Using Quoted Prices		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
Federal Agricultural Mortgage Corporation Notes	$ 45,978	$ -	$ 45,978
Federal Farm Credit Bank Notes	48,013	-	48,013
Federal Home Loan Bank Notes	48,558	-	48,558
Federal Home Loan Mortgage Corporation Notes	3,016	-	3,016
Treasury Bond	13,561	13,561	-
Total Investments by Fair Value Level	$ 159,126	$ 13,561	$ 145,565
Investments Measured at Fair Value			
Local Government Investment Pools	5,679		
Investments Measured at Net Asset Value (NAV)			
Money Market Mutal Funds	7,614		
Investments Measured at Amortized Cost			
Local Government Investment Pools	11,085		
Other Investments Measured at Purchase Cost			
Repurchase Agreements	19,229		
Total Investments	$ 202,733		

The City invests in LOGIC, TexSTAR, Texas CLASS, TexPool, and TexasTERM, which are Local Government Investment Pools (LGIPs) created under the Interlocal Cooperation Act, Texas Government Code Chapter 791, and the Public Funds Investment Act, Texas Government Code Chapter 2256. These two acts provide for the creation of LGIP's and authorize eligible governmental entities to invest their public funds and funds under their control through the investment pools. The LGIPs follow all requirements of the Public Funds Investment Act, including being rated by a nationally recognized rating agency, using amortized cost valuation, and, to the extent reasonably possible, stabilize at a $1 net asset value.

Note 2. Cash, Deposits, and Investments (continued)

J.P. Morgan Investment Management Inc. and First Southwest Company (a division of Hilltop Securities) serve as co-administrators for the TexSTAR & LOGIC programs under agreements with each pool's respective board of directors. The TexSTAR governing board is a five-member Board consisting of three representatives of employees, officers or elected officials of participating government entities, and one member designated by each of the co-administrators. In addition, TexSTAR has an Advisory Board composed 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. The governing body of LOGIC is a five-member board of directors comprised of employees, officers or elected officials of participating government entities, or individuals who do not have a business relationship with LOGIC and are qualified to advise the pool. A maximum of two Advisory Board members represent the co-administrators of LOGIC.

Public Trust Advisors, LLC provides investment advisory services and administration and marketing services to Texas CLASS. Texas CLASS Board of Trustees oversees Texas CLASS. The Board is comprised of active members of the pool and elected by the Participants, guided by the Advisory Board. The Board is responsible for selecting the Administrator and Investment Advisors.

The Comptroller of Public Accounts for the State of Texas is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool and TexPool Prime. Pursuant to the TexPool Participation Agreement, administrative and investment services to the TexPool Portfolios are provided by Federated Investors, Inc., under an agreement with the State Comptroller, acting on behalf of the Trust Company. In addition, TexPool has an Advisory Board composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios who are qualified to advise the TexPool Portfolios.

PFM Asset Management LLC serves as Investment Advisor and Administrator of TexasTERM. An Advisory Board is responsible for the overall management of the pool, including formation and implementation of its investment and operating policies. The members of the Advisory Board are local government officials elected by Texas TERM's investors.

Deposit and Investment Risk Disclosures of Funds with the City Treasurer

GASB Statement No. 40, "Deposit and Investment Risk Disclosures", requires disclosure information related to common risks inherent in deposit and investment transactions. Investments are subject to certain types of risks, including custodial credit risk, concentration of credit risk, credit risk and interest rate risk and foreign currency risk. Exposure of deposited funds and investment risk are disclosed in the following sections of this note.

(Amounts in thousands except where indicated)

Note 2. Cash, Deposits, and Investments (continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in event of the failure of the counterparty, the Fund will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. As of September 30, 2021, $19,610 was fully collateralized and insured by United States Federal Agency securities and the Federal Deposit Insurance Corporation. The collateral pledged to the City is held in the City's name at the Bank of New York Mellon. The FDIC insures demand accounts up to $250 thousand in the aggregate.

At September 30, 2021, all deposits were either insured or collateralized.

Safekeeping of investment securities is provided by the City's depository and trust institutions. Securities are held in street name with the bank as nominee. As of September 30, 2021, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Agency Securities	$ 159,126

Texas statutes and City policy authorize operating, capital projects, bond reserve, and trust monies to be deposited in demand deposits, time deposits, or certificates of deposit. Texas statutes and City policy require all uninsured collected deposits to be fully collateralized.

Concentration of Credit Risk

The Fund's concentration of credit risk for investments is shown below. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded.

Agencies and Securities by Issuer	Fair Value	Percent of Total Portfolio
Federal Agricultural Mortgage Corporation Notes	$ 45,978	28.89%
Federal Farm Credit Bank Notes	48,013	30.17%
Federal Home Loan Bank Notes	48,558	30.52%
Federal Home Loan Mortgage Corporation Notes	3,016	1.90%
Treasury Bond	13,561	8.52%
Total	$ 159,126	100.00%

(Amounts in thousands except where indicated)

Note 2. Cash, Deposits, and Investments (continued)

Credit Risk

The Public Funds Investment Act requires that investments shall be made in accordance with written policies approved at least annually by the governing body. Investment policies must address safety of principal, liquidity and yield, with primary emphasis on safety of principal. In accordance with this Policy, the City may invest in direct or guaranteed obligations of the U.S. Treasury, certain U.S. agencies and instrumentalities, and direct obligations of states and local governments with a credit rating no less than Aa3 or its equivalent; fully collateralized certificates of deposit and repurchase agreements; no-load money market mutual funds and local government investment pools with credit ratings no less than Aaa or its equivalent.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Money market mutual funds and local government investment pools in the City's portfolio are rated AAA by Standard & Poor's and/or Aaa by Moody's. U.S. Treasury Notes and Bills are obligations of the U.S. government and are not considered to have credit risk and thus are not rated (NR). Long-term bond ratings are used for the U.S. Government Agencies except for Federal Agricultural Mortgage Corporation (FAMC) Notes. U.S. Government Agencies are direct obligations of the United States agencies, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States agencies. Ratings for the City's portfolio are listed on the following table.

Security Type	Fair Value	Percent of Total Portfolio	S&P/Moody's Ratings
Money market mutual funds and investment pools	$ 24,378	13.29%	AAAm/Aaa
Federal Agricultural Mortgage Corporation Notes	48,013	26.16%	Not Rated
U.S. Agency securities	111,113	60.55%	AA+/Aaa
Total Portfolio	$ 183,504	100.00%	
Repurchase Agreements	19,229		
Total Investments	$ 202,733		

Interest Rate Risk

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 years. The weighted average maturity of the securities held in the City's portfolio at September 30, 2021 is as follows:

Security Type	Fair Value	Weighted Average Maturity (days)
Money market mutual funds	$ 7,614	1
Local Government Investment Pools	16,764	39
U.S. Agency securities	159,126	389
Total Portfolio	$ 183,504	142
Repurchase Agreements	19,229	
Total Investments	$ 202,733	

City of Dallas, Texas
Airport Revenues Fund
(An Enterprise Fund of the City of Dallas)

NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2021
(Amounts in thousands except where indicated)

Note 3. Capital Assets

The Fund's capital asset activity for the year ended September 30, 2021 is as follows:

	September 30, 2020	Additions	Deletions	September 30, 2021
Capital assets, not being depreciated				
Land	$ 131,184	$ -	$ -	$ 131,184
Works of art	5,574	-	-	5,574
Construction in progress	20,405	54,951	(4,375)	70,981
Total capital assets, not being depreciated	157,163	54,951	(4,375)	207,739
Capital assets, being depreciated				
Buildings	893,472	3,330	-	896,802
Improvements other than buildings	447,457	127	-	447,584
Infrastructure	4,896	-	-	4,896
Equipment	98,261	1,089	-	99,350
Total capital assets, being depreciated	1,444,086	4,546	-	1,448,632
Less accumulated depreciation for				
Buildings	(203,666)	(17,871)	-	(221,537)
Improvements other than buildings	(134,748)	(18,154)	-	(152,902)
Infrastructure	(3,453)	(94)	-	(3,547)
Equipment	(51,416)	(6,175)	-	(57,591)
Total accumulated depreciation and amortization	(393,283)	(42,294)	-	(435,577)
Total capital assets being depreciated, net	1,050,803	(37,748)	-	1,013,055
Total capital assets, net	$ 1,207,966	$ 17,203	$ (4,375)	$ 1,220,794

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(Amounts in thousands except where indicated)

Note 4. Long-term Debt

The changes in the Fund's long-term liabilities for the year ended September 30, 2021 are as follows:

	Balance, September 30, 2020	Additions	Deletions	Balance, September 30, 2021	Due Within One Year
Airport Revenue Bonds					
General Airport Revenue Bonds 2015	$ 101,275	$ -	$ 4,280	$ 96,995	$ 4,495
General Airport Revenue Bonds 2017	112,695	-	4,360	108,335	4,580
General Airport Revenue Bonds 2021	-	255,160	-	255,160	
Add: Net premium/discount	16,170	56,902	2,624	70,448	-
Total Airport Revenue Bonds	230,140	312,062	11,264	530,938	9,075
Pension Obligation Bonds	4,073	1,354	1,878	3,549	585
Add: Net Premium/Discount	1,768	5	65	1,708	-
Add: Accretion	2,865	375	399	2,841	-
Total Pension Obligation Bonds	8,706	1,734	2,342	8,098	585
Total Bonds Payable	238,846	313,796	13,606	539,036	9,660
Direct Borrowings					
Commercial paper notes payable	-	2,280	-	2,280	-
Capital leases payable	69,386	-	1,296	68,090	1,372
Obligation for revenue credit obligation	407,460	-	318,840	88,620	9,280
Add: Net premium/discount	(5,038)	7,525	463	2,024	-
Total direct borrowings	471,808	9,805	320,599	161,014	10,652
Other liabilities					
Compensated absences payable	1,980	903	970	1,913	989
Pollution remediation	511	86	186	411	28
Other postemployment benefits	10,229	580	6,273	4,536	-
Net pension liability	55,041	33,529	15,494	73,076	-
Total other liabilities	67,761	35,098	22,923	79,936	1,017
Total long-term debt	$ 778,415	$ 358,699	$ 357,128	$ 779,986	$ 21,329

General Airport Revenue Bonds

In September 2021, the LFAMC issued General Airport Revenue Bonds, Series 2021 of $225.2 million, with a premium of $56.9 million and interest rates ranging from 4.0 percent to 5.0 percent. Final maturity will occur on November 1, 2040. The bonds were issued to refund the obligation for the Revenue Credit Agreement (Series 2010). Proceeds of $317.7 million were deposited with an escrow agent to be used to pay the outstanding amount of the refunded bonds. The refunding resulted in a difference of $7.1 million between the net carrying amount of the old debt and the reacquisition price. This difference, reported in the accompanying financial statement as a deferred outflow of resources, is being amortized to interest expense over the life of the old bonds. Total debt service payments decreased by $114.2 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and new debt service payments) of $113.3 million.

(Amounts in thousands except where indicated)

Note 4. Long-term Debt (continued)

During December 2016, the LFAMC issued $116.85 million in General Airport Revenue Bonds, Series 2017 with a premium of $13.6 million. The stated rate on the bonds is 5 percent with a final maturity on November 1, 2036. Proceeds from the sale of the Bonds were used to complete the design and construction costs of an approximately 5,000 space parking garage and related improvements to increase public parking capacity at Love Field Airport, fund approximately 22 months of capitalized interest, which is intended to cover the period commencing with the date of issuance of the Bonds through 12 months following substantial completion of construction of the project, fund a bond debt service reserve fund; and pay cost of issuance.

During July 2015, the LFAMC issued $109.2 million in General Airport Revenue Bonds, Series 2015, with a premium of $13.6 million. The stated interest rate on the bonds is 5 percent with a final maturity on November 1, 2035. Proceeds from the sale of the Bonds were used to fund design and construction costs of an approximately 5,000 space parking garage and related improvements to increase public parking capacity at Love Field Airport, fund approximately 27 months of capitalized interest (which is intended to cover the period commencing with the date of issuance of the Bonds through 12 months following substantial completion of construction of the parking garage), fund a bond debt service reserve fund, and pay cost of issuance for the bonds.

Operating revenues from Airport operations and interest earned on the cash balance in the debt service fund are pledged for repayment of both issues of the General Airport Revenue Bonds. Revenues are transferred from the Airport Revenues operating fund to the Airport Revenues debt service fund to meet the annual principal and interest obligations. Net revenues, as defined in the bond documents, for each year are expected to be at least equal to 1.25 times the average principal and interest requirements of all outstanding previously issue bonds and additional bonds for the year. Events of default include nonpayment events and noncompliance with covenants. In the event of default, registered owners may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the bonds.

Fiscal	General Airport Revenue Bonds		
Year	Principal	Interest	Total
2022	$ 9,075	$ 16,921	$ 25,996
2023	16,835	21,023	37,858
2024	18,740	20,134	38,874
2025	19,680	19,173	38,853
2026	20,660	18,165	38,825
2027-2031	123,980	73,636	197,616
2032-2036	164,995	37,762	202,757
Thereafter	86,525	7,701	94,226
Total	$ 460,490	$ 214,515	$ 675,005

(Amounts in thousands except where indicated)

Note 4. Long-term Debt (continued)

Pension Obligation Bonds

In November 2020, the City issued General Obligation Refunding Bonds, Taxable Series 2020B, of $76.9 million, with a premium of $0.2 million, stated interest rates ranging from 0.8 percent to 1.25 percent, and a final maturity of February 15, 2024. The bonds were issued to refund pension obligation bonds (Series 2010). Proceeds of $76.7 million were deposited with an escrow agent to be used to pay the outstanding principal amount of the refunded bonds. As a result, $75.8 million of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements. Total debt service payments decreased by $0.9 million as a result of the refunding. The City also incurred an economic gain (difference between the present value of the old debt and the new debt service payments) of $7.3 million. The refunding and the new bonds issued are allocated between the City's governmental and enterprise funds. The numbers presented above include the Fund's portion of the total issue. Of the total issue, 1.76 percent is allocated to the Fund.

The Fund's pension obligation bonds outstanding as of September 30, 2021 are as follows:

	Maturity	Rates	Amount
Series 600	2,035	3.24% to 5.19%	$ 1,434
Series 601	2,035	4.10% to 5.48%	797
Series 647	2,024	0.295% to 4.66%	1,318
Total			$ 3,549

The following is a summary of the future principal and interest requirements for the Fund's pension obligation bonds at September 30, 2021:

Fiscal	Pension Obligation Bonds		
Year	Principal	Interest	Total
2022	$ 585	$ 71	$ 656
2023	630	54	684
2024	658	48	706
2025	141	647	788
2026	142	672	814
2027-2031	706	3,750	4,456
2032-2036	687	3,392	4,079
Total	$ 3,549	$ 8,634	$ 12,183

Pension Obligation Bonds are paid through increased contributions to the City's Debt service fund. Operating revenues from Airport operations and interest earned on the cash balance in the City's debt service fund are pledged for repayment of the debt. Revenues are transferred from the Airport Revenues fund to the City's debt service fund to meet annual principal and interest obligations.

Note 4. Long-term Debt (continued)

Airport Revenues Conduit Debt and Revenue Credit Agreement (Direct Borrowing)

The Love Field Airport Modernization Corporation (LFAMC), a Texas non-profit "local government corporation" and blended component unit of the City, issued $310 million in Special Facilities Revenue Bonds during November 2010, and $146.26 million in May 2012. The bonds were issued to finance the acquisition, construction, expansion, installation and equipping of certain capital improvements at Dallas Love Field Airport. Major construction commenced during fiscal year 2010 and was substantially completed during fiscal year 2015.

Prior to the issuance of the bonds, the City entered into two separate funding agreements with an airline carrier: (1) a "Facilities Agreement" pursuant to which the airline carrier is obligated to make debt service payments on the principal and interest amounts associated with the bonds (Facilities Payments), less other sources of funds the City may apply to the repayment of the bonds (including, but not limited to, passenger facility charges collected from passengers originating from Love Field Airport); and (2) a "Revenue Credit Agreement" pursuant to which the City will reimburse the airline carrier for the Facilities Payments made by the carrier.

In the event the airline carrier fails to make payments under the Facilities Agreement the City is no longer obligated to make any further payments under the Revenue Credit Agreement, and that agreement shall terminate.

A majority of the monies transferred from the City to the airline carrier under the Revenue Credit Agreement are expected to originate from a reimbursement account created in a "Use and Lease Agreement" between the City and the airline carrier. The Use and Lease Agreement is a 20-year agreement providing for, among other things, the lease of space at the Airport from the City. The remainder of such monies transferred from the City to the airline carrier under the Revenue Credit Agreement is expected to originate from (1) use and lease agreements with other airlines, (2) various concession agreements, and (3) other miscellaneous revenues generated at Love Field Airport.

All of the assets ultimately acquired by the bonds belong to the City at the time of acquisition pursuant to an Agreement for Donation and Assignment entered into between the City and the airline carrier. The bonds are a special obligation for which the airline carrier has guaranteed the principal and interest payments on the bonds, payable solely from the facilities payments to be made pursuant to the terms of the Special Facilities Agreement and other funds constituting the trust estate under the indenture, including any amounts received under the guaranty. The bonds do not constitute a debt or pledge of the faith and credit of the LFAMC, the City, the County, or the State of Texas, and accordingly have not been reported in the accompanying financial statements. In September 2021, the Special Facilities Revenue Bonds, Series 2010, were refunded with General Airport Revenue Bonds, Series 2021. As a result, the revenue credit agreement decreased approximately $310 million. The new General Airport Revenue Bonds are described in the previous section, General Airport Revenue Bonds, in note 4. As of September 30, 2021, the Special Facilities Revenue Bonds outstanding was $88.6 million.

Note 4. Long-term Debt (continued)

Airport Revenues Obligation for Revenue Credit Agreement (Direct Borrowing)

The Revenue Credit Agreement entered into between the City and the airline carrier was made possible as a result of the rate making provisions of the Airport Use and Lease Agreement which provide for the annual calculation of airline rates and charges sufficient to recover among other things, debt service on the bonds. While the crediting back of money to the airline carrier under the Revenue Credit Agreement will be done pursuant to a contractual agreement between the City and the airline carrier, such revenue credits are not pledged to the payment of debt service on the Bonds. The City has determined the obligation under the Revenue Credit Agreement to be a liability, and accordingly has recorded the obligation in the accompanying financial statements. The interest rates for the obligation range between 4.39 percent to 5.48 percent, and the obligation will be amortized over a period of 30 years.

In September 2021, the LFAMC issued General Airport Revenue Bonds, Series 2021 of $225.2 million, with a premium of $56.9 million to refund the obligation for the Revenue Credit Agreement (Series 2010) of $ 310 million, with a discount of $7.1 million. The balance of the obligation for the Revenue Credit Agreement was $88.6 million with the premium of $2 million for a total balance of $90.6 million, at September 30, 2021. The schedule of principal and interest payments required for the obligation is provided below (in thousands).

	Airport Revenue LFAMC		
Fiscal	Obligation for Revenue Credit Agreement		
Year	Principal	Interest	Total
2022	$ 9,280	$ 4,199	$ 13,479
2023	9,745	3,723	13,468
2024	10,230	3,224	13,454
2025	10,745	2,699	13,444
2026	11,280	2,149	13,429
2027-2029	37,340	2,861	40,201
Total	$ 88,620	$ 18,855	$ 107,475

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Note 4. Long-term Debt (continued)

Love Field Airport Modernization Corporation Airport System Commercial Paper Notes (Direct Borrowing)

The commercial paper program constitutes an obligation subordinate to the General Airport Revenue Bonds. Any advances made by credit providers for payments of commercial paper under the line of credit are secured by the Corporation's pledged revenues.

The commercial paper notes, AMT Series are supported by a credit agreement with JPMorgan Chase Bank, N.A., and extends through December 18, 2023. The AMT Series notes have an aggregate available amount not to exceed approximately $161.1 million, which includes $150 million of principal together with approximately $11.1 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10 percent per annum. During fiscal year 2021, $2.3 million was issued, and no commercial paper was repaid. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt. The City's unused line of credit on the notes was $147.7 million at September 30, 2021.

Events of default include nonpayment of fees, incorrect or untrue statement made by the City the agreements, breach of covenant, unsatisfied judgements over $10 million, acceleration of other debt in an amount greater than $5 million, filing of bankruptcy, validity of agreement invalidated by any governmental authority, debt moratorium, bond ratings downgraded below BBB, Baa2, or BBB, or Fitch, Moody's, or S&P suspends or withdraws its rating of the same, material adverse effects as a result of State law repeal or any event of default as defined in the credit agreement. The lender may seek a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the notes.

Airport Parking Capital Leases (Direct Borrowings)

During a prior fiscal year, the City entered into capital leases for two parking lots near Love Field Airport. The leased property serves as collateral for non-payment. Events of default under the lease agreements include nonpayment events and covenant noncompliance. In the event of default, the Lessor has the right to terminate the leases and/or recover all damages associated with the default.

For more information on capital leases, please refer to Note 5.

(Amounts in thousands except where indicated)

Note 5. Leases

As Lessee

In fiscal year 2016, the Fund entered into a capital lease agreement for land to be used as a parking lot. The monthly lease payments are $258 thousand per month with an interest rate of 5.65 percent for a period of 360 months. The Fund will retain title to the property after the end of the lease term.

In fiscal year 2015, the Fund entered into a capital lease agreement for land to be used as a parking lot. The monthly lease payments are $174 thousand per month with an interest rate of 5.65 percent for a period of 360 months. The Fund will retain title to the property after the end of the lease term.

The outstanding lease balance for Dallas Love Field as of September 30, 2021 is $68.1 million. Future minimum lease payments for capital leases including interest and principal are shown on the following page:

Fiscal Year	Total Rental Payments
2022	$ 5,184
2023	5,184
2024	5,184
2025	5,184
2026	5,184
2027-2031	25,917
2032-2036	25,917
Thereafter	46,902
Total minimum future lease payments	124,656
Less: Amount representing interest	(56,566)
Present value of net minimum lease payments	$ 68,090

The following schedule provides an analysis of the Airport's Revenues Fund investment in capital assets under capital lease arrangements as of September 30, 2021.

Land	$75,270

(Amounts in thousands except where indicated)

Note 5. Leases (continued)

As Lessor

The Fund is under numerous lease agreements as lessor whereby it receives revenues from leasing airport terminal space, hangars, parking spaces, ramps, land, and office space to air carriers and other tenants. These revenue leases are considered for accounting purposes to be operating leases. Lease revenue for fiscal year ended September 30, 2021 was $81 million, which is reflected in concessions and rental fees. The following is a schedule of minimum future rentals on noncancelable operating leases as of September 30, 2021:

Fiscal Year	Total Rental Payments
2022	$ 71,302
2023	69,650
2024	66,794
2025	66,381
2026	62,250
2027-2031	131,415
2032-2036	17,564
Thereafter	62,637
Total minimum future lease payments	$ 547,993

The above amounts do not include contingent rentals of the Airport Revenues fund, which may be received under certain leases; such contingent rentals received totaled $555 thousand in fiscal year 2021.

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Note 6. Pension Plan

Plan Description

Employees' Retirement Fund (ERF): All full-time Airport Revenues Fund's employees participate in the contributory City Employees' Retirement Fund, a defined benefit, single employer pension plan ("the Plan"). The legal authority for this plan is Chapter 40A of the Dallas City Code. The fund is for the benefit of all eligible employees of the City, excluding firefighters and police officers. The fund is administered by a seven member board of trustees consisting of three persons appointed by the City Council who may be council members, three employees from different departments of the City who are elected by members of the retirement fund and who are members of the retirement fund, and the City Auditor. The ERF issues a stand-alone financial report which is available at: www.dallaserf.org/publications-resources.

Benefits Provided

ERF provides retirement, disability, and death benefits to its members in accordance with Chapter 40A of the Dallas City Code. All employees of the City are members except police officers, firefighters, elected officers, non-salaried appointee members of boards or commissions, part-time employees working less than one-half time, temporary employees, individuals working under contract, and individuals whose salaries are paid in part by another government agency. The plan consists of Tier A and Tier B members.

Members hired prior to January 1, 2017 (Tier A) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the three highest paid calendar years. Members of the Tier A are entitled to normal retirement pension at age 60; early retirement pension at age 55 if employed prior to May 9, 1972 or age 50 and age plus years of service total 78; service retirement pension at any age after 30 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 5 percent.

Members hired after December 31, 2016 (Tier B) have vested rights to retirement benefits after five years of service or to survivor benefits after two years of service. Benefits are based on credited service and the average monthly earnings for the five highest paid calendar years. Members of Tier B are entitled to normal retirement pension at age 65; early retirement pension with a reduced benefit prior to age 65 and age plus years of service total 80 and; service retirement pension at any age after 40 years of credited service and disability retirement pension as determined by the board of trustees. Cost of living adjustments for retirees are made each year on January 1 by adjusting the pension base by the percentage change of the consumer price index, not to exceed 3 percent.

Amendments to Chapter 40A of the Dallas City Code, other than provisions required to comply with federal law, may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

(Amounts in thousands except where indicated)

Note 6. Pension Plan (continued)

Employees covered by benefit terms

At December 31, 2020, the following numbers of employees were covered by the benefit terms:

	ERF
Retirees and beneficiaries currently receiving benefits	7,552
Inactive members entitled to benefits but not yet receiving them	1,710
Current members	7,244
Total	16,506

Contributions

ERF: Chapter 40A of the Dallas City Code establishes contribution requirements. Changes to the contribution formula may only be made by a proposal initiated by either the board of trustees of the ERF or the City Council which results in an ordinance approved by the board, adopted by the City Council, and approved by a majority of the voters voting at a general or special election.

The City contributes 63 percent of the required contribution and the membership contributes 37 percent. The City's contribution rate covers both the debt service tied to the pension obligation bonds and the contributions to the Employees' Retirement Fund. Although the total contribution is actuarially determined each year, it is adjusted based on the following requirements of Chapter 40A: (1) the maximum contribution percentage of covered wages is 36 percent; (2) the maximum increase or decrease from one year to the next is 10 percent; and (3) the contribution rate changes only if the actuarial valuation develops a rate which differs from the prior rate by more than 300 basis points. The adjusted contribution as a result of Chapter 40A is the Current Adjusted Total Obligation Rate (CATOR). Contribution rates are 13.32 percent of covered wages for employees and 22.68 percent for the City for the City's fiscal year ended September 30, 2021. The City's contribution of 22.68 percent is divided into 14.14 percent cash to the Plan and 8.54 percent for debt service payments on the pension obligation bonds. For fiscal year 2021, the City contribution was $63 million.

(Amounts in thousands except where indicated)

Note 6. Pension Plan (continued)

Actuarial Assumptions

The total ERF pension liabilities in the December 31, 2020 actuarial valuations were determined using the following actuarial assumptions for the plan, applied to all periods included in the measurement:

	Description
Inflation	2.50%
Salary Increases	3.0% to 8.25%, including inflation
Investment Rate of Return	7.25%
Mortality	**For actives:** Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019). **For healthy retirees:** 2019 Texas Municipal Retirees Mortality Table projected using Scale UMP (Ultimate MP-2019). **For all disabled lives:** 2019 Texas Municipal Retirees Mortality Table, set forward four years for males and three years for for females, using Scale UMP (Ultimate MP-2019).
Cost of Living Adjustments	The percentage of change in the price index for October of the current year over October of the previous year, or the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment. The maximum COLA for Tier A retirees is 5%, and the maximum for Tier B retirees is 3%.
Long-term expected rate of return	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real return rates by the target asset allocation percentage and by adding expected inflation.

(Amounts in thousands except where indicated)

Note 6. Pension Plan (continued)

The target allocation and best estimates of arithmetic real rates of return (RROR) for the plan, by major asset class, are summarized in the following table:

	ERF	
Asset Class	Target Allocation	Long-term RROR
Domestic equity	12.5%	6.00%
International equity	12.5%	6.75%
Global equity	7.5%	6.45%
Global low volatility equity	12.5%	6.41%
Investment grade fixed income	15.0%	2.70%
High yield	10.0%	4.20%
Credit opportunities	5.0%	5.35%
Global public infrastructure	5.0%	7.23%
REIT	2.5%	4.70%
Private real estate - core	5.0%	5.40%
Private real estate - value add	2.5%	8.00%
Private equity	7.5%	8.05%
Marketable alternatives	2.5%	4.42%
Total	100.0%	

Discount Rate

ERF: The discount rate used to measure the total pension liability was 5.27 percent. This single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and the municipal bond rate of 2.00 percent. The projection of cash flows used to determine the discount rate assumed that that (1) plan member contributions and City contributions will be made at the projected future contribution rates outlined in Chapter 40A of the Dallas City Code, under which employees contribute 37 percent of the CATOR; the City contributes 63 percent of the CATOR, reduced by the amount required to pay current debt service on the 2005 pension obligation bonds; (2) the ERF annually earns 7.25 percent on its market value of assets; and (3) the number of active members remains constant in the future. Based on those assumptions and the ERF's funding policy, the last year in the single discount rate projection period for which projected benefit payments were fully funded was 2058, and the resulting single discount rate is 5.27 percent.

(Amounts in thousands except where indicated)

Note 6. Pension Plan (continued)

Changes in the Net Pension Liability

The following table shows the net pension liability as of December 31, 2020:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Employees' Retirement Fund			
Balances at 12/31/19	$ 5,658,724	$ 3,658,088	$ 2,000,636
Changes for the year:			
Service cost	118,452	-	118,452
Interest	330,348	-	330,348
Changes of assumptions	479,292	-	479,292
Differences between expected and actual experience	(82,641)	-	(82,641)
Contributions - City	-	61,615	(61,615)
Contributions - Employee	-	58,359	(58,359)
Net investment income	-	229,105	(229,105)
Benefit payments, including refunds of employee contributions	(294,322)	(294,322)	-
Adminstrative expense	-	(5,700)	5,700
Other changes	-	(392)	392
Net Changes	551,129	48,665	502,464
Balances at 12/31/20	$ 6,209,853	$ 3,706,753	$ 2,503,100

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the net pension liability of the City, calculated using the discount rates of 5.93 percent for ERF, as well as what the City’s net pension liability would be if were calculated using discount rates that are 1-percentage-point lower (4.27 percent) or 1-percentage-point higher (6.27 percent) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
ERF	$ 3,357,782	$ 2,503,100	$ 1,799,357

(Amounts in thousands except where indicated)

Note 6. Pension Plan (continued)

Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of the pension plan is available in the separately issued financial reports.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2021, Airport Revenues recognized pension expense of $10,353 for ERF. At September 30, 2021, the City also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERF	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 1,481	$ 70,580
Changes of assumptions	683,466	22,736
Net difference between projected and actual earnings on pension plan investments	-	13,711
Contributions subsequent to the measurement date	48,008	-
Total	$ 732,955	$ 107,027

Deferred outflows of resources in the amount of $48,008 related to pension contributions in the ERF made subsequent to the measurement date will be recognized as a reduction of the net pension liability during the fiscal year ended September 30, 2021. Deferred outflows and inflows of resources in the amount of $577,920 related to the pension will be recognized in pension expense as follows:

Year Ending 9/30	Pension Expense
2022	$ 315,078
2023	194,930
2024	34,697
2025	33,215
Total	$ 577,920

The amount of deferred outflows of resources related to pensions allocated to Airport Revenues was $25,602. The amount of deferred inflows of resources related to pensions allocated to Airport Revenues was $4,188.

Note 7. Other Postemployment Benefits

Plan Description

In addition to pension benefits, the City provides certain healthcare benefits for retired employees through various Council resolutions. The postemployment benefit plan is a single-employer plan administered by BlueCross BlueShield of Texas (BCBSTX). Employees who are permanent, full-time employees are eligible to participate at retirement. The City eliminated subsidization of the plan for individuals hired on or after January 1, 2010. No assets are accumulated in a trust that meets the criteria in GASB Statement 75.

Benefits Provided

For pre-65 retired employees hired before January 1, 2010, the City pays on average $667 (not in thousands) per month. The plan is closed to employees hired January 1, 2010 and thereafter. For pre-Medicare retirees who qualify and choose the City health plan, the City pays approximately 50 percent of the actuarial cost and the retiree pays the other 50 percent. There were 1,186 pre-65 retired participants in the health plan at September 30, 2021, the latest data used for this evaluation. Post-Medicare retirees are offered two Medicare Advantage plans along with a Medicare Part D prescription drug plan. The City no longer subsidizes the Medicare Advantage plans for the retirees regardless of hire date. The City pays Part A premiums for a grandfathered group of employees hired before April 1, 1986. The City also pays retiree life insurance for a grandfathered group who retired before January 1, 2002.

Employees Covered by Benefit Terms

At September 30, 2021, membership was as follows:	
Inactive employees or beneficiaries currently receiving benefit payments	1,186
Active employees	4,774
Total active participants	5,960

Total Other Post Employment Benefit Liability

The City's total OPEB liability of $266,160 was measured as of September 30, 2021, and was determined by an actuarial valuation as of that date.

(Amounts in thousands except where indicated)

Note 7. Other Postemployment Benefits (continued)

Actuarial Assumptions

The total OPEB liabilities in the September 30, 2021 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

	Description
Inflation	2.50%
Salary Increases	**Police and Fire:** 2.5% to 3.25%, including inflation **Non-Uniformed:** 3.0% to 8.25%, including inflation
Discount Rate	2.19%, based on the 20-year yield for tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Mortality	**Uniform (pre-retirement):** Pub-2010 Public Safety Employee Amount-Weighted Table, set forward five years for males, and projected generationally using Scale MP-2019. **Uniform (post-retirement):** Pub-2010 Public Safety Retiree Amount-Weighted Table set back one year for females, projected generationally using Scale MP-2019. **Non-Uniformed (pre-retirement):** Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019). **Non-Uniformed (post-retirement):** 2019 Texas Municipal Retirees Mortality Table projected using Scale UMP (Ultimate MP-2019).
Healthcare Cost Trend Rates	**Pre-65 Trend:** 7.58% for fiscal year 2022 and trending down to an ultimate 3.94% using the Getzen model. **Pre-65 Trend:** 4.80% for fiscal year 2022 and trending down to an ultimate 3.94% using the Getzen model.

(Amounts in thousands except where indicated)

Note 7. Other Postemployment Benefits (continued)

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an experience study on the healthcare-specific participation assumptions, plus assumption changes included in the September 30, 2021 valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2020	$ 530,989
Changes for the year:	
Service cost	14,023
Interest	12,940
Difference between estimated and actual expericence	(30,661)
Changes in benefit terms	(255,621)
Change of assumptions	12,863
Benefit payments	(18,373)
Net changes	(264,829)
Balance at September 30, 2021	$ 266,160

Changes of assumptions reflect the following changes: a change in the participation rate from 75 percent to 90 percent, changes in salary scales, turnover rates, retirement rates, mortality tables, mortality improvement tables and a decrease in the discount rate from 2.41 percent to 2.19 percent.

The amount of Total OPEB liability allocated to Airport Revenues was $4,536.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the City, calculated using the discount rate of 2.19 percent, as well as what the City's total OPEB liability would be if it were calculated using discount rates that are 1-percentage-point lower (1.19 percent) or 1-percentage-point higher (3.19 percent) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 286,781	$ 266,160	$ 247,273

(Amounts in thousands except where indicated)

Note 7. Other Postemployment Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City and what it would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$ 242,248	$ 266,160	$ 293,749

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2021, Airport Revenues recognized OPEB expense of ($5,478). At September 30, 2021, the City also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 1,334	$ 43,477
Changes of assumptions	44,091	33,975
Total	$ 45,425	$ 77,452

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending 9/30	OPEB Expense
2022	$ (8,078)
2023	(4,164)
2024	(12,157)
2025	(2,542)
2026	(2,542)
Thereafter	(2,544)
Total	$ (32,027)

The amount of deferred outflows of resources related to OPEB allocated to Airport Revenues was $999, and the amount of deferred inflows of resources related to OPEB allocated to Airport Revenues was $1,679.

Note 8. Deferred Compensation

The City Sponsors three deferred compensation plans. Two of these plans are voluntary for City employees who participate in the City's pension plans. The third plan is mandatory for all employees and council members who are not covered by the City's pension plans. These plans comply with sections 401(k) and 457(b) of the Internal Revenue Code.

Participants in the City's voluntary 457(b) and 401(k) plans have full discretion to choose investments from a list of standard plan options, a linked brokerage account, and a commingled pool managed by Fidelity Management Trust Company. The list of standard plan options includes mutual funds with varying styles and levels of investment risk. All the account balances in the mandatory 457 plan are invested in the same commingled pool. All contributions to these plans are deferred by plan participants from their compensation and all the earnings are allocated to each participant's account. Distributions from all the deferred compensation plans are available after termination of employment. Additionally, participants in the City's voluntary plans may also take out loans and may receive hardship withdrawals in accordance with federal regulations. The assets held in these plans are not included in the Fund's or City's financial statements and cannot be used for purposes other than the exclusive benefit of the participants or their beneficiaries or to pay the reasonable expenses of plan administration.

Note 9. Risk Management-Estimated Claims and Judgements Payable

The City is self-insured for all third-party general liability claims. Claims adjusting services are provided by the City's internal staff. Interfund premiums are based primarily upon the insured funds' claims experience and exposure and are reported as cost reimbursement interfund transactions. The liability for unpaid claims includes the effects of specific incremental claims, adjustment expenses and if probable and material, salvage and subrogation.

All known City property, primarily buildings and contents, is insured through commercial insurance policies, subject to a $750 thousand deductible per loss occurrence. The amount of settlements exceeded the deductible loss per occurrence during the fiscal year ended September 30, 2021, but not in the prior two fiscal years.

The City is self-insured for workers' compensation claims that occurred prior to October 1, 1999. Effective October 1, 1999 through January 31, 2013, the City was insured for workers' compensation losses in excess of $750 thousand per occurrence. Effective February 1, 2013, the City was insured for workers' compensation losses in excess of $1 million per occurrence. Effective February 1, 2016, the City is insured for workers' compensation losses in excess of $1.5 million per occurrence. Claims adjusting services are provided by an independent "administrative services" contractor. Workers' compensation premiums are based primarily upon the insured funds' claims experience and exposure, and are reported as cost reimbursement interfund transactions. The amount paid by Airport Revenues was $201 thousand in fiscal year 2021.

(Amounts in thousands except where indicated)

Note 9. Risk Management-Estimated Claims and Judgements Payable (continued)

All workers' compensation losses are accumulated in a clearing fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. Accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims of which $43.1 million at September 30, 2021, is recorded in the risk funds. Of this amount, $5.4 million is estimated to be payable in the next fiscal year.

The City maintains a group health insurance plan for employees and dependents which is self-insured by the City. The City also offers enrollment in one health maintenance organization as an alternative. Premiums are determined based on the annual budget. The City also maintains a group life insurance plan which offers term-life and accidental death and dismemberment for employees and dependents. The City is fully insured for employee term-life. Health claims and claims incurred but not reported that are probable and can be reasonably estimated are accrued in the accompanying basic financial statements at September 30, 2021, in the amount of $9 million in the risk funds.

At September 30, 2021, the City estimates its general liability at $56.3 million, of which $6.7 million is estimated to be payable in the next fiscal year. The general liability includes $6.7 million for automobile and general liability and $49.6 million for probable claims and lawsuits. Changes in the balances of claims liabilities during the past fiscal year are as follows:

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	Workers' Compensation		Health		General Liability	
	2021	2020	2021	2020	2021	2020
Unpaid claims, beginning of year	$ 41,360	$ 41,595	$ 8,375	$ 7,683	$ 59,950	$ 11,794
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates	13,447	9,524	121,740	93,103	6,904	51,094
Claim payments	(6,517)	(10,261)	(130,646)	(100,633)	(5,366)	(4,113)
Changes to prior year estimates (IBNR)	(5,175)	502	9,491	8,222	(5,182)	1,175
Unpaid claims, end of year	$ 43,115	$ 41,360	$ 8,960	$ 8,375	$ 56,306	$ 59,950

Note 10. Commitments and Contingent Liabilities

Federal and State Grant Commitments

The Department of Aviation has received Airport Improvement Program (AIP) Grant Funds and a number of other federal and state grants for specific purposes. These AIP and other grants are subject to audit, which may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience and current knowledge, City management believes that such disallowances, if any, will not be material.

Pending Lawsuits and Claims

Various claims and lawsuits are pending against the City and its officers and employees acting in their official capacities. Those lawsuits and claims, excluding condemnation proceedings, which are considered "probable" and estimable are accrued as a liability, while those claims and judgments, excluding condemnation proceedings, which are considered "reasonably possible" are disclosed but not accrued.

At September 30, 2021, approximately $49.7 million has been accrued in the City Risk Fund as a liability for pending material claims and lawsuits, excluding condemnation proceedings, considered to be probable. In the opinion of the City Attorney, this is the total amount of all such pending claims and lawsuits which represent probable loss to the City.

In the opinion of the City Attorney, the potential loss resulting from all material pending lawsuits and claims, excluding condemnations proceedings, which are considered reasonably possible and estimable, is approximately $19 million as of September 30, 2021.

Note 11. Pollution Remediation

The Fund is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) is the State regulatory agency that regulates all projects being reported. The method used to calculate the liability is the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2021, the total environmental remediation liability for the Fund $411 thousand and $28 thousand is estimated to be paid in fiscal year 2022. At this time, the Fund is unable to estimate any recoveries to reduce the liability. The specific issues related to the City's remediation efforts include.

(Amounts in thousands except where indicated)

Note 11. Pollution Remediation (continued)

The Fund is managing 2 sites that are regulated by the Texas Risk Reduction Program, Texas Administrative Code (TAC) Ch. 350:

- The City has conducted groundwater monitoring and product recovery activities, obtained LPST case closure and entered the site into the TCEQ Voluntary Cleanup Program (VCP) to address the chlorinated solvent plume in groundwater. Groundwater monitoring and reporting activities and MSD application preparation activities have been completed. During the reporting period, semi-annual groundwater monitoring activities and report preparation were completed and preparation of an Affected Property Assessment Report (APAR) is in process. Activities in the current period are expected to include semi-annual groundwater monitoring and reporting to TCEQ, MSD related activities, soil investigation, and continued preparation of the APAR. The estimated cost for this project is $367 thousand, with $10 thousand expected to be paid in fiscal year 2022 with continued management in VCP.

- The City has completed a Phase I and II ESA as part of due diligence prior to executing a lease to own agreement. Additional activities are expected to include additional investigation and reporting to TCEQ. No activities were completed in the reporting period and no activities are expected until after the property is occupied, which is still pending. The estimated cost for this project is $26 thousand and this liability is not expected to be paid in fiscal year 2022.

The Fund is managing 1 site that is compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch. 334:

- Aviation-owned property with a tenant operating a Business Jet Access facility was responsible for investigation and monitoring activities related to a release of hydrocarbons comingled with a tank related release from adjacent southwest airlines operations. The release was reported in 2009. The site was being managed under the TCEQ Leaking Petroleum Storage Tank (LPST) Program. To expedite completion of activities, records review, TCEQ communication, groundwater monitoring and site evaluation activities were completed and reported to TCEQ. During the reporting period, records were reviewed and groundwater and utility line monitoring were completed and reported to TCEQ in response to a TCEQ request. Closure of the LPST was requested and approved by TCEQ with the issuance of a No Further Action Letter in May 2021. Activities expected to be completed during the current period include plugging and abandoning existing onsite monitor wells and reporting to TCEQ. The estimated cost for this project is $18 thousand and $18 thousand is expected to be paid in fiscal year 2022.

	Balance, September 30, 2020	Additions	Deletions	Balance, September 30, 2021	Due Within One Year
Dalfort Land	$ 485	$ -	$ 118	$ 367	$ 10
Scarborough	26	-	-	26	-
Vitesse	-	86	68	18	18
Total	$ 511	$ 86	$ 186	$ 411	$ 28

City of Dallas, Texas
Dallas Water Utilities
(An Enterprise Fund of the City of Dallas)

Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Seven Fiscal Years
(Dollar amounts in thousands)

	ERF			
	2021	**2020**	**2019**	**2018**
Total Pension Liability				
Service cost	$ 118,452	$ 124,288	$ 84,843	$ 81,178
Interest	330,348	325,766	332,011	325,620
Changes of assumptions	479,292	(43,032)	1,020,969	-
Differences between expected and actual experience	(82,641)	(7,819)	4,793	(59,066)
Plan changes	-	-	-	-
Benefit payments, including refunds	(294,323)	(288,445)	(272,496)	(261,690)
Net change	551,128	110,758	1,170,120	86,042
Total Pension Liability, Beginning	5,658,725	5,547,967	4,377,847	4,291,805
Total Pension Liability, Ending (a)	6,209,853	5,658,725	5,547,967	4,377,847
Plan Fiduciary Net Position				
Contributions - City	61,615	62,177	60,924	58,966
Contributions - Employee	58,359	58,314	56,772	55,175
Net investment income	229,105	550,942	(167,783)	413,511
Benefit payments, including refunds	(294,322)	(288,443)	(272,496)	(261,690)
Administrative expense	(5,700)	(7,513)	(7,485)	(5,951)
Other changes	(393)	298	121	207
Net change	48,664	375,775	(329,947)	260,218
Plan Fiduciary Net Position, Beginning	3,658,089	3,282,314	3,612,261	3,352,043
Plan Fiduciary Net Position, Ending (b)	3,706,753	3,658,089	3,282,314	3,612,261
City's Net Pension Liability (a) - (b)	$ 2,503,100	$ 2,000,636	$ 2,265,653	$ 765,586
Plan Fiduciary Net Position as a percentage of Total Pension Liability	60%	65%	59%	83%
Covered payroll	$ 428,824	$ 433,890	$ 423,723	$ 421,269
City's Net Pension Liability as a percentage of covered payroll	584%	461%	535%	182%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

2017	2016	2015*
$ 133,457	$ 78,020	$ 62,065
305,826	313,850	290,948
(1,227,079)	1,238,431	292,137
(38,327)	(26,829)	(21,967)
-	-	-
(249,639)	(239,960)	(230,243)
(1,075,762)	1,363,512	392,940
5,367,567	4,004,055	3,611,115
4,291,805	5,367,567	4,004,055
56,130	50,721	45,833
53,436	50,742	46,536
294,918	(53,344)	207,992
(249,639)	(239,960)	(230,243)
(5,343)	(4,598)	(4,150)
333	162	157
149,835	(196,277)	66,125
3,202,208	3,398,485	3,332,360
3,352,043	3,202,208	3,398,485
$ 939,762	$ 2,165,359	$ 605,570
78%	60%	85%
$ 409,433	$ 393,186	$ 353,650
230%	551%	171%

City of Dallas, Texas
Dallas Water Utilities
(An Enterprise Fund of the City of Dallas)

Required Supplementary Information
Schedule of City Contribution to Pension Plan
Last Ten Fiscal Years
(Dollar amounts in thousands)

	2020	2020	2019	2018
Employees Retirement Fund				
Actuarially determined contribution	$ 96,558	$ 92,567	$ 85,945	$ 91,977
Contributions in relation to the actuarially determined contribution	$ 61,892	$ 61,798	$ 62,462	$ 60,589
Contribution deficiency (excess)	$ 34,666	$ 30,769	$ 23,483	$ 31,388
Covered payroll	$ 437,707	$ 435,198	$ 434,064	$ 420,754
Contributions as a percentage of covered payroll	14%	14%	14%	14%

2017	2016	2015	2014	2013	2012
$ 88,547	$ 81,838	$ 68,100	$ 62,756	$ 54,289	$ 37,822
$ 58,045	$ 56,987	$ 49,135	$ 44,816	$ 35,515	$ 28,917
$ 30,502	$ 24,851	$ 18,965	$ 17,940	$ 18,774	$ 8,905
$ 405,062	$ 389,706	$ 376,421	$ 357,887	$ 336,483	$ 317,551
14%	15%	13%	13%	11%	9%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last 10 Fiscal Years

Employees' Retirement Fund

<table>
<tr><td>Valuation date</td><td>12/31/20</td><td>12/31/19</td><td>12/31/18</td><td>12/31/17</td><td>12/31/16</td><td>12/31/15</td><td>12/31/14</td><td>12/31/13</td><td>12/31/12</td><td>12/31/11</td></tr>
<tr><td>Timing</td><td colspan="10">The actuarially determined contribution rate is effective October 1 after the valuation date.</td></tr>
<tr><td>Actuarial cost method</td><td colspan="10">Entry age normal.</td></tr>
<tr><td>Amortization method</td><td colspan="2">30-year open group projection. The City ordinance authorizing the plan specifies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate.</td><td colspan="8">30-year open amortization period level percentage of payroll. The City ordinance authorizing the plan specifies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate.</td></tr>
<tr><td>Asset valuation method</td><td colspan="10">5-year smoothed market value of assets.</td></tr>
<tr><td>Inflation</td><td colspan="2">2.50%</td><td colspan="3">2.75%</td><td colspan="5">3%</td></tr>
<tr><td>Salary increases</td><td colspan="2">3.0% to 8.25%, including inflation</td><td colspan="3">3.25% to 6.25%, including inflation</td><td colspan="5">3.5% to 7%, including inflation</td></tr>
<tr><td>Discount rate</td><td>5.27%</td><td>5.93%</td><td>5.98%</td><td colspan="2">7.75%</td><td colspan="2">8.00%</td><td colspan="3">8.25%</td></tr>
<tr><td>Cost of Living Adjustment</td><td colspan="5">The greater of (a) the percentage of change in the price index for October of the current year over October of the previous year, or (b) the percentage of annual average change in the price index for the 12-month period ending with the effective date of the adjustment. The maximum change per year is 5% for Tier A and 3% for Tier B members.</td><td colspan="5">The greater of (a) the percentage of change in the price index for October of the current year over October of the previous year, up to 5%, or (b) the percentage of annual average change in the price index for the 12-month period ending with the effective date</td></tr>
<tr><td>Mortality</td><td colspan="2">For actives:
Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019).
For healthy retirees:
2019 Texas Municipal Retirees Motility Table projected using Scale UMP (Ultimate MP-2019).
For all disabled lives:
2019 Texas Municipal Retirees Mortality Table, set forward four years for males and three years for females, projected using Scale UMP (Ultimate MP-2019).</td><td colspan="2">For actives:
Males - RP-2000 Employee Mortality Table for male employees, set forward 4 years.
Females - RP-2000 Employee Mortality Table for female employees, set back 5 years.
For healthy retirees:
Males - RP-2000 Combined with Blue Collar adjustment for male annuitants, with a 109% multiplier and fully generational mortality using improvement scale BB
Females - RP-2000 Combined with Blue Collar adjustement for female annuitants, with a 103% multiplier and fully generational mortality using improvement scale BB
For all disabled lives:
RP-2000 Disabled Mortality Table for male annuitants, set forward one year.</td><td colspan="3">For actives:
Males - RP-2000 Healthy Mortality Table for male employees, set forward 4 years.
Females - RP-2000 Healthy Mortality Table for female employees, set back 5 years.
For healthy retirees:
Males - RP-2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale BB, set forward two years.
P2000 Healthy Mortality Table for female annuitants.
For all disabled lives:
RP-2000 Disabled Mortality Table for male annuitants, set forward one year.</td><td colspan="3">For actives:
Males - RP-2000 Healthy Mortality Table for male employees, set forward 4 years.
Females - RP-2000 Healthy Mortality Table for female employees, set back 5 years.
For healthy retirees:
Males - RP-2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale AA, set forward two years.
P2000 Healthy Mortality Table for female annuitants.
For all disabled lives:
RP-2000 Disabled Mortality Table for male annuitants, set forward one year.</td></tr>
</table>

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (1)
SCHEDULE OF CHANGES IN THE CITY'S TOTAL LIABILITY
AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFITS
Last Four Fiscal Years
(Dollar amounts in thousands)

	2021	2020	2019	2018 (2)
Total OPEB Liability				
Service cost	$ 14,023	$ 16,491	$ 14,006	$ 14,817
Interest	12,940	15,775	19,813	18,420
Changes of assumptions	12,863	(47,877)	82,662	(26,244)
Differences between expected and actual experience	(30,661)	(198)	(42,693)	6,669
Changes in benefit terms	(255,621)	-	-	-
Benefit payments	(18,373)	(18,573)	(19,537)	(21,343)
Net change	(264,829)	(34,382)	54,251	(7,681)
Total OPEB Liability, Beginning	530,989	565,371	511,120	518,801
Total OPEB Liability, Ending	$ 266,160	$ 530,989	$ 565,371	$ 511,120
Covered employee payroll	$ 983,482	$ 959,102	$ 914,916	$ 877,768
Total OPEB Liability as a Percentage of Covered Employee Payroll	27%	55%	62%	58%

(1) There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

(2) This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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