OFFICIAL STATEMENT
Dated: June 10, 2020

NEW ISSUES - BOOK-ENTRY-ONLY

RATINGS:
S&P: "AAA"
Fitch: "AA+"
(See "OTHER INFORMATION – Ratings")

In the opinion of Co-Bond Counsel to the City (defined below), under existing law, interest on the Series 2020C Bonds (defined below) will be excludable from gross income for federal income tax purposes. See "TAX MATTERS – Series 2020C Bonds" for a discussion of the opinion of Co-Bond Counsel. Interest on the Taxable Series 2020D Bonds (defined below) will be included in gross income for federal income tax purposes. See "TAX MATTERS – Taxable Series 2020D Bonds".

$281,825,000
CITY OF DALLAS, TEXAS
(Dallas, Denton, Collin, Kaufman and Rockwall Counties)
Waterworks and Sewer System Revenue Refunding Bonds,
Series 2020C

$363,665,000
CITY OF DALLAS, TEXAS
(Dallas, Denton, Collin, Kaufman and Rockwall Counties)
Waterworks and Sewer System Revenue Refunding Bonds,
Taxable Series 2020D

Dated Date: Date of Delivery **Due: October 1, as shown on Page ii**

PAYMENT TERMS . . . Interest on the $281,825,000 City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C (the "Series 2020C Bonds") and interest on the $363,665,000 City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2020D (the "Taxable Series 2020D Bonds" and, together with the Series 2020C Bonds, the "Bonds") will accrue from Date of Delivery (defined below) and will be payable on October 1, 2020, and on each April 1 and October 1 thereafter until maturity or prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar for the Bonds is UMB Bank, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapters 1207 and 1371, Texas Government Code (together, the "Act"), and by two separate ordinances (the "Series 2020C Bond Ordinance" and the "Taxable Series 2020D Bond Ordinance" and together, the "Ordinances") adopted by the City Council of the City of Dallas, Texas (the "City") on May 27, 2020 and are special obligations of the City, payable, both as to principal and interest, solely from and, together with certain currently and hereafter outstanding parity bonds, secured by a first lien on and pledge of the Pledged Revenues (defined herein) of the City's Waterworks and Sewer System (the "System"), which include the Net Revenues of the System remaining after deduction of current expenses of operation and maintenance. As permitted by the Act, in the Ordinances the City Council of the City delegated to certain authorized officers the authority to execute one or more bond purchase agreements evidencing the final sales terms of the respective series of Bonds. **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS – Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Series 2020C Bonds, together with other available System funds, if necessary, will be used to (i) refund certain outstanding bonds of the City (the "Refunded Bonds") (see Schedule I – "Schedule of Refunded Bonds"); and (ii) refund outstanding Commercial Paper Notes (the "Refunded Notes"). Proceeds from the sale of the Taxable Series 2020D Bonds, together with other available System funds, if necessary, will be used to refund certain Refunded Bonds (see Schedule I – "Schedule of Refunded Bonds"). See "PLAN OF FINANCING".

CUSIP Prefix: 23542J
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page ii

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters listed below (the "Underwriters") and subject to the approving opinions of the Attorney General of the State of Texas, and the opinions of Co-Bond Counsel, McCall, Parkhurst & Horton L.L.P., Dallas, Texas and Escamilla & Poneck, LLP, Dallas, Texas (see Appendix D - "Forms of Co-Bond Counsel's Opinions"). Certain legal matters will be passed upon to the City by Norton Rose Fulbright US LLP, Dallas, Texas, and Kintop Smith, PLLC, Dallas, Texas, Co-Disclosure Counsel for the City. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Winstead PC, Dallas, Texas, and White & Wiggins, LLP, Dallas, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about July 7, 2020 (the "Date of Delivery").

J.P. Morgan **Ramirez & Co., Inc.**
BofA Securities **Citigroup** **Goldman Sachs & Co. LLC**
Loop Capital Markets **Siebert Williams Shank & Co., LLC** **Wells Fargo Securities**

MATURITY SCHEDULE **CUSIP[1] Prefix: 23542J**

$281,825,000
Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C

$188,165,000 Serial Bonds

Maturity (October 1)	Amount	Rate	Initial Yield	CUSIP[1] Suffix	Maturity (October 1)	Amount	Rate	Initial Yield	CUSIP[1] Suffix
2020	$ 5,615,000	5.000%	0.170%	RE7	2031	$ 6,680,000	5.000%	1.150% [2]	RR8
2021	5,255,000	5.000%	0.190%	RF4	2032	14,475,000	5.000%	1.250% [2]	RS6
2022	5,515,000	5.000%	0.240%	RG2	2033	15,215,000	5.000%	1.350% [2]	RT4
2023	5,795,000	5.000%	0.300%	RH0	2034	7,755,000	5.000%	1.430% [2]	RU1
2024	6,095,000	5.000%	0.370%	RJ6	2035	8,115,000	4.000%	1.620% [2]	RV9
2025	6,405,000	5.000%	0.470%	RK3	2036	8,490,000	5.000%	1.520% [2]	RW7
2026	4,195,000	5.000%	0.640%	RL1	2037	18,400,000	4.000%	1.720% [2]	RX5
2027	4,410,000	5.000%	0.760%	RM9	2038	19,250,000	5.000%	1.610% [2]	RY3
2028	4,640,000	5.000%	0.890%	RN7	2039	20,135,000	4.000%	1.800% [2]	RZ0
2029	7,215,000	5.000%	0.970%	RP2	2040	8,160,000	4.000%	1.840% [2]	SA4
2030	6,350,000	5.000%	1.050%	RQ0					

$93,660,000 Term Bonds

$47,295,000 5.000% Term Bond Due October 1, 2045, Priced to Yield 1.840% [2] - CUSIP [1] Suffix: SB2
$46,365,000 4.000% Term Bond Due October 1, 2049, Priced to Yield 2.060% [2] - CUSIP [1] Suffix: SC0

(Interest accrues from the Date of Delivery)

$363,665,000
Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2020D

$271,565,000 Serial Bonds

Maturity (October 1)	Amount	Rate	Initial Yield	CUSIP[1] Suffix	Maturity (October 1)	Amount	Rate	Initial Yield	CUSIP[1] Suffix
2020	$ 2,340,000	0.356%	0.356%	QJ7	2029	$ 17,255,000	1.730%	1.730%	QT5
2021	9,985,000	0.456%	0.456%	QK4	2030	12,670,000	1.780%	1.780%	QU2
2022	10,040,000	0.556%	0.556%	QL2	2031	15,950,000	1.930%	1.930% [2]	QV0
2023	16,755,000	0.656%	0.656%	QM0	2032	13,805,000	2.030%	2.030% [2]	QW8
2024	11,580,000	0.857%	0.857%	QN8	2033	20,115,000	2.130%	2.130% [2]	QX6
2025	11,690,000	1.007%	1.007%	QP3	2034	17,015,000	2.230%	2.230% [2]	QY4
2026	11,825,000	1.347%	1.347%	QQ1	2035	21,120,000	2.280%	2.280% [2]	QZ1
2027	11,995,000	1.497%	1.497%	QR9	2036	21,630,000	2.430%	2.430% [2]	RA5
2028	23,625,000	1.680%	1.680%	QS7	2037	22,170,000	2.530%	2.530% [2]	RB3

$92,100,000 Term Bonds

$70,225,000 2.772% Term Bond Due October 1, 2040, Priced to Yield 2.772% [2] - CUSIP [1] Suffix: RC1
$21,875,000 2.822% Term Bond Due October 1, 2042, Priced to Yield 2.822% [2] - CUSIP [1] Suffix: RD9

(Interest accrues from the Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("GGS"), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. The City, the Co-Financial Advisors and the Underwriters of the Bonds take no responsibility for the accuracy of such numbers.

(2) Yield shown is yield to first optional call date, October 1, 2030.

REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds of either series having stated maturities on and after October 1, 2031, in whole, or in part in principal amounts of $5,000 or any integral multiple thereof, on October 1, 2030, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption (see "THE BONDS – Optional Redemption"). The Series 2020C Bonds maturing October 1, 2045 and October 1, 2049 and the Taxable Series 2020D Bonds maturing October 1, 2040 and October 1, 2042 (the "Term Bonds"), are also subject to mandatory sinking fund redemption as described herein (see "THE BONDS – Mandatory Sinking Fund Redemption").

This Official Statement, which includes the cover page, the Schedule, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Co-Financial Advisors. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "OTHER INFORMATION - Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

THIS OFFICIAL STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN OR UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the City or other matters described herein.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THE CITY, ITS CO-FINANCIAL ADVISORS, AND THE UNDERWRITERS MAKE NO REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY ("DTC") FOR USE IN THIS OFFICIAL STATEMENT. THE CITY, ITS CO-FINANCIAL ADVISORS, AND THE UNDERWRITERS MAKE NO REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING EUROCLEAR BANK S.A./N.V., AS OPERATOR OF THE EUROCLEAR SYSTEM ("EUROCLEAR") AND CLEARSTREAM BANKING, SOCIETE ANONYME, LUXEMBOURG ("CLEARSTREAM"), AS SUCH INFORMATION WAS FURNISHED BY EUROCLEAR AND CLEARSTREAM.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

ANY REFERENCES IN THIS OFFICIAL STATEMENT TO THE "ISSUER" MEAN THE CITY OF DALLAS, TEXAS AND REFERENCES TO "BONDS" OR "SECURITIES" MEAN THE TAXABLE SERIES 2020D BONDS OFFERED HEREBY. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

MINIMUM UNIT SALES

THE BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS 30 UNITS (BEING 30 TAXABLE SERIES 2020D BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THE EEA OR THE UNITED KINGDOM, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE BONDS IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS OR SUBSCRIBE FOR THE BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN

CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE BONDS. THE BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ("FINSA") AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS PURSUANT TO THE FINSA, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

THE BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENTS WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA"). ACCORDINGLY, HOLDERS OF THE BONDS DO NOT BENEFIT FROM PROTECTION UNDER THE CISA OR FROM THE SUPERVISION OF THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY. INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG)) IN HONG KONG (THE "C(WUMP)O") NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE "SFO"). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT, AND THIS OFFICIAL STATEMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN (A) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO; OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT BEING A "PROSPECTUS" AS DEFINED IN THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O. IN ADDITION, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, OR (B) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS") IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF

THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE BONDS SIGNED BY THE INVESTORS.

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The cover page hereof, this page and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE ISSUER .... The City of Dallas, Texas (the "City"), is a political subdivision located in Dallas, Denton, Collin, Kaufman, and Rockwall Counties, operating as a home-rule city under the laws of the State and a charter initially approved by the voters in 1907. The City operates under the Council-Manager form of government where the Mayor is elected for a four-year term and fourteen City Councilmembers are each elected for two-year terms. The Mayor's term is limited to two consecutive terms and the fourteen Councilmembers are limited to four consecutive terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The City is among the three most populous cities in Texas and among the ten most populous cities in the U.S. The City is approximately 378 square miles in area (see Appendix A - "General Information Regarding the City").

THE BONDS................................ The $281,825,000 City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C (the "Series 2020C Bonds") are issued as serial bonds maturing on October 1 in each of the years 2020 through and including 2040, and as term bonds maturing on October 1, 2045 and October 1, 2049. The $363,665,000 City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2020D (the "Taxable Series 2020D Bonds") are issued as serial bonds maturing on October 1 in each of the years 2020 through and including 2037, and as term bonds maturing on October 1, 2040 and October 1, 2042. The Series 2020C Bonds and the Taxable Series 2020D Bonds are collectively referred to as the "Bonds". The Bonds shall mature on the dates as shown on page ii of this Official Statement (see "THE BONDS - Description of the Bonds"). The issuance of the Series 2020C Bonds and the Taxable Series 2020D Bonds are not contingent on the issuance of each other series of such Bonds.

PAYMENT OF INTEREST .... Interest on the Bonds accrues from their date of delivery, and is payable commencing October 1, 2020 and on each April 1 and October 1 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds", "THE BONDS – Optional Redemption" and "THE BONDS – Mandatory Sinking Fund Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the general laws of the State, particularly Chapters 1207 and 1371, Texas Government Code, and the Ordinances passed by the City Council of the City.

SECURITY FOR THE BONDS .... The Bonds constitute special obligations of the City payable, both as to principal and interest, solely from and secured, together with parity bonds currently or hereafter outstanding, by a first lien on and pledge of the Pledged Revenues of the System, which include the Net Revenues of the System remaining after deduction of current expenses of operation and maintenance. **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Security and Source of Payment").

REDEMPTION................................The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after October 1, 2031 on October 1, 2030 or any date thereafter at the par value thereof, plus accrued interest to the date fixed for redemption (see "THE BONDS – Optional Redemption"). The Term Bonds are subject to mandatory sinking fund redemption as provided herein (see "THE BONDS – Mandatory Sinking Fund Redemption").

TAX EXEMPTION .... In the opinion of Co-Bond Counsel, the interest on the Series 2020C Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS – Series 2020C Bonds" herein.

The Taxable Series 2020D Bonds are not issued as tax exempt obligations. Accordingly, the interest on the Taxable Series 2020D Bonds is includable in gross income. See "TAX MATTERS – Taxable Series 2020D Bonds".

USE OF PROCEEDS .... Proceeds from sale of the Series 2020C Bonds, together with other available System funds, if necessary, will be used to: (i) refund certain outstanding bonds of the City (the "Refunded Bonds") (see Schedule I – "Schedule of Refunded Bonds"); and (ii) refund outstanding Commercial Paper Notes (the "Refunded Notes").

Proceeds from the sale of the Taxable Series 2020D Bonds, together with other available System funds, if necessary, will be used to refund certain Refunded Bonds (see Schedule I – "Schedule of Refunded Bonds").

RATINGS .... S&P Global Ratings, a division of S&P Global Inc. ("S&P"), and Fitch Ratings Inc. ("Fitch", and together with S&P, the "Rating Agencies") have assigned ratings of "AAA" and "AA+", respectively, to the Bonds. An explanation of the significance of such ratings may be obtained from the Rating Agencies. The ratings reflect only the respective views of each Rating Agency and the City makes no representation as to the appropriateness of the ratings. (See "OTHER INFORMATION – Ratings").

PAYMENT RECORD .... The City has never defaulted in payment of its bonds.

BOOK-ENTRY-ONLY SYSTEM ..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distributions of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

SELECTED WATER AND WASTEWATER SYSTEM INDICES

Fiscal Year Ended 9/30	Dallas Population [1]	Treated Water Pumpage (Thousand Gallons) Average Day	Peak Day	Total	Net Revenues Available For Debt Service	Average Annual Debt Service Requirements	Coverage of Debt Service
2015	1,244,270	374,000	619,000	136,578,000	$ 280,858,000	$ 105,203,244	2.67x
2016	1,257,730	369,000	592,000	135,159,000	313,805,000	110,895,524	2.83x
2017	1,270,170	372,000	511,000	135,664,000	346,873,000	107,584,867	3.22x
2018	1,286,380	389,000	607,000	141,920,000	386,468,000	117,322,323	3.29x
2019	1,301,970	369,000	606,000	134,600,000	347,532,000	113,472,634	3.06x

(1) Source: North Central Texas Council of Governments, estimated.

For additional information regarding the City, please contact:

Ms. M. Elizabeth Reich
Chief Financial Officer
City of Dallas
1500 Marilla Street, 4DN
Dallas, Texas 75201
(214) 670-7804

or

Mr. Wayne B. Placide
Mr. Steve Johnson
Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(214) 953-4000

or

Mr. Noe Hinojosa, Jr.
Ms. Tania Askins
Estrada, Hinojosa & Company, Inc.
1717 Main St., 47th Floor
Dallas, Texas 75201
(214) 658-1670

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires	Length of Service as of May 1, 2020		Occupation
Eric Johnson Mayor - Place 15	June 2023		11 Months	Attorney
Chad West Councilmember - Place 1	June 2021		11 Months	Attorney
Adam Medrano Mayor Pro Tem - Place 2	June 2021	6 Years,	10 Months	Civic Leader
Casey Thomas, II Councilmember - Place 3	June 2021	4 Years,	11 Months	Teacher
Carolyn King Arnold[1] Councilmember – Place 4	June 2021	4 Years,	11 Months	Retired Teacher/Community Volunteer
Jaime Resendez Councilmember - Place 5	June 2021		11 Months	Attorney
Omar Narvaez Councilmember - Place 6	June 2021	2 Years,	11 Months	Civic Leader
Adam Bazaldua Councilmember - Place 7	June 2021		11 Months	Teacher
Tennell Atkins[2] Councilmember - Place 8	June 2021	2 Years,	10 Months	Civic Leader
Paula Blackmon Councilmember - Place 9	June 2021		11 Months	Public Service
Adam McGough Deputy Mayor Pro Tem - Place 10	June 2021	4 Years,	10 Months	Attorney
Lee M. Kleinman Councilmember - Place 11	June 2021	6 Years,	11 Months	Investor
Cara Mendelsohn Councilmember - Place 12	June 2021		11 Months	Public Service
Jennifer S. Gates Councilmember - Place 13	June 2021	6 Years,	10 Months	Community Volunteer/Registered Nurse
David Blewett Councilmember - Place 14	June 2021		11 Months	Real Estate Finance

[1] Councilmember Arnold previously served on the City Council for 2 years.
[2] Councilmember Atkins previously served on the City Council for eight years.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Time in This Position as of May 1, 2020		Tenure with City of Dallas as of May 1, 2020	
T.C. Broadnax	City Manager	3 Years,	3 Months	3 Years,	3 Months
Dr. Eric A. Johnson	Chief of Economic Development & Neighborhood Services		2 Months		2 Months
Joey Zapata	Assistant City Manager	8 Years,	11 Months	25 Years,	11 Months
Jon Fortune	Assistant City Manager	2 Years,	11 Months	2 Years,	11 Months
Majed Al-Ghafry	Assistant City Manager	3 Years,	3 Months	3 Years,	3 Months
M. Elizabeth Reich	Chief Financial Officer	3 Years,	8 Months	3 Years,	8 Months
Laila Alequresh	Chief Innovation Officer	1 Year,	4 Months	1 Year,	4 Months
M. Elizabeth (Liz) Cedillo-Pereira	Chief of Equity and Inclusion		10 Months	3 Years,	3 Months
Christopher J. Caso	City Attorney	1 Year,	8 Months	14 Years,	2 Months
Nadia Chandler Hardy	Assistant City Manager	1 Year,	8 Months	3 Years,	0 Months
Billierae Johnson	City Secretary	1 Year,	8 Months	20 Years,	11 Months
Mark S. Swann	City Auditor		11 Months		11 Months
Kimberly B. Tolbert	Chief of Staff	3 Years,	1 Month	12 Years,	8 Months

DALLAS WATER UTILITIES DEPARTMENT MANAGEMENT OFFICIALS

Name	Position	Length of Time in This Position as of May 1, 2020	Tenure with City of Dallas as of May 1, 2020
Terry S. Lowery	Director of Water Utilities	3 years, 1 month	28 years, 6 months
Richard Wagner, P.E.	Assistant Director, Business Operations	2 years, 6 months	25 years, 11 months
Matthew Penk, P.E.	Assistant Director, Capital Improvements	2 years, 6 months	18 years, 1 month

CONSULTANTS AND ADVISORS

Auditors .... Grant Thornton LLP
Dallas, Texas

Co-Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Escamilla & Poneck, LLP
Dallas, Texas

Co-Disclosure Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Kintop Smith, PLLC
Dallas, Texas

Co-Financial Advisors .... Hilltop Securities Inc.
Dallas, Texas

Estrada Hinojosa & Company, Inc.
Dallas, Texas

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OFFICIAL STATEMENT

RELATING TO

$281,825,000
CITY OF DALLAS, TEXAS
Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C

$363,665,000
CITY OF DALLAS, TEXAS
Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2020D

INTRODUCTION

This Official Statement, which includes Schedule I and the Appendices hereto, provides certain information regarding the issuance of $281,825,000 City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C (the "Series 2020C Bonds") and $363,665,000 City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2020D (the "Taxable Series 2020D Bonds" and, together with the Series 2020C Bonds, the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in two separate ordinances adopted on May 27, 2020 by the City Council of the City of Dallas, Texas (the "City"), which authorized the issuance of each series of Bonds (collectively, the "Ordinances"). As permitted by the Act, in the Ordinances the City delegated to certain authorized officials the authority to execute one or more bond purchase agreements evidencing the final sales terms of the respective series of Bonds. The issuance of the Series 2020C Bonds and the Taxable Series 2020D Bonds are not contingent on the issuance of each other series of such Bonds. Although the Bonds are collectively being offered pursuant to this Official Statement, potential investors should consider each series of Bonds to be separate and distinct from the other and should independently evaluate the terms and risks of an investment in each series of Bonds.

This Official Statement includes descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Hilltop Securities, Inc., Dallas, Texas, and Estrada Hinojosa & Co., Inc., Co-Financial Advisors to the City.

References to website addresses presented in this Official Statement are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless otherwise specified in this Official Statement, references to websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

DESCRIPTION OF THE CITY…The City is a political subdivision located in Dallas, Denton, Collin, Kaufman, and Rockwall Counties, operating as a home rule city under the laws of the State of Texas (the "State") and a charter first approved by the voters in 1907 (the "City Charter"). The City operates under a Council-Manager form of government with a City Council comprising of the Mayor and fourteen Council members. The Mayor is elected for a four-year term and the fourteen Council members are each elected for two-year terms. The Mayor's term is limited to two consecutive terms and the fourteen Council members are limited to four consecutive terms. Each of the fourteen Council members represents a district within the City. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, environmental and health services, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2019 estimated population for the City was 1,301,970. The City covers approximately 378 square miles.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance on March 19, 2020 of Executive Order GA-08 which, among other things, imposed limitations on social gatherings of more than 10 people. On March 31, 2020, the Governor issued Executive Order GA-14 which, among other things, extended the social gathering limitation until April 30, 2020 and temporarily closed school districts throughout the State through May 4, 2020, unless otherwise extended, modified, rescinded or superseded by the Governor. On April 27, 2020, the Governor released the Governor's Report to Open Texas and a new series of executive orders which together lay out the plan for reopening a group of closed businesses throughout the State in a phased approach. Phase I of the plan calls for allowing many customer-oriented businesses, such as restaurants and retail stores, to reopen on May 1, 2020, with occupancy restrictions in place of generally 25% of capacity. The Governor also announced in a press conference that if there were no COVID-19 "flare ups" his plan includes increasing the 25% capacity limitations to 50% capacity limitations on May 18, 2020, as well as potentially opening other businesses as part of Phase 2 of the plan. On May 18, 2020, the Governor announced in a press release plans to proceed with Phase 2 of the ongoing plan to safely and strategically open Texas while minimizing the spread of COVID 19. Under Phase 2, beginning May 22, 2020, bars and a number of other businesses and activities that remained closed under Phase I will be allowed to reopen with a 25% occupancy restriction and certain businesses such as restaurants and retail stores that opened during Phase I, will be allowed to increase their occupancy to 50%. In addition to the actions by the state and federal officials, certain local officials, including the City, have declared a local state of disaster and public health emergency and in many instances have issued "shelter-in-place" orders. Many of the federal, state and local actions and policies under the aforementioned disaster declarations and shelter-in-place orders are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the City. These negative impacts may reduce or otherwise negatively affect future property values and/or the collection of sales and other excise taxes, charges, and fees within the City as well as the assets of City pension funds. See "FINANCIAL INFORMATION" including the subheading "Pension Fund". Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City on which the City collects taxes, charges, and fees. A reduction in the collection of taxes, System revenues and other fees and charges may negatively impact the City's operating budget and overall financial condition.

Consistent with its conservative financial management practices, Dallas Water Utilities has projected a possible reduction in FY 2020 budgeted System revenues of approximately 10% due to the effects of the Pandemic on usage of the services provided by Dallas Water Utilities to its customers. The City believes that this is a worst-case scenario based on potential significant revenue losses from several commercial customer categories affected by the Pandemic, including office buildings, schools, churches, hotels, restaurants and bars. Dallas Water Utilities is undertaking a number of measures to control and reduce expenditures in response to the Pandemic, including a hiring freeze for non-essential personnel, restricting non-essential spending, deferring capital projects to later in the fiscal year or to future fiscal years, and evaluating cash transfers to construction. Dallas Water Utilities will continue to monitor the financial impacts from the Pandemic and adjust its operational and capital outlooks as necessary to mitigate these impacts. Although the City has currently furloughed approximately 500 non-essential employees, Dallas Water Utilities is considered essential to the City, and as such, there have been no employees furloughed.

The financial and operating data contained herein are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

PLAN OF FINANCING

PURPOSE . . . Proceeds from sale of the Series 2020C Bonds, together with other available System funds, if necessary, will be used to: (i) refund certain outstanding bonds of the City (the "Refunded Bonds") (see Schedule I – "Schedule of Refunded Bonds"); and (ii) refund outstanding Commercial Paper Notes (the "Refunded Notes"). Proceeds from the sale of the Taxable Series 2020D Bonds, together with other available System funds, if necessary, will be used to refund certain Refunded Bonds (see Schedule I – "Schedule of Refunded Bonds").

REFUNDED NOTES . . . The principal and interest due on the Refunded Notes are to be paid on their scheduled maturity date from funds to be deposited with U.S. Bank National Association, Dallas, Texas, the issuing and paying agent for the Refunded Notes. The Series 2020C Bond Ordinance provides that from a portion of the proceeds of the sale of the Series 2020C Bonds received from the Underwriters, together with other available funds of the City, the City will deposit with U.S. Bank National Association, as issuing and paying agent for the Refunded Notes, an amount sufficient to accomplish the discharge and final payment of the Refunded Notes on their scheduled maturity dates.

REFUNDED BONDS . . . The principal and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and the respective redemption dates of such Refunded Bonds, from funds to be deposited pursuant to two separate Escrow Agreements (collectively, the "Escrow Agreements") each between the City and U.S. Bank National Association, Dallas, Texas (the "Escrow Agent"). The Ordinances provide that from a portion of the proceeds of the sale of each series of Bonds received from the Underwriters, the City will deposit with the Escrow Agent an amount which, together with the Escrowed Securities (defined below) purchased with a portion of the Bond proceeds and the interest to be earned on such Escrowed Securities, will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account under each Escrow Agreement (collectively, the "Escrow Funds") and used to purchase direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States (the "Escrowed Securities"). Under the Escrow Agreements, the Escrow Funds are irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Public Finance Partners LLC (the "Verification Agent"), a nationally recognized escrow verification firm, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Escrowed Securities will mature and pay interest in such amounts which, together with uninvested funds in the Escrow Funds, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds on the respective redemption dates with respect to the Refunded Bonds being refunded by each series of the Bonds. Such maturing principal of and interest on the Escrowed Securities will not be available to pay the Bonds (see "OTHER INFORMATION - Verification of Arithmetical and Mathematical Computations").

By the deposit of the Escrowed Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreements, the City will effect the defeasance of all of the Refunded Bonds in accordance with the law. It is the opinion of Co-Bond Counsel that as a result of such defeasance and in reliance upon the report of the Verification Agent, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrowed Securities and any cash held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the City payable from System revenues nor for the purpose of applying any limitation on the issuance of debt.

In the Escrow Agreements, the City covenants to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Bonds, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Funds are insufficient to make such payment.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated as of their date of delivery (the "Dated Date"), and will mature on October 1 in each of the years and in the amounts shown on page ii hereof. Interest will accrue from their Dated Date, will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on October 1, 2020 and on each April 1 and October 1 thereafter until maturity or prior redemption.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, the Act, and the Ordinances and are special obligations of the City, payable both as to principal and interest, solely from and together with certain currently or hereafter outstanding parity bonds, secured by a first lien on and pledge of the Pledged Revenues of the System, which include the Net Revenues of the System remaining after deduction of current expenses of operation and maintenance. **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS – Security and Source of Payment").

SECURITY AND SOURCE OF PAYMENT . . . The Bonds, together with certain outstanding revenue bonds of the City (the "Previously Issued Parity Bonds") and any additional parity bonds that may be issued in the future ("Additional Bonds"), are special obligations of the City payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Pledged Revenues of the System, which include the Net Revenues of the System remaining after the payment of operation and maintenance expenses (see Appendix B – "Selected Provisions of the Ordinances – Pledge").

The Bonds are not a charge upon any other income or revenues of the City **and will never constitute an indebtedness, pledge, or a lien on the general credit or taxing powers of the City**. The Ordinances do not create a lien or mortgage on the System, except the Pledged Revenues, and amounts on deposit in the Reserve Fund established for the benefit of the Previously Issued Parity Bonds, the Bonds and Additional Bonds, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

As additional security, the Reserve Fund will be funded over a 60-month period from operations of the System in the amount equal to 100% of the average annual debt service requirements (including Amortization Installments) of the outstanding Previously Issued Parity Bonds, the Bonds and any Additional Bonds issued on a parity with the Bonds (see Appendix B - "Selected Provisions of the Ordinances – Reserve Requirements").

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues, and such pledge is valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, as amended, in order to preserve to the owners the perfection of the security interest in such pledge, the City agrees to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

APPLICATION OF SYSTEM REVENUES . . . Gross Revenues of the System are deposited in the Revenue Fund and are applied first to the payment of all necessary and reasonable expenses of operation and maintenance of the System, including payment of certain contractual obligations of the City with respect to water supply and wastewater treatment (see "DEBT INFORMATION – Table 12 – Operations and Maintenance for Water Supply and Wastewater Treatment"), then to the payment of the amounts required for the Interest and Sinking Fund and the Reserve Fund, in that order, established by the Ordinances. The City Charter requires that all System receipts and revenues be devoted to System purposes and to payment of charges that would be due the City if the Water Utilities Department were not a City-owned public utility. The Ordinances state that excess Pledged Revenues may be used for any lawful purpose not inconsistent with the City Charter (see Appendix B – "Selected Provisions of the Ordinances – Deficiencies; Excess Pledged Revenues").

RATES . . . The City has covenanted in the Ordinances that it will at all times charge and collect for services rendered by the System at rates sufficient to pay all current operating and maintenance expenses of the System, to produce Net Revenues for each fiscal year at least equal to 1.25 times the principal and interest requirements (including Amortization Installments) on all then outstanding Previously Issued Parity Bonds, the Bonds and Additional Bonds for the fiscal year during which such requirements are scheduled to be the greatest, to pay all other System obligations reasonably anticipated to be paid from gross revenues and to establish and maintain the funds provided for in the Ordinances. The City has further covenanted that, if the System should become legally liable for any other indebtedness, it will fix and maintain rates and collect charges for the services of the System sufficient to discharge such indebtedness.

ADDITIONAL BONDS . . . The City may issue Additional Bonds payable from the Pledged Revenues which, together with the Previously Issued Parity Bonds and the Bonds, will be equally and ratably secured by a parity lien on and pledge of the Pledged Revenues of the System, subject, however, to complying with certain conditions in the Ordinances. (See Appendix B – "Selected Provisions of the Ordinances – Additional Bonds" for terms and conditions to be satisfied for the issuance of Additional Bonds).

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after October 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on October 1, 2030 or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption. If less than all of the Bonds of a series are to be redeemed and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar will determine by lot the Bonds, or portions thereof, of such series and within such maturity to be redeemed; provided, however, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository (see "Book-Entry-Only System", below), if fewer than all of the Bonds of a series and of the same maturity are to be redeemed, the particular Bonds will be selected in accordance with arrangements between the City and the securities depository.

MANDATORY SINKING FUND REDEMPTION. . . The Bonds are subject to mandatory redemption in part by lot pursuant to the terms of the Ordinances, on October 1 in each of the years 2041 through 2049, inclusive, with respect to Series 2020C Bonds maturing October 1, 2045 and October 1, 2049, and on October 1 in each of the years 2038 through 2042, inclusive, with respect to Taxable Series 2020D Bonds maturing October 1, 2040 and October 1, 2042, (the "Term Bonds") in the following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

Series 2020C Bonds

Term Bond Due October 1, 2045 (CUSIP # 23542JSB2)

Mandatory Redemption Date	Mandatory Redemption Amount
October 1, 2041	$ 8,535,000
October 1, 2042	8,975,000
October 1, 2043	9,435,000
October 1, 2044	9,920,000
October 1, 2045 +	10,430,000

Term Bond Due October 1, 2049 (CUSIP # 23542JSC0)

Mandatory Redemption Date	Mandatory Redemption Amount
October 1, 2046	$ 10,905,000
October 1, 2047	11,350,000
October 1, 2048	11,815,000
October 1, 2049 +	12,295,000

Taxable Series 2020D Bonds

Term Bond Due October 1, 2040 (CUSIP # 23542JRC1)

Mandatory Redemption Date	Mandatory Redemption Amount
October 1, 2038	$ 22,760,000
October 1, 2039	23,405,000
October 1, 2040 +	24,060,000

Term Bond Due October 1, 2042 (CUSIP # 23542JRD9)

Mandatory Redemption Date	Mandatory Redemption Amount
October 1, 2041	$ 15,455,000
October 1, 2042 +	6,420,000

+ Final Maturity

To the extent, however, that Term Bonds subject to sinking fund redemption have been previously purchased or called for redemption in part and otherwise than from a sinking fund redemption payment, each annual sinking fund payment for such Term Bond shall be reduced by the amount obtained by multiplying the principal amount of Term Bonds so purchased or redeemed by the ratio which each remaining annual sinking fund redemption payment for such Term Bonds bears to the total remaining sinking fund payments, and by rounding each such payment to the nearest $5,000 integral; provided, that during any period in which ownership of the Term Bonds is determined only by a book entry at a securities depository for the Term Bonds, the particular Term Bonds to be called for mandatory redemption shall be selected in accordance with the arrangements between the City and the securities depository.

Partial Redemption of Bonds

The selection of the maturity or maturities and amounts of any Bonds to be redeemed will be made as provided in "– *Selection of Series 2020C Bonds for Partial Redemption*" and "– *Selection of Taxable Series 2020D Bonds for Partial Redemption*" below.

A portion of a single Bond of a denomination greater than $5,000 may be redeemed, but only in a principal amount equal to $5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, DTC will treat each $5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption. If Bonds are redeemed in part, the principal amount of such Bonds held by DTC will be reduced and DTC will redeem Bonds held for the accounts of DTC participants in accordance with its rules and operational arrangements and DTC participants and indirect participants will implement a redemption of such Bonds from the beneficial owners thereof.

Selection of Series 2020C Bonds for Partial Redemption

If less than all of the Series 2020C Bonds are to be redeemed, the City may select, in its sole discretion, the maturity or maturities and amounts of any Series 2020C Bonds to be redeemed at its option. So long as the Book-Entry system is used for such Series 2020C Bonds, the Paying Agent/Registrar will give notice of any such redemption only to DTC, as registered owner, and the selection and redemption of such Series 2020C Bonds will be completed pursuant to the applicable procedures of DTC. If the City selects part of a maturity for redemption, the selection of Series 2020C Bonds to be redeemed within such maturity will be determined by DTC. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants or other persons for whom DTC participants act as nominees, with respect to the payments on the Series 2020C Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Series 2020C Bonds for redemption.

Selection of Taxable Series 2020D Bonds for Partial Redemption

If less than all of the Taxable Series 2020D Bonds are to be redeemed, the particular Taxable Series 2020D Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis. If the Taxable Series 2020D Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of such Taxable Series 2020D Bonds, the particular Taxable Series 2020D Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures. So long as the Taxable Series 2020D Bonds are held in book-entry form, the selection for redemption of Taxable Series 2020D Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Taxable Series 2020D Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the Taxable Series 2020D Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of Taxable Series 2020D Bonds. The City intends that redemption allocations made by DTC with respect to the Taxable Series 2020D Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, neither the City nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of either series of the Taxable Series 2020D Bonds on such basis.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds called for redemption, the City will cause (i) a written notice of such redemption to be given by the Paying Agent/Registrar to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first class, postage prepaid, addressed to each such registered owner at the address of such registered owner shown on the Registration Books of the Paying Agent/Registrar and (ii) a notice of such redemption to be published one time in a financial journal or publication of general circulation in the United States of America or the State of Texas carrying as a regular feature notices of municipal bonds called for redemption; provided, however, that the failure to send, mail or receive such notice described in (i) above, or any defect therein or in the sending or mailing thereof, will not affect the validity or effectiveness of the proceedings for the redemption of any Bonds, **and the publication of notice as described in (ii) above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds.** ANY NOTICE WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF WILL CEASE TO ACCRUE, EXCEPT AS PROVIDED IN THE NEXT PARAGRAPH.

With respect to any optional redemption of the Bonds, unless the Paying Agent/Registrar has received funds sufficient to pay the principal and premium, if any, and interest on the Bonds to be redeemed before giving of a notice of redemption, the notice of redemption may state the City may condition redemption on the receipt by Paying Agent/Registrar of such funds on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

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Paying Agent/Registrar. . . The initial Paying Agent/Registrar for the Bonds is UMB Bank, N.A., Dallas, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar must be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar must accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar.

In the event the Book-Entry-Only System hereinabove described should be discontinued, principal of the Bonds will be payable to the registered owner at maturity or redemption prior to maturity upon presentation at the Dallas, Texas corporate trust office of the Paying Agent/Registrar (the "Designated Trust Office"). Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see "Record Date for Interest Payment" below), or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment will be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Transfer, Exchange and Registration. . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. The Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the Designated Trust Office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or the designee thereof. To the extent possible, new Bonds issued in an exchange or transfer of the Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and series and for a like aggregate designated amount and series as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of the Bonds.

Record Date for Interest Payment. . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which must be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Sources and Uses of Funds . . . The sources and uses of funds, including Bond proceeds and a contribution, if necessary, from the City, shall be as follows:

		Taxable
Sources of Funds	Series 2020C	Series 2020D
Par Amount of the Bonds	$ 281,825,000.00	$ 363,665,000.00
Reoffering Premium	71,596,565.70	-
City Contribution (1)	1,206,728.99	4,116,370.45
Total Sources of Funds	$ 354,628,294.69	$ 367,781,370.45
Uses of Funds		
Deposit to Note Payment Funds for the Refunded Notes (1)	$ 259,100,000.00	$ -
Deposit to Escrow Funds for the Refunded Bonds	94,774,934.56	366,808,790.33
Underwriters' Discount	753,212.97	968,595.59
Deposit to Debt Service Fund (2)	147.16	3,984.53
Total Uses of Funds	$ 354,628,294.69	$ 367,781,370.45

(1) The City will make an additional contribution for the interest due on the Refunded Notes.
(2) Includes proceeds in excess of amounts needed to retire Refunded Notes and Refunded Bonds.

DEFEASANCE . . . The Ordinances provide that the City may discharge its obligations to the registered owners of the Bonds to pay principal, interest and redemption price thereon in any manner permitted under current law. Under current State law, such discharge may be accomplished either by depositing (1) with the Comptroller of Public Accounts of the State a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption, or (2) with any place of payment (paying agent or other authorized escrow agent) for obligations of the City payable from revenues or ad valorem taxes, or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided, that such deposits may be invested in "Defeasance Securities", which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. "Defeasance Securities" is defined to mean (1) direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (2) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the City provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the City provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, or (4) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BONDHOLDERS' REMEDIES. . . Each Ordinance specifies events of default with respect to the Bonds (see Appendix B – "Selected Provisions of the Ordinance – Default and Remedies"). If the City defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinances, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in either Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and is within the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Neither Ordinance provides for the appointment of a trustee to represent the interest of the bondholders upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court ruled in *Tooke v. City of Mexia 197 S.W.3d 325* (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the City for breach of the Bonds or Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on the System or sell the System to enforce the pledge of Pledged Revenues to pay the principal of and interest on the Bonds. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151 through 160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities under certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods and services.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville, 489 S.W. 3d 427* (Tex. 2016) ("*Wasson I*") that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I, Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2018) ("Wasson II", and together with Wasson I, "*Wasson*"), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the state and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the state as sovereign. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

Chapter 1371, as amended, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by certain defined issuers, such as the City, permits the City to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under the caption "THE BONDS – Authority for Issuance"), the City has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages beyond Chapter 1371, Bondholders may not be able to bring such a suit against the City for breach of the Bonds or respective Ordinance covenants.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Chapter 9 includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce the Bonds and the Ordinances would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Co-Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity that permit the exercise of judicial discretion.

AMENDMENTS TO THE ORDINANCES . . . In each Ordinance, under certain circumstances, the City has reserved the right to amend such Ordinance without the consent of any holder of the Bonds (see Appendix B – "Selected Provisions of the Bond Ordinances – Amendment of Ordinance").

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THE WATER AND WASTEWATER SYSTEM

BACKGROUND . . . Dallas Water Utilities Department ("Dallas Water Utilities") is the department of the City responsible for the administration and management of the System. As of September 30, 2019, the City employed approximately 1,353 persons within the water and wastewater system of Dallas Water Utilities. The primary purposes of Dallas Water Utilities are to obtain, store, purify and distribute water to its customers, and to collect wastewater from its customers, treat it, and dispose of it, in accordance with drinking water standards and effluent guidelines and limitations established by the Texas Commission on Environmental Quality ("TCEQ") and the United States Environmental Protection Agency ("USEPA"). References to the TCEQ in this Official Statement are intended to include agencies whose duties and responsibilities the TCEQ has assumed under State law.

The fundamental legal document on which the governance of the City rests is its City Charter. In a provision directly relevant to Dallas Water Utilities, the City Charter states in Chapter XI, Section 14 that all water and wastewater services "must be paid for by rate schedules as approved by the City Council and such state authority as may be required". The City Charter also states that "all receipts and revenues from the water utilities department constitute a separate and sacred fund, which may never be diverted or drawn upon" for any purposes other than provision of water and wastewater services and "payment of an amount equal to ad valorem taxes and other charges that would be due the city if the water utilities department were not a city-owned public utility" (see "Water and Wastewater Service Rates" herein). State law provides that notwithstanding any municipal charter provision, a municipality may transfer to the municipality's general fund and may use, for general or special purposes, revenue of any municipally-owned utility system in the amount and to the extent authorized in an ordinance providing for and securing payment of utility system revenue bonds, which the City has addressed in each ordinance authorizing the issuance of Previously Issued Parity Bonds and the Bonds (collectively, the "Revenue Bond Ordinances"). However, the Revenue Bond Ordinances state that excess Pledged Revenues (which consist of Net Revenues and any additional funds that in the future may be pledged to obligations issued or incurred by the System payable from Pledged Revenues) may be used for any lawful purpose not inconsistent with the City Charter and, therefore, prevents any transfer of excess Pledged Revenues from the Dallas Water Utilities to the general fund or any special funds of the City, except to the extent permitted by the City Charter.

MANAGEMENT . . . Management officials of Dallas Water Utilities provide departmental administration within the framework of the City's council-manager form of government. Subject to the direction and supervision of the Office of the City Manager, the Director of Water Utilities is charged with management of the System.

WATER SUPPLY . . . <u>Summary of Present Supply Sources</u> . . . Water supply is now available to Dallas Water Utilities from six surface water impoundments, from water in the Elm Fork of the Trinity River, and from recycled water, as further described herein. Additionally, one other surface water impoundment, Lake Palestine, is in the process of being connected to the City's water treatment and distribution system. All of the sources are located in north central and east Texas. The following table contains data as to annual diversion rights permitted to the City and "dependable yield" of each source to the City, expressed in million gallons per day ("MGD"). "Dependable yield" is an estimate of average daily supply reliably available during a period of extreme drought corresponding to the most severe drought on record in each reservoir's drainage area. The source of the dependable yields data shown below is the *Dallas 2014 Long Range Water Supply Plan to 2070 and Beyond*, described below under "Adequacy of Water Supply". Estimates shown are for the Fiscal Year ending September 30, 2019.

Water Supply Source	Diversion Rights of Dallas	Dependable Yield to Dallas Available	Dependable Yield to Dallas Connected
Lake Grapevine	76 MGD	13 MGD	13 MGD
Elm Fork System(1)	1,074 MGD	162 MGD	162 MGD
Lake Ray Hubbard	187 MGD	50 MGD	50 MGD
Lake Tawakoni	170 MGD	157 MGD	157 MGD
Lake Fork(2)	107 MGD	107 MGD	36 MGD
Lake Palestine(3)	102 MGD	102 MGD	0 MGD
Indirect Reuse(4)	221 MGD	13 MGD	13 MGD
Total	1,937 MGD	604 MGD	431 MGD

(1) Elm Fork System includes Lake Lewisville, Lake Ray Roberts and Elm Fork of the Trinity River run of the river flows.
(2) Lake Fork was connected to the System in 2009; additional transmission capacity is planned for 2030 to maximize the yield for Lake Fork and Lake Tawakoni.
(3) Connection to System not anticipated to occur prior to 2027.
(4) Indirect reuse has been permitted in Permit No 12468 authorizing the City to reuse its wastewater return flows from Dallas Central and Southside Wastewater Treatment Plants and the Town of Flower Mound and City of Lewisville Wastewater Treatment Plants.

Water supply from the six reservoirs presently connected to the System is adequate for current needs. As noted in the table above, Lake Palestine currently is not connected to the System. Plans are proceeding on schedule to add additional transmission capacity for Lake Tawakoni and Lake Fork and to build a pipeline from Lake Palestine (see "THE WATER AND WASTEWATER SYSTEM – Water Supply – Lake Fork", "Water Supply – Lake Palestine" and "Water Supply – Integrated Pipeline Project" below). Usage of water supply is ordinarily limited only by the capacity of water treatment plants and the water distribution system. Lakes Grapevine, Lewisville, and Ray Roberts are owned by the United States and are administered by the U.S. Army Corps of Engineers (the "Corps of Engineers") for several purposes, including water supply. The Corps of Engineers evaluates all of its dams based on their individual dam safety risk considering probability of failure, potential life safety, economic consequences and environmental consequences. Lewisville, Ray Roberts and Grapevine Lakes have been evaluated and the Corps of Engineers are developing action plans to minimize the risk of failure at each of these lakes. The City, by existing contract, will pay for its share of capital cost for repairs.

Lake Grapevine . . . Lake Grapevine is a Corps of Engineers project built in the mid-1950s in which the City, Dallas County Park Cities Municipal Utility District ("Park Cities MUD"), and the City of Grapevine are authorized to store, divert and use 85,000, 50,000 and 26,150 acre-feet per year of water rights, respectively. Lake Grapevine has a total dependable annual yield of only approximately 23,000 acre-feet per year of water, meaning that, during times of severe drought, the reservoir can only be counted on to produce approximately 23,000 acre-feet per year of water. Annual operations and maintenance costs are paid to the Corps of Engineers and the City's share was approximately $169,036 in the fiscal year ended September 30, 2019.

The City applied for a water rights along the Elm Fork of the Trinity River in 1989, which prompted, several proceedings (judicial and administrative) concerning Lake Grapevine and the water rights of the City in the Elm Fork of the Trinity River to be initiated by the Park Cities MUD. A settlement agreement involving TCEQ, the City, and the Park Cities MUD was reached in 2001 regarding the permit. Action by the TCEQ issuing orders to give effect to the settlement by the City, Park Cities MUD, the City of Grapevine and the Executive Director of the TCEQ was taken in the Fall, 2001. The settlement resolved all issues associated with Lake Grapevine reservoir operations, storage, diversion and use of water from Lake Grapevine, the City's Elm Fork of the Trinity River permit, and protection of senior water rights of the City and the Park Cities MUD to Lake Grapevine water. There has been no additional litigation regarding this permit since the 2001 settlement was reached.

Lake Lewisville . . . Lake Lewisville was completed by the Corps of Engineers in 1955. It is located on the Trinity River's Elm Fork northwest of the City and northeast of Lake Grapevine, which is nearby. Lake Lewisville incorporates the former "Lake Dallas", which was built in the late 1920s at a cost of approximately $4.6 million. The City retains reversion rights to land formerly owned by the City as a part of Lake Dallas. Contract terms provide that such land will again become property of the City when no longer used by the United States for flood control and allied purposes. Including the cost of Lake Dallas and amounts paid for the right to use 88.9% of the conservation storage of Lake Lewisville, the cost of this supply source to the City was approximately $8.7 million. Annual operations and maintenance costs are paid to the Corps of Engineers and were approximately $1,032,308 in the fiscal year ended September 30, 2019. These payments constitute current operation and maintenance expenses of the System. The City's water permit for this lake was obtained in 1949. The City of Denton ("Denton") holds rights to use of the remaining 11.0% of storage in Lake Lewisville. Delivery of untreated water to the vicinity of the City's purification plants is achieved in a manner similar to that used for Lake Grapevine, through release of water as needed into the Trinity River. The Corps of Engineers operates Lake Lewisville as part of the Elm Fork System with Lake Ray Roberts and the Elm Fork of the Trinity River run of the river flows. The Lewisville Dam Safety Modifications are being designed and constructed by the Corps of Engineers to reduce risks associated with the probability of various potential failure modes for Lewisville Dam as identified by the risk assessment completed in 2014. The Lewisville Dam Safety Modifications as approved are expected to cost approximately $150 million; the City's share of these costs are expected to be approximately $8.7 million. The first of three contracts was awarded by the Corps of Engineers in 2019. The second contract is expected to be awarded in 2021 and the third in 2025. The Lewisville Dam Safety Modifications are expected to be completed in 2026.

The City and the City of Irving ("Irving") adopted the Water Treatment Services Contract on January 8, 1998. This agreement allowed Irving to store 9,700 acre feet of Lake Chapman water in Lake Lewisville and for the City to treat Irving's water at the Elm Fork Water Treatment Plant. The effective date of the Water Treatment Services Contract and the Wholesale Treated Water Contract with Irving is June 30, 2003. Both contract terms are for thirty years. The implementation of this contract allows for additional water supply of 39.5 MGD to Dallas Water Utilities System for future sales to other customers.

Lake Ray Roberts . . . On September 16, 1980, the City and Denton entered into agreements with the United States for construction of Lake Ray Roberts by the Corps of Engineers. Under permits granted by the Texas Water Commission in June 1976, the City shares this supply source and the costs thereof with Denton on a basis of 74% and 26%, respectively. The U.S. Congress in 1965 authorized the Corps of Engineers to construct the reservoir for water supply and recreation. In June 1987, the gates of the dam were closed, initiating the filling of the reservoir. The reservoir was filled by May 1990. The Corps of Engineers operates Lake Ray Roberts as part of the Elm Fork System with Lake Lewisville and the Elm Fork of the Trinity River run of the river flows.

Lake Ray Roberts is located on the Elm Fork of the Trinity River north of Denton and just north of Lake Lewisville. Portions of the reservoir extend into Denton, Grayson and Cooke Counties. No major transmission facilities are required to transport water from the reservoir to existing treatment plants. The location of Lake Ray Roberts is upstream from the Elm Fork and Bachman Water Treatment Plants and this provides natural gravity flow to the plants, as is the case for Lakes Lewisville and Grapevine.

Construction costs, including interest during construction, resulted in a total City share of construction costs for water supply and recreation of approximately $198 million. The City funded its share of the construction costs through the issuance of utility system revenue bonds. The City must pay its share of annual operating costs, which are treated as current operation and maintenance costs of the System, and which were approximately $240,395 in the fiscal year ended September 30, 2019.

Lake Ray Hubbard . . . The City constructed, owns, operates and has available for its use 100% of the permitted water supply from Lake Ray Hubbard. Pumpage of water to nearby treatment facilities began in the summer of 1973. Reservoir cost was approximately $38 million, a major part of which was for land acquisition and for relocation of highways, railroads and other facilities. Lake Ray Hubbard is located in the City limits (partially in Dallas County) on the East Fork of the Trinity River. A 1959 water permit applies to the reservoir and its use, and also permits (under limited conditions) storage and usage of water pumped by pipeline from Lake Tawakoni.

Lake Tawakoni . . . Lakes Grapevine, Lewisville, Ray Roberts and Ray Hubbard are in the Trinity River Basin, as are the City and all of its present water and wastewater customers. Lake Tawakoni, one of the two reservoirs located in the Sabine River Basin, is approximately 50 miles east of the City on the Sabine River, another drainage area in the State. Lake Tawakoni was constructed jointly by the City and the Sabine River Authority of Texas (the "Authority"), at a cost to the City of approximately $17.7 million. By contractual agreement with the Authority, the City has rights to use 80% of the available water in the reservoir. The agreement also states that the City will pay 80% of reservoir operation and maintenance expenses to the Authority. Such payments to the Authority were approximately $3,960,348 in the fiscal year ended September 30, 2019, and constitute current operation and maintenance expenses of the System. The first significant pumpage of water to the City treatment facilities occurred early in 1964. Two water transmission pipelines, measuring 72 inches and 84 inches in diameter and having a combined capacity of 250 MGD, and associated pumping and interim storage facilities, allow full utilization of the City's permitted water supply from Lake Tawakoni. These transmission pipelines and associated facilities transport untreated water to the East Side Treatment Plant, which also receives untreated water from Lake Ray Hubbard. Based on information received from the Authority, other principal users of water from Lake Tawakoni (from the portion of reservoir supply not applicable to the City water rights) include the Commerce Water District and the Cities of Greenville, Wills Point, Emory, West Tawakoni, Point and Cash, and the North Texas Municipal Water District.

Lake Fork . . . Lake Fork is owned and operated by the Authority and is on Lake Fork Creek, a tributary of the Sabine River. Lake Fork is located in Wood, Hopkins and Rains Counties, approximately 70 miles east of the City. Construction of the reservoir began in June 1975 and the gates of the dam were closed to begin impoundment in February 1980.

Lake Fork was constructed under a contract between the Authority and Texas Utilities Generating Company (referred to herein as "Luminant"). In 1980, Luminant approached the City concerning assumption of its contract and water rights in Lake Fork. A feasibility study was conducted by the City's long range water supply consultant (URS/Forrest and Cotton, Inc.), which concluded that the cost of obtaining water from Lake Fork was the most reasonable of all potential supply sources. Following the findings of the study, the City entered into negotiations with the Authority and Luminant for the purchase of water rights. A contract conveying Luminant's interest in the project to the City became effective October 1, 1981. The cost of the City's share of Lake Fork water supply rights was approximately $117.0 million. Financial obligations for the City's share were fully paid as of December 2004. The TCEQ issued an amended water permit in August 1983 confirming the transaction. The City now has a contract with the Authority for 64% of the diversion rights of the water available from Lake Fork. The Lake Fork contract and the water rights described therein provide to the City the right to use 107 MGD for water supply in the Trinity River Basin, in which the City is located. The City is required to pay the Authority for a pro rata share of the operation and maintenance costs associated with Lake Fork, which was approximately $3,645,000 in the fiscal year ended September 30, 2019.

In the 1981 contract conveying Luminant's interest in Lake Fork to the City, Luminant retained an option to purchase water from the City. Luminant exercised its option and entered into a contract with the City in 2011. On April 29, 2014, Luminant filed for bankruptcy. The Bankruptcy Court, granted Luminant's request to reject (i.e., breach) its Lake Fork Contract with the City retroactively to September 22, 2015.

The compensation amount owed to the Authority for the renewal of the Lake Fork contract was to be mutually negotiated with the Authority prior to the year 2014 pursuant to the terms of the contract. Negotiation attempts with the Authority failed. In October 2014, the Authority unilaterally established a rate which would require the City to pay approximately an additional $24 million annually for the water to which it is entitled. On October 30, 2014, the City filed a petition with the Public Utility Commission of Texas ("PUC") that challenged the Authority's new rate, asserting that the Authority violated the existing agreement and/or the law in several ways, including: (1) adopting the rate unilaterally, (2) adopting a rate that does not take into account like contract sales of water of similar quality, quantity, and contract period, (3) adopting a rate that is not based on any appropriate cost considerations or any cost-of-service analysis, and (4) adopting a rate that exceeds the rates charged by the Authority to other customers for raw water from Lake Fork. The City requested the PUC to: (1) after a hearing, set a final rate that is just, fair, reasonable and non-discriminatory, and (2) immediately set an interim rate effective November 1, 2014, at the rate in effect prior to November 1, 2014, subject to a refund or surcharge depending on the final rate set by the PUC.

On April 2, 2015, an administrative law judge ("ALJ") ruled that the City would pay an interim rate of $24.1 million per year until the dispute is resolved. The rate did not include the cost escalator that the Authority had requested and was retroactive to November 2, 2014. Neither the City nor the Authority can access the interest-bearing escrow account (the "Escrow Account") until the dispute is resolved. The City is passing on this increase in water rates to all its retail and wholesale customers. If the City partially or totally prevails in the rate case, some or all of the funds in the Escrow Account will be returned to the City and its customers at the end of the case. As of October 19, 2017, $68,769,069 had been deposited into this Escrow Account, in accordance with the State Office of Administrative Hearing ("SOAH") administrative law judge's ruling.

Subsequent to the April 2, 2015 ruling, the ALJ abated the case so the parties could obtain a ruling from a proper court on whether the Authority's purported rate was set "pursuant to contract." The City filed a lawsuit in state district court in Travis County, asserting that the Authority's rate was not set "pursuant to contract." The Authority filed a plea to the jurisdiction, asserting governmental immunity. The court granted the plea on May 14, 2015. The City appealed to the Third District Court of Appeals in Austin. On June 7, 2017 that court affirmed the trial court's order granting the Authority's plea.

On February 13, 2015, the City filed a lawsuit in state district court in Orange County, asserting that the members of the board of directors of the Authority acted ultra vires (exceeded their lawful authority) when they established the rate. The Authority intervened and sued the City for breach of contract. The City filed a plea to the jurisdiction asserting governmental immunity from the Authority's claim. The trial court denied the City's plea and the City appealed that ruling to the Ninth District Court of Appeals in Beaumont. The case was stayed while appeal was pending.

While awaiting a ruling, the City and the Authority negotiated the "Settlement Agreement between the City of Dallas and the Sabine River Authority of Texas" (the "Settlement Agreement"). The Settlement Agreement includes the disposition and disbursement of the Escrow Account, agreement to the compensation amount, transmission of Sabine River Authority's Lake Fork Water to Lake Tawakoni through Dallas' Lake Fork to Lake Tawakoni pipeline, and assignment of 11,860 acre-feet of contracted water back to the Authority. The Settlement Agreement was fully executed October 19, 2017 and went into effect October 19, 2017.

Water transmission facilities from Lake Fork to existing City facilities at Lake Tawakoni, which is located 20 miles west of Lake Fork, were completed in 2009. Additional transmission capacity from Lake Tawakoni to City treatment facilities are planned for 2030 to maximize the yield of Lake Fork and Lake Tawakoni.

Lake Palestine . . . Lake Palestine, located approximately 90 miles southeast of the City, is located in the Neches River Basin, and is owned and operated by the Upper Neches River Municipal Water Authority ("Upper Neches"). Blackburn Crossing Dam, which impounds Lake Palestine, was completed in 1971. In 1972, the City acquired rights to use of 53.73% of the annual dependable yield of the reservoir through a contract with Upper Neches. For such rights, the City made payments to Upper Neches equal to a portion of the principal and interest requirements on Upper Neches' previously issued bonds to develop Lake Palestine. The cost of the City's share of Lake Palestine water supply rights was approximately $10.9 million. The City is also required to pay Upper Neches the amounts required annually for the operation and maintenance of Lake Palestine, less recreation costs and other credits including receipts from water sales and earnings on certain funds of Upper Neches. The payments of the City with respect to such operation and maintenance were approximately $410,389 for the fiscal year ended September 30, 2019. Water rights in Lake Palestine are held by the City to meet future needs of its customers.

Integrated Pipeline Project . . . Water transmission and other facilities will be needed when service from Lake Palestine is begun by Dallas Water Utilities. The City has contracted with the Tarrant Regional Water District ("TRWD") to design and build a transmission line that will connect Lake Palestine to the System as well as interconnecting TRWD's Cedar Creek and Richland Chambers reservoir with Lake Palestine and the System. The TRWD contracts relate to an "Integrated Pipeline Project", which are expected to produce significant savings and efficiencies in capital construction and operation and maintenance costs for both the City and TRWD. In addition, the TRWD contracts are expected to enhance regional cooperation, including water supply reliability and water sharing between the two entities. Based on current water use projection, the City does not anticipate the need to make this supply available prior to the year 2027. The payments to be made by the City to TRWD under the TRWD contracts, including payments made by the City that will be used by TRWD to pay debt service on the obligations issued by TRWD to finance the components of the Integrated Pipeline Project for use by the City, will be treated as operation and maintenance expenses of the City in calculating Net Revenues for the City's revenue bond coverage requirements under the Revenue Bond Ordinances.

The TRWD contracts include a "Financing Agreement" and a "Delivery Contract". The "Financing Agreement" establishes that TRWD will own, operate and finance the transmission facilities and that the City will own "Reserved Capacity Rights" of 150 MGD and will pay its share of the design and construction based on "Reserved Capacity Rights". Principal and interest on the obligations issued by TRWD ("TRWD Bonds") are secured by and payable solely from payments to be received by TRWD from the City to the extent required and provided in the Financing Agreement. The TRWD Bonds do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements; however, for accounting purposes, the obligation of the City under the Financing Agreement is treated as a liability of the City to the extent that such obligations are for the payment of bonds issued to fund the City's share of the costs for the Project. The City has also capitalized the development of an intangible asset, Pipeline Reserved Capacity Rights for the actual Project costs incurred by TRWD. The unspent proceeds of TRWD Bonds held by TRWD for future construction costs have been recorded in Other Noncurrent Assets — Future Pipeline Reserved Capacity Rights. The balance of the obligation for the Financing Agreement was $425,442,000 at September 30, 2019. The "Delivery Contract" establishes the cost allocation of operation and maintenance costs and the operation guidelines for the transmission system.

The City's current estimated share of the total capital cost of the Integrated Pipeline Project is $1.0 billion. As of the date of this Official Statement, $474,065,000 of TRWD Bonds have been issued, with $426,330,000 currently outstanding. For the fiscal year ended September 30, 2019, the total amount paid on the outstanding TRWD Bonds by the City pursuant to the Financing Agreement was $28,306,322. It is anticipated that TRWD would issue additional TRWD Bonds over a 10 to 15 year period to pay the total capital cost of the Integrated Pipeline Project. It is anticipated that water rate increases would be presented to the City Council for approval as necessary to pay for the City's share of debt service on the TRWD Bonds and operating expense of the Integrated Pipeline Project. All such payments by the City will constitute operating expenses of the System for purposes of calculating Net Revenues for the City's revenue bond coverage requirements under the Revenue Bond Ordinances. For further discussion of the Integrated Pipeline Project and the System's obligations for repayment of its share of TRWD Bonds issued for such project, as of September 30, 2019, see "APPENDIX C – Note 11 Section V" herein.

RECYCLED WATER . . . In addition to the City's water supply from its surface water impoundments and from the Elm Fork of the Trinity River, the City has State-issued water rights for the diversion and use of its recycled wastewater return flows. The recycled Water Permit allows for the use of up to 221 MGD limited only by the actual discharge from Dallas' Central and Southside Wastewater Treatment Plants, the City of Lewisville's Wastewater Treatment Plant and the Town of Flower Mound's Wastewater Treatment Plant and instream flow requirements.

In 2008, the City entered into a contract with North Texas Municipal Water District ("NTMWD") for the exchange of NTMWD's permitted return flows in Lake Ray Hubbard and the Elm Fork of the Trinity River for an equivalent volume of the City's permitted return flows from Dallas' Central and Southside Wastewater Treatment Plants. This exchange will provide the City with access to recycled water in Lake Ray Hubbard and Lake Lewisville with significantly reduced transmission facilities and operation and maintenance costs.

ADEQUACY OF WATER SUPPLY . . . Water supply from each of the seven reservoirs described above is limited in time only by reservoir life. Ongoing dam maintenance and measured sedimentation rates of these reservoirs indicates a useful life of over one hundred years. The dependable yield available to Dallas Water Utilities from the six connected reservoirs described above is estimated to be adequate until about the year 2027. With the connection of Lake Palestine to the System, the dependable yield is estimated to be adequate through the year 2050. This projection assumes expected increases in customer demand throughout the utility's regional service area. Additional transmission, treatment and other facilities will be required before that time to fully utilize the available supply. The City Council has approved funding for Dallas Water Utilities to explore options for the development of future water supply sources for the City.

In June 1997, Senate Bill 1, which requires statewide water planning, was signed into law. This bill set up a state-wide initiative to identify future water needs for the State. The State was divided into 16 regional water planning areas. A regional water planning group ("RWPG") was established for each of the 16 regions. The RWPG is composed of members that represent one of 12 interest categories (i.e., public, counties, municipalities, industries, agriculture, environment, small business, electric generating utilities, river authorities, water districts, water utilities and groundwater management areas). The RWPG of each region is required to project population and water demands, evaluate current water supplies, compare current supply to projected demand and identify and recommend water management strategies to meet water supply shortages. The City is in Region C, and has a representative who presently serves as chair on the Region C Group. The Region C Group is required to submit its Regional Water Plan every five years, the first plan having been submitted in January 2001. Every five years upon receiving each of the 16 regional water plans the State reviews and approves the plans and consolidates them into a draft State Water Plan. The Region C Group submitted its Regional Water Plan to the State in January 2016. The State compiled the Regional Plans into the new five-year State Water Plan, which was adopted by the Texas Water Development Board on May 19, 2016. The Region C Group is currently preparing the next Regional Plan to be submitted to the State in 2021.

The City's Long Range Water Supply Plan ("LRWSP") was updated in 2014 on behalf of the City by the engineering consulting firm of HDR, Inc. to meet future water demands for the City and its customer cities through the year 2070 and beyond. The LRWSP identified recommended and alternate water management strategies and infrastructure recommendations.

The City Council enacted an expanded Water Conservation Program effective October 1, 2001. During the first three years, the program focused primarily on outdoor water conservation practices. In 2004, the City embarked on a more holistic approach to encouraging water conservation designed to reduce total water consumption without reducing the benefit of the water used. This long-term strategic approach is designed to: reduce the consumption of water; reduce the loss and waste of water; improve the efficiency in the use of water; postpone the construction of new water system improvements; serve as an alternative water supply source to reduce future needs and; comply with statewide legislative criteria and new initiatives. The Water Conservation Five Year Work Plan was adopted by City Council on June 15, 2016. The City adopted its 2019 Water Conservation Plan on April 24, 2019.

WATER PURIFICATION AND DISTRIBUTION . . . Water purification, which meets or surpasses all present State and federal quality standards, is now accomplished by Dallas Water Utilities at its three treatment plants. The current capacity of purification facilities is as follows, measured in million gallons per day:

Water Treatment Plant	Treatment Capacity
East Side	440 MGD
Elm Fork	310 MGD
Bachman	150 MGD
Total	900 MGD

Distribution storage capacity and treated water pumping stations are adequate to meet delivery of service for maximum day, maximum hour and fire protection requirements within the City. Based upon System demand of the City and customer cities, current treatment and distribution capacity is estimated to be adequate to meet maximum daily requirements. In March 2018, the City awarded the Water Delivery Comprehensive System Assessment and Update, which consists of historic and future demand projections through 2040, condition assessment of water delivery infrastructure, hydraulic modeling for water quality and surge analysis, and recommendation of capital improvements with implementation triggers. As of September 30, 2019, there were approximately 4,987 miles of water mains in service.

The federal Safe Drinking Water Act, as amended, provides for establishment of potable water standards in the United States. While the quality of water treated in the System presently meets all federal standards, such standards are subject to revision, which may in turn result in the need to construct additional treatment facilities or modify existing treatment processes.

PERFORMANCE STUDIES . . . The City has two separate studies of performance of operations of Dallas Water Utilities. One is an audit performed by the Office of the City Auditor, dated December 27, 2002; the other is an efficiency study of Dallas Water Utilities performed by the engineering firm Black & Veatch, which was released on January 10, 2003. In 2017, the City hired Raftelis to complete a cost of service rate study for the Dallas Water Utilities which completed this study in 2018. The studies confirm the need for Dallas Water Utilities to continue to invest more capital in upgrading existing infrastructure that serves the customers of Dallas Water Utilities. The City's current Water Distribution System Master Plan also anticipated expending funds to gradually upgrade the existing infrastructure. Implementing the recommendations made in the reports could result in an increase in the level of capital improvements to the System. Other management and operation issues have been noted in the studies, including the need to address a trend of an increase in unaccounted for water losses within the System. In order to implement some or all of the recommendations noted in the studies, Dallas Water Utilities has sought and received from the City Council approval of fifteen (15) retail rate increases through the fiscal year ended September 30, 2019, for water and sewer services.

In 2014 and 2015, performance audits were completed by the City Auditor's Office on Security Alarm Permits; Internal Controls over Chemical Supplies; Design of Controls for the Meter to Billing Process; and, Maintenance of Infrastructure. Additionally, the City has initiated a Lean Six Sigma program through the Center for Performance Excellence. In 2017, Dallas Water Utilities hired a Lean Six Sigma Black Belt Manager to implement a Lean Six Sigma initiative within the organization and enhance performance improvement efforts.

In addition to performance studies, Dallas Water Utilities uses master plans for strategic planning and to develop short and long term goals associated with the regulatory, growth and maintenance needs of the System. A Comprehensive Wastewater Collection System Assessment Update was awarded in early 2017, a Water Delivery Comprehensive System Assessment and Update was awarded in March 2018, and a Water Production Facilities Strategic Plan was awarded on December 11, 2019. Other plans include the 2010 Wastewater Treatment Master Plan; 2011 Water Quality Study; 2014 Business Technology Master Plan; 2014 Long Range Water Supply Plan; 2016 Water Conservation Five-Year Work Plan; and the 2017 Comprehensive Retail Water and Wastewater Cost of Service and Rate Development Study.

In the City budget approved September 20, 2019, for the fiscal year beginning October 1, 2019, the City Council approved a 0.0% retail rate increase (see “THE WATER AND WASTEWATER SYSTEM — Water and Wastewater Service Rates”). The City Council previously implemented a 0.0% retail rate increase that took effect October 1, 2018 (see “THE WATER AND WASTEWATER SYSTEM — Water and Wastewater Service Rates”). The 0.0% retail rate increases for Fiscal Year 2018-2019 and Fiscal Year 2019-2020 were a result of the Sabine River Authority / Lake Fork rate dispute settlement.

WATER SERVICE CUSTOMERS . . . Dallas Water Utilities provides treated water to its customers within the City on a “retail” basis. Treated and untreated water is provided on a “wholesale” basis to other cities and governmental entities outside of the City. Retail service is characterized by a water distribution system, by a customer service system (including service billings to final consumers) and by provision of water facilities for fire protection. Wholesale water customers provide their own distribution, customer service, and fire protection systems for the ultimate benefit of consumers.

TABLE 1 – WHOLESALE TREATED WATER CUSTOMERS

Treated water is now supplied on a wholesale basis to the following cities and authorities under contracts expiring in the calendar years indicated.

Entity	Year	Entity	Year
Addison	2042	Flower Mound	2047
Balch Springs	2045	Glenn Heights	2022
Carrollton	2043	Grand Prairie	2042
Cedar Hill	2044	Hutchins	2042
Cockrell Hill	2044	Irving	2033
Combine WSC	2035	Lancaster	2041
Coppell	2047	Lewisville	2046
Dallas/Fort Worth International Airport	2045	Ovilla	2035
DeSoto	2043	Red Oak	2033
Duncanville	2044	Seagoville	2043
Ellis County WCID#1	2033	The Colony	2040
Farmers Branch	2040		

The City and its wholesale treated water customers negotiated and reached consensus on a thirty-year Memorandum of Agreement for wholesale treated water rate-setting methodology. The new Memorandum of Agreement was approved by the City Council on May 12, 2010. Wholesale rates for treated water service to all customer cities and authorities are determined per the provisions of the new Memorandum of Agreement.

As of August 13, 2003, the City Council approved a contract between Dallas Water Utilities and the City of Red Oak, Rockett SUD and Ellis County WCID#1 for wholesale supply of treated water. The City of Red Oak began taking water in Spring 2009. The contract with Rockett SUD was terminated in 2009. Ellis County WCID#1 is not yet connected to Dallas Water System. This contract will expire in the year 2033.

In addition to a Wholesale Treated Water Contract, Irving and the City adopted the Water Treatment Services Contract on January 8, 1998. This agreement allows Irving to store 9,700 acre feet of its Lake Chapman water in Lake Lewisville and for the City to treat Irving’s water at the Elm Fork Water Treatment Plant. The effective date of the Water Treatment Services Contract and the Wholesale Treated Water Contract with Irving was June 30, 2003. Both contract terms are for thirty years (see “THE WATER AND WASTEWATER SYSTEM - Water Supply - Lake Lewisville”).

The City has a designated planning and service area in the 2014 update to the LRWSP. In accordance with the plans, the City is planning for the long range needs of all its existing customers and anticipate renewal of all existing contracts.

Untreated water from existing reservoirs is supplied to the City of Lewisville, the Upper Trinity Regional Water District, and the City of Grapevine under contracts extending to the years, 2046, 2022, and 2030 respectively.

Service to wholesale treated water customers comprised approximately 47 percent of total treated water sales volume and approximately 23 percent of billed revenues for treated water service in the fiscal year ended September 30, 2019.

Some cities and governmental entities, in addition to those listed above, may request wholesale water service. In the LRWSP, the wholesale service planning area was reduced in Collin County to the north, while simultaneously expanded into portions of Ellis County to the south. The current wholesale service planning area includes the corporate limits of all customer cities connected to the System in 1999. In addition to one suburban city that receives water from another wholesale supplier, the wholesale service area includes most of Dallas County and portions of the contiguous counties. Each wholesale customer pays initial costs required to extend service to their area, and other continuing costs of service. The City Council adopted "Conditions for New Treated Water Customers" in December 1984.

TABLE 2 - TREATED WATER PUMPAGE (MILLION GALLONS)

Fiscal Year	Peak Day	Average Day	Total
2015	619	374	136,578
2016	592	369	135,159
2017	511	372	135,664
2018	607	389	141,920
2019	606	369	134,600

TABLE 3 – TREATED WATER CONSUMPTION BY CUSTOMER CLASS (MILLION GALLONS)

	Fiscal Year Ended September 30,				
	2019	2018	2017	2016	2015
Retail					
Residential	21,890	25,203	23,377	23,946	24,060
General Service	32,743	34,595	33,842	32,809	33,736
Optional General Service[1]	4,149	5,179	4,672	4,599	4,957
Total Retail	58,782	64,977	61,891	61,354	62,753
Wholesale	52,175	58,372	55,086	53,811	51,543
Total	110,957	123,349	116,977	115,165	114,296

[1] Customers consistently using one million gallons or more monthly

TABLE 4A – TEN LARGEST WHOLESALE TREATED WATER CUSTOMERS (MILLION GALLONS)

Wholesale	Fiscal Year 2019 Water Consumption
City of Carrollton	6,845
City of Grand Prairie	6,084
City of Irving [1]	4,026
City of Lewisville	3,187
City of Coppell	3,104
City of Farmers Branch	2,760
City of DeSoto	2,654
City of Lancaster	2,122
City of Cedar Hill	2,060
City of Duncanville	1,663
Total	34,504

[1] In addition to the 4,026 MG treated water provided under the treated water contract, Dallas Water Utilities also treated 10,932 MG of raw water from Irving's Lake Chapman under the Dallas Water Utilities/Irving treatment services contract. Reflects "as billed" consumption.

TABLE 4B – TEN LARGEST RETAIL TREATED WATER CUSTOMERS (MILLION GALLONS)

Retail	Fiscal Year 2019 Water Consumption
Texas Instruments Inc	1,294
Niagara Bottling LLC	432
UT Southwestern Medical Center	388
White Wave Food Company	308
Presbyterian Hospital	243
Dallas County Health Dept/Pleasant Grove Health Clinic	218
Dallas County Facilities Management	209
Quaker Oats Inc	198
Nestle Water North America	182
Quality Sausage	168
Total Ten Largest Retail Customers	3,639
Other	55,142
Total Retail Treated Water Consumption	58,782

WASTEWATER SYSTEM . . . Dallas Water Utilities provides wastewater services to its customers through a system encompassing approximately 4,047 miles of wastewater collection pipelines, which transport wastewater primarily by gravity flow to two treatment plants. In addition, a small portion of the City's wastewater treatment is obtained under long-term contracts with the Trinity River Authority of Texas ("TRA") and the City of Garland. The contract with TRA provides that monies received from the City (and other participating cities) for wastewater treatment by TRA shall be considered to be operating and maintenance expenses of the respective cities. Net payments by the City to TRA were approximately $8,113,794 and to the City of Garland were approximately $1,308,702 for the fiscal year ended September 30, 2019.

The City's wastewater treatment process is a biological treatment process providing advanced treatment to comply with State and Federal requirements for effluent quality and water pollution control. Wastewater solids generated by the treatment plants are processed for final disposal at the Southside Wastewater Treatment Plant. Solids dewatering facilities, dedicated disposal fields, and a solids only landfill (monofill) provide the capability to dispose of 120 dry tons of solids daily. The only chemicals used are chlorine and sulfur dioxide for disinfection prior to the final effluent discharge; polymers to enhance the solids dewatering process; and oxidizing agents to control odors associated with the wastewater treatment process. The filtrate (water that is pressed out of the sludge) from dewatering is closed with lime and aerated to help remove ammonia in the sidestream treatment. The cost of these chemicals is approximately 5% of wastewater treatment operational costs.

The larger of the two wastewater treatment plants operated by Dallas Water Utilities is the Central Wastewater Treatment Plant, which incorporates facilities built in phases in previous years at the same location. The Central Wastewater Treatment Plant has a permitted treatment capacity of 170 MGD. The Southside Wastewater Treatment Plant has a permitted treatment capacity of 110 MGD, resulting in total wastewater system permitted treatment capacity of 280 MGD on an average daily basis.

Dallas Water Utilities' wastewater treatment plants are permitted to operate by the TCEQ. The Southside Plant's permit was issued in March 2015 and expired in December 2019. The new permit is currently being processed by TCEQ. Until issued, the plant will continue to operate under the provisions of the current permit. The Central Plant's permit was issued in January 2017, and expires in December 2021.

In 2007, the City entered into a voluntary Sanitary Sewer Outreach Initiative Agreement with TCEQ. This 10-year agreement has been completed and Dallas Water Utilities' Closure Certification Letter was submitted to the State in October 2017. Dallas Water Utilities met or exceeded all agreement parameters. The agreement outlined a corrective action plan to protect public health and the environment through activities related to sanitary sewer system upgrades, pipe replacement / rehabilitation, pretreatment outreach and overall system maintenance productivity. Dallas Water Utilities is currently working with TCEQ to enter into a new 10-year agreement. The draft plan is currently under review by the TCEQ.

WASTEWATER SERVICE CUSTOMERS . . . Dallas Water Utilities provides wastewater collection and treatment services on a "retail" basis to customers primarily within the City and on a "wholesale" basis to eleven customer cities. Wholesale service is characterized by service billings from the City to wholesale customers, who provide their own wastewater collection facilities, under standards established by contract with the City, and their own customer service systems, including service billings to final consumers. Wastewater service charges to retail customers generally apply to volume of water consumption, but for retail residential customers, service rates are based on average water consumption during winter months, or actual water consumption if lower.

TABLE 5 – WHOLESALE WASTEWATER CUSTOMERS*

Customer cities receiving "wholesale" wastewater services are principally as follows, with contractual terms of service now extending to calendar years indicated:

Addison (portion)	2044	Hutchins	2044
Cockrell Hill	2044	Mesquite (portion)	2036
Balch Springs	2045	Richardson (portion)	2037
Duncanville (portion)	2044	Seagoville	2033
Highland Park	2044	University Park	2044
		Wilmer	2044

*Unaudited.

Wholesale service rates for wastewater services to customer cities are established by rate ordinance of the City Council. Charges to wholesale wastewater customers are based on metered wastewater flows, if technically feasible, or on average water consumption during winter months. All wastewater service customers must comply with the City ordinances applicable to prohibited substances, concentration limits, infiltration/inflow monitoring and control, and payment of equitable excess strength surcharges in addition to normal service rates.

Service to wholesale wastewater customers comprised approximately 10 percent of total wastewater volume and approximately 6 percent of billed revenues for wastewater service in the fiscal year ended September 30, 2019.

TABLE 6 – TREATED WASTEWATER FLOW (MILLION GALLONS)*

Fiscal Year	Maximum Day Treated Effluent	Average Day Treated Effluent	Total Treated Effluent
2015	430	181	65,908
2016	430	207	75,603
2017	302	162	59,147
2018	460	171	62,424
2019	552	231	84,370

*Unaudited.

COST OF SERVICE STUDY . . . A rate study was completed in 2018 pursuant to the City's financial criteria for Dallas Water Utilities cost of service studies. Adjustments in wholesale customer service rates based on the study were approved by the City Council on September 18, 2019, to provide for expected costs of service in the fiscal year beginning October 1, 2019.

WATER AND WASTEWATER SERVICE RATES . . . The System is operated as a self-sustaining municipal enterprise under the terms of the Revenue Bond Ordinances and the City Charter. The self-sustaining concept was first given legal effect in the City in 1882. Dallas Water Utilities does not contribute to general revenues of the City, other than payments for services rendered and for street rental fees, which are directly comparable to franchise fees paid by privately-owned utilities to the City and a payment in lieu of taxes ("PILOT"), as further discussed below. Since 1993, the City Charter has allowed payment of amounts equal to ad valorem taxes and other charges that would be due the City if the Water Utilities Department were not a city-owned public utility. No additional amounts pursuant to the 1993 Charter amendment were paid or assessed prior to September 30, 2004. The Fiscal Year 2008 Budget provided for a partial implementation of a PILOT, not to exceed $6 million. This represents approximately 45% of the maximum allowed. In the fiscal year 2010 budget, the PILOT was fully implemented, payable in the amount of $13.3 million. For fiscal year ending September 30, 2019 the PILOT payable amount was $25.3 million. The System is not supported in any way from other City revenue sources, except payments for services rendered.

The rates charged wastewater customers are based upon the cost of providing wastewater service, as required by the USEPA.

Water and wastewater rates are intended to ensure that revenues are received from each class of customers equivalent to the costs associated with service to each respective customer class. Capital improvement planning includes provision for facilities which are adequate to meet projected customer demand, rehabilitation or replacement of aging facilities and service quality meeting required standards. All service rates, charges and basic service procedures are established by the City Council.

Retail water and wastewater service rates, as set forth in the following Tables 7 and 8, are effective as of October 1, 2019. An average monthly bill of $62.62 is paid for water and wastewater services by a City residential customer with a 5/8 inch meter, average monthly water consumption of 8,300 gallons, and 5,200 gallons winter month average for wastewater charges.

The retail rate for treated water and wastewater services consists of a monthly customer charge which applies to each customer without reference to consumption, and a usage charge which depends on the volume of water used (or wastewater discharged). Customers are billed monthly.

TABLE 7 – RETAIL CUSTOMER CHARGE (AS OF OCTOBER 1, 2019)*

The monthly customer charge for retail treated water service and wastewater service are fixed amounts based upon meter size. Both water and wastewater charges are shown below to present the total customer charge for combined water and wastewater service.

	Monthly Retail Customer Charge		
	Water	Wastewater	Combined
5/8 Inch Meter	$ 5.33	$ 4.78	$ 10.11
3/4 Inch Meter	7.40	6.55	13.95
1 Inch Meter	10.78	9.45	20.23
1 1/2 Inch Meter	20.00	18.30	38.30
2 Inch Meter	32.54	28.50	61.04
3 Inch Meter	77.00	69.50	146.50
4 Inch Meter	126.62	111.42	238.04
6 Inch Meter	251.45	219.31	470.76
8 Inch Meter	418.53	366.09	784.62
10 Inch Meter or larger	642.66	575.21	1,217.87

The rates charged wastewater customers are based upon the cost of providing wastewater service, as required by the USEPA.

*Unaudited.

TABLE 8 – RETAIL USAGE CHARGE (AS OF OCTOBER 1, 2019)*

	Monthly Retail Rate Per 1,000 Gallons	
	Water	Wastewater
Residential		
Up to 4,000 Gallons	$ 1.86	$ 5.36 [(1)]
4,001 to 10,000 Gallons	4.00	5.36 [(1)]
10,001 to 20,000 Gallons	6.50	5.36 [(1)]
20,001 to 30,000	9.30	5.36 [(1)]
Above 30,000	10.70	5.36
General Service		
Up to 10,000 Gallons	$ 3.73	$ 4.11
Above 10,000 Gallons	4.05	4.11
Above 10,000 and usage 1.4x annual monthly average	6.15	4.11
Wastewater metered separately		4.05
Optional General Service		
1st Million Gallons or Less	$ 2,370.15 [(2)]	$ 4.00
Above 1 Million Gallons (Per 1,000 Gallons)	3.65	4.00
Wastewater metered separately		4.05

(1) Wastewater rates for residential accounts are applied to average water consumption billed in December, January, February, and March, up to 40,000 gallons per month, or actual water consumption if lower.
(2) Fixed amount, not a volume rate.

The retail usage charge applies in addition to the customer charge shown in Table 7. The usage charge is generally stated as a rate per 1,000 gallons. Both the retail water usage charge and the retail wastewater usage charge are applied to volume of water used, except for that wastewater which is metered separately. Wastewater meters are purchased by general service customers (typically large business customers) when separate wastewater metering is advantageous to them. Retail usage charges are established for three customer classes as set forth above. For residential wastewater customers, the retail usage charge is based upon average water consumption during winter months, or actual water usage for each month if lower. Each of the rates for usage charges and for customer charges is subject to a 5% additional charge if not paid when due.

*Unaudited.

In addition to the above rates, a surcharge is applied when a general service customer is found to be discharging waste of excessive strength, based upon concentration (determined by sampling) of biochemical oxygen demand and/or total suspended solids above a level of 250 milligrams per liter.

The customer deposit ordinance provides that deposits from new customers are not required upon evidence of satisfactory credit histories. The customer deposit ordinance also provides for the refund of previous deposits to existing customers, if appropriate, upon review of their credit histories.

In recent years, approval of rate adjustments, as needed, by the City Council has been received in September, at the same time approval is granted for the operating and capital budgets for the following fiscal year beginning the next succeeding October 1. The fiscal year 2020 City budget was approved on September 18, 2019. No retail rate increase was included in the fiscal year 2020 budget as a result of the Sabine River Authority / Lake Fork settlement. The adequacy of rates for both water and wastewater services will continue to be reviewed annually and recommendations will be made for adjustments as needed. A 1.0% retail rate increase is proposed for next fiscal year's budget. The City Council, however, may vote to increase rates in its discretion, and to decrease rates at its discretion, subject to the rate covenant contained in the Revenue Bond Ordinances (see "DEBT INFORMATION – Revenue Bond Coverage" below).

Wholesale service rates are established by rate ordinance of the City Council, within the terms of applicable contracts and agreements. The City's policy for review of wholesale rates includes an annual cost of service study, in which wholesale customers participate through a committee of their representatives. A comprehensive annual cost of services methodology review was completed in 2019. The present rates for wholesale water and wastewater service, described in Table 9, are based on an annual cost of service study completed in 2019. Rates to all wholesale treated water customers are adjusted annually in accordance with the terms of a rate agreement originally reached in August 1979 and revised in May 2010 between the City and customer cities (see "Water Service Customers", above).

TABLE 9 – WHOLESALE CUSTOMER CHARGES (AS OF OCTOBER 1, 2019)

Wholesale rates are as follows, for each type of wholesale service:

Treated Water Service:
Customers with rate-of-flow controllers: $0.3766 per thousand gallons of water used, plus $278,529 annually per million gallons of daily capacity reserved.

Customers without rate-of-flow controllers (or if a flat rate is provided by contract): $2.0936 per thousand gallons of water used.

Untreated Water Service:
Customers inside or outside the City: $0.8707 per thousand gallons of water used ($0.3549 for interruptible service).

Wastewater Service:
$3.0381 per thousand gallons of wastewater discharged. A surcharge is applied for wastewater of excessive strength.

CAPITAL IMPROVEMENT PROGRAM . . . The need for and specific nature of capital improvements are dependent upon the characteristics and growth of future customer demand, and upon standards of service quality established primarily by State and federal authorities.

Capital improvements to the System have been financed principally through the issuance of "Commercial Paper Notes" and "Revenue Bonds", through application to construction of customer revenues not required for operating expenses and debt service, and through receipt of contributions in aid of construction from customers, developers, and from State and federal grants. A major portion of the capital improvements has been financed on an interim basis through the issuance of commercial paper notes. (See "DEBT INFORMATION – Commercial Paper Notes Payable"). Capital improvements do not include the Integrated Pipeline Project, the costs of which are treated as an operating expense.

New water facilities are so designed that as additional water sources become available, water purification and distribution through the new facilities can be accomplished with a minimum of additional future construction. New wastewater system facilities are also designed to meet additional service requirements at minimal cost.

During the three fiscal year periods commencing October 1, 2020 and ending September 30, 2023, the City anticipates capital improvements of approximately $1,009,252,500, including improvements to the water system of approximately $700,377,500 and the wastewater system of approximately $308,875,000. Current budgeted projections for this three fiscal year period indicate $856,460,000 will be funded from borrowing and $152,792,500 will come from current revenues. The projected water utilities capital improvements would require the City Council to implement annual rate increases, with an outlook toward estimated annual increases of 0 to 5 percent. Estimated rate increases are based upon the costs of the capital improvement program and projected increases in operating expenses, which include the costs associated with the Integrated Pipeline Project (see "THE WATER AND WASTEWATER SYSTEM — Water Supply — Lake Palestine"). No assurances can be given that such rate increases will be implemented or that the projected capital improvements will commence in the manner described above.

Further information regarding the System, including the financial statements for the Water Utility Fund, can be obtained from the filings the City has made, with respect to the Previously Issued Parity Bonds pursuant to Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission (the "Rule"), with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system at http://emma.msrb.org. The City has not agreed to undertake a more frequent updating of such information than its annual filing obligations under the ordinances authorizing the Previously Issued Parity Bonds adopted after July 3, 1995, except with respect to making specified "events" filings promptly after the occurrence of certain events required pursuant to an undertaking adopted pursuant to the Rule.

TABLE 10 - WATERWORKS AND SEWER SYSTEM REVENUE BOND REQUIREMENTS (1)(2)

FYE	Existing Debt Service			Refunded	The Bonds Debt Service			Combined Total Debt Service (3)			
(September 30)	Principal	Interest	Total	Debt Service (3)	Principal	Interest	Total	Principal	Interest	Total	
2020	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
2021	111,220,000	87,182,308	198,402,308	14,638,523	7,955,000	14,744,911	22,699,911	119,175,000	87,288,695	206,463,695	
2022	118,565,000	83,380,828	201,945,828	28,012,302	15,240,000	19,860,576	35,100,576	125,635,000	83,399,102	209,034,102	
2023	112,835,000	79,581,574	192,416,574	28,010,637	15,555,000	19,540,649	35,095,649	119,975,000	79,526,586	199,501,586	
2024	102,290,000	75,655,330	177,945,330	34,638,534	22,550,000	19,175,032	41,725,032	109,360,000	75,671,827	185,031,827	19.51%
2025	94,045,000	71,660,940	165,705,940	29,355,570	17,675,000	18,773,205	36,448,205	101,020,000	71,778,575	172,798,575	
2026	83,585,000	67,984,957	151,569,957	29,357,790	18,095,000	18,352,226	36,447,226	90,580,000	68,079,392	158,659,392	
2027	87,085,000	64,481,850	151,566,850	26,642,220	16,020,000	17,948,725	33,968,725	94,370,000	64,523,355	158,893,355	
2028	90,580,000	60,969,829	151,549,829	26,643,268	16,405,000	17,564,176	33,969,176	97,950,000	60,925,737	158,875,737	
2029	94,098,000	57,448,307	151,546,307	37,990,781	28,265,000	17,049,694	45,314,694	101,375,000	57,495,220	158,870,220	39.48%
2030	90,630,000	53,538,775	144,168,775	33,783,375	24,470,000	16,405,613	40,875,613	97,425,000	53,836,013	151,261,013	
2031	79,900,000	49,640,473	129,540,473	27,737,000	19,020,000	15,804,469	34,824,469	86,540,000	50,087,942	136,627,942	
2032	83,530,000	46,012,447	129,542,447	30,749,875	22,630,000	15,212,039	37,842,039	90,055,000	46,579,610	136,634,610	
2033	87,890,000	42,188,233	130,078,233	35,580,125	28,280,000	14,389,125	42,669,125	94,285,000	42,882,234	137,167,234	
2034	91,840,000	38,229,418	130,069,418	41,535,125	35,330,000	13,292,530	48,622,530	98,055,000	39,101,822	137,156,822	58.68%
2035	95,890,000	34,197,210	130,087,210	29,997,875	24,770,000	12,314,338	37,084,338	101,885,000	35,288,673	137,173,673	
2036	100,020,000	30,055,991	130,075,991	33,675,750	29,235,000	11,527,678	40,762,678	105,745,000	31,417,919	137,162,919	
2037	89,285,000	26,049,866	115,334,866	33,684,875	30,120,000	10,649,555	40,769,555	94,680,000	27,739,546	122,419,546	
2038	80,955,000	22,389,206	103,344,206	43,015,788	40,570,000	9,526,050	50,096,050	85,965,000	24,459,468	110,424,468	
2039	74,960,000	19,048,059	94,008,059	43,013,647	42,010,000	8,080,896	50,090,896	79,595,000	21,490,308	101,085,308	77.93%
2040	78,220,000	15,784,701	94,004,701	43,013,700	43,540,000	6,557,099	50,097,099	82,475,000	18,613,100	101,088,100	
2041	66,970,000	12,731,164	79,701,164	28,698,216	32,220,000	5,333,334	37,553,334	72,580,000	15,976,282	88,556,282	
2042	60,500,000	10,037,305	70,537,305	19,542,000	23,990,000	4,405,217	28,395,217	65,910,000	13,480,522	79,390,522	
2043	53,580,000	7,616,861	61,196,861	10,198,750	15,395,000	3,658,811	19,053,811	59,025,000	11,026,922	70,051,922	
2044	45,390,000	5,605,426	50,995,426	-	9,435,000	3,107,975	12,542,975	54,825,000	8,713,401	63,538,401	91.71%
2045	47,235,000	3,761,369	50,996,369	-	9,920,000	2,624,100	12,544,100	57,155,000	6,385,469	63,540,469	
2046	37,020,000	2,136,136	39,156,136	-	10,430,000	2,115,350	12,545,350	47,450,000	4,251,486	51,701,486	
2047	26,650,000	976,815	27,626,815	-	10,905,000	1,636,500	12,541,500	37,555,000	2,613,315	40,168,315	
2048	16,550,000	278,621	16,828,621	-	11,350,000	1,191,400	12,541,400	27,900,000	1,470,021	29,370,021	
2049	4,965,000	34,959	4,999,959	-	11,815,000	728,100	12,543,100	16,780,000	763,059	17,543,059	99.40%
2050	2,375,000	6,319	2,381,319	-	12,295,000	245,900	12,540,900	14,670,000	252,219	14,922,219	100.00%
Total	$ 2,208,658,000	$ 1,068,665,275	$ 3,277,323,275	$ 709,515,725	$ 645,490,000	$ 321,815,272	$ 967,305,272	$ 2,429,995,000	$ 1,105,117,822	$ 3,535,112,822	

(1) Numbers may not sum due to rounding.
(2) All Debt Service for Fiscal Year 2020 has been paid.
(3) FYE 2021 includes the effect of the City's $5,323,099.44 contribution for accrued interest due on the Refunded Bonds through July 7, 2020.

OUTSTANDING REVENUE BONDS . . . All of the City's Waterworks and Sewer System Revenue Bonds ("Revenue Bonds") currently outstanding and payable from Pledged Revenues of the System result from Revenue Bond issues commencing with the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 1981 (the "Series 1981 Bonds"). The City thereafter has issued various series of Revenue Bonds (the Previously Issued Parity Bonds) on a parity with the Series 1981 Bonds, in accordance with the terms of the ordinance that authorized the issuance of the Series 1981 Bonds (the "Underlying Ordinance"). See Appendix B – "Selected Provisions of the Ordinance – Definitions – Previously Issued Parity Bonds" for a general description of the Revenue Bonds currently outstanding that were issued on a parity under the terms of the Underlying Ordinance.

REVENUE BOND COVERAGE . . . Authorizing City ordinances under which all Revenue Bonds are issued require, as a condition for the issuance of Additional Bonds, a level of Net Revenues for the preceding fiscal year ended September 30, or for a consecutive 12-month period ending within 90 days before the date of the Additional Bonds to be issued, equal to at least 1.25 times average annual principal and interest requirements of outstanding Revenue Bonds and proposed Additional Bonds ("revenue bond coverage").

The "Summary of Net Revenues for Revenue Bond Coverage – Cash Basis" (Table 15 herein) presents Net Revenues for coverage using cash receipts and operating cash disbursements. In determining revenue bond coverage, Net Revenues do not include non-operating disbursements, e.g., additions to the utility plant.

In addition to the revenue bond coverage requirement described above, which is a condition necessary for the issuance of Additional Bonds, the authorizing ordinances stipulate that revenue bond coverage must be maintained each year. The latter requirement is effective whether or not Additional Bonds are issued. The level of Net Revenues necessary in each year is 1.25 times the principal and interest requirements of outstanding Revenue Bonds, during the year in which such requirements are scheduled to be the greatest.

TABLE 11 – HISTORICAL COVERAGE RATIOS (1)

The table below presents revenue bond coverage ratios for ten previous years. The figures shown are revenue bond coverage of average annual principal and interest requirements and of maximum annual principal and interest requirements, for all Revenue Bonds outstanding at September 30 of each year. Net Revenues used to compute the coverage levels for each year presented below are for the fiscal year ended September 30.

Year	Average	Maximum	Year	Average	Maximum
2019	2.96x	1.74x	2014	2.99x	1.81x
2018	3.18x	1.96x	2013	3.10x	1.85x
2017	3.10x	1.85x	2012	2.99x	1.73x
2016	2.80x	1.74x	2011	2.86x	1.58x
2015	2.67x	1.54x	2010	2.54x	1.40x

(1) Table 14 herein entitled "Projected Coverage and Fund Balances" indicates projected coverage levels after the issuance of Bonds, using Net Revenues of the fiscal year ended September 30, 2019.

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TABLE 12 – OPERATIONS AND MAINTENANCE FOR WATER SUPPLY AND WASTEWATER TREATMENT (AMOUNTS IN THOUSANDS)

The City has obtained most of its water supply through contractual agreements with surface reservoir operating entities. Also, a small portion of the City's wastewater is treated by the TRA and the City of Garland. In addition, as discussed in this Official Statement in "THE WATER AND WASTEWATER SYSTEM – Water Supply – Lake Palestine," the City's financial obligation to TRWD for the Integrated Pipeline Project is treated as an operating expense. The following table summarizes the monetary effect, as of September 30, 2019, of major agreements for raw water supply and wastewater treatment, and the Integrated Pipeline Project:

Raw Water Supply	Contract With	Operation and Maintenance Expenses 2019 [(1)]
Lake Ray Roberts	United States	$ 240
Lake Fork	Sabine River Authority	3,645
Lake Palestine	Upper Neches River Municipal Water Authority	410
Lake Tawakoni	Sabine River Authority	3,960
Lakes Lewisville and Grapevine	United States	1,201
Wastewater Treatment		
Wastewater Treatment	Trinity River Authority	8,114
Wastewater Treatment	City of Garland	1,309
Integrated Pipeline Project		
Water Transmission	Tarrant Regional Water District	28,306
		$ 47,185

(1) Unaudited

OTHER CONTRACTS . . . For each agreement listed in Table 12 above, operation and maintenance expenses continue after final payment of capital obligations. Each agreement provides in effect that the City may enjoy its benefits for the useful lives of relevant facilities. Previously existing capital obligations for water supply in Lakes Ray Roberts, Fork, Palestine, Tawakoni, Lewisville, and Grapevine have been fully paid.

All payments of operation and maintenance expenses under the contracts listed in Table 12 above are considered as such in computation of revenue bond coverage. Applicable statutory laws and contracts determine the coverage effect of the expenditure requirements of certain contracts. As a result, principal and interest payments to TRA, to the Authority under the Lake Fork contract, and to TRWD relating to the Integrated Pipeline Project, are treated as "operating expenses". The City is authorized under State law to execute additional water supply and wastewater treatment contracts with public entities which may provide for payments thereunder as operation and maintenance expenses of the System for revenue bond coverage purposes.

INTEREST AND SINKING AND RESERVE FUNDS . . . In accordance with the City Charter, all receipts and revenues of the City's Water Utilities Department are devoted only to purposes relating to the System and its indebtedness and to payment of amounts equal to ad valorem taxes and other charges that would be due the City if the Water Utilities Department were not a city-owned public utility. The City's Revenue Bond Ordinances for the System state, in effect, that all System revenues are pledged, in order of priority, to (1) necessary expenses of operation and maintenance, (2) current payments of Revenue Bond principal and interest, (3) accumulation of a debt service Reserve Fund, and (4) any other lawful purpose not inconsistent with the City Charter. Under the terms of the Underlying Ordinance, depreciation and any PILOT payments and any other similar payments are not considered expenses of operation and maintenance of the System.

For each series of outstanding Revenue Bonds, equal amounts are set aside monthly for the next payment of interest and of principal. In addition to funds required and restricted for current debt service, the authorizing City ordinance for each series of Revenue Bonds requires a monthly deposit of an amount equal to 1/60 of the difference between the balance in the Reserve Fund immediately after an issue of Revenue Bonds, and the average annual principal and interest requirements of all outstanding Revenue Bonds. Amounts so deposited are required to be held and restricted as a Reserve Fund for Revenue Bond debt service. Such deposits must continue until the reserve amount equals the average annual principal and interest requirements of all outstanding Revenue Bonds. In addition, if so determined by the City, proceeds from the sale of Revenue Bonds also may be used to satisfy funding requirements for the Reserve Fund. The Reserve Fund is also available for current debt service if the Interest and Sinking Fund is insufficient for this purpose. As of September 30, 2019, deposits to the Reserve Fund equaled $111,435,818. See "TABLE 19 – Projected Coverage and Fund Balance".

COMMERCIAL PAPER NOTES PAYABLE . . . Since 1987, the City has utilized commercial paper as a means to finance, on an interim basis, capital improvements to the System. Currently, the City utilizes two series of commercial paper notes for improvements to the System, as further described below and collectively referred to herein as the "Commercial Paper Notes". The City utilizes a tax-exempt commercial paper program, Series D (the "Series D Commercial Paper Notes"), for improvements to the System, limited at any one time and from time to time to $300,000,000 in principal amount of commercial paper outstanding. Under the terms of the ordinance establishing the Series D commercial paper program, the authority to issue Series D Commercial Paper Notes expires September 30, 2035. In addition, the City utilizes a tax-exempt commercial paper program, Series E (the "Series E Commercial Paper Notes"), for improvements to the System, limited at any one time and from time to time to $300,000,000 in the principal amount of commercial paper outstanding. Under the terms of the ordinance establishing the Series E commercial paper program, the authority to issue Series E Commercial Paper Notes expires September 30, 2034.

The City has two different liquidity agreements with three banks. The Series D Commercial Paper Notes consist of two sub-series, Sub-series D-1 and Sub-Series D-2, and are supported by two revolving credit agreements, the Sub-Series D-1 Credit Agreement with State Street Bank and Trust Company, and the Sub-Series D-2 Credit Agreement with Bank of America, N.A. The Sub-Series D-1 Credit Agreement supporting Sub-Series D-1 of the Commercial Series D Paper Notes, which extends to December 30, 2020, is in an aggregate amount not exceeding $225,000,000 (of which amount $16,643,836 is intended to cover interest for 270 days at 10%). The Sub-Series D-2 Credit Agreement supporting Sub-Series D-2 of the Series D Commercial Paper Notes, which extends to December 30, 2020, is in an aggregate amount not exceeding $75,000,000 (of which amount $5,547,946 is intended to cover interest for 270 days at 10%). The Series E commercial paper program is supported by a liquidity facility delivered by JPMorgan Chase Bank, National Association ("JPMC"). The liquidity agreement supporting the Series E Commercial Paper Notes (the "JPMC Agreement"), which extends to March 31, 2021, is in an aggregate amount not exceeding $300,000,000 (of which amount $22,191,780.82 is intended to cover interest for 270 days at 10%).

The obligation of the City under the Sub-Series D-1 Credit Agreement, the Sub-Series D-2 Credit Agreement and the JPMC Agreement (collectively, the "Liquidity Agreements") to repay advances made by a provider is subordinate to the obligation to pay debt service on the outstanding Previously Issued Parity Bonds, the Bonds and any Additional Bonds. Any advances under the Liquidity Agreements would be secured by a lien on Pledged Revenues subordinate to the lien securing the outstanding Previously Issued Parity Bonds, the Bonds, and any Additional Bonds.

On May 22, 2020, Commercial Paper Notes in the aggregate principal amount of $259,100,000 were outstanding, maturing on various dates to July 7, 2020 having interest rates ranging from 0.28% to 0.37%. Commercial Paper Notes maturing prior to July 7, 2020, will be rolled over with a stated maturity date of July 7, 2020. All of the Commercial Paper Notes outstanding on July 7, 2020 will be refunded with proceeds of the Series 2020C Bonds.

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FINANCIAL INFORMATION

TABLE 13 – SUMMARY OF OPERATIONS (AMOUNTS IN THOUSANDS)

	Fiscal Year Ended September 30,				
Operating Revenues	2019	2018	2017	2016	2015
Water	$ 371,729	$ 414,485	$ 383,869	$ 367,892	$ 344,488
Wastewater	245,781	254,139	248,600	239,437	228,839
	$ 617,510	$ 668,624	$ 632,469	$ 607,329	$ 573,327
Operating Expenses					
Operation and Maintenance	$ 366,410	$ 323,341	$ 325,231	$ 405,973	$ 310,857
Depreciation and Amortization	128,545	123,315	116,375	113,022	113,036
	$ 494,955	$ 446,656	$ 441,606	$ 518,995	$ 423,893
Operating Income	$ 122,555	$ 221,968	$ 190,863	$ 88,334	$ 149,434
Net Interest Expense [(1)]	(90,957)	(98,290)	(60,183)	(62,897)	(71,737)
Capital Contribution Received	19,584	32,805	11,815	15,869	7,005
Net Transfers	(29,104)	(27,337)	(23,465)	(22,024)	(21,170)
Gain/(Loss) From Property Disposal	(1,092)	(318)	(19,223)	(61)	40
Other Income	-	-	23,204	-	-
Change in Net Position	$ 20,986	$ 128,828	$ 123,011	$ 19,221	$ 63,572
Water Customer Accounts	300,000	296,000	296,000	295,000	291,000
Wastewater Customer Accounts	285,000	280,000	280,000	279,000	276,000
Water Connections	335,000	334,000	333,000	331,000	331,000

(1) Interest earnings and capitalized interest are included above as a reduction of Net Interest Expense.

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TABLE 14 – PROJECTED COVERAGE AND FUND BALANCES [(1)]

Average Annual Principal and Interest Requirements, Fiscal Years 2020 - 2050	$ 117,837,094.06	
Coverage of Average Requirements by Fiscal Year Ended 9/30/2019 Net Revenues	2.95	x
Maximum Principal and Interest Requirements, Fiscal Year 2022	$ 209,034,102.32	
Coverage of Maximum Requirements by Fiscal Year Ended 9/30/2019 Net Revenues	1.66	x
Waterworks and Sewer System Revenue Bonds to be Outstanding (as of 06/15/2020)	$ 2,429,995,000.00	
Interest and Sinking fund (as of 9/30/2019)	$ 151,638,379.00	
Reserve Fund (as of 9/30/2019)	$ 111,935,818.00	

(1) Includes the Bonds; excludes the Refunded Bonds.

TABLE 15 – SUMMARY OF NET REVENUES FOR REVENUE BOND COVERAGE - CASH BASIS (AMOUNTS IN THOUSANDS) [(1)]

	Fiscal Year Ended September 30,				
Gross Revenues	2019 [(3)]	2018	2017	2016	2015
Customer Charges	$ 606,836	$ 667,954	$ 627,100	$ 615,424	$ 565,895
Interest Received	19,345	7,984	3,442	4,465	2,946
	$ 626,181	$ 675,938	$ 630,542	$ 619,889	$ 568,841
Operating Expenditures					
Personnel Services	$ 80,829	$ 92,389	$ 91,019	$ 96,760	$ 83,679
Supplies and Materials	95,031	82,564	75,103	105,434	106,731
Contractual and Other Services[(2)]	102,789	114,517	117,547	105,879	97,573
	$ 278,649	$ 289,470	$ 283,669	$ 308,073	$ 287,983
Net Revenues Available for Debt Service	$ 347,532	$ 386,468	$ 346,873	$ 311,816	$ 280,858

(1) The figures shown in this table are presented on a cash basis and were developed in accordance with the provisions contained in the City's Waterworks and Sewer System Revenue Bond Ordinances. Gross Revenues include cash receipts derived from operation and ownership of the System. Operating Expenditures are operating cash disbursements and payments required by certain reservoir and other contracts, included for this purpose under provisions of state law. Operating Expenditures exclude payments for capital purposes and for related debt, and will exclude any future PILOT payments to the City, if made, as permitted by a May 1993 amendment to the City Charter (see "THE WATER AND WASTEWATER SYSTEM - Background" and "THE WATER AND WASTEWATER SYSTEM - Water and Wastewater Services Rates").

(2) Cash payments for contractual services includes payments for the TRWD Financing Agreement in the amount of $26,308 (amount in thousands). Under Texas Government Code, Section 1502.056(c), "a contract between a municipality and an issuer, as defined by Section 1201.002, under which the municipality obtains from the issuer or the issuer provides part or all of the facilities or services of a utility system to the municipality may provide that payments made by the municipality from the revenue of the utility system are an operating expense of the municipality's utility system."

(3) Preliminary unaudited financial information provided by City staff with information available at time of presentation.

UTILITY PROPERTY AND SYSTEM EQUITY . . . The City's water system consists generally of water supply resources, including water reservoirs and water rights, major water transmission and conveyance facilities, water treatment plants and treated water distribution facilities, and related miscellaneous assets designed to serve the City and other wholesale and retail customers located in the North Texas area. The City's wastewater system consists generally of residential, commercial and industrial wastewater collection systems and wastewater treatment and disposal facilities for the City and other wholesale and retail customers located in the North Texas area.

At September 30, 2019, property, plant and equipment of Dallas Water Utilities, stated at cost, less accumulated depreciation and amortization, together with the cost of construction in progress, was $5,365,559,000. At said date, the total net position of the System was $2,712,419,000 and consisted of amounts invested in capital assets, net of related debt, amounts restricted for bond requirements and unrestricted amounts. The ratio between debt and equity (net position) is subject to change based upon numerous factors, including, but not limited to, changes in capital improvement program implementation and whether debt or internal funds are used to pay for capital improvements.

TABLE 16 – NET POSITION AND LONG TERM DEBT (AMOUNTS IN THOUSANDS)

	Fiscal Year Ended September 30,				
Net Position - System Equity[1]	2019 [3]	2018[3]	2017	2016	2015
Capital assets, net of related debt	$ 2,592,605	$ 2,463,526	$ 2,346,196	$ 2,231,619	$ 2,134,907
Restricted	250,683	249,840	247,723	204,713	213,006
Unrestricted	(130,869)	(21,933)	(2,098)	32,929	102,127
Total Equity	$ 2,712,419	$ 2,691,433	$ 2,591,821	$ 2,469,261	$ 2,450,040
Long-Term Debt Less Current Maturities					
Revenue Bonds Payable[2]	$ 2,314,573	$ 2,372,298	$ 2,262,097	$ 2,178,079	$ 2,050,126
Pension Obligation Bonds[2]	63,038	65,336	67,635	69,985	72,198
	$ 2,377,611	$ 2,437,634	$ 2,329,732	$ 2,248,064	$ 2,122,324
Total	$ 5,090,030	$ 5,129,067	$ 4,921,553	$ 4,717,325	$ 4,572,364
Percentage Equity	53.3%	52.5%	52.7%	52.3%	53.6%

(1) In accordance with GASB Statement 63. System Equity is now termed Net Position.
(2) Due to the implementation of GASB 63 and 65, deferred loss is no longer reported as a component of long term debt.
(3) Unaudited

FINANCIAL POLICIES . . . The original Financial Management Performance Criteria ("FMPC") were adopted by the City Council in March 1978 as standards to guide managerial decisions in operating and capital budgeting, as well as to promote efficient administration of the City's financial policies. In 1981, the City Council adopted a financial criterion for Dallas Water Utilities Cost of Service studies, which requires an annual review of Customer Service rates and the recommendation of rate adjustment when appropriate. Operating Revenues shown above reflect adjustments effective October 1 at the beginning of each fiscal year. The City Council last amended the FMPC in December, 2017. The FMPC guide many of the City's financial decisions and enable the City to achieve a long-term positive financial condition. The FMPC are evaluated for compliance each year during the budget preparation/approval process, at fiscal year-end and prior to each debt issuance.

Financial criteria applying specifically to Dallas Water Utilities were updated by the City Council in September 28, 2011, to ensure prudent financial administration consistent with current circumstances and appropriate financial procedures.

Provisions of Dallas Water Utilities Financial Criteria include (1) adequacy of current revenues, (2) use of debt only for capital improvements with long expected useful lives, (3) maintenance of system equity and revenue bond coverage, (4) application of revenues for construction purposes, (5) annual cost of service reviews and recommendation of rate adjustments, and (6) use of water and wastewater funds solely for water and wastewater purposes.

The criteria are grouped into the following areas:

OPERATING PROGRAMS . . . These criteria pertain to revenues and expenditures, ad valorem tax levy, retirement systems and adequacy of reserves. As an example, certain criteria in this section require the City to maintain the Contingency and Emergency Reserves plus the unassigned fund balance at a specified minimum level in relation to operating expenditures and to review the adequacy of other General Fund Reserve accounts at specified intervals.

CAPITAL AND DEBT MANAGEMENT . . . These criteria pertain to the City's general obligation bonds, debt levels and the use of certificates of obligation and tax increment financing zone/public improvement district financing. The City policy is to not use bond proceeds, grants or other non-recurring revenues for current expenses.

ACCOUNTING, AUDITING AND FINANCIAL PLANNING . . . These criteria pertain to audit and accounting standards and requirements for financial planning.

CASH MANAGEMENT . . . These criteria pertain to the disbursement, collection and deposit of all funds, investment of idle cash and banking services.

GRANTS AND TRUSTS . . . These criteria pertain to grant and trust administration.

WATER UTILITIES . . . These criteria pertain to Dallas Water Utilities system rates, revenues, reserves, and debt financing.

ACCOUNTING POLICIES . . . The City's policy is to adhere to the accounting principles generally accepted in the United States of America ("GAAP"). The City has established internal controls to help ensure the assets of the government are protected from loss, theft or misuse, and to ensure adequate accounting data are compiled to allow for preparation of financial statements in conformity with GAAP. The City Council is required by the City Charter to appoint a City Auditor who is independent of City management and reports directly to the City Council. The City Auditor supports the internal control structure within the City by performing independent evaluations of existing accounting and administrative controls and by ascertaining compliance with existing plans, policies and procedures. Additionally, the City undergoes an annual audit conducted by independent external auditors.

DEBT SERVICE FUND BALANCES . . . The City maintains the Interest and Sinking Fund and the Reserve Fund supporting the Outstanding Previously Issued Parity Bonds in accordance with ordinance authorizing the issuances of the Outstanding Previously Issued Parity Bonds. The City will maintain the Debt Service Fund and the Reserve Fund supporting the Outstanding Previously Issued Parity Bonds (and the Bonds) in accordance with the ordinances authorizing the issuance of the Outstanding Previously Issued Parity Bonds and the Ordinances.

BUDGETARY PROCEDURES . . . The City policy is to begin the budgetary procedure at the department level in January of each year. The budget proceeds through department levels until it reaches the City Manager level where it is refined and presented to Council in mid-August. The Council considers, amends and refines the budget until its final adoption in mid-September. The City adopted its 2019-2020 fiscal year budget by ordinance on September 18, 2019. The ordinance provides for budgetary control at the department level. Budgetary compliance is maintained in the automated accounting system and enforced at the department level by reserving appropriations by encumbering purchase orders and contracts. Based on the recent settlement of the Sabine River Authority / Lake Fork rate dispute, no retail rate increase is expected to be included in the fiscal year 2020-2021 budget. Any proposal for a rate increase is subject to the approval of the City Council.

PENSION PLANS

Eligible City Department employees participate in the Employees' Retirement Fund of the City (“ERF”), a description of which is set forth below. City police and firefighters participate in separate retirement plans, the Dallas Police and Fire Pension System pension plans.

In accordance with the Texas Constitution and related statutes, each of the City’s pension plans is administered by a board of trustees that are selected in accordance with the terms of the relevant plan document. These separate boards are responsible for administering each plan; hiring a plan administrator; selecting legal counsel; selecting the plan’s actuary; and approving sound actuarial assumptions for each plan. The contributions made to each plan by the City and the employees who participate in each plan are determined by the terms of the plan document and relevant City ordinances. The amount of the contributions described in the plan documents are either fixed by statute; determined by a fixed formula described in the plan that is based on annual calculations made by the plan’s actuary; or based on an actuarial calculation with specified assumptions and approved by the relevant board. Additionally, each board administers a qualified governmental excess benefit arrangement associated with each plan which is maintained solely for the purpose of providing its members with that part of the members’ benefits that would have been provided under its qualified plan but for certain limitations imposed by the Internal Revenue Code. The City is making all of the contributions as statutorily required by the plan documents. The financial information below is based entirely on information provided to the City by each plan administrator on behalf of each plan’s board of trustees.

At the date of this Official Statement, the City has received the audited Comprehensive Annual Financial Report from the Employees’ Retirement Fund of the City of Dallas for the period ended December 31, 2017 and the audited Basic Financial Statements from the Dallas Water Utilities fund of the City of Dallas for the period ended September 30, 2019. For additional detail about the City’s schedule of employer contributions, actuarial methods and assumptions, funded status and funded progress based on the plans’ December 31, 2017 actuarial studies, see the City’s Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2019, particularly Note 17 and the Dallas Water Utilities audited Basic Financial Statements for the Fiscal Year ended September 30, 2019, particularly Note 11.

Employees’ Retirement Fund of the City...All eligible employees of the City, excluding fire fighters and police officers, participate in the ERF. As of the fiscal year ended September 30, 2019, employees of the Dallas Water Utilities comprised approximately 18% of the total City-covered payroll for the ERF. The pension plan consists of Tier A and Tier B members.

On November 8, 2016, the City voters passed Proposition 1 authorizing certain amendments to Chapter 40A of the City Code affecting the terms of the ERF for employees hired on and after January 1, 2017. The amendments include, but are not limited to, increasing the retirement age from 60 to 65 with five years of credited service, decreasing the percentage multiplier used to calculate benefits from 2.75% to 2.50%, eliminating health benefit supplements and lowering the cap on cost of living adjustment from 5% to 3%. At the time of the change ERF projected that the amendments will reduce pension liabilities of the ERF over the next 30 years by approximately $2.15 billion over what the liabilities may have been if the changes to be effected through the passage of Proposition 1 had not been approved.

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.

Contribution rates for employees and the City are subject to annual adjustments based on actuarial determinations and fixed formulas. Employees pay 37% and the City pays 63% of the total cost of the ERF, including the debt service on the City's outstanding pension obligation bonds, but not exceeding 36% of payroll. This funding approach was added to the ERF plan terms in preparation for the issuance of pension obligation bonds in 2005 to support the City's long-term funding of the plan during future business cycles. On January 19, 2005, the City issued $399,347,609 par value Taxable General Obligation Pension Bonds, Series 2005. Proceeds totaling $533,397,000 were contributed to the ERF to partially fund an unfunded actuarial accrued liability of approximately $646 million, which had been identified in the annual actuarial report of 2003. ERF invested the contributed proceeds consistent with its investment policy.

For the fiscal year ended September 30, 2019, each employee contributed 13.32% and the City contributed 22.68% of pay for a total of 36.00%. For the fiscal year beginning October 1, 2019, the member total contribution rate is 13.32% and the City's portion is 22.68%, in accordance with the plan document that is codified as Chapter 40A of the Dallas City Code ("Chapter 40A"). A portion of the City's contribution is expected to pay $36,908,687.10 in debt service on the pension obligation bonds during the fiscal year beginning on October 1, 2019.

As of December 31, 2017, the ERF reported the Net Pension Liability (NPL) was $765,585,000 and the funded ratio based on the NPL was 82.51%. As of December 31, 2018, the ERF reported the Net Pension Liability (NPL) was $2,265,651,000 and the funded ratio based on the NPL was 59.16%.

For additional detail about the City's schedule of employer contributions, actuarial methods and assumptions, funded status and funded progress, see the City's Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2019, particularly Note 17.

Dallas Police and Fire Pension System . . . The Dallas Police and Fire Pension System (the "Pension System") is a qualified pension plan with multiple benefit structures reflecting various amendments that were made to the Pension System over the years and which is generally divided between Group A and Group B members. All eligible employees of the Fire Rescue Department and Police Department participate in one of the benefit structures within the plan, with Group B covering more than 98% of the members. Participation in Group B is mandatory for those employed on or after March 1, 1973. All contributing members of the Pension System were hired after that date and are now covered in Group B. More information as to who qualifies for which group can be found in Article 6243a-1 of the Revised Civil Statutes of Texas.

Governance . . . The legal authority for the Pension System is Article 6243a-1 of the Revised Civil Statutes of Texas. The Pension System is administered by an eleven member board of trustees composed of six trustees appointed by the Mayor, in consultation with the City Council, three non-system participant trustees vetted and nominated by a nomination committee elected by active members and pensioners, one current or retired firefighter elected by active members of the fire rescue department, and one current or retired police officer elected by active police officers.

Recent Legislative Changes to the Pension System . . . On May 31, 2017, Texas Governor Greg Abbott signed into law House Bill 3158, affecting the Pension System. House Bill 3158 primarily amends 6243a-1, Texas Revised Statutes, including amendments to provisions concerning benefits, contributions, and governance, among other things. The changes in the bill took effect September 1, 2017. House Bill 3158 also prohibited lump-sum distributions from individual Deferred Retirement Option Plan ("DROP") accounts, which was the board's prior policy. Specifically, House Bill 3158 adjusted the benefit multiplier to 2.5% with a normal retirement age of 58, and a maximum income replacement of 90% for all members on a prospective basis. Prior to September 6, 2017, the City made statutorily required contributions of 27.5 percent of total wages and salaries as defined in the Pension System's plan document and Article 6243a-1. After September 5, 2017, the City contributes 34.5 percent of computation pay or a hard-wired amount set forth in the bill based on certain hiring assumptions, with a floor for seven years, plus $13 million per year until the end of 2024. A member's contribution rate will increase from 4 percent (if participating in DROP) or from 8.5 percent to (if not participating in DROP) 13.5 percent, also calculated on computation pay. For 2017, the City contribution was $120.4 million. In 2024, an independent actuary will also assess the Pension System and recommend any changes needed to maintain the actuarial soundness of the Pension System.

Description of Benefits . . . Members are entitled to service retirement, death, and disability benefits as well as participation in DROP. Member benefits differ depending on group membership and hire date. Benefit descriptions can be found in Part 6, "Benefits," of 6243a-1, which also serves as the Pension System's plan document and is posted on the Pension System's website here: https://www.dpfp.org/Resources/5c5a268e-52a4-46d3-a208-a6fb705c5da2/Art.%206243a-1.%20PENSION%20SYSTEM%20FOR%20POLICE%20OFFICERS%20AND%20FIREFIGHTERS%20IN%20CERTAIN%20CITIES.pdf?TrackID=Art.%206243a-1.%20PENSION%20SYSTEM%20FOR%20POLICE%20OFFICERS%20AND%20FIREFIGHTERS%20IN%20CERTAIN%20CITIES.pdf.

Members who are eligible to retire are allowed to enter DROP. The member's monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member receives annuitized benefits from his or her DROP account; however, under certain hardship circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $1.01 billion at December 31, 2018.

Other Post-Employment Benefits . . . In addition to pension benefits, the City provides certain other post-employment benefits for retired employees ("OPEB"). The City ended subsidization of these benefits for employees hired on or after January 1, 2010. The cost of these benefits is recognized as expenditures when the underlying claims are paid using the modified accrual basis of accounting.

The City is required to prepare an actuarial report estimating an Actuarial Accrued Liability ("AAL") which reflects the value of future benefits payments based on certain assumptions including the current level of benefits. Accounting standards require the City to amortize the AAL over a period not to exceed 30 years and record a portion of the liability each year. This accumulated amortization of the AAL is reported as a Net OPEB obligation in the City's enterprise funds and government wide financial statements.

The City received the actuarial valuation report from an outside consultant regarding the City's September 30, 2018 and 2019 OPEB obligations. The Net OPEB obligations as of September 30, 2018 and 2019 were estimated to be $511 million and $565 million, respectively.

For more information concerning the City's post-employment benefits for fiscal year ended September 30, 2017, see the City's September 30, 2017 Comprehensive Annual Financial Report and Note 20 thereto.

INVESTMENT POLICY

The City invests its investable funds in investments authorized by state law, including specifically Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"), and in accordance with its written Investment Policy approved by the City Council of the City. Both State law and the City's Investment Policy are subject to change. The City Council last approved the Investment Policy on September 13, 2017.

<u>Legal Investments</u> . . . Under State law, the City is authorized to invest in obligations meeting the requirements of the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA"), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with Federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (15) for bond proceeds, guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

A political subdivision such as the City may enter into securities lending programs if: (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The PFIA specifically prohibits the City from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index. In addition, the City is prohibited from investing any portion of bond proceeds, reserves and funds held for debt service in no-load mutual funds.

Additional Provisions . . . Under State law, the City Council is required to designate one or more investment officers who are responsible for the investment of the City's funds, under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under state law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly, the investment officers of the City shall submit an investment report: (1) that describes in detail the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) that contains a summary statement, which includes the beginning market value, the ending market value and fully accrued interest during the reporting period of each pooled fund group, (4) that states the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) that states the maturity date of each separately invested asset, (6) that states the account or fund or pooled fund group for which each individual investment was acquired, and (7) that states the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. The investment officers responsible for the investment of City Funds must be designated by the City Council, and no person may invest City funds without express written authority from City Council.

Under state law, the City additionally must: (1) annually review its adopted policies and strategies; (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of a business organization offering to engage in an investment transaction with the City to (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted by the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in non-money market mutual funds to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the disclosure, rating, net asset value, yield calculation, and advisory board requirements of the PFIA; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City. As used herein, "business organization" means a public funds investment pool or an investment management firm under contract with the City to invest or manage the City's investment portfolio that has accepted authority granted by the City under control to exercise investment discretion in regard to the City's funds.

Under State law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

City Investment Policy . . . City policy requires investments in accordance with applicable state law, specifically the PFIA. The City's Investment Policy does not permit the investment of City funds in all eligible investments permitted by Texas law. Of those eligible investments described above under "Legal Investments", bankers' acceptances, commercial paper, certain collateralized mortgage obligations, reverse repurchase agreements, no-load mutual funds, State of Israel bonds and guaranteed investment contracts are not authorized for investment purposes under the City's Investment Policy. The City generally invests in obligations of the United States or its agencies and instrumentalities and in "Aaa"-rated no-load money market mutual funds and public funds investment pools. In addition to such limitations, the City's Investment Policy permits the investment of bond funds (including debt service and reserve funds) in the manner permitted by the respective ordinances authorizing the issuance of bonds.

Neither the PFIA nor the City's Investment Policy govern the investment of pension and other deferred compensation funds, and those funds are not included in the investment totals below.

Current Investments . . . As of December 31, 2019, the following percentages by investment type applied to the City's investable funds, which had an unaudited aggregate market value of $2,257,003,960.

TABLE 17 - CURRENT INVESTMENTS

Type of Investment	Market Value	% of Total
U.S. Agencies Bonds	$ 802,175,155	35.54%
U.S. Treasury Bonds	150,400,450	6.66%
Public Funds Interest Checking Account	100,422,538	4.45%
Money Market Mutual Funds	1,204,005,817	53.35%
	$ 2,257,003,960	100.00%

Source: City officials.

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TAX MATTERS

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

General. The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Bonds and is based on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to branch profits tax or personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term "U.S. Holder" means a beneficial owner of a Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS BEFORE DETERMINING WHETHER TO PURCHASE BONDS. THE FOLLOWING DISCUSSION IS NOT INTENDED OR WRITTEN TO BE USED TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

Information Reporting and Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 (the "Foreign Account Tax Compliance Act" or "FATCA") or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Series 2020C Bonds

Opinion

On the date of initial delivery of the Bonds, Co-Bond Counsel to the City will render their opinions that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) for federal income tax purposes, interest on the Series 2020C Bonds will be excludable from the "gross income" of the holders thereof and (2) the Series 2020C Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code. Except as stated above, Co-Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Series 2020C Bonds. See Appendix D - "Form of Co-Bond Counsel's Opinions".

In rendering their opinions, Co-Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate related to the Series 2020C Bonds, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Series 2020C Bonds and certain other matters. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Series 2020C Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Series 2020C Bonds in order for interest on the Series 2020C Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Series 2020C Bonds to be included in gross income retroactively to the date of issuance of the Series 2020C Bonds. The opinions of Co-Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Co-Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Series 2020C Bonds.

Co-Bond Counsel's opinions regarding the Series 2020C Bonds represents their legal judgment based upon their review of Existing Law and the reliance on the aforementioned information, representations and covenants. Co-Bond Counsel's opinions related to the Series 2020C Bonds are not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Series 2020C Bonds.

A ruling was not sought from the IRS by the City with respect to the Series 2020C Bonds or property financed with the proceeds of the Series 2020C Bonds. No assurances can be given as to whether or not the IRS will commence an audit of the Series 2020C Bonds, or as to whether the IRS would agree with the opinions of Co-Bond Counsel. If an audit is commenced, under current procedures the IRS is likely to treat the City as the taxpayer and the holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Series 2020C Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any U.S. Holder who has purchased a Series 2020C Bond as an Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below. In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such U.S. Holder in excess of the basis of such Original Issue Discount Bond in the hands of such U.S. Holder (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

All U.S. Holders of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

Under section 6012 of the Code, U.S. Holders of tax-exempt obligations, such as the Series 2020C Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Series 2020C Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2020C Bonds under Federal or state law and could affect the market price or marketability of the Series 2020C Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Series 2020C Bonds should consult their own tax advisors regarding the foregoing matters.

Taxable Series 2020D Bonds

Certain U.S. Federal Income Tax Consequences to U.S. Holders

Periodic Interest Payments and Original Issue Discount. The Taxable Series 2020D Bonds are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Taxable Series 2020D Bonds or any original issue discount accruing on the Taxable Series 2020D Bonds will be includable in "gross income" within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Taxable Series 2020D Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Taxable Series 2020D Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Taxable Series 2020D Bonds. Generally, a U.S. Holder's tax basis in the Taxable Series 2020D Bonds will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be long-term or short-term depending on whether the Taxable Series 2020D Bond has been held for more than one year.

Defeasance of the Taxable Series 2020D Bonds. Defeasance of any Taxable Series 2020D Bond may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

State, Local and Other Tax Consequences.

Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Taxable Series 2020D Bonds under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Taxable Series 2020D Bonds. PROSPECTIVE PURCHASERS OF THE TAXABLE SERIES 2020D BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

Certain U.S. Federal Income Tax Consequences to Non-U.S. Holders

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Taxable Series 2020D Bonds, will not be subject to U.S. federal income or withholding tax in respect of such Taxable Series 2020D Bonds, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Taxable Series 2020D Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

OTHER INFORMATION

RATINGS

S&P Global Ratings, a division of S&P Global Inc. ("S&P"), and Fitch Ratings Inc. ("Fitch", and together with S&P, the "Rating Agencies") have assigned ratings of "AAA" and "AA+", respectively, to each series of Bonds. An explanation of the significance of such ratings may be obtained from the Rating Agencies. The ratings reflect only the respective views of each Rating Agency and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of the Rating Agencies, if in the judgment of either or both Rating Agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price and marketability of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LITIGATION

The City is a party to various lawsuits in the normal course of business. It is the opinion of the City Attorney and City Management that, except as described herein below, there is no pending litigation against the City that if decided adversely to the City, would have a material adverse financial impact upon the City or its operations.

City Lawsuits

On February 13, 2014, Trinity East Energy, LLC ("Trinity East") filed a lawsuit against the City for alleged damages suffered by Trinity East as a result of the City's denial of Trinity East's application for specific use permits to drill for gas on certain City park land. The case was assigned to the 192nd District Court in Dallas County. A jury trial on Trinity East's claims commenced on January 27, 2020.

On February 6, 2020, the jury rendered a verdict in favor of Trinity East on its statutory fraud and negligent misrepresentation causes of action and determined the damages resulting from those claims were $23,414,148.80. The jury also returned a verdict in connection with Trinity East's regulatory taking (inverse condemnation) cause of action, determining the difference in the fair market value of Trinity East's property immediately before and immediately after the specific use permit denials on August 28, 2013 to be $33,639,000.00. The jury also returned a verdict finding the City did not fail to comply with its lease with Trinity East. The court then concluded as a matter of law that the City had engaged in a regulatory taking of Trinity East's property by failing to approve one or more of the specific use permit applications. Because the damages available to Trinity East on its regulatory taking claim were greater than the damages available on its other claims, the court entered judgment for Trinity East on that claim. Thus, the final judgment awarded Trinity East as a result of the jury trial is: (a) damages in the amount of $33,639,000.00; (b.) prejudgment interest in the amount of $10,944,195.21; (c.) post-judgment interest at the rate of 5% per annum from the date of judgment until paid; and (d) costs of court. The final judgment was entered on February 27, 2020. The City filed a motion for new trial on March 20, 2020 which was denied on April 13, 2020. The City filed a notice of appeal with the Dallas Court of Appeals before the May 27, 2020 deadline.

In October 2014, the City Attorney publicly reported to the City Council that Dallas Fire-Rescue had misplaced approximately 14 laptops that may contain certain patient health information subject to privacy restrictions under the Health Insurance Portability and Accountability Act ("HIPAA"). Preliminary information has been conveyed to the U.S. Department of Health and Human Services (HHS) Office for Civil Rights ("OCR"), the agency that enforces HIPAA. By letter dated April 21, 2015, OCR notified the Dallas Fire-Rescue Department that it is investigating whether Dallas Fire-Rescue is in compliance with the applicable federal standards for Privacy of Individually Identifiable Health Information and the Security Standards for the Protection of Electronic Protected Health Information and the Breach Notification Rule. OCR directed Dallas Fire-Rescue to respond to 13 requests for information to determine its compliance status. Dallas Fire-Rescue responded on May 27, 2015. Since the City entered into several contracts with third party vendors as part of its plan to comply with the regulations, the City is investigating whether it may have claims against those third party vendors and, if so, the amount of damages that may be recoverable to the City. If the City is fined by HHS, it is undetermined: (1) when the HHS determination as to the imposition of a fine against the City will be made; (2) whether the City would appeal the HHS determination; and (3) if, or when, the City would pay the fine amount. Based on the limited facts known to the City at this stage of the investigation, the City does not believe the amount of any fine would have a material adverse financial impact on the City or its operations.

Certain former and current employees of the Code Compliance Services Department of the City (the "Code Department") brought a collective action lawsuit (*Terrance Bass, Barry Boyd, Elizabeth Lopez, and Joseph Scott v. City of Dallas,* Civil Action No. 3:17-cv-03330-C) for violations under the Fair Labor Standards Act ("FLSA"). The plaintiffs are asserting that they were paid at their regular rate of pay when they worked more than 40 hours in a work week, and were not paid overtime for answering calls and emails during lunch and after hours. A federal judge conditionally certified a collection action with respect to certain Code Department employees. The City anticipates the final class will contain 80 or 81 plaintiffs. If a plaintiff succeeds against the City under the FLSA, the plaintiff is entitled to liquidated (double) damages, as well as attorney's fees, and a damage award in this case could exceed $1,000,000.

Cyber Security

Computer networks and data transmission and collection are vital to the operations of the City. Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture.

Continuing Disclosure of Information

In each Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB. This information will be available free of charge from the MSRB via the EMMA system at www.emma.msrb.org.

Annual Reports . . . The City will provide certain updated financial information and operating data to EMMA annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 17, and in Appendix C. The City will update and provide this information within six months after the end of each fiscal year. The City will provide the updated information to the MSRB through the EMMA information system in accordance with Rule 15c2-12 promulgated by the SEC (the "Rule").

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the Rule. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. The City will additionally provide audited annual financial statements of the City, when and if available, and in any event, within twelve (12) months after the end of each Fiscal Year ending in or after 2020. If audited financial statements are not available by the end of the twelve (12) month period, then the City shall provide notice that the audited financial statements are not available, shall provide unaudited financial statements by the required time, and will provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix C or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information in the tables described above by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

The City shall notify the MSRB, in a timely manner, if the City fails to provide the required annual financial information and operating data by the required time, as described under the heading "Annual Reports".

DISCLOSURE EVENT NOTICES . . . The City shall notify the MSRB, in a timely manner not in excess of ten Business Days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2020C Bonds, or other material events affecting the tax status of the Series 2020C Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor trustee or change in the name of the trustee, if material and (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the city, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. (Neither the Bonds nor the Ordinances make any provision for credit or liquidity enhancement.) As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City Council and official or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. The City intends the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018. The Ordinances define "Financial Obligations" as (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

LIMITATIONS AND AMENDMENTS . . The City has agreed to update information and to provide notices of specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has been in compliance, in all material respects, during the last 5 years with its undertakings under the Rule. The City has taken steps to remedy any instances where its annual filings and material event filings were not properly linked to all of its outstanding obligations on EMMA.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Ratings" above. In addition, various provisions of the Texas Finance Code provide that subject to a prudent investor standard, the Bonds are legal investments for state banks, savings bank, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS

The City will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinions of Co-Bond Counsel, to like effect and to the effect that the interest on the Series 2020C Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS – Series 2020C Bonds". Co-Bond Counsel's opinions will be delivered on the Date of Delivery of the Bonds. See Appendix D – "Form of Co-Bond Counsel's Opinions." Co-Bond Counsel from time to time represents the Co-Financial Advisors and the members of the underwriting syndicate in matters not related to the Bonds. Co-Bond Counsel were not requested to participate, and did not take part, in the preparation of the Official Statement, and such firms have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in capacity as Co-Bond Counsel, such firms have reviewed the information under the captions "PLAN OF FINANCING," "THE BONDS" (exclusive of the subcaptions "Book-Entry-Only System," "Sources and Uses of Funds," and "Bondholders' Remedies"), "TAX MATTERS" and the subcaptions "Continuing Disclosure of Information" (exclusive of the subcaption "Compliance with Prior Undertakings"), "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Opinions" under the caption "OTHER INFORMATION" and Co-Bond Counsel are of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the respective Ordinances. The legal fees to be paid to Co-Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. In connection with the transaction described in this Official Statement, Co-Bond Counsel represents only the City. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, Dallas, Texas, and Kintop Smith, PLLC, Dallas, Texas, Co-Disclosure Counsel for the City. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Winstead PC, Dallas, Texas and White & Wiggins, LLP, Dallas, Texas.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CO-FINANCIAL ADVISORS

Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc. are employed as Co-Financial Advisors to the City in connection with the issuance of the Bonds. The Co-Financial Advisors' fees for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc., in their capacity as Co-Financial Advisors, have relied on the opinions of Co-Bond Counsel and have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Series 2020C Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Co-Financial Advisors may from time to time sell investment securities to the City for the investment of bond proceeds or other funds of the City upon the request of the City.

The Co-Financial Advisors to the City have provided the following sentence for inclusion in this Official Statement. The Co-Financial Advisors have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Co-Financial Advisors do not guarantee the accuracy or completeness of such information.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by Hilltop Securities Inc. and Estrada, Hinojosa & Company, Inc. on behalf of the City relating to (a) computation of forecasted receipts of principal and interest on the Escrowed Securities to the forecasted payments of principal and interest to redeem the Refunded Bonds and (b) computation of the yield of the Escrowed Securities were verified by the Verification Agent. Such computations were based solely on assumptions and information supplied by Hilltop Securities Inc. and Estrada, Hinojosa & Company, Inc. on behalf of the City. The Verification Agent has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome. Such verification will be relied upon by Co-Bond Counsel in rendering its opinions with respect to the defeasance of the Refunded Bonds.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series 2020C Bonds from the City, at a purchase price equal to $352,668,352.73 (representing the principal amount of the Series 2020C Bonds of $281,825,000.00, plus a bond premium of $71,596,565.70, less an underwriting discount of $753,212.97). The Underwriters will be obligated to purchase all of the Series 2020C Bonds if any Series 2020C Bonds are purchased. The right of the Underwriters to receive compensation in connection with the Series 2020C Bonds is contingent upon the actual sale and delivery of the Series 2020C Bonds.

The Underwriters have agreed, subject to certain conditions, to purchase the Taxable Series 2020D Bonds from the City, at a purchase price equal to $362,696,404.41 (representing the principal amount of the Taxable Series 2020D Bonds of $363,665,000.00, less an underwriting discount of $968,595.59). The Underwriters will be obligated to purchase all of the Taxable Series 2020D Bonds if any Taxable Series 2020D Bonds are purchased. The right of the Underwriters to receive compensation in connection with the Taxable Series 2020D Bonds is contingent upon the actual sale and delivery of the Taxable Series 2020D Bonds.

The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed and may in the future perform various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

BofA Securities, an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters have reviewed the information in the Official Statement in accordance with their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. It is important to note that the City's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

The Ordinances approve the form and content of this Official Statement, and any addenda, supplement or amendment hereto, authorized designated officials of the City to complete this Official Statement, and authorize its further use in the reoffering of the Bonds by the Underwriters.

/s/ T.C. BROADNAX
City Manager
City of Dallas, Texas

/s/ M. ELIZABETH REICH
Chief Financial Officer
City of Dallas, Texas

ATTEST:

/s/ BILIERAE JOHNSON
City Secretary

SCHEDULE I

$8,280,000 Waterworks and Sewer System Revenue Bonds, Series 2009B
Dated February 1, 2009

To be refunded with proceeds of the Series 2020C Bonds

Maturity Date	Interest Rate	Principal Outstanding	Principal Refunded	Call Date	Call Price
10/1/2021	2.489%	$ 515,000	$ 515,000	7/30/2020	100%
10/1/2022	2.573%	525,000	525,000	7/30/2020	100%
10/1/2023	2.649%	540,000	540,000	7/30/2020	100%
10/1/2024	2.710%	555,000	555,000	7/30/2020	100%
10/1/2025	2.759%	570,000	570,000	7/30/2020	100%
10/1/2026	2.797%	585,000	585,000	7/30/2020	100%
10/1/2027	2.832%	600,000	600,000	7/30/2020	100%
10/1/2028	2.877%	625,000	625,000	7/30/2020	100%
		$ 4,515,000	$ 4,515,000		

$295,850,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2010
Dated June 15, 2010

To be refunded with proceeds of the Series 2020C Bonds

Maturity Date	Interest Rate	Principal Outstanding	Principal Refunded	Call Date	Call Price
10/1/2021	5.000%	$ 2,170,000	$ 2,170,000	10/1/2020	100%
10/1/2022	5.000%	2,280,000	2,280,000	10/1/2020	100%
10/1/2023	5.000%	2,395,000	2,395,000	10/1/2020	100%
10/1/2024	5.000%	2,515,000	2,515,000	10/1/2020	100%
10/1/2025	5.000%	2,645,000	2,645,000	10/1/2020	100%
10/1/2029	5.000%	3,225,000	3,225,000	10/1/2020	100%
10/1/2030	5.000%	2,160,000	2,160,000	10/1/2020	100%
10/1/2031	5.000%	2,270,000 (1)	2,270,000	10/1/2020	100%
10/1/2032	5.000%	9,840,000 (1)	9,840,000	10/1/2020	100%
10/1/2033	5.000%	10,345,000 (1)	10,345,000	10/1/2020	100%
10/1/2034	5.000%	2,635,000 (1)	2,635,000	10/1/2020	100%
10/1/2035	5.000%	2,770,000 (1)	2,770,000	10/1/2020	100%
10/1/2036	5.000%	2,915,000 (2)	2,915,000	10/1/2020	100%
10/1/2037	5.000%	12,635,000 (2)	12,635,000	10/1/2020	100%
10/1/2038	5.000%	13,285,000 (2)	13,285,000	10/1/2020	100%
10/1/2039	5.000%	13,965,000 (2)	13,965,000	10/1/2020	100%
		$ 88,050,000	$ 88,050,000		

(1) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2031 and final maturity on October 1, 2035.
(2) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2036 and final maturity on October 1, 2039.

$94,723,000 Waterworks and Sewer System Revenue Bonds, Series 2009C
Dated February 1, 2009

To be refunded with proceeds of the Taxable Series 2020D Bonds

Maturity Date	Interest Rate	Principal Outstanding	Principal Refunded	Call Date	Call Price
10/1/2021	2.139%	$ 5,485,000	$ 5,485,000	8/7/2020	100%
10/1/2022	2.267%	5,610,000	5,610,000	8/7/2020	100%
10/1/2023	2.532%	5,745,000	5,745,000	8/7/2020	100%
10/1/2024	2.695%	5,895,000	5,895,000	8/7/2020	100%
10/1/2025	2.804%	6,060,000	6,060,000	8/7/2020	100%
10/1/2026	2.885%	6,235,000	6,235,000	8/7/2020	100%
10/1/2027	2.931%	6,420,000	6,420,000	8/7/2020	100%
10/1/2028	3.018%	6,613,000	6,613,000	8/7/2020	100%
		$ 48,063,000	$ 48,063,000		

$239,425,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2011
Dated July 26, 2011

To be refunded with proceeds of the Taxable Series 2020D Bonds

Maturity Date	Interest Rate	Principal Outstanding		Principal Refunded	Call Date	Call Price
10/1/2023	5.000%	$ 6,800,000		$ 6,800,000	10/1/2021	100%
10/1/2024	5.000%	1,735,000		1,735,000	10/1/2021	100%
10/1/2025	5.000%	1,825,000		1,825,000	10/1/2021	100%
10/1/2026	5.000%	1,915,000		1,915,000	10/1/2021	100%
10/1/2027	5.000%	2,015,000		2,015,000	10/1/2021	100%
10/1/2028	5.000%	2,120,000		2,120,000	10/1/2021	100%
10/1/2029	5.000%	2,225,000		2,225,000	10/1/2021	100%
10/1/2030	5.000%	2,340,000		2,340,000	10/1/2021	100%
10/1/2031	5.000%	2,460,000		2,460,000	10/1/2021	100%
10/1/2032	5.000%	6,010,000	(1)	6,010,000	10/1/2021	100%
10/1/2033	5.000%	6,315,000	(1)	6,315,000	10/1/2021	100%
10/1/2034	5.000%	3,045,000	(1)	3,045,000	10/1/2021	100%
10/1/2035	5.000%	6,980,000	(1)	6,980,000	10/1/2021	100%
10/1/2036	5.000%	7,340,000	(1)	7,340,000	10/1/2021	100%
10/1/2037	5.000%	6,090,000	(2)	6,090,000	10/1/2021	100%
10/1/2038	5.000%	6,395,000	(2)	6,395,000	10/1/2021	100%
10/1/2039	5.000%	6,720,000	(2)	6,720,000	10/1/2021	100%
10/1/2040	5.000%	7,055,000	(2)	7,055,000	10/1/2021	100%
10/1/2037	4.625%	1,620,000	(3)	1,620,000	10/1/2021	100%
10/1/2038	4.625%	1,705,000	(3)	1,705,000	10/1/2021	100%
10/1/2039	4.625%	1,790,000	(3)	1,790,000	10/1/2021	100%
10/1/2040	4.625%	1,885,000	(3)	1,885,000	10/1/2021	100%
		$ 86,385,000		$ 86,385,000		

(1) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2032 and final maturity on October 1, 2036.

(2) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2037 and final maturity on October 1, 2040.

(3) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2037 and final maturity on October 1, 2040.

$259,420,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2012A
Dated September 19, 2012

To be refunded with proceeds of the Taxable Series 2020D Bonds

Maturity Date	Interest Rate	Principal Outstanding		Principal Refunded	Call Date	Call Price
10/1/2028	5.000%	$ 6,690,000		$ 6,690,000	10/1/2022	100%
10/1/2029	5.000%	7,030,000		7,030,000	10/1/2022	100%
10/1/2030	5.000%	2,420,000		2,420,000	10/1/2022	100%
10/1/2031	5.000%	5,635,000		5,635,000	10/1/2022	100%
10/1/2033	5.000%	6,110,000	(1)	6,110,000	10/1/2022	100%
10/1/2034	5.000%	6,425,000	(1)	6,425,000	10/1/2022	100%
10/1/2035	5.000%	6,750,000	(1)	6,750,000	10/1/2022	100%
10/1/2036	5.000%	7,100,000	(1)	7,100,000	10/1/2022	100%
10/1/2037	5.000%	7,465,000	(1)	7,465,000	10/1/2022	100%
10/1/2038	5.000%	7,845,000	(2)	7,845,000	10/1/2022	100%
10/1/2039	5.000%	8,245,000	(2)	8,245,000	10/1/2022	100%
10/1/2040	5.000%	8,670,000	(2)	8,670,000	10/1/2022	100%
10/1/2041	5.000%	9,115,000	(2)	9,115,000	10/1/2022	100%
		$ 89,500,000		$ 89,500,000		

(1) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2033 and final maturity on October 1, 2037.

(2) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2038 and final maturity on October 1, 2041.

$156,540,000 Waterworks and Sewer System Revenue Refunding Bonds, Series 2013
Dated September 17, 2013

To be refunded with proceeds of the Taxable Series 2020D Bonds

Maturity Date	Interest Rate	Principal Outstanding	Principal Refunded	Call Date	Call Price
10/1/2028	5.000%	$ 4,940,000	$ 4,940,000	10/1/2023	100%
10/1/2029	5.000%	5,195,000	5,195,000	10/1/2023	100%
10/1/2030	5.000%	5,460,000	5,460,000	10/1/2023	100%
10/1/2031	5.000%	5,740,000	5,740,000	10/1/2023	100%
10/1/2032	5.000%	6,035,000	6,035,000	10/1/2023	100%
10/1/2033	5.000%	6,345,000	6,345,000	10/1/2023	100%
10/1/2034	5.000%	6,670,000 (1)	6,670,000	10/1/2023	100%
10/1/2035	5.000%	7,010,000 (1)	7,010,000	10/1/2023	100%
10/1/2036	5.000%	7,370,000 (1)	7,370,000	10/1/2023	100%
10/1/2037	5.000%	7,750,000 (1)	7,750,000	10/1/2023	100%
10/1/2038	5.000%	8,145,000 (1)	8,145,000	10/1/2023	100%
10/1/2039	5.000%	8,565,000 (2)	8,565,000	10/1/2023	100%
10/1/2040	5.000%	9,000,000 (2)	9,000,000	10/1/2023	100%
10/1/2041	5.000%	9,465,000 (2)	9,465,000	10/1/2023	100%
10/1/2042	5.000%	9,950,000 (2)	9,950,000	10/1/2023	100%
		$ 107,640,000	$ 107,640,000		

(1) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2034 and final maturity on October 1, 2038.

(2) Represents a Term Bond with mandatory sinking fund payments starting on October 1, 2039 and final maturity on October 1, 2042.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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Location and Population . . . The City of Dallas (the "City") is located in north central Texas approximately 300 miles north of the Gulf of Mexico. It is among the three largest cities in Texas and among the ten largest cities in the United States. Dallas is the county seat of Dallas County.

Dallas County encompasses an area of 880 square miles while the City of Dallas contains approximately 378 square miles. The City's corporate land extends into Collin, Denton, Kaufman and Rockwall Counties.

Population Totals are:

	2019 Estimate	2018 Estimate	2017 Estimate	2016 Estimate	2015 Estimate	2014 Estimate	2013 Estimate
City	1,301,970	1,286,380	1,270,170	1,257,730	1,244,270	1,232,360	1,221,800
Dallas County	2,554,770	2,529,150	2,502,270	2,478,970	2,454,880	2,435,710	2,414,980
MSA[(1)]	7,548,400	7,267,430	7,124,670	7,001,940	6,822,730	6,724,090	6,635,530

(1) Metropolitan Statistical Area (MSA) is a thirteen-county area which includes Collin, Dallas, Denton, Ellis, Hood, Hunt, Johnson, Kaufman, Parker, Rockwall, Somervell, Tarrant, and Wise Counties.

Sources: North Central Texas Council of Governments.
https://rdc.dfwmaps.com/pdfs/2019%20NCTCOG%20Population%20Estimates%20Publication.pdf. Accessed: 5/14/2020.

Estimated per Capita Income

	2018 Estimate	2017 Estimate	2016 Estimate	2015 Estimate	2014 Estimate	2013 Estimate	2012 Estimate
Dallas MD[(1)]	58,545	55,924	53,880	52,700	51,356	48,859	48,355
Dallas County	58,993	55,947	53,531	52,388	51,830	48,945	48,501
Texas	50,355	47,929	45,616	46,577	46,289	43,781	43,397
U.S.	54,446	51,885	49,870	48,978	47,058	44,851	44,599

(1) Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties.

Sources: U.S. Department of Commerce, Bureau of Economic Analysis. Accessed: 5/14/2020.

Government Organization . . . The City operates under a Council-Manager form of government. There are fourteen single-district council members and a mayor elected at large. The Mayor and Council appoint the City Manager, City Attorney, City Auditor, City Secretary, City Treasurer and the Municipal Court Judges. The City Manager appoints all other department directors except two appointed by the Civil Service Board and the Park and Recreation Board. The Mayor is elected to a four-year term and is limited to two consecutive four-year terms. Council members are elected for two-year terms and can serve up to four consecutive two-year terms.

The Mayor and City Council set the public agenda, adopt policy and laws and appoint the City Manager, who acts as chief executive, responsible for implementing Council policy. The City Manager oversees City operations with an executive team of assistant city managers, each of whom has responsibility for various departments.

The City organization has approximately 12,500 full-time employees.

City Services and Facilities . . . The City provides the full range of municipal services contemplated by statute or charter. This includes public safety (police and fire), streets, sanitation, health and human services, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the Dallas Water Utilities, Municipal Airports (Dallas Love Field and Dallas Executive Airport), Convention Center, Municipal Radio and several other enterprise and internal service fund activities are a part of the City's legal entity.

Employment Data . . . A diverse economy and highly-skilled work force contribute to the strengths of the City. Dallas is a center for high technology, retail and wholesale trade, finance, major medical facilities, culture and recreation and a convention and visitor destination. The following tables show the City's civilian employment over the last several years, the employment by sector and the major employers within the Dallas area.

EMPLOYMENT STATISTICS

	March 2020	March 2019	March 2018	March 2017	March 2016
Civilian Labor Force (City of Dallas)	693,996	683,942	673,904	670,868	653,635
Civilian Labor Force (Dallas MD*)	2,684,182	2,678,488	2,615,285	2,553,952	2,469,382
Total Employed (City of Dallas)	663,418	660,127	647,886	643,081	627,826
Total Employed (Dallas MD*)	2,570,106	2,585,271	2,520,829	2,455,032	2,378,451
Total Unemployed (City of Dallas)	30,578	23,815	26,018	27,787	25,809
Total Unemployed (Dallas MD*)	114,076	93,217	94,456	98,920	90,931
% Unemployed (City of Dallas)	4.4	3.5	3.9	4.1	3.9
% Unemployed (Dallas MD*)	4.2	3.5	3.6	3.9	3.7
% Unemployed (Dallas County)	4.4	3.5	3.9	4.1	4.0
% Unemployed (Texas)	4.7	3.5	4.5	4.6	4.4
% Unemployed (U.S.)	4.5	3.8	4.0	4.4	5.0

* Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties

Source: Texas Labor Market Information. https://texaslmi.com/. Accessed: 5/14/2020. Adjusted numbers used where available.

AVERAGE ANNUAL UNEMPLOYMENT RATES

	2019	2018	2017	2016	2015
City of Dallas	3.4	3.8	3.9	4.0	4.1
Dallas Metropolitan Division*	3.3	3.5	3.7	3.8	4.0
State of Texas	3.5	3.8	4.3	4.6	4.4
United States	3.7	3.9	4.4	4.9	5.3

* Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties

Source: Texas Labor Market Information. https://texaslmi.com/LMIbyCatergory/LAUS Accessed: 5/14/2020.

MAJOR DALLAS AREA EMPLOYERS

Company	Product/Service	Number of Local Employees
Dallas Independent School District	Education	22,222
Texas Instruments Inc.	Semiconductors	12,901
City of Dallas	Government Administration	12,474
Medical City Dallas	Hospital & Health Care	12,104
The University of Texas Southwestern Medical Center	Hospital & Health Care	11,900
AT&T Inc.	Telephone/Utilities	11,070
Parkland Health and Hospital System	Hospital & Health Care	10,361
Baylor University Medical Center	Hospital & Health Care	7,045
Children's Health	Hospital & Health Care	6,406
Walmart Store	Retail/Department Stores	5,425
Southwest Airlines Co.	Airline/Transportation	3,542
UPS	Mailing & Shipping Services	3,344

Source: City of Dallas Office of Economic Development.

DALLAS – PLANO - IRVING METROPOLITAN DIVISION [(1)]---NON-AGRICULTURAL WAGE AND SALARY EMPLOYMENT BY SECTOR

Industry	2019 Average Annual		2018 Average Annual	
	Employment	Percentage	Employment	Percentage
Mining, Logging and Construction	150,700	5.60%	145,000	5.52%
Manufacturing	186,800	6.94%	180,000	6.86%
Trade, Transportation, and Utilities	531,300	19.73%	523,800	19.95%
Information	71,300	2.65%	71,900	2.74%
Financial Activities	249,400	9.26%	240,700	9.17%
Professional and Business Services	517,600	19.23%	500,800	19.08%
Education and Health Services	321,800	11.95%	313,700	11.95%
Leisure and Hospitality	271,100	10.01%	264,100	10.06%
Other Services	86,500	3.21%	84,800	3.23%
Government	305,700	11.36%	300,200	11.44%
Non-Farm Total[(2)]	2,692,200	100.00%	2,625,000	100.00%

(1) Dallas-Plano-Irving Metropolitan Division (MD) is a seven-county area which includes Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall Counties.
(2) Numbers may not add due to rounding.

Sources: Texas Labor Market Information. https://texaslmi.com/LMIbyCategory/CES. Accessed: 5/14/2020.

OFFICE AND INDUSTRIAL SPACE OCCUPANCY RATES. . . The Dallas/Fort Worth area office market consists of 396.164 million square feet of space. Average rents continue to rise reaching $27.25 per square foot. As of the second quarter of 2020, over 9.074 million square feet of new office space is under construction or renovation in the DFW metro area. The vacancy rate in the Dallas/ Fort Worth market area is 15.6 percent.

The City is committed to the long-term health of the Central Business District (CBD). A number of public/private projects completed within the CBD in FY 2019-2020 include renovations, key tenant leasing and new construction. The National at 1401 Elm Street delivered 350,000 square feet of Class A space in the CBD in the first quarter of 2020. Equinix delivered 144,560 square feet of data center space at the Infomart building located between Uptown and Design District area. The current CBD office vacancy rate is 23.10 percent. The market consists of 33.835 million square feet. As of the second quarter of 2020, average rents are $26.84 per square foot.

Industrial/distribution market in the Dallas/Fort Worth area consists of 965.986 million square feet with 6.7 percent vacant as of second quarter of 2020.

Source: CoStar (as of Mid-Year 2020).

CONSTRUCTION VALUATION/BUILDING PERMIT ACTIVITY**

Valuation ($000)	2019	2018	2017	2016	2015	2014
Residential	$ 2,444,907	$ 2,376,145	$ 1,905,676	$ 2,228,062	$ 2,140,069	$ 1,574,178
Commercial	2,387,569	1,923,923	2,359,053	2,203,075	2,136,044	1,792,730
Total	$ 4,832,476	$ 4,300,068	$ 4,264,729	$ 4,431,137	$ 4,276,113	$ 3,366,908

Source: City of Dallas Building Inspection Division. Residential defined as single-family plus multi-family.

Other is reflected in Commercial.

These valuations are based on all building permit activity inclusive of single trade permits, new residential and new non-residential construction, residential and non-residential rehabilitation with additions considered as new construction. Excluded are sign permits, barricades, excavations, demolitions, moving permits and tents.

** Permit data is fluid and may fluctuate for the following reasons after the initial data is reported:
1) Permit cancellations.
2) Permit addendums; reductions or augmentations to the original plans submitted that change the valuation of the project.
3) Periodic audits that correct data entry errors after the reporting period has closed.

TRANSPORTATION. . . Dallas' success as a leader in transportation is a result of its excellent airports, rail routes, and interstate highway systems. Positioned centrally to both the east and west coasts, Dallas is easily accessible to all areas of the United States, Mexico and Canada. Direct flight time to any North American city takes less than four hours. In addition, Dallas is the center point between North America's five largest business centers - New York, Los Angeles, Chicago, Mexico City and Toronto.

Dallas/Fort Worth International Airport is a major contributor to the City's diversified economy. It is among the world's busiest airports in terms of total operation ranked fourth in the world. Approximately 73.3 million passengers traveled through the airport during the fiscal year ended September 30, 2019.

Dallas Love Field, located seven miles north of the Central Business District ("CBD"), is also extremely valuable to the Dallas economy. More than 8 million passengers were carried at Love Field during the fiscal year ended September 30, 2019. It acts as a catalyst for business by providing valuable scheduled air carrier and general aviation transportation services, and attracting and serving major companies that assemble, overhaul and maintain aircraft. Love Field began major renovation to the facility starting in 2010, and issued revenue supported bonds to finance these renovations in 2015 and 2017. The Love Field Modernization Program (LFMP) will increase efficiency for travelers while maintaining the convenience that Love Field currently offers passengers.

In the new modernization design, the terminal decreased in size approximately 25 percent by replacing a large amount of unused and outdated space with modern and efficient facilities. The three original concourses were demolished and consolidated into one convenient, centrally located concourse for all airlines.

Dallas Executive Airport, formerly known as Redbird Airport, is a public airport located six miles (10 km) southwest of the central business district (CBD) of the City. The airport is used entirely for general aviation purposes and serves as a reliever airport for Dallas Love Field. It has two runways, the longest being 6,451 feet long by 150 feet wide. Facilities at the airport include a restaurant, a conference center, Fixed Based Operators and aircraft hangar and tie-down areas. The airport is home to approximately 126 individual, enclosed T-hangars.

The Dallas Vertiport is a facility located at the Dallas Convention Center at the CBD and built to accommodate helicopters and tiltrotor type aircraft. It has two landing areas with independent approaches and facilities for flight planning and meetings and 5 tie-down areas.

Dallas has a well-developed highway system. There are five interstate highways which run north/south and east/west including a loop freeway encompassing the City. Dallas has 19 other major U.S. and state highways. Dallas is a principal trucking and freight distribution center with approximately 120 trucking companies. Overnight pickup and delivery services are available to most cities.

Dallas is a major hub for hundreds of rail routes. Major railroads that serve the Dallas area include Burlington Northern Santa Fe Railway, Kansas City Southern Railway and Union Pacific. Amtrak provides passenger train service at Union Station in downtown Dallas with three lines: Chicago, Los Angeles, and San Antonio.

The City is part of an integrated regional mass transit system – Dallas Area Rapid Transit (DART). DART consists of the City of Dallas and 13 cities and is funded by a 1.0% local sales tax assessed in the cities within the service area as well as fare revenues and federal funds for certain capital projects. The DART Service Area is approximately 700 square miles. The DART Transit System Plan is designed to provide a balanced combination of transit services and facilities to meet the region's mobility needs. DART's mission is made both difficult and necessary by the size and sprawl of the metroplex. Unlike some cities that funnel transportation into the central business district, the metroplex has multiple "cores" that have developed in suburban communities and along existing transportation routes. These mini-hubs complicate transportation service requirements and necessitate a range of mobility programs.

DART provides fixed-route bus service with a total 652 vehicle fleet from three DART-owned facilities. DART currently operates over 90 miles of light rail. A 34-mile commuter rail service between downtown Dallas and Fort Worth is operated jointly by DART and the Fort Worth Transportation Authority. Additionally, DART operates and maintains 75 freeway miles of high-occupancy vehicle (HOV) lanes and provided over 800,000 paratransit passenger trips.

Sources: Greater Dallas Chamber; The Dallas Facts; Dallas Area Rapid Transit (DART); the City of Dallas, Dallas/Fort Worth International Airport.

EDUCATION. . . The City of Dallas is served by nine independent school districts. The largest, the Dallas Independent School District (DISD), had approximately 155,119 students enrolled for the 2018-19 school year. DISD has 276 schools, including 147 elementary schools, 35 middle schools, 38 high schools and 10 magnet high schools. In May 2008, a $1.35 billion bond program was approved to build fifteen new schools, 177 new classrooms in existing schools and additional renovations. In November 2015, a $1.60 billion bond program was approved for school buildings and technology. In November 2018, a $150 million bond program was approved for buses and refunding purposes. As of May 1, 2020, DISD had $599,795,000 of authorized but unissued bonds.

There are 48 college and university campuses in the Dallas metroplex area, enrolling over 342,000 students. Twenty-six campuses offer 4-year undergraduate degree programs, 19 offer 2-year associate degree programs and 22 offer advanced degrees.

Sources: Dallas Independent School District; Texas Higher Education Board, City of Dallas Office of Economic Development; Municipal Advisory Council of Texas.

MEDICAL . . . The Dallas metropolitan area is a major medical center providing "state-of-the-art" equipment and facilities. There are 24 general hospitals in Dallas County which are licensed for nearly 8,000 beds. In addition, there are two pediatric, two psychiatric and several long-term/rehabilitation hospitals.

As a complement to its excellent medical treatment facilities, Dallas is becoming a leading force in biomedical research. The University of Texas Southwestern Medical Center at Dallas has five Nobel Prize winners on the faculty and staff. Nationally recognized medical and dental schools in Dallas include University of Texas Southwestern Medical Center, Texas A&M University System - Baylor College of Dentistry, Texas Women's University T. Boone Pickens Institute of Health Sciences and Baylor University School of Nursing.

Sources: The University of Texas Southwestern Medical Center at Dallas; The Texas State Board of Medical Examiners.

TOURISM . . . According to VisitDallas, Dallas ranks among the top convention cities in the nation. On April 24, 2013 City Council renamed the Dallas Convention Center the Kay Bailey Hutchison Convention Center, which is the largest convention center of its kind in Texas with approximately 1.0 million square feet of total space. There are 96 meeting rooms and over one million square feet of exhibit space. The convention center also boasts the world's largest column-free exhibit hall and a fully equipped theater along with catering capabilities and a cafeteria. The Center has both open and covered parking and the facilities include a Heliport/Vertiport.

Dallas is the number one visitor and leisure destination in Texas. Annually, approximately 50 million people visit metropolitan Dallas. The Dallas area annually receives $9.1 billion in direct spending from visitors, generating a total impact of $14.6 billion on the metropolitan economy. There are almost 79,000 hotel rooms.

On September 15, 2009, City broke ground on the 23-story Omni Dallas Convention Center Hotel. The 1,000 room hotel opened November 11, 2011. The Dallas Convention & Visitors Bureau has received commitments for meetings totaling 400,000 definite room nights for groups committed to Dallas for future years using the Omni Dallas Convention Center hotel.

Source: Dallas Convention Center; VisitDallas.

RECREATION . . . Dallas offers numerous recreational, cultural and entertainment opportunities. Within the City are 389 public parks and open spaces covering 20,118 acres plus 1,124 surface acres of water. There are over 60 lakes and reservoirs within 100 miles of Dallas covering more than 550,000 acres and four state parks within an hour of Dallas. There are 39 private and 34 municipal golf courses in the area, including six owned by the City of Dallas.

The Dallas metropolitan area hosts numerous national annual sporting events and has several large amusement parks. Major golf tournaments include the AT&T Byron Nelson Classic and the Charles Schwab Challenge PGA Tour events. Dallas is one of few metropolitan areas with four professional sports teams, including the Dallas Cowboys football team, the Dallas Mavericks basketball team, the Texas Rangers baseball team and the Dallas Stars hockey team.

Key attractions include the Dallas Museum of Art, Nasher Sculpture Center, Crow Collection of Asian Art, Dallas Black Dance Theater Center, and Morton H Meyerson Symphony Center, home of the Dallas Symphony Orchestra. In October 2009, with the opening of the AT&T Performing Arts Center, three new cultural facilities were added to the Arts District: Winspear Opera House, Wyly Theater, and Sammons Performance Park. The Dallas area has a number of museums, galleries, theaters, orchestras and dance groups.

Sources: City of Dallas, Park and Recreation Department; City of Dallas, Office of Cultural Affairs.

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APPENDIX B

SELECTED PROVISIONS OF THE BOND ORDINANCES

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SELECTED PROVISIONS OF THE ORDINANCES

The City will adopt respective Ordinances authorizing the issuance of the Series 2020C Bonds and the Taxable Series 2020D Bonds, which will be in substantially the same form as the ordinances authorizing the outstanding Previously Issued Parity Bonds. Selected provisions of the Ordinances are shown below. The excerpts presented herein do not purport to be complete statements of the Ordinances, and reference is made to the Ordinances for further information in all respects. For purposes of this Summary: (i) the term “Bonds” is intended to be inclusive of the Series 2020C Bonds and the Taxable Series 2020D Bonds and (ii) the term “Ordinance” is intended to be inclusive of the Series 2020C Bond Ordinance and the Taxable Series 2020D Ordinance, except where the context of the use of such terms indicates otherwise.

Section 7. **DEFINITIONS**. That the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

The term "Additional Bonds" shall mean the additional parity revenue bonds which the City reserves the right to issue in the future, as provided in this Ordinance.

The term "Amortization Installment", with respect to any Term Bonds of any Previously Issued Parity Bonds, any of the Bonds designated in this Ordinance as Term Bonds, or any series of Additional Bonds, shall mean the amount of money which is required to be deposited into the Mandatory Redemption Account referred to in Section 10(b) of this Ordinance for retirement of such Term Bonds (whether at maturity or by mandatory redemption and including redemption premium, if any), provided that the total Amortization Installments for such Term Bonds shall be sufficient to provide for retirement of the aggregate principal amount of such Term Bonds.

The term "Authorized Denomination" shall mean $5,000 or any integral multiple thereof.

The term "Bonds" shall mean, collectively, (i) the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2020C and (ii) the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2020D, each authorized to be issued by the Ordinance.

The term "Business Day" shall mean a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Trust Office of the Paying Agent/Registrar is located.

The term "Chapter 9" shall mean Chapter 9, Texas Business & Commerce Code, as amended.

The term "Chapter 1206" shall mean Chapter 1206, Texas Government Code, as amended.

The term "Chapter 1207" shall mean Chapter 1207, Texas Government Code, as amended.

The term "Chapter 1208" shall mean Chapter 1208, Texas Government Code, as amended.

The term "Chapter 2256" shall mean Chapter 2256, Texas Government Code.

The terms "City" and "Issuer" shall mean the City of Dallas, Texas.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

The term "Commercial Paper Notes" shall mean the City's Waterworks and Sewer System Commercial Paper Notes, Series D and Series E, authorized to be outstanding from time to time and at any one time in the aggregate principal amount of $600,000,000.

The term "Designated Trust Office" shall mean the designated corporate trust office of the Paying Agent/Registrar.

The term "DTC" shall mean The Depository Trust Company, New York, New York.

The term "DTC Participant" shall mean the securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

The terms "Gross Revenues of the City's Combined Waterworks and Sewer System" and "Gross Revenues" shall mean all revenues, income, and receipts of every nature derived or received by the City from the operation and ownership of the System, including the interest income from the investment or deposit of money in any Fund created by this Ordinance, or maintained by the City in connection with the System.

The term "Interest and Sinking Fund" shall have the meaning as set forth in Section 10(a) of this Ordinance.

The term "MAC" shall mean the Municipal Advisory Council of Texas.

The term "MSRB" shall mean the Municipal Securities Rulemaking Board.

The terms "Net Revenues of the City's Combined Waterworks and Sewer System" and "Net Revenues" shall mean all Gross Revenues after deducting and paying the current expenses of operation and maintenance of the System, as required by Section 1502.056, Texas Government Code, including all salaries, labor, materials, interest, repairs, and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised by the adoption of the appropriate resolution, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Previously Issued Parity Bonds, the Bonds or Additional Bonds, shall be deducted in determining "Net Revenues". Payments made by the City for water supply or treatment of sewage which constitute under the law operation and maintenance expense shall be considered herein as expenses incurred in the operation and maintenance of the System. Depreciation and any payments to the City in lieu of ad valorem taxes and any other similar payments shall never be considered as an expense of operation and maintenance.

The term "Ordinance" shall mean, collectively, the ordinances authorizing the issuance of the Bonds.

The term "Paying Agent/Registrar" shall mean UMB Bank, N.A., or any successor thereto named in accordance with this Ordinance.

The term "Pledged Revenues" shall mean

(1) the Net Revenues, plus

(2) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Previously Issued Parity Bonds, Bonds or Additional Bonds.

The term "Previously Issued Parity Bonds" shall mean the Series 2009B Bonds, the Series 2009C Bonds, the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012A Bonds, the Series 2012B Bonds, the Series 2013 Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2016B Bonds, the Series 2017 Bonds, the Series 2018A Bonds, the Series 2018B Bonds, the Series 2018C Bonds, the Series 2019A Bonds, the Series 2019B Bonds, the Series 2020A Bonds and the Series 2020B Bonds.

The term "Registration Books" shall mean the books or records of the registration and transfer of the Bonds.

The term "Reserve Fund" shall have the meaning as set forth in Section 11 of this Ordinance.

The term "Revenue Fund" shall have the meaning as set forth in Section 9 of this Ordinance.

The term "Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "SEC" shall mean the United States Securities and Exchange Commission.

The term "Series 1981 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 1981, dated April 1, 1981, and authorized by ordinance of the City passed April 1, 1981; the term "Series 2009B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2009B, dated February 1, 2009, and authorized by ordinance of the City passed February 11, 2009; the term "Series 2009C Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2009C, dated February 1, 2009, and authorized by ordinance of the City passed February 11, 2009; the term "Series 2010 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2010, dated June 15, 2010, and authorized by ordinance of the City passed June 9, 2010; the term "Series 2011 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2011, dated July 26, 2011, and authorized by ordinance of the City passed June 23, 2011; the term "Series 2012A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2012A, dated September 19, 2012, and authorized by ordinance of the City passed August 8, 2012; the term "Series 2012B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2012B, dated September 19, 2012, and authorized by ordinance of the City passed August 8, 2012; the term "Series 2013 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2013, dated September 17, 2013, and authorized by ordinance of the City passed August 14, 2013; the term "Series 2015A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2015A, dated March 25, 2015, and authorized by ordinance of the City passed February 25, 2015; the term "Series 2015B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2015B, dated March 25, 2015, and authorized by ordinance of the City passed February 25, 2015; the term "Series 2016A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2016A, dated July 7, 2016, and authorized by ordinance of the City passed June 15, 2016; the term "Series 2016B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Taxable Series 2016B, dated July 7, 2016, and authorized by ordinance of the City passed June 15, 2016; the term "Series 2017 Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2017, dated August 17, 2017, and authorized by ordinance of the City passed June 14, 2017; the term "Series 2018A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2018A, dated April 1, 2018, and authorized by ordinance of the City passed April 11, 2018; the term "Series 2018B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2018B, dated April 1, 2018, and authorized by ordinance of the City passed April 11, 2018; the term "Series 2018C Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2018C, dated September 26, 2018, and authorized by ordinance of the City passed August 8, 2018; the term "Series 2019A Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2019A, dated April 1, 2019, and authorized by ordinance of the City passed April 10, 2019; the term "Series 2019B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2019B, dated April 1, 2019, and authorized by ordinance of the City passed April 10, 2019; the term "Series 2020B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2020B, dated April 1, 2020, and authorized by ordinance of the City passed April 8, 2020; and the term "Series 2020B Bonds" shall mean the City of Dallas, Texas Waterworks and Sewer System Revenue Bonds, Series 2020B, dated April 1, 2020, and authorized by ordinance of the City passed April 8, 2020.

The term "System" shall mean and include the City's combined existing waterworks and sewer system, together with all future extensions, improvements, enlargements, and additions thereto, and all replacements thereof; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term System shall not include any waterworks or sewer facilities which are declared not to be a part of the System and which are acquired or constructed by the City with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being special revenue obligations of the City which are not secured by or payable from the Pledged Revenues as defined herein, but which are secured by and payable solely from special contract revenues or payments received from any other legal entity in connection with such facilities; and such revenues or payments shall not be considered as or constitute Gross Revenues of the System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds".

The term "Term Bonds" means those Bonds (if any) so designated in this Ordinance, and those Previously Issued Parity Bonds or Additional Bonds so designated in the ordinances authorizing such bonds, which shall be subject to retirement by operation of the Mandatory Redemption Account referred to in Section 10(b) of this Ordinance.

The term "Year" shall mean the regular fiscal year used by the City in connection with the operation of the System, which may be any twelve consecutive months period established by the City.

Section 8. **PLEDGE**. (a) That the Previously Issued Parity Bonds, the Bonds and any Additional Bonds, and any interest payable thereon, are and shall be secured by and payable from an irrevocable first lien on and pledge of the Pledged Revenues; and the Pledged Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Sinking Fund and the Reserve Fund as hereinafter provided. The Previously Issued Parity Bonds, the Bonds and any Additional Bonds are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any real, personal or mixed properties constituting the System.

(b) That Chapter 1208 applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the City is to be subject to the filing requirements of Chapter 9, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 and enable a filing to perfect the security interest in said pledge to occur.

Section 9. **REVENUE FUND**. That there has been created and established on the books of the City, and accounted for separate and apart from all other funds of the City, a special fund entitled the "City of Dallas, Texas, Waterworks and Sewer System Revenue Fund" (the "Revenue Fund"). All Gross Revenues are and shall be credited to the Revenue Fund immediately upon receipt. All current expenses of operation and maintenance of the System are and shall be paid from such Gross Revenues as a first charge against same.

Section 10. **INTEREST AND SINKING FUND**. (a) That for the sole purpose of paying the principal of and interest on the Previously Issued Parity Bonds, the Bonds and any Additional Bonds, as the same come due, there has been created and established on the books of the City a separate fund entitled the "City of Dallas, Texas, Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund" (the "Interest and Sinking Fund"). Monies in the Interest and Sinking Fund are and shall be maintained at an official depository bank of the City.

(b) That within the Interest and Sinking Fund there has been established the Mandatory Redemption Account, into which account shall be credited the Amortization Installments which shall be used for the payment of the principal of Term Bonds as the same shall come due, whether by maturity thereof or by redemption, through the operation of the Mandatory Redemption Account.

Section 11. **RESERVE FUND**. That there has been created and established on the books of the City a separate fund entitled the "City of Dallas, Texas, Waterworks and Sewer System Revenue Bonds Reserve Fund" (the "Reserve Fund"). Monies in the Reserve Fund shall be used solely for the purpose of retiring the last of any Previously Issued Parity Bonds, Bonds or Additional Bonds as they become due or paying principal of and interest on any Previously Issued Parity Bonds, Bonds or Additional Bonds when and to the extent the amounts in the Interest and Sinking Fund are insufficient for such purpose. Monies in the Reserve Fund shall be maintained at an official depository bank of the City.

Section 12. **DEPOSITS OF PLEDGED REVENUES; INVESTMENTS**. (a) **Deposits.** That the Pledged Revenues shall be deposited in the Interest and Sinking Fund and the Reserve Fund when and as required by ordinances authorizing Previously Issued Parity Bonds and by this Ordinance.

(b) **Investments.** That money in any Fund established by this Ordinance or by ordinances authorizing Previously Issued Parity Bonds may, at the option of the City, be invested in Authorized Investments; provided, however, that all such deposits and investments shall have a par value (or market value when less than par) exclusive of accrued interest at all times at least equal to the amount of money credited to such Funds, and shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Money in the Reserve Fund shall not be invested in securities maturing later than the final maturity of the Previously Issued Parity Bonds, the Bonds, and Additional Bonds. Such investments shall be valued in terms of current market value as of the last day of each Year, except that direct obligations of the United States (State and Local Government Series) in book-entry form shall be continuously valued at their par or face principal amount. Such investments shall be sold promptly when necessary to prevent any default in connection with the Previously Issued Parity Bonds, the Bonds or Additional Bonds. As used in this Section, the term "Authorized Investments" shall mean those investments in which the City is now or hereafter authorized by law, including, but not limited to, Chapter 2256, and consistent with the City's investment policy adopted and approved from time to time by the City Council pursuant to the provisions of Chapter 2256, to purchase, sell and invest its funds and funds under its control.

Section 13. **FUNDS SECURED**. That money in all Funds created by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

Section 14. **DEBT SERVICE REQUIREMENTS**. (a) **Deposit of Any Accrued Interest.** That promptly after the delivery of the Bonds the City shall cause to be deposited to the credit of the Interest and Sinking Fund any accrued interest received from the sale and delivery of the Bonds, and any such deposit shall be used to pay part of the interest next coming due on the Bonds.

(b) **Transfers to Interest and Sinking Fund.** That in addition to all amounts heretofore required to be transferred from the Pledged Revenues and deposited to the credit of the Interest and Sinking Fund by the ordinances authorizing the issuance of the Previously Issued Parity Bonds, the City shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Sinking Fund the amounts, at the times, as follows:

> (1) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 25th day thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and
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> (2) such amounts, deposited in approximately equal monthly installments on or before the 25th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 25th day thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Sinking Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date.

Section 15. **RESERVE REQUIREMENTS**. That the Reserve Fund shall be maintained in an amount equal to the average annual principal and interest requirements (including Amortization Installments) of the Previously Issued Parity Bonds, the Bonds and Additional Bonds (the "Required Amount"). When and so long as the money and investments in the Reserve Fund are not less than the Required Amount, no deposits need be made to the credit of the Reserve Fund. When and if the Reserve Fund contains less than the Required Amount due to the issuance of the Bonds or Additional Bonds, beginning on the 25th day of the month following the delivery of the Bonds or Additional Bonds to the purchasers thereof, and continuing for sixty months, the City shall transfer from the Pledged Revenues and deposit to the credit of the Reserve Fund an amount equal to 1/60th of the difference determined as of such delivery date between the amount in the Reserve Fund and the Required Amount. When and if the Reserve Fund at any time contains less than the Required Amount due to any cause or condition other than the issuance of Additional Bonds, then, subject and subordinate to making the required deposits to the credit of the Interest and Sinking Fund, such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose. The City may, at its option, withdraw and use for any lawful purpose not inconsistent with the City's Charter, all surplus in the Reserve Fund over the Required Amount.

Section 16. **DEFICIENCIES; EXCESS PLEDGED REVENUES**. (a) **Deficiencies.** That if on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Sinking Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) **Excess Pledged Revenues.** That, subject to making the required deposits to the credit of the Interest and Sinking Fund and the Reserve Fund when and as required by this Ordinance, or any ordinance authorizing the issuance of Previously Issued Parity Bonds or Additional Bonds, the excess Pledged Revenues may be used by the City for any lawful purpose not inconsistent with the City's Charter.

Section 17. **PAYMENT OF THE BONDS AND ADDITIONAL BONDS**. That on or before October 1, 2020, and semiannually on or before each April 1 and October 1 thereafter while any of the Previously Issued Parity Bonds, the Bonds or Additional Bonds are outstanding and unpaid, the City shall make available to the paying agents therefor (including the Paying Agent/Registrar), out of the Interest and Sinking Fund and the Reserve Fund (if necessary), money sufficient to pay such interest on and such principal of the Previously Issued Parity Bonds, the Bonds and Additional Bonds as shall become due on such dates, respectively, at maturity or by redemption prior to maturity. The aforesaid paying agents (including the Paying Agent/Registrar) shall destroy all paid Previously Issued Parity Bonds, Bonds and Additional Bonds, and furnish the City with an appropriate certificate of cancellation or destruction.

Section 18. **FINAL DEPOSITS; DEFEASANCE SECURITIES**. (a) **Defeasance**. That any Previously Issued Parity Bond, Bond or Additional Bond shall be deemed to be paid, retired and no longer outstanding within the meaning of this Ordinance when payment of the principal of, redemption premium, if any, on such bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for by irrevocably depositing with, or making available to, a paying agent (or escrow agent) therefor, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Defeasance Securities, as hereinafter defined in this Section, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such paying agent pertaining to the bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such paying agent. At such time as a Previously Issued Parity Bond, Bond or Additional Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Ordinance or such other ordinance securing such bond or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Defeasance Securities.

(b) **Investment in Defeasance Securities.** That any moneys so deposited with a paying agent may, at the direction of the City, also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from all Defeasance Securities in the hands of the paying agent pursuant to this Section which is not required for the payment of the Previously Issued Parity Bonds, Bonds and Additional Bonds, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be remitted to the City.

(c) **Not Arbitrage Bonds.** That the City covenants that no deposit will be made or accepted under clause (a)(ii) of this Section and no use will be made of any such deposit which would cause the Previously Issued Parity Bonds, Bonds or any Additional Bonds to be treated as "arbitrage bonds" within the meaning of section 148 of the Code.

(d) **Defeasance Securities Defined.** That for the purpose of this Section, the term "Defeasance Securities" shall mean (i) direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the City provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the City adopts or approves proceedings authorizing the issuance of refunding bonds or, if such defeasance is not in connection with the issuance of refunding bonds, on the date the City provides for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally-recognized investment rating firm not less than "AAA" or its equivalent, or (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

(e) **Payment of Defeased Bonds.** That notwithstanding any other provisions of this Ordinance, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of Previously Issued Parity Bonds, Bonds and Additional Bonds, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of such Previously Issued Parity Bonds, Bonds and Additional Bonds, the redemption premium, if any, and interest thereon.

(f) **Redemption Rights Reserved**. That in accordance with the provisions of Section 1207.033, Texas Government Code, the City may call for redemption, at a date earlier than their scheduled maturities, those Bonds which have been defeased to their maturity date. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Bonds defeased under the terms of this Ordinance that is made in conjunction with the payment arrangements specified in clauses (i) or (ii) of subsection (a) above shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call Bonds so defeased for redemption; (2) the City gives notice of the reservation of that right to the owners of the Bonds so defeased immediately following the making of the payment arrangements; and (3) the City directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 19. **ADDITIONAL BONDS**. (a) **Issuance**. That the City shall have the right and power at any time and from time to time to authorize, issue and deliver additional parity revenue bonds (herein called "Additional Bonds") in one or more series or issues, in accordance with law, in any amounts, for purposes of extending, improving or repairing the System or for the purpose of refunding of any Previously Issued Parity Bonds, Bonds, Additional Bonds or other obligations of the City incurred in connection with the ownership or operation of the System. Such Additional Bonds, if and when authorized, issued and delivered in accordance with this Ordinance, shall be secured by and made payable equally and ratably on a parity with the Previously Issued Parity Bonds, the Bonds, and all other outstanding Additional Bonds, from an irrevocable first lien on and pledge of the Pledged Revenues.

(b) **Funds Secure Additional Bonds**. That the Interest and Sinking Fund and the Reserve Fund established by the ordinance authorizing the Series 1981 Bonds shall secure and be used to pay all Additional Bonds as well as the Previously Issued Parity Bonds and the Bonds. However, each ordinance under which Additional Bonds are issued shall provide and require that, in addition to the amounts required to be deposited to the credit of the Interest and Sinking Fund by the provisions of this Ordinance and the provisions of any other ordinance or ordinances authorizing Additional Bonds, the City shall deposit to the credit of the Interest and Sinking Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements (including Amortization Installments) of all Previously Issued Parity Bonds, Bonds and Additional Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the City, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Bonds, of not less than 1/60th of said required additional amount (or 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

(c) **Calculations**. That all calculations of average annual principal and interest requirements (including Amortization Installments) made pursuant to this Section shall be made as of and from the date of the Additional Bonds then proposed to be issued.

(d) **Payment Dates**. That the principal of all Additional Bonds must be scheduled to be paid or mature on April 1 or October 1 (or both) of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on April 1 and October 1.

Section 20. **FURTHER REQUIREMENTS FOR ADDITIONAL BONDS**. That Additional Bonds shall be issued only in accordance with this Ordinance, but notwithstanding any provisions of this Ordinance to the contrary, no installment, Series or issue of Additional Bonds shall be issued or delivered unless:

(a) **No Default**. The Mayor and the City Secretary of the City sign a written certificate to the effect that the City is not in default as to any covenant, condition or obligation in connection with all outstanding Previously Issued Parity Bonds, the Bonds and Additional Bonds, and the ordinances authorizing same, and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be therein.

(b) **Coverage Certificate**. The Chief Financial Officer of the City signs a written certificate to the effect that, during either the next preceding Year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Additional Bonds, the Net Revenues were, in her or his opinion, at least equal to 1.25 times the average annual principal and interest requirements (computed on a fiscal year basis) including Amortization Installments, of all Previously Issued Parity Bonds, the Bonds and Additional Bonds to be outstanding after the issuance of the then proposed Additional Bonds.

Section 21. **GENERAL COVENANTS**. That the City further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) **Performance**. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance, and each ordinance authorizing the issuance of Previously Issued Parity Bonds and Additional Bonds, and in each and every Previously Issued Parity Bond, Bond and Additional Bond; it will promptly pay or cause to be paid the principal of and interest on every Previously Issued Parity Bond, Bond and Additional Bond, on the dates and in the places and manner prescribed in such ordinances and Previously Issued Parity Bonds, Bonds or Additional Bonds; and it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Sinking Fund and the Reserve Fund; and any holder of the Previously Issued Parity Bonds, Bonds or Additional Bonds may require the City, its officials and employees to carry out, respect or enforce the covenants and obligations of this Ordinance, or any ordinance authorizing the issuance of Additional Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials and employees.

(b) **City's Legal Authority**. It is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) **Title**. It has or will obtain lawful title to the lands, buildings, structures and facilities constituting the System, that it warrants that it will defend the title to all the aforesaid lands, buildings, structures and facilities, and every part thereof, for the benefit of the holders and owners of the Previously Issued Parity Bonds, Bonds and Additional Bonds, against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Previously Issued Parity Bonds, Bonds and Additional Bonds in the manner prescribed herein, and has lawfully exercised such rights.

(d) **Liens**. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments and governmental charges, if any, which shall be lawfully imposed upon it, or the System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) **Operation of System; No Free Service**. It will, while the Previously Issued Parity Bonds, Bonds or any Additional Bonds are outstanding and unpaid, continuously and efficiently operate the System, and shall maintain the System in good condition, repair and working order, all at reasonable cost. No free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value shall be made by the City out of funds from sources other than the revenues of the System, unless made from surplus or excess Pledged Revenues as permitted in Section 16(b) of this Ordinance.

(f) **Further Encumbrance**. It, while the Previously Issued Parity Bonds, Bonds or any Additional Bonds are outstanding and unpaid, will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Ordinance; but the right of the City to issue revenue bonds payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) **Sale or Disposal of Property**. It, while the Previously Issued Parity Bonds, the Bonds or any Additional Bonds are outstanding and unpaid, will not sell, convey, mortgage, encumber, lease or in any manner transfer title to, or otherwise dispose of the System, or any significant or substantial part thereof; provided, however, that whenever the City deems it necessary to dispose of any property, machinery, fixtures or equipment, it may sell or otherwise dispose of such property, machinery, fixtures or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined that no such replacement or substitute is necessary. Proceeds from any sale hereunder not used to replace or provide for substitution of such property sold, shall be used for improvements to the System or to purchase or redeem Previously Issued Parity Bonds, Bonds and Additional Bonds.

(h) **Insurance**. (1) It shall cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies, against risks, accidents or casualties against which, and to the extent, insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney of the City gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the bondholders and their representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(i) for the redemption prior to maturity of the Previously Issued Parity Bonds, the Bonds and Additional Bonds, ratably in the proportion that the outstanding principal of each series of Previously Issued Parity Bonds, Bonds or Additional Bonds bears to the total outstanding principal of all Previously Issued Parity Bonds, Bonds and Additional Bonds, provided that, if on any such occasion the principal of any such series is not subject to redemption, it shall not be regarded as outstanding in making the foregoing computation; or

(ii) if none of the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds is subject to redemption, then for the purchase on the open market and retirement of said Previously Issued Parity Bonds, Bonds and Additional Bonds in the same proportion as prescribed in the foregoing clause (i), to the extent practicable; provided, however, that the purchase price for any Previously Issued Parity Bond, Bond or Additional Bond shall not exceed the redemption price of such Previously Issued Parity Bond, Bond or Additional Bond on the first date upon which it becomes subject to redemption; or

(iii) to the extent that the foregoing clauses (i) and (ii) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the City, to be designated the "City of Dallas, Texas Waterworks and Sewer System Revenue Bonds Insurance Account" (the "Insurance Account"). The Insurance Account shall be held until such time as the foregoing clauses (i) and/or (ii) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(2) The foregoing provisions of (1) above notwithstanding, the City shall have authority to enter into coinsurance or similar plans where risk of loss is shared in whole or in part by the City.

(3) The annual audit hereinafter required shall contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(i) **Rate Covenant**. The City Council of the City will fix, establish, maintain and collect such rates, charges and fees for the use and availability of the System at all times as are necessary to produce Gross Revenues sufficient, (1) to pay all current operation and maintenance expenses of the System, (2) to produce Net Revenues for each Year at least equal to 1.25 times the principal and interest requirements (including Amortization Installments) of all then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds for the Year during which such requirements are scheduled to be the greatest, and (3) to pay all other obligations of the System.

(j) **Records**. It will keep proper books of record and account in which full, true and correct entries will be made of all dealings, activities and transactions relating to the System, the Pledged Revenues and the Funds created pursuant to this Ordinance, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholders.

(k) **Audits**. After the close of each Year while any of the Previously Issued Parity Bonds, Bonds or any Additional Bonds are outstanding, an audit will be made of the books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant or an independent firm of certified public accountants. As soon as practicable after the close of each such Year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding Year shall be mailed to the MAC and to any holder of 5% or more in aggregate principal amount of then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds who shall so request in writing. Such annual audit reports shall be open to the inspection of the bondholders and their agents and representatives at all reasonable times.

(l) **Governmental Agencies**. It will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

(m) **No Competition**. It will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System's facilities, and, to the extent that it legally may, the City will prohibit any such competing facilities.

Section 22. **AMENDMENT OF ORDINANCE**. (a) **Approval**. That the holders of the Previously Issued Parity Bonds, Bonds and Additional Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that without the consent of the holders of all of the Previously Issued Parity Bonds, Bonds and Additional Bonds at the time outstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Previously Issued Parity Bonds, Bonds or Additional Bonds so as to:

(1) Make any change in the maturity of the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds;

(2) Reduce the rate of interest borne by any of the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds;

(3) Reduce the amount of the principal payable on the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds;

(4) Modify the terms of payment of principal of or interest on the outstanding Previously Issued Parity Bonds, Bonds or Additional Bonds or impose any conditions with respect to such payment;

(5) Affect the rights of the holders of less than all of the Previously Issued Parity Bonds, Bonds and Additional Bonds then outstanding; or

(6) Change the minimum percentage of the principal amount of Previously Issued Parity Bonds, Bonds and Additional Bonds necessary for consent to such amendment.

(b) **Notice**. That if at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all holders of Previously Issued Parity Bonds, Bonds and Additional Bonds. Such publication is not required, however, if notice in writing is given to each holder of Previously Issued Parity Bonds, Bonds and Additional Bonds.

(c) **Consent**. That whenever at any time not less than thirty days, and within one year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all Previously Issued Parity Bonds, Bonds and Additional Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council may pass the amendatory ordinance in substantially the same form.

(d) **Effective Date**. That upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under the Ordinance of the City and all the holders of then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) **Consent Irrevocable**. That any consent given by the holder of a Previously Issued Parity Bond, Bond or Additional Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication of the notice or other service of written notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Previously Issued Parity Bond, Bond or Additional Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice or other service of written notice by the holder who gave such consent, or by a successor in title, by filing notice thereof with the paying agent/registrar therefor and the City, but such revocation shall not be effective if the holders, identified in accordance with subsection (f) of this Section, of 51% in aggregate principal amount of the then outstanding Previously Issued Parity Bonds, Bonds and Additional Bonds have, prior to the attempted revocation, consented to and approve the amendment.

(f) **Ownership**. That for the purpose of this Section, the fact of the holding of Previously Issued Parity Bonds, Bonds, or Additional Bonds issued in registered form without coupons and the amounts and numbers of such Previously Issued Parity Bonds, Bonds or Additional Bonds and the date of their holding same shall be proved by the bond registration books of the paying agent/registrar therefor. For purposes of this Section, the holder of a Previously Issued Parity Bond, Bond or Additional Bond in such registered form shall be the owner thereof as shown on such registration books. The City may conclusively assume that such ownership continues until written notice to the contrary is served upon the City.

(g) **Certain Amendments**. The foregoing provisions of this Section notwithstanding, the City by action of the City Council may amend this Ordinance for any one or more of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to bondholders or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(2) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, including, without limitation, those matters described in clause (vi) of this Ordinance as described under CONTINUING DISCLOSURE UNDERTAKING – Limitations, Disclaimers, and Amendments, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the holders of the Previously Issued Parity Bonds, Bonds or Additional Bonds;

(3) To modify any of the provisions of this Ordinance in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Previously Issued Parity Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding, and (ii) such modification shall be specifically referred to in the text of all Additional Bonds issued after the date of the adoption of such modification.

Section 26. **CONTINUING DISCLOSURE UNDERTAKING**. (a) **Annual Reports.** (i) That the City shall provide annually to the MSRB, within six months after the end of each Year ending in or after 2020, financial information and operating data with respect to the City of the general type included in the final official statement for the Bonds authorized by this Ordinance, being the information described in Exhibit B thereto (as such information may be amended or supplemented by the City Manager or the Chief Financial Officer of the City to conform Exhibit B to the final official statement prepared in connection with the sale of the Bonds). The City will additionally provide audited annual financial statements of the City, when and if available, and in any event, within twelve (12) months after the end of each Year ending in or after 2020. If audited financial statements are not available by the end of the twelve (12) month period, then the City shall provide notice that the audited financial statements are not available, shall provide unaudited financial information of the type described in the numbered tables referenced in Exhibit B hereto by the required time, and will provide audited financial statements for the applicable Year to the MSRB, when and if the audit report on such statements become available. Such information shall be transmitted electronically to the MSRB, in such format as prescribed by the MSRB.

(ii) If the Year is changed by the City, the City will notify the MSRB of such change (and of the date of the new end of the Year) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(b) **Disclosure Event Notices.** That the City shall notify the MSRB of any of the following events with respect to the Bonds, in a timely manner not in excess of ten Business Days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or other similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;
15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Obligated Person, and which reflect financial difficulties.

As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the City, or if jurisdiction has been assumed by leaving the City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

As used in clauses 15 and 16 above, the term "Financial Obligation" means: (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii); however, the term Financial Obligation shall not include Municipal Securities as to which a final official statement has been provided to the MSRB consistent with the Rule; the term "Municipal Securities" means securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a state or any political subdivision thereof, or any agency or instrumentality of a state or any political subdivision thereof, or any municipal corporate instrumentality of one or more states and any other Municipal Securities described by Section 3(a)(29) of the Securities Exchange Act of 1934, as the same may be amended from time to time; and the term "Obligated Person" means the City.

(c) **Limitations, Disclaimers, and Amendments.** (i) That the City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation in accordance with the Rule as amended.

(vi) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (A) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 28. **DEFAULT AND REMEDIES**. (a) **Events of Default**. That each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any registered owner to the City.

(b) **Remedies for Default**.

(i) Upon the happening of any Event of Default, then and in every case, any registered owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City, or any official, officer or employee of the City in their official capacity, for the purpose of protecting and enforcing the rights of the registered owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the registered owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all registered owners of Bonds then outstanding.

(c) **Remedies Not Exclusive**.

(i) That no remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such registered owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the registered owners with any liability, or be held personally liable to the registered owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

Exhibit B to Ordinance

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified below (and included in the Appendix or under the headings of the Official Statement referred to):

Tables 1 through 9 under the Official Statement Section entitled "THE WATER AND WASTEWATER SYSTEM".

Tables 10 through 12 under the Official Statement Section entitled "DEBT INFORMATION".

Tables 13 through 17 under the Official Statement Section entitled "FINANCIAL INFORMATION".

"Excerpts from the Consolidated Annual Financial Report", as set forth in Appendix C to the Official Statement.

Accounting Principles

The accounting principles referred to in such Section are described in the notes to the financial statements referred to in Appendix C described above.

APPENDIX C

EXCERPTS FROM THE FY 2019 COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2019

The information contained in this Appendix consists of the City of Dallas, Texas Financial Statements for the Year Ended September 30, 2019, and is not intended to be a complete statement of the financial condition of the City of Dallas.

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City of Dallas, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2019

CITY OF DALLAS, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended September 30, 2019

Issued by
City Controller's Office

M. Elizabeth Reich, Chief Financial Officer
Sheri Kowalski, CPA, CHC, CIA, CISA, City Controller
Lance Sehorn, CPA, CGMA, Assistant City Controller
Jenifer West, Financial Reporting Manager

Dennis Clotworthy
Prakash Gautam
Nancy Hong
Bethlehem Kassa
Theresa Lu
Joseph Tran, CPA
Adam Wong
Rowena Zhang, CFA, CPA

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

CITY OF DALLAS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019
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“Our Product is Service”

Empathy | Ethics | Excellence | Equity

INTRODUCTORY SECTION

City of Dallas

March 13, 2020

Honorable Mayor, City Council members, and residents of Dallas:

We are pleased to present the City of Dallas' Comprehensive Annual Financial Report (CAFR) for the fiscal year (FY) ended September 30, 2019. The City of Dallas and our dedicated financial management staff are committed to being responsible stewards of the funds our residents and taxpayers entrust to us. We have produced this CAFR to help the public better understand the City, our operations, and our finances.

We are proud to announce we received an unmodified (clean) audit opinion on our financial statements this year from our external auditor, Grant Thornton, LLP. We can provide reasonable assurance the financial information contained in this report is complete, reliable, and accurate.

We present the CAFR in three sections:

- The **Introductory Section** provides this transmittal letter, a list of City officials, and an organizational chart.
- The report from our external auditor, Grant Thornton LLP, is located at the front of the **Financial Section**, followed by Management's Discussion and Analysis (MD&A) and the annual financial statements. The MD&A includes a narrative introduction, overview, and analysis of the basic financial statements and should be read in conjunction with this transmittal letter.
- The **Statistical Section** presents selected financial and demographic information.

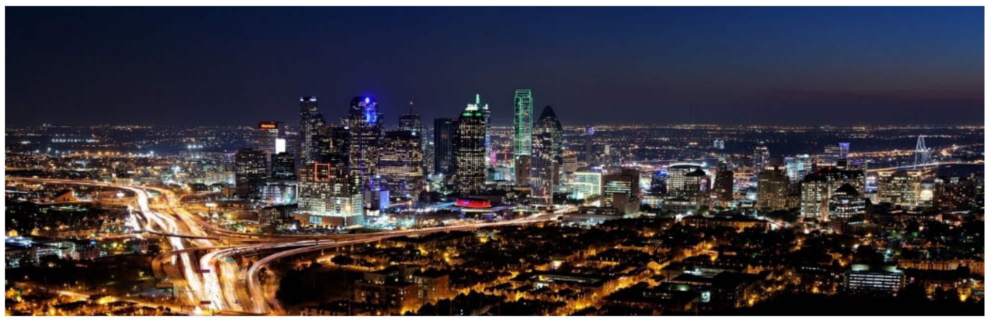
We wish to take this opportunity to thank the staff of the City Controller's Office, as well as staff with financial management roles in all departments, for their dedication to excellence, transparency, and accountability. We could not have produced this CAFR without them. We appreciate the guidance of the Executive Finance and Controls Committee, as well as the assistance of the Office of Economic Development and the Department of Information and Technology Services, which provided the necessary data to prepare this report. We look forward to implementing even stronger fiscal policies and practices to provide Dallas residents and taxpayers the maximum value for the resources entrusted to us.

Finally, our thanks to the Mayor and members of the City Council for their support in maintaining the highest standards of professionalism in the management of the financial operations of the City.

ABOUT DALLAS

HISTORY

Established as a permanent settlement in 1841 by John Neely Bryan, Dallas quickly grew to serve the surrounding rural areas and secured rail lines, which were a catalyst for further economic expansion. Dallas was incorporated in 1856, and by the 1860 census had a population of about 700. Today, Dallas is the ninth largest city in the nation and the largest local economy in the nation's fourth largest metropolitan area. At approximately 385 square miles, Dallas is spread across four counties (Dallas, Collin, Denton, and Rockwall).



The city is home to 1,301,970 people (as of July 1, 2018), and the Dallas-Fort Worth-Arlington metropolitan area increased by nearly 132,000 people from July 1, 2017 to July 1, 2018—the largest change of any metro area in the nation.[1,2] Further, Collin, Dallas, Denton, and Tarrant counties were in the top 10 largest-gaining counties in the U.S.[3]

Dallas attracts both domestic and international immigration. In 2018, foreign-born residents made up 24.6 percent of the city's overall population and 32 percent of the employed labor force.[4] Dallas' median household income in FY 2019 was $51,419 and per capita income was $31,111.[5]

Dallas has a council-manager form of government with 14 single-district City Council members and a Mayor elected at-large. The Mayor and City Council appoint the City Manager, City Attorney, City Auditor, City Secretary, and Municipal Court judges. The City provides a full range of municipal services established by statute or charter, including police and fire, infrastructure, culture and recreation, libraries, planning and zoning, and general administration. Additionally, Dallas Water Utilities, Airport Revenues, Convention Center, Sanitation Services, and several other enterprise and internal service fund activities are part of the City's legal entity. Refer to *Financial Information* in this transmittal letter for more information.

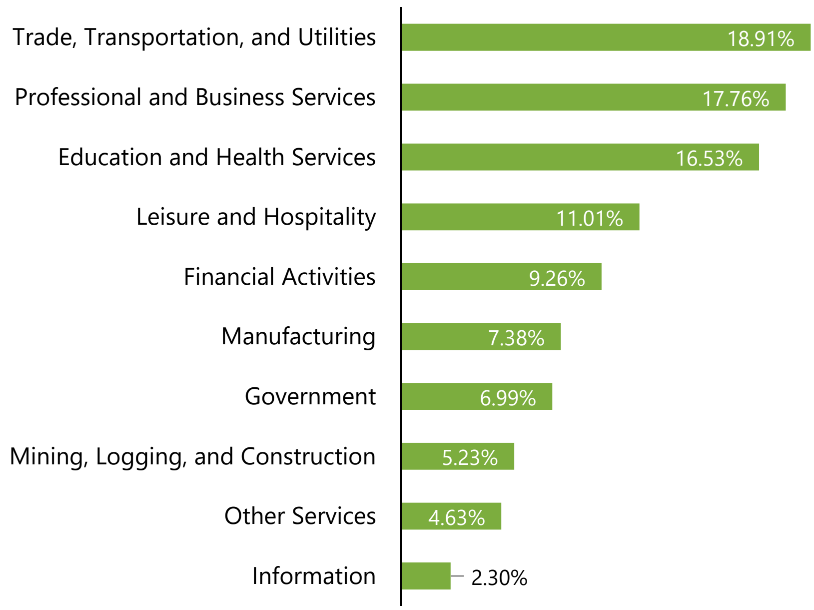
[1] U.S. Census Bureau, Annual Estimates of the Resident Population, released May 2019
[2] U.S. Census Bureau, Estimates of Resident Population Change and Rankings, released April 2019
[3] Ibid.
[4] 2018 American Community Survey 5-Year Estimates (S0501)
[5] 2018 American Community Survey 5-Year Estimates (B19013 and B19301)

ABOUT DALLAS

ECONOMY

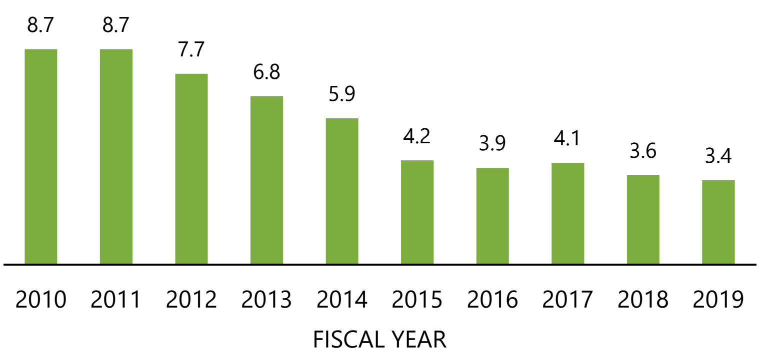
Overall, the city's economic outlook remains strong. Dallas has a diverse industry mix that continues to create jobs, resulting in a low unemployment rate. Further, Dallas' home values continue to rise.

Figure 1.
Dallas Employment by Industry



The city is home to more than 80,000 businesses.[6] Dallas' various employment opportunities continue to support steady and progressive local economic growth and dampen the negative effects of any single industry downturn. The Trade, Transportation, and Utilities sector remained the largest industry by employment in FY 2019, followed closely by Professional and Business Services and Education and Health Services.[7]

Figure 2.
Dallas Unemployment Rate
(percent)



The Dallas monthly labor force (Dallas residents only) averaged 706,339 during FY 2019. The monthly average of residents who were unemployed during this fiscal year was 24,144. Dallas' FY 2019 unemployment rate was 3.4 percent, below the U.S. average of 3.7 percent. In fact, the Dallas rate has remained at or below the U.S. average for more than 140 consecutive months. [8,9,10]

[6] ReferenceUSA Estimates 2019

[7] Estimated using data from ReferenceUSA and U.S. Bureau of Labor Statistics, Dallas-Plano-Irving Metropolitan Division

[8] U.S. Bureau of Labor Statistics (non-seasonally adjusted values)

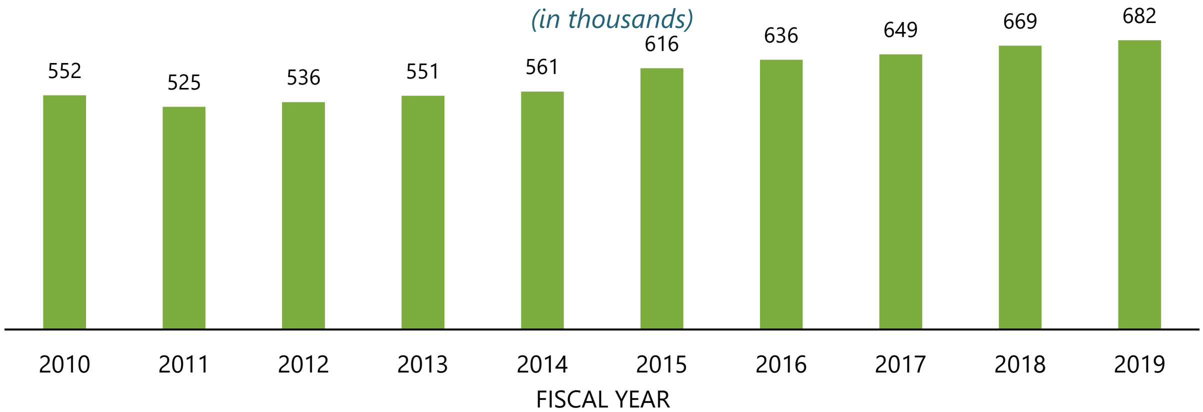
[9] Texas Workforce Commission (TWC) and U.S. Bureau of Labor Statistics

[10] The estimates in Figures 2-7 reflect data as of the publication date of each year's CAFR. Data is not adjusted from year to year.

ABOUT DALLAS

The number of employed Dallas residents also increased during the fiscal year; about 682,195 Dallas residents were working in FY 2019, compared to 669,080 in FY 2018.[11]

Figure 3.
Dallas Household Employment
(in thousands)



In FY 2019, the annual value of all construction permits was about $4.7 billion. New construction values increased from the previous year by approximately 4.7 percent.[12]

Dallas has more than 136 million square feet of office space, 210 million square feet of industrial/flex space, and 81 million square feet of retail space.[13]

Figure 4.
Dallas Building Activity
(in billions $)

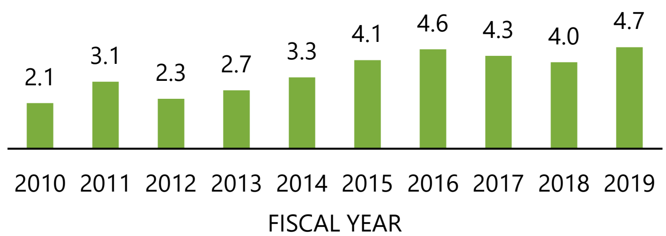
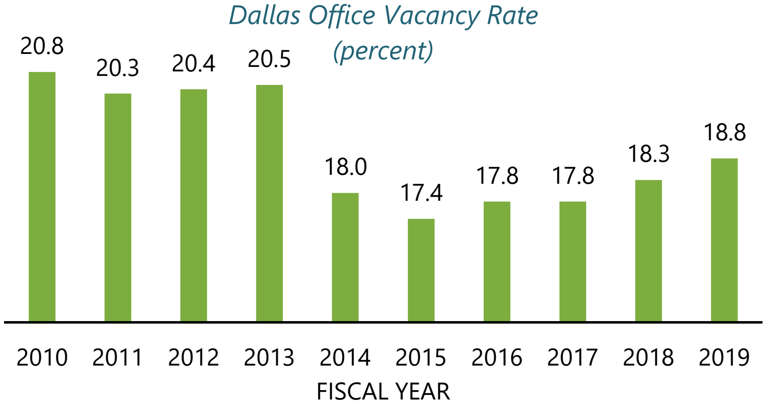


Figure 5.
Dallas Office Vacancy Rate
(percent)



Office vacancy rates increased again slightly in FY 2019, and construction activity grew to meet employment gains in the Professional and Business Services, Education and Health Services, and Financial Services industries. The City expects vacancy rates to remain relatively steady next year.[14]

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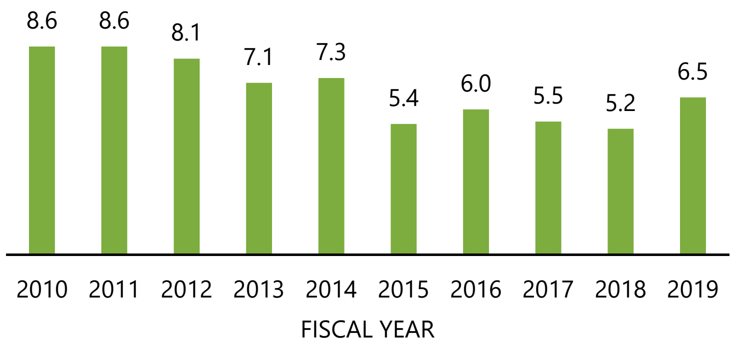
[11] U.S. Bureau of Labor Statistics (non-seasonally adjusted values)
[12] City of Dallas Department of Sustainable Development and Construction and City of Dallas FY 2019-20 Budget
[13] CoStar, December 2019
[14] TWC and ReferenceUSA

ABOUT DALLAS

Figure 6.
Dallas Industrial Vacancy Rate
(percent)

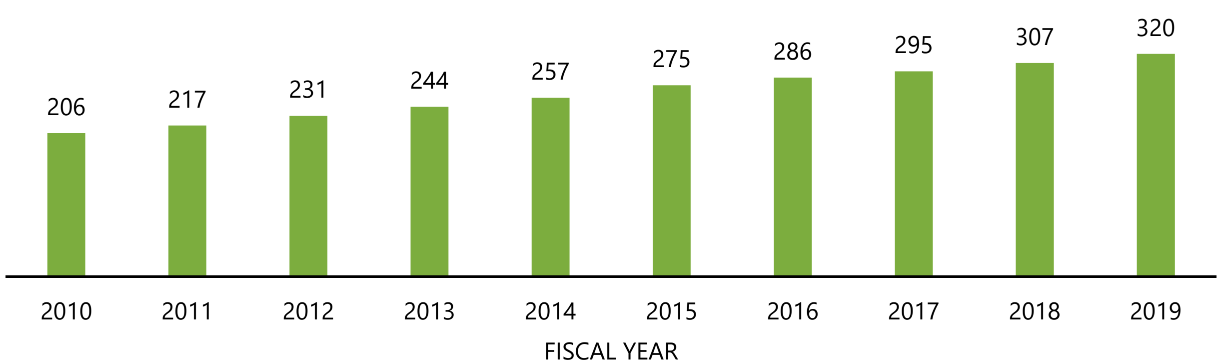


The industrial vacancy rate increased to 6.5 percent in FY 2019, due to continued increases in delivered space. Economic growth in distribution activity increased Dallas' demand for warehousing and production space. With a market response of more than 210.4 million square feet of space delivered, the city's inventory increased 2 percent. Projections for industrial space include a slight increase in vacancy next year.[15]

Progress continued during FY 2019 at the International Inland Port of Dallas, a major logistics hub (warehouse, distribution, and ecommerce) in the southeast quadrant of the city. The approximately 7,500 acres—2,500 of which are within the city limits—will house more than 60 million square feet of industrial and warehouse space upon completion. 36 million square feet are currently built or under construction, with more than 10 million square feet in the city of Dallas.

Sales tax revenue increased for the eighth consecutive year since the Great Recession (from 2007-2009). During FY 2019, total City sales tax revenues grew to more than $320 million, a 55 percent increase since FY 2010.[16]

Figure 7.
Dallas Sales Tax Revenue
(in millions $)



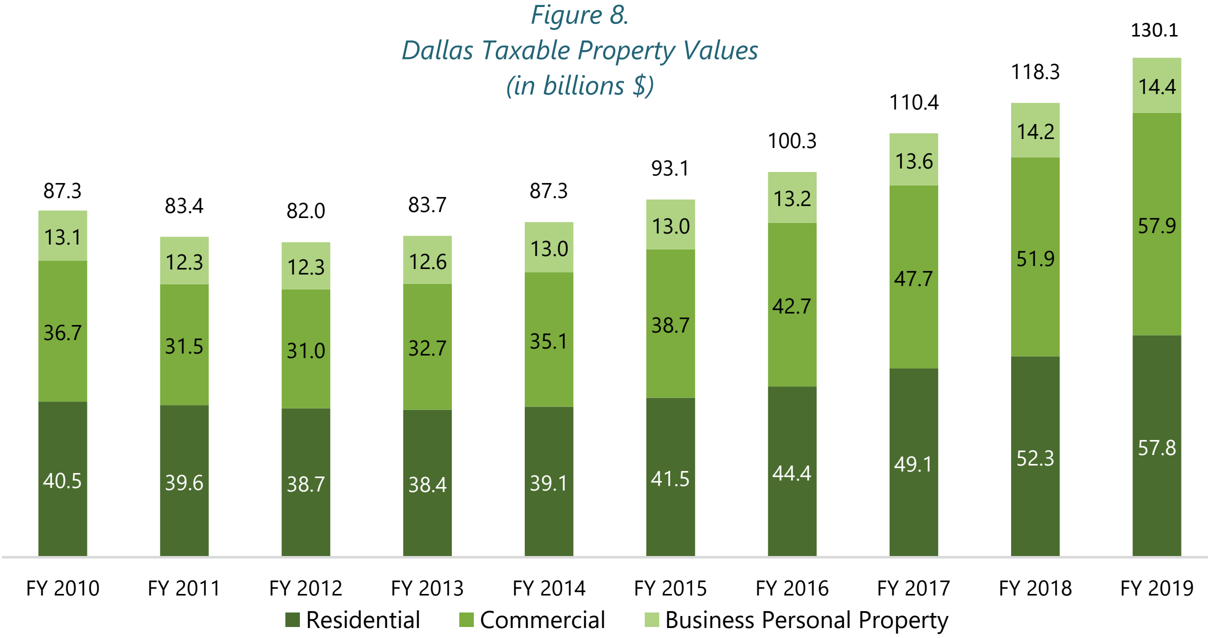
[15] CoStar
[16] Office of Budget

ABOUT DALLAS

The total property tax base value, including business personal property (BPP), increased to $130.1 billion in FY 2019 from $118.3 billion in FY 2018, a 9.94 percent increase. FY 2019 is the seventh consecutive year of growth after three years of declining values due to the recession.[17]

Dallas' commercial tax base grew 11.7 percent to $57.9 billion in FY 2019. This reflects continued strong post-recession job growth, resulting in demand for commercial space.[18] The residential tax base increased approximately 10.6 percent to $57.8 billion. Dallas' increased valuations reflect continued inward migration and a diverse housing stock that can accommodate various household needs.

Figure 8.
Dallas Taxable Property Values
(in billions $)



The effects of growth in FY 2019 can be seen across Dallas. More than 12,000 residential units were either available or under construction, supporting an estimated downtown residential population of nearly 12,000, an increase of 50 percent since 2013. In a 2.5-mile radius from the Central Business District (CBD) midpoint, the resident count increases to more than 75,000, a 78.6 percent increase since 2013.[19]

Completed development projects include the Victor Prosper Apartments, which opened in late fall 2018 at Davis Street and Zang Boulevard with 216 units and 27,302 square feet of retail space adjacent to the Bishop Arts stop for the Dallas Streetcar. Novel Bishop Arts Apartments at 101 Davis Street also added 302 units and 22,572 square feet of retail space along the streetcar line.

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[17] Office of Budget
[18] Office of Budget
[19] Downtown Dallas Inc.

ABOUT DALLAS

In the Deep Ellum area, the Epic (Phase I) at Elm Street and Good Latimer Boulevard was completed with 251,600 square feet of office space and 49,382 square feet of retail space.

The Lakeridge Village Shopping Center renovation in the Lake Highlands area upgraded 90,476 square feet of retail space, more than doubling its taxable value. The project also replaced much of the impervious parking lot with 8,000 square feet of public open space. The Urban Land Institute awarded the City and SHOP Development the 2019 "Next Big Idea" award for three local projects, including this one.

Projects finished in FY 2019 as part of the Farmers Market redevelopment include the Harvest Lofts with 240 apartments and 16,000 square feet of retail space, along with parking for the project and the general public, Taylor Lofts with 60 residential units and 25,000 square feet of commercial space, new futsal courts, and a community garden.

Additionally, significant progress was made on the Reimagine RedBird redevelopment project at Red Bird Mall. A new freestanding Starbucks (2,550 square feet) hosted its grand opening in November 2018, and an official groundbreaking event took place in March 2019 to celebrate commencement of horizontal site preparation activities for the overall project. The developer completed grading, as well as utility infrastructure improvements necessary to begin vertical construction of a new freestanding Foot Locker (20,493 square feet) and an adjacent 1.1-acre open space known as The Lawn.

During the summer, the developer also completed interior renovations to convert 52,856 square feet of existing retail space for a new office tenant, Chime Solutions, Inc. (Chime). Chime took occupancy of the space at the end of September 2019 and added 500 jobs by December. Additionally, the developer successfully executed all site preparation activities to convey a 6.4-acre site for development of a new 300-unit apartment project by Palladium RedBird, Ltd.

Lastly, Dallas Area Rapid Transit (DART) broke ground on the Cotton Belt Corridor, now named the Silver Line, which will link northern communities to DART's Orange, Green, and Red Lines, as well as local bus services, while adding two new stations in Dallas: Knoll Trail and North Lake/Cypress Waters. Construction on the 26-mile project began in November 2019 with project completion anticipated in 2022.[20]

[20] https://www.dart.org/about/expansion/cottonbelt.asp

SERVICE FIRST

WE PUT SERVICE FIRST 365 DAYS A YEAR

Service First is more than just the City's vision or catchphrase. Dallas' 12,474 employees know Service First is an expectation for everything we do and everything we deliver. We work hard to meet the needs of our residents with empathy, high ethical standards, a commitment to excellence, and a focus on equity.

With limited resources, however, the City must manage its efforts strategically, focusing on key service areas based on the unique needs of Dallas. For this reason, the City Council and City Manager developed the six strategic priorities shown here, which help guide the work of City staff.

In FY 2019, the City ensured residents received effective City services such as emergency response, clean water, trash pickup, road repair, libraries, and parks. The FY 2019 budget made significant investments in public safety, streets and transportation, and innovation. The City also devoted funds to solving the unique problems our community faces, including homelessness, lack of affordable housing, and poverty.

To ensure transparency in how we spend public funds, the City introduced the Budget Accountability Report, which combines monthly financial forecasts with selected performance data and updates on the major budget investments for the current fiscal year so elected officials, residents, and other stakeholders can see whether we are spending funds timely and, more importantly, whether those dollars are achieving the intended outcomes. We also continued the Dallas 365 initiative, which tracks 35 key measures aligned to the six strategic priorities that show residents how well we are performing against our goals.

MAJOR BUDGET INVESTMENTS

The following pages outline major budget investments in FY 2019 that supported each of the City's six strategic priorities.

PUBLIC SAFETY

Protecting school children

The City funded crossing guard services at nearly 160 elementary schools within Dallas city limits during the 2018-19 school year. This included staffing 276 warranted intersections with about 387 crossing guards. To offset these costs, the City received approximately $1 million from Dallas County from a new child safety fee on car registrations.

Answering calls for help

As of March 2019, residents can text 9-1-1 for help in emergencies, a potentially lifesaving service if residents are unable to speak because of a physical impairment or immediate danger. The Dallas Police Department (DPD) also launched the Dallas Online Reporting System in June 2019, which allows community members to report non-emergency incidents, such as theft or vandalism.

MOBILITY SOLUTIONS, INFRASTRUCTURE, & SUSTAINABILITY

Maintaining City facilities

Within Building Services, the City is continuing its gradual approach to increasing its cash investment in major maintenance and capital construction to address deferred maintenance of City facilities. In FY 2017, the City budgeted $5 million for major maintenance, and we have increased this steadily each year, to $7 million in FY 2019.

Increasing our resilience

The Office of Environmental Quality and Sustainability (OEQS) kicked off a massive effort in February 2019 to develop the City's Comprehensive Environmental & Climate Action Plan (CECAP), which will include strategies to mitigate the impacts of climate change on public health, City infrastructure, the economy, and the environment. The plan is on track for adoption by April 2020, just in time for the 50th anniversary of Earth Day.

MAJOR BUDGET INVESTMENTS

ECONOMIC & NEIGHBORHOOD VITALITY

Creating a one-stop permit shop

Sustainable Development and Construction dedicated $1.35 million last year to modernizing its permit and document management systems. The electronic plan review system allows staff from different disciplines to review the same plans concurrently, reducing processing times by more than 50 percent. Customers can also submit plans and revisions electronically, saving money and significantly reducing wait times. The City has received nearly 800 projects through the new system, and customers have expressed high satisfaction with the website.

Helping families stay in their homes

In September 2019, City Council approved $200,000 for the Title Clearing and Clouded Title Prevention Pilot Program, which will help income-eligible individuals address title issues with their property and repair their homes. The pilot program will provide (1) legal services to create marketable title on a significant number of properties and (2) associated services, including information sessions, client intake, prevention, and program evaluation.

HUMAN & SOCIAL NEEDS

Getting a Fresh Start

This year, the Office of Community Care (OCC) implemented the FreshStart employment initiative to support the transition of formerly incarcerated individuals returning to the community. OCC now offers screening and referral services, hosts hiring fairs, and coordinates with local community organizations and Workforce Solutions to match candidates with positions that fit their skills and interests. Since hiring began in May, OCC placed 25 candidates in full-time positions with nine City departments.

Sharpening our focus on equity

Beginning last year, the City sharpened its focus on advancing equity for all residents by creating the Office of Equity, hiring the City's first Equity Officer, and joining the Government Alliance on Race and Equity (GARE), a national network of governments working to achieve racial equity and advance opportunities for all. The City Council also adopted an Equity Resolution to demonstrate the City's commitment to ensuring equity in its policies, programs, services, and practices. In partnership with GARE, the Office of Equity trained 200 executives and budget staff on advancing racial equity, and staff began incorporating the GARE racial equity tool into the City's annual budgeting process.

MAJOR BUDGET INVESTMENTS

QUALITY OF LIFE

Investing in our seniors

The Parks and Recreation Department and WellMed Charitable Foundation partnered to open a new health and wellness center for senior adults in December 2018. The Senior Activity Center is designed to keep adults age 60 or older healthy and active at no cost to participants. As of September 30, 2019, the center had logged 77,267 check-ins, offered 2,758 senior programs, recorded 11,308 program hours, and issued 3,199 memberships.

Completing the Dallas Cultural Plan

City Council unanimously adopted the Dallas Cultural Plan 2018 and an updated Cultural Policy in November 2018, which affirm the City's commitment to a vibrant arts and cultural ecosystem in collaboration with its artists, cultural organization, funders, and other partners. The Office of Cultural Affairs began implementing several key initiatives immediately after adoption, including renegotiation of leases at the Meyerson Symphony Center and Kalita Humphreys Theater and increased community engagement and support for artists. African, Latinx, Asian, Arab, and Native American (ALAANA) artists and organizations also have more opportunities to teach, perform, and exhibit at host facilities in Dallas neighborhoods through the Community Artist Program.

GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT

Ensuring the City is an employer of choice

To attract and retain the best talent, the City increased all employee wages effective October 1, 2018, to a minimum of $11.50 per hour. We also raised the starting wage for truck drivers to $16.50 per hour in recognition of changing regional market conditions. Based on the Massachusetts Institute of Technology (MIT) living wage index, we also increased the minimum wage for City contracts to $11.15 an hour.

Taking City Hall to the community

To expand opportunities for residents to engage with City Council, the City hosted three City Council meetings at locations other than City Hall and hosted one meeting each month in the afternoon, rather than the morning. We also opened two additional district offices, for a total of six (representing seven districts).

MAJOR BUDGET INVESTMENTS

LOOKING FORWARD

In September 2019, the City Council adopted a $3.8 billion balanced budget for FY 2019-20. The budget makes significant investments in public safety, including a new market-based pay structure for police officers and firefighters, increased pension contributions, and significant new and replacement equipment. It addresses major infrastructure needs through implementation of the 2017 Bond Program, pay-as-you-go funding for streets, and preventive maintenance for fleet and facilities. To ensure we attract and retain the best talent, we are also raising starting pay to $13.00 per hour for full-time permanent City employees and to $12.21 for part-time and temporary employees.

The budget includes funding for initiatives to stimulate small businesses, broaden investment in minority- and women-owned businesses, expand Internet access in high-opportunity areas, boost recreational programming for youth, address homelessness, further affordable housing, and cultivate the use of evidence-based decision making throughout the City.

Lastly, the FY 2019-20 budget provides tax relief to residents over 65 or with a disability by increasing the property tax exemption to $100,000 from $90,000. It also lowers the tax rate for all property owners by $0.01, to 77.667 cents per $100 valuation, the fourth year in a row with a property tax rate decrease.

AWARDS & ACCOLADES

The following information highlights several of Dallas' award-winning achievements in FY 2019.

Pursuing financial excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dallas for its CAFR for the fiscal year ended September 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. The City of Dallas first received this award for its FY 1981 CAFR and has received it consecutively for the past 13 years—every year since FY 2006.

A Certificate of Achievement is valid for a period of only one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2018. The City has earned this award each year since 1999. To receive the award, the City must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

Project Safe Neighborhood

Launched in June 2018, the DPD Project Safe Neighborhood (PSN) Task Force received one of two "Outstanding Overall Partnership" awards from the U.S. Department of Justice this year. PSN is a nationwide effort to reduce violent crime that combines traditional enforcement with community engagement to create sustainable, safe neighborhoods. As of April 2019, the target neighborhoods in northeast Dallas had experienced a 22 percent reduction in violent crime.

Sharing the "Love"

Dallas Love Field Airport surpassed eight million enplaned passengers and won multiple awards in FY 2019, including:

- 1st place, Airport Service Quality by Airports Council International-World;
- 1st Place, Best Food & Beverage Program, Airports Council International-North America;
- 2nd Place, Airport Satisfaction Study, J.D. Power and Associates; and
- 10th Best among Domestic Airports by Travel + Leisure Magazine.

AWARDS & ACCOLADES

Going green

The City Council adopted a Green Energy Policy in April 2019 to demonstrate the City's commitment to clean and efficient energy use. As a result, Dallas was one of five large cities to receive an honorable mention award at the U.S. Mayors' Climate Protection Awards in June 2019 for the policy.

Celebrating community development

In May 2019, the National Community Development Association selected the City of Dallas as a John A. Sasso Award recipient. The award recognizes outstanding community engagement and outreach to promote the Community Development Block Grant and HOME Investment Partnerships programs during National Community Development Week. The Office of Budget's Grants Management division was specifically recognized for its best practices in this effort.

A winning strategy

This year, Dallas Animal Services won first place in the Petco Foundation's Innovation Showdown, receiving $200,000 for its cutting-edge customer service application. The app is designed to streamline customer service in the shelter through indoor navigation, adoption queues, customer service video chat, advanced pet search, and more—all with the goal of sustaining DAS' live release rate, above 90 percent for the first time in its history.

FINANCIAL INFORMATION

Financial reporting entities

The financial statements of the City of Dallas include all activities, organizations, and functions for which the City is financially accountable. In addition to the general government, enterprise, and internal service functions described in the *About Dallas* section of this transmittal letter, 21 tax increment financing districts are also included in the City's reporting entity.

Although the pension trust funds are separate legal entities, they exist to exclusively serve or benefit the City's employees, retirees, and their beneficiaries, and are included in the City's reporting entity as blended component units. The Love Field Airport Modernization Corporation (LFAMC) and the Trinity River Corridor Local Government Corporation (LGC) are also separate legal entities included in the City's reporting entity as blended component units. The LFAMC was created to facilitate construction at Love Field Airport, while the Trinity River Corridor LGC was created for the design, planning, development, financing, operation, and maintenance of City fee-owned property for public recreation uses in a portion of the Trinity River Corridor. More information regarding the blended component units is included in Note 1(B).

Discretely presented component units are other legally separate entities that are also included in the City's reporting entity based on the criteria set forth in the Codification of Governmental Accounting Standards, Section 2100, *Defining the Financial Reporting Entity*.

The criteria considered in determining the activities to be reported within the City's financial statements are included in Note 1(B). Based on those criteria, the following organizations are included as discretely presented component units of the City of Dallas for financial reporting purposes:

- The Housing Finance Corporation issues tax-exempt mortgage revenue bonds to encourage opportunities for single-family residential home ownership among low- to moderate-income residents;
- The Housing Acquisition and Development Corporation provides safe and affordable housing for low- and moderate-income persons;
- The Dallas Development Fund was organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities;
- The Downtown Dallas Development Authority is a separate legal entity established to promote economic development of the downtown area and improve the tax base;
- The North Oak Cliff Municipal Management District was organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District;

FINANCIAL INFORMATION

- The Cypress Waters Municipal Management District was organized to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, and the public welfare in the District; and
- The Dallas Convention Center Hotel Development Corporation was created to promote the development of the geographic area of the city included at or in the vicinity of the Dallas Convention Center to promote, develop, encourage, and maintain employment, commerce, convention and meeting activity, tourism, and economic development in the city including specifically, without limitation, the development and financing of a convention center hotel located within 1,000 feet of the Dallas Convention Center.

Related organizations not included as part of the reporting entity are the Dallas-Fort Worth International Airport, the Dallas Housing Authority, and Dallas Area Rapid Transit (DART). The reason for not including these entities is because the City's accountability does not extend beyond appointing members to the boards.

Financial management

Strong financial management within the City of Dallas begins with adherence to a comprehensive set of financial policies. The City Council originally adopted the Financial Management Performance Criteria (FMPC) on March 15, 1978, to provide standards and guidelines for the City's financial managerial decision making and to provide for a periodic review of the criteria to maintain standards and guidelines consistent with current economic conditions. The FMPC have been revised periodically since their adoption. The status of each criterion is updated annually and presented with the annual budget, at year-end, and for each debt issuance. The FMPC contains 54 criteria in seven different categories, in addition to 13 criteria specific to Dallas Water Utilities:

- Operating Program: Criteria 1-14
- Pension Program: Criteria 15-16
- Budgeting and Planning: Criteria 17-24
- Capital and Debt Management: Criteria 25-41
- Economic Development: Criteria 42-49
- Accounting, Auditing, and Financial Planning: Criteria 50-52
- Grants and Trusts: Criteria 53-54
- Dallas Water Utilities: Criteria DWU 1-13

The City's management is responsible for establishing and maintaining internal controls designed to ensure the assets of the government are protected from loss, theft, or misuse, and to ensure adequate accounting data are compiled to allow for preparation of financial statements in conformity with accounting principles generally accepted in the United States of America.

FINANCIAL INFORMATION

In late 2017, the City established an Executive Finance and Controls Committee (EFCC), consisting of the assistant city managers and chiefs, Chief Information Officer, City Controller, and director of the Office of Budget and chaired by the Chief Financial Officer. The EFCC is the foundation for our internal control framework, monitors the external audit including any findings, and leads by an example that demonstrates the City's commitment to ethics and integrity.

The City has also established a new contract management program under the oversight of the Chief Financial Officer to ensure parties meet their respective commitments efficiently and effectively and deliver the intended outcomes of the contract. As part of the program, each department will authorize individuals to monitor specific aspects of contract performance. These individuals will participate in a certification program to become Dallas Contracting Officer Representatives (D-COR). The D-COR program is a collaboration between the City Controller's Office and the Office of Procurement Services designed to strengthen knowledge and standardize the City's approach to contract management, including the development of contract monitoring plans. The City Controller's Office will be responsible for auditing the departments' use of the contract monitoring plans, as well as reviewing complex financial data when received.

The City Controller's Office is accountable for internal accounting controls designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; 2) the reliability of financial records for preparing financial statements; and 3) accountability for assets. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Annually, each department is required to conduct a self-assessment of internal controls. The results of these assessments are reported to the City Manager with an action plan to correct any identified deficiencies. In addition, beginning with the FY 2017 audit, each department director was required to sign a management representation letter in connection with the preparation of these financial statements.

Furthermore, as a recipient of federal and state assistance, the City is also responsible for ensuring adequate internal controls are in place to comply with applicable laws, regulations, contracts, and grants related to those programs. As part of the City's single audit, tests are made to determine the adequacy of the internal control, including that portion relative to federal and state financial awards, as well as to determine whether the City has complied with applicable laws, regulations, contracts, and grants.

FINANCIAL INFORMATION

Internal controls are also subject to periodic evaluation by management and the City Auditor. The City Council is required by charter to appoint a City Auditor who is independent of City management and reports directly to the City Council. The City Auditor supports the internal control structure within the City by performing independent evaluations of existing accounting and administrative controls and by ascertaining compliance with existing plans, policies, and procedures.

To increase accountability and internal controls, the City Controller's Office created an audit liaison function to support departments in responding comprehensively and accurately to internal audit findings and recommendations. This includes attending entrance and exit conferences and status meetings, facilitating communication between the departments and the City Auditor's Office, assisting with implementation of recommended process improvements, and updating executive management as needed.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that the City Council shall annually appropriate adequate funds in an amount to execute the policies and service delivery plans of the City. City management annually prepares the plan of services for the upcoming fiscal year and the estimated costs, along with a five-year forecast. The annual plan is reviewed by the City Council and is formally adopted by the passage of a budget ordinance. The ordinance provides for budgetary control at the department level and these budgets cannot be exceeded without City Council approval. Budgetary control is enforced at the department level by reserving appropriations and encumbering purchase orders and contracts. Open encumbrances are reported, where applicable, as assigned fund balance.

Management disclaimer

Chapter III, Section 19 of the City Charter requires, "the annual financial statements and related records and accounts of the City to be audited annually by a firm registered with the Texas State Board of Public Accountancy as a firm practicing public accountancy." We were pleased to work with Grant Thornton LLP, on the audit this year. We appreciate their professionalism.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control established for this purpose. Because the costs of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

FINANCIAL INFORMATION

Thank you for your attention to this summary of the state of the City's finances and our achievements in the last fiscal year. We strive to be good stewards of the resources with which we are entrusted. Please refer to the following sections for the full auditor's report, the City's annual financial statements, and supporting statistical information.

Respectfully submitted,

T.C. Broadnax
City Manager

M. Elizabeth Reich
Chief Financial Officer

Sheri Kowalski, CPA, CHC, CIA, CISA
City Controller

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

CITY OF DALLAS, TEXAS
ELECTED OFFICIALS
SEPTEMBER 30, 2019

Mayor Eric Johnson
At Large

Jaime Resendez
District 5

Deputy Mayor Pro Tem
B. Adam McGough
District 10

Chad West
District 1

Omar Narvaez
District 6

Lee Kleinman
District 11

Mayor Pro Tem
Adam Medrano
District 2

Adam Bazaldua
District 7

Cara Mendelsohn
District 12

Casey Thomas, II
District 3

Tennell Atkins
District 8

Jennifer S. Gates
District 13

Carolyn King Arnold
District 4

Paula Blackmon
District 9

David Blewett
District 14

“Our Product is Service”
Empathy | Ethics | Excellence | Equity

CITY OF DALLAS, TEXAS
APPOINTED OFFICIALS
SEPTEMBER 30, 2019

Your elected officials, the Mayor and City Council, appoint the executive managers of the City, specifically:

- City Manager T.C. Broadnax
- Interim City Attorney Chris Caso
- City Auditor Mark Swann
- City Secretary Bilierae Johnson
- Municipal Court judges

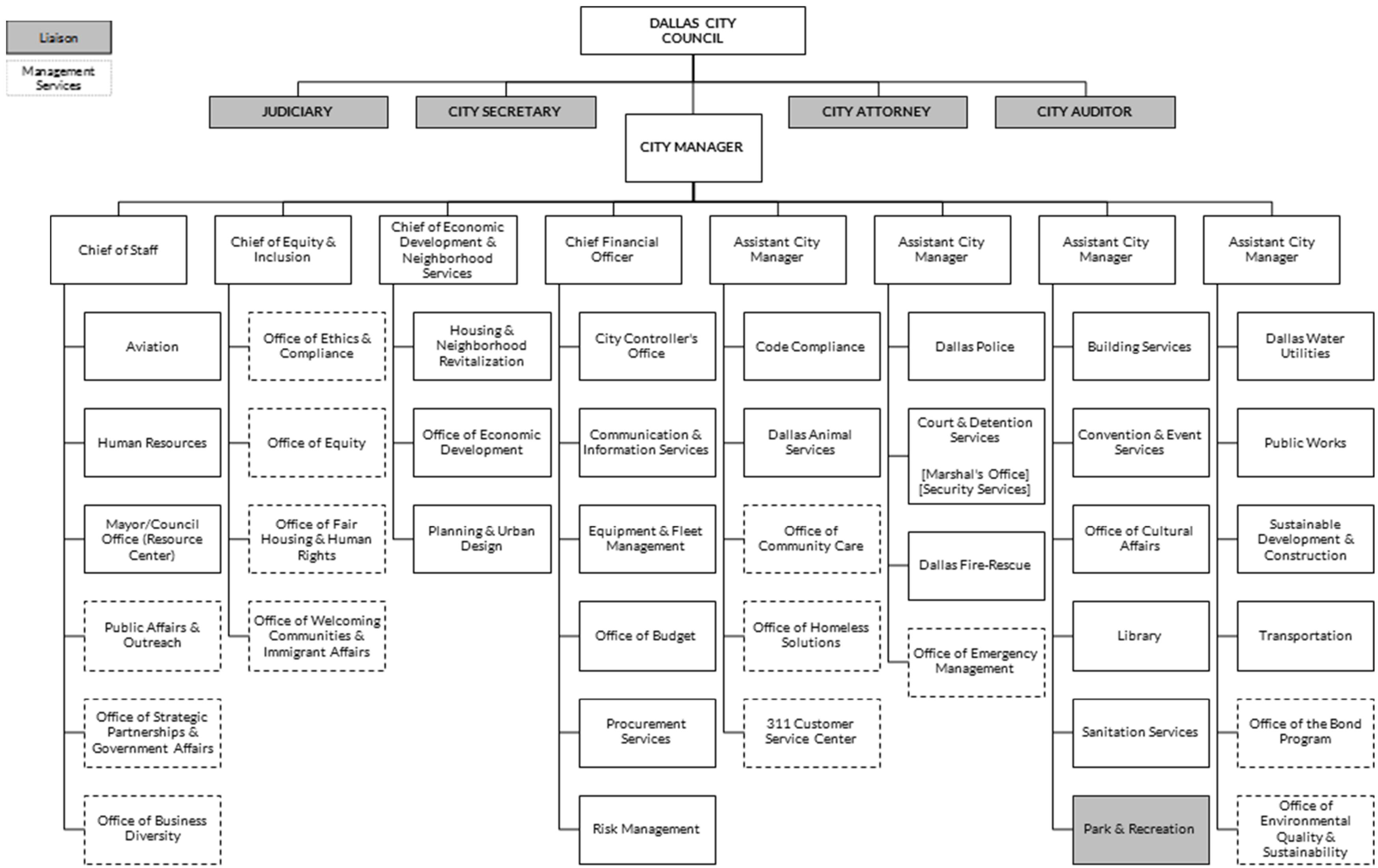
The City Manager appoints an executive leadership team that collectively oversees the City's approximately 14,000 employees and more than $3 billion budget.

Top row, left to right: Assistant City Manager Nadia Chandler Hardy, Chief of Equity & Inclusion Liz Cedillo-Pereira, Chief of Economic Development & Neighborhood Services Michael A. Mendoza, Chief Financial Officer Elizabeth Reich, and Assistant City Manager Joey Zapata; Bottom row, left to right: Assistant City Manager Majed Al-Ghafry, Chief Innovation Officer Laila Alequresh, City Manager T.C. Broadnax, Chief of Staff Kimberly B. Tolbert, and Assistant City Manager Jon Fortune

Additionally, the City Manager appoints all department directors except:

- The Director of Civil Service, who is appointed by the Civil Service Board; and
- The Director of the Park and Recreation Department, who is appointed by the Parks and Recreation Board.

CITY OF DALLAS, TEXAS
ORGANIZATIONAL CHART
SEPTEMBER 30, 2019



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dallas

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Executive Director/CEO

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

FINANCIAL SECTION

GRANT THORNTON LLP
1818 Main Street
Suite 1800
Dallas, Texas 75219

D +1 214 561 2300
F +1 214 561 2370

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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 did not audit the financial statements of the Dallas Police and Fire Pension System and Supplemental Police and Fire Pension Plan of the City of Dallas, which are blended component units, which represent 28%, 33% and 27%, respectively, of the assets, net position and revenues/additions of the aggregate remaining fund information. We also did not audit the financial statements of the Dallas Housing and Acquisition Development Corporation and the Dallas Development Fund, which are discretely presented component units, which represent 1%, -10% and 1%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors.

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 City'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 City'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.

Grant Thornton

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dallas, Texas as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 12, and the Schedule of Changes in the City's Net Pension Liability and Related Ratios- Pension Plans, Schedule of City Contributions to Pension Plans, Notes to the Schedule of City Contributions to Pension Plans, and Schedule of Changes in the City's Total Liability and Related Ratios- Other Postemployment Benefits on pages 106 through 112 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 and other auditors 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, budgetary comparison schedule-debt service fund, and schedules of capital assets used in the operation of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of other auditors, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The introductory section and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Grant Thornton LLP

Dallas, Texas
March 13, 2020

As management of the City of Dallas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. The City's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual major fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, which can be found on pages v-xxiii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately $758.7 million.
- The City's governmental activities net position increased from the beginning net position by $118.1 million while the business-type activities net position increased by $42.4 million.
- As of the close of fiscal year 2019, the City's governmental funds reported combined ending fund balances of $1.3 billion, an increase of $147.1 million.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $234.2 million, or approximately 15.9 percent of the total general fund expenditures, including transfers out.
- The City's governmental long-term liabilities had a net increase of $1.3 billion from the prior balance of $6.0 billion. The City's business-type activities long-term liabilities increased $582.3 million from the prior year's balance of $4.6 billion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business and are made up of the following two statements: the statement of net position and the statement of activities. Both of 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 City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference 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 City is improving or deteriorating. The statement of net position combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as changes in the City's property tax base, the condition of the City's property tax base, and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.) to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City'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 result in cash flows in future fiscal periods (e.g. uncollected taxes and unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, code enforcement, environmental and health services, streets, streets, public works, and transportation, equipment and building services, culture and recreation services, housing, and human services.

The business-type activities of the City include water and sewer utilities, convention center, airport, sanitation and landfill, municipal radio, and building inspections. The airport revenue fund includes the activities of the Love Field Airport Modernization Corporation (LFAMC), a blended component unit.

The government-wide financial statements reflect not only the activities of the City itself (known as the primary government), but also those of the seven separate legal entities for which the City is financially accountable – the Housing Finance Corporation, Housing Acquisition and Development Corporation, Dallas Development Fund, Downtown Dallas Development Authority (DDDA), North Oak Cliff Municipal Management District, Cypress Waters Municipal Management District, and Dallas Convention Center Hotel Development Corporation, which are reported as discretely presented component units separately from the primary government itself.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general and debt service funds, which are considered to be major funds. Data from the other twenty-two funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining financial statements section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16, 18, 20, and 21 of this report.

Proprietary Funds: Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or to other units within the City. Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The proprietary funds financial statements provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two types of proprietary funds:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the airport, convention center, municipal radio, building inspection, sanitation, and water utilities operations. All of the City's enterprise funds, except the municipal radio and building inspection, are considered major funds.

- Internal Service funds accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its equipment services, communication equipment, office services, information services, risk management programs, and bond program administration. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining financial statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 22-29 of this report.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The City's pension trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements. The notes to the financial statements can be found on pages 32-105 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position was approximately $758.7 million as of September 30, 2019. Analyzing the net position of governmental and business-type activities separately, the governmental activities had a deficit balance of approximately $2.7 billion and the business-type activities net position was approximately $3.5 billion. 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 revenues and expenses (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018*	2019	2018
Current and other assets	$ 1,776,669	$ 1,566,284	$1,427,503	$1,335,462	$ 3,204,172	$ 2,901,746
Capital assets	4,276,719	4,084,530	7,071,254	6,889,688	11,347,973	10,974,218
Total assets	6,053,388	5,650,814	8,498,757	8,225,150	14,552,145	13,875,964
Deferred outflows of resources	1,446,927	1,224,881	466,041	197,992	1,912,968	1,422,873
Long-term liabilities	7,266,924	6,005,684	5,133,462	4,551,206	12,400,386	10,556,890
Other liabilities	255,949	218,526	230,735	207,621	486,684	426,147
Total liabilities	7,522,873	6,224,210	5,364,197	4,758,827	12,887,070	10,983,037
Deferred inflows of resources	2,681,420	3,473,547	137,886	243,958	2,819,306	3,717,505
Net position:						
Net investment in capital assets	2,776,179	2,818,586	3,292,694	3,200,152	6,068,873	6,018,738
Restricted	272,002	263,184	394,465	362,960	666,467	626,144
Unrestricted (deficit)	(5,752,159)	(5,903,832)	(224,444)	(142,755)	(5,976,603)	(6,046,587)
Total net position (deficit)	$(2,703,978)	$(2,822,062)	$3,462,715	$3,420,357	$ 758,737	$ 598,295

*The 2018 classifications of net position for the Business-Type Activities have been updated to be consistent with the 2019 presentation.

The largest portion of the City's net position reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens and, consequently, they are not available for future spending. Although the City'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 themselves cannot be used to liquidate these liabilities. Overall, net position of the governmental activities increased $118.1 million. This was mostly due to increases in ad valorem tax, sales tax, and investment income in the amounts of $84.6 million, $13.2 million, and $19.7 million, respectively.

Long-term liabilities increased by $1.3 billion in the governmental activities due primarily to a net increase in the net pension liability of $1.1 billion, a net increase in the other postemployment benefits liability of $43.8 million, a net increase in bonds, obligations and certificates payable of $241.5 million, and a net increase in developer payable of $57.0 million, offset by a decrease in commercial paper notes payable of $31.7 million and a decrease in estimated unpaid claims of $174.6 million.

The business-type activities long-term liabilities increased $582.3 million, due primarily to an increase in Dallas Water Utilities commercial paper notes payable of $164.5 million, as well as overall increases in business-type activities net pension and other postemployment benefits liabilities of $501.4 million and $10.5 million, respectively. These increases were offset mainly by a net decrease in water revenue bonds of $35.8 million, a decrease in the water transmission financing agreement of $10.4 million, a decrease of $8.7 million in convention center revenue bonds, a decrease of $6.3 million in airport revenue bonds, and a decrease in the aviation revenue credit agreement of $8.1 million. Additionally, sanitation general obligation bonds and business-type activities pension obligation bonds decreased slightly, due to the repayment of principal amounts during the fiscal year.

An additional portion of the City's net position ($272.0 million governmental activities and $394.5 million business-type activities) represents resources that are subject to external restrictions on how they may be used. The remaining balance in net position is unrestricted.

In governmental activities, there is a deficit unrestricted net position of $5.8 billion as a result of long-term liabilities for items such as bonds, compensated absences, unfunded risk liabilities, net pension liability, other postemployment benefits, pollution remediation, pension obligation bonds, and sales tax liability. Because of the focus on current assets and liabilities, the City's budget is developed to address the needs of current operations. The City plans to fund long term liabilities in future budgets as those liabilities consume current assets. In business-type activities, there is a deficit unrestricted net position of $224.4 million, primarily for items such as the sanitation landfill closure/postclosure liability, as well as compensated absences, net pension liability and other postemployment benefits for all business-type activities.

Analysis of the City's Operations

The table below provides a summary of the City's operations for the fiscal year ended September 30, 2019, with comparative totals for the fiscal year ended September 30, 2018. The governmental activities net position increased by $118.1 million and business-type activities net position increased by $42.4 million. Key elements of these changes in net position are as shown below.

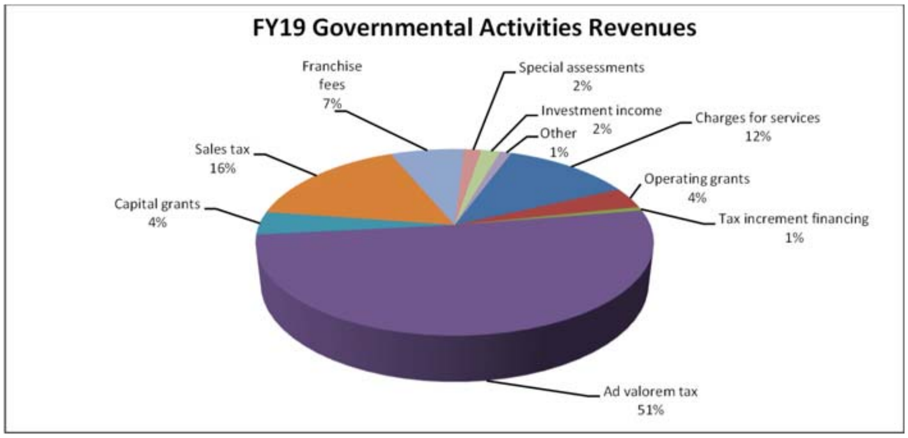
Table 2
Change in Net Position (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	$ 243,685	$ 271,994	$ 1,003,397	$ 1,006,208	$ 1,247,082	$ 1,278,202
Operating grants and contributions	72,000	72,807	6,039	6,356	78,039	79,163
Capital grants and contributions	78,769	52,942	29,050	34,217	107,819	87,159
General revenues:						
Ad valorem tax	998,861	914,272	-	-	998,861	914,272
Tax increment financing revenue	12,766	11,139	-	-	12,766	11,139
Special assessments	33,038	31,070	-	-	33,038	31,070
Sales tax	320,413	307,149	-	-	320,413	307,149
Franchise fees	140,822	151,793	-	-	140,822	151,793
Hotel occupancy tax	-	-	67,836	65,307	67,836	65,307
Alcohol beverage tax	-	-	13,877	13,323	13,877	13,323
Investment income	36,304	16,601	28,999	13,279	65,303	29,880
Other	21,530	19,372	673	1,343	22,203	20,715
Total revenues	1,958,188	1,849,139	1,149,871	1,140,033	3,108,059	2,989,172
Expenses:						
General government	515,962	' 371,548	-	-	515,962	371,548
Public safety	672,991	(350,079)	-	-	672,991	(350,079)
Code enforcement	63,709	51,710	-	-	63,709	51,710
Environmental and health services	16,978	18,897	-	-	16,978	18,897
Streets, public works, and transportation	219,484	202,815	-	-	219,484	202,815
Equipment and building services	50,025	50,980	-	-	50,025	50,980
Culture and recreation	224,008	213,337	-	-	224,008	213,337
Housing	16,445	15,045	-	-	16,445	15,045
Human services	22,908	21,294	-	-	22,908	21,294
Interest on long-term debt	78,124	70,693	-	-	78,124	70,693
Dallas water utilities	-	-	604,779	553,038	604,779	553,038
Convention center	-	-	115,311	106,487	115,311	106,487
Airport revenues	-	-	163,250	143,697	163,250	143,697
Sanitation	-	-	132,349	100,252	132,349	100,252
Municipal radio	-	-	2,784	2,187	2,784	2,187
Building inspection	-	-	48,510	36,729	48,510	36,729
Total expenses	1,880,634	666,240	1,066,983	942,390	2,947,617	1,608,630
Excess before transfers	77,554	1,182,899	82,888	197,643	160,442	1,380,542
Transfers	40,530	45,157	(40,530)	(45,157)	-	-
Increase in net position	118,084	1,228,056	42,358	152,486	160,442	1,380,542
Net position (deficit) - beginning of year	(2,822,062)	(4,050,118)	3,420,357	3,267,871	598,295	(782,247)
Net position (deficit) - end of year	$ (2,703,978)	$ (2,822,062)	$ 3,462,715	$ 3,420,357	$ 758,737	$ 598,295

Governmental Activities

Governmental activities net position (deficit) increased $118.1 million in fiscal year 2019. Total revenues and transfers increased $104.4 million, or 5.5 percent from fiscal year 2018. Significant changes in revenue include the following:

- Ad valorem tax revenues increased $84.6 million due to an increase in the certified property tax values.
- Tax increment financing (intergovernmental revenue) increased $1.6 million, primarily due to an increase in the certified property tax values.
- Sales tax revenue increased $13.3 million due to increased discretionary customer spending.
- Capital grants and contributions increased $25.8 million, due to increases in federal, state and local capital grants for construction, as well as increases in capital contributions from developers and outside entities.
- The average rate of return on investments increased approximately 40 percent from 1.511 percent in fiscal year 2018 to 2.116 percent in fiscal year 2019. This increase, combined with increases in cash balances, resulted in an increase in investment income of $19.7 million.



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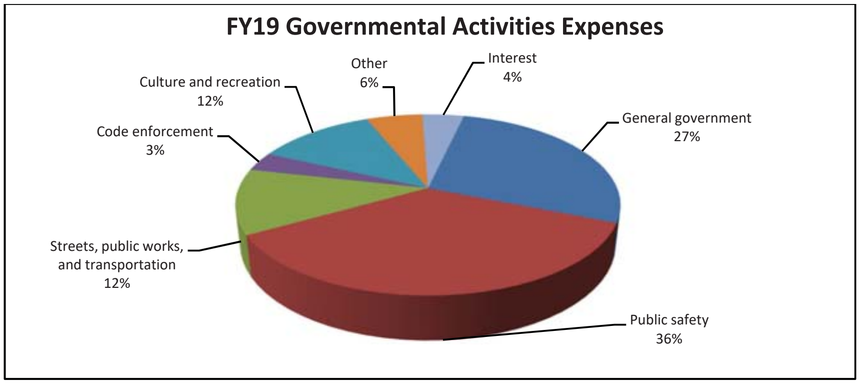
Total governmental activities expenses increased approximately $1.2 billion, or 182.3 percent, from fiscal year 2018. The most significant portion of expenses related to governmental activities is the cost of personnel and related benefits, which includes the recognition of pension expense of $839.0 million in fiscal year 2019. Pension expense increased $1.8 billion in fiscal year 2019, as there was a recognition of negative pension expense of $994.3 million in fiscal year 2018.

- General government expenses increased $144.4 million, primarily due to an increase in pension expense of $65 million an increase in expenses related to developer payables of approximately $40.4 million. Additionally, there was an increase in economic incentive expenses related to the Neighborhood Projects capital projects fund of $29.6 million and an increase of $7.3 million in expenses in the Municipal Trust special revenue fund.
- Public safety expenses increased $1.0 billion, due mainly to increases in pension expenses of $1.1 billion, and overall increases in payroll and benefits of approximately $30.0 million, offset by a decrease in bad debt expense of $9.8 million and a decrease in internal service fund allocations of $77.9 million.
- Code enforcement expenses increased $12.0 million, due primarily to an increase in pension expense of $8.8 million combined with an increase of approximately $1 in salaries and benefits.
- Interest on long-term debt increased $7.4 million, due mainly to increases in the amounts of debt outstanding.



Business-type Activities

Business-type activities net position increased $42.4 million during fiscal year 2019. Total revenues increased $9.8 million from fiscal year 2018.

Significant changes in revenues include the following:

- During fiscal year 2019, Dallas Water Utilities customer charges decreased $51.1 million from a 5.8 percent retail rate decrease and a 6.0 percent wholesale rate decrease. Capital contributions from developers also decreased $13.2 million.
- Convention Center customer charges increased $6.8 million due to an increase of $6.8 million in contractual service fees.
- During fiscal year 2019, airport operating revenues increased $26.1 million, mainly due to an increase of $11 million in rental fees related to an increase in rental rates, an increase of $9.4 million in concession fees related to parking revenue increases and customer facility charge increases, and an increase of $5.6 million in landing fees related to increased activity and new charges for private jet landing fees.
- Sanitation customer charges increased $12.7 million, mostly due to an approximate increase of 8.4 percent in residential rates and an approximate increase of 5.0 percent in landfill gate rates.

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Total business-type activities expenses increased $124.6 million from fiscal year 2018. The following items contributed to changes in expenses during fiscal year 2019:

- Dallas Water Utilities personnel expenses increased $50.7 million, due mostly to a $46.8 million increase in pension expense, which is included in personnel expenses, as well as increases related to a $1.9 million in overtime expense and a $1.1 million in other postemployment benefit expense. Contractual services expense increased by $5.0 million, offset by a decrease of $ 2.3 million in supplies and material expenses.
- Convention Center contractual and other services increased $8.4 million mainly due to an increase of $11.7 million in Spectra contract service expenses, offset by a decrease of $ 2.9 million in repair and maintenance service expense.
- Airport personnel expenses increased $11.2 million due primarily to an $8.5 million increase in pension expense, as well as increase in salaries and benefits. Contractual services expense increased $5.2 million primarily due to an increase of $3.2 million in a new parking service expense, and an increase of $1.1 million in security service expense.
- Sanitation personnel expenses increased $20.1 million due primarily to an increase of $15.9 million in pension expense, combined with overall salary increases for employees. Additionally, contractual services increased $9.9 million, due to an increase in fleet maintenance expenses and an increase in clean-up cost related to the storm that occurred in June 2019.
- Personnel services in nonmajor enterprise funds (building inspections and municipal radio) increased $12.5 million, due primarily to an increase in pension expense.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2019, the City's governmental funds reported combined ending fund balance of $1.3 billion, an increase of $147.1 million in comparison with the prior fiscal year fund balance. The nonmajor capital projects fund balance increased $77.1 million, due mainly to the issuance of general obligation bonds for capital projects, offset by capital expenditures related to current and prior year bond issuance. The nonmajor special revenue funds fund balance increased $23.9 million, mainly due to consistent revenues and expenditures year over year.

The general fund is the chief operating fund of the City, and its fund balance increased $40.9 million in fiscal year 2019. This increase was primarily due to increases in ad valorem tax revenue and sales tax revenue, offset by decreases in franchise fees. Approximately $234.2 million of the general fund's total fund balance of $297.2 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it is 1) nonspendable in form or required to be maintained intact; 2) restricted for a specific purpose by constitution, external resource providers, or through enabling legislation; 3) committed by a formal action of Council for a specific purpose; or 4) assigned and intended to be used by the government for a specific purpose for contracts and purchase orders of the prior period.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.9 percent of total general fund expenditures and transfers out, while total fund balance represents 20.2 percent of that same amount.

During fiscal year 2019, the general fund recorded bond proceeds, including premium on bond issuance in the amount of $174.4, and subsequently transferred $173.3 million to the risk fund to liquidate the liability related to the settlement of a pay referendum lawsuit for uniformed employees.

General fund expenditures increased $45.0 million. General government expenditures increased $23.8 million, $4.3 million of which was a result of increases in Court and Detention services payments for the Dallas County School Crossing Guard Program. Court and Detention Services expenditure also increased $4.6 million related to the City's building security services. The Office of Budget had increased overall contractual services of approximately $1 million and the City Secretary had increased contractual services of $2.3 million related elections expenditures. Additionally, there were increased general government expenditures of $5.2 million related to the repayment of prior year sales tax revenues to the State of Texas. Finally, the Human Resources department had increased wages and benefits of approximately $1 million to do increasing in staffing levels. Capital outlay in the general fund decreased $13.5 million, mostly due to prior year street infrastructure improvements and 911 center system upgrades. Public safety expenditures increased $37.3 million, due to increased wages to first responders, increased pension contributions, and enhanced ambulance service. Finally, there were overall increases to wages and benefits throughout all City departments.

The debt service fund had a total fund balance of $34.3 million at September 30, 2019 restricted for the payment of debt service. The debt service fund balance increased during the current year by $5.4 million primarily due to increases in ad valorem tax revenues.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in Dallas Water Utilities and Sanitation at the end of the year amounted to a deficit balance of $130.9 million and $160.3 million, respectively. The unrestricted net position in the Convention Center and the Airport Revenues Fund was $99.5 million and $2.9 million, respectively. The total change in net position was an increase of $21.0 million in Dallas Water Utilities, an increase of $14.3 million in Convention Center, an increase of $33.9 million in the Airport Revenues Fund, and a decrease of $15.4 million in Sanitation. Factors regarding the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the final amended revenue budget represented a slight 1.7 percent increase from the original budget and the final amended expenditure budget represented a less than 1 percent increase from the original budget.

Actual budgetary basis revenues and transfers-in were higher by $5.6 million, or less than 1 percent from final budgeted amounts. This was primarily due to actual revenues being unexpectedly higher than the final budgeted revenues related to investment income. Actual budgetary expenditures and transfers out were lower than the final amended budget by $25.5 million, or 1.8 percent, due mainly to most general fund departments experiencing overall cost savings during fiscal year 2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2019, the City had approximately $11.3 billion invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines (see table 3). This amount represents a net increase of $373.4 million or 3.4 percent over the prior fiscal year.

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

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	$ 514,468	$ 508,915	$ 341,478	$ 329,163	$ 855,946	$ 838,078
Artwork	49,806	49,870	3,402	3,396	53,208	53,266
Construction in progress	426,813	356,287	1,236,992	1,094,615	1,663,805	1,450,902
Water rights	-	-	226,380	229,919	226,380	229,919
Buildings	851,767	832,077	1,277,718	1,314,276	2,129,485	2,146,353
Improvements other than buildings	480,166	457,233	356,482	357,768	836,648	815,001
Equipment	198,941	181,742	291,640	258,988	490,581	440,730
Infrastructure assets	1,754,758	1,698,406	328,406	338,898	2,083,164	2,037,304
Utility property	-	-	3,008,756	2,962,665	3,008,756	2,962,665
Totals	$ 4,276,719	$ 4,084,530	$ 7,071,254	$ 6,889,688	$ 11,347,973	$ 10,974,218

Some of the major additions for fiscal year 2019 included (gross additions – in millions):

Street and transportation improvements	$ 111.6
Flood control/storm drainage improvements	39.1
Dallas Arboretum Garage	29.3
McCommas Bluff Landfill Cells	5.7
Land acquistions	17.6
Equipment acquisitions	83.3
Water and wastewater facilities	128.7
Total	$ 415.3

The general purpose capital improvement program provides for improvements to, and/or construction of, the City's street system; parks and recreational facilities; libraries; police and fire protection facilities; cultural art facilities; the flood protection and storm drainage systems; other City-owned facilities; and economic initiatives. General obligation bonds are the primary financing mechanism for these capital improvements.

The capital improvement program for the enterprise funds consists primarily of improvements to, and/or construction of, water and wastewater systems, and air transportation facilities. The primary financing mechanism for these capital improvements are enterprise fund net revenues and issuance of debt such as commercial paper and revenue bonds.

More detailed information about the City's capital assets is presented in Note 8 to the financial statements.

Debt

At fiscal year-end, the City had $5.7 billion in bonds for both governmental and business-type activities, an obligation for revenue credit agreement (including accrued unpaid interest), and water transmission facilities financing agreement outstanding, as shown in Table 4.

Table 4
Outstanding Debt at Fiscal Year-end (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General obligation bonds	$ 1,807,978	$ 1,558,068	$ 5,167	$ 5,992	$ 1,813,145	$ 1,564,060
Certificates of obligation	7,610	10,115	-	-	7,610	10,115
Pension obligation bonds	164,580	170,501	75,473	78,188	240,053	248,689
Revenue bonds	-	-	2,749,893	2,798,246	2,749,893	2,798,246
Water transmission facilities financing agreement	-	-	425,442	435,836	425,442	435,836
Obligation for revenue credit agreement	-	-	415,960	424,055	415,960	424,055
Total	$ 1,980,168	$ 1,738,684	$ 3,671,935	$ 3,742,317	$ 5,652,103	$ 5,481,001

Bond proceeds for governmental activities will be used to pay costs of various equipment purchases, street systems, playgrounds, recreation facilities, library facilities, and other City infrastructure and facilities.

In May 2019, the City issued general obligation refunding and improvement bonds, Series 2019A, of $235.6 million with a premium of $31.4 million, a stated interest rate range of 3.0% to 5.0%, and a final maturity of February 15, 2039. The bonds were issued to refund certain outstanding commercial paper, finance certain public improvements, and pay the cost of issuance of the bonds.

In May 2019, the City issued general obligation refunding bonds, Series 2019B, of $154.0 million with a premium of $20.4 million, a stated interest rate range of 3.0% to 5.0% and a final maturity of February 15, 2039. The bonds were issued to settle legal claims related to a pay referendum lawsuit for uniformed employees.

In May 2019, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds, Series 2019A and Series 2019B of $66 million and interest rates ranging from 0.03 percent to 1.34 percent. Final maturity will occur on October 1, 2048. The bonds were issued to fund capital construction projects.

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The City's General Obligation, General Obligation Pension, Waterworks and Sewer System, General Airport Revenue, Civic Center Convention Complex, Dallas Convention Center Development Corp, and Downtown Dallas Development Authority bonds' underlying ratings as of September 30, 2019 are listed below.

	Moody's Investors Service	Standard & Poor's	Fitch
General Obligation Bonds	A1	AA-	AA
General Obligation Pension Bonds	A1	AA-	AA
Revenue Bonds:			
Waterworks and Sewer System	Aa2	AAA	AA+
General Airport Revenue	A1	A	A
Civic Center Convention Complex	A1	A	N/R
Dallas Convention Center Development Corporation	Baa1	A-	N/R
Downtown Dallas Development Authority	A2	A+	N/R

More information about the City's debt is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Dallas City Council has identified six strategic priorities – Public Safety; Mobility Solutions, Infrastructure, and Sustainability; Economic and Neighborhood Vitality; Human and Social Needs; Quality of Life; and Government Performance and Financial Management. Property value for the tax roll as of January 1, 2019 is $140.2 billion; which is a 7.8 percent increase from the 2018 tax roll. The adopted fiscal year 2019-20 tax rate of $0.7766 per $100 valuation is a $0.0001 reduction from the fiscal year 2018-19 adopted tax rate of $.7767. The fiscal year 2019-20 budget of $3.8 billion is balanced, utilizing various cost containment strategies, revenue enhancements, and operational efficiencies.

With the multitude of water challenges across Texas, the City will continue to focus on maintaining infrastructure, conserving resources, and providing for future needs through replacement of aged water and wastewater mains; improvements at water treatment plants to improve reliability and water quality as well as increase capacity; continued water conservation efforts; and the TRWD integrated pipeline project to connect Lake Palestine to Dallas' water supply system to meet future needs. There was no retail or wholesale revenue rate increase for fiscal year 2019-20.

The City of Dallas is experiencing areas of economic growth. The City's unemployment rate of 3.4 percent is below the national average of 3.7 percent. Property tax revenue is the single largest revenue source and accounts for 54.7 percent of General fund revenue. Fiscal year 2020 will mark the eighth consecutive year of growth in property value. As the second largest revenue source in General Fund, sales tax revenue is projected at $325.6 million for fiscal year 2019-20; which is a 4.5 percent increase from the fiscal year 2018-19 budget. The combined property tax and sales tax revenue in the General Fund budget is projected to increase $73.5 million from fiscal year 2019 to fiscal year 2020.

In fiscal year 2019-20 the City will continue to focus on Service First. It makes significant investments in public safety, including increased wages for first responders, recruitment and retention funding to help stabilize police and fire staffing, increased pension contributions, and improvements to the 911 system. The budget also funds important services such as clean water, libraries, and parks. In addition, the budget invests in solving problems our community faces, such as homelessness, affordable housing, and underserved neighborhoods.

The City's fiscal year 2020 capital budget also provides $315.8 million for water utilities capital improvements, $75.7 million for City facilities, $108.0 million for aviation facilities, $8.9 million for convention and event services $1.3 million for cultural facilities, $126.5 million for economic development, $74.7 million for parks and recreation, $14.4 million for storm drainage management, and $14.7 million for streets and transportation.

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 City's finances, and to show the City'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, Dallas, Texas 75201.

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
September 30, 2019
(in thousands)

	Primary Government			Discretely Presented Component Units	
	Governmental Activities	Business-Type Activities	Total	Governmental	Business-type
Assets					
Cash and cash equivalents	$ 629,807	$ 507,215	$ 1,137,022	$ 43,494	$ 122,923
Other investments, at fair value	16,692	-	16,692	3,415	-
Receivables, net	241,738	117,068	358,806	1,133	6,731
Internal balances	(6,084)	6,084	-	-	-
Prepaid items	78	7,003	7,081	-	-
Inventories, at cost	16,733	18,558	35,291	-	623
Other assets	2,804	-	2,804	1,576	820
Restricted assets:					
Cash and cash equivalents	874,901	511,228	1,386,129	8,233	30,209
Other investments, at fair value	-	143,710	143,710	-	37,052
Future pipeline reserve capacity rights	-	83,312	83,312	-	-
Customer assessments	-	676	676	-	-
Escrow deposit	-	32,649	32,649	-	-
Capital assets:					
Land	514,468	341,478	855,946	1,283	27,511
Artwork	49,806	3,402	53,208	-	-
Construction in progress	426,813	1,236,992	1,663,805	-	586
Water rights	-	353,910	353,910	-	-
Buildings	1,459,776	2,015,622	3,475,398	138	332,813
Improvements other than buildings	734,602	538,743	1,273,345	-	-
Equipment	757,849	843,920	1,601,769	7	45,077
Infrastructure assets	2,822,635	604,771	3,427,406	-	-
Utility property	-	4,308,334	4,308,334	-	-
Less accumulated depreciation	(2,489,230)	(3,175,918)	(5,665,148)	(12)	(95,429)
Total assets	6,053,388	8,498,757	14,552,145	59,267	508,916
Deferred outflows of resources					
Deferred loss on refunding	11,801	50,355	62,156	-	-
Deferred outflows of resources related to pensions	1,378,583	402,098	1,780,681	-	-
Deferred outflows of resources related to other postemployment benefits	56,543	13,588	70,131	-	-
Other deferred outflows of resources	-	-	-	-	667
Total deferred outflows of resources	1,446,927	466,041	1,912,968	-	667
Liabilities					
Accrued payroll	29,685	2,990	32,675	-	1,559
Accounts payable	60,164	33,927	94,091	675	6,660
Due to other governments	2,692	941	3,633	-	-
Contracts payable	105,577	-	105,577	-	-
Developer payable	-	-	-	23,391	-
Other liabilities	11,841	2,743	14,584	-	-
Construction accounts payable	12,983	89,964	102,947	-	-
Accrued bond interest payable	11,908	61,847	73,755	181	15,252
Unearned revenue	18,270	12,199	30,469	-	7,698
Customer deposits	2,829	22,552	25,381	-	-
Customer construction advances	-	3,572	3,572	-	-
Noncurrent liabilities:					
Due within one year	330,638	161,853	492,491	2,749	9,635
Due in more than one year	6,936,286	4,971,609	11,907,895	90,187	457,096
Total liabilities	7,522,873	5,364,197	12,887,070	117,183	497,900
Deferred inflows of resources					
Deferred inflows of resources related to pensions	2,641,263	128,143	2,769,406	-	-
Deferred inflows of resources related to other postemployment benefits	40,157	9,743	49,900	-	-
Other deferred inflows of resources	-	-	-	954	25
Total deferred inflows of resources	2,681,420	137,886	2,819,306	954	25
Net position					
Net investment in capital assets	2,776,179	3,292,694	6,068,873	1,415	(72,434)
Restricted for:					
Capital projects	17,838	-	17,838	-	-
Debt service	24,737	254,463	279,200	8,500	-
General government	67,692	-	67,692	-	-
Storm water operations	69,020	-	69,020	-	-
Public safety	14,649	-	14,649	-	-
Culture and recreation	38,944	-	38,944	-	-
Streets and transportation	16,231	-	16,231	-	-
Other purposes	12,954	-	12,954	-	-
Permanent funds - nonexpendable	9,937	-	9,937	-	-
Emergency repairs and replacements	-	5,000	5,000	-	-
Operation and maintenance expenses	-	46,257	46,257	-	-
Passenger facility charges	-	88,745	88,745	-	-
Unrestricted (deficit)	(5,752,159)	(224,444)	(5,976,603)	(68,785)	84,092
Total net position (deficit)	$ (2,703,978)	$ 3,462,715	$ 758,737	$ (58,870)	$ 11,658

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019
(in thousands)

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program Activities				
Primary government:				
Governmental activities:				
General government	$ 515,962	$ 126,722	$ 13,907	$ 37,477
Public safety	672,991	77,288	11,507	23
Code enforcement	63,709	9,719	592	-
Environmental and health services	16,978	-	16,167	-
Streets, public works, and transportation	219,484	6,337	583	9,411
Equipment and building services	50,025	463	-	752
Culture and recreation	224,008	22,367	3,128	31,106
Housing	16,445	789	-	-
Human services	22,908	-	26,116	-
Interest on long-term debt	78,124	-	-	-
Total governmental activities	1,880,634	243,685	72,000	78,769
Business-Type activities:				
Dallas water utilities	604,779	617,510	-	19,584
Convention center	115,311	41,180	5,184	500
Airport revenues	163,250	182,475	855	8,966
Sanitation	132,349	123,590	-	-
Municipal radio	2,784	1,771	-	-
Building inspection	48,510	36,871	-	-
Total business-type activities	1,066,983	1,003,397	6,039	29,050
Total primary government	2,947,617	1,247,082	78,039	107,819
Component units:				
Governmental	29,937	1,721	-	-
Business-Type	124,142	118,090	-	-
Total component units	154,079	119,811	-	-

General revenues:
- Ad valorem tax
- Tax increment financing, intergovernmental revenue
- Special assessments
- Sales taxes
- Franchise fees
- Hotel occupancy tax
- Alcohol beverage tax
- Investment income
- Other revenues

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit), beginning of year

Net position (deficit), end of year

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-Type Activities	Total	Component Units Governmental	Component Units Business-Type
$ (337,856)	$ -	$ (337,856)	$ -	$ -
(584,173)	-	(584,173)	-	-
(53,398)	-	(53,398)	-	-
(811)	-	(811)	-	-
(203,153)	-	(203,153)	-	-
(48,810)	-	(48,810)	-	-
(167,407)	-	(167,407)	-	-
(15,656)	-	(15,656)	-	-
3,208	-	3,208	-	-
(78,124)	-	(78,124)	-	-
(1,486,180)	-	(1,486,180)	-	-
-	32,315	32,315	-	-
-	(68,447)	(68,447)	-	-
-	29,046	29,046	-	-
-	(8,759)	(8,759)	-	-
-	(1,013)	(1,013)	-	-
-	(11,639)	(11,639)	-	-
-	(28,497)	(28,497)	-	-
(1,486,180)	(28,497)	(1,514,677)	-	-
			(28,216)	-
			-	(6,052)
			(28,216)	(6,052)
998,861	-	998,861	-	-
12,766	-	12,766	30,793	-
33,038	-	33,038	-	-
320,413	-	320,413	-	-
140,822	-	140,822	-	-
-	67,836	67,836	-	-
-	13,877	13,877	-	-
36,304	28,999	65,303	436	2,697
21,530	673	22,203	183	19,838
40,530	(40,530)	-	-	-
1,604,264	70,855	1,675,119	31,412	22,535
118,084	42,358	160,442	3,196	16,483
(2,822,062)	3,420,357	598,295	(62,066)	(4,825)
$ (2,703,978)	$ 3,462,715	$ 758,737	$ (58,870)	$ 11,658

CITY OF DALLAS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Pooled cash and cash equivalents	$ 277,654	$ 33,948	$ 205,300	$ 516,902
Other investments, at fair value	-	-	16,692	16,692
Receivables:				
Ad valorem tax	28,017	11,373	-	39,390
Sales tax	47,235	-	-	47,235
Notes	332	-	71,523	71,855
Special assessments-paving notes	-	-	5,663	5,663
Accounts	106,002	-	38,430	144,432
Accrued interest	287	35	1,414	1,736
Allowance for uncollectible accounts	(62,343)	(9,838)	(36,501)	(108,682)
Due from other governments	10,875	-	29,038	39,913
Due from other funds	6,383	-	256	6,639
Prepaid items	49	-	-	49
Inventories, at cost	13,336	-	-	13,336
Restricted cash and cash equivalents	-	-	874,901	874,901
Notes receivable from other funds	-	-	4,161	4,161
Total assets	427,827	35,518	1,210,877	1,674,222
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accrued payroll	28,339	-	549	28,888
Accounts payable	35,684	-	8,919	44,603
Due to other funds	268	-	6,639	6,907
Unearned revenue	2,924	-	15,346	18,270
Due to other governments	2,691	-	1	2,692
Construction accounts payable	-	-	12,983	12,983
Notes payable to other funds	-	-	9,977	9,977
Customer deposits	2,751	-	78	2,829
Contracts payable	-	-	105,577	105,577
Other liabilities	4,782	-	3,753	8,535
Total liabilities	77,439	-	163,822	241,261
Deferred inflows of resources				
Unavailable revenue	53,234	1,218	48,229	102,681
Fund balances				
Nonspendable	13,385	-	9,937	23,322
Restricted	11,185	34,300	963,496	1,008,981
Committed	1,250	-	25,393	26,643
Assigned	37,109	-	-	37,109
Unassigned	234,225	-	-	234,225
Total fund balance	297,154	34,300	998,826	1,330,280
Total liabilities, deferred inflows, and fund balances	$ 427,827	$ 35,518	$ 1,210,877	$ 1,674,222

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2019
(in thousands)

Total fund balances - governmental funds		$ 1,330,280
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	512,772	
Artwork	49,806	
Construction in progress	426,684	
Infrastructure assets	2,820,813	
Buildings	1,455,341	
Improvements other than buildings	733,533	
Equipment	643,317	
Accumulated depreciation	(2,385,056)	
Total capital assets		4,257,210
Deferred outflows from refunding of debt represent a consumption of net position that applies to future periods and, therefore, will not be recognized as an outflow of resources until then. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.		11,801
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		102,681
Internal service funds are used by management to charge the costs of certain activities, such as equipment services, communication equipment services, office services, information services, and insurance. The assets and deferred outflows and liabilities and deferred inflows of the internal service funds are included in the governmental activities in the statement of net position.		(104,505)
Some long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds. Those liabilities consist of:		
Bonds payable, plus unamortized bond premium and accretion	2,327,933	
Capital leases	118,916	
Accrued interest on bonds and notes	11,908	
Developer payable	164,134	
Notes payable	43,853	
Commercial paper notes payable	3,500	
Compensated absences	109,949	
Sales tax refund	3,618	
Pollution remediation	3,463	
Total long-term liabilities		(2,787,274)
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds. These amounts consist of:		
Net pension liability	3,771,525	
Deferred outflows of resources	(1,273,019)	
Deferred inflows of resources	2,607,280	
		(5,105,786)
Other postemployment benefits liability and related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds. These amounts consist of:		
Other postemployment benefits liability	423,887	
Deferred outflows of resources	(53,318)	
Deferred inflows of resources	37,816	
		(408,385)
Net position (deficit) of governmental activities		$ (2,703,978)

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019
(in thousands)

	General	Debt Service	Nonmajor Governmental Funds	Total
Revenues:				
Ad valorem tax	$ 677,607	$ 251,342	$ 71,431	$ 1,000,380
Tax increment financing, intergovernmental	-	-	12,766	12,766
Sales tax	320,413	-	-	320,413
Franchise fees	135,697	-	5,125	140,822
Licenses and permits	12,422	-	190	12,612
Intergovernmental	10,190	-	64,630	74,820
Service to others	109,491	-	78,043	187,534
Fines and forfeitures	27,780	-	9,134	36,914
Investment income	9,114	1,591	23,766	34,471
Special assessments	-	-	33,038	33,038
Contributions and gifts	2	-	29,710	29,712
Confiscated money awards	-	-	2,561	2,561
Other revenues	8,092	705	3,769	12,566
Total revenues	1,310,808	253,638	334,163	1,898,609
Current expenditures:				
General government	167,958	-	212,315	380,273
Public safety	774,182	-	9,836	784,018
Code enforcement	43,553	-	226	43,779
Environmental and health services	-	-	16,467	16,467
Streets, public works, and transportation	91,150	-	37,198	128,348
Equipment and building services	22,276	-	663	22,939
Culture and recreation	141,594	-	9,648	151,242
Housing	3,098	-	-	3,098
Human services	-	-	22,679	22,679
Debt service:				
Principal	22,963	179,721	2,348	205,032
Interest and fiscal charges	3,594	94,998	2,438	101,030
Capital outlay	10,285	-	258,480	268,765
Total expenditures	1,280,653	274,719	572,298	2,127,670
Excess (deficiency) of revenues over (under) expenditures	30,155	(21,081)	(238,135)	(229,061)
Other financing sources (uses):				
Transfers in	27,298	4,690	47,767	79,755
Transfers out	(192,628)	-	(16,660)	(209,288)
Proceeds from sale of capital assets	1,696	-	15	1,711
Premium on debt issued	20,429	2,559	28,815	51,803
Issuance of general obligation bonds	153,950	19,225	216,370	389,545
Inception of capital lease	-	-	62,374	62,374
Issuance of notes	-	-	286	286
Total other financing sources (uses)	10,745	26,474	338,967	376,186
Net change in fund balances	40,900	5,393	100,832	147,125
Fund balances, beginning of year	256,254	28,907	897,994	1,183,155
Fund balances, end of year	$ 297,154	$ 34,300	$ 998,826	$ 1,330,280

CITY OF DALLAS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019
(in thousands)

Net change in fund balances-total governmental funds			$ 147,125
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay	268,765		
Capital contributions	36,440		
Capital assets acquired through developer payable	16,569		
Depreciation expense	(129,427)		
Net adjustment			192,347
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.			
Proceeds from sale of capital assets	(1,711)		
Net gain on disposal of capital assets	(906)		
			(2,617)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment is to recognize the net change in “unavailable” revenues.			12,694
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Debt issued:			
Premium on debt issued		(51,803)	
General obligation bonds		(389,545)	
Notes payable		(286)	
Capital leases		(62,374)	
Repayments:			
Capital lease liability		19,246	
Sales tax refund liability		1,574	
Note principal payment		4,491	
Bond principal payments		148,061	
Commercial paper notes payment		31,660	
Net adjustment			(298,976)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Decrease in accrued interest payable		(1,239)	
Amortization of premium, discount and refunding deferral		26,020	
Accretion on capital appreciation bonds		(1,875)	
Increase in pollution remediation liability		(2,350)	
Increase in compensated absences		(1,096)	
Increase in developer payable		(56,951)	
Total adjustment			(37,491)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, insurance, compensated absences, and computer replacement, to individual funds. The change in net position for these funds is reported with the governmental activities.			157,116
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(38,147)
Changes to other postemployment benefits and related deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			(13,967)
Change in net position of governmental activities			$ 118,084

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS
Year Ended September 30, 2019
(in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
Revenues:				
Ad valorem taxes	$ 727,886	$ 727,886	$ 729,596	$ 1,710
Sales tax	311,645	311,645	313,461	1,816
Other tax and franchise revenues	133,348	133,348	135,697	2,349
Licenses and permits	5,671	5,671	6,349	678
Intergovernmental	9,563	9,563	10,178	615
Services to others	122,048	122,048	114,016	(8,032)
Fines and forfeitures	34,245	34,245	35,823	1,578
Investment income	2,435	3,435	8,236	4,801
Miscellaneous revenue	6,320	6,320	9,744	3,424
Total revenues	1,353,161	1,354,161	1,363,100	8,939
Expenditures:				
General government				
City attorney's office	18,349	18,299	17,632	667
City auditor's office	3,367	3,352	2,889	463
Office of budget	3,796	3,696	3,593	103
Non-departmental	92,727	91,388	89,094	2,294
Independent audit	918	918	918	-
City controller's office	6,769	6,918	6,655	263
City manager's office	2,787	2,824	2,775	49
Municipal court - Judiciary	3,446	3,706	3,674	32
Court and detention services	23,314	22,714	20,842	1,872
Jail contract-Lew Sterrett	8,908	8,908	8,908	-
Civil service	3,242	3,317	3,109	208
Sustainable development and construction	2,195	2,195	2,080	115
Office of economic development	4,973	4,973	4,942	31
Mayor and city council	4,989	4,939	4,885	54
Office of management services	31,521	32,575	31,168	1,407
Human resources	7,005	6,825	6,537	288
Procurement services	2,443	2,622	2,576	46
Elections	1,477	2,882	2,526	356
City secretary's office	2,874	2,874	2,824	50
Total general government	225,100	225,925	217,627	8,298
Public safety				
Dallas police department	486,753	488,952	487,298	1,654
Dallas fire department	294,483	294,193	291,933	2,260
9-1-1 systems operations	15,177	15,177	11,500	3,677
Total public safety	796,413	798,322	790,731	7,591
Code enforcement				
Code compliance	31,635	31,635	30,467	1,168
Dallas animal services	14,879	14,749	14,626	123
Total code enforcement	46,514	46,384	45,093	1,291

continued

The notes to finanical statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-NON-GAAP BUDGETARY BASIS (continued)

Year Ended September 30, 2019
(in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget-Positive (Negative)
Public works and transportation				
Public works	$ 75,857	$ 75,817	$ 73,484	$ 2,333
Transportation	47,219	47,719	47,411	308
Total public works and transportation	123,076	123,536	120,895	2,641
Building services	22,730	23,425	23,425	-
Culture and recreation				
Library	34,139	33,339	32,753	586
Office of cultural affairs	19,973	20,595	20,514	81
Park and recreation	98,542	99,426	96,604	2,822
Total culture and recreation	152,654	153,360	149,871	3,489
Housing and neighborhood revitalization	4,214	4,199	3,827	372
Planning and urban design	3,172	2,972	2,742	230
Total expenditures	1,373,873	1,378,123	1,354,211	23,912
Excess (deficiency) of revenues over (under) expenditures	(20,712)	(23,962)	8,889	(14,973)
Other financing sources (uses):				
Interfund transfers in	24,824	27,459	24,093	(3,366)
Interfund transfers out	(7,270)	(6,655)	(5,071)	1,584
Total other financing sources (uses)	17,554	20,804	19,022	(1,782)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	(3,158)	(3,158)	27,911	(16,755)
Fund balances, beginning of year	222,997	222,997	222,997	-
Fund balances, end of year	$ 219,839	$ 219,839	$ 250,908	$ (16,755)

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2019
(in thousands)

	Business-Type Activities Enterprise Funds						
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Assets							
Current assets:							
Pooled cash and cash equivalents	$ 221,812	$ 126,743	$ 62,512	$ 31,063	$ 65,085	$ 507,215	$ 112,905
Receivables:							
Accounts	89,566	3,567	6,949	15,756	557	116,395	107
Taxes	-	8,958	-	-	-	8,958	-
Accrued interest	1,029	259	209	36	72	1,605	89
Allowance for uncollectible accounts	(5,561)	(487)	(20)	(6,052)	(14)	(12,134)	-
Due from other governments	123	-	2,121	-	-	2,244	-
Due from other funds	794	-	-	-	-	794	-
Prepaid items	6,484	85	434	-	-	7,003	29
Inventories, at cost	15,858	857	1,564	279	-	18,558	3,397
Restricted assets:							
Customer assessments	626	-	50	-	-	676	-
Pooled cash and cash equivalents for current debt service	151,839	4,139	-	-	-	155,978	-
Cash and cash equivalents Held for construction purposes	49,528	3,625	-	-	-	53,153	-
Customer deposits:							
Pooled cash and cash equivalents	18,899	-	-	1,105	-	20,004	-
Other assets	-	-	-	-	-	-	2,804
Total current assets	550,997	147,746	73,819	42,187	65,700	880,449	119,331
Noncurrent assets:							
Capital Assets:							
Land	122,907	82,728	131,184	3,759	900	341,478	1,696
Artwork	-	-	3,402	-	-	3,402	-
Construction in progress	1,160,320	1,266	75,198	1	207	1,236,992	129
Water rights	353,910	-	-	-	-	353,910	-
Buildings	524,565	599,488	885,965	5,267	337	2,015,622	4,435
Improvements other than buildings	81,851	64,381	364,322	27,916	273	538,743	1,069
Infrastructure assets	581,220	12,652	4,896	6,003	-	604,771	1,822
Equipment	636,780	46,155	91,881	64,180	4,924	843,920	114,532
Utility property	4,308,334	-	-	-	-	4,308,334	-
Accumulated depreciation	(2,404,328)	(373,884)	(352,656)	(40,740)	(4,310)	(3,175,918)	(104,174)
Total capital assets	5,365,559	432,786	1,204,192	66,386	2,331	7,071,254	19,509
Other noncurrent assets:							
Restricted assets:							
Future pipeline reserve capacity rights	83,312	-	-	-	-	83,312	-
Held for construction purposes:							
Cash and cash equivalents	-	-	1,602	-	-	1,602	-
Other investment	-	-	3,852	-	-	3,852	-
Pooled cash and cash equivalents for future debt service	22,561	527	12,560	-	-	35,648	-
Pooled cash and cash equivalents for emergency repairs and replacements	-	-	5,000	-	-	5,000	-
Pooled cash and cash equivalents for operation and maintenance expenses	-	-	13,608	-	-	13,608	-
Pooled cash and cash equivalents for passenger facility charges	-	-	88,745	-	-	88,745	-
Other investments for future debt service at fair value	89,900	22,958	30,852	-	-	143,710	-
Cash and cash equivalents held by escrow agent	133,638	-	-	-	-	133,638	-
Notes receivable from other funds	5,816	-	-	-	-	5,816	-
Prepaid escrow	32,649	-	-	-	-	32,649	-
Total other noncurrent assets	367,876	23,485	156,219	-	-	547,580	-
Total noncurrent assets	5,733,435	456,271	1,360,411	66,386	2,331	7,618,834	19,509
Total assets	6,284,432	604,017	1,434,230	108,573	68,031	8,499,283	138,840
Deferred outflows of resources							
Deferred loss on refunding	48,050	2,241	10	35	19	50,355	-
Deferred outflows of resources related to pensions	233,575	13,570	31,945	75,099	47,909	402,098	105,564
Deferred outflows of resources related to other postemployment benefits	7,562	185	1,550	2,756	1,535	13,588	3,225
Total deferred outflows of resources	$ 289,187	$ 15,996	$ 33,505	$ 77,890	$ 49,463	$ 466,041	$ 108,789

The notes to financial statements are an integral part of this statement.

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (continued)
September 30, 2019
(in thousands)

	Business-Type Activities Enterprise Funds						Governmental
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Activities-Internal Service Funds
Liabilities							
Current liabilities:							
Accrued payroll	$ 1,608	$ 165	$ 309	$ 507	$ 401	$ 2,990	$ 797
Accounts payable	10,344	8,916	5,577	8,810	280	33,927	15,561
Compensated absences	5,824	156	974	1,549	1,236	9,739	3,030
Due to other governments	-	3	219	719	-	941	-
Due to other funds	-	-	-	526	-	526	-
Unearned revenue	-	-	3,682	99	8,418	12,199	-
Estimated unpaid health claims	-	-	-	-	-	-	7,682
Estimated unpaid claims - general	-	-	-	-	-	-	4,274
Workers' compensation	-	-	-	-	-	-	7,720
Accrued interest payable on notes	330	16	20	102	39	507	-
General obligation bonds	-	-	-	821	-	821	-
Pension obligation bonds	1,610	115	151	526	293	2,695	-
Pollution remediation	-	75	30	-	-	105	-
Obligation for revenue credit agreement	-	-	8,500	-	-	8,500	-
Landfill closure/postclosure	-	-	-	276	-	276	-
Capital leases	-	-	1,225	5,835	-	7,060	-
Other liabilities	-	-	-	-	2,743	2,743	3,306
Total current liabilities	19,716	9,446	20,687	19,770	13,410	83,029	42,370
Current liabilities (payable from restricted assets):							
Construction accounts payable	77,407	204	12,353	-	-	89,964	-
Accrued interest payable on bonds	46,078	1,798	13,464	-	-	61,340	-
Water transmission facilities financing agreement	9,772	-	-	-	-	9,772	-
Revenue bonds	105,560	9,095	8,230	-	-	122,885	-
Total current liabilities (payable from restricted assets)	238,817	11,097	34,047	-	-	283,961	-
Total current liabilities	258,533	20,543	54,734	19,770	13,410	366,990	42,370
Noncurrent liabilities:							
Commercial paper notes payable	164,500	-	-	-	-	164,500	-
Revenue bonds	2,314,573	267,817	232,396	-	-	2,814,786	-
Obligation for revenue credit agreement	-	-	402,564	-	-	402,564	-
Accreted interest on pension obligation bonds	30,364	2,168	2,846	9,927	5,529	50,834	-
General obligation bonds	-	-	-	4,531	-	4,531	-
Pension obligation bonds	63,038	4,486	5,906	20,608	11,484	105,522	-
Water transmission facilities financing agreement	415,670	-	-	-	-	415,670	-
Capital leases	-	-	69,386	11,073	-	80,459	-
Total long-term debt	2,988,145	274,471	713,098	46,139	17,013	4,038,866	-
Other long-term liabilities:							
Estimated unpaid claims - general	-	-	-	-	-	-	7,521
Arbitrage rebate	188	-	-	-	-	188	-
Other postemployment benefits	64,552	4,645	10,975	21,991	11,914	114,077	27,406
Net pension liability	438,373	28,440	64,388	142,382	92,022	765,605	201,790
Workers' compensation	-	-	-	-	-	-	33,875
Customer deposits	18,899	2,548	-	1,105	-	22,552	-
Customer construction advances	3,572	-	-	-	-	3,572	-
Pollution remediation	-	-	529	-	-	529	-
Landfill closure/postclosure	-	-	-	43,190	-	43,190	-
Compensated absences	5,473	147	915	1,457	1,162	9,154	2,848
Total other long-term liabilities	531,057	35,780	76,807	210,125	105,098	958,867	273,440
Total noncurrent liabilities	3,519,202	310,251	789,905	256,264	122,111	4,997,733	273,440
Total liabilities	3,777,735	330,794	844,639	276,034	135,521	5,364,723	315,810
Deferred inflows of resources							
Deferred inflows of resources related to pensions	78,065	4,347	6,791	24,627	14,313	128,143	33,983
Deferred inflows of resources related to other postemployment benefits	5,400	240	1,080	1,948	1,075	9,743	2,341
Total deferred inflows of resources	83,465	4,587	7,871	26,575	15,388	137,886	36,324
Net Position							
Net investment in capital assets	2,592,605	159,296	494,336	44,126	2,331	3,292,694	19,509
Restricted:							
Debt service	218,034	25,825	10,604	-	-	254,463	-
Emergency repairs and replacements	-	-	5,000	-	-	5,000	-
Operation and maintenance expenses	32,649	-	13,608	-	-	46,257	-
Passenger facility charges	-	-	88,745	-	-	88,745	-
Unrestricted (deficit)	(130,869)	99,511	2,932	(160,272)	(35,746)	(224,444)	(124,014)
Total net position (deficit)	$ 2,712,419	$ 284,632	$ 615,225	$ (116,146)	$ (33,415)	$ 3,462,715	$ (104,505)

CITY OF DALLAS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Business-Type Activities Enterprise Funds						
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
Operating revenues:							
Customer charges	$ 617,510	$ 41,180	$ 153,071	$ 123,590	$ 38,642	$ 973,993	$ -
Charges to other City departments	-	-	-	-	-	-	261,348
Charges to employees/retirees	-	-	-	-	-	-	59,452
Intergovernmental	-	5,184	855	-	-	6,039	-
Other revenues	-	34	418	12	209	673	5,443
Total operating revenues	617,510	46,398	154,344	123,602	38,851	980,705	326,243
Operating expenses:							
Personnel services	166,162	11,993	32,327	62,308	40,154	312,944	100,107
Supplies and materials	83,559	4,245	7,979	8,098	604	104,485	27,059
Contractual and other services	116,689	65,523	51,249	53,037	9,482	295,980	210,476
Depreciation	128,545	17,910	37,123	6,691	138	190,407	3,779
Total operating expenses	494,955	99,671	128,678	130,134	50,378	903,816	341,421
Operating income (loss)	122,555	(53,273)	25,666	(6,532)	(11,527)	76,889	(15,178)
Nonoperating revenues (expenses):							
Investment income	17,775	3,749	4,885	1,083	1,507	28,999	1,833
Alcohol beverage tax	-	13,877	-	-	-	13,877	-
Hotel occupancy tax	-	67,836	-	-	-	67,836	-
Passenger facility charges	-	-	29,404	-	-	29,404	-
Interest on bonds and notes	(108,732)	(15,640)	(34,573)	(2,215)	(916)	(162,076)	-
Net gain (loss) on property disposals	(1,092)	-	1	-	-	(1,091)	398
Total nonoperating revenues (expenses)	(92,049)	69,822	(283)	(1,132)	591	(23,051)	2,231
Income (loss) before contributions and transfers	30,506	16,549	25,383	(7,664)	(10,936)	53,838	(12,947)
Contributions and transfers							
Capital contributions	19,584	500	8,966	-	-	29,050	-
Transfers in	310	-	-	-	73	383	178,462
Transfers out	(29,414)	(2,704)	(409)	(7,784)	(602)	(40,913)	(8,399)
Total contributions and transfers	(9,520)	(2,204)	8,557	(7,784)	(529)	(11,480)	170,063
Change in net position	20,986	14,345	33,940	(15,448)	(11,465)	42,358	157,116
Net position (deficit), beginning of year (restated - see note 21)	2,691,433	270,287	581,285	(100,698)	(21,950)	3,420,357	(261,621)
Net position (deficit), end of year	$ 2,712,419	$ 284,632	$ 615,225	$ (116,146)	$ (33,415)	$ 3,462,715	$ (104,505)

The notes to financial statements are an integral part of this statement.

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

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Business-Type Activities Enterprise Funds			
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation
Cash flows from operating activities:				
Cash received from customers	$ 606,836	$ 46,844	$ 158,882	$ 123,602
Cash payments to suppliers for goods and services	(80,829)	(4,087)	(6,734)	(6,070)
Cash payments to employees for services	(95,031)	(6,649)	(19,687)	(38,301)
Cash payments for contractual services	(116,083)	(65,506)	(51,599)	(50,350)
Other operating cash receipts	-	34	418	12
Net cash provided by (used in) operating activities	314,893	(29,364)	81,280	28,893
Cash flows from non-capital financing activities:				
Taxes	-	81,543	-	-
Principal paid on pension obligation bonds	(1,622)	(116)	(152)	(530)
Interest paid on pension obligation bonds	(5,007)	(365)	(479)	(1,673)
Transfers from other funds	310	-	-	-
Transfers to other funds	(29,414)	(2,704)	(409)	(7,784)
Net cash provided by (used in) non-capital financing activities	(35,733)	78,358	(1,040)	(9,987)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(241,683)	(1,112)	(43,169)	(22,126)
Proceeds from sale of capital assets	89	-	2	-
Proceeds from obligation for revenue bonds	66,000	-	-	-
Proceeds from notes payable and other obligations	-	-	-	4,464
Principal paid on bonds	(101,803)	(8,665)	(3,885)	(825)
Principal paid on notes payable and other obligations	-	-	(9,170)	(6,516)
Interest paid on bonds, notes, and other obligations	(112,168)	(14,821)	(37,144)	(680)
Proceeds from sale of commercial paper notes	-	-	-	-
Retirement of commercial paper notes	164,500	-	-	-
Passenger facility charges	-	-	29,553	-
Capital contribution income	-	500	-	-
Net cash provided by (used in) capital and related financing activities	(225,065)	(24,098)	(63,813)	(25,683)
Cash flows from investing activities:				
Purchase of investments	(2,123)	-	(39,758)	-
Maturity of investments	-	-	46,589	-
Investment income	19,345	3,399	5,026	1,154
Net cash provided by (used in) investing activities	17,222	3,399	11,857	1,154
Net increase (decrease) in cash and cash equivalents	71,317	28,295	28,284	(5,623)
Cash and cash equivalents, beginning of year	526,960	106,739	155,743	37,791
Cash and cash equivalents, end of year	$ 598,277	$ 135,034	$ 184,027	$ 32,168

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ 39,211	$ 975,375	$ 320,969
(1,107)	(98,827)	(24,262)
(23,645)	(183,313)	(61,848)
(8,673)	(292,211)	(389,738)
209	673	5,503
5,995	401,697	(149,376)
-	81,543	-
(295)	(2,715)	-
(944)	(8,468)	-
73	383	178,462
(602)	(40,913)	(8,399)
(1,768)	29,830	170,063
(487)	(308,577)	(6,374)
-	91	535
-	66,000	-
-	4,464	-
-	(115,178)	-
-	(15,686)	-
-	(164,813)	-
-	-	-
-	164,500	-
-	29,553	-
-	500	-
(487)	(339,146)	(5,839)
-	(41,881)	-
-	46,589	-
1,570	30,494	1,916
1,570	35,202	1,916
5,310	127,583	16,764
59,775	887,008	96,141
$ 65,085	$ 1,014,591	$ 112,905

continued

CITY OF DALLAS, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (continued)
For the Year Ended September 30, 2019
(in thousands)

	Business-Type Activities Enterprise Funds			
	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 122,555	$ (53,273)	$ 25,666	$ (6,532)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	128,545	17,910	37,123	6,691
Change in assets and liabilities				
(Increase) Decrease in accounts and other receivables	(7,126)	(99)	4,339	(696)
(Increase) Decrease in customer assessments receivable	-	-	(6)	-
(Increase) Decrease in inventories	(2,354)	(133)	(328)	(36)
(Increase) Decrease in other assets	7,070	-	-	-
(Increase) Decrease in prepaid escrow	-	-	-	-
(Increase) Decrease in due from other governments	(526)	1	219	196
(Increase) Decrease in due from other funds	-	-	-	-
(Increase) Decrease in deferred outflows for other postemployment benefits	(6,981)	(140)	(1,439)	(2,550)
(Increase) Decrease in deferred outflows for pension contributions	(146,899)	(10,519)	(24,259)	(49,296)
Increase (Decrease) in accounts payable	(1,986)	291	1,573	2,064
Increase (Decrease) in accrued payroll	476	79	102	125
Increase (Decrease) in due to other funds	-	-	-	526
Increase (Decrease) in compensated absences	(366)	(561)	147	(37)
Increase (Decrease) in allowance for uncollectibles	(4,072)	51	(10)	655
Increase (Decrease) in unearned revenue	-	-	633	24
Increase (Decrease) in customer deposits	1,050	528	-	29
Increase (Decrease) in other postemployment benefits	5,845	117	1,204	2,136
Increase (Decrease) in customer construction advances	606	-	-	-
Increase (Decrease) in estimated unpaid health claims	-	-	-	-
Increase (Decrease) in estimated unpaid claims - general	-	-	-	-
Increase (Decrease) in workers' compensation	-	-	-	-
Increase (Decrease) in landfill liability	-	-	-	1,965
Increase (Decrease) in net pension liability	274,593	22,056	48,198	93,186
Increase (Decrease) in other liabilities	-	16	(569)	-
Increase (Decrease) in deferred inflows for other postemployment benefits	3,114	62	642	1,138
Increase (Decrease) in deferred inflows for pension contributions	(58,651)	(5,750)	(11,955)	(20,695)
Total adjustments	192,338	23,909	55,614	35,425
Net cash provided by (used in) operating activities	314,893	(29,364)	81,280	28,893
Current Assets:				
Pooled cash and cash equivalents	$ 221,812	$ 126,743	$ 62,512	$ 31,063
Pooled cash and cash equivalents for current debt service	151,839	4,139	-	-
Held for construction purposes	49,528	3,625	-	-
Customer deposits pooled cash and cash equivalents	18,899	-	-	1,105
Non-current Assets:				
Cash and cash equivalents				
Held by escrow agent	133,638	-	-	-
Held for construction purposes	-	-	1,602	-
For future debt service	22,561	527	12,560	-
For emergency repairs and replacements	-	-	5,000	-
For operation and maintenance expenses	-	-	13,608	-
For passenger facility charges	-	-	88,745	-
Total cash and cash equivalents end of year	$ 598,277	$ 135,034	$ 184,027	$ 32,168
Noncash investing, capital, and financing activities:				
Capital contributions	$ 19,584	$ -	$ 8,966	$ -
Prepaid escrow	23,204	-	-	-
Change in fair value of non-pooled investments	(1,062)	-	-	-
Premium/discount amortization	(17,479)	237	2,485	637
Accretion on capital appreciation bonds	514	37	48	168
Amortization of deferred gain/loss on refunding	8,512	707	3	10

Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds
$ (11,527)	$ 76,889	$ (15,178)
138	190,407	3,779
		-
3	(3,579)	228
-	(6)	-
-	(2,851)	(252)
-	7,070	(480)
-	-	-
-	(110)	-
-	-	-
(1,424)	(12,534)	(2,967)
(32,870)	(263,843)	(70,608)
(503)	1,439	3,049
144	926	327
-	526	-
42	(775)	(247)
-	(3,376)	-
566	1,223	-
-	1,607	-
1,192	10,494	2,481
-	606	-
-	-	(630)
-	-	(178,208)
-	-	4,222
-	1,965	-
63,402	501,435	134,960
809	256	(574)
636	5,592	1,323
(14,613)	(111,664)	(30,601)
17,522	324,808	(134,198)
5,995	401,697	(149,376)
$ 65,085	$ 507,215	$ -
-	155,978	-
-	53,153	-
-	20,004	-
-	133,638	-
-	1,602	-
-	35,648	-
-	5,000	-
-	13,608	-
-	88,745	-
$ 65,085	$ 1,014,591	$ -
$ -	$ 28,550	-
-	23,204	-
-	(1,062)	-
127	(13,993)	-
94	861	-
6	9,238	-

CITY OF DALLAS, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2019
(in thousands)

	Agency Funds	Pension Trust Funds (1)
Assets		
Pooled cash and cash equivalents	$ 1,091	$ -
Cash and cash equivalents	-	152,919
Invested securities lending collateral	-	290,677
Receivables:		
Accounts	32	592,470
Accrued interest	5	18,286
Short-term investments	-	41,317
Equity securities	-	435,935
Domestic equities	-	1,210,491
U.S. and foreign government fixed income securities	-	713,865
Domestic corporate fixed income	-	713,543
International equities and fixed income	-	419,497
Commingled index funds	-	152,656
Real assets	-	938,091
Private equities and venture capital funds	-	558,684
Forward currency contracts	-	(270)
Prepaid expenses	-	365
Other assets	200	-
Capital assets, net	-	15,692
Total assets	1,328	6,254,218
Liabilities		
Accounts payable	-	11,287
Payable for securities purchased	-	57,196
Securities lending obligation	-	290,677
Other liabilities	1,328	552,513
Total liabilities	1,328	911,673
Net Position		
Net investment in capital assets	-	15,692
Restricted for pensions	-	5,326,853
Total net position	$ -	$ 5,342,545

(1) Information presented for the pension trust funds is as of December 31, 2018.

CITY OF DALLAS, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Pension Trust Funds (1)
Additions:	
Contributions:	
Employer	$ 212,261
Employee	106,178
Total contributions	318,439
Net investment income:	
Interest and dividends	155,217
Net depreciation in fair value of investments	(255,499)
Securities lending income	1,837
Less investment expenses:	
Investment management fees	(24,915)
Custody fees	(126)
Consultant fees	(389)
Securities lending management fees	(345)
Total investment expenses	(25,775)
Net investment loss	(124,220)
Other income	600
Total increases	194,819
Deductions:	
Benefit payments	561,136
Refund of contributions	11,149
Administrative expenses	13,399
Total deductions	585,684
Change in net position	(390,865)
Net position	
Beginning of year	5,733,410
End of year	$ 5,342,545

(1) Information presented for the pension trust funds is for the year ended December 31, 2018.

CITY OF DALLAS, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2019

Note 1. Summary of Significant Accounting Policies

A. General

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 accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Unless otherwise indicated, amounts are presented in thousands (000's). The more significant accounting and reporting policies and practices used by the City are described below.

B. Reporting Entity

The accompanying basic financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The criteria considered in determining activities to be reported within the City'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; and
- there is fiscal dependency by the organization on the City.

The City's municipal services, which include public safety (police and fire), environmental and health services, code enforcement, streets, public works, and transportation, equipment and building, culture and recreation, housing and human services, and general administrative services, are included in the accompanying basic financial statements.

In addition, the City owns and operates certain enterprise funds including water utilities, convention services, airport, sanitation, and other enterprise activities that are also included in the accompanying basic financial statements.

Blended Component Units

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. Thus, blended component units are appropriately presented as funds of the primary government. The information reported for the pension trust funds is as of December 31, 2018 and the Trinity River Corridor Local Government Corporation and Love Field Airport Modernization Corporation (LFAMC) is as of September 30, 2019.

- Pension Trust Funds – The Pension Trust Funds have a December 31 year-end. The primary functions of the pension entities are investment and benefit management activities. Each board has contracted with various investment managers and banks for management of the portfolios of the plans. The City contributes on behalf of its employees to three defined benefit pension plans administered by two legally separate entities: the Employees' Retirement Fund of the City of Dallas, at 1920 McKinney Avenue, 10th Floor, Dallas, TX 75201; and Dallas Police and Fire Pension System, at 4100 Harry Hines Boulevard, Ste. 100, Dallas, TX 75219. Complete financial statements of each plan may be obtained at the administrative offices.
- Love Field Airport Modernization Corporation (LFAMC) – 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.
- Trinity River Corridor Local Government Corporation – The Corporation was organized for aiding, assisting, and acting on behalf of the City in the performance of its governmental functions; namely, the design, planning, development, financing, operation, and maintenance of public recreation uses of City fee-owned property located in a portion of the Trinity River Corridor. This component unit is blended with the Stormwater Operations special revenue fund.

Note 1. Summary of Significant Accounting Policies (continued)

Discretely Presented Component Units – The following legally separate entities are reported as discretely presented component units of the City because the City appoints a voting majority of the boards, approves budgets, and maintains the ability to impose its will on the entities. The discretely presented component units of the governmental activities and the business-type activities are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government. The information reported for the Dallas Convention Center Hotel Development Corporation and the Housing Finance Corporation is as of December 31, 2018, and all others are as of September 30, 2019.

- Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage opportunities for single-family residential home ownership among low to moderate-income citizens.
- Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities for low and moderate-income persons.
- Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.
- Downtown Dallas Development Authority – The primary function of the Downtown Dallas Development Authority (DDDA) is to increase the property tax base in the downtown area of the city. The DDDA operates in a manner similar to other tax increment financing zones of the City but has a separate board. Its primary purpose is to issue revenue bonds to finance major improvements by developers.
- North Oak Cliff Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, the public welfare in the District, and educational scholarships for college-bound students residing in or out of the District.
- Cypress Waters Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation and the arts, entertainment, economic development, safety, and the public welfare in the District.
- Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the city included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement, and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the city, including specifically, without limitation, the development and financing of a convention center hotel which is located within 1,000 feet of the Dallas Convention Center.

Entity financial statements are available for all of the above entities by contacting the City Controller's Office, 1500 Marilla, Room 2BS, Dallas, TX 75201.

Related Organizations

City officials are also responsible for appointing members to the boards of the following organizations, but the City's accountability for the organization does not extend beyond making appointment.

The Dallas/Fort Worth International Airport (DFW Airport) is jointly governed by the cities of Dallas and Fort Worth. The Cities approve the Airport's annual budget and all bond sales but have no responsibility for the DFW Airport's debt service requirements. DFW Airport is governed by a 12-member board (Board) comprised of seven members representing the City of Dallas, four members representing the City of Fort Worth, and on an annual basis, one non-voting member from the neighboring cities of Irving, Grapevine, Euless and Coppell. Members of the Board are appointed by the respective city councils. The Board is a semi-autonomous body charged with governing the DFW Airport and may enter into contracts without approval of the city councils.

The Dallas Housing Authority (Authority) is an independent organization, which has a scope of public service within the geographic boundaries of the city. Under Texas State Statutes, the responsibility for the administration and operations of the Authority is vested solely with the Authority's Board of Commissioners. The Authority is dependent on Federal funds from the Department of Housing and Urban Development and, as a result, is not financially dependent on the City. In addition, the City is not responsible for any deficits incurred and has no fiscal management control. The governing body of the Authority is its Board of Commissioners, composed of five members appointed by the Mayor of the City of Dallas. The Authority is not considered a component unit of the City, as defined by GASB since the City is not financially accountable for the operations of the Authority, has no responsibility to fund deficits or receive surpluses, and has not guaranteed the Authority's debt.

Note 1. Summary of Significant Accounting Policies (continued)

The Dallas Area Rapid Transit (DART) is a regional transportation authority under Chapter 452 of the Texas Transportation Code and is controlled by a 15-member board. The Dallas City Council appoints seven members and participating suburban city councils appoint eight board members. Its purpose is to provide transportation services in the DART service area. The voters in the DART service area approved a one percent sales tax to fund the authority annually. DART is not fiscally dependent on the City.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government and its non-fiduciary component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function or segment.

Taxes and other items are reported as general revenues, rather than as program revenues.

Separate fund level financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The agency fund financial statements have no measurement focus, but do employ the accrual basis of accounting for purposes of asset and liability recognition. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows; however, agency funds report only assets and liabilities and have no measurement focus.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues received within 60 days of year-end to be available, in accordance with the City’s accounting policy, except as noted in the paragraph below.

Revenues susceptible to accrual include ad valorem taxes, sales tax, ambulance fees, parking fines, franchise fees, and interest. In applying the susceptible to accrual concept to Federal and State grants, revenues are recognized when applicable eligibility requirements, including time requirements, are met. The grant revenues and developer and intergovernmental contributions availability period is considered to be one year. All other revenue items are considered to be measurable and available only when the City receives the cash as the resulting net receivables are deemed immaterial, such as court fines and fees.

Expenditures are generally recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, arbitrage rebates, claims and judgments, other postemployment benefits, and pollution remediation are recorded only when matured and payment is due.

Note 1. Summary of Significant Accounting Policies (continued)

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

The City reports the following non-major governmental funds:

The Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Permanent Funds are used to account for private endowments whereby interest earnings are restricted in accordance with the endowment terms.

Proprietary Funds and Pension Trust Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of operating income, change in net position, financial position, and cash flow. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position.

The City reports the following major proprietary funds:

The Dallas Water Utilities Fund accounts for water and wastewater services for Dallas, area customer cities, and governmental entities. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Convention Center Fund accounts for convention and event services for the Dallas Convention Center. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The Airport Revenues Fund accounts for the Dallas Airports System, which includes airport services and administration of Dallas Love Field, Executive Airport, and the Heliport. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service. DFW airport activity is not included in the financial statements.

The Sanitation Fund accounts for solid waste collection and disposal services for residential and commercial customers in Dallas. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance, and related debt service.

The City reports the following non-major proprietary funds:

The non-major proprietary funds consist of Enterprise Funds, which are used to account for operations, other than the major proprietary funds listed above, and are operated in a manner similar to private business enterprises. Non-major Enterprise Funds include the operation of the municipal radio station and building inspections.

Additionally, the City reports the following funds:

The Internal Service Funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments are vehicles, vehicle maintenance, fuel and lubrication, communication services, data processing and programming services, office supplies, printing, copying and mailing services, risk financing, including insurance-related activities, and bond program administration.

Note 1. Summary of Significant Accounting Policies (continued)

The Pension Trust Fund accounts for the activities of the Employees' Retirement System, Police and Fire Pension System, and Supplemental Police and Fire Pension Plan. The three contributory defined benefit plans are used to accumulate resources for pension benefits payments to qualified employees.

The Agency Funds are used to account for assets held by the City, as an agent for individuals (cash escrow, confiscated money, and deferred compensation fund), and other funds for assets held by the City, in a trustee capacity (tax distribution, employee benefits, and the Dallas Tourism Public Improvement District deposit account).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes (PILOT) and other charges between the Dallas Water Utilities Fund and various other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

Operating revenues of the City's enterprise funds are charges to customers for sales and services, charges to other City departments, services to others, intergovernmental revenue, and other revenues. Operating expenses include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in pooled cash as well as short-term investments with the exception of the Pension Trust Funds (which consider short-term investments as regular investments). Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.

Investments in U.S. government obligations are recorded at fair value based on observable inputs; investments in money market funds and hedge funds are measured at Net Asset Value (NAV); local government investment pools are measured at amortized cost, with the exception of Texas CLASS, which is reported at fair value. Other investments, except hedge funds, held in trusts for various permanent funds are recorded at fair value based on quoted market prices. Pension investments are recorded at fair value based on quoted market values, when available. The amounts recorded in the Pension Trust Funds for real estate funds and venture capital funds represent estimated fair values based upon appraised values or other comparable methods. The Commingled Index Funds estimated fair values are based upon audited financial statements.

F. Property Taxes

The City's property tax is levied each October 1 on the assessed value as of the previous January 1 for all real and income-producing (or business personal) property. Appraised values are established by the Dallas, Denton, Collin, and Rockwall Central Appraisal Districts equal to 100 percent of appraised market value as required under the State Property Tax Code. The value of real property within the Appraisal District must be reviewed every three years. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. The City establishes tax rates on property within its jurisdiction. If the adopted tax rate, excluding tax rates for bonds and other contractual obligations, exceeds the effective tax rate by more than eight percent, qualified voters of the city may petition for an election to determine whether to limit the tax rate increase to no more than eight percent above the effective tax rate. Property taxes attach as an enforceable lien on property as of January 1 of the subsequent year.

Taxes are due October 1. Full payment can be made prior to the following January 31 to avoid penalty and interest charges. Current tax collections for the year ended September 30, 2019 were 97.92 percent of the tax levy. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per one hundred dollars of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for fiscal year 2019 was $0.7767 per $100 dollars of assessed valuation, $0.5667 for general governmental services and $0.2100 for the payment of principal and interest on general obligation long-term debt.

Note 1. Summary of Significant Accounting Policies (continued)

G. Federal and State Grants and Entitlements

Grants and entitlements received for purposes normally financed through the general government are accounted for within the Special Revenue Funds. Grants and similar items are recognized as revenue as soon as all applicable eligibility requirements, excluding time requirements, have been met. Amounts received before time requirements are met, but after all other eligibility requirements have been met are reported as a deferred inflow of resources. Amounts received before eligibility requirements have been met are reported as unearned revenue.

H. Inventories

Inventory is valued at average cost. Inventory for all funds generally consists of expendable supplies held for consumption and are recorded as expenditures (or expenses) when consumed.

I. Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2019. Prepaid items are recorded using the consumption method.

J. Restricted Assets

Proceeds of Enterprise Fund revenue bonds, commercial paper notes, and other financing arrangements, as well as resources set aside for revenue bond repayment, are classified as restricted assets on the statement of net position when their use is limited by applicable covenants. The Capital Project Funds record proceeds of debt issuances restricted for construction. The current Debt Service Funds are used to segregate resources accumulated for debt service payments over the next 12 months.

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, unspent grant proceeds, escrow deposits, and customer deposits. Assets restricted for a specific purpose are utilized before the use of unrestricted assets to pay related obligations when authorized to do so.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (examples include streets and bridges), are reported in the applicable governmental or business-type activities columns, in both the government-wide and proprietary fund level statement of net position. 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 valued at historical cost or estimated historical cost if actual cost is not available. Assets acquired by donation are recorded at acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital asset additions and improvements are capitalized as projects are constructed.

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.

Note 1. Summary of Significant Accounting Policies (continued)

The estimated useful lives of the primary government's capital assets are as follows:

	Useful Life	
	Governmental Activities	Business-type Activities
Infrastructure	10-50 years	50-100 years
Reservoirs and water rights	N/A	100 years
Buildings	10-50 years	10-50 years
Improvements other than buildings	10-50 years	10-100 years
Equipment	3-20 years	3-25 years
Utility property	N/A	33-75 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.

L. 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.

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 government-wide and proprietary fund statements of net position, all compensated absence liabilities incurred are recorded as liabilities. However, a liability is recorded in the governmental funds balance sheet only if they have matured and are due as a result of employee resignations, retirements, or termination.

M. 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.

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Note 1. Summary of Significant Accounting Policies (continued)

N. 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 equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan (active employees and inactive employees) determined as of the beginning of the measurement period.
- Difference between estimated and actual experience related to other postemployment benefits (OPEB) - These are amortized as a component of OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (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 of five years.

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 three items that qualify in this category. The first item arises only under the modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflow is reclassified to revenue on the government-wide financial statements. The second and third items qualify as deferred inflows of resources related to pensions and OPEB. A deferred inflow is recorded in the government-wide statement of net position and fund level financials for the proprietary statements of net position for the difference in expected and actual experience in the actuarial measurement of the total pension liability not recognized in the current year. The differences are amortized over the average remaining service life of all participants in the respective pension and OPEB plans and recorded as a component of pension expense beginning with the period in which they are incurred. Also, changes in assumptions 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. The Dallas Convention Center Hotel Development Corporation discretely presented component unit also reports a deferred inflow as a result of the advance for the Build America Bonds rebate.

O. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements of net position.

General obligation bonds are issued to fund capital projects of both the general government and certain proprietary funds, and are to be repaid from tax revenues of the City. Accreted interest on capital appreciation bonds is reflected as interest expense in the governmental activities statement of activities and as an addition to non-current liabilities in the statement of net position.

Note 1. Summary of Significant Accounting Policies (continued)

P. Bond Premiums, Discounts, and Issuance Costs

In the government-wide financial statements and proprietary fund 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as issuance costs in the current period. The face amount of debt issued is reflected as other financing sources. Premiums are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund level balance sheets/statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Short-term and long-term interfund loans are classified as notes receivable or payable from other funds with an interest rate of 4.25 to 5.44 percent.

R. Transactions Between Funds

Transactions between funds, which would have been treated as revenues, expenditures, or expenses if they involved organizations external to the government unit, are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transaction are classified as transfers.

S. Deferred Compensation Plan

There are 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(b) 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 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.

T. Net Position

In the government-wide and proprietary funds 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 City’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. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained in perpetuity, and invested for the purpose of producing present and future income, which may be either expended or added to principal. The City is subject to the State of Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) in relation to endowment funds.

Note 1. Summary of Significant Accounting Policies (continued)

The Risk Fund has a deficit net position of $23.5 million associated with the City's self-insured workers' compensation, auto, and general liability activities. The deficit results from the recognition of certain liabilities that will be paid in future periods. These liabilities will be funded in the fiscal year in which they will be paid through annual budget appropriations. The City's approach for addressing this deficit is consistent with the budgetary basis of accounting for all funds as indicated in Note 2.B. The Sanitation, Municipal Radio, Building Inspection, Equipment Services, Communication Equipment Services, Information Systems, and Bond Program Administration funds had deficit net positions of $116.1 million, $3.6 million, $29.9 million, $26.4 million, $3.9 million, $22.3 million, and $29.9 million respectively, due to the recognition of the net pension liability and the other postemployment benefit liability. The City's approach for addressing this deficit is to enhance revenues and to employ cost reduction measures.

U. Statement of Cash Flows

For purposes of the statement of cash flows, the City considers pooled cash and all highly liquid debt instruments purchased with an original maturity of three months or less or that have general characteristics of demand deposits in that additional funds may be deposited or withdrawn at any time without prior notice or penalty to be cash equivalents.

V. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. New Accounting Pronouncements

During fiscal year 2019, the City adopted the following Governmental Accounting Standard Board (GASB) Statements:

GASB Statement No. 83, "Certain Asset Retirement Obligations," was implemented as required by GASB during the fiscal year ending September 30, 2019. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," was implemented as required by GASB during the fiscal year ending September 30, 2019. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. In also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement added additional note disclosures for the long-term debt, and this information may be found in Note 11.

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Note 1. Summary of Significant Accounting Policies (continued)

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

GASB Statement No. 84, "Fiduciary Activities," will be implemented as required by GASB during the fiscal year ending September 30, 2020. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City is currently evaluating potential changes to the financial statements as a result of the implementation of this statement.

GASB Statement No. 87, "Leases," will be implemented as required by GASB during the fiscal year ending September 30, 2021. 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 financial statements as a result of implementation of this Statement.

GASB Statement No. 90, "Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61," will be implemented as required by GASB during the fiscal year ending September 30, 2020. 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 City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

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 financial statements as a result of implementation of this Statement.

GASB State No. 92, "Omnibus 2020," will be implemented as required by GASB during fiscal year 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 City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

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Note 2. Stewardship, Compliance, and Accountability

A. Legal Compliance – Budgets

The City Council adheres to the following procedures in establishing the budgets reflected in the accompanying financial statements.

1) By the fifteenth day of August each year, the City Manager is required to submit to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2) Public hearings are conducted to obtain taxpayers' comments.
3) Prior to October 1, the budget is legally enacted by the City Council through passage of an ordinance.
4) The City Manager is authorized to transfer budgeted amounts between accounts within any department; however, any revisions that alter the total expenditures of any department must be approved by the City Council. The legal level of budgetary control is the department level.
5) Formal budgetary integration is employed as a management control device during the year for the General Fund and Debt Service Fund. Formal budgetary integration is employed as a management control device in the capital project funds for the life of the projects.
6) Annual budgets are legally adopted for the General Fund, Debt Service Fund, and proprietary funds. Certain differences exist between the basis of accounting used for budgetary purposes and that used for financial reporting in accordance with GAAP. Budgets for the capital project funds are normally established pursuant to the terms of the related bond ordinances on a project basis.

B. Budgets and Budgetary Basis of Accounting

The City prepares its annual appropriated General Fund, Debt Service Fund, and proprietary operating funds' budgets on the budget basis which differs from the GAAP basis. The budget and all transactions of the general fund are presented in accordance with the City's budget basis in the general fund statement of revenues, expenditures, and changes in fund balances – non-GAAP budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and GAAP basis are attributable to the elimination of certain revenues and expenditures budgeted on a non-annual basis and the fact that encumbrances are recorded as the equivalent of expenditures (budget) rather than fund balance (GAAP) in the governmental funds. Adjustments necessary to convert the excess of revenues and other financing sources over expenditures and other uses on the budget basis to a GAAP basis for the General Fund are provided below:

Excess of revenues and other financing sources over expenditures and other uses--budgetary basis	$ 27,911
Change in fair value of investments	873
Change in encumbrances	20,153
Funds not included in general fund budget	(6,815)
Revenue recognized for GAAP basis but not budgetary basis	1,474
Other items budgeted on a non-GAAP basis	(2,696)
Excess of revenues and other financing sources over expenditures and other financing uses--GAAP basis	$ 40,900

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to assign that portion of the applicable appropriation, is utilized as an extension of formal budgetary integration in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end except for that portion related to encumbered amounts. For the General Fund, outstanding encumbrances are reported as assigned fund balances. These balances do not constitute expenditures or liabilities for GAAP purposes since the goods and services have not been received.

Encumbrances outstanding at year-end are carried forward to the new fiscal year. Such encumbrances constitute the equivalent of expenditures for budgetary purposes and, accordingly, the accompanying financial statements present comparisons of actual results to budget of governmental funds on the budget basis of accounting.

Note 2. Stewardship, Compliance, and Accountability (continued)

Nature and Purpose of Classifications of Fund Balance

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provision or enabling legislation. Fund balance should be reported as committed when amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance should be reported as assigned for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned fund balance is the residual classification for the General Fund and includes amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City Council is the City's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the City Council. This can also be done through adoption or amendment of the budget. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The City Council has authorized the City Manager as the official authorized to assign fund balance up to $50 to $70 thousand per transaction, depending on the type of goods or services by administrative action, pursuant to Section 2-30 of the City Code. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the City Council, and unassigned fund balance), the City will start with the most restricted category and spend those funds first before the next category with available funds.

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain an unassigned General Fund balance, which includes the Emergency and Contingency Reserves, at a level not less than 30 days of the General Fund operating expenditures, less debt service.

The table on the following page presents additional detail of fund balances as of September 30, 2019.

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Note 2. Stewardship, Compliance, and Accountability (continued)

	General	Debt Service	Non-major Govermental Funds	Total
Fund balances				
Nonspendable				
Inventory	$ 13,336	$ -	$ -	$ 13,336
Prepaid items	49	-	-	49
Permanent fund principal	-	-	9,937	9,937
Total nonspendable	13,385	-	9,937	23,322
Restricted for				
9 -1 -1	11,185	-	-	11,185
Debt service	-	34,300	-	34,300
Culture and recreation:				
Culture and recreation services	-	-	49,462	49,462
Library facilities	-	-	11,423	11,423
Parks and recreation facilities	-	-	21,733	21,733
Culture and arts facilities	-	-	8,033	8,033
Public safety:				
Police services	-	-	13,035	13,035
Homeland security	-	-	361	361
Fire station facilities	-	-	359	359
Police headquarters and safety facilities	-	-	3,902	3,902
Community development	-	-	11,856	11,856
Health and human services	-	-	217	217
Public-private partnerships	-	-	32,119	32,119
Municipal court technology	-	-	3,190	3,190
Public television cable system	-	-	10,459	10,459
Grants and other purposes	-	-	17,135	17,135
Storm water operations	-	-	64,324	64,324
Streets and transportation:				
Repairs	-	-	15,128	15,128
Improvements	-	-	130,419	130,419
Flood protection	-	-	296,054	296,054
Trinity River project	-	-	74,462	74,462
Capital reserve and assessments	-	-	13,233	13,233
Long-term note receivable	-	-	4,161	4,161
Neighborhood projects:				
Tax increment financing	-	-	75,437	75,437
Economic development incentives	-	-	37,710	37,710
City-wide capital improvements	-	-	67,422	67,422
Farmers' Market improvements	-	-	441	441
City animal shelter facilities	-	-	130	130
Municipal court facilities	-	-	526	526
Homeless facilities	-	-	582	582
Public improvement district services	-	-	183	183
Total restricted	11,185	34,300	963,496	1,008,981
Committed to				
Risk reserve	1,250	-	-	1,250
Culture and recreation services	-	-	25,393	25,393
Total committed	1,250	-	25,393	26,643
Assigned to				
Code enforcement services	2,342	-	-	2,342
Communication and information technology services	102	-	-	102
Community development services	1,010	-	-	1,010
Cultural affairs services	883	-	-	883
Fire safety services	3,929	-	-	3,929
Library services	3,079	-	-	3,079
Municipal court services	19	-	-	19
Parks and recreation services	1,595	-	-	1,595
Police safety services	1,299	-	-	1,299
Streets, public works and transportation maintenance	10,558	-	-	10,558
General government services	12,293	-	-	12,293
Total assigned	37,109	-	-	37,109
Unassigned	234,225	-	-	234,225
Total fund balance	$ 297,154	$ 34,300	$ 998,826	$ 1,330,280

Note 3. Joint Ventures

Dallas/Fort Worth International Airport (DFW Airport)

DFW Airport is owned jointly by the cities of Dallas and Fort Worth and operated by a 12-member board comprised of seven members from Dallas and four members from Fort Worth appointed by the respective City Councils. One additional non-voting member is appointed from the neighboring cities of Irving, Grapevine, Euless, and Coppell on a rotating basis.

Joint Revenue Bonds were previously issued to construct DFW Airport. Additional bonds have been issued for the purpose of improving, constructing, replacing, or otherwise extending DFW. Revenues derived from the ownership and operations of the Airport are pledged to meet debt service requirements of the bonds issued pursuant to the Controlling Ordinances. The Controlling Ordinances require DFW to annually adopt a schedule of charges that is: (1) reasonably estimated to produce gross revenues in an amount at least sufficient to pay operation and maintenance expense plus 1.25 times accrued aggregate debt service; and (2) reasonably estimated to at least produce current gross revenues in an amount at least sufficient to pay operation and maintenance expense plus 1.00 times accrued aggregate debt service.

The outstanding debt and related debt service are accounted for by the DFW Airport Board. The Joint Revenue Bonds outstanding at September 30, 2019 were $6.5 billion which is net of unamortized discount/premium.

The summary financial information for DFW Airport as of September 30, 2019 is presented below and is not included in the City's financial statements.

Total assets and deferred outflows of resources	$	7,549,024
Less: Total liabilities and deferred inflows of resources		(7,042,686)
Total net position	$	506,338
Operating revenues	$	1,023,927
Less: Operating expenses		(875,115)
Less: Non-operating revenues (expenses)		(43,845)
Plus: Capital contributions		61,921
Change in net position		166,888
Net position, beginning of year		339,450
Net position, end of year	$	506,338

To obtain the financial statements of the joint venture, contact the finance department of DFW Airport at (972) 973-5443.

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Note 4. Tax Abatements

As of September 30, 2019, the City provides tax abatements through three programs: the Historic Preservation Program, the Public Private Partnership Program, and the Tax Increment Financing Program. The table below describes each of these programs:

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
1. Purpose of program	To encourage economic development through the revitalization and preservation of the City's historic properties, including residential properties, and to assist in accomplishing the following goals: revitalize older neighborhoods to build and capture a stable tax base; support private sector investment in historic properties; encourage home ownership; promote pedestrian oriented, ground floor retail in the urban historic districts; support new uses for vacant and deteriorated historic buildings; and encourage low and moderate income families to invest in historic districts.	To stimulate private investment and job creation.	To promote development or redevelopment in the City. The City reinvests a portion of property tax revenues generated from new real estate development into the area to encourage the implementation of redevelopment plans.
2. Tax being abated	City of Dallas real property tax.	Real and/or business personal property, retail sales taxes, and hotel occupancy tax.	City of Dallas real property tax.
3. Authority for abatement agreements	Dallas City Code, Article XI, "Historic Preservation Tax Exemptions and Economic Development Incentives for Historic Properties."	Texas Tax Code Chapter 312, "Property Redevelopment and Tax Abatement Act" and Texas Tax Code Chapter 380, "Miscellaneous Provisions Relating to Municipal Planning and Development."	Texas Tax Code Chapter 311, "Tax Increment Financing Act."

Note 4. Tax Abatements (continued)

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
4. Criteria for abatement eligibility	To be eligible for the program, the building must be a contributing structure within any City historic district. It must be designated as a City of Dallas historic district or an individual historic district. The type of abatement available depends on how much is invested in rehabilitation and where the property is located. Abatements are obtained through application by the property owner prior to commencing the improvements and require subsequent provision by the owner for proof that the improvements have been made.	The P/PP Program is intended to provide City support for development projects that have financial gaps or for projects that otherwise represent a competitive situation for the City against non-Dallas locations. Companies pursuing incentives under the P/PP Program must provide written assurance that "but for" the incentives, the proposed project would not occur, or would otherwise be substantially altered so that the economic returns or other associated public benefits secured by the City's participation would be reduced.	The TIF program is intended to provide City financial support for projects that 1) support goals of specific redevelopment plans for each TIF District and 2) fill funding gaps in projects. Development pursuing incentives must provide detailed financial information about the project/financing gaps; show how project meets objectives of TIF plan for district, and; meet rigorous design review process requirements.
5. How recipients' taxes are reduced	The property tax due is net of the abated amount.	1. The property tax due is net of the abated amount, or the property tax may be paid by the taxpayer and subsequently refunded by the City. 2. The sales tax abatement is refunded after the taxpayer pays the sales tax. 3. The hotel occupancy tax abatement is refunded after the taxpayer pays the hotel occupancy tax.	Property taxes are paid by the taxpayer and subsequently refunded by the City to the taxpayer.
6. How amount of abatement is determined	The property tax abatement amount is based on the improvement expenditures for the structure as a percentage of the pre-rehabilitation value of the structure. The range of the abatement amount available is equal to the tax on the added value of the structure and land up to 100 percent of the total property tax.	1. The property tax may be abated up to 90 percent of the property tax paid depending on the type of project. 2. The sales tax abated is equal to 50 percent of sales tax receipts for the first 10 years and 25 percent for the next 5 years. 3. The hotel occupancy tax is abatement is equal to 100 percent of the hotel occupancy tax collected.	TIF financial incentives are based on a number of factors: 1) financial gap; 2) ability of project to meet objectives of TIF district; and 3) adequate revenue stream.

Note 4. Tax Abatements (continued)

Tax Abatement Programs Administered by the City of Dallas			
Tax Abatement Disclosure as required by Statement No. 77 of the Government Accounting Standards Board	Historic Preservation Program	Public Private Partnership Program (PPP Program)	Tax Increment Financing Program (TIF Program)
7. Provisions for recapturing abated taxes	There is an obligation by the owner to repay any taxes that were exempted under this program if the historic property is ever demolished or materially altered by the willful act or negligence of the owner without necessary City approvals.	If there is failure to comply with the agreement and in the case of default, all taxes which otherwise would have been paid to the City without the benefit of tax abatement, including interest and penalties thereon, will become a debt to the City and shall become due.	TIF incentives may or may not have a recapture provision. Each project is negotiated separately.
8. Type of commitments made by the City other than to reduce taxes	No other commitments were made by the City as part of these agreements.	No other commitments were made by the City as part of these agreements.	No other commitments were made by the City as part of these agreements.
9. Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement (in thousands).	Property taxes: $1,468	Property tax: $5,873 Sales tax: N/A (1) Hotel occupancy tax: 3,774 Total: $9,647 (1) Texas Tax Code, Chapter 321, "Municipal Sales and Use Tax," Section 3022 - Information received by a municipality or other local governmental entity under this section is confidential, is not open to public inspection, and in general may only be used for internal purposes	The TIF program: $43,723

Note 5. Cash, Deposits, and Investments

A. General

The City maintains a cash and investment pool available for use by all City funds. Each fund's portion of this pool is displayed on the balance sheet/statement of net position as "Pooled cash and cash equivalents." The City treats pooled investments and short-term non-pooled investments as cash equivalents. Long-term non-pooled investments are reported as "Other investments, at fair-value" in the appropriate funds. In addition, several City funds have investments, which are separately held. A fund may overdraw its account in the pool, with the overdrafts reported as liabilities (due to other funds) on the balance sheet.

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Note 5. Cash, Deposits, and Investments (continued)

In 1987, the City Council adopted the City's Investment Policy which was in compliance with Federal and State law and the City Charter. Subsequent amendments were made by the City Council to incorporate changes to the Public Funds Investment Act (Chapter 2256, Texas Government Code) and to improve management of the City's investments. 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. The City's Investment Pool is an aggregation of the majority of City funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts, and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects, and debt service. The City is precluded from investing in bankers' acceptances, commercial paper, and collateralized mortgage obligations, all of which are authorized by State law.

The Employees' Retirement Fund and the Dallas Police and Fire Pension Systems, component units of the City, are included under Pension Trust in the following table. Police and Fire Pension Plans include Dallas Police and Fire Pension Combined Plan (Combined Plan) and Supplemental Police and Fire Pension Plan (Supplemental Plan). A summary of pooled cash and other investments for all City funds, including blended component units and $1.1 million held in agency funds is presented below. Balances are presented as of September 30, 2019 or December 31, 2018, depending on the fiscal year of the entity.

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Held in Trusts - Permanent Funds	Other Cash and Investments Held in Pension Trust	Total
Cash and cash equivalents	$ 1,138,113	$ -	$ 152,919	$ 1,291,032
Other investments	6,755	9,937	5,474,486	$ 5,491,178
Restricted cash and investments	1,529,839	-	-	1,529,839
Total	$ 2,674,707	$ 9,937	$ 5,627,405	$ 8,312,049

A summary of the carrying amount of cash on hand, deposits, and investments at September 30, 2019, is as follows:

	Cash and Pooled Investments with City Treasury	Other Cash and Investments Held in Trusts - Permanent Funds	Other Cash and Investments Held in Pension Trust	Total
Deposits	$ 252,464	$ -	$ 152,919	$ 405,383
Investments	2,422,243	9,937	5,474,486	7,906,666
Total	$ 2,674,707	$ 9,937	$ 5,627,405	$ 8,312,049

Primary Government	Carrying Value	Bank Balance
Pooled Demand Deposits	$ 252,464	$ 266,658
Cash and cash equivalents - Pension Trust Funds	152,919	152,919
Total	$ 405,383	$ 419,577

Note 5. Cash, Deposits, and Investments (continued)

B. City of Dallas

The City of Dallas 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 the asset. Level 1 inputs are quoted prices in active markets for identical assets, level 2 inputs are significant other observable inputs, and level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of September 30, 2019:

		Fair Value Measurements Using	
	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	$ 146,097	$ -	$ 146,097
Federal Farm Credit Bank Notes	125,182	-	125,182
Federal Home Loan Bank Notes	550,191	-	550,191
Federal Home Loan Mortgage Corporation Notes	21,207	-	21,207
Federal National Mortgage Association Notes	134,788	-	134,788
Exchange-Traded Funds - Equities	7,149	7,149	-
Exchange-Traded Funds - Fixed Income	2,331	2,331	-
Total Investments by Fair Value Level	986,945	$ 9,480	$ 977,465
Investments Measured at Fair Value			
Local Government Investment Pools	286,534		
Investments Measured at Net Asset Value (NAV)			
Money Market Mutual Funds	441,516		
Investments Measured at Amortized Cost			
Local Government Investment Pools	698,051		
Other Investments Measured at Purchase Cost			
Repurchase Agreements	19,134		
Total Investments	$ 2,432,180		

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 5. 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

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, interest rate risk, and foreign currency risk. Exposure of deposited funds and investment risk are disclosed in the following sections of this note.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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, 2019, $112 million was fully collateralized by municipal bonds rated not less than A or its equivalent, $150 million was fully collateralized by letter of credit issued to the City by Federal Home Loan Bank, and $250 thousand was insured by 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, 2019, all deposits were either insured or collateralized.

Fully collateralized and insured deposits held by custodian banks:

Demand Deposits	$ 262.2 million

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, 2019, the City's investments held by the counterparty, and not insured, are as follows:

Security Type	Fair Value
U.S. Agency Securities	$ 977,465

Note 5. Cash, Deposits, and Investments (continued)

Concentration of Credit Risk

The City'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.

Agency Securities by Issuer	Fair Value	Percent of Total Portfolio
Federal Agricultural Mortgage Corporation Notes	$ 146,097	14.95%
Federal Farm Credit Bank Notes	125,182	12.80%
Federal Home Loan Bank Notes	550,191	56.29%
Federal Home Loan Mortgage Corporation Notes	21,207	2.17%
Federal National Mortgage Association Notes	134,788	13.79%
Total Agency Securities	$ 977,465	100.00%

Credit Risk

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 Local Government Investment Pools	$ 1,426,101	59.33%	AAAm/Aaa
Federal Agricultural Mortgage Corporation Notes	146,097	6.08%	Not Rated
Other U.S. Agency Securities	831,368	34.59%	AA+/Aaa
Total Portfolio	$ 2,403,566	100.00%	
Repurchase Agreements and Investment			
Portfolios Held by Various Trusts	28,614		
Total Investments	$ 2,432,180		

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 maturities of the City's investments at September 30, 2019 are shown on the following page.

Note 5. Cash, Deposits, and Investments (continued)

Security Type	Fair Value	Weighted Average Maturity (days)
Money Market Mutual Funds	$ 441,516	27
Local Government Investment Pools	984,585	41
U.S. Agency Securities	977,465	80
Total Portfolio	2,403,566	54
Repurchase Agreeements and Investment Portfolios Held by Various Trusts	28,614	
Total Investments	$ 2,432,180	

C. Employees' Retirement Fund

The Employees' Retirement Fund measures and categorized its investments according to fair value hierarchy guidelines established by Generally Accepted Accounting Principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices in active market; and
- Level 3: Significant Unobservable inputs.

At December 31, 2018, the Plan had the following recurring fair value measurements.

		Fair Value Measurements Using		
	Total	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Cash and Short Term Investment:				
Short-Term Investment Fund	$ 102,781	$ 102,781	$ -	$ -
Fixed Income:				
Domestic Asset-Backed and Mortgage-Backed	73,347	-	73,347	-
US Government and Agency Obligations	271,958	-	271,958	-
Domestic Corporate and Taxable Municipal Bonds	543,401	-	543,401	-
Total Fixed Income	888,706	-	888,706	-
Equity:				
Domestic Common and Preferred Stock	840,247	838,861	-	1,386
International Common and Preferred Stock	461,302	461,066	54	182
Total Equity	1,301,549	1,299,927	54	1,568
Directly-Owned Real Estate	236,687	-	-	236,687
Total Investments by Fair Value Level	2,529,723	$ 1,402,708	$ 888,760	$ 238,255
Investments Measured at Net Asset Value				
Collective Trust	481,095			
Private Equity	245,809			
Private Debt	22,927			
Total Investments Measured at Net Asset Value	$ 749,831			

Note 5. Cash, Deposits, and Investments (continued)

Custodial Credit Risk

As of December 31, 2018, the Employees' Retirement Fund had $2.2 million, or 0.07 percent of the total Plan investments of $3.2 billion exposed to custodial credit risk as follows:

Uninsured and uncollateralized held by custodian bank outside the United States	$2.2 million

Concentration of Credit Risk

The Employees' Retirement Fund board has contracted with investment managers to manage the investment portfolio of the Plan, subject to the policies and guidelines established by the board. Northern Trust Company, as the Plan's custodian bank, had responsibility for the safekeeping of certain investments, handling of transactions based on the instructions of investment managers, and accounting for the investment transactions. The Plan had no investments that individually represented 5 percent or more of the net position available for benefits at December 31, 2018. The Plan's concentration of credit risk policy is communicated to individual managers in their guidelines through limitations or restrictions to securities, sectors, debt ratings, and other factors that may be applicable to a particular manager.

Credit Risk

The Employees' Retirement Fund Investment policy allocates 30 percent of the total assets to fixed income. The policy provides for investments of up to 15 percent of fixed income assets in investment grade assets and up to 15 percent of fixed income assets in below investment grade assets. The investment grade allocation allows the managers to invest up to 20 percent of their portfolio assets in non-US dollar issues. Long term bond ratings for the Employees' Retirement Fund as of December 31, 2018 are shown on the following page.

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Note 5. Cash, Deposits, and Investments (continued)

Quality Rating	Fair Value	Percent of Bond Portfolio
AAA	$ 57,599	6.32%
AA+	17,386	1.91%
AA	4,828	0.53%
AA-	6,344	0.70%
A+	6,919	0.76%
A	5,692	0.62%
A-	23,476	2.58%
BBB+	16,478	1.81%
BBB+	16,429	1.80%
BBB-	20,193	2.22%
BB+	28,069	3.08%
BB	43,445	4.76%
BB-	56,002	6.14%
B+	45,113	4.95%
B	40,248	4.41%
B-	36,414	3.99%
CCC+	11,647	1.28%
CCC	2,716	0.30%
CCC-	71	0.01%
CC	226	0.02%
C	371	0.04%
DDD	149	0.02%
D	1,455	0.16%
Not Rated	257,858	28.28%
U.S. Government fixed income securities - NR	212,505	23.31%
Total	$ 911,633	100.00%

Interest Rate Risk

In the Employees' Retirement Fund, Government Mortgage-Backed Securities are most sensitive to changes in interest rates as their payments can vary significantly with interest rate changes. This change in prepayments will generally cause the duration, or interest rate risk, of these securities to increase when interest rates rise and decrease when interest rates fall. These securities represent 10 percent of the total fixed income portfolio with a fair market value of $91,145 at December 31, 2018. The Employees' Retirement Fund does not have a separate policy for interest rate risk.

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Note 5. Cash, Deposits, and Investments (continued)

As of December 31, 2018, the Employees' Retirement Fund weighted-average maturities of the fixed income securities are as follows:

Fixed Income Securities	Fair Value	Weighted Average Maturity (Years)
Asset Backed	$ 32,791	12.20
Bank Loans	25,806	5.45
Commercial Mortgage-Backed	29,389	27.36
Corporate Bonds	493,235	7.97
Government Agencies	56,211	18.95
Government Bonds	151,413	13.33
Government Mortgage-Backed Securities	91,145	20.47
Index Lined Government Bonds	7,635	11.93
Municipal/Provincial Bonds	13,729	20.80
Non-Government Backed C.M.O.s	10,279	24.23
Total	$ 911,633	
Portfolio weighted average maturity in years:		11.90

Foreign Currency Risk

The Employees' Retirement Fund investment policies limit the aggregate amount that can be invested in each class of investments. The equity investment policy sets an allocation of 15 percent of assets to international equity, 5 percent of the assets to global equity, and 10 percent to global low volatility equity. The fixed income policy permits up to 15 percent of the global manager's portfolio to be invested in global investment grade fixed income bonds. The Fund's positions in these equity securities, invested directly and through commingled funds, was 13.21 percent of invested assets at December 31, 2018. The Fund's positions in such fixed income assets invested directly were 3.75 percent of invested assets at December 31, 2018. Employees' Retirement Fund non-US Dollar denominated investments at December 31, 2018 were as shown on the following page.

Currency	Investment Type	Balances (U.S. Dollars)
Various Foreign Currencies	Equity	$ 416,822
Various Foreign Currencies	Fixed Income	26,335
Various Foreign Currencies	Currency Forward	281,935
Total non-US denominated instruments		$ 725,092

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Note 5. Cash, Deposits, and Investments (continued)

Securities Lending Transactions

The board of the Employees' Retirement Fund has authorized the Plan to enter into agreements for the lending of certain of the Plan's securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by State statute.

During the fiscal year ended December 31, 2018, Northern Trust ("Northern") lent, on behalf of the Employees' Retirement Fund, securities held by Northern, as a custodian, and received United States dollar cash, United States government agency securities, agency securities, and irrevocable bank letters of credit as collateral. Northern did not have the ability to pledge or sell collateral securities absent a borrower default. Northern Trust's Core USA Collateral Section establishes requirements for participation, collateralization levels, cash and non-cash collateral guidelines, and investment guidelines for the collateral received from borrowers. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities, the collateral for which is all denominated in the same currency as the loaned securities, 102 percent of the fair value of the loaned securities plus any accrued but unpaid distributions thereon, and (ii) in the case of loaned securities, the collateral for which is denominated in a different currency from the loaned securities, 105 percent of the fair value of the loaned securities plus any accrued but unpaid distributions thereon. Additionally, the guidelines set maturity/liquidity requirements for the collateral received from borrowers. At year-end, the Plan had no credit risk exposure to borrowers because the amounts of collateral held by the Plan exceed the amounts the borrowers owe the Plan. The collateral held for the Plan as of December 31, 2018 was $270 million and is reported as an asset on the Statement of Net Position for the fiduciary funds.

The Board did not impose any restrictions during the fiscal year on the amount of the loans that Northern made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Northern. Northern is contractually obligated to fully indemnify the Plan for a borrower's failure to return the loaned securities.

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in collective investment pools maintained by Northern. The relationship between the average maturities of the investment pools and the Plans' loans were affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pools, which the Board could not determine.

D. Dallas Police and Fire Pension System

Investment in Group Master Trust

The Dallas Police and Fire Pension System's (the System) investments are held in the Group Master Trust (Group Trust). JP Morgan Chase served as custodian for the year ended December 31, 2018. The book value of the System interests in the Group Trust is based on the unitized interests that it has in the Group Trust. The Combined Plan's interest in the Group Trust was approximately 99.1 percent at December 31, 2018. The Supplemental Plan's interest in the Group Trust was approximately 0.9 percent at December 31, 2018. The allocation of investment income between the Combined Plan and the Supplemental Plan is based on the number of units owned of the Group Trust. Benefits, contributions, and administrative expenses are allocated to each plan directly.

Note 5. Cash, Deposits, and Investments (continued)

GASB No. 72 requires all investments be categorized under a fair value hierarchy. Fair value of investments is determined based on both observable and unobservable inputs. Investments are categorized within the fair value hierarchy established by GASB and the levels within the hierarchy are as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date;
- Level 2: Inputs (other than quoted pries included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs; and
- Level 3: Significant unobservable inputs for an asset or liability.

The remaining investments not categorized under the fair value hierarchy are shown at NAV. These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The table on the following page presents a summary of the Group Trust's investments by type as of December 31, 2018, at fair value.

		Fair Value Measurements Using		
Investments by Fair Value Level	Total	Level 1	Level 2	Level 3
Short-term investment funds	$ 41,317	$ 41,317	$ -	$ -
Fixed income securities				
US Treasury bonds	95,236	-	95,236	-
US Government Agencies	8,747	-	8,747	-
Corporate bonds	231,111	-	231,111	-
Foreign-denominated bonds	36,359	-	36,359	-
Municipal bonds	2,857	-	2,857	-
Equity securities				
Domestic	265,626	265,626	-	-
Foreign	170,309	170,309	-	-
Real assets				
Real estate	293,428	-	-	293,428
Timberland	8,722	-	-	8,722
Farmland	133,222	-	-	133,222
Private equity	91,585	-	-	91,585
Forward currency contracts	(271)	-	(271)	-
Total Investments by Fair Value Level	1,378,248	$ 477,252	$ 374,039	$ 526,957
Investments Measured at Net Asset Value				
Fixed income - commingled funds	141,465			
Real assets	266,033			
Private Equity	221,290			
Total Investments Measured at Net Asset Value	628,788			
Total Investments Measured at Fair Value	$ 2,007,036			

Custodial Credit Risk

DPFP does not have a formal policy for custodial credit risk of its deposits. The Federal Depository Insurance Corporation (FDIC) insures any deposits of an employee benefit plan in an insured depository institution on a "pass-through" basis, in the amount of up to $250,000 for the non-contingent interest of each plan participant at each financial institution. The pass-through insurance applies only to vested participants. DPFP believes the custodial credit risk for deposit, if any, is not material.

Note 5. Cash, Deposits, and Investments (continued)

Credit Risk

The Dallas Police and Fire Pension System does not have a formal policy limiting investment credit risk, but rather mandates such limits within the Investment Management Services Contract. The System's exposure to investment credit risk in fixed income securities as of December 31, 2018 is shown below.

Quality Rating	Corporate Bonds	Municipal Bonds	U.S. Government Securities	Foreign Government Securities	Grand Total Book Value	Percentage of Holdings
AAA	$ 7,064	$ -	$ 95,236	$ 1,727	$ 104,027	27.79%
AA+	657	-	-	675	1,332	0.36%
AA	1,742	-	-	782	2,524	0.67%
AA-	7,583	1,400	-	-	8,983	2.40%
A+	9,214	-	-	-	9,214	2.46%
A	27,347	-	-	-	27,347	7.31%
A-	20,914	-	-	17,141	38,055	10.17%
BBB+	31,290	1,457	-	-	32,747	8.75%
BBB	18,956	-	-	1,608	20,564	5.49%
BBB-	3,917	-	-	5,770	9,687	2.59%
BB+	2,223	-	-	-	2,223	0.59%
BB	3,873	-	-	2,732	6,605	1.76%
BB-	8,989	-	-	-	8,989	2.40%
B+	3,628	-	-	-	3,628	0.97%
B	2,629	-	-	-	2,629	0.70%
B-	10,308	-	-	636	10,944	2.92%
Below B-	15,708	-	-	-	15,708	4.20%
Not Rated	55,069	-	8,747	5,288	69,104	18.47%
Subtotal	$ 231,111	$ 2,857	$ 103,983	$ 36,359	$ 374,310	100.00%
Total credit risk debt securities					$ 374,310	18.65%
Other investments					1,632,726	81.35%
Total investments					$ 2,007,036	100.00%

Interest Rate Risk

As of December 31, 2018, the Dallas Police and Fire Pension Plans had the following investments and maturities:

		Investment Maturity in Years			
Investment Type	Total	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More Than 10 Years
Fixed maturity domestic:					
U.S. Treasury Bonds	$ 95,236	$ 896	$ 80,138	$ 7,560	$ 6,642
U.S. Government Agencies	8,747	-	-	1,138	7,609
Corporate Bonds	231,111	20,786	157,009	24,035	29,281
Municipal Bonds	2,857	-	2,529	-	328
Foreign-denominated Bonds	36,359	11,574	5,863	8,977	9,945
Total	$ 374,310	$ 33,256	$ 245,539	$ 41,710	$ 53,805

While the Plans do not have a specific investment policy to limit investment maturities as a means of managing their exposure to interest rate risk, the Plans do manage this exposure by mandating maturity limits within the Investment Management Service Contracts.

Note 5. Cash, Deposits, and Investments (continued)

Foreign Currency Risk

Police and Fire Pension Plans do not have specific policy guidelines other than the constraints included in the individual investment manager contracts. Police and Fire Pension Plans non-US Dollar denominated investments at December 31, 2018 is shown below.

Currency	Investment Type	Balance of Investment (U.S. Dollars)
Various Foreign Currencies	Fixed Income	$ 36,359
Various Foreign Currencies	Equity	170,309
Various Foreign Currencies	Real Assets	38,582
Total non-US denominated instruments		$ 245,250

Securities Lending Transactions

The board of Dallas Police and the Dallas Fire Pension System has authorized the System to enter into agreements for the lending of certain of the System's securities (the "Securities Lending Program" or Program) including, but not limited to, stocks and bonds to counter party brokers and banks ("borrowers"), for a predetermined period of time and fee. Such transactions are not prohibited by State statute.

During the fiscal year ended December 31, 2018, JP Morgan Chase ("JP Morgan") lent, on behalf of the Dallas Police and Fire Pension System, securities held by JP Morgan as a custodian, and received United States dollar cash and United States Government securities as collateral. JP Morgan did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to put up collateral for each loan equal to: (i) in the case of loaned securities denominated in United States dollars or whose primary trading market was in the United States or sovereign debt issued by foreign governments, 102 percent of the fair value of the loaned securities, and (ii) in the case of loaned securities not denominated in United States dollars or whose primary trading market was not in the United States dollars, 105 percent of the fair value of the loaned securities. At year-end, the System has no credit risk exposure to borrowers because the amounts of collateral held by the System exceed the amounts the borrowers owe the System. The collateral held for the System as of December 31, 2018 was $20.6 million, and is reported as an asset on the Statement of Net Position for the fiduciary funds.

The Board did not impose any restrictions during the fiscal year on the amount of the loans that JP Morgan made on their behalf. There were no failures by any borrowers to return the loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or JP Morgan.

During the fiscal year, the Board and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral was invested, together with the collateral of other qualified tax-exempt plan lenders, in collective investment pools maintained by and JP Morgan. The relationship between the average maturities of the investment pools and the Plans' loans were affected by the maturities of the loans made by other plans' entities that invested cash collateral in the collective investment pools, which the Board could not determine.

Note 6. Receivables

Receivables at September 30, 2019 for the government's individual major and nonmajor governmental and internal service funds, including the applicable allowances for uncollectible accounts, consist of the following:

	General	Debt Service	Nonmajor	Internal Service Funds	Total Governmental Activities
Receivables:					
Ad valorem tax	$ 28,017	$ 11,373	$ -	$ -	$ 39,390
Sales tax	47,235	-	-	-	47,235
Notes	332	-	77,186	-	77,518
Accounts	106,002	-	38,430	107	144,539
Accrued interest	287	35	1,414	89	1,825
Due from other governments	10,875	-	29,038	-	39,913
Gross receivables	192,748	11,408	146,068	196	350,420
Less allowance for uncollectible accounts	(62,343)	(9,838)	(36,501)	-	(108,682)
Net total receivables	$ 130,405	$ 1,570	$ 109,567	$ 196	$ 241,738

Receivables at September 30, 2019 for the primary government's individual major and nonmajor enterprise funds in the aggregate including the applicable allowances for uncollectible accounts, consist of the following:

	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor Enterprise	Total Business-type Activities
Receivables:						
Accounts	$ 89,566	$ 3,567	$ 6,949	$ 15,756	$ 557	$ 116,395
Taxes	-	8,958	-	-	-	8,958
Accrued interest	1,029	259	209	36	72	1,605
Due from other governments	123	-	2,121	-	-	2,244
Gross receivables	90,718	12,784	9,279	15,792	629	129,202
Less allowance for uncollectible accounts	(5,561)	(487)	(20)	(6,052)	(14)	(12,134)
Net total receivables	$ 85,157	$ 12,297	$ 9,259	$ 9,740	$ 615	$ 117,068

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Intergovernmental revenues and related receivables arise through funding received from federal and state grants. These revenues and receivables are earned through expenditures of monies for grant purposes. At September 30, 2019, the various components of deferred inflows of resources – unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Total Governmental Unearned	Deferred Inflows of Resources Unavailable Revenue
Taxes	$ -	$ 4,254
Accounts	2,924	50,198
Intergovernmental	15,346	48,229
Total	$ 18,270	$ 102,681

Note 7. Restricted Assets

The primary government's governmental and business-type restricted assets of $875 million and $772 million, respectively, are composed of the following at September 30, 2019:

	Governmental Activities	Business-Type Activities
Cash and Investments:		
Pooled Cash and Cash Equivalents	$ 874,901	$ 511,228
Other Investments	-	143,710
Future pipeline reserve capacity rights	-	83,312
Escrow deposit	-	32,649
Customer Assessments	-	676
Total	$ 874,901	$ 771,575

The restricted amounts are for accumulated resources for debt service payments, deposits from service users, unspent bond and other proceeds for construction, retention guarantees from contractors, future pipeline reserve capacity rights, and escrow deposits (see Notes 11.S and 19 for additional information).

Note 8. Capital Assets

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance, September 30, 2018	Additions	Deletions	Balance, September 30, 2019
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 508,915	$ 5,553	$ -	$ 514,468
Artwork	49,870	-	(64)	49,806
Construction in progress	356,287	218,280	(147,754)	426,813
Total capital assets, not being depreciated	915,072	223,833	(147,818)	991,087
Capital assets, being depreciated:				
Buildings	1,410,592	49,184	-	1,459,776
Improvements other than buildings	694,164	40,438	-	734,602
Equipment	720,233	54,163	(16,547)	757,849
Infrastructure assets	2,716,307	106,328	-	2,822,635
Total capital assets, being depreciated:	5,541,296	250,113	(16,547)	5,774,862
Less accumulated depreciation for:				
Buildings	(578,515)	(29,494)	-	(608,009)
Improvements other than buildings	(236,931)	(17,505)	-	(254,436)
Equipment	(538,491)	(36,231)	15,814	(558,908)
Infrastructure assets	(1,017,901)	(49,976)	-	(1,067,877)
Total accumulated depreciation	(2,371,838)	(133,206)	15,814	(2,489,230)
Total capital assets being depreciated, net	3,169,458	116,907	(733)	3,285,632
Governmental activities capital assets, net	$ 4,084,530	$ 340,740	$ (148,551)	$ 4,276,719

Note 8. Capital Assets (continued)

Depreciation expense charged to functions:

General government	$	16,504
Public safety		12,438
Code enforcement		128
Environment and health services		292
Streets, public works, and transportation		63,106
Equipment and building services		15,694
Culture and recreation		24,624
Housing		413
Human Services		7
Total depreciation expense - governmental activities	$	133,206

(includes $3,780 of depreciation expense for the Internal Service Funds)

	Balance, September 30, 2018	Additions	Deletions	Balance, September 30, 2019
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 329,163	$ 12,315	$ -	$ 341,478
Artwork	3,396	6	-	3,402
Construction in progress	1,094,615	312,055	(169,678)	1,236,992
Total capital assets, not being depreciated	1,427,174	324,376	(169,678)	1,581,872
Capital assets, being depreciated:				
Water rights	353,910	-	-	353,910
Buildings	2,008,675	6,947	-	2,015,622
Improvements other than buildings	522,224	16,519	-	538,743
Equipment	792,580	64,261	(12,921)	843,920
Infrastructure assets	604,739	32	-	604,771
Utililty property	4,179,893	130,698	(2,257)	4,308,334
Total capital assets, being depreciated:	8,462,021	218,457	(15,178)	8,665,300
Less accumulated depreciation for:				
Water rights	(123,991)	(3,539)	-	(127,530)
Buildings	(694,399)	(43,505)	-	(737,904)
Improvements other than buildings	(164,456)	(17,805)	-	(182,261)
Equipment	(533,592)	(30,851)	12,163	(552,280)
Infrastructure assets	(265,841)	(10,524)	-	(276,365)
Utility property	(1,217,228)	(84,183)	1,833	(1,299,578)
Total accumulated depreciation	(2,999,507)	(190,407)	13,996	(3,175,918)
Total capital assets being depreciated, net	5,462,514	28,050	(1,182)	5,489,382
Business-Type Activities capital assets, net	$ 6,889,688	$ 352,426	$ (170,860)	$ 7,071,254

Depreciation expense charged to business-type activities:

Dallas Water Utillities	$	128,545
Convention Center		17,910
Airport Revenues		37,123
Sanitation		6,691
Nonmajor Enterprise Funds		138
Total depreciation expense - business-type activities	$	190,407

Note 9. Interfund Receivables, Payables, and Transfers

Due to Other Funds/From Other Funds

A portion of the interfund payable due from nonmajor governmental funds to the General Fund was a result of a bank overdraft from other fund's share of pooled cash.

Amounts due from and due to other funds at September 30, 2019 were as follows:

		Due to Other Funds		
Due From Other Funds	Amount	General	Nonmajor Governmental	Sanitation
General	$ 6,383	$ -	$ 6,383	$ -
Dallas Water Utilities	794	268	-	526
Nonmajor Governmental	256	-	256	-
Total	$ 7,433	$ 268	$ 6,639	$ 526

Interfund Notes Receivable and Payable

Interfund notes receivable and payable balances at September 30, 2019 were as follows:

	Note Payable
Note receivable	Nonmajor Governmental
Nonmajor governmental	$ 4,161
Dallas Water Utilities	5,816
Total	$ 9,977

These balances relate to long-term borrowings to finance various capital acquisitions and equipment purchases.

Transfers In/Out

Transfers made between funds during the fiscal year are listed below:

		Transfers In					
Transfers Out	Amount Transferred	General	Debt Service	Nonmajor Governmental	Dallas Water Utilities	Nonmajor Enterprise	Internal Service
General	$ 192,628	$ -	$ 48	$ 14,335	$ -	$ -	$ 178,245
Debt Service	-	-	-	-	-	-	-
Nonmajor Governmental	16,660	201	1,026	15,123	310	-	-
Dallas Water Utilities	29,414	17,014	-	12,400	-	-	-
Convention Center	2,704	-	30	2,674	-	-	-
Airport Revenues	409	-	409	-	-	-	-
Sanitation	7,784	4,445	104	3,235	-	-	-
Nonmajor Enterprise	602	-	386	-	-	-	216
Internal Service	8,399	5,638	2,687	-	-	73	1
Total	$ 258,600	$ 27,298	$ 4,690	$ 47,767	$ 310	$ 73	$ 178,462

These transfers were primarily for support of operation and maintenance, construction projects, asset purchases, and to service the debt associated with the respective funds. The General Fund transferred $174.4 million in bond proceeds to the Internal Service Risk Fund. The bonds were issued to settle legal claims, which will be paid from the Internal Service Risk Fund. Transfers were also made from the Dallas Water Utilities fund for payments-in-lieu-of-taxes (PILOT), which are recorded as transfers rather than operation and maintenance expenses due to the nonreciprocal nature of the transactions. Under the terms of the bond ordinance, PILOT and other similar payments are not considered operation and maintenance of the Dallas Water Utilities Fund; therefore, they are not included in the debt coverage calculation.

Note 10. Accounts Payable and Accrued Expenses

The primary government's accounts payable and accrued expenses at September 30, 2019 are as follows:

	General	Nonmajor Governmental	Internal Service	Total Governmental Activities
Accrued payroll	$ 28,339	$ 549	$ 797	$ 29,685
Accounts payable	35,684	8,919	15,561	60,164
Due to other governments	2,691	1	-	2,692
Contracts payable	-	105,577	-	105,577
Other liabilities	4,782	3,753	3,306	11,841
Construction accounts payable	-	12,983	-	12,983
Total	$ 71,496	$ 131,782	$ 19,664	$ 222,942

	Dallas Water Utilities	Convention Center	Airport Revenues	Sanitation	Nonmajor	Total Business-type Activities
Accrued payroll	$ 1,608	$ 165	$ 309	$ 507	$ 401	$ 2,990
Accounts payable	10,344	8,916	5,577	8,810	280	33,927
Due to other governments	-	3	219	719	-	941
Other liabilities	-	-	-	-	2,743	2,743
Construction accounts payable	77,407	204	12,353	-	-	89,964
Total	$ 89,359	$ 9,288	$ 18,458	$ 10,036	$ 3,424	$ 130,565

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Note 11. Long-Term Debt

A. Governmental Activities

The changes in the governmental activities long-term liabilities for the year ended September 30, 2019 are as follows:

General Obligation Bonds	Balance, September 30, 2018	Additions	Deletions	Balance, September 30, 2019	Due Within One Year
Refunding Series 2010A	$ 86,515	$ -	$ 51,230	$ 35,285	$ 35,285
Building America Bonds Series 2010B	85,380	-	5,960	79,420	6,135
Refunding Bonds Series 2010C	59,488	-	8,185	51,303	8,154
Refunding Bonds Series 2012	165,450	-	11,345	154,105	20,795
Refunding Bonds Series 2013A	143,285	-	10,235	133,050	10,235
Refunding Bonds Series 2013B	13,815	-	8,755	5,060	5,060
Refunding Bonds Series 2014	473,865	-	15,950	457,915	15,950
Refunding Bonds Series 2015	173,395	-	10,840	162,555	10,840
Refunding Bonds Series 2017	298,160	-	17,135	281,025	17,125
Refunding Bonds Series 2018	58,715	-	-	58,715	1,995
Refunding Bonds Series 2019A	-	235,595	-	235,595	11,780
Refunding Bonds Series 2019B	-	153,950	-	153,950	7,700
Tax and Revenue Certificates					
Series 2010	215	-	215	-	-
Series 2012	9,900	-	2,290	7,610	2,410
Pension Obligation Bonds					
Taxable Series 2005A	79,080	-	1,715	77,365	1,714
Series 2005B	39,223	-	4,206	35,017	3,950
Taxable Refunding Bonds Series 2010	52,198	-	-	52,198	213
Total Bonds, Obligations, and Certificates	1,738,684	389,545	148,061	1,980,168	159,341
Add: Unamortized Premium/Discount	216,050	51,803	30,936	236,917	-
Add: Accretion	108,973	14,154	12,279	110,848	-
Total Bonds, Obligations, and Certificates	2,063,707	455,502	191,276	2,327,933	159,341
Direct borrowings and placements					
Commercial paper notes payable	35,160	-	31,660	3,500	-
Notes payable	48,058	286	4,491	43,853	4,563
Capital leases	75,788	62,374	19,246	118,916	22,938
Total direct borrowings and placements	159,006	62,660	55,397	166,269	27,501
Other liabilities:					
Compensated absences	114,979	60,374	59,526	115,827	60,893
Other postemployment benefits	407,538	93,948	50,193	451,293	-
Pollution remediation	1,113	3,140	790	3,463	3,138
Developer payable	107,183	116,116	59,165	164,134	58,452
Estimated unpaid claims	235,688	106,728	281,344	61,072	19,676
Net pension liability	2,911,279	1,465,896	403,860	3,973,315	-
Sales tax refund liability	5,192	-	1,574	3,618	1,637
Total other liabilities	3,782,972	1,846,202	856,452	4,772,722	143,796
Total governmental long-term liabilities	$ 6,005,685	$ 2,364,364	$ 1,103,125	$ 7,266,924	$ 330,638

Note 11. Long-Term Debt (continued)

The liability for commercial paper notes will be fully liquidated by the Debt Service Fund. The liabilities for the compensated absences, net pension liability, and other postemployment benefits will be liquidated by General Fund, Community Development Fund, Health and Human Services Fund, Library Fund, Police Fund, Recreation Fund, Management Improvement Fund, Storm Water Operations Fund, Municipal Fund, General Citizen Fund, Equipment Services Fund, Communication Equipment Services Fund, Office Services Fund, Information Systems Fund, the Risk Fund, and the Bond Program Administration Fund. The liability for the developer payable will be liquidated by the Neighborhood Projects Fund. The entire estimated unpaid claims liability of $61 million is reported in the Risk Fund, and the claims will be liquidated by that fund. The liabilities for pollution remediation, notes payable, sales tax refund, and capital leases will be liquidated by the General Fund.

B. Governmental General Obligation Bonds (GO Bonds), Certificates of Obligation and General Obligation Pension Obligation Bonds

In fiscal year 2019 and in prior years, the City issued GO Bonds, Certificates of Obligation, and GO Pension Obligation Bonds. These bonds are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City. Events of default include nonpayment events and covenant noncompliance. 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.

In May 2019, the City issued general obligation refunding and improvement bonds, Series 2019A, of $235.6 million with a premium of $31.4 million, a stated interest rate range of 3.0% to 5.0%, and a final maturity of February 15, 2039. The bonds were issued to refund certain outstanding commercial paper, finance certain public improvements, and pay the cost of issuance of the bonds.

In May 2019, the City issued general obligation refunding bonds, Series 2019B, of $154.0 million with a premium of $20.4 million, a stated interest rate range of 3.0% to 5.0% and a final maturity of February 15, 2039. The bonds were issued to settle legal claims related to a pay referendum lawsuit for uniformed employees.

The General Obligation Bonds outstanding as of September 30, 2019 are as follows:

	Final	Interest Rates	Amount
Series 627	2020	3.0% to 5.0%	$ 35,285
Series 628	2030	4.39% to 5.61%	79,420
Series 631	2023	3.0% to 5.0%	51,303
Series 637	2026	2.0% to 5.0%	154,105
Series 638	2032	0.76% to 5.0%	138,110
Series 1692	2034	4.0% to 5.0%	457,915
Series 1700	2034	5.00%	162,555
Series 1843	2037	3.0% to 5.0%	281,025
Series W257	2038	3.0% to 5.0%	58,715
Series 1886	2039	3.0% to 5.0%	235,595
Series 1887	2039	3.0% to 5.0%	153,950
Total			$ 1,807,978

The Certificates of Obligation outstanding as of September 30, 2019 are as follows:

	Final	Interest Rates	Amount
Series 635	2022	2.00% to 5.00%	$ 7,610

Note 11. Long-Term Debt (continued)

The Pension Obligation Bonds outstanding as of September 30, 2019 are as follows:

	Final	Interest Rates	Amount
Series 600	2035	3.24% to 5.19%	$ 77,365
Series 601	2035	4.10% to 5.48%	35,017
Series 632	2024	0.295% to 4.66%	52,198
Total			$ 164,580

C. Long-Term Notes Payable (Direct Borrowings)

HUD Section 108 Loans

In previous fiscal years, the City borrowed money from the United States Department of Housing and Urban Development (HUD) and loaned it to developers. The developers in turn construct and improve real property in the City. The City has pledged only certain grant revenues and certain program income as well as all funds or investments in the accounts established for these loans as collateral for repayment. Events of default with respect to the Section 108 loans include nonpayment events and noncompliance with covenants. In the event of default, HUD may accelerate the due date of the principal amount outstanding for the note, together with accrued and unpaid interest.

State Energy Conservation Office (SECO) Loans

In fiscal year 2019 and previous fiscal years, the City borrowed money from the Texas State Energy Conservation Office for the purpose of making utility efficiency improvements to various buildings owned by the City and for building improvements. Events of default with respect to these loans include nonpayment events and noncompliance with covenants. In the event of default, all principal and unearned interest on the loans shall become immediately due.

The total outstanding notes payable as of September 30, 2019 are as follows:

	Final Maturity	Payments Due	Interest Rates	Amount
State Energy Conservation Office CL245	2022	Quarterly	2.50%	2,326
State Energy Conservation Office CL247	2026	Quarterly	2.50%	1,678
State Energy Conservation Office CL272	2026	Quarterly	2.00%	6,135
State Energy Conservation Office CL273	2027	Quarterly	2.00%	5,117
Section 108 B-09-MC-48-0009	2021	Semi-Annually	Variable	3,040
Section 108 B-09-MC-48-0009-A	2032	Quarterly	Variable	7,493
Section 108 B-09-MC-48-0009-B	2022	Quarterly	Variable	8,492
Section 108 B-12-MC-48-0009	2027	Semi-Annually	2.75%	9,572
Total				$ 43,853

D. General Obligation Commercial Paper Notes (Direct Borrowing)

The commercial paper notes Series A and Series B are supported by a credit agreement with JPMorgan Chase Bank, N.A., and extends through November 27, 2020. The Series A and Series B notes have an aggregate available amount not to exceed approximately $375.9 million, which includes $350 million of principal together with approximately $25.9 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10 percent per annum. The two commercial paper programs constitute an obligation subordinate to the City's general obligation bonds. Any advances for payments of commercial paper under the line of credit are secured by proceeds of the applicable portion of the tax levy as set forth in the Credit Agreements. During fiscal year 2019, no commercial paper was issued, and $31.7 million 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 $346.5 million at September 30, 2019.

Note 11. Long-Term Debt (continued)

These notes are direct obligations of the City for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the City. Events of default include nonpayment of fees, breach of covenants, unsatisfied judgements over $20 million, acceleration of other debt in an amount greater than $25 million, bond ratings downgraded below Baa1/BBB+/BBB+ and nonpayment of note principal. In the event of default, the lender may utilize multiple remedies, including default rates on unpaid principal and interest, discontinuation of advances on the notes, and/or immediate termination of the 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. Additionally, amounts drawn as advances or term loans are subject to acceleration in an uncured event of default, with such acceleration to take place at the earlier of (1) date on which legally expendable funds are appropriated and available or (2) February 1 of the calendar year following the next year the City levies ad valorem taxes.

E. Governmental Capital Leases (Direct Borrowings)

Equipment Master Lease

During a prior fiscal year, the City entered into a Master Lease Agreement (the Agreement) with a bank (the Lessor). Each fiscal year since 2017, the City has entered into separate repayment schedules under the Agreement for the lease-purchase of vehicles and other equipment, and each has a maximum allowable amount equal to the principal due on that schedule. Vehicles and equipment purchased through Agreement are pledged as security for repayment of the lease liability. Events of default under the Master Lease Agreement include nonpayment events and covenant noncompliance. In the event of default, the Lessor may declare the entire amount of payments to the end of the term immediately past due and payable, initiate court action against the City to enforce performance per the Agreement, take possession of the vehicles and equipment, and/or terminate the Agreement.

Garage Lease

During a prior fiscal year, the City entered into a capital lease for a parking garage near the Dallas Police Department headquarters. The leased property serves as collateral for non-payment. Events of default under the lease agreement include nonpayment events and covenant noncompliance. In the event of default, the Lessor has the right to terminate the lease and/or recover all damages associated with the default.

For more information on capital leases, please refer to Note 12.

F. Governmental Debt Service Requirements

The future debt service principal and interest payment requirements for the City's General Obligation Bonds, Tax and Revenue Certificates, and Pension Obligation Bonds at September 30, 2019 are as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 159,341	$ 101,684	$ 261,025
2021	173,597	80,463	254,060
2022	173,609	71,794	245,403
2023	174,415	63,163	237,578
2024	168,700	54,697	223,397
2025-2029	575,984	304,121	880,105
2030-2034	387,449	224,388	611,837
2035-2039	167,073	42,294	209,367
Total	$ 1,980,168	$ 942,604	$ 2,922,772

Note 11. Long-Term Debt (continued)

The future principal and interest payment requirements for the City's long-term notes payable, all of which are direct borrowings, at September 30, 2019 are as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 4,563	$ 1,056	$ 5,619
2021	7,466	921	8,387
2022	5,703	749	6,452
2023	5,168	624	5,792
2024	2,656	538	3,194
2025-2029	15,587	1,408	16,995
2030-2033	2,710	136	2,846
Total	$ 43,853	$ 5,432	$ 49,285

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Note 11. Long-Term Debt (continued)

G. Business-Type Activities

The changes in the business-type activities long-term liabilities for the year ended September 30, 2019 are as follows:

	Balance, September 30, 2018	Additions	Deletions	Balance, September 30, 2019	Due Within One Year
Dallas Water Utilities					
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds					
Series 2008	$ 3,795	$ -	$ 3,795	$ -	$ -
Series 2010	112,460	-	7,760	104,700	8,125
Series 2011	146,905	-	12,640	134,265	13,255
Series 2012	289,665	-	19,200	270,465	20,140
Series 2013	145,590	-	3,040	142,550	3,150
Series 2015	595,080	-	3,410	591,670	16,070
Series 2016	529,710	-	43,095	486,615	31,560
Series 2017	171,540	-	2,790	168,750	2,930
Series 2018C	152,965		-	152,965	2,580
City of Dallas Waterworks and Sewer System Revenue Refunding and Improvement Bonds (Direct Placements)					
Series 2009A	368	-	368	-	-
Series 2009B	5,985	-	480	5,505	490
Series 2009C	63,958	-	5,225	58,733	5,290
Series 2018A	22,000	-	-	22,000	675
Series 2018B	44,000	-	-	44,000	1,295
Series 2019A	-	22,000	-	22,000	-
Series 2019B	-	44,000	-	44,000	-
Total Revenue Bonds Payable	2,284,021	66,000	101,803	2,248,218	105,560
Add: Unamortized Premium	190,080	-	18,165	171,915	-
Total Revenue Bonds of Water Utilities	2,474,101	66,000	119,968	2,420,133	105,560
Pension Obligation Bonds	46,710	-	1,622	45,088	1,610
Add: Net premium/discount	20,248	-	688	19,560	-
Add: Accretion	29,850	3,877	3,363	30,364	-
Total Water Utilities Bonds	2,570,909	69,877	125,641	2,515,145	107,170
Direct borrowings					
Commercial paper notes payable	-	164,500	-	164,500	-
Water transmission facilities financing agreement	435,836	-	10,394	425,442	9,772
Total direct borrowings	435,836	164,500	10,394	589,942	9,772
Other liabilities:					
Compensated absences payable	11,663	5,524	5,890	11,297	5,824
Other postemployment benefits	58,707	12,550	6,705	64,552	
Net pension liability	163,780	296,160	21,567	438,373	-
Arbitrage rebate	106	188	106	188	-
Total other liabilities	234,256	314,422	34,268	514,410	5,824
Total long-term liabilities for Dallas Water Utilities	3,241,001	548,799	170,303	3,619,497	122,766
Convention Center					
Civic Center Refunding and Improvement Revenue Bonds, Series 2009	288,140	-	8,665	279,475	9,095
Add: Net premium/discount	(2,375)	-	(188)	(2,563)	-
Total Convention Center Revenue Bonds	285,765	-	8,477	276,912	9,095
Pension Obligation Bonds	3,321	-	116	3,205	115
Add: Net premium/discount	1,445	-	49	1,396	-
Add: Accretion	2,131	277	240	2,168	-
Total Convention Center Bonds	292,662	277	8,882	283,681	9,210
Other liabilities:					
Compensated absences	864	151	712	303	156
Pollution remediation	59	16	-	75	75
Other postemployment benefits	4,528	252	135	4,645	-
Net pension liability	6,384	23,789	1,733	28,440	-
Total long-term labilities for Convention Center	$ 304,497	$ 24,485	$ 11,462	$ 317,144	$ 9,441

Note 11. Long-Term Debt (continued)

	Balance, September 30, 2018	Additions	Deletions	Balance, September 30, 2019	Due Within One Year
Airport Revenues					
General Airport Revenue Bonds 2015	$ 109,235	$ -	$ 3,885	$ 105,350	$ 4,075
General Airport Revenue Bonds 2017	116,850	-	-	116,850	4,155
Add: Net Premium/Discount	20,846	-	2,420	18,426	-
Total Airport Revenue Bonds	246,931	-	6,305	240,626	8,230
Pension Obligation Bonds	4,376	-	152	4,224	151
Add: Net Premium/Discount	1,898	-	65	1,833	-
Add: Accretion	2,798	363	315	2,846	-
Total Airport Bonds	256,003	363	6,837	249,529	8,381
Direct borrowings					
Capital leases payable	71,770	-	1,159	70,611	1,225
Obligation for revenue credit agreement	424,055	-	8,095	415,960	8,500
Revenue credit agreement					
Net premium/discount	(4,750)	294	440	(4,896)	-
Total direct borrowing	491,075	294	9,694	481,675	9,725
Other Liabilities:					
Compensated absences	1,742	1,126	979	1,889	974
Pollution remediation	1,128	114	683	559	30
Other postemployment benefits	9,771	2,587	1,383	10,975	-
Net pension liability	16,190	51,983	3,785	64,388	-
Total other liabilities	28,831	55,810	6,830	77,811	1,004
Total long-term liabilities for Airport Revenues	775,909	56,467	23,361	809,015	19,110
Sanitation					
2010C GO Refunding General Obligation Bonds	5,992	-	825	5,167	821
Add: Net premium/discount	269	-	84	185	-
Total Sanitation General Obligation Bonds	6,261	-	909	5,352	821
Pension Obligation Bonds	15,270	-	530	14,740	526
Add: Net premium/discount	6,620	-	226	6,394	-
Add: Accretion	9,759	1,268	1,100	9,927	-
Total Sanitation Bonds	37,910	1,268	2,765	36,413	1,347
Direct borrowing					
Capital leases	18,960	4,464	6,516	16,908	5,835
Other liabilities:					
Landfill closure/postclosure	41,501	2,237	272	43,466	276
Compensated absences	3,044	1,444	1,482	3,006	1,549
Other postemployment benefits	19,855	4,585	2,449	21,991	-
Net pension liability	49,196	100,505	7,319	142,382	-
Total other liabilities	113,596	108,771	11,522	210,845	1,825
Total long-term liabilities for Sanitation	170,466	114,503	20,803	264,166	9,007
Non-Major Business-Type					
Pension Obligation Bonds	8,511	-	295	8,216	293
Add: Net premium/discount	3,689	-	128	3,561	-
Add: Accretion	5,436	706	613	5,529	-
Total Non-Major Business-Type Bonds	17,636	706	1,036	17,306	293
Other liabilities:					
Compensated absences	2,356	1,387	1,345	2,398	1,236
Other postemployment benefits	10,722	2,559	1,367	11,914	-
Net pension liability	28,620	68,382	4,980	92,022	-
Total other liabilities	41,698	72,328	7,692	106,334	1,236
Total long-term liabilities for Non-Major Business-type Activities	59,334	73,034	8,728	123,640	1,529
Total Business-Type Activities - Long-Term Liabilities	$ 4,551,207	$ 817,288	$ 234,657	$ 5,133,462	$ 161,853

Note 11. Long-Term Debt (continued)

H. Water Works and Sewer System Revenue Bonds and Pension Obligation Bonds

In prior fiscal years, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds to fund capital construction projects. These bonds are special obligations of the City, payable solely from and secured by a first lien on and pledge of the pledged revenues of the system, which include the net revenues of the system remaining after deduction of current expenses of operation and maintenance. Events of default include nonpayment events and covenant noncompliance. 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.

I. Water Works and Sewer System Revenue Bonds and Pension Obligation Bonds (Direct Placements)

In fiscal year 2019, and prior years Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds to fund capital construction projects. These were direct placements facilitated by the Texas Water Development Board. These bonds are special obligations of the City, payable solely from and secured by a first lien on and pledge of the pledged revenues of the system, which include the net revenues of the system remaining after deduction of current expenses of operation and maintenance. Events of default include nonpayment events and covenant noncompliance. 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.

In May 2019, Dallas Water Utilities issued Waterworks and Sewer System Revenue Bonds Series 2019A and Series 2019B of $66 million and interest rates ranging from 0.02 percent to 5.0 percent. Final maturity will occur on October 1, 2048. The bonds were issued to fund capital construction projects.

The Waterworks and Sewer System debt service fund provides for the payment of principal and interest on the water department outstanding revenue bonds. Operating revenues from water operations and interest earned on the cash balance in the debt service fund are pledged for repayment of the debt. Revenues are transferred from the Water Operating Fund to the debt service fund to meet annual principal and interest obligations. Pension Obligation bonds are paid through increased contributions to the debt service fund. The Water Works and Sewer System bonds outstanding as of September 30, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
630 Rev Bonds	2040	3.00% - 5.00%	$ 104,700
634 Rev Bonds	2041	3.00% - 5.00%	134,265
636 Rev Bonds	2042	0.595% - 5.00%	270,465
639 Rev Bonds	2043	2.00% - 5.00%	142,550
9712 Rev Bonds	2045	1.00%-5.00%	591,670
1727 Rev Bonds	2046	3.00%-5.00%	486,615
W208 Rev Bonds	2048	4.00%-5.00%	168,750
W339 Rev Bonds	2048	4.00%-5.00%	152,965
625 Rev Bonds	2029	1.303% - 2.877%	5,505
626 Rev Bonds	2029	0.148% - 3.018%	58,733
W309 Rev Bonds	2048	0.02%-1.70%	66,000
FS40 Rev Bonds	2049	0.02%-1.70%	22,000
FW40 Rev Bonds	2049	4.00%-5.00%	44,000
Total Revenue Bonds			2,248,218
Pension Obligation Bonds	2035	0.295% - 5.48%	45,088
Total Outstanding			$ 2,293,306

Utility Revenues Pledged

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay $2.2 billion in water and wastewater system revenue bonds, of which $66 million was issued during the current fiscal year and the remaining balance in prior fiscal years. Proceeds from the bonds provided financing for capital assets. The bonds are payable solely from water customer net revenues and are payable through fiscal year 2049. Net revenues, as defined in the bond documents, for each year are expected to be at least equal to 1.25 times the principal and interest requirements of all outstanding previously issued bonds and additional bonds for the year. The total principal and interest remaining to be paid on the bonds at September 30, 2019 is $3.4 billion. Principal and interest paid during fiscal year 2019 were $102 million and $90 million, respectively.

Note 11. Long-Term Debt (continued)

J. Convention Center (Revenue Bonds and Pension Obligation Bonds)

In previous fiscal years, the City issued Convention Center Revenue Bonds. The 7 percent Hotel Occupancy Tax, operating revenues of the Convention Center Complex, and interest earned on cash balances in the bond reserve and debt service funds are pledged for repayment of the debt. Events of default with respect to these 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.

Pension Obligation Bonds are paid through increased contributions to the Debt Service Fund. Additionally, the City has covenanted to provide the payment of operating and maintenance expenses of the Convention Center Complex, should a shortfall in Convention Center revenues occur. Revenue from the Convention Center operating fund is transferred to the debt service fund to meet annual principal and interest payments. The Convention Center bonds outstanding as of September 30, 2019 are as follows:

The Convention Center bonds outstanding as of September 30, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Civic Center Convention Complex	2038	3.00% - 5.25%	$ 279,475
Pension Obligation Bonds	2035	0.295% - 5.48%	3,205
Total Outstanding			$ 282,680

K. Airport Revenues (General Airport Revenue Bonds and Pension Obligation Bonds)

During December 2016, the Love Field Airport Modernization Corporation (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.

In a previous year, the Love Field Airport Modernization Corporation (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. 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.

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

Note 11. Long-Term Debt (continued)

Airport revenue and pension obligation bonds outstanding as of September 30, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
General Airport Revenue Bonds 2015	2036	5.00%	$ 105,350
General Airport Revenue Bonds 2017	2036	5.00%	116,850
Pension Obligation Bonds	2035	0.295% - 5.48%	4,224
Total			$ 226,424

L. 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.

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Note 11. Long-Term Debt (continued)

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. At September 30, 2019, the Special Facilities Revenue Bonds outstanding was $411 million.

M. 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. The balance of the obligation for the revenue credit agreement was $416 million less the net premium/discount of $5 million for a total balance of $411 million, at September 30, 2019. The schedule of principal and interest payments required for the obligation is provided below (in thousands):

	Airport Revenue - LFAMC Obligation for Revenue Credit Agreement		
Fiscal Year	Principal	Interest	Total
2020	$ 8,500	$ 21,318	$ 29,818
2021	8,840	20,927	29,767
2022	9,280	20,474	29,754
2023	9,745	19,998	29,743
2024	10,230	19,499	29,729
2025-2029	62,745	88,996	151,741
2030-2034	105,440	67,215	172,655
2035-2039	136,175	35,668	171,843
2040-2041	65,005	3,456	68,461
Total	$ 415,960	$ 297,551	$ 713,511

N. Business-type Activities Capital Leases (Direct Borrowings)

Airport Parking Capital Leases

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.

Note 11. Long-Term Debt (continued)

Equipment Master Lease

During a prior fiscal year, the City entered into a Master Lease Agreement (the Agreement) with a bank (the Lessor). Each fiscal year since 2017, the City has entered into separate repayment schedules under the Agreement for the lease-purchase of vehicles and other equipment, and each has a maximum allowable amount equal to the principal due on that schedule. Vehicles and equipment purchased through Agreement are pledged as security for repayment of the lease liability. Events of default under the Master Lease Agreement include nonpayment events and covenant noncompliance. In the event of default, the Lessor may declare the entire amount of payments to the end of the term immediately past due and payable, initiate court action against the City to enforce performance per the Agreement, take possession of the vehicles and equipment, and/or terminate the Agreement.

For more information on capital leases, please refer to Note 12.

O. Sanitation Enterprise Fund (General Obligation Bonds and Pension Obligation Bonds)

The Sanitation Fund provides for the payment of principal and interest on a portion of the 2010 General Obligation Refunding Bonds and the Pension Obligation Bonds, which are paid through increased contributions to the Debt Service Fund. The bonds outstanding as of September 30, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series 631 General Obligation Bonds	2023	3.0% to 5.0%	$ 5,167
Pension Obligation Bonds	2035	0.295% to 5.48%	14,740
Total Outstanding			$ 19,907

P. Non-Major Enterprise Fund (Pension Obligation Bonds)

The non-major enterprise funds provide for the payment of principal and interest on a portion of Pension Obligation Bonds, which are paid through increased contributions to the Debt Service Fund. The bonds outstanding as of September 30, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Pension Obligation Bonds	2035	0.295% - 5.48%	$ 8,216

Q. Business-Type Activities Debt Service Requirements

The debt service principal and interest payment requirement to maturity at September 30, 2019 for the business-type activities Revenue Bonds and Pension Obligation Bonds are as follows:

	Dallas Water Utilities					
	Revenue Bonds			Revenue Bonds-Direct Placements		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2020	$ 97,810	$ 87,742	$ 185,552	$ 7,750	$ 2,817	$ 10,567
2021	101,260	84,286	185,546	9,960	2,772	12,732
2022	106,225	80,599	186,824	10,095	2,642	12,737
2023	100,350	76,948	177,298	10,240	2,494	12,734
2024	89,640	73,188	162,828	10,405	2,328	12,733
2025-2029	383,060	313,282	696,342	55,108	8,565	63,673
2030-2034	400,795	223,728	624,523	21,770	5,186	26,956
2035-2039	406,860	127,122	533,982	22,970	3,983	26,953
2040-2044	268,720	48,832	317,552	24,495	2,471	26,966
2045-2049	97,260	6,234	103,494	23,445	741	24,186
Total	$ 2,051,980	$ 1,121,961	$ 3,173,941	$ 196,238	$ 33,999	$ 230,237

Note 11. Long-Term Debt (continued)

	Dallas Water Utilities		
	Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total
2020	$ 1,610	$ 5,322	$ 6,932
2021	5,559	1,575	7,134
2022	6,081	1,281	7,362
2023	6,685	976	7,661
2024	7,248	657	7,905
2025-2029	7,552	37,225	44,777
2030-2034	7,548	44,510	52,058
2035-2039	2,805	8,563	11,368
Total	$ 45,088	$ 100,109	$ 145,197

	Convention Center					
	Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2020	$ 9,095	$ 14,386	$ 23,481	$ 115	$ 380	$ 495
2021	9,550	13,932	23,482	397	112	509
2022	10,030	13,454	23,484	434	91	525
2023	10,530	12,953	23,483	477	70	547
2024	11,055	12,426	23,481	517	47	564
2025-2029	64,150	53,265	117,415	527	2,656	3,183
2030-2034	82,280	38,132	120,412	538	3,175	3,713
2035-2038	82,785	11,143	93,928	200	611	811
Total	$ 279,475	$ 169,691	$ 449,166	$ 3,205	$ 7,142	$ 10,347

	Airport Revenues					
	General Airport Revenue Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2020	$ 8,230	$ 10,904	$ 19,134	$ 151	$ 499	$ 650
2021	8,640	10,483	19,123	521	148	669
2022	9,075	10,040	19,115	570	120	690
2023	9,530	9,575	19,105	626	91	717
2024	10,005	9,086	19,091	679	62	741
2025-2029	58,045	37,207	95,252	707	3,488	4,195
2030-2034	74,080	20,770	94,850	707	4,171	4,878
2035-2036	44,595	2,965	47,560	263	802	1,065
Total	$ 222,200	$ 111,030	$ 333,230	$ 4,224	$ 9,381	$ 13,605

	Sanitation					
	General Obligation Bonds			Pension Obligation Bonds		
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total
2020	$ 821	$ 234	$ 1,055	$ 526	$ 1,740	$ 2,266
2021	1,911	170	2,081	1,817	515	2,332
2022	1,606	82	1,688	1,988	419	2,407
2023	829	21	850	2,186	319	2,505
2024	-	-	-	2,370	215	2,585
2025-2029	-	-	-	2,468	12,169	14,637
2030-2034	-	-	-	2,468	14,551	17,019
2035	-	-	-	917	2,799	3,716
Total	$ 5,167	$ 507	$ 5,674	$ 14,740	$ 32,727	$ 47,467

Note 11. Long-Term Debt (continued)

Non-Major Enterprise Funds			
Pension Obligation Bonds			
Fiscal Year	Principal	Interest	Total
2020	$ 293	$ 969	$ 1,262
2021	1,012	287	1,299
2022	1,107	233	1,340
2023	1,217	178	1,395
2024	1,320	120	1,440
2025-2029	1,375	6,778	8,153
2030-2034	1,375	8,105	9,480
2035	517	1,559	2,076
Total	$ 8,216	$ 18,229	$ 26,445

R. Discretely Presented Component Unit Debt Service Requirements

The changes in the DDDA discretely presented component unit's long- term liabilities for the year ended September 30, 2019 are as follows:

	Balance, September 30, 2018	Additions	Deletions	Balance, September 30, 2019	Due Within One Year
Tax Increment Revenue Bonds					
Series 2006	$ 34,872	$ -	$ 2,285	$ 32,587	$ 2,386
Series 2007	24,160	-	468	23,692	363
Total Bonds	59,032	-	2,753	56,279	2,749
Accretion	35,595	4,029	2,967	36,657	-
Total Bonds	$ 94,627	$ 4,029	$ 5,720	$ 92,936	$ 2,749

The Dallas Convention Center Hotel Development Corporation (the Corporation), a discretely presented component unit of the City, issued revenue bonds in a prior fiscal year. The assets pledged as security for repayment of the bonds include the gross operating revenues of the hotel project, reimbursement for a portion of the interest from the Build America Bonds rebate, the State and Local Hotel Occupancy Tax Rebate, the State Sales Tax rebate, and other property, other than the land, the hotel project constructed on the land, and certain deposits. Events of default include nonpayment events and noncompliance with covenants. In the event of default, the trustee may accelerate principal and interest payments on the bonds, and/or take multiple legal actions, including but not limited to seeking a writ of mandamus to compel officials of the City to carry out their legally imposed duties with respect to the notes.

The changes in the Dallas Convention Center Hotel Development Corporation discretely presented component unit's long-term liabilities for the year ended December 31, 2018 are as shown on the following page.

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Note 11. Long-Term Debt (continued)

	Balance, December 31, 2017	Additions	Deletions	Balance, December 31, 2018	Due Within One Year
2009A Current Interest Bonds	$ 62,530	$ -	$ 365	$ 62,165	$ 8,435
2009A Capital Appreciation Bonds	11,881	-	4,742	7,139	-
2009B Taxable Build America Bonds	388,175	-	-	388,175	-
2009C Taxable Bonds	330	-	330	-	-
Total Revenue Bonds	462,916	-	5,437	457,479	8,435
Add: Unamortized Premium	279	-	102	177	-
Less: Unamortized Discount	(159)	-	(35)	(124)	-
Add: Accretion on Capital Appreciation Bonds	7,584	783	2,668	5,699	-
Key Money Payable	4,700	-	1,200	3,500	1,200
Total Long-Term Debt	$ 475,320	$ 783	$ 9,372	$ 466,731	$ 9,635

The DDDA discretely presented component unit has issued tax increment bonds that are payable solely from the pledged tax increments of the zone. 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 members of the board of the DDDA or other officers of the issuer to carry out their legally imposed duties with respect to the bonds.

The tax increment bonds outstanding as of September 30, 2019 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
Series DDDA - Series 2006	2036	5.25% - 5.66%	$ 32,587
Series DDDA - Series 2007	2036	5.49% - 6.28%	23,692
Total Outstanding			$ 56,279

The Dallas Convention Center Hotel Development Corporation discretely presented component unit bonds outstanding as of December 31, 2018 are as follows:

Series Description	Final Maturity	Interest Rates	Amount
2009A Current Interest Bonds	2024	4.25% - 5.25%	$ 62,165
2009A Capital Appreciation Bonds	2026	5.43% - 6.46%	7,139
2009B Taxable Build America Bonds	2042	7.09%	388,175
Total Outstanding			$ 457,479

The debt service principal and interest payment requirement to maturity at September 30, 2019 for the DDDA discretely presented component unit activities tax increment financing bonds and at December 31, 2018 for the Dallas Convention Center Hotel Development Corporation bonds are as follows:

Note 11. Long-Term Debt (continued)

	DDDA				Dallas Convention Center Hotel Development Corporation		
Fiscal Year	Principal	Interest	Total	Calendar Year	Principal	Interest	Total
2020	2,749	4,750	$ 7,499	2019	$ 8,435	$ 30,471	$ 38,906
2021	3,208	4,600	7,808	2020	9,125	30,041	39,166
2022	3,243	4,914	8,157	2021	9,890	29,558	39,448
2023	3,249	5,161	8,410	2022	10,690	29,025	39,715
2024	3,088	5,578	8,666	2023	11,554	28,441	39,995
2025-2029	13,214	29,369	42,583	2024-2028	57,440	146,314	203,754
2030-2034	19,193	29,965	49,158	2029-2033	93,450	108,428	201,878
2035-2036	8,335	11,465	19,800	2034-2038	126,325	69,705	196,030
Total	$ 56,279	$ 95,802	$ 152,081	2039-2042	130,570	19,156	149,726
				Total	$ 457,479	$ 491,139	$ 948,618

S. Bonds Authorized and Unissued

The following is a schedule of authorized but unissued bonds at September 30, 2019:

	Date of Authorization	Amount Authorized	Amount Unissued
2017 Capital Improvement Program	11/6/2012	$ 1,050,000	$ 888,498

T. Compliance with Debt Covenants

For the year ended September 30, 2019, management of the City believes that it was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

U. Dallas Water Utilities Commercial Paper Notes (Direct Borrowing)

The commercial paper program constitutes an obligation subordinate to the Waterworks and Sewer System revenue bonds. Any advances made by credit providers for payments of commercial paper under the line of credit are secured by water and wastewater pledged revenues.

The commercial paper notes Series D are supported by two liquidity agreements through two banks. The liquidity agreements supporting the Sub-Series D-1 and Sub-Series D-2 notes are through State Street Bank and Trust Company and Bank of America N.A., respectively, and extend to January 8, 2020. The Sub-Series D-1 notes have an aggregate available principal amount not to exceed $241.6 million, which includes $225 million of principal together with approximately $16.6 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum. The Sub-Series D-2 notes have an aggregate available principal amount not to exceed $80.5 million, which includes $75 million of principal together with approximately $5.5 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum.

The commercial paper notes Series E are supported by a liquidity agreement with JPMorgan Chase Bank, N.A., and extend to September 30, 2019. The Series E notes have an aggregate available principal amount not to exceed $322.2 million, which includes $300 million of principal together with approximately $22.2 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate of 10 percent per annum.

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 Baa3/BBB-, material adverse effects as a result of State law repeal or any event of default as defined in Sub-Series D-1 and Series E credit agreements. 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.

During fiscal year 2019, $164.5 million was issued and there was no repayment. Upon maturity, the notes will be remarketed by the commercial paper dealers or extinguished with long-term debt. The balance of the commercial paper notes payable was $164.5 million at September 30, 2019.

Note 11. Long-Term Debt (continued)

V. Dallas Water Utilities Obligation for Water Transmission Facilities Financing Agreement (Direct Borrowing)

Tarrant Regional Water District (TRWD), a water control and improvement district and political subdivision of the State of Texas, issued Water Facilities Contract Revenue Bonds in February 2012 in the amount of $131.9 million, in January 2014 in the amount of $202.1 million, and in December 2015 in the amount of $140 million. The bonds were issued to finance the DWU share of costs for designing, acquiring, constructing, improving, repairing, rehabilitating, and or replacing water transmission facilities capable of delivering additional raw water supply to the customers of the DWU and TRWD for their respective customers (the Project). The Project is tentatively scheduled to be completed in 2027. The City's share of the total cost of the Project is estimated to be $1 billion. Upon completion of the Project, DWU will have reserved capacity rights in the amount of 150 million gallons per day. Depending on the timing of construction, additional bonds are expected to be issued throughout the construction period.

In order to ensure adequate funding from Dallas Water Utilities for the payment of principal and interest, the City entered into a separate funding agreement with TRWD, a Water Transmission Facilities Financing Agreement (the Agreement). Under this Agreement, the City is obligated to make payments to TRWD for the principal and interest amounts associated with the bonds. The Agreement establishes through State statutes that those payments will be treated as operating and maintenance expenses. The treatment of payments to TRWD as operating and maintenance expenses is only being applied to the Schedule of Revenue Bond Coverage for the Dallas Water Utilities and for purposes of establishing rates.

The Agreement establishes that TRWD shall own and operate the Project, subject to Dallas' reserve capacity rights in the Project. The bonds are a special obligation of TRWD. Principal and interest are secured by, and payable solely from, payments to be received by TRWD from the City to the extent required and provided in the Agreement. The bonds do not constitute a debt or pledge of the faith and credit of the City, and accordingly have not been reported in the accompanying financial statements. At September 30, 2019, the TRWD Water Facilities Contract Revenue Bonds outstanding were $426 million.

The City has determined the obligation under the Agreement to be a liability to the extent that such obligations are for the payment of bonds issued to fund Dallas Water Utilities' share of costs for the Project. The City has capitalized the development of an intangible asset, Pipeline Reserve Capacity Rights, in Construction in Progress for the actual Project costs incurred by TRWD. The unspent proceeds held by TRWD for future construction costs have been recorded in Restricted Assets: Other Noncurrent Assets – Future Pipeline Reserve Capacity Rights. The interest rates for the obligation range from 0.45 percent to 6.0 percent. The obligation will be amortized over a period of 30 years. The balance of the obligation for the Agreement was $425 million at September 30, 2019.

The revenues and income received by the Dallas Water Utilities from the ownership and operation of the system are pledged as security for repayment of the obligation. Events of default include nonpayment events and covenant noncompliance. In the event of default, TRWD may apply the Texas post judgement interest rate to all amounts not paid when due, assess other interest and legal fees, enforce the rights of the holders of the underlying bonds, and/or suspend the use of by Dallas of its reserved capacity rights in the project.

The schedule of principal and interest payments required for the obligation is provided below:

Fiscal Year	Principal	Interest	Total
2020	$ 9,772	$ 15,658	$ 25,430
2021	10,955	16,653	27,608
2022	11,285	16,204	27,489
2023	11,640	15,732	27,372
2024	12,105	15,235	27,340
2025-2029	67,625	69,243	136,868
2030-2034	82,450	55,965	138,415
2035-2039	102,200	37,528	139,728
2040-2044	110,340	14,357	124,697
2045-2046	7,070	227	7,297
Total	$ 425,442	$ 256,802	$ 682,244

Note 12. Leases

A. As Lessee

As lessee, the City is committed under various leases for building and office space, data processing, and communications equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the fiscal year ended September 30, 2019, amounted to $4.1 million.

Future minimum lease payments for these leases are as follows:

Year Ending September 30,	Total Rental Payments	Governmental Activities	Business-Type Activities
2020	$ 3,972	$ 2,934	$ 1,038
2021	3,474	2,560	914
2022	2,898	1,972	926
2023	1,537	842	695
2024	911	544	367
2025-2029	2,400	367	2,033
2030-2034	419	54	365
Thereafter	561	208	353
Minimum Future Rentals	$ 16,171	$ 9,481	$ 6,690

The City is also committed under capital leases for the purchase of computer equipment, vehicles and heavy equipment, parking garages, and a parking lot. The liability for future capital lease payments totals $206.4 million. Future minimum lease payments for capital leases including interest and principal are as shown below.

Fiscal Year	Total Rental Payments	Governmental Activities	Business-Type Activities
2020	$ 37,196	$ 25,830	$ 11,366
2021	33,040	22,716	10,324
2022	27,882	18,437	9,445
2023	22,106	15,056	7,050
2024	17,874	12,492	5,382
2025-2029	62,170	36,253	25,917
2030-2034	25,917	-	25,917
Thereafter	57,269	-	57,269
Total minimum future lease payments	283,454	130,784	152,670
Less: Amount representing interest	(77,019)	(11,868)	(65,151)
Present value of net minimum lease payments	$ 206,435	$ 118,916	$ 87,519

Analysis of the City's investments in capital assets under capital lease arrangements as of September 30, 2019 is as follows:

	Governmental Activities	Business-Type Activities
Building and equipment	$ 112,413	$ 22,657
Land	-	75,270
Less: Accumulated depreciation	(62,430)	(6,794)
Total	$ 49,983	$ 91,133

B. As Lessor

The City is also under several lease agreements as lessor whereby it receives revenues from leasing airport terminal space, hangars, parking spaces, ramps, land, buildings, and office space to air carriers and other tenants. These revenue leases are considered for accounting purposes to be operating leases. Additionally, other City departments receive revenues under various agreements for the operation of concessions. Most of these revenues are determined based on various percentages of gross sales for the concessions.

Note 12. Leases (continued)

Revenues for the fiscal year ended September 30, 2019 were $82.9 million. The following is a schedule of minimum future rentals on non-cancelable operating leases as of September 30, 2019:

Year Ending September 30	Governmental Activities	Dallas Water Utilities	Convention Center	Airport Revenues	Total
2020	$ 2,238	$ 47	$ 919	$ 67,871	$ 71,074
2021	2,105	45	919	67,309	70,378
2022	1,009	41	940	62,733	64,723
2023	224	41	940	61,089	62,295
2024	224	41	869	53,057	54,191
2025-2029	970	207	4,007	210,506	215,690
2030-2034	119	207	4,076	10,888	15,291
Thereafter	308	2,697	14,131	27,849	44,984
Minimum Future Rentals	$ 7,196	$ 3,328	$ 26,801	$ 561,303	$ 598,628

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 $679 thousand in fiscal year 2019.

Note 13. Defeasance of Debt

In current and prior years, the City legally defeased certain outstanding general obligation and enterprise revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments of the refunded bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's basic financial statements.

As of September 30, 2019, the City had a total of $252 million defeased outstanding General Obligation Bonds and $723 million defeased outstanding water and sewer revenue bonds. The bonds defeased during the fiscal year are as follows:

	Balance, September 30, 2018	Additions	Deletions	Balance, September 30, 2019
General Obligation Bonds	$ 255,340	$ -	$ 3,215	$ 252,125
Water and Sewer Revenue Bonds	765,055	-	41,675	723,380
Total	$ 1,020,395	$ -	$ 44,890	$ 975,505

Note 14. Risk Management – Estimated Claims and Judgments 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 have not exceeded the deductible loss per occurrence for the past three 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.

Note 14. Risk Management – Estimated Claims and Judgments 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 $41.6 million at September 30, 2019, is recorded in the risk funds. Of this amount, $7.7 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, 2019, in the amount of $7.7 million in the risk funds.

At September 30, 2019, the City estimates its general liability at $11.8 million, of which $4.3 million is estimated to be payable in the next fiscal year. The general liability includes $7.5 million for automobile and general liability and $4.3 million for probable claims and lawsuits.

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

	Workers' Compensation		Health		General Liability	
	2019	2018	2019	2018	2019	2018
Unpaid claims, beginning of year	$ 37,374	$ 36,486	$ 8,312	$ 7,817	$ 190,003	$ 79,754
Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates	15,146	11,222	88,028	84,941	3,554	176,516
Claim payments	(11,470)	(10,373)	(94,016)	(83,010)	(177,771)	(66,944)
Changes to prior year estimates (IBNR)	545	39	5,359	(1,436)	(3,992)	677
Unpaid claims, end of year	$ 41,595	$ 37,374	$ 7,683	$ 8,312	$ 11,794	$ 190,003

Note 15. Accrued Landfill Liability

The City owns and operates the McCommas Bluff landfill located in the southern portion of the City. The developed 409.2 acres of the landfill has an estimated remaining useful life of 1 year. The undeveloped 493.2 acres of the landfill has an estimated useful life of 27 years. Closure and post-closure care of this landfill is subject to the requirements of Subtitle D of the Resource Conservation and Recovery Act (P.L. 94-580) and Sections 330.250-256 of Title 30 of the Texas Administrative Code administered by the Texas Commission on Environmental Quality (TCEQ). These regulations require the City to place a final cover on each cell of the landfill when it ceases to accept waste, and perform certain maintenance and monitoring functions for thirty years after the closure of each cell.

Because final contours have not been achieved, the City has not yet initiated closure of any of this landfill or incurred closure expenses. Therefore, the estimated $38.5 million liability for closure/post-closure care is based on 91.2 percent of the capacity of the developed landfill subject to TCEQ regulations--none of which is expected to be paid from current available resources.

The City also owns and operates three transfer stations. The estimated post closure cost is $246 thousand for the transfer stations at September 30, 2019.

The estimated total liability of $42.3 million is based on current dollar average cost per acre calculations for this specific landfill as originally provided by consulting firms and has been revised annually by the City to accommodate inflation, deflation, technology, and developmental or regulation changes. In accordance with the provisions of Codification of Governmental Accounting and Financial Reporting Standards, Section L10, "Landfill Closure and Post Closure Care Costs," the City has recorded a closure and post-closure liability of $38.8 million as a long-term liability. Closure and post-closure care are funded through current Sanitation Fund revenues generated by landfill operations. Effective April 9, 1997, Sections 330.280-284 of Title 30 of the Texas Administrative Code (TAC) require landfill owners to demonstrate financial assurance on an annual basis that they will have sufficient financial resources to satisfy closure and post-closure care expenditures at such time as these become payable.

Note 15. Accrued Landfill Liability (continued)

The City also owns the Deepwood & Loop 12 landfill located at South Miller Road, southwest of Loop 12. This landfill is closed. The estimated total liability for post closure care costs for the entire 47 acres of the closed landfill (132 acres of the Landfill Property) is estimated to be $4.7 million during the next 17 years, of which $276 thousand is due within one year.

The total closure and post-closure liability for both landfills and the three transfer stations at September 30, 2019 is $43.5 million.

Note 16. Pollution Remediation

The City 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, 2019, the total environmental remediation liability is $4.1 million and $3.2 million is estimated to be paid in fiscal year 2020. At this time, the City is unable to estimate any recoveries to reduce the liability. The specific issues related to the City's remediation efforts include:

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

1. For the first site, The City investigated the environmental impact from two permitted closed landfills and conducted remediation as required. During the period, cap inspections, methane monitoring, and preparation of the response action completion report (RACR) has been completed. Additional activities to be completed during the current period include completing the RACR and engineering report for TCEQ submittal and requesting conditional closure. Groundwater monitoring, methane monitoring, and cap inspections will be part of operation and maintenance (O&M). The estimated cost for this project is $120 thousand with $103 thousand expected to be paid in fiscal year 2020. Required O&M related to the closed landfill caps will continue.
2. For the second site, the City 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. During the reporting period, groundwater monitoring and TCEQ reporting were completed and preparation of an Affected Property Assessment Report (APAR) and MSD application are in process. Activities in the current period are expected to include semi-annual groundwater monitoring, finalizing and submitting the MSD application and the APAR, and conducting soil investigation activities. The estimated cost for this project is $161 thousand, with $100 thousand expected to be paid in fiscal year 2020.
3. For the third site, the City conducted pre-demolition environmental investigation in the building including testing for metals dust, asbestos containing material, lead, and mold and investigation of the subsurface at an Aviation property with a new tenant; obtained conditional closure from TCEQ and performed oversight of development activities by the tenant in the building and subsurface and obtained TCEQ approval of activities. During the reporting period, ongoing oversight of development activities by the tenant of the subsurface including environmental monitoring, soil management, disposal of waste soil, review of abatement auditing completed for the building and reporting. Activities in the current period include ongoing soil management activities including environmental monitoring, soil management, disposal of waste soil and regulatory reporting. The estimated cost for this project is $533 thousand and $30 thousand is expected to be paid in fiscal year 2020.
4. For the fourth site, the City completed a Phase II ESA as part of pre-acquisition due diligence and entered the property into the TCEQ VCP and communicated with TCEQ. During the reporting period, ongoing communication with TCEQ was completed and preparation for groundwater monitoring. Activities in the current period include groundwater monitoring, drinking water well survey, reporting, completion of an APAR report, and communication with TCEQ. The estimated cost for this project is $75 thousand, and this liability is expected to be paid in fiscal year 2020 with continued management in VCP.

Note 16. Pollution Remediation (continued)

5. For the fifth site, the City completed a Phase I and Phase II ESA, hydraulic lift removal, asbestos abatement, and removal of impacted soil as part of construction of a new fire station. During the reporting period, a scope of work was obtained from the consultant for completion of all activities to obtain closure, the VCP application and drinking water survey report were prepared, and the MSD application initiated. Additional activities expected to be completed in the current period include submitting an application to the TCEQ VCP, completing an MSD application and APAR, and correspondence with TCEQ. The estimated cost for this project is $53 thousand and this liability is expected to be paid in fiscal year 2020.
6. For the sixth site, the City completed a Phase I and II ESA, additional subsurface investigation, completed the MSD application, and prepared the Affected Property Assessment Report (APAR). During the reporting period, the City MSD was completed, APAR were reviewed, and correspondence with TCEQ was completed. Activities in the current period are expected to include MSD certification, APAR completion and submittal to TCEQ, responses to TCEQ comments, and preparation and submittal of the response action completion report (RACR) to TCEQ to obtain closure. The estimated cost for this project is $48 thousand this liability is expected to be paid in fiscal year 2020.
7. For the seventh site, the City completed a Phase I and II ESA, obtained MSD certification, completed subsurface investigation, and submitted the Affected Property Assessment Report to TCEQ, and obtained TCEQ comments. During the reporting period, a response to TCEQ comments was prepared. Activities expected to be completed in the current period are submittal of the APAR comments, completion of additional investigation and completion of the RACR, and obtaining TCEQ closure. The estimated cost for this project is $13 thousand and this liability is expected to be paid in fiscal year 2020.
8. For the eighth site, the City completed a Phase I and II ESA as part of due diligence activities, entered the site in VCP, and completed additional investigation and reporting and correspondence with TCEQ was completed. Additional activities expected to be completed in the current period include excavation of impacted soil and preparation and submittal of an APAR to TCEQ. The estimated cost for this project is $204 thousand and $50 thousand is expected to be paid in fiscal year 2020.
9. For the ninth site, the City completed a Phase I and II ESA as part of due diligence before leasing the property to be developed as an urban farm. The property was entered in TCEQ VCP, a draft MSD application was completed and the APAR was prepared. During the reporting period, an APAR was finalized and submitted to TCEQ and work continued a MSD application, and correspondence with TCEQ. Additional activities expected to be completed in the current period include City MSD, obtaining TCEQ MSD, working towards closure from TCEQ. The estimated cost for this project is $94 thousand and $90 thousand is expected to be paid in fiscal year 2020.
10. For the tenth site, the City 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 no costs are estimated for fiscal year 2020.
11. For the eleventh site, the City completed a Phase II ESA, additional subsurface investigation, entered the property in VCP, submitted an Affected Property Assessment Report (APAR) to TCEQ, provided pre-construction assistance for the future park, response to APAR comments was prepared and submitted to TCEQ, additional investigation completed, additional correspondence to TCEQ, soil management oversight related to park construction activities, and tank removal oversight. During the reporting period, soil management and disposal activities were completed, preparation of release determination reports to document tank removals and preparation of a Response Action Plan (RAP), and communication with TCEQ. Activities expected to be completed in the current period include submittal of a RAP, completion of release determination reports, submittal of a RACR, obtaining closure from TCEQ. The estimated cost for this project is $18 thousand and this liability is expected to be paid in fiscal year 2020.
12. For the twelfth site, the City completed a Phase I and II ESA as part of due diligence for this property within Love Field Airport, entered the property into VCP, submitted an Affected Property Assessment Report (APAR), and completed responses to TCEQ. During the reporting period, TCEQ provided a certificate of completion and TCEQ invoices were paid, existing monitor wells were destroyed; no plugging required. No additional activities expected to be completed in the current period and there are no additional costs expected for this project.
13. For the thirteenth site, the City completed a Phase I and II ESA as part of preconstruction due diligence for Carpenter Park. Activities expected to be completed in the current period are entering the property in VCP and completing and submitting an Affected Property Assessment Report (APAR) to TCEQ. During the reporting period the VCP application was prepared and submitted to TCEQ, communication with TCEQ, and correspondence with TXDOT. Activities expected to be completed during the current period include soil management plan preparation, complete the APAR, continued communication with TCEQ, and obtain a certificate of completion. The estimated cost for this project is $28 thousand and this liability is expected to be paid in fiscal year 2020.

Note 16. Pollution Remediation (continued)

14. For the fourteenth site, the City completed and submitted an Affected Property Assessment Report (APAR) to TCEQ for property within Love Field that is managed in the TCEQ Corrective Action Program. Additional investigation was completed and an amended APAR was submitted to TCEQ. During the reporting period, response to TCEQ comments was completed and closure was obtained. No additional activities expected to be completed during the current period and there are no additional costs expected for this project.
15. For the fifteenth site, the City completed a Limited Environmental Screening and a Limited Subsurface Investigation to evaluate site conditions prior to construction of a new fire station. Activities expected to be completed during the current period include entering the property in VCP, submitting an Affected Property Assessment Report (APAR) to TCEQ, submitting responses to APAR comments as needed, additional correspondence to TCEQ, soil and groundwater management support activities related to fire station construction, and obtaining closure from TCEQ. The estimated cost for this project is $62 thousand and $50 thousand is expected to be paid in fiscal year 2020.
16. For the sixteenth site, the City completed a Limited Environmental Screening (LES) and initiated a Limited Subsurface investigation (LSI) as part of activities prior to construction of a new spray ground at the recreation center. During the reporting period, additional subsurface investigation was completed to determine the extent of buried municipal waste and levels of metals in soil. The soil management plan was prepared prior to construction and support services provided for groundwater discharge and soil disposal and reuse prior to and during construction. No additional activities are expected to be completed during the current period and there are no additional costs expected for this project.
17. For the seventeenth site, the City completed additional Subsurface Investigation to further evaluate soil and groundwater conditions prior to construction of a new downtown park. A geophysical study was completed to determine if tanks were still existing onsite and a cultural resources desktop assessment. Activities completed during the current period include UST exploration and a cultural resources study prior to start of construction and soil management support services expected during construction. The estimated cost for this project is $58 thousand and this liability is expected to be paid in fiscal year 2020.

The City is also managing environmental corrective action at one leaking petroleum storage tank sites. Activities at these sites are conducted in compliance with the rule for Underground and Aboveground Storage Tanks, TAC Ch 334:

1. For the first site, the City completed a Phase I and Phase II ESA, asbestos abatement, removal of underground storage tanks and remaining subsurface components of a hydraulic lift, product recovery, installation of additional monitor wells, groundwater monitoring, entered the site into the VCP under leaking petroleum storage tank (LPST) rules, submitted an APAR, conducted groundwater monitoring and completed a Field Activity Report, and completed Tier 2 calculations and correspondence with TCEQ. During the reporting period, correspondence with TCEQ continued and closure was approved and obtained. Activities in the current period will include continued correspondence with TCEQ to obtain the certificate of completion. The estimated cost for this project is $82 thousand, and $5 thousand is expected to be paid in fiscal year 2020.

The City is also managing testing and removal of asbestos containing materials at nine sites in compliance with Texas Asbestos Health Protection Rules, TAC Ch 295 and Occupational Safety and Health Administration, Lead Exposure Rules 29 CFR 1926.62:

1. For the first site, the City completed an asbestos and lead-based paint survey as part of pre-construction activities. The structure will be renovated for City operations. During the reporting period, continued lead-based paint consulting and abatement were completed and preparation of reports. Activities completed during the current period are payment of fees with the TX Department of State Health Services. The estimated cost for this project is $2 thousand, and this liability is expected to be paid in fiscal year 2020.
2. For the second site, the City completed supplemental asbestos and lead-based paint testing and abatement of asbestos containing materials and lead based paint was completed as part of pre-construction activities. The existing pool was to be demolished so that a new aquatic center could be constructed at the recreation center location. During the reporting period, abatement reporting was completed. No additional activities are expected to be completed during the current period and there are no additional costs expected for this project.
3. For the third site, the City completed an asbestos survey, lead-based paint survey and mold survey as part of pre-renovation activities. The structure will be renovated for a new tenant. During the reporting period, communication to confirm scope was completed and preparation of the LBP, mold and ACM abatement specifications. Activities expected to be completed during the current period include asbestos consulting services and abatement of asbestos containing materials, lead-based paint, and mold and preparation of reports documenting activities. The estimated cost for this project is $859 thousand and this liability is expected to be paid in fiscal year 2020.

Note 16. Pollution Remediation (continued)

4. For the fourth site, the City completed an asbestos survey, lead-based paint survey and mold survey as part of pre-renovation activities. During the reporting period, communication to confirm scope was completed and preparation of the LBP, mold and ACM abatement specifications. Activities expected to be completed during the current period include asbestos consulting services and abatement of asbestos containing materials, lead-based paint, and mold and preparation of reports documenting activities. The estimated cost for this project is $502 thousand, and this liability is expected to be paid in fiscal year 2020.
5. For the fifth site, the City completed an ACM survey and LBP survey as part of pre-renovation activities at the recreation center. During the reporting period, the asbestos and LBP surveys and reporting were completed. Activities expected to be completed during the current period include preparation of asbestos and LBP specs, asbestos and LBP consulting oversight services and abatement of ACM and LBP and preparation of reports documenting activities. The estimated cost for this project is $623 thousand, and this liability is expected to be paid in fiscal year 2020.
6. For the sixth site, the City completed an asbestos survey, lead-based paint survey and mold survey as part of pre-renovation activities. During the reporting period, asbestos and LBP consulting services and abatement of asbestos containing materials, lead-based paint, and mold were completed and reports prepared documenting activities. No additional activities are expected to be completed during the current period and there are no additional costs expected for this project.
7. For the seventh site, the City completed an asbestos survey and lead-based paint survey as part of pre-renovation activities. During the reporting period, an asbestos and lead-based paint survey were completed. Activities expected to be completed during the current period include asbestos and lead-based paint consulting services, abatement of asbestos containing materials and lead-based paint, and preparation of reports documenting activities. The estimated cost for this project is $296 thousand, and this liability is expected to be paid in fiscal year 2020.
8. For the eighth site, the City completed a Limited Environmental Screening (LES) to investigate soil conditions prior to construction of a new aquatic center at the recreation center. During the reporting period, an asbestos containing materials survey and lead-based paint survey were completed and reports prepared prior to construction activities. Abatement of asbestos containing materials and lead-based paint waste management was also completed. Report preparation was also completed for the asbestos consulting services. Activities completed during the current period include reporting for the asbestos abatement. The estimated cost for this project is $36 thousand, and this liability is expected to be paid in fiscal year 2020.
9. For the ninth site, the City completed a Limited Environmental Screening (LES) and surveys for asbestos containing materials (ACM), lead-based paint (LBP), and mold as part of aquatic center pre-construction activities. During the reporting period, reports were completed for the ACM, LBP, and mold surveys, a Limited Subsurface investigation (LSI) was completed and the report prepared, and abatement of asbestos containing materials and lead-based paint waste management was completed. Activities expected to be completed during the current period include reporting for the asbestos abatement and consulting services. The estimated cost for this project is $39 thousand, and this liability is expected to be paid in fiscal year 2020.

The City is also managing one site in compliance with Underground and Aboveground Storage Tank Rules, TAC Ch 334, Texas Asbestos Health Protection Rules, TAC Ch 295, and OSHA Lead Exposure Rules 29 CFR 1926.62

1. For the first site, the City completed a Limited Environmental Screening and a Limited Subsurface Investigation to evaluate site conditions prior to construction. No concentrations exceeded PST Action Levels. The City also conducted an asbestos and lead-based paint survey to determine the need for abatement prior to demolition of the structure. Activities in the current period include removal of a 1000-gallon vaulted Aboveground Storage Tank (AST) and an oil water separator (OWS) and asbestos abatement prior to demolition. The estimated cost for this project is $165 thousand, and this liability is expected to be paid in fiscal year 2020.

Note 17. Pension Plans

A. Plan Descriptions

The City participates in funding three single employer, contributory, defined benefit employee pension plans. Membership is a condition of employment for all full-time, permanent employees. The activities of the entities as of December 31, 2018 are reported in the City's Pension Trust Funds. Descriptions of each plan are as follows:

Employees' Retirement Fund (ERF): 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/recent-publications.

Dallas Police and Fire Pension System Combined Plan (Combined Plan): The legal authority for the Combined Plan is Article 6243a-1 of the Revised Civil Statutes of Texas. In 2017, changes to the plan were implemented by the passing of HB 3158. The Combined Plan is a retirement fund for police officers and firefighters employed by the City of Dallas. The system is administered by an eleven member board of trustees of the Dallas Police and Fire Pension System (DPFP System) composed of one elected from active members of the police department, one elected from active members of the fire rescue department, three elected by the nominations committee, and six appointed by the Mayor in consultation with city council. It is comprised of a single defined benefit pension plan designed to provide retirement, death, and disability benefits for firefighters and police officers (members). All active, eligible police officers and firefighters employed by the City are required to participate. The DPFP System issues a stand-alone financial report which is available at: www.dpfp.org/-Financial-/Financial-Reports/.

Supplemental Police and Fire Pension Plan of the City of Dallas (Supplemental Plan): The legal authority for the Supplemental Plan is Subsection 35 of Chapter II of the Charter of the City of Dallas and Ordinance 14084 of 1973. The plan is administered by the board of trustees for the DPFP System. This plan includes officials in the Fire and Police Departments who hold rank higher than the highest corresponding Civil Service rank available as a result of competitive examination and who have elected participation. The Supplemental Plan issues a stand-alone financial report which is available at: www.dpfp.org/-Financial-/Financial-Reports/.

B. Benefits provided

ERF: 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.

Note 17. Pension Plans (continued)

Combined Plan: The Combined Plan provides comprehensive retirement, disability, and survivor benefits for the City's police officers, firefighters and their beneficiaries as authorized through Article 6243a-1 of the Revised Civil Statutes of Texas. The Combined Plan consists of Group A and Group B membership. No member elected contribution under Group A.

Under Group A, members may elect to receive one of two benefit structures (Options 1 and 2):

- Option 1 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 50 equal to 50 percent of the base pay as defined as the maximum monthly civil service pay established by the City at the time of retirement plus 50 percent of the longevity pay the member was receiving at the time he or she left active service with the City or the effective date the member joined the Deferred Retirement Option Plan (DROP). Benefit payments are adjusted annually according to changes in active service base pay, if any. Additionally, a member is eligible to receive 50 percent of the difference between any annualized City service incentive pay granted to the member less annual longevity pay.
- Option 2 entitles members with 20 years or more of pension service to normal monthly pension benefits beginning at age 55 equal to 3 percent of the base pay computed, as noted in Option 1, for each year of pension service with a maximum of 32 years. In addition, a member receives 50 percent of the longevity pay and 1/24 of any City service incentive pay the member was receiving at the time he or she left active service with the City or the effective date the member joined DROP. Prior to September 1, 2017, pension benefit payments increased annually on October 1st by 4 percent of the initial benefit amount. After September 1, 2017, pension benefit payments are eligible for an ad hoc cost of living increase as approved by the Board, if certain funding requirement are met.

Under Group B, members receive one of two benefit structures:

- Members who began membership before March 1, 2011 with 5 or more years of pension service are entitled to monthly pension benefits beginning at age 50 equal to 3% of the member's average base pay plus education and longevity pay (Computation Pay) determined over the highest 36 consecutive months of Computation Pay, multiplied by the number of years of pension service prior to September 1, 2017. The monthly pension benefit for service earned after September 1, 2017 is based on the highest 60 consecutive months of Computation Pay multiplied by a 2.5% multiplier at age 58. The multiplier is reduced to between 2.0% and 2.4% for retirement beginning at age 53 and prior to age 58. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members may receive a 2.5% multiplier for pension service after September 1, 2017 prior to age 58 if the combination of their pre and post September 1, 2017 pension service calculations using the 2.5% multiplier for post September 1, 2017 meets or exceeds the 90% maximum benefit. Certain members who meet the service prerequisite or were 45 prior to September 1, 2017 may elect to take early retirement with reduced benefits starting at age 45, or earlier if the member has 20 years of pension service.
- Members who began membership after February 28, 2011 are entitled to monthly pension benefits after accruing 5 years of pension service and the attainment of age 58. Pension benefits are equal to the member's average Computation Pay determined over the highest 60 consecutive months of Computation Pay, multiplied by 2.5% for the number of years of pension service. The member cannot accrue a monthly pension benefit that exceeds 90% of the member's average Computation Pay. Certain members who meet the service prerequisite may elect to take early retirement with reduced benefits starting at age 53.

Members who are eligible to retire are allowed to enter the DROP program. The member's monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member is able to withdraw annuitized benefits from their DROP account; however, under certain circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $1.01 billion at December 31, 2018.

The Combined Plan documents may be amended only by the Texas State legislature.

Note 17. Pension Plans (continued)

Supplemental Plan: The Supplemental Plan provides benefits designed to supplement Combined Plan Group B benefits for members holding a rank higher than the highest corresponding civil service rank because their Combined Plan benefits are capped by the definition of “considered compensation.” Benefits provided by the Supplemental Plan were approved by the Dallas City Council through passage of City Ordinance 14084 of 1973 as authorized in City Charter Chapter II, Subsection 35. Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 50. Members receive a supplemental pension based upon the difference between compensation for the civil service position held before entrance into the Supplemental Plan and compensation while participating in the Supplemental Plan. The formula used to determine the member’s Combined Plan Group B benefit is also used to determine the member’s benefit under the Supplemental Plan; therefore, the same length of time is used to determine the average computation pay for both the Combined Plan and the Supplemental Plan, as well as provisions for the application for benefits.

Members who are eligible to retire are allowed to enter the DROP program. The member’s monthly benefit remains in a DROP account which does not accumulate interest. Upon retirement from the City, the member is able to withdraw annuitized benefits from their DROP account; however, under certain circumstances, members may be eligible to withdraw a lump sum amount. The total DROP account balance was $4.5 million at December 31, 2018.

The Supplemental Plan document can be amended only by the City Council in accordance with City ordinance.

C. Employees covered by benefit terms

At December 31, 2018, the following numbers of employees were covered by the benefit terms:

	ERF	Combined Plan	Supplemental Plan
Retirees and beneficiaries currently receiving benefits	7,224	4,919	138
Inactive members entitled to benefits but not yet receiving them	1,492	230	2
Current members	7,584	5,012	39
Total	16,300	10,161	179

D. 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, 2019. The City’s contribution of 22.68 percent is divided into 14.39 percent cash to the Plan and 8.29 percent for debt service payments on the pension obligation bonds. For fiscal year 2019, the City contribution was $62 million.

Combined Plan: Article 6243a-1 of the Revised Civil Statutes of the State of Texas establishes contribution requirements. The amount of the contribution percentage may be determined only by the State Legislature or by a majority vote of the voters of the City of Dallas.

Prior to September 6, 2017, the City made statutorily required contributions of 27.5 percent of total wages and salaries as defined in the Combined Plan document and Article 6243a-1. After September 1, 2017, the City contributes 34.5 percent of computation pay, with a floor for seven years, plus $13 million per year until 2024. No member elected contribution under Group A. Group B members are required to contribute 13.5 percent of their computation pay. For fiscal year 2019, the City contribution was $153 million.

Note 17. Pension Plans (continued)

Supplemental Plan: Ordinance 14084 of 1973 establishes contribution requirements. Changes to the contribution amounts or percentages may be made by City Council ordinance.

Members of the Supplemental Plan contribute 13.5 percent of their pay that is applicable to the Supplemental Plan. The City makes an annual contribution to the Supplemental Plan based on the results of an actuarial study. For fiscal year 2019, the City contribution was $1.5 million.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date.

F. Actuarial Assumptions

The total pension liabilities in the December 31, 2018 actuarial valuations were determined using the following actuarial assumptions for each of the plans, applied to all periods included in the measurement:

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Note 17. Pension Plans (continued)

	ERF	Combined Plan	Supplemental Plan
Inflation	2.75%	2.75%	2.75%
Salary Increases	3.25% to 6.25%, including inflation	2.0% to 5.0%, including inflation	2.0% to 5.0%, including inflation
Investment Rate of Return	7.75%	7.25%	7.25%
Mortality	**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 adjustment 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.	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.
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 maximimum COLA for Tier A retirees is 5%, and the maximum for Tier B retirees is 3%.	Ad hoc granted by the Board when the Combined Plan is 70 percent funded after accounting for the COLA. 2% of original benefit, beginning October 1, 2050.	Ad hoc granted by the Board when the Combined Plan is 70 percent funded after accounting for the COLA. 2% of original benefit, beginning October 1, 2050.
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.	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense) 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.	Estimated using a building block methodology in which best-estimate ranges of expected future real rates of return (expected returns net of pension plan investment expense) 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.

Note 17. Pension Plans (continued)

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

	ERF	
Asset Class	Target Allocation	Long-term RROR
Domestic equity	15.0%	6.25%
Global equity	7.5%	6.45%
Global equity low volatility	10.0%	6.45%
Global fixed income	15.0%	4.95%
High yield fixed income	10.0%	4.95%
International equity	15.0%	6.45%
MLP's	7.5%	9.60%
Credit opportunities	5.0%	5.75%
Private equity	5.0%	8.75%
Real assets	5.0%	5.65%
REITS	5.0%	5.40%
Total	100.0%	

	Combined Plan		Supplemental Plan	
Asset Class	Target Allocation	Long-term RROR	Target Allocation	Long-term RROR
Global equity	40%	6.40%	40%	6.40%
Emerging markets equity	10%	9.47%	10%	9.47%
Private equity	5%	10.00%	5%	10.00%
Short-term core bonds	12%	1.31%	12%	1.31%
Global bonds	4%	1.69%	4%	1.69%
High yield and bank loans	8%	7.52%	8%	7.52%
Investment grade bonds	4%	1.89%	4%	1.89%
Emerging markets debt	4%	4.48%	4%	4.48%
Natural resources	5%	7.44%	5%	7.44%
Real estate	5%	4.58%	5%	4.58%
Cash	3%	1.12%	3%	1.12%
Total	100%		100%	

G. Discount Rate

ERF: The discount rate used to measure the total pension liability was 5.98 percent. This single discount rate was based on the expected rate of return on pension plan investments of 7.75 percent and the municipal bond rate of 3.71 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 7.75 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 2048, and the resulting single discount rate is 5.98 percent.

Note 17. Pension Plans (continued)

Combined Plan: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee and City contributions will be made in accordance with House Bill 3158, including statutory minimums through 2024 and 34.5% of computation pay thereafter. The fiduciary net position of the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Supplemental Plan: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Supplemental Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

On May 31, 2017, Texas Governor Greg Abbott signed into law House Bill 3158, affecting the Dallas Police and Fire Pension System ("Pension System"). House Bill 3158 primarily amends 6243a-1, Texas Revised Statutes, including amendments to provisions concerning benefits, contributions, and governance, among other things. These changes took effect September 1, 2017 for both the Combined and Supplemental Plans.

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Note 17. Pension Plans (continued)

H. Changes in the Net Pension Liability

The following table shows the net pension liabilities as of December 31, 2018.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Employees' Retirement Fund			
Balances at 12/31/17	$ 4,377,847	$ 3,612,261	$ 765,586
Changes for the year:			
Service cost	84,842	-	84,842
Interest	332,010	-	332,010
Changes of assumptions	1,020,968	-	1,020,968
Differences between expected and actual experience	4,793	-	4,793
Contributions - City	-	60,924	(60,924)
Contributions - Employee	-	56,771	(56,771)
Net investment income	-	(167,783)	167,783
Benefit payments, including refunds of employee contribution	(272,496)	(272,496)	-
Adminstrative expense	-	(7,485)	7,485
Other changes	-	121	(121)
Net Changes	1,170,117	(329,948)	1,500,065
Balances at 12/31/18	$ 5,547,964	$ 3,282,313	$ 2,265,651
Combined Plan			
Balances at 12/31/17	$ 4,497,346	$ 2,103,345	$ 2,394,001
Changes for the year:			
Service cost	44,793	-	44,793
Interest	318,536	-	318,536
Changes of assumptions	(31,460)	-	(31,460)
Differences between expected and actual experience	(46,556)	-	(46,556)
Contributions - City	-	149,357	(149,357)
Contributions - Employee	-	49,332	(49,332)
Net investment income	-	42,822	(42,822)
Benefit payments, including refunds of employee contribution	(297,081)	(297,081)	-
Adminstrative expense	-	(5,861)	5,861
Other changes	16,092	-	16,092
Net Changes	4,324	(61,431)	65,755
Balances at 12/31/18	$ 4,501,670	$ 2,041,914	$ 2,459,756
Supplemental Plan			
Balances at 12/31/17	$ 33,668	$ 17,804	$ 15,864
Changes for the year:			
Service cost	223	-	223
Interest	2,359	-	2,359
Changes of assumptions	28	-	28
Differences between expected and actual experience	(2,628)	-	(2,628)
Contributions - City	-	1,980	(1,980)
Contributions - Employee	-	75	(75)
Net investment income	-	1,220	(1,220)
Benefit payments, including refunds of employee contribution	(2,708)	(2,708)	-
Adminstrative expense	-	(53)	53
Other changes	889	-	889
Net Changes	(1,837)	514	(2,351)
Balances at 12/31/18	$ 31,831	$ 18,318	$ 13,513

Note 17. Pension Plans (continued)

The net pension liability for the ERF has been allocated between governmental activities and business-type activities based on the percentage of contribution by each. The net pension liability for the Combined Plan and Supplemental Plan is reported in the governmental activities. For governmental activities, the total net pension liability was $3,973,315 and for business-type activities, $765,605. The amount of the ERF net pension liability allocated by business-type activity is $438,373 to Dallas Water Utilities, $28,440 to Convention Center, $64,388 to Airport Revenues, $142,382 to Sanitation and $92,022 to nonmajor funds.

I. 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 5.98 percent for ERF, 7.25 percent for the Combined Plan and 7.25 percent for the Supplemental Plan, as well as what the City's net pension liability would be if it were calculated using discount rates that are 1-percentage-point lower (4.98 percent for ERF, 6.25 percent for the Combined Plan and 6.25 percent for the Supplemental Plan) or 1-percentage-point higher (6.98 percent for ERF, 8.25 percent for the Combined Plan and 8.25 percent for the Supplemental Plan) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
ERF	$ 3,006,846	$ 2,265,651	$ 1,653,805
Combined Plan	$ 2,953,141	$ 2,459,756	$ 2,046,452
Supplemental Plan	$ 16,363	$ 13,513	$ 11,069

J. Pension Plan Fiduciary Net Position

Detailed information about the fiduciary net position of each of the pension plans 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, 2019, the City recognized total pension expense of $413,895, $439,208 of which was for the ERF, ($26,121) for the Combined Plan, and $808 for the Supplemental Plan. At September 30, 2019, the City also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERF		Combined Plan		Supplemental Plan
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows
Differences between expected and actual experience	$ 3,689	$ 43,261	$ 75,892	$ 160,505	$ -
Changes of assumptions	839,367	353,794	181,798	2,211,846	-
Net difference between projected and actual earnings on pension plan investments	303,442	-	208,055	-	1,060
Contributions subsequent to the measurement date	46,954	-	118,631	-	1,793
Total deferred outflows/inflows	$ 1,193,452	$ 397,055	$ 584,376	$ 2,372,351	$ 2,853

Deferred outflows of resources reported in the amounts of $46,954, $118,631 and $1,793 related to pension contributions in the ERF, Combined Plan and Supplemental Plan made subsequent to the measurement date will be recognized as a reduction of the net pension liability during the fiscal year ending September 30, 2019. Deferred outflows and inflows of resources reported in the amount of $1,156,103 related to pensions will be recognized in pension expense as shown on the following page.

Note 17. Pension Plans (continued)

	ERF	Combined Plan	Supplemental Plan
Year ending 9/30:			
2020	$ 85,646	$ (288,626)	$ 792
2021	204,965	(636,369)	146
2022	289,490	(479,133)	113
2023	169,342	(489,475)	9
2024	0	(13,003)	0
Total	$ 749,443	$ (1,906,606)	$ 1,060

Note 18. Commitments and Contingencies

A. Pending Lawsuits and Claims

Various claims and lawsuits are pending against the City and its officers and employees acting in their official capacities (hereafter collectively "City" for purposes of Note 18 A). 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, 2019, approximately $4.3 million has been accrued in the 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 $1.2 billion as of September 30, 2019.

B. Commitments and Loss Contingencies

The City participates in a number of federally assisted and state grant programs, principally the Community Development Block Grant, Women, Infants and Children, and HOME Programs. The programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amount, if any, to be immaterial.

The City has several major construction projects planned or in progress as of September 30, 2019. These projects are evidenced by contractual commitments and include the following: $517 million for General Purpose Capital Improvements and $437 million for Water Utilities Capital Improvements.

As discussed in note 2.B., Budgets and Budgetary Basis of Accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability, and to facilitate effective cash planning and control. As of September 30, 2019, the amount of encumbrances expected to be honored upon performance by the vendor in a subsequent year were as follows:

	Encumbrance Amount
General fund	$ 37,109
Nonmajor governmental funds	549,896
Total	$ 587,005

Note 19. Dallas Water Utilities Prepaid Escrow

On October 1, 1981, the City of Dallas purchased water supply rights for Lake Fork, a water source owned and operated by the Sabine River Authority (Authority), for approximately $117 million. Lake Fork is located on Lake Fork Creek, a tributary of the Sabine River, in Wood, Hopkins, and Rains Counties, approximately 70 miles east of the City of Dallas. Financial obligations of the City's share of Lake Fork water supply rights were fully paid as of December 2004. The City now has a contract with the Authority for 74 percent of the water available from Lake Fork.

The City was required to pay the Authority for a pro rata share of the operation and maintenance costs associated with Lake Fork, which was approximately $10.9 million in the fiscal year ended September 30, 2019. The pro rata share of the operation and maintenance costs owed to the Authority for the renewal of the Lake Fork contract was to be mutually negotiated with the Authority pursuant to the terms of the contract. Negotiation attempts with the Authority failed and in October 2014, the Authority unilaterally established a rate which would require the City to pay approximately an additional $24 million annually for the water to which it is entitled. The City challenged the rate by filing petitions with the Public Utilities Commission of Texas (PUC) and district courts in Travis and Orange counties in Texas. The PUC ordered an administrative law judge to consider setting an interim rate while this dispute was pending.

On April 2, 2015, the administrative law judge ruled that the interim rate must be paid by the City of Dallas until the rate case was resolved. The rate was set by the Authority on a take-or-pay basis, without a cost escalator. This interim rate was retroactive to November 2, 2014. The amounts the City paid in accordance with the interim rate were expensed and deposited into an interest-bearing escrow account, established by the Authority, pending the final outcome of the rate case.

A settlement agreement was approved by City Council on October 11, 2017 and by the Authority Board of Directors on October 12, 2017.

The interest-bearing escrow account balance was $68.7 million on September 30, 2018. Terms of the settlement agreement required that $23.4 million be paid immediately from the escrow account as additional compensation to the Authority for the period November 2, 2014 through September 30, 2018. The remaining escrow amount of $45.3 million at September 30, 2017, plus the accrued September escrow contribution of $2 million (total $47.3 million) will be used to offset future payments of additional compensation by the City to the Authority, until the escrow account balance is depleted, and has been recorded as Prepaid Escrow on the statement of net position. The escrow balance was $32.7 million on September 30, 2019. The remaining balance is estimated to be fully depleted in four to five years.

Note 20. Other Postemployment Benefits

A. 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 Cigna (pre-65 retirees) and UHC (post-65 retirees utilizing Medicare). Employees who are permanent, full-time employees are eligible to participate in the benefits at retirement. The City is self-insured for these programs. 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.

B. Benefits Provided

For retired employees hired before January 1, 2010, the City pays on average $561 (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 4,423 retired participants and surviving spouses in the health plan at September 30, 2019, the latest data used for this evaluation. Post-Medicare retirees are offered several Medicare supplement plans along with a Medicare Part D prescription drug plan. The City subsidizes the Medicare supplement plans for the retirees.

Note 20. Other Postemployment Benefits (continued)

C. Employees Covered by Benefit Terms

At September 30, 2019, membership was as follows:

Inactive employees or beneficiaries currently receiving benefit payments	4,423
Active employees	5,317
Total participants	9,740

D. Total OPEB Liability

The City's total OPEB liability of $565,370 was measured as of September 30, 2019, and was determined by an actuarial valuation as of that date. The total OPEB liability has been allocated between governmental activities and business-type activities, based on the percentage of contribution by each. For governmental activities, the total OPEB liability was $451,293 and for business-type activities, $114,077, with allocations of $64,552 to Dallas Water Utilities fund, $4,645 to Convention Center, $10,975 to Airport Revenues, $21,991 to Sanitation, and $11,914 to nonmajor enterprise funds.

E. Actuarial Assumptions

The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	**Police:** 5.20% in service year 1 decreasing to 3.0% in service years 12 and beyond **Fire:** 5.20% in service year 1 decreasing to 3.0% in service years 16 and beyond **Non-Uniformed:** 6.25% in service year 1 decreasing to 3.25% in service years 19 and beyond
Discount Rate	2.75%, 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):** RP-2014 Employee Mortality Table for male employees, set back 2 years, and projected using Scale MP-2015. **Uniform (healthy anuunitants):** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females and projected using Scale MP-2015 **Non-Uniformed (pre-retirement):** RP-2000 Healthy Mortality Table, males set forward 4 years, females back 5 years; no improvement projection. **Non-Uniformed (post-retirement)**: RP-2000 Blue Collar Healthy Mortality Table with 109% multiplier for males and 103% muliplier for females; projected improvement using Scale BB.
Healthcare Cost Trend Rates	**Pre-65 Trend:** 7.20% for fiscal year 2019 and trending down to an ultimate 5.54% using the Getzen model. **Post-65 Trend:** 5.40% for fiscal year 2019 and trending up to an ultimate 5.54% using the Getzen model.

Note 20. Other Postemployment Benefits (continued)

The actuarial assumptions used in the September 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, plus assumption changes included in the September 30, 2019 valuation.

F. Changes to the Total OPEB Liability

	Total OPEB Liability
Balance at September 30, 2018	$ 511,120
Changes for the year:	
Service cost	14,005
Interest	19,813
Differences between expected and actual experience	(42,693)
Changes of assumptions	82,662
Benefit payments	(19,537)
Net Changes	54,250
Balance at September 30, 2019	$ 565,370

Changes of assumptions reflect a change in the salary scale for uniform police and fire employees and a decrease in the discount rate from 3.83 percent to 2.75 percent.

G. 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 2.75 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 (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current rates:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 664,353	$ 565,370	$ 487,171

H. 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, calculated using the healthcare cost trend rate of 8.2 percent decreasing to 4.3 percent, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.2 percent decreasing to 3.3 percent) or 1-percentage-point higher (9.2 percent decreasing to 5.3 percent) than the current rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	$ 479,552	$ 565,370	$ 675,732

Note 20. Other Postemployment Benefits (continued)

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

For the fiscal year ended September 30, 2019, the City recognized total OPEB expense of $37,898. At September 30, 2019, 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	$ 4,001	$ 34,154
Changes of assumptions	66,130	15,746
Total deferred outflows/inflows	$ 70,131	$ 49,900

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
2020	$ 4,079
2021	4,079
2022	4,079
2023	7,994
Total	$ 20,231

Note 21. Change in Accounting Policy

At the beginning of fiscal year 2019, City management implemented a change in accounting policy for recording internal costs related to the City's bond program. In prior years, the payroll cost for certain City staff related to construction and engineering was reported in specific funds such as the Transportation Capital Projects Fund and the Parks Capital Projects Fund. The Bond Program Administration Internal Service Fund was established to centralize management of bond funds for governmental activities, to capture and record the internal costs of the bond program, and subsequently charge those costs to the related construction projects. This change resulted in the restatement of beginning net position related to the compensated absences, net pension, and other postemployment benefit liabilities in the Bond Program Administration Internal Service Fund, as shown below:

	Bond Program Internal Service Fund	Total Internal Service Funds
Net position, 09/30/18	$ -	$ (237,405)
Adjustments to fund balance/net position	(24,216)	(24,216)
Net postion, 09/30/18, as restated	(24,216)	(261,621)

Note 22. Subsequent Events

From October 1, 2019 through the date of the independent auditors' report, the City issued $76.1 million in Dallas Water Utilities commercial paper notes, with an average interest rate of 1.25%.

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Last Five Fiscal Years
(Dollar amounts in thousands)

	2019			2018		
	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan
Total Pension Liability						
Service cost	$ 84,843	$ 44,792	$ 223	$ 81,178	$ 148,552	$ 111
Interest	332,011	318,536	2,359	325,620	348,171	2,799
Changes of assumptions	1,020,969	(31,460)	28	-	(2,851,241)	(479)
Differences between expected and actual experience	4,793	(46,556)	(2,628)	(59,066)	(134,665)	(1,435)
Plan changes	-	16,091	889	-	(1,167,597)	(5,306)
Benefit payments, including refunds	(272,496)	(297,081)	(2,708)	(261,690)	(296,154)	(2,669)
Net change	1,170,120	4,322	(1,837)	86,042	(3,952,934)	(6,979)
Total Pension Liability, Beginning	4,377,847	4,497,346	33,668	4,291,805	8,450,280	40,647
Total Pension Liability, Ending (a)	5,547,967	4,501,668	31,831	4,377,847	4,497,346	33,668
Plan Fiduciary Net Position						
Contributions - City	60,924	149,357	1,980	58,966	126,318	2,077
Contributions - Employee	56,772	49,332	75	55,175	32,977	66
Net investment income	(167,783)	42,822	1,220	413,511	98,911	740
Benefit payments, including refunds	(272,496)	(297,081)	(2,708)	(261,690)	(296,154)	(2,669)
Administrative expense	(7,485)	(5,861)	(53)	(5,951)	(8,089)	(69)
Other changes	121	-	-	207	(1,280)	(11)
Net change	(329,947)	(61,431)	514	260,218	(47,317)	134
Plan Fiduciary Net Position, Beginning	3,612,261	2,103,345	17,804	3,352,043	2,150,662	17,670
Plan Fiduciary Net Position, Ending (b)	3,282,314	2,041,914	18,318	3,612,261	2,103,345	17,804
City's Net Pension Liability (a) - (b)	$ 2,265,653	$ 2,459,754	$ 13,513	$ 765,586	$ 2,394,001	$ 15,864
Plan Fiduciary Net Position as a percentage of Total Pension Liability	59%	45%	58%	83%	47%	53%
Covered payroll	$ 423,723	$ 363,117	$ 622	$ 421,269	$ 346,037	$ 916
City's Net Pension Liability as a percentage of covered payroll	535%	677%	2173%	182%	692%	1732%

2017			2016			2015		
ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan	ERF	DPFP - Combined Plan	DPFP - Supplemental Plan
$ 133,457	$ 167,432	$ 70	$ 78,020	$ 125,441	$ 36	$ 62,065	$ 131,312	$ 28
305,826	360,567	2,911	313,850	359,023	2,953	290,948	369,408	2,969
(1,227,079)	(712,004)	(917)	1,238,431	908,988	(601)	292,137	-	-
(38,327)	(77,463)	1,106	(26,829)	379,461	929	(21,967)	(4,453)	336
-	-	-	-	-	-	-	(329,794)	(526)
(249,639)	(825,092)	(5,912)	(239,960)	(285,003)	(2,640)	(230,243)	(245,932)	(3,415)
(1,075,762)	(1,086,560)	(2,742)	1,363,512	1,487,910	677	392,940	(79,459)	(608)
5,367,567	9,536,840	43,389	4,004,055	8,048,930	42,712	3,611,115	8,128,389	43,320
4,291,805	8,450,280	40,647	5,367,567	9,536,840	43,389	4,004,055	8,048,930	42,712
56,130	119,345	3,064	50,721	114,886	2,443	45,833	109,792	1,817
53,436	25,518	35	50,742	25,676	43	46,536	29,333	49
294,918	164,791	1,141	(53,344)	(235,338)	(1,690)	207,992	(138,893)	(517)
(249,639)	(825,092)	(5,912)	(239,960)	(285,003)	(2,640)	(230,243)	(245,932)	(3,415)
(5,343)	(9,492)	(78)	(4,598)	(8,417)	(61)	(4,150)	(8,003)	(56)
333	(4,532)	(37)	162	(5,875)	(43)	157	(7,361)	(51)
149,835	(529,462)	(1,787)	(196,277)	(394,071)	(1,948)	66,125	(261,064)	(2,173)
3,202,208	2,680,124	19,457	3,398,485	3,074,195	21,405	3,332,360	3,335,259	23,578
3,352,043	2,150,662	17,670	3,202,208	2,680,124	19,457	3,398,485	3,074,195	21,405
$ 939,762	$ 6,299,618	$ 22,977	$ 2,165,359	$ 6,856,716	$ 23,932	$ 605,570	$ 4,974,735	$ 21,307
78%	25%	43%	60%	28%	45%	85%	38%	50%
$ 409,433	$ 357,414	$ 525	$ 393,186	$ 365,210	$ 725	$ 353,650	$ 383,006	$ 557
230%	1763%	4377%	551%	1877%	3301%	171%	1299%	3825%

CITY OF DALLAS, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS
Last Ten Fiscal years
(Dollar amounts in thousands)

	2019	2018	2017	2016
Employees Retirement Fund				
Actuarially determined contribution	$ 85,945	$ 91,977	$ 88,547	$ 81,838
Contributions in relation to the actuarially determined contribution	$ 62,462	$ 60,589	$ 58,045	$ 56,987
Contribution deficiency (excess)	$ 23,483	$ 31,388	$ 30,502	$ 24,851
Covered payroll	$ 434,064	$ 420,754	$ 405,062	$ 389,706
Contributions as a percentage of covered payroll	14%	14%	14%	15%
Dallas Police and Fire Pension - Combined Plan				
Actuarially determined contribution	$ 157,368	$ 157,997	$ 202,167	N/A
Contributions in relation to the actuarially determined contribution	$ 151,850	$ 151,850	$ 120,351	N/A
Contribution deficiency (excess)	$ 5,518	$ 6,147	$ 81,816	N/A
Statutorily required contribution	N/A	N/A	N/A	$ 118,508
Contributions in relation to the statutorily required contribution	N/A	N/A	N/A	$ 118,508
Contribution deficiency (excess)	N/A	N/A	N/A	$ -
Covered payroll	$ 375,759	$ 348,011 (1)	$ 427,867	$ 432,082
Contributions as a percentage of covered payroll	40%	44%	28%	27%
Dallas Police and Fire Pension - Supplemental Plan				
Actuarially determined contribution	$ 1,881	$ 2,274	$ 2,087	$ 3,064
Contributions in relation to the actuarially determined contribution	$ 1,881	$ 2,274	$ 2,087	$ 3,064
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 723	$ 916	$ 525	$ 725
Contributions as a percentage of covered payroll	260%	248%	398%	423%

(1) Beginning in September 2017, the Texas House Bill 3158 required that contributions to the Plan be based on computation pay. Per the House Bill, computation pay is based on the biweekly rate of pay of a member, educational incentive pay, longevity pay, and city service incentive pay. Overtime, assignment pay, and lump sum payments are not included.

2015	2014	2013	2012	2011	2010
$ 68,100	$ 62,756	$ 54,289	$ 37,822	$ 32,865	$ 34,793
$ 49,135	$ 44,816	$ 35,515	$ 28,917	$ 27,303	$ 27,668
$ 18,965	$ 17,940	$ 18,774	$ 8,905	$ 5,562	$ 7,125
$ 376,421	$ 357,887	$ 336,483	$ 317,551	$ 318,408	$ 345,819
13%	13%	11%	9%	9%	8%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
$ 113,026	$ 108,268	$ 105,753	$ 102,431	$ 106,633	$ 109,211
$ 113,026	$ 108,268	$ 105,753	$ 102,431	$ 106,633	$ 109,211
$ -	$ -	$ -	$ -	$ -	$ -
$ 414,373	$ 378,000	$ 361,000	$ 349,000	$ 365,000	$ 367,000
27%	29%	29%	29%	29%	30%
$ 2,443	$ 1,817	$ 1,936	$ 1,954	$ 1,543	$ 1,444
$ 2,443	$ 1,817	$ 1,936	$ 1,954	$ 1,543	$ 1,444
$ -	$ -	$ -	$ -	$ -	$ -
$ 556	$ 521	$ 450	$ 621	$ 886	$ 1,044
439%	349%	430%	315%	174%	138%

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>12/31/2018</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><td>12/31/10</td><td>12/31/09</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="10">30-year open amortization period level percentage of payroll. The City ordinance authorizing the plan specfies 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="3">2.75%</td><td colspan="7">3%</td></tr>
<tr><td>Salary increases</td><td colspan="3">3.25% to 6.25%, including inflation</td><td colspan="7">3.5% to 7%, including inflation</td></tr>
<tr><td>Discount rate</td><td>5.98%</td><td colspan="2">7.75%</td><td colspan="2">8.00%</td><td colspan="5">8.25%</td></tr>
<tr><td>Cost of Living Adjustment</td><td colspan="3">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="7">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 of the adjustment, up to 5%.</td></tr>
<tr><td>Mortality</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 Collaradjustement 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><td colspan="2">For actives:
Males - 1994 Uninsured Pension Mortality Table for males, base table rates multiplied by 87%.
Females - 1994 Uninsured Pension Mortality Table for females, base table rates multiplied by 125%.
For healthy retirees:
Males - 1994 Uninsured Pension Mortality Table for males, set forward two years.
Females - 1994 Uninsured Pension Mortality Table for females, base table rates multipled by 125% for ages less than 85 and multipled by 135% for ages 85 and up.
For all disabled lives:
1965 Railroad Retirement Board Disabled Annuitants Mortality Table (without select rates). For females, the rates are multiplied by 60%.</td></tr>
</table>

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

Dallas Police and Fire Pension - Combined Plan

Valuation date	1/1/2019	1/1/2018	01/01/17	01/01/16	01/01/15	01/01/14	01/01/13	01/01/12	01/01/11	01/01/10
Timing	The actuarially determined contribution is included in the report for informational purposes only, beginning in January 1, 2017.									
Actuarial cost method	Entry age normal.									
Amortization method	Level percentage of payroll.									
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.									
Inflation	2.75%									
Salary increases	2.0% to 5.0%, including inflation.	3.0% to 5.2%, including inflation.	2.75%							
Discount rate	7.25%	7.25%	7.25%							
Cost of Living Adjustment	Ad hoc granted by the Board when the Plan is 70 percent funded after accounting for the COLA. 2.0% of original benefit, beginning October 1, 2050.	Ad hoc granted by the Board when the Plan is 70 percent funded and other financial benchmarks have been met.	0% prior to October 1, 2049. 2% on original benefit beginning October 1, 2049.							
Mortality	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.	**For actives:** Sex distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.								

Dallas Police and Fire Pension - Supplemental Plan

Valuation date	1/1/2019	1/1/2018	01/01/17	01/01/16	01/01/15	01/01/14	01/01/13	01/01/12	01/01/11	01/01/10
Timing	The actuarially determined contribution is due September 30 after the valuation date.									
Actuarial cost method	Entry age normal.									
Amortization method	Level percentage of payroll.									
Asset valuation method	Market value of assets.									
Inflation	2.75%				4%					
Salary increases	2.0% to 5.0%, including inflation.	3.0% to 5.2%, including inflation.	2.75%		4% - 9.64%, including inflation					
Discount rate	7.25%					8.50%				
Cost of Living Adjustment	Ad hoc granted by the Board when the Plan is 70 percent funded after accounting for the COLA. 2.0% of original benefit, beginning October 1, 2050.	None	4% for members hired on or before December 31, 2006. New members hired after December 31, 2006 are not eligble for an automatic increase.							
Mortality	**For actives:** RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015 **For healthy retirees:** RP-2014 Blue Collar Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015 **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.	**For actives:** Sex distinct RP-2014 Employee Mortality Table, set back two years for males, projected generationally using Scale MP-2015. **For healthy retirees:** RP-2014 Healthy Annuitant Mortality Table, set forward two years for females, projected generationally using Scale MP-2015. **For all disabled lives:** Sex distinct RP-2014 Disabled Retiree Mortality Table, set back three years for males and females, projected generationally using Scale MP-2015.			For actives: RP-2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. For healthy retirees: RP-2000 Combined Healthy Mortality Table projected ten years beyond the valuation date using Scale AA. For all disabled lives: RP-2000 Combined Healthy Mortality Table with a one-year set forward.				1994 Group Annuity Mortality Table for males and females, set back one year for males and females.	

CITY OF DALLAS, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S TOTAL LIABILITY

AND RELATED RATIOS

Other Postemployment Benefits

Year Ended September 30, 2019

(in thousands)

	2019	2018*
Total OPEB Liability		
Service cost	$ 14,006	$ 14,817
Interest	19,813	18,420
Changes of assumptions	82,662	(26,244)
Differences between expected and actual experience	(42,693)	6,669
Benefit payments	(19,537)	(21,343)
Net change	54,251	(7,681)
Total OPEB Liability, Beginning	511,120	518,801
Total OPEB Liability, Ending	$ 565,371	$ 511,120
Covered payroll	$ 914,916	$ 877,768
Total OPEB Liability as a Percentage of Covered Employee Payroll	62%	58%

* Prior year information was not available.

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Community Development Fund – to account for funds received by the City of Dallas pursuant to the Community Development Act of 1974, as amended, and grant funds for community development type programs.

Health and Human Services Fund – to account for private and grant funds received for public health and human services programs.

Library Fund – to account for private and grant funds received for acquisition of library materials and expansion of library services.

Police Fund – to account for private and grant funds received for crime prevention and law enforcement programs.

Recreation Fund – to account for private and grant funds received for summer recreation and other recreation programs.

Transportation Fund – to account for private and grant funds received for transportation studies and construction.

Management Improvement Fund – to account for private and grant funds received for management productivity improvements.

Public Improvement Districts Fund – to account for special assessments restricted for public improvement districts.

Storm Water Operations Fund – to account for the administration and operational activities of the Storm Water Program. Financing is provided by a Storm Water fee.

Municipal Fund – to account for private contributions restricted to the provision of various employee and citizen municipal purposes.

General Citizen Fund – to account for private contributions restricted to the provision of various general governmental projects.

Arts and Cultural Fund – to account for private contributions restricted for the financing arts and cultural activities.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets which are not financed by Enterprise Funds, Internal Service Funds, and Trust Funds.

Neighborhood Projects – to account for construction of neighborhood facilities and paving projects.

Parks – to account for construction of parks, playgrounds, and recreational facilities.

Streets and Drainage – to account for construction of streets and storm sewers.

Buildings – to account for construction of City-owned buildings

Transportation – to account for construction of traffic signals and controls.

NONMAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs that is, for the benefit of the government or its citizenry.

Samuell Park – to account for the private donation by Dr. W.W. Samuell. The income from this fund is restricted to the operation and improvement of Samuell Park.

Grauwyler Memorial – to account for the private donation by Mrs. Emma H. Grauwyler. The income from the trust is to be used to improve and beautify Grauwyler Park.

Craddock Park – to account for the private donation by Mr. and Mrs. L. Craddock. The earnings from the trust are to be used for improving and maintaining Craddock Park.

Martin Weiss Park – to account for the private donations by Mr. and Mrs. Martin Weiss, the earnings from which are restricted to the use for further improvements of the Martin Weiss Park.

Hale Davis – to account for private donations by Hale Davis, restricted for municipal purposes.

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Assets					
Pooled cash and cash equivalents	$ 10,686	$ -	$ 3,643	$ 11,981	$ 31,226
Other investments, at fair value	-	-	1,000	-	-
Receivables:					
Notes	44,428	-	-	-	172
Special assessments-paving notes	-	-	-	-	-
Accounts	162	-	8	675	30
Accrued interest	7	1	9	14	188
Allowance for uncollectible accounts	(10,103)	-	-	-	(133)
Due from other governments	4,728	6,350	10	1,966	-
Due from other funds	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Notes receivable from other funds	-	-	-	-	-
Total assets	49,908	6,351	4,670	14,636	31,483
Liabilities, deferred inflows, and fund balances					
Liabilities					
Accrued payroll	98	154	1	54	2
Accounts payable	2,429	453	203	772	282
Due to other governments	-	-	-	-	-
Due to other funds	-	5,407	-	-	-
Unearned revenue	389	120	-	79	106
Construction accounts payable	-	-	-	-	-
Notes payable to other funds	-	-	-	-	5,486
Customer deposits	-	-	-	-	12
Contracts payable	-	-	-	-	-
Other liabilities	487	-	2	79	70
Total liabilities	3,403	6,134	206	984	5,958
Deferred inflows of resources					
Unavailable revenue	34,649	-	-	-	132
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	11,856	217	4,464	13,652	-
Committed	-	-	-	-	25,393
Total fund balances	11,856	217	4,464	13,652	25,393
Total liabilities, deferred inflows, and fund balance	$ 49,908	$ 6,351	$ 4,670	$ 14,636	$ 31,483

Transportation	Management Improvement	Public Improvement Districts	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ 15,021	$ 22,432	$ 1,607	$ 63,804	$ 38,005	$ 2,696	$ 4,199	$ 205,300
-	-	-	-	-	-	2,230	3,230
-	-	-	-	9,893	-	-	54,493
-	-	-	-	-	-	-	-
-	567	1,511	9,828	1,000	-	-	13,781
28	22	2	24	80	3	8	386
	-	(71)	(4,991)	(3,118)	-	-	(18,416)
759	171	-	-		-	-	13,984
-	-	-	-	256	-	-	256
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,808	23,192	3,049	68,665	46,116	2,699	6,437	273,014
-	-	-	175	65		-	549
651	1,065	15	2,333	681	35	-	8,919
-	1	-	-		-	-	1
-	-	-	-	-	-	-	5,407
-	-	-	-	105	-	-	799
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,486
-	-	-	-	-	-	-	12
-	-	-	-	-	-	-	-
30	76	2,851	151	-	7	-	3,753
681	1,142	2,866	2,659	851	42	-	24,926
-	-	-	1,682	7,068	-	-	43,531
-	-	-	-	-	-	-	-
15,127	22,050	183	64,324	38,197	2,657	6,437	179,164
-	-	-	-	-	-	-	25,393
15,127	22,050	183	64,324	38,197	2,657	6,437	204,557
$ 15,808	$ 23,192	$ 3,049	$ 68,665	$ 46,116	$ 2,699	$ 6,437	$ 273,014

continued

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2019
(in thousands)

	Capital Projects					Total Nonmajor Capital Project Funds
	Neighborhood Projects	Parks	Streets and Drainage	Building	Trans-portation	
Assets						
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -
Other investments, at fair value	-	11	3,512	2	-	3,525
Receivables:						
Notes	15,530	-	-	1,500	-	17,030
Special assessments-paving notes	-	-	5,663	-	-	5,663
Accounts	23,684	-	-		965	24,649
Accrued interest	181	49	249	120	429	1,028
Allowance for uncollectible accounts	(11,608)	-	(4,977)	(1,500)	-	(18,085)
Due from other governments	-	227	-	3,614	11,213	15,054
Due from other funds	-	-	-	-	-	-
Restricted cash and cash equivalents	141,223	45,428	187,525	115,373	385,352	874,901
Notes receivable from other funds	-	-	4,161	-	-	4,161
Total assets	169,010	45,715	196,133	119,109	397,959	927,926
Liabilities, deferred inflows, and fund balances						
Liabilities						
Accrued payroll	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to other funds	1,188	-	-	44	-	1,232
Unearned revenue	-	1	-	98	14,448	14,547
Construction accounts payable	328	918	5,852	1,435	4,450	12,983
Notes payable to other funds	4,491	-	-	-	-	4,491
Customer deposits	-	-	9	57	-	66
Contracts payable	45,933	6,235	38,091	6,129	9,189	105,577
Other liabilities	-	-	-	-	-	-
Total liabilities	51,940	7,154	43,952	7,763	28,087	138,896
Deferred inflows of resources						
Unavailable revenue	3,923	-	775	-	-	4,698
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	113,147	38,561	151,406	111,346	369,872	784,332
Committed	-	-	-	-	-	-
Total fund balances	113,147	38,561	151,406	111,346	369,872	784,332
Total liabilities, deferred inflows, and fund balance	$ 169,010	$ 45,715	$ 196,133	$ 119,109	$ 397,959	$ 927,926

CITY OF DALLAS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (continued)
September 30, 2019
(in thousands)

	Permanent Funds						
	Samuell Park	Grauwyler Memorial	Craddock Park	Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
Assets							
Pooled cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,300
Other investments, at fair value	8,200	122	1,127	108	380	9,937	16,692
Receivables:							
Notes	-	-	-	-	-	-	71,523
Special assessments-paving notes	-	-	-	-	-	-	5,663
Accounts	-	-	-	-	-	-	38,430
Accrued interest	-	-	-	-	-	-	1,414
Allowance for uncollectible accounts	-	-	-	-	-	-	(36,501)
Due from other governments	-	-	-	-	-	-	29,038
Due from other funds	-	-	-	-	-	-	256
Restricted cash and cash equivalents	-	-	-	-	-	-	874,901
Notes receivable from other funds	-	-	-	-	-	-	4,161
Total assets	8,200	122	1,127	108	380	9,937	1,210,877
Liabilities, deferred inflows, and fund balances							
Liabilities							
Accrued payroll	-	-	-	-	-	-	549
Accounts payable	-	-	-	-	-	-	8,919
Due to other governments	-	-	-	-	-	-	1
Due to other funds	-	-	-	-	-	-	6,639
Unearned revenue	-	-	-	-	-	-	15,346
Construction accounts payable	-	-	-	-	-	-	12,983
Notes payable to other funds	-	-	-	-	-	-	9,977
Customer deposits	-	-	-	-	-	-	78
Contracts payable	-	-	-	-	-	-	105,577
Other liabilities	-	-	-	-	-	-	3,753
Total liabilities	-	-	-	-	-	-	163,822
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	48,229
Fund balances							
Nonspendable	8,200	122	1,127	108	380	9,937	9,937
Restricted	-	-	-	-	-	-	963,496
Committed	-	-	-	-	-	-	25,393
Total fund balances	8,200	122	1,127	108	380	9,937	998,826
Total liabilities, deferred inflows, and fund balance	$ 8,200	$ 122	$ 1,127	$ 108	$ 380	$ 9,937	$ 1,210,877

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Special Revenue				
	Community Development	Health and Human Services	Library	Police	Recreation
Revenues:					
Ad valorem tax	$ -	$ -	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-	-	-
Franchise fees	-	-	-	-	-
Licenses and permits	-	-	-	-	138
Intergovernmental	28,034	16,461	75	8,974	14
Customer charges	-	-	-	-	-
Service to others	1,831	-	13	-	3,217
Fines and forfeitures	-	1	-	253	-
Investment income	133	13	75	290	670
Special assessments	-	-	-	-	-
Contributions and gifts	-	413	1,959	942	1,214
Confiscated money awards	-	-	-	2,561	-
Other revenues	717	-	-	40	-
Total revenues	30,715	16,888	2,122	13,060	5,253
Expenditures:					
Current					
General government	5,608	-	-	-	-
Public safety	-	-	-	9,509	-
Code enforcement	-	226	-	-	-
Environmental and health services	-	16,467	-	-	-
Streets, public works, and transportation	-	-	-	-	-
Equipment and building services	-	-	-	-	-
Culture and recreation	598	-	152	-	4,609
Human services	22,679	-	-	-	-
Debt service:					
Principal	2,010	-	-	-	-
Interest and fiscal charges	795	-	-	-	236
Capital outlay	168	18	377	2,228	1,427
Total expenditures	31,858	16,711	529	11,737	6,272
Excess (deficiency) of revenues over (under) expenditures	(1,143)	177	1,593	1,323	(1,019)
Other financing sources (uses):					
Transfers in	68	-	-	-	3,770
Transfers out	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-
Inception of capital lease	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	15	-
Issuance of notes	-	-	-	-	-
Total other financing sources (uses)	68	-	-	15	3,770
Net change in fund balances	(1,075)	177	1,593	1,338	2,751
Fund balances, beginning of year	12,931	40	2,871	12,314	22,642
Fund balances, end of year	$ 11,856	$ 217	$ 4,464	$ 13,652	$ 25,393

Transportation	Management Improvement	Public Improvement Districts	Storm Water Operations	Municipal	General Citizen	Arts and Cultural	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	52	-	-	-	190
583	1,904	-	-	765	-	-	56,810
-	-	-	-	-	-	-	-
2,242	2,532	-	60,210	5,017	104	424	75,590
8,016	864	-	-	-	-	-	9,134
516	427	64	430	913	61	166	3,758
-	-	33,038	-	-	-	-	33,038
-	147	-	-	57	266	2	5,000
-	-	-	-	-	-	-	2,561
-	70	-	-	58	-	-	885
11,357	5,944	33,102	60,692	6,810	431	592	186,966
-	2,367	33,030	42,797	13,571	526	-	97,899
-	-	-	-	326	-	-	9,835
-	-	-	-	-	-	-	226
-	-	-	-	-	-	-	16,467
9,521	-	-	-	-	-	-	9,521
-	-	-	-	-	-	-	-
-	-	-	-	-	-	211	5,570
-	-	-	-	-	-	-	22,679
-	-	-	338	-	-	-	2,348
-	-	-	4	-	-	-	1,035
317	355	-	3,586	7	91	-	8,574
9,838	2,722	33,030	46,725	13,904	617	211	174,154
1,519	3,222	72	13,967	(7,094)	(186)	381	12,812
-	468	-	-	8,835	-	-	13,141
-		-	(779)	(1,310)	-	-	(2,089)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	15
-	-	-	-	-	-	-	-
-	468	-	(779)	7,525	-	-	11,067
1,519	3,690	72	13,188	431	(186)	381	23,879
13,608	18,360	111	51,136	37,766	2,843	6,056	180,678
$ 15,127	$ 22,050	$ 183	$ 64,324	$ 38,197	$ 2,657	$ 6,437	$ 204,557

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2019
(in thousands)

	Capital Projects			
	Neighborhood Projects	Parks	Streets and Drainage	Building
Revenues:				
Ad valorem tax	$ 71,431	$ -	$ -	$ -
Tax increment financing, intergovernmental	12,766	-	-	-
Franchise fees	-	-	5,125	-
Licenses and permits	-	-	-	-
Intergovernmental	-	1,695	-	1,133
Customer charges	-	-	-	-
Service to others	664	1,195	525	69
Fines and forfeitures	-	-	-	-
Investment income	2,891	770	4,565	2,311
Special assessments	-	-	-	-
Contributions and gifts	23,623	127	63	892
Confiscated money awards	-	-	-	-
Other revenues	-	45	2,204	395
Total revenues	111,375	3,832	12,482	4,800
Expenditures:				
Current				
General government	108,334	-	-	6,082
Public safety	-	-	-	1
Code enforcement	-	-	-	-
Environmental and health services	-	-	-	-
Streets, public works, and transportation	-	-	19,980	319
Equipment and building services	-	-	-	663
Culture and recreation	-	3,569	-	509
Human services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	75	373	599	256
Capital outlay	3,420	47,318	116,161	43,613
Total expenditures	111,829	51,260	136,740	51,443
Excess (deficiency) of revenues over (under) expenditures	(454)	(47,428)	(124,258)	(46,643)
Other financing sources (uses):				
Transfers in	200	7,842	19,493	-
Transfers out	(723)	-	(13,401)	-
Premium on bonds issued	1,538	7,663	12,300	5,262
Issuance of general obligation bonds	11,550	57,548	92,354	39,508
Inception of capital lease	-	-	-	62,374
Proceeds from sale of capital assets	-	-	-	-
Issuance of notes	-	-	-	286
Total other financing sources (uses)	12,565	73,053	110,746	107,430
Net change in fund balance	12,111	25,625	(13,512)	60,787
Fund balances, beginning of year	101,036	12,936	164,918	50,559
Fund balances, end of year	$ 113,147	$ 38,561	$ 151,406	$ 111,346

Transportation	Total Nonmajor Capital Project Funds
$ -	$ 71,431
-	12,766
-	5,125
-	-
4,992	7,820
-	-
-	2,453
-	-
9,189	19,726
-	-
5	24,710
-	-
240	2,884
14,426	146,915
-	114,416
-	1
-	-
-	-
7,378	27,677
-	663
-	4,078
-	-
-	-
100	1,403
39,394	249,906
46,872	398,144
(32,446)	(251,229)
7,091	34,626
-	(14,124)
2,052	28,815
15,410	216,370
-	62,374
-	-
-	286
24,553	328,347
(7,893)	77,118
377,765	707,214
$ 369,872	$ 784,332

continued

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (continued)
For the Year Ended September 30, 2019
(in thousands)

	Permanent Funds		
	Samuell Park	Grauwyler Memorial	Craddock Park
Revenues:			
Ad valorem tax	$ -	$ -	$ -
Tax increment financing, intergovernmental	-	-	-
Franchise fees	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Service to others	-	-	-
Fines and forfeits	-	-	-
Investment income	230	4	42
Special assessments	-	-	-
Contributions and gifts	-	-	-
Confiscated money awards	-	-	-
Other revenues	-	-	-
Total revenues	230	4	42
Expenditures:			
Current			
General government	-	-	-
Public safety	-	-	-
Code enforcement	-	-	-
Environment and health services	-	-	-
Streets, public works, and transportation	-	-	-
Equipment and building services	-	-	-
Culture and recreation	-	-	-
Human services	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	230	4	42
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(435)	-	-
Premium on bonds issued	-	-	-
Issuance of general obligation bonds	-	-	-
Inception of capital lease	-	-	-
Proceeds from sale of capital assets	-	-	-
Issuance of notes	-	-	-
Total other financing sources (uses)	(435)	-	-
Net change in fund balances	(205)	4	42
Fund balances, beginning of year	8,405	118	1,085
Fund balances, end of year	$ 8,200	$ 122	$ 1,127

Martin Weiss Park	Hale Davis	Total Permanent Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ 71,431
-	-	-	12,766
-	-	-	5,125
-	-	-	190
-	-	-	64,630
-	-	-	78,043
-	-	-	9,134
4	2	282	23,766
-	-	-	33,038
-	-	-	29,710
-	-	-	2,561
-	-	-	3,769
4	2	282	334,163
-	-	-	212,315
-	-	-	9,836
-	-	-	226
-	-	-	16,467
-	-	-	37,198
-	-	-	663
-	-	-	9,648
-	-	-	22,679
-	-	-	2,348
-	-	-	2,438
-	-	-	258,480
-	-	-	572,298
4	2	282	(238,135)
-	-	-	47,767
-	(12)	(447)	(16,660)
-	-	-	28,815
-	-	-	216,370
-	-	-	62,374
-	-	-	15
-	-	-	286
-	(12)	(447)	338,967
4	(10)	(165)	100,832
104	390	10,102	897,994
$ 108	$ 380	$ 9,937	$ 998,826

NONMAJOR ENTERPRISE FUNDS

To account for operations which are financed and operated in a manner similar to private business enterprise.

Municipal Radio – to account for City-owned radio broadcast services.

Building Inspection – to account for construction inspection services within the Dallas city limits.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
September 30, 2019
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Pooled cash and cash equivalents	$ 1,231	$ 63,854	$ 65,085
Receivables:			
Accounts	379	178	557
Accrued interest	1	71	72
Allowance for uncollectible acccounts	(14)	-	(14)
Total current assets	1,597	64,103	65,700
Capital assets:			
Land	-	900	900
Construction in progress	207	-	207
Buildings	337	-	337
Improvements other than buildings	273	-	273
Equipment	2,472	2,452	4,924
Accumulated depreciation	(2,508)	(1,802)	(4,310)
Total capital assets	781	1,550	2,331
Total assets	2,378	65,653	68,031
Deferred outflows of resources			
Deferred loss on refunding	2	17	19
Deferred outflows of resources related to pensions	3,196	44,713	47,909
Deferred outflows of resources related to other postemployment benefits	40	1,495	1,535
Total deferred outflows of resources	3,238	46,225	49,463
Liabilities			
Current liabilities:			
Accrued payroll	18	383	401
Accounts payable	14	266	280
Compensated absences	40	1,196	1,236
Pension obligation bonds - current	35	258	293
Other liabilities	13	2,730	2,743
Unearned revenue	-	8,418	8,418
Accrued bond interest payable	5	34	39
Total current liabilities	125	13,285	13,410
Noncurrent liabilities:			
Accreted interest on pension obligation bonds	663	4,866	5,529
Pension obligation bonds	1,427	10,057	11,484
Total long-term debt	2,090	14,923	17,013
Other noncurrent liabilities			
Compensated absences	38	1,124	1,162
Other postemployment benefits	357	11,557	11,914
Net pension liability	5,779	86,243	92,022
Total other noncurrent liabilities	6,174	98,924	105,098
Total long-term liabilities	8,264	113,847	122,111
Total liabilities	8,389	127,132	135,521
Deferred inflows of resources			
Deferred inflows of resources related to pensions	760	13,553	14,313
Deferred inflows of resources related to other postemployment benefits	30	1,045	1,075
Total deferred inflows of resources	790	14,598	15,388
Net position			
Net investment in capital assets	781	1,550	2,331
Unrestricted (deficit)	(4,344)	(31,402)	(35,746)
Total net position (deficit)	$ (3,563)	$ (29,852)	$ (33,415)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS

For the Year Ended September 30, 2019
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Operating revenues:			
Customer charges	$ 1,771	$ 36,871	$ 38,642
Other revenues	75	134	209
Total operating revenues	1,846	37,005	38,851
Operating expenses:			
Personnel services	1,875	38,279	40,154
Supplies and materials	77	527	604
Contractual and other services	643	8,839	9,482
Depreciation	80	58	138
Total operating expenses	2,675	47,703	50,378
Operating income (loss)	(829)	(10,698)	(11,527)
Nonoperating revenues (expenses):			
Investment income	37	1,470	1,507
Interest on bonds and notes	(109)	(807)	(916)
Total nonoperating revenues (expenses)	(72)	663	591
Income before contributions and transfers	(901)	(10,035)	(10,936)
Transfers in	-	73	73
Transfers out	-	(602)	(602)
Change in net position	(901)	(10,564)	(11,465)
Net position (deficit), beginning of year	(2,662)	(19,288)	(21,950)
Net position (deficit), end of year	$ (3,563)	$ (29,852)	$ (33,415)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Municipal Radio	Building Inspection	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	$ 1,758	$ 37,453	$ 39,211
Cash payments to suppliers for goods and services	(253)	(854)	(1,107)
Cash payments to employees for services	(1,100)	(22,545)	(23,645)
Cash payments for contractual services	(648)	(8,025)	(8,673)
Other operating cash receipts (payments)	75	134	209
Net cash provided by (used in) operating activities	(168)	6,163	5,995
Cash flows from non capital financing activities:			
Principal paid on pension obligation bonds	(36)	(259)	(295)
Interest paid on pension obligation bonds	(112)	(832)	(944)
Transfers from other funds	-	73	73
Transfers to other funds	-	(602)	(602)
Net cash provided by (used in) non capital financing activities	(148)	(1,620)	(1,768)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(38)	(449)	(487)
Net cash provided by (used in) capital and related financing activities	(38)	(449)	(487)
Cash flows from investing activities:			
Investment income	37	1,533	1,570
Net cash provided by (used in) investing activities	37	1,533	1,570
Net increase (decrease) in cash and cash equivalents	(317)	5,627	5,310
Cash and cash equivalents, beginning of year	1,548	58,227	59,775
Cash and cash equivalents, end of year	$ 1,231	$ 63,854	$ 65,085
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (829)	$ (10,698)	$ (11,527)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	80	58	138
Change in assets and liabilities			
(Increase) Decrease in accounts and other receivables	(13)	16	3
(Increase) Decrease in deferred outflows for other postemployment benefits	(37)	(1,387)	(1,424)
(Increase) Decrease in deferred outflows for pension contributions	(1,756)	(31,114)	(32,870)
Increase (Decrease) in accounts payable	(176)	(327)	(503)
Increase (Decrease) in accrued payroll	8	136	144
Increase (Decrease) in compensated absences	(1)	43	42
Increase (Decrease) in unearned revenue	-	566	566
Increase (Decrease) in other post employment benefits	31	1,161	1,192
Increase (Decrease) in net pension liability	3,009	60,393	63,402
Increase (Decrease) in other liabilities	(5)	814	809
Increase (Decrease) in deferred inflows for other postemployment benefits	17	619	636
Increase (Decrease) in deferred inflows for pension contributions	(496)	(14,117)	(14,613)
Total adjustments	661	16,861	17,522
Net cash provided by (used in) operating activities	$ (168)	$ 6,163	$ 5,995
Current Assets:			
Pooled cash and cash equivalents	$ 1,231	$ 63,854	$ 65,085
Total cash and cash equivalents end of year	$ 1,231	$ 63,854	$ 65,085
Noncash investing, capital, and financing activities:			
Premium/discount amortization	$ 15	$ 112	$ 127
Accretion on capital appreciation bonds	12	82	94
Amortization of deferred gain/loss on refunding	1	5	6

INTERNAL SERVICE FUNDS

Equipment Services Fund – to account for the cost of providing vehicles, vehicle maintenance, and fuel and lubrication to other City departments.

Communication Equipment Services Fund – to account for the cost of providing communication services to other City Departments.

Office Systems Fund – to account for the cost of providing office supplies, printing, copying, and mailing services to other City Departments.

Information Systems Fund – to account for the cost of providing data processing and programming services to other City departments.

Risk Funds – to account for the cost of providing risk financing and insurance-related activities to other City departments.

Bond Program Administration Fund – to account for the cost of managing the City's general obligation bond program.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2019

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Bond Program Administration	Total
Assets							
Current assets:							
Pooled cash and cash equivalents	$ 16,257	$ 2,315	$ 3,550	$ 36,470	$ 53,732	$ 581	$ 112,905
Receivables:							
Accounts	-	22	21	39	25	-	107
Accrued interest	3	1	4	33	48	-	89
Inventories, at cost	3,093	235	69	-	-	-	3,397
Prepaid expenses	-	-	-	-	29	-	29
Other assets	-	-	-	-	2,804	-	2,804
Total current assets	19,353	2,573	3,644	36,542	56,638	581	119,331
Capital assets:							
Land	1,696	-	-	-	-	-	1,696
Buildings	2,772	1,663	-	-	-	-	4,435
Improvements other than buildings	365	456	-	248	-	-	1,069
Infrastructure	1,137	685	-	-	-	-	1,822
Equipment	77,673	15,230	210	21,083	336	-	114,532
Construction in progress	129	-	-	-	-	-	129
Accumulated depreciation	(68,259)	(17,113)	(210)	(18,256)	(336)	-	(104,174)
Total capital assets	15,513	921	-	3,075	-	-	19,509
Total assets	34,866	3,494	3,644	39,617	56,638	581	138,840
Deferred outflows of resources							
Deferred outflows of resources related to pensions	37,436	4,609	1,457	36,626	6,683	18,753	105,564
Deferred outflows of resources related to other postemployment benefits	1,223	73	39	903	258	729	3,225
Total deferred outflows of resources	38,659	4,682	1,496	37,529	6,941	19,482	108,789
Liabilities							
Current liabilities:							
Accrued payroll	244	26	12	272	61	182	797
Accounts payable	3,074	483	166	6,400	5,161	277	15,561
Compensated absences	811	93	29	1,197	178	722	3,030
Estimated unpaid health claims	-	-	-	-	7,682	-	7,682
Estimated unpaid claims - general	-	-	-	-	4,274	-	4,274
Workers' compensation	-	-	-	-	7,720	-	7,720
Other liabilities	37	-	18	123	3,128	-	3,306
Total current liabilities	4,166	602	225	7,992	28,204	1,181	42,370
Noncurrent liabilities:							
Estimated unpaid claims - general	-	-	-	-	7,521	-	7,521
Workers' compensation	-	-	-	-	33,875	-	33,875
Compensated absences	762	88	27	1,124	168	679	2,848
Other postemployment benefits	10,891	793	274	7,544	2,230	5,674	27,406
Net pension liability	69,930	8,462	2,590	72,574	13,009	35,225	201,790
Total noncurrent liabilities	81,583	9,343	2,891	81,242	56,803	41,578	273,440
Total liabilities	85,749	9,945	3,116	89,234	85,007	42,759	315,810
Deferred inflows of resources							
Deferred inflows of resources related to pensions	13,236	2,067	533	9,549	1,877	6,721	33,983
Deferred inflows of resources related to other postemployment benefits	896	52	28	652	200	513	2,341
Total deferred inflows of resources	14,132	2,119	561	10,201	2,077	7,234	36,324
Net position							
Net investment in capital assets	15,513	921	-	3,075	-	-	19,509
Unrestricted (deficit)	(41,869)	(4,809)	1,463	(25,364)	(23,505)	(29,930)	(124,014)
Total net position (deficit)	$ (26,356)	$ (3,888)	$ 1,463	$ (22,289)	$ (23,505)	$ (29,930)	$ (104,505)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Bond Program Administration	Total
Operating revenues							
Charges to other city departments	$ 53,330	$ 5,490	$ 2,080	$ 68,001	$ 124,883	$ 7,564	$ 261,348
Charges to employees/retirees	60	-	-	-	59,392	-	59,452
Other revenues	-	411	363	-	4,669	-	5,443
Total operating revenues	53,390	5,901	2,443	68,001	188,944	7,564	326,243
Operating expenses							
Personnel services	28,067	3,126	962	32,353	23,067	12,532	100,107
Supplies and materials	23,571	876	548	1,815	203	46	27,059
Contractual and other services	7,638	2,178	718	49,244	149,998	700	210,476
Depreciation	3,135	98	-	546	-	-	3,779
Total operating expenses	62,411	6,278	2,228	83,958	173,268	13,278	341,421
Operating income (loss)	(9,021)	(377)	215	(15,957)	15,676	(5,714)	(15,178)
Nonoperating revenues (expenses):							
Investment income (loss)	101	35	72	621	1,004	-	1,833
Gain (loss) on property disposals	398	-	-	-	-	-	398
Total nonoperating revenues (expenses)	499	35	72	621	1,004	-	2,231
Income (loss) before transfers	(8,522)	(342)	287	(15,336)	16,680	(5,714)	(12,947)
Transfers							
Transfers in	1,149	-	-	4,000	173,313	-	178,462
Transfers out	(1,130)	(2,222)	-	(4,792)	(255)	-	(8,399)
Total transfers	19	(2,222)	-	(792)	173,058	-	170,063
Change in net position	(8,503)	(2,564)	287	(16,128)	189,738	(5,714)	157,116
Net position (deficit), beginning of year (restated - see note 21)	(17,853)	(1,324)	1,176	(6,161)	(213,243)	(24,216)	(261,621)
Net position (deficit), end of year	$ (26,356)	$ (3,888)	$ 1,463	$ (22,289)	$ (23,505)	$ (29,930)	$ (104,505)

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Equipment Services	Communication Equipment Services	Office Services	Information Systems	Risk Funds	Bond Program Administration	Total
Cash flows from operating activities:							
Cash received from customers	$ 53,513	$ 5,491	$ 2,072	$ 68,054	$ 184,275	$ 7,564	$ 320,969
Cash payments to suppliers for goods and services	(23,525)	(720)	(626)	(1,839)	2,217	231	(24,262)
Cash payments to employees for services	(16,601)	(1,841)	(588)	(19,297)	(17,007)	(6,514)	(61,848)
Cash payments for contractual services	(7,635)	(2,178)	(718)	(49,244)	(329,263)	(700)	(389,738)
Other operating cash receipts (payments)	60	411	363	-	4,669	-	5,503
Net cash provided by (used in) operating activities	5,812	1,163	503	(2,326)	(155,109)	581	(149,376)
Cash flows from non capital financing activities:							
Transfers from other funds	1,149	-	-	4,000	173,313	-	178,462
Transfers to other funds	(1,130)	(2,222)	-	(4,792)	(255)	-	(8,399)
Net cash provided by (used in) non capital financing activities	19	(2,222)	-	(792)	173,058	-	170,063
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(6,081)	(1)	-	(292)	-	-	(6,374)
Proceeds from sale of capital assets	535	-	-	-	-	-	535
Net cash provided by (used in) capital and related financing activities	(5,546)	(1)	-	(292)	-	-	(5,839)
Cash flows from investing activities:							
Investment income	119	34	74	648	1,041	-	1,916
Net cash provided by (used in) investing activities	119	34	74	648	1,041	-	1,916
Net increase (decrease) in cash and cash equivalents	404	(1,026)	577	(2,762)	18,990	581	16,764
Cash and cash equivalents, beginning of year	15,853	3,341	2,973	39,232	34,742	-	96,141
Cash and cash equivalents, end of year	$ 16,257	$ 2,315	$ 3,550	$ 36,470	$ 53,732	$ 581	$ 112,905
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	$ (9,021)	$ (377)	$ 215	$ (15,957)	$ 15,676	$ (5,714)	$ (15,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation	3,135	98	-	546	-	-	3,779
Change in assets and liabilities							
(Increase) Decrease in accounts and other receivables	183	1	(8)	52	-	-	228
(Increase) Decrease in inventories	(289)	1	36	-	-	-	(252)
(Increase) Decrease in other assets	-	-	-	-	(480)	-	(480)
(Increase) Decrease in due from other funds	-	-	-	-	-	-	-
(Increase) Decrease in deferred outflows for other postemployment benefits	(1,123)	(67)	(36)	(831)	(234)	(676)	(2,967)
(Increase) Decrease in deferred outflows for pension contributions	(23,622)	(2,686)	(842)	(26,317)	(4,848)	(12,293)	(70,608)
Increase (Decrease) in accounts payable	335	155	(114)	(24)	2,420	277	3,049
Increase (Decrease) in accrued payroll	56	6	6	59	18	182	327
Increase (Decrease) in compensated absences	(112)	17	(15)	(189)	57	(5)	(247)
Increase (Decrease) in other post employment benefits	939	56	30	695	196	565	2,481
Increase (Decrease) in estimated unpaid health claims	-	-	-	-	(630)	-	(630)
Increase (Decrease) in estimated unpaid claims - general	-	-	-	-	(178,208)	-	(178,208)
Increase (Decrease) in workers' compensation	-	-	-	-	4,222	-	4,222
Increase (Decrease) in net pension liability	44,313	4,943	1,492	51,636	9,437	23,139	134,960
Increase (Decrease) in other liabilities	3	-	-	-	(577)	-	(574)
Increase (Decrease) in deferred inflows for other postemployment benefits	501	30	16	370	104	302	1,323
Increase (Decrease) in deferred inflows for pension contributions	(9,486)	(1,014)	(277)	(12,366)	(2,262)	(5,196)	(30,601)
Total adjustments	14,833	1,540	288	13,631	(170,785)	6,295	(134,198)
Net cash provided by (used in) operating activities	$ 5,812	$ 1,163	$ 503	$ (2,326)	$ (155,109)	$ 581	$ (149,376)

FIDUCIARY FUNDS

Trust and Agency Funds – to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Trust and Agency Funds include Pension Trust Funds and Agency Funds.

Pension Trust Funds are accounted for in essentially the same manner as proprietary funds, using the same measurement focus and basis of accounting. The Pension Trust Funds are used to account for the assets of the City's Employees' Retirement Fund, the Dallas Police and Fire Pension System, and the Police and Fire Supplemental Pension Fund.

Agency Funds are purely custodial and do not involve measurement of results of operations.

Cash Escrow Deposit Fund – to account for cash escrow bonds collected by the municipal court.

Confiscated Money Fund – to account for property confiscated in drug violation arrests.

Deferred Compensation Fund – to account for the employees' 401k, tax-deferred compensation deductions.

Employee Benefits Fund – to account for employees' Dental, Vision, AD&D, and Dependent Life Insurance deductions and Health Maintenance Organization (HMO) employees' and City deductions. The City collects and remits premiums on behalf of the participants.

Dallas Tourism Public Improvement District (PID) Deposit Fund – to account for the collection and distribution of Tourism Public Improvement District recovery assessment fees for the Tourism PID.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS
September 30, 2019 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Assets				
Cash and cash equivalents	$ 102,781	$ 49,692	$ 446	$ 152,919
Invested securities lending collateral	270,118	20,376	183	290,677
Receivables:				
Accounts	554,638	37,523	309	592,470
Accrued interest and dividends	13,483	4,760	43	18,286
Short-term investments	-	40,949	368	41,317
Equity securities	-	432,055	3,880	435,935
Domestic equities	1,210,491	-	-	1,210,491
U.S. and foreign government fixed income securities	198,090	511,185	4,590	713,865
Domestic corporate fixed income	713,543	-	-	713,543
International equities and fixed income	419,497	-	-	419,497
Commingled index funds	152,656	-	-	152,656
Real assets	236,687	695,162	6,242	938,091
Private equities and venture capital funds	245,809	310,090	2,785	558,684
Forward currency contracts	-	(268)	(2)	(270)
Prepaid expenses	-	362	3	365
Capital assets, net	3,203	12,378	111	15,692
Total assets	4,120,996	2,114,264	18,958	6,254,218
Liabilities				
Accounts payable	7,455	3,808	24	11,287
Payable for securities purchased	8,597	48,166	433	57,196
Securities lending collateral	270,118	20,376	183	290,677
Other liabilities	552,513	-	-	552,513
Total liabilities	838,683	72,350	640	911,673
Net Position				
Net investment in capital assets	3,203	12,378	111	15,692
Restricted for pensions	3,279,110	2,029,536	18,207	5,326,853
Total net position	$ 3,282,313	$ 2,041,914	$ 18,318	$ 5,342,545

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2018.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS
For the Year Ended September 30, 2019 (1)
(in thousands)

	Employees' Retirement Fund	Dallas Police & Fire Pension System	Police & Fire Supplemental Pension Fund	Total Pension Trust Funds
Additions:				
Contributions				
Employer	$ 60,924	$ 149,357	$ 1,980	$ 212,261
Employee	56,772	49,332	74	106,178
Total contributions	117,696	198,689	2,054	318,439
Net investment income:				
Interest and dividends	110,151	44,665	401	155,217
Net appreciation (depreciation) in fair value of investments	(261,974)	5,589	886	(255,499)
Securities lending income	1,725	111	1	1,837
Less investment expenses:				
Investment management fees	(16,825)	(8,018)	(72)	(24,915)
Custody fees	(126)	-	-	(126)
Consultant fees	(389)	-	-	(389)
Securities lending management fees	(345)	-	-	(345)
Total investment expenses	(17,685)	(8,018)	(72)	(25,775)
Net investment income	(167,783)	42,347	1,216	(124,220)
Other income	121	475	4	600
Total increases	(49,966)	241,511	3,274	194,819
Deductions:				
Benefit payments	263,981	294,447	2,708	561,136
Refund of contributions	8,515	2,634	-	11,149
Administrative expenses	7,485	5,861	53	13,399
Total deductions	279,981	302,942	2,761	585,684
Net increase (decrease) in net position available for benefits	(329,947)	(61,431)	513	(390,865)
Net position, beginning of year	3,612,260	2,103,345	17,805	5,733,410
Net position, end of year	$ 3,282,313	$ 2,041,914	$ 18,318	$ 5,342,545

(1) Although the City has a fiscal year-end of September 30, the pension trust funds have a calendar year-end; therefore, the information presented above is as of December 31, 2018.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
For the Year Ended September 30, 2019
(in thousands)

	Balance, September 30, 2018	Additions	Deductions	Balance, September 30, 2019
CASH ESCROW DEPOSIT FUND				
Assets				
Cash and other assets	$ 108	$ 236	$ 266	$ 78
Liabilities				
Due to other governments and other liabilities	108	236	266	78
CONFISCATED MONEY FUND				
Assets				
Cash and other assets	812	1,255	1,041	1,026
Liabilities				
Other liabilities	812	1,255	1,041	1,026
DEFERRED COMPENSATION FUND				
Assets				
Investments and other assets	38	51,235	51,249	24
Liabilities				
Due to employees - deferred compensation and other liabilities	38	51,235	51,249	24
EMPLOYEE BENEFITS FUND				
Assets				
Cash	200	14,676	14,676	200
Liabilities				
Other liabilities	200	14,676	14,676	200
DALLAS TOURISM PID DEPOSIT FUND				
Assets				
Cash	115	-	115	-
Liabilities				
Other liabilities	115	-	115	-
TOTALS - ALL AGENCY FUNDS				
Assets				
Cash and other assets	1,273	67,402	67,347	1,328
Liabilities				
Due to other funds and other liabilities	$ 1,273	$ 67,402	$ 67,347	$ 1,328

DEBT SERVICE FUND

The City maintains one fund to account for payment of principal and interest on the following general obligation debt: bonds, certificates of obligation, and equipment acquisition notes.

CITY OF DALLAS, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended September 30, 2019
(in thousands)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Variance with Final Budget-- Positive (Negative)
Revenues:				
Ad valorem taxes	$ 270,025	$ 270,025	$ 270,614	$ 589
"Build America Bonds" Federal Subsidy	1,358	1,358	705	(653)
Investment income	147	147	1,591	1,444
Total revenues	271,530	271,530	272,910	1,380
Expenditures:				
Principal	177,203	177,203	179,721	(2,518)
Interest and fiscal charges	99,388	99,388	94,998	4,390
Other	19,609	19,609	19,272	337
Total expenditures	296,200	296,200	293,991	2,209
Deficiency of revenues over expenditures	(24,670)	(24,670)	(21,081)	3,589
Other financing sources:				
Transfers	17,659	17,659	4,690	(12,969)
General obligation bonds and premium issued	-	-	2,559	2,559
Issuance general obligation bonds	-	-	19,225	19,225
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources	17,659	17,659	26,474	8,815
Deficiency of revenues and other financing sources over expenditures	(7,011)	(7,011)	5,393	12,404
Fund balance, beginning of year	26,097	26,097	26,097	-
Fund balance, end of year	$ 19,086	$ 19,086	$ 31,490	$ 12,404

DISCRETELY PRESENTED COMPONENT UNITS

Housing Finance Corporation – organized to issue tax-exempt mortgage revenue bonds to encourage low to moderate income citizen opportunities for single family residential home ownership.

Housing Acquisition and Development Corporation – organized solely and exclusively for the public purpose of providing safe, affordable housing facilities which are incidental thereto for the benefit of low and moderate-income persons.

Dallas Development Fund – organized to assist in carrying out the economic development program and objectives of the City by generating private investment capital through the New Markets Tax Credit Program to be made available for investment in low-income communities.

Downtown Dallas Development Authority – to account for tax increment financing revenue bonds issued to finance major improvements by developers on behalf of the City.

North Oak Cliff Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, and the arts, entertainment, economic development, safety, the public welfare in the district, and educational scholarships for college-bound students residing in or out of the District.

Cypress Waters Municipal Management District – organized to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, the arts, entertainment, economic development, safety, and the public welfare in the District.

Dallas Convention Center Hotel Development Corporation – organized to promote the development of the geographic area of the City included at or in the vicinity of the Dallas Convention Center, in furtherance of the promotion, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism, and economic development in the City, including specifically, without limitation, the development and financing of a convention center hotel to be located within 1,000 feet of the Dallas Convention Center.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
As of September 30, 2019
(in thousands)

	Governmental-type Activities Component Units							Business-Type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total Governmental	Dallas Convention Center Hotel Development Corporation *
Assets:								
Current assets:								
Cash and cash equivalents	$ 745	$ 223	$ 2,838	$ 39,681	$ 7	$ -	$ 43,494	$ 122,923
Investments, at fair value	3,402	-	13	-	-	-	3,415	-
Receivables	731	85	289	28	-	-	1,133	6,731
Inventory	-	-	-	-	-	-	-	623
Prepaid expenses	-	-	-	-	-	-	-	661
Land held for resale	-	489	-	-	-	-	489	-
Franchise fee (net of accumulated amortization)	-	-	-	-	-	-	-	159
Other assets	-	-	1,087	-	-	-	1,087	-
Restricted assets:								
Cash and cash equivalents	5	-	-	8,228	-	-	8,233	30,209
Investments, at fair value	-	-	-	-	-	-	-	37,052
Capital assets:								
Buildings	138	-	-	-	-	-	138	332,813
Furniture, fixtures, and equipment	7	-	-	-	-	-	7	45,077
Land	1,283	-	-	-	-	-	1,283	27,511
Construction in progress	-	-	-	-	-	-	-	586
Less: Accumulated depreciation	(12)	-	-	-	-	-	(12)	(95,429)
Total assets	6,299	797	4,227	47,937	7	-	59,267	508,916
Deferred outflows of resources	-	-	-	-	-	-	-	667
Liabilities:								
Accrued payroll	-	-	-	-	-	-	-	1,559
Accounts payable	11	47	57	225	-	-	340	2,686
Developer payable	-	-	-	23,391	-	-	23,391	-
Accrued expenses	4	-	-	-	-	-	4	1,366
Accrued taxes payable	-	-	-	-	-	-	-	836
Unearned revenue	-	-	-	-	-	-	-	7,698
Accrued interest payable	-	-	-	181	-	-	181	15,252
Accounts payable Omni	-	-	-	-	-	-	-	1,678
Other liabilities	5	-	-	-	-	326	331	94
Long-term liabilities:								
Due within one year	-	-	-	2,749	-	-	2,749	9,635
Due in more than one year	-	-	-	90,187	-	-	90,187	457,096
Total liabilities	20	47	57	116,733	-	326	117,183	497,900
Deferred inflows of resources	954	-	-	-	-	-	954	25
Net position:								
Net investment in capital assets	1,415	-	-	-	-	-	1,415	(72,434)
Restricted for debt service	-	262	-	8,238	-	-	8,500	-
Unrestricted	3,910	488	4,170	(77,034)	7	(326)	(68,785)	84,092
Total net position	$ 5,325	$ 750	$ 4,170	$ (68,796)	$ 7	$ (326)	$ (58,870)	$ 11,658

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2018.

CITY OF DALLAS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
Year Ended September 30, 2019
(in thousands)

	Governmental-type Activities Component Units							Business-Type Activities
	Housing Finance Corporation *	Housing Acquisition and Development Corporation	Dallas Development Fund	Downtown Dallas Development Authority	North Oak Cliff Municipal Management District	Cypress Waters Municipal Management District	Total	Dallas Convention Center Hotel Development Corporation *
Operating revenues:								
Charges for services	$ 259	$ -	$ 1,462	$ -	$ -	$ -	$ 1,721	$ 118,090
Other revenues	-	183	-	-	-	-	183	-
Intergovernmental	-	-	-	30,793	-	-	30,793	-
Total operating revenues	259	183	1,462	30,793	-	-	32,697	118,090
Operating expenses:								
Personnel services	22	41	-	-	-	-	63	-
Contractual and other services	74	147	541	23,621	-	1	24,384	78,945
Interest and service charges	-	-	-	5,478	-	-	5,478	-
Depreciation and amortization	12	-	-	-	-	-	12	13,810
Total operating expenses	108	188	541	29,099	-	1	29,937	92,755
							-	
Operating income (loss)	151	(5)	921	1,694	-	(1)	2,760	25,335
Nonoperating revenues (expenses):								
Interest and dividends	26	-	-	410	-	-	436	2,697
Interest on bonds	-	-	-	-	-	-	-	(31,387)
City tax revenue	-	-	-	-	-	-	-	9,625
Other revenues (expenses)	-	-	-	-	-	-	-	10,213
Asset impairment loss	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	26	-	-	410	-	-	436	(8,852)
							-	
Change in net position	177	(5)	921	2,104	-	(1)	3,196	16,483
							-	
Net position, beginning of year	5,148	755	3,249	(70,900)	7	(325)	(62,066)	(4,825)
Net position, end of year	$ 5,325	$ 750	$ 4,170	$ (68,796)	$ 7	$ (326)	$ (58,870)	$ 11,658

* The information reported for the Housing Finance Corporation and the Dallas Convention Center Hotel Development Corporation is as of December 31, 2018.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS BY SOURCE
As of September 30, 2019
(in thousands)

Governmental funds capital assets:		
Land	$	512,772
Construction in progress		426,684
Buildings		1,455,341
Improvements other than buildings		733,533
Equipment		643,317
Infrastructure		2,820,814
Artwork		49,806
Total governmental funds capital assets	$	6,642,267
Investments in governmental funds capital assets by source:		
General fund	$	251,115
Other trust and agency funds - municipality		129,392
Special revenue fund		211,288
Capital projects fund		5,062,229
Transfer from (to) enterprise funds		405,339
Gifts and forfeitures		582,904
Total investments in governmental funds capital assets by source	$	6,642,267

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
As of September 30, 2019
(in thousands)

Function and Activity	Land	Construction in Progress	Buildings	Improvements Other than Buildings	Equipment	Infrastructure	Artwork	Total
General government								
City attorney	$ -	$ -	$ -	$ 8	$ 344	$ -	$ -	$ 352
City auditor	-	-	-	-	112	-	-	112
Office of financial services	-	-	4	1,424	42,066	1,487	-	44,981
Municipal Court	-	-	826	-	3,765	30	-	4,621
City secretary	-	-	-	-	129	-	-	129
Civil service	-	-	-	-	118	-	-	118
Planning and development	24,286	-	33,745	44,054	22,529	116,301	-	240,915
Employee retirement	-	-	-	-	13	-	-	13
Equipment, communications and	-	-	-	-	-	-	-	-
information services	1,118	-	55,562	3,345	109,332	12,259	-	181,616
Human resources	-	-	-	-	5,653	-	-	5,653
International Affairs	-	-	-	-	28	-	-	28
Mayor and council		-	-	-	212	-	-	212
Police and fire pension	-	-	-	-	30	-	-	30
Public safety								
Fire	3,493	-	26,939	52	124,303	21	-	154,808
Police	9,329	-	94,018	50	39,677	3,181	-	146,255
Public market	4,771	-	4,355	515	199	741	-	10,581
Code Compliance	-	-	1,071	-	1,127	-	-	2,198
Environmental and health services	3,741	-	7,234	866	924	478	-	13,243
Public works and transportation	264,382	-	606,646	88,020	128,004	2,546,817	512	3,634,381
Culture and recreation	164,249	-	511,840	593,365	29,981	31,513	49,234	1,380,182
Library	1,178	-	63,255	29	128,103	348	-	192,913
Housing	6,794	-	10,106	1,805	462	12,269	60	31,496
Unallocated - Primarily assets acquired prior to 1977	29,431	-	39,740	-	6,206	95,369	-	170,746
Construction in progress	-	426,684	-	-	-	-	-	426,684
Total Capital Assets of governmental funds	$ 512,772	$ 426,684	$ 1,455,341	$ 733,533	$ 643,317	$ 2,820,814	$ 49,806	$ 6,642,267

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF DALLAS, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

As of September 30, 2019
(in thousands)

Function and Activity	Governmental Funds Capital Assets 09/30/18	Additions	Dispositions	Governmental Funds Capital Assets 09/30/19
General government				
City attorney	$ 352	$ -	$ -	$ 352
City auditor	112	-	-	112
Office of financial services	45,124	82	225	44,981
Muncipal court	4,585	36	-	4,621
City secretary	119	10	-	129
Civil service	118	-	-	118
Planning and development	211,098	29,817	-	240,915
Employee retirement	13	-	-	13
Equipment, communications and	-	-	-	-
information services	152,801	37,803	8,988	181,616
Human resources	5,653	-	-	5,653
International affairs	28	-	-	28
Mayor and council	212	-	-	212
Police and fire pension	30	-	-	30
		-	-	
Public safety	-	-	-	
Fire	139,567	20,053	4,812	154,808
Police	140,356	6,046	147	146,255
Public market	10,581	-	-	10,581
			-	
Code compliance	638	1,602	42	2,198
Environmental and health services	13,240	3	-	13,243
Public works and transportation	3,361,769	272,862	250	3,634,381
Culture and recreation	1,242,628	137,618	64	1,380,182
Housing	29,527	1,969	-	31,496
Library	185,375	7,538	-	192,913
Unallocated - primarily assets acquired prior to 1977	170,746	-	-	170,746
Construction in progress	356,158	218,285	147,759	426,684
Total capital assets used in the operation of governmental funds	$ 6,070,830	$ 733,724	$ 162,287	$ 6,642,267

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

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

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

The City of Dallas comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall health.

		Tables
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity	These schedules present information to help the reader assess the City's most significant local revenue source, the property tax.	5-9
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	10-15
Demographic & Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	16-17
Operating information	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	18-20

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DALLAS, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

	2010	2011	2012	2013
Governmental Activities				
Net investment in capital assets	$ 2,128,770	$ 2,144,338	$ 2,201,645	$ 2,241,628
Restricted	73,825	188,549	159,022	216,280
Unrestricted	(266,121)	(270,121)	(279,979)	(294,490)
Total Governmental Activities net position	1,936,474	2,062,766	2,080,688	2,163,418
Business-Type Activities				
Net investment in capital assets	2,533,106	2,586,775	2,648,976	2,738,208
Restricted for debt service	184,874	172,515	214,249	212,472
Unrestricted	195,273	273,611	290,977	292,801
Total Business-Type Activities net position	2,913,253	3,032,901	3,154,202	3,243,481
Primary government				
Net investment in capital assets	4,661,876	4,731,113	4,850,621	4,979,836
Restricted	258,699	361,064	373,271	428,752
Unrestricted	(70,848)	3,490	10,998	(1,689)
Total primary government net position	$ 4,849,727	$ 5,095,667	$ 5,234,890	$ 5,406,899

(1) 2014 was not restated because the information was not available.

(2) In fiscal year 2016, Sanitation was reclassified from governmental activities to business-type activities.

(3) 2017 was not restated because the information was not available.

(4) The 2018 classifications of net postion for the Business-Type Activities have been updated to be consistent with the 2019 presentation.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

Table 1

2014 (1)	2015	2016 (2)	2017 (3)	2018 (3)	2019
$ 2,406,821	$ 2,520,158	$ 2,640,551	$ 2,746,024	$ 2,818,586	$ 2,776,179
144,269	195,210	169,538	180,303	263,184	272,002
(306,474)	(5,393,940)	(6,163,516)	(6,773,455)	(5,903,832)	(5,752,159)
2,244,616	(2,678,572)	(3,353,427)	(3,847,128)	(2,822,062)	(2,703,978)
2,770,931	2,778,732	2,917,498	3,009,285	3,200,152	3,292,594
223,230	261,399	288,970	360,630	362,960	394,465
362,862	239,436	1,946	(50,473)	(142,755)	(224,444)
3,357,023	3,279,567	3,208,414	3,319,442	3,420,357	3,462,615
5,177,752	5,298,890	5,558,049	5,755,309	6,018,738	6,068,773
367,499	456,609	458,508	540,933	626,144	666,467
56,388	(5,154,504)	(6,161,570)	(6,823,928)	(6,046,587)	(5,976,603)
$ 5,601,639	$ 600,995	$ (145,013)	$ (527,686)	$ 598,295	$ 758,637

CITY OF DALLAS, TEXAS
CHANGE IN NET POSITION
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
(in thousands)

Expenses	2010	2011	2012	2013
Governmental Activities:				
General government	$ 193,144	$ 180,347	$ 190,927	$ 191,643
Public safety	658,225	640,010	690,906	684,636
Code enforcement (2)	-	-	-	-
Environmental and health services	12,128	23,304	20,689	19,026
Streets, lighting, sanitation, code enforcement (3)	156,411	175,984	177,005	194,248
Public works and transportation	52,285	59,553	120,640	66,755
Equipment and building services	27,194	26,848	22,999	28,259
Cultural and recreation	139,581	128,323	119,466	135,934
Housing	17,298	7,849	10,230	12,998
Human services	34,018	32,911	25,640	21,995
Interest on long-term debt	90,822	105,350	84,824	74,193
Total Governmental Activities	1,381,106	1,380,479	1,463,326	1,429,687
Business-Type Activities:				
Dallas water utilities	425,750	431,565	429,313	436,858
Convention center	77,056	80,532	80,412	93,115
Airport revenues	43,760	63,219	65,526	77,516
Sanitation (2)	-	-	-	-
Municipal radio	3,031	3,123	2,390	2,312
Building inspection	16,659	16,793	17,579	21,021
Total Business-Type Activities	566,256	595,232	595,220	630,822
Total primary government expenses	1,947,362	1,975,711	2,058,546	2,060,509
Program revenues				
Governmental Activities:				
Charges for services				
General government	94,646	100,470	92,813	101,896
Public safety	75,160	59,955	64,196	74,746
Code enforcement (2)	98,043	103,828	108,354	102,117
Environmental and health services	-	4	-	-
Streets, public works, and transportation (3)	10,004	10,356	8,113	13,361
Equipment and building services	561	571	911	807
Cultural and recreation	15,182	16,286	16,862	19,503
Housing	637	2,557	1,899	3,488
Human Services	13,197	9,333	1,728	142
Operating grants and contributions	104,839	118,369	112,654	77,534
Capital grants and contributions	342,031	32,267	13,823	39,035
Total Governmental Activities	754,300	453,996	421,353	432,629
Business-Type Activities:				
Charges for services				
Dallas water utilities	467,527	524,281	527,374	551,498
Convention center	19,104	20,640	28,727	27,936
Airport revenues	59,229	64,456	64,052	70,553
Sanitation (2)	-	-	-	-
Municipal radio	2,887	3,008	2,398	1,920
Building inspection	18,469	23,107	23,429	26,867
Operating grants and contributions	-	-	606	5,192
Capital grants and contributions	30,519	33,754	21,734	53,977
Total Business-Type Activities	597,735	669,246	668,320	737,943
Total primary government program revenues	1,352,035	1,123,242	1,089,673	1,170,572
Net (Expense) Revenue				
Governmental Activities	(626,806)	(926,483)	(1,041,973)	(997,058)
Business-Type Activities	31,479	74,014	73,100	107,121
Total primary government net expense	(595,327)	(852,469)	(968,873)	(889,937)
General Revenues:				
Taxes:				
Ad valorem tax	637,304	659,400	649,459	659,693
Sales taxes	205,933	217,148	231,327	243,697
Franchise taxes	123,721	128,757	129,508	131,009
Tax increment financing, intergovernmental	6,739	6,601	6,172	6,937
Special assessments	-	-	-	-
Interest on investments	9,045	6,830	6,469	2,526
Miscellaneous	20,531	18,252	17,558	14,448
Transfer	21,508	15,787	19,402	21,478
Total general revenues	1,024,781	1,052,775	1,059,895	1,079,788
Business-Type Activities:				
Hotel occupancy tax	42,114	44,969	40,047	45,182
Motor vehicle tax	4,373	3,470	-	-
Alcohol beverage tax	7,398	7,656	6,728	7,648
Investment Income	4,097	4,439	3,626	1,964
Miscellaneous	1,057	887	866	908
Transfer	(21,508)	(15,787)	(19,402)	(21,478)
Special item	-	-	(13,664)	(22,066)
Total Business-Type Activities	37,531	45,634	18,201	12,158
Change in Net Position				
Governmental Activities	397,975	126,292	17,922	82,730
Business-Type Activities	69,010	119,648	91,301	119,279
Total primary government	$ 466,985	$ 245,940	$ 109,223	$ 202,009

(1) Fiscal year 2014 beginning net position was not restated because information was not available.

(2) In fiscal year 2017, streets, public works, and transportation were combined. Code enforcement was reported separately.

(3) In fiscal year 2016, Sanitation was reclassified from governmental activities to business-type activities.

(4) Fiscal year 2017 beginning net position was not restated because information was not available.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent year's Comprehensive Annual Financial Report, Management Discussion and Analysis

Table 2

2014 (1)	2015	2016	2017 (4)	2018	2019
$ 263,147	$ 220,164	$ 339,671	$ 312,279	$ 371,548	$ 515,962
684,808	594,747	1,345,492	1,284,942	(350,079)	672,991
-	-	-	60,897	51,710	63,709
16,747	18,067	19,431	17,455	18,897	16,978
192,981	213,665	195,187	222,444	-	-
62,168	74,130	88,141	-	202,815	219,484
35,369	36,917	50,829	46,620	50,980	50,025
142,519	160,527	222,921	201,716	213,337	224,008
10,367	17,529	32,694	23,696	15,045	16,445
24,006	20,451	26,789	25,703	21,294	22,908
75,133	63,404	80,890	70,676	70,693	78,124
1,507,245	1,419,601	2,402,045	2,266,428	666,240	1,880,634
429,034	499,585	586,505	524,308	553,038	604,779
90,377	92,661	105,869	105,864	106,487	115,311
91,807	103,950	137,143	144,903	143,697	163,250
-	-	116,152	103,363	100,252	132,349
2,047	2,254	3,009	2,290	2,187	2,784
23,647	28,704	45,988	38,338	36,729	48,510
636,912	727,154	994,666	919,066	942,390	1,066,983
2,144,157	2,146,755	3,396,711	3,185,494	1,608,630	2,947,617
100,673	104,237	115,901	110,857	115,092	126,722
59,061	74,126	102,308	116,033	100,658	77,288
102,621	109,391	18,984	9,959	10,654	9,719
-	-	71	289	-	-
13,143	5,572	6,551	4,378	19,714	6,337
882	979	1,157	886	1,241	463
21,021	19,972	21,467	21,831	21,853	22,367
2,234	1,994	2,973	1,646	2,782	789
146	118	122	104	-	-
70,935	77,038	75,560	73,693	72,807	72,000
85,718	59,712	31,092	64,858	52,942	78,769
456,434	453,139	376,186	404,534	397,743	394,454
564,546	573,327	607,329	632,469	668,624	617,510
24,207	28,211	32,858	32,892	34,361	41,180
84,426	109,777	123,757	133,677	156,167	182,475
-	-	102,283	106,618	110,918	123,590
1,908	1,975	1,608	1,636	1,751	1,771
28,208	31,378	33,648	33,552	34,387	36,871
5,699	5,937	6,343	6,296	6,356	6,039
16,586	21,135	37,317	22,050	34,217	29,050
725,580	771,740	945,143	969,190	1,046,781	1,038,486
1,182,014	1,224,879	1,321,329	1,373,724	1,444,524	1,432,940
(1,050,811)	(966,462)	(2,025,859)	(1,861,894)	(268,497)	(1,486,180)
88,668	44,586	(49,523)	50,124	104,391	(28,497)
(962,143)	(921,876)	(2,075,382)	(1,811,770)	(164,106)	(1,514,677)
687,573	735,913	791,420	854,136	914,272	998,861
257,467	275,250	285,669	295,361	307,149	320,413
136,951	132,719	140,184	144,205	151,793	140,822
4,108	4,892	6,473	8,829	11,139	12,766
-	-	-	-	31,070	33,038
2,667	7,550	10,089	9,567	16,601	36,304
11,235	43,588	16,771	13,792	19,372	21,530
32,008	23,120	32,856	42,303	45,157	40,530
1,132,009	1,223,032	1,283,462	1,368,193	1,496,553	1,604,264
50,374	53,931	59,225	59,746	65,307	67,836
-	-	-	-	-	-
10,256	11,247	12,058	12,624	13,323	13,877
2,416	5,901	6,786	6,505	13,279	28,999
208	314	699	24,332	1,343	673
(32,008)	(23,120)	(32,856)	(42,303)	(45,157)	(40,530)
(6,372)	-	-	-	-	-
24,874	48,273	45,912	60,904	48,095	70,855
81,198	256,570	(742,397)	(493,701)	1,228,056	118,084
113,542	92,859	(3,611)	111,028	152,486	42,358
$ 194,740	$ 349,429	$ (746,008)	$ (382,673)	$ 1,380,542	$ 160,442

CITY OF DALLAS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2010	2011	2012	2013
General Fund				
Nonspendable	$ 9,034	$ 8,515	$ 9,289	$ 9,324
Restricted	2,599	7,431	11,431	8,506
Committed	1,988	1,740	1,490	1,250
Assigned	19,201	20,446	25,621	17,086
Unassigned	59,150	83,289	101,205	120,839
Total General Fund	91,972	121,421	149,036	157,005
All Other Governmental Funds				
Nonspendable	12,538	11,974	13,116	13,647
Restricted	793,287	668,328	521,775	546,308
Committed	13,994	10,748	11,540	14,406
Total All Other Governmental Funds	819,819	691,050	546,431	574,361
Total all Governmental Funds	$ 911,791	$ 812,471	$ 695,467	$ 731,366

(1) In fiscal year 2016, Sanitation was reclassifed from governmental funds to enterprise funds.

Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, notes to the financial statements

Table 3

2014	2015	2016 [1]	2017	2018	2019
$ 10,044	$ 9,894	$ 10,659	$ 11,143	$ 11,227	$ 13,385
11,236	8,485	9,593	12,061	10,244	11,185
1,250	10,570	1,250	1,250	1,250	1,250
28,905	29,603	15,836	38,963	20,727	37,109
129,239	141,550	153,693	171,747	212,806	234,225
180,674	200,102	191,031	235,164	256,254	297,154
13,885	17,119	17,484	14,044	10,102	9,937
367,619	650,698	761,184	658,712	894,157	997,796
14,541	14,602	13,781	17,186	22,642	25,393
396,045	682,419	792,449	689,942	926,901	1,033,126
$ 576,719	$ 882,521	$ 983,480	$ 925,106	$ 1,183,155	$ 1,330,280

CITY OF DALLAS, TEXAS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
(in thousands)

	2010	2011	2012	2013
REVENUES:				
Ad valorem taxes	$ 643,517	$ 659,793	$ 650,701	$ 660,496
Tax increment financing, intergovernmental	6,739	6,601	6,172	6,937
Sales taxes	205,933	217,148	231,327	243,697
Franchise fees	123,721	128,757	129,508	131,009
Licenses and permits	5,349	5,798	6,185	6,271
Intergovernmental	114,928	128,400	118,042	102,879
Service to others	230,373	232,350	224,869	236,911
Fines and forfeitures	41,364	38,781	36,336	35,525
Investment income	8,962	6,664	6,350	2,454
Special assessments	-	-	-	-
Contributions and gifts	5,824	22,236	8,555	19,367
Confiscated money awards	3,758	1,784	2,883	2,253
Other revenues	4,676	5,705	4,764	3,215
Total revenues	1,395,144	1,454,017	1,425,692	1,451,014
EXPENDITURES:				
Current:				
General government	177,777	162,471	170,268	172,910
Public safety	640,205	622,299	623,260	643,510
Code enforcement [1]	149,969	159,052	157,829	165,875
Environmental and health services	20,009	23,419	20,623	18,629
Streets, public works, and transportation [1] [2]	13,803	15,681	20,336	28,548
Equipment and building services	21,260	19,827	17,406	21,290
Culture and recreation	107,140	105,253	101,776	110,676
Housing	8,257	7,249	8,327	9,499
Human services	32,819	33,035	26,677	22,747
Debt Service:				
Principal	202,748	152,193	154,600	147,293
Interest and fiscal charges	89,580	99,080	88,608	78,611
Payment to refunded bond escrow agent	-	-	-	3,204
Capital outlay	230,864	207,362	237,055	240,196
Total expenditures	1,694,431	1,606,921	1,626,765	1,662,988
Excess(deficiency) of revenues over expenditures	(299,287)	(152,904)	(201,073)	(211,974)
OTHER FINANCING SOURCES(USES):				
Transfers in	72,376	42,946	48,093	38,508
Transfers out	(46,244)	(21,498)	(23,330)	(14,178)
Proceeds from sale of capital assets	5,943	10,662	8,157	17,427
Premium on debt issued	32,032	21,613	3,261	69,304
Issuance of long-term debt	303,686	159,816	47,888	517,671
Payment to refunded bond escrow agent	(182,181)	(217,974)	-	(380,859)
Proceeds from repayment of notes receivable	-	-	-	-
Refunding bonds issued	-	58,019	-	-
Total other financing sources(uses)	185,612	53,584	84,069	247,873
Net change in fund balance	$ (113,675)	$ (99,320)	$ (117,004)	$ 35,899
Debt service as a percentage of noncapital expenditures	19.97%	17.95%	17.50%	15.88%

[1] In fiscal year 2017, streets, public works, and transportation were combined.
Code enforcement was reported separately.

[2] In fiscal year 2016, Sanitation was reclassifed from governmental funds to enterprise funds.

*Source: Comprehensive Annual Financial Report for the respective years unless restated, which is from the subsequent years' Comprehensive Annual Financial Report, notes to the financial statements.

Table 4

2014	2015	2016 [1]	2017	2018	2019
$ 687,891	$ 734,885	$ 791,087	$ 853,733	$ 912,645	$ 1,000,380
4,108	4,892	6,473	8,829	11,139	12,766
257,467	275,250	285,669	295,361	307,149	320,413
136,951	132,719	140,184	144,205	151,793	140,822
6,232	6,047	6,232	5,242	10,555	12,612
99,326	87,633	98,329	95,019	82,637	74,820
255,997	261,685	182,959	192,420	197,862	182,517
34,079	34,879	39,262	37,336	36,278	41,931
2,542	7,235	9,804	9,324	15,801	34,471
-	-	-	-	31,070	33,038
32,057	25,848	15,270	18,931	23,580	29,712
3,493	4,764	3,256	2,810	4,063	2,561
7,671	9,401	12,640	14,898	18,129	12,566
1,527,814	1,585,238	1,591,165	1,678,108	1,802,701	1,898,609
227,195	203,780	224,342	240,142	314,174	380,273
656,941	685,444	700,430	721,753	752,278	784,018
175,853	186,631	129,472	40,509	42,717	43,779
16,662	17,757	18,576	16,597	16,650	16,467
19,467	17,257	18,046	112,924	107,830	128,348
25,648	23,439	24,375	25,411	25,564	22,939
120,198	129,866	140,566	147,098	159,837	151,242
10,290	13,551	11,932	14,075	3,954	3,098
20,741	20,440	25,285	25,284	19,325	22,679
147,177	168,962	165,234	169,820	168,406	205,032
79,256	84,543	93,109	89,778	96,318	101,030
-	-	2,880	-	30,675	-
265,262	204,012	228,726	213,060	266,364	268,765
1,764,690	1,755,682	1,782,973	1,816,451	2,004,092	2,127,670
(236,876)	(170,444)	(191,808)	(138,343)	(201,391)	(229,061)
57,022	41,053	54,465	64,359	77,495	79,755
(18,647)	(15,357)	(19,265)	(28,929)	(87,574)	(209,288)
2,238	32,976	610	342	716	1,711
-	95,392	31,556	-	36,444	51,803
41,616	388,895	230,310	44,197	432,359	452,205
-	(271,433)	-	-	-	-
-	-	6,143	-	-	-
-	204,720	2,880	-	-	-
82,229	476,246	306,699	79,969	459,440	376,186
$ (154,647)	$ 305,802	$ 114,891	$ (58,374)	$ 258,049	$ 147,125
15.10%	16.34%	16.62%	16.19%	15.23%	16.46%

Table 5

CITY OF DALLAS, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Real Property Estimated Market Value [2]	Personal Property Estimated Market Value [2]	Less: Tax-Exempt Property [2]	Total Taxable Assessed Value [1] [4]	Total Direct Tax Rate [3]
2010	$ 97,533,425	$ 15,055,400	$ (25,324,730)	$ 87,264,095	0.7479
2011	94,008,753	13,706,221	(24,289,495)	83,425,479	0.7970
2012	92,312,007	13,741,870	(24,060,131)	81,993,746	0.7970
2013	94,522,089	14,203,657	(25,044,024)	83,681,722	0.7970
2014	98,764,424	14,903,530	(26,416,432)	87,251,522	0.7970
2015	106,519,690	14,900,052	(28,281,532)	93,138,210	0.7970
2016	115,476,547	15,323,489	(30,481,099)	100,318,937	0.7970
2017	128,220,454	15,903,571	(33,736,396)	110,387,629	0.7825
2018	139,265,026	16,381,314	(37,331,663)	118,314,677	0.7804
2019	154,913,351	16,698,833	(41,531,197)	130,080,985	0.7767

Notes:

(1) Total Taxable Assessed Value represents original certified taxable value determined by the Dallas, Collin, Denton, and Rockwall Central Appraisal District.

(2) Values for each fiscal year reflect the tax rolls of the previous year (i.e., 2019 fiscal year reflects 2018 tax roll). See Note 1 in the Notes to the Financial Statements for more information.

(3) Per $100 of valuation.

(4) Exemptions are granted by the City within the constraints of Texas Constitutional law SC 5.

Source: Dallas Central Appraisal District

CITY OF DALLAS, TEXAS
CITY TAX RATE DISTRIBUTION
Last Ten Fiscal Years (Unaudited)
(Per $100 of Assessed Value)
(in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund	$ 0.4918	$ 0.5324	$ 0.5379	$ 0.5439	$ 0.5601	$ 0.5646	$ 0.5646	$ 0.5601	$ 0.5580	$ 0.5667
Debt Service Fund	0.2561	0.2646	0.2591	0.2531	0.2369	0.2324	0.2324	0.2224	0.2224	0.2100
Total City Tax Rate	$ 0.7479	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7970	$ 0.7825	$ 0.7804	$ 0.7767

Source: Dallas Central Appraisal District

CITY OF DALLAS, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERALAPPING TAX RATES
(PER $100 OF ASSESSED VALUE)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates [1]		Overlapping Rates [2]					
Fiscal Year	Operating General Rates	General Obligation Debt Service	Dallas County	Dallas County Community College District	Dallas Independent School District	Dallas County School Equalization	Dallas County Hospital District	Total Ad valorem Rate
2010	$ 0.49180	$ 0.25610	$ 0.22810	$ 0.09490	$ 1.27134	$ 0.00521	$ 0.27400	$ 2.61624
2011	0.53240	0.26460	0.24310	0.09923	1.23781	0.01000	0.27100	2.64814
2012	0.53790	0.25910	0.24310	0.09967	1.29035	0.01000	0.27100	2.70112
2013	0.54390	0.25310	0.24310	0.11938	1.29035	0.00994	0.27100	2.72083
2014	0.56010	0.23690	0.24310	0.12470	1.28209	0.01000	0.27600	2.72289
2015	0.56460	0.23240	0.24310	0.12478	1.28209	0.01000	0.28600	2.73297
2016	0.56460	0.23240	0.24310	0.12365	1.28209	0.01000	0.28600	2.73184
2017	0.56010	0.22240	0.24310	0.12424	1.28209	0.01000	0.27940	2.71133
2018	0.55800	0.22240	0.24310	0.12424	1.28209	0.01000	0.27940	2.70923
2019	0.56670	0.21000	0.24310	0.12400	1.41204	0.01000	0.27940	2.84524

Source: Dallas Central Appraisal District

(1) The City's basic property tax rate may be increased only by a majority vote of the City Council up to the limit of the State law, after which the City's residents may petition for a vote. Rates for debt service are set based on each year's requirements.

(2) Overlapping rates are those of local and county governments that apply to property owners within the City of Dallas.

CITY OF DALLAS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Actual Levy Year	Taxes Levied for the Fiscal Year	Collection Within the Fiscal Year of the Levy: Current tax collections	Collection Within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Total Tax Collections	Total Collections to Date: Percentage of Levy
2010	2009	$ 652,648	$ 631,848	96.81%	$ 5,590	$ 637,438	97.67%
2011	2010	664,901	647,605	97.40%	6,562	654,167	98.39%
2012	2011	653,490	638,999	97.78%	5,561	644,560	98.63%
2013	2012	666,943	650,496	97.53%	4,572	655,068	98.22%
2014	2013	695,395	678,179	97.52%	4,258	682,437	98.14%
2015	2014	742,312	724,668	97.62%	4,468	729,136	98.23%
2016	2015	799,542	780,733	97.65%	4,431	785,164	98.20%
2017	2016	863,783	850,200	98.43%	4,853	855,053	98.99%
2018	2017	923,328	902,849	97.78%	2,858	905,707	98.09%
2019	2018	1,010,339	989,360	97.92%	3,905	993,265	98.31%

Source: Dallas County Tax Assessor/Collector.

Table 9

CITY OF DALLAS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago (Unaudited)
(in thousands)

		2019			2010		
Name of Taxpayer	**Nature of Property**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total Taxable Assessed Valuation**
Oncor Electric Delivery	Electric Utility	$ 967,947	1	0.74%	$ 627,391	3	0.72%
Northpark Land Partners	Developer	733,711	2	0.56%	530,065	4	0.61%
Southwest Airlines	Air Transportation	655,325	3	0.50%	473,596	5	0.54%
Texas Instruments	Electronic Manufacturing	644,930	4	0.50%	767,741	1	0.88%
AT&T Corporation	Telephone Utility	550,967	5	0.42%	701,541	2	0.80%
FM Village Fixed Rate LLC	Developer	514,687	6	0.40%	-	-	-
Atmos Energy	Gas Utility	365,958	7	0.28%	-	-	-
Walmart Stores, Inc.	Retailer	349,763	8	0.27%	-	-	-
Teachers Insurance	Insurance	314,407	9	0.24%	-	-	-
Post Apartment Homes LP	Developer	307,160	10	0.24%			-
Crescent TC Investors LP/Real Estate	Developer	-	-	-	353,060	6	0.40%
PC Village Apartments Dallas LP	Developer	-	-	-	289,505	9	0.33%
Galeria Mall Investors LP	Developer	-	-	-	326,981	7	0.37%
YPI Thanksgiving Tower/Central Expry ETAL	Developer	-	-	-	314,560	8	0.36%
HCP CRS1 North Central	Developer	-	-	-	220,599	10	0.25%
		$ 5,404,855		4.15%	$ 4,605,039		5.28%

Source: Dallas County Tax Office

Table 10

CITY OF DALLAS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
Year Ended September 30, 2019 (Unaudited)
(in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
Direct Debt:			
City of Dallas			
Debt repaid with property taxes			
General obligation bonds	$ 1,699,537		$ 1,699,537
Certificates of obligation	10,779		10,779
Pension obligation bonds	244,418		244,418
Other Debt			
Capital leases payable	118,916		118,916
Commercial paper	3,500		3,500
Long-term notes payable	43,853		43,853
Subtotal, direct debt	2,121,003	100.00 %	2,121,003
Overlapping Debt:			
Carrollton-Farmers Branch ISD	230,980	7.89 %	18,224
Cedar Hill Independent School District	105,551	1.23 %	1,298
Collin County	392,565	3.90 %	15,310
Collin County Community College District	239,445	3.90 %	9,338
Coppell Independent School District	382,497	4.11 %	15,721
Dallas County	151,495	48.58 %	73,596
Dallas County Community College District	182,800	48.58 %	88,804
Dallas County Hospital District	862,670	48.58 %	419,085
Dallas County Schools	36,801	48.58 %	17,878
Dallas Independent School District	2,676,385	78.09 %	2,089,989
Denton County	590,380	1.67 %	9,859
Duncanville Independent School District	200,331	44.63 %	89,408
Garland Independent School District	554,170	1.84 %	10,197
Grand Prairie Independent School District	476,255	1.50 %	7,144
Highland Park Independent School District	375,565	9.76 %	36,655
Irving Independent School District	407,935	2.07 %	8,444
Lancaster Independent School District	201,127	0.39 %	784
Lewisville Independent School District	1,269,936	0.17 %	2,159
Mesquite Independent School District	693,210	0.89 %	6,170
Plano Independent School District	855,305	10.39 %	88,866
Richardson Independent School District	626,380	57.05 %	357,350
Rockwall County	92,120	0.08 %	74
Rockwall Independent School District	515,571	0.10 %	516
Sunnyvale Independent School District	95,202	0.01 %	10
Subtotal, overlapping debt	$ 12,214,676		$ 3,366,879
City Of Dallas (direct debt)	2,121,003	100.00 %	2,121,003
Total direct and overlapping debt	$ 14,335,679		$ 5,487,882
Ratio of Direct and Estimated Share of Overlapping Tax Debt to Taxable Assessed Valuation			4.22%
Per Capita Direct and Overlapping Tax Debt (not in thousands)			4,215

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

[1] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. Debt outstanding data was obtained from each governmental unit.

CITY OF DALLAS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

	Governmental								
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Equipment Acquisition Notes	Pension Obligation Bonds	Capital Leases Payable	Commercial Paper	Long-term Notes Payable	Revenue and Refunding Bonds	General Obligation Bonds
2010	$ 1,564,938	$ 58,915	$ 45,802	$ 412,018	$ 7,072	$ -	$ 7,833	$ 2,234,823	$ -
2011	1,467,092	36,456	43,038	412,720	6,231	-	5,826	2,280,946	-
2012	1,343,278	50,031	22,385	410,168	6,526	25,000	4,702	2,368,889	-
2013	1,452,292	36,477	9,375	407,301	17,737	-	31,635	2,423,049	-
2014	1,318,947	26,457	4,685	404,248	26,991	26,475	32,402	2,316,892	-
2015	1,558,578	21,871	-	400,411	52,488	27,880	44,208	2,577,258	-
2016	1,641,422	18,011	-	261,102	59,117	10,220	42,893	2,701,953	8,396
2017	1,486,496	14,117	-	253,016	59,565	9,650	49,027	2,900,670	7,307
2018	1,699,537	10,779	-	244,418	75,788	35,160	48,058	3,006,797	6,261
2019	1,973,099	7,997	-	346,837	118,916	3,500	43,853	2,937,671	5,352

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) These ratios are calculated using personal income and population data (See Table 15).

(2) See Table 5 for property value data.

Table 11

Business-Type								
Pension Obligation Bonds	Commercial Paper	Long-term Notes Payable	Total Primary Government	Percentage of Personal Income [(1)]	Per Capita [(1)]	Total Bonded Debt	Percentage of Estimated Actual Property Value [(2)]	Per Capita [(1)]
$ 139,545	$ 58,000	$ 12,539	$ 4,541,485	13.17%	$ 3,451	$ 2,221,218	2.55%	$ 1,688
139,323	36,860	10,760	4,439,252	14.78%	3,699	2,098,629	2.52%	1,749
138,642	-	8,985	4,378,606	14.20%	3,628	1,964,504	2.40%	1,628
137,815	-	6,867	4,522,548	14.65%	3,670	2,043,260	2.44%	1,660
136,868	122,840	4,708	4,421,513	13.15%	3,663	1,891,205	2.17%	1,567
135,617	90,458	2,508	4,911,277	14.41%	3,948	2,116,477	2.27%	1,701
119,738	48,322	266	4,911,440	12.82%	3,904	2,048,669	2.04%	1,629
116,029	18,500	-	4,914,377	12.25%	3,870	1,876,965	1.70%	1,478
112,088	-	-	5,238,886	13.03%	4,074	2,073,083	1.75%	1,612
159,051	164,500	-	5,760,776	12.97%	4,425	2,492,336	1.92%	1,914

CITY OF DALLAS, TEXAS
LEGAL DEBT MARGIN
Last Ten Fiscal Years (Unaudited)
(in thousands)

	2010	2011	2012	2013
Total Assessed Valuation	$87,264,095	$83,425,479	$81,993,746	$83,681,722
Overall debt limitation - 10% of assessed valuation	8,726,410	8,342,548	8,199,375	8,368,172
Net Debt Subject to Limitation	1,938,126	1,798,332	1,666,007	1,691,184
Legal debt margin within 10% limitation (1)	$6,788,284	$6,544,216	$6,533,368	$6,676,988
Legal Debt Margin as a Percentage of the Debt Limit	77.8%	78.4%	79.7%	79.8%

(1) Chapter XXI, Section 3 of the City of Dallas Charter states, "The maximum bonded indebtedness of the City outstanding at any one time, and payable from taxation, shall not exceed 10% of the total assessed valuation of property shown by the last assessment roll of the City."

Table 12

2014	2015	2016	2017	2018	2019
$87,251,522	$93,138,211	$100,318,937	$110,387,629	$118,314,677	$130,080,985
8,725,152	9,313,821	10,031,894	11,038,763	11,831,468	13,008,099
1,547,227	1,700,335	1,774,889	1,625,654	1,816,873	2,055,841
$7,177,925	$7,613,486	$8,257,005	$9,413,109	$10,014,595	$10,952,258
82.3%	81.7%	82.3%	85.3%	84.6%	84.2%

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
DALLAS WATER UTILITIES
Last Ten Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service: Gross Revenue	Net Revenue Available for Debt Service: Expense [1]	Net Revenue Available for Debt Service: Net Revenue	Debt Service Requirements [2]: Principal	Debt Service Requirements [2]: Interest	Debt Service Requirements [2]: Total	Revenue Bond Coverage [3]
2010	$ 478,512	$ 240,117	$ 238,395	$ 96,115	$ 73,987	$ 170,102	1.40
2011	508,040	228,844	279,196	96,115	80,444	176,559	1.58
2012	535,289	235,821	299,468	96,115	77,250	173,365	1.73
2013	554,686	233,177	321,509	89,510	84,269	173,779	1.85
2014	569,822	246,141	323,681	94,545	84,134	178,679	1.81
2015	568,841	287,983	280,858	96,675	86,186	182,861	1.54
2016	619,890	306,085	313,805	100,980	79,705	180,685	1.74
2017	630,542	283,669	346,873	101,803	85,955	187,758	1.85
2018	675,938	289,470	386,468	114,210	82,735	196,945	1.96
2019	626,181	278,649	347,532	116,320	83,241	199,561	1.74

(1) Operating expenses do not include depreciation or any PILOT payments or similar payments that are not considered expenses of the operation and maintenance of the Water and Wastewater System.

Operating expenses includes payments for the Water Transmission Facilities Financing Agreement in, as explained in note 11.S. Per Texas Government Code, Section 1502.056(c), "a contract between a municipality and an issuer, as defined by Section 1201.002, under which the municipality obtains from the issuer part or all of the facilities or services of a utility system to that payments made by the municipality from the revenue of the utility system are an operating expense of the municipality's utility system."

(2) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

(3) Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
CONVENTION CENTER FUND
Last Ten Fiscal Years (Unaudited)
(in thousands)

	Net Revenue Available for Debt Service			Debt Service Requirements [2]			Revenue
Fiscal Year	Gross Revenue	Expense [1]	Net Revenue	Principal	Interest	Total	Bond Coverage [3]
2010	$ 73,783	$ 38,196	$ 35,587	$ 1,730	$ 17,791	$ 19,521	1.8
2011	77,332	38,354	38,978	2,205	16,487	18,692	2.1
2012	75,947	44,975	30,972	2,775	16,421	19,196	1.6
2013	85,820	52,850	32,970	3,675	16,282	19,957	1.7
2014	90,356	54,606	35,750	4,640	16,098	20,738	1.7
2015	99,805	57,479	42,326	5,740	15,866	21,606	2.0
2016	110,653	70,164	40,489	6,945	15,579	22,524	1.8
2017	111,515	71,123	40,392	8,250	15,232	23,482	1.7
2018	120,196	72,193	48,003	8,665	14,820	23,485	2.0
2019	131,860	81,761	50,099	9,095	14,386	23,481	2.1

[1] Convention Center Revenue bond covenants require only Convention Center expenses be considered when calculating bond coverage.

[2] Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

[3] Revenue bond coverage is equal to net revenue available for debt service divided by total principal and interest.

CITY OF DALLAS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE
AIRPORT REVENUES FUND
Last Two Fiscal Years (Unaudited)
(in thousands)

Fiscal Year	Net Revenue Available for Debt Service: Gross Revenue	Expense [1]	Net Revenue	Average Debt Service Requirements [2]: Principal	Interest	Total	Revenue Bond Coverage [3]
2018 [4]	$ 130,965	$ 74,949	$ 56,016	$ 12,498	$ 6,757	$ 19,255	2.91
2019	159,229	91,555	67,674	13,002	6,497	19,498	3.47

(1) Operating expenses do not include depreciation.

(2) Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the enterprise fund.

(3) Revenue bond coverage is equal to net revenue available for debt service divided by average principal and interest outstanding at fiscal year end.

(4) Debt service payments from net revenues began in fiscal year 2018.

Table 16

CITY OF DALLAS, TEXAS
DEMOGRAPHIC STATISTICS AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population [1]	Personal Income	Per Capita Personal Income	Median Household Income	Median Age	Assessed Valuation (in thousands)	Labor Force	Unemployment [2]	Unemployment Rate [2]
2010	1,316,350 [5]	$ 34,473,231,975 [3]	$ 26,189 [4]	$ 39,813 [3]	31.8 [3]	$ 87,264,095	605,307	52,662	8.7 %
2011	1,200,530 [6]	30,042,062,720 [3]	25,024 [4]	42,911 [3]	31.6 [3]	83,425,479 [7]	607,860	52,884	8.7 %
2012	1,207,420	30,842,940,190 [3]	25,545 [4]	43,804 [3]	31.7 [3]	81,993,746 [7]	580,975	44,955	7.7 %
2013	1,232,243	30,868,803,800 [3]	25,051 [4]	41,318 [3]	32.0 [3]	83,681,722 [7]	591,278	39,966	6.8 %
2014	1,232,360	33,615,083,720 [3]	27,277 [4]	41,666 [3]	32.3 [3]	87,251,522 [7]	596,473	34,977	5.9 %
2015	1,244,270	34,081,929,000 [3]	27,391 [4]	43,103 [3]	32.1 [3]	93,138,211 [7]	642,785	26,917	4.2 %
2016	1,257,730	38,299,687,300	30,451 [4]	44,461 [3]	32.5 [3]	100,318,937 [7]	661,622	25,627	3.9 %
2017	1,270,170	40,127,279,400 [3]	31,592 [4]	46,581 [3]	32.7 [3]	110,387,629	676,091	27,356	4.1 %
2018	1,286,380	40,212,238,800 [3]	31,260 [4]	47,285 [3]	32.5 [3]	118,314,677 [7]	694,383	25,302	3.7 %
2019	1,301,970	44,411,357,000 [3]	34,111 [4]	51,419 [3]	32.9 [3]	130,080,985 [7]	706,339	24,144	3.4 %

[1] North Central Texas Council of Governments estimate

[2] U.S. Bureau of Labor Statistics

[3] Personal Income, Median Household Income, and Median Age are averages of previous two years. Personal income is the aggregate income in the past 12 months. Census Bureau.

[4] Per Capita Personal Income is derived from Population and Personal Income values. Census Bureau.

[5] The 2010 North Central Texas Council of Governments estimate difference from the 2010 Census value.

[6] The 2011 North Central Texas Council of Governments estimate in based on 2010 Census and is not a continuation of previous 2001-2009 estimates. 2014 data obtained from United States Census Bureau.

[7] Consolidated Appraisal Value from Budget Office

All values by year are current estimates as published by the source at the date of publication. Updates to the values after publication date by their source are not reflected.

CITY OF DALLAS, TEXAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago (Unaudited)

	2019			2010		
Name of Employers	**Employees**	**Rank**	**Percentage of Total Employment**	**Employees**	**Rank**	**Percentage of Total Employment**
Dallas Independent School District	22,222	1	0.63%	20,554	1	1.98%
AT&T Inc. [(1)]	17,000	2	0.48%	-	-	-
Texas Instruments Inc.	12,901	3	0.37%	9,800	4	0.94%
City of Dallas	12,474	4	0.36%	13,427	2	1.29%
Southwest Airlines Co	12,210	5	0.35%	-	-	-
Medical City Dallas	12,104	6	0.34%	-	-	-
UT Southwestern Medical Center	11,900	7	0.34%	12,671	3	1.22%
Parkland Health & Hosp System	10,361	8	0.29%	9,405	5	0.91%
Baylor Scott & White Health	7,045	9	0.20%	4,425	10	0.43%
Dallas County	6,500	10	0.19%	6,150	8	0.59%
Dallas County Community College	-	-	-	7,230	6	0.70%
United States Postal Service	-	-	-	6,674	7	0.64%
Pilgrim's Pride	-	-	-	5,350	9	0.52%
Total	136,548		3.89%	95,686		9.21%

Source: ReferenceUSA, 2019 and the City of Dallas Office of Economic Development.

(1) Information presented is for fiscal year 2018, as 2019 information was not available.

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CITY OF DALLAS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last ten fiscal years (Unaudited)

Function/Program	2010	2011	2012	2013
Public safety				
Police stations	8	8	8	8
Fire stations	56	56	56	57
Streets, public works and transportation				
Streets - paved (miles)	3,541	4,020	4,028	4,031
Lane miles	11,672	11,804	11,676	11,701
Traffic signals	1,329	1,328	1,333	1,342
Street lights	86,514	86,321	86,406	87,263
Parks and recreation				
Parks	368	371	378	374
Parks acres	23,080	23,080	23,164	23,331
Miles of trails (jogging, hiking & biking)	107	107	125	130
Number of lakes	18	18	18	18
Swimming pools	22	22	22	20
Spraygrounds "Water-enhanced playground"	8	8	8	10
Athletic fields (soccer, football, baseball & rugby)	278	278	278	272
Tennis centers	5	5	5	5
Number of tennis courts	81	81	81	81
Neighborhood tennis courts	171	171	171	177
Multi-use courts	154	154	154	156
Golf courses (18 holes)	6	6	6	6
Recreation centers (community)	43	43	43	43
Water				
Water mains (miles)	5,024	5,166	4,915	4,922
Fire hydrants	27,800	27,800	29,028	29,243
Wastewater				
Miles of sanitary sewers	4,293	4,364	4,020	4,017
Miles of storm sewers	1,768	1,788	1,790	1,791

Source: City capital asset records

TABLE 18

2014	2015	2016	2017	2018	2019
8	8	8	8	8	8
57	58	58	58	58	58
4,033	4,041	4,034	4,027	4,027	4,056
11,771	11,754	11,775	11,757	11,755	11,811
1,348	1,354	1,354	1,535	1,544	1,383
87,355	87,790	87,790	91,000	88,122	92,542
381	380	389	396	397	397
22,842	23,470	23,147	20,109	20,245	20,109
130	144	153	158	161	162
13	13	13	13	13	40
18	18	19	19	20	19
10	11	11	11	11	11
272	271	278	274	269	287
5	5	5	5	5	5
81	81	81	99	99	99
177	177	177	157	157	157
156	153	154	158	154	159
6	6	6	6	6	6
43	43	43	43	43	43
4,922	4,925	4,937	4,955	4,983	4,986
29,626	29,666	29,857	30,176	30,558	29,680
4,017	4,017	4,020	4,022	4,040	4,046
1,791	1,800	1,820	1,838	1,963	1,963

CITY OF DALLAS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2010	2011	2012	2013
Public Safety				
Police				
Calls for Service	596,742	632,365	589,865	591,997
Fire				
Calls for Service - Fire	115,462	145,298	59,784	46,127
Calls for Service - EMS	166,585	173,666	172,032	193,820
Recreation				
Number of Membership Scans	N/A	N/A	N/A	348,830
Building Permits				
Permits Issued	26,997	34,786	43,064	38,478
Estimated Value	$1,843,819,294	$3,083,719,959	$2,310,325,994	$2,652,432,543
Airport				
Airport Operations (Takeoffs and Landings)	168,373	178,054	177,067	178,232
Utilities (millions of gallons)				
Water Usage - Peak	638	683	649	583
Water Usage - Average	388	428	395	391

Source: Department annual records

Note:
N/A - Information not available

Table 19

2014	2015	2016	2017	2018	2019
590,443	599,319	628,871	608,548	586,727	617,111
42,346	41,049	43,228	43,783	53,171	49,594
195,802	189,894	202,212	206,323	206,161	205,245
545,998	564,684	632,246	453,369	344,127	361,833
36,044	37,951	41,480	40,650	38,826	44,981
$3,305,921,947	$4,097,419,967	$4,636,962,395	$4,264,728,943	$4,011,159,859	$4,730,498,312
176,889	209,121	223,997	225,754	232,380	229,594
535	619	592	511	607	606
369	374	369	372	389	389

Table 20

CITY OF DALLAS, TEXAS
HEADCOUNT OF CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
Last Ten Fiscal Years (Unaudited)

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
City Manager's Office	45	30	20	14	15	14	12	11	13	17
City Attorney	120	116	122	144	144	149	153	157	150	159
City Auditor	31	28	20	19	22	22	22	23	25	19
City Controller's Office	42	42	44	42	42	42	41	47	48	54
City Secretary	16	14	14	15	14	15	17	18	21	23
Code Compliance Services	461	408	401	388	397	404	440	455	345	326
Communication & Information Services	197	164	168	173	170	163	170	188	187	179
Dallas Animal Services	-	-	-	-	-	-	-	-	131	148
Office of Economic Development	41	40	40	41	41	39	36	37	27	24
Environment & Health Service	-	-	-	-	-	-	-	-	-	-
Environmental Quality	-	-	-	-	-	-	-	-	-	-
Equipment and Building Services [2]	384	360	381	435	461	461	452	491	469	-
Equipment & Fleet Management	-	-	-	-	-	-	-	-	-	216
Building Services Department	-	-	-	-	-	-	-	-	-	169
Office of Budget	26	28	30	39	39	47	30	31	34	36
Human Resources	54	50	40	41	47	49	53	54	49	53
Housing & Neighborhood Revitalization	-	-	-	-	-	-	-	-	40	41
Housing	428	412	391	364	357	367	357	304	-	-
Office of Cultural Affairs	46	47	56	64	61	64	63	63	68	64
Emergency Management	-	-	-	-	-	-	-	-	-	-
Municipal Court-Judiciary	40	37	32	34	33	32	29	32	30	27
Courts & Detention Services	170	155	161	151	145	152	158	153	140	202
Office of Procurement Services	42	40	39	39	41	41	40	36	31	34
Planning & Urban Design	-	-	-	-	-	23	28	28	26	25
Sustainable Development & Construction Services	-	-	-	-	-	-	-	-	297	310
Library	360	278	259	264	266	348	391	389	407	415
Management Services	145	137	164	160	164	160	181	199	452	505
Subtotal	2,648	2,386	2,382	2,427	2,459	2,592	2,673	2,716	2,990	3,046
Public Safety										
Police-Uniform	3,662	3,510	3,470	3,463	3,524	3,483	3,354	3,075	3,033	3,077
Police-Civilian	582	550	541	557	540	545	550	624	568	550
Fire-Uniform	1,776	1,738	1,874	1,870	1,867	1,901	1,878	1,811	1,940	1,986
Fire-Civilian	84	84	85	82	92	104	102	105	103	98
Subtotal	6,104	5,882	5,970	5,972	6,023	6,033	5,884	5,615	5,644	5,711
Development Services	198	197	224	237	264	269	280	299	-	-
Public Works										
Public Works & Transportation	305	272	140	143	144	138	137	-	-	-
Streets, Public Works, and Transportation [1]	371	400	496	485	491	510	508	609	633	-
Public Works	-	-	-	-	-	-	-	-	-	445
Trinity Watershed Management	141	147	172	170	193	205	207	209	208	-
Transportation	-	-	-	-	-	-	-	-	-	133
Subtotal	817	819	808	798	828	853	852	818	841	578
Parks and Recreation	634	594	581	598	614	661	729	691	702	690
Water Utilities	1,425	1,369	1,406	1,440	1,432	1,463	1,439	1,439	1,363	1,520
Convention & Events Services	101	83	80	71	74	80	98	111	106	27
Aviation	180	170	178	196	187	203	206	240	261	277
Sanitation	456	451	458	460	472	488	483	487	483	491
Other										
Mayor & Council	36	35	37	37	36	39	37	40	37	39
Employee Retirement	20	20	21	22	19	23	25	28	29	31
Civil Services	14	13	15	18	20	24	22	28	26	27
Office of Risk Management	-	-	23	24	24	22	27	26	36	37
Police & Fire Pension	1	-	-	-	-	-	-	-	-	-
Subtotal	71	68	96	101	99	108	111	122	128	134
Total	12,178	11,568	11,725	11,840	11,980	12,262	12,272	12,538	12,518	12,474

Source: City Human Resources Records

[1] In fiscal year 2017, streets, public works, and transportation were combined.

[2] In fiscal year 2019, Equipment and Building Services were reorganized as two separate departments - Equipment and Fleet Management and Building Services

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APPENDIX D

FORMS OF CO-BOND COUNSEL'S OPINIONS

Proposed Form of Opinion of Co-Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P. and Escamilla & Poneck, LLP, Co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF DALLAS, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE REFUNDING BONDS, SERIES 2020C

AS CO-BOND COUNSEL for the City of Dallas, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $281,825,000. The Bonds bear interest from their date of delivery and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the Constitution and Statutes of the State of Texas, the City Charter of the City, certified copies of the proceedings of the City Council of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1); we do not, however, express any opinion with regard to any statement of insurance printed on the Bonds.

IN OUR OPINION, the Bonds have been authorized and issued in accordance with law, and constitute valid and legally binding special obligations of the City; and, except as may be limited by laws applicable to the City relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, and the exercise of judicial discretion in accordance with general principles of equity, that the interest on and principal of the Bonds, together with outstanding parity bonds, are payable from, and secured by a first lien on and pledge of, the Pledged Revenues. All such revenue bonds are secured ratably by such pledge of revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. The holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by taxation.

THE CITY reserves the right, subject to the restrictions stated, and adopted by reference, in the Ordinance, to issue additional parity obligations payable from and equally secured by a lien on and pledge of the Pledged Revenues in all things on a parity with the Bonds.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the availability and sufficiency of the Pledged Revenues. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

Proposed Form of Opinion of Co-Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P. and Escamilla & Poneck, LLP, Co-Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

CITY OF DALLAS, TEXAS
WATERWORKS AND SEWER SYSTEM
REVENUE REFUNDING BONDS, TAXABLE SERIES 2020D

AS CO-BOND COUNSEL for the City of Dallas, Texas (the "City"), the issuer of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which Bonds are issued in the aggregate principal amount of $363,665,000. The Bonds bear interest from their date of delivery and mature on the dates specified on the face of the Bonds, and are subject to redemption prior to maturity on the dates and in the manner specified in the Bonds, all in accordance with the ordinance of the City authorizing the issuance of the Bonds (the "Ordinance"). Terms used herein and not otherwise defined shall have the meaning given in the Ordinance.

WE HAVE EXAMINED the Constitution and Statutes of the State of Texas, the City Charter of the City, certified copies of the proceedings of the City Council of the City, and other proofs authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Number T-1); we do not, however, express any opinion with regard to any statement of insurance printed on the Bonds.

IN OUR OPINION, the Bonds have been authorized and issued in accordance with law, and constitute valid and legally binding special obligations of the City; and, except as may be limited by laws applicable to the City relating to bankruptcy, reorganization, and other similar matters affecting creditors' rights, and the exercise of judicial discretion in accordance with general principles of equity, that the interest on and principal of the Bonds, together with outstanding parity bonds, are payable from, and secured by a first lien on and pledge of, the Pledged Revenues. All such revenue bonds are secured ratably by such pledge of revenues in such manner that no one Bond shall have priority of lien over any other Bond so secured. The holder or holders of the Bonds shall never have the right to demand payment out of money raised or to be raised by taxation.

THE CITY reserves the right, subject to the restrictions stated, and adopted by reference, in the Ordinance, to issue additional parity obligations payable from and equally secured by a lien on and pledge of the Pledged Revenues in all things on a parity with the Bonds.

THE BONDS ARE NOT obligations described in section 103 of the Internal Revenue Code of 1986.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as co-Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the City as to the availability and sufficiency of the Pledged Revenues. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,

APPENDIX E

DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM AND
GLOBAL CLEARANCE PROCEDURES

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BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or (3) DTC will serve and act in the manner described in this Official Statement. The City and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participants to make any payment or give any notice to a Beneficial Owner with respect to the Bonds or an error or delay relating thereto. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear Bank S.A/N.V. as operator of the Euroclear System ("Euroclear") or Clearstream Banking, S.A. ("Clearstream") (DTC, Euroclear and Clearstream together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the City and the Underwriters believe to be reliable, but none of the City or the Underwriters take any responsibility for the accuracy, completeness or adequacy of the information in this section. Investors wishing to use the facilities of any of the Clearing Systems for the Bonds are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The City and the Underwriters will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Clearing Systems

DTC Book-Entry-Only System.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each series and maturity of the Bonds, each in the aggregate principal amount of such series and maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law (N.Y. Banking Law 2 (Consol. 2018)), a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Obligation (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all Bonds of the same series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Euroclear and Clearstream. Euroclear and Clearstream have advised the City as follows:

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

General. The Taxable Series 2020D Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, or Clearstream and Euroclear in Europe if the investors are participants in those systems, or indirectly through organizations that are participants in the systems. For any of such Taxable Series 2020D Bonds, the record holder will be DTC's nominee. Clearstream and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositories.

The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream participant on that business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants or Euroclear participants may not deliver instructions directly to the depositories.

The City and the Underwriters will not impose any fees in respect of holding the Taxable Series 2020D Bonds; however, holders of book-entry interests in the Taxable Series 2020D Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement. Interests in the Taxable Series 2020D Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Taxable Series 2020D Bonds through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Taxable Series 2020D Bonds will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the date of delivery of the Taxable Series 2020D Bonds against payment (value as on the date of delivery of the Taxable Series 2020D Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Taxable Series 2020D Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Taxable Series 2020D Bonds following confirmation of receipt of payment to the City on the date of delivery of the Taxable Series 2020D Bonds.

Secondary Market Trading. Secondary market trades in the Taxable Series 2020D Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Taxable Series 2020D Bonds may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Book-entry interests in the Taxable Series 2020D Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Taxable Series 2020D Bonds between Euroclear or Clearstream and DTC may be effected in accordance with procedures established for this purpose by Euroclear, Clearstream and DTC.

Special Timing Considerations. Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Taxable Series 2020D Bonds through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Taxable Series 2020D Bonds, or to receive or make a payment or delivery of Taxable Series 2020D Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information. The City and the Underwriters expect that the Taxable Series 2020D Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification number, common code and CUSIP number for the Taxable Series 2020D Bonds are set out on page ii of this Official Statement.

General. None of Euroclear, Clearstream or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the City, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the City and the Paying Agent/Registrar will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Bonds, references in this Official Statement to registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Because DTC is treated as the owner of the Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the City or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Bonds that may be transmitted by or through DTC.

The City will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any Bonds;

- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Paying Agent/Registrar, of any notice with respect to any Bonds including, without limitation, any notice of redemption with respect to any Bonds;

- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Paying Agent/Registrar, of any amount with respect to the principal of, premium, if any, or interest on, any Bonds; or

- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, the City may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the Bonds;

- giving notices of redemption and other matters with respect to the Bonds;

- registering transfers with respect to the Bonds; and

- the selection of Bonds for redemption.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City and the Underwriters believe to be reliable, but the City and the Underwriters take no responsibility for the accuracy thereof.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Bond certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinances.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners or bondholders should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "THE BONDS-Transfer, Exchange and Registration" below.

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