Basic Financial Statements and Report of Independent Certified Public Accountants

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

September 30, 2024

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

**FINANCIAL STATEMENTS**

**For Fiscal Year Ended September 30, 2024**

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972-490-1970

# Independent Auditor's Report

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

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying statement of net position of the Airport Revenues Fund (the Fund), an Enterprise Fund of the City of Dallas, Texas (the City), as of and for the year ended September 30, 2024, and the related statements of revenues, expenses and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Airport Revenues Fund of the City of Dallas, Texas, as of September 30, 2024, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 1 to the basic financial statements, the financial statements present only the Airport Revenues Fund and do not purport to, and do not, present fairly the financial position of the City of Dallas, Texas, as of September 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the schedule of changes in the city's net pension liability and related ratios, the schedule of city contributions to pension plan, notes to schedule of city contributions to pension plan, and the schedule of changes in the City's total liability and related ratios - Other Postemployment Benefits on pages 60 through 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
April 18, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2024
(Amounts in thousands)

As management of the Airport Revenues Fund (the "Fund"), an enterprise fund of the City of Dallas (the "City"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Fund (including the activities of a blended component unit, the Love Field Airport Modernization Corporation "the LFAMC") for the fiscal year ended September 30, 2024. The Fund's management's discussion and analysis is designed to (1) assist the reader in focusing on significant issues, (2) provide an overview of the fund's financial activity, (3) identify changes in the fund's financial position (its ability to address the next and subsequent year challenges), and (4) identify fund issues or concerns. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

## FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Fund exceeded its liabilities and deferred inflows of resources at September 30, 2024, by $920.6 million (net position). The unrestricted net position balance was $78.1 million on September 30, 2024.

- The Fund's total net position increased by $82.3 million in fiscal year 2024 and increased by $133.5 million in fiscal year 2023. This represents a decrease of $51.2 million in the change in net position from 2023 to 2024. This was primarily attributable to a decrease of $11.1 million in total revenues, a decrease of $8.9 million in capital contributions, and an increase of $31.7 million in total expenses. The increase in operating expenses was primarily due to changes in estimates for net pension and other post-employment benefits liabilities, deferred inflows of resources, and deferred outflows of resources resulting in an increase of personnel services expenses for the fiscal year ended September 30, 2024. Additional information is available in Note 13. Total revenue decreased primarily due to an increase in concession fees, an increase in rental fees, an increase in landing fees, an increase in investment income, offset by a decrease in intergovernmental revenue. Total expenses increased primarily due to an increase in contractual services, an increase in personnel services and an increase in depreciation expense, and, offset by a decrease in interest expense on bonds and notes.

- The total balance of the revenue obligation bonds outstanding was $461.9 million, including premium of $46.1 million, at September 30, 2024.

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## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Financial Statements

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

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

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

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

### Notes to the Basic Financial Statements

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

## FINANCIAL ANALYSIS

The Fund's combined net position was $920.6 million as of September 30, 2024. This analysis focuses on the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position (Table 1) and changes in fund net position (Table 2) of the Fund's activities.

**Table 1**
**Condensed Statements of Net Position**
**(in thousands)**

| | 2024 | 2023 |
|---|---|---|
| Current and other noncurrent assets | $ 416,465 | $ 381,385 |
| Capital assets, net | 1,318,086 | 1,296,966 |
| Deferred outflows of resources | 43,069 | 60,931 |
| Total assets and deferred outflows of resources | 1,777,620 | 1,739,282 |
| Current liabilities | 98,995 | 91,871 |
| Long-term liabilities | 679,307 | 700,183 |
| Deferred inflows of resources | 78,717 | 108,925 |
| Total liabilities and deferred inflows of resources | 857,019 | 900,979 |
| Net position: | | |
| Net investment in capital assets | 735,525 | 692,863 |
| Restricted | 106,982 | 78,910 |
| Unrestricted | 78,094 | 66,530 |
| Net position | $ 920,601 | $ 838,303 |

The largest portion of the Fund's net position reflects its investments in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, infrastructure and right-to-use assets), less any debt used to acquire those assets that is still outstanding. The Fund uses these capital assets to provide services to citizens, and consequently they are not available for future spending. Although the Fund's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities. Net position increased by $82.3 million. Unrestricted net position balance is approximately $78.1 million at September 30, 2024.

As of the end of fiscal year 2024, the Fund's current liabilities increased $7.1 million primarily due to an increase in construction accounts payable and an offset by a decrease in unearned revenue and a decrease in account payable. The Fund's long-term liabilities decreased $20.9 million primarily due to a decrease in net pension liability and a decrease in other postemployment benefits liability.

**FINANCIAL ANALYSIS - Continued**

Analysis of the Operations of the Airport Revenues Fund

The following table provides a summary of the Fund's operations for the year ended September 30, 2024.

**Table 2**
**Changes in Fund Net Position**
**(in thousands)**

| | 2024 | 2023 |
|---|---|---|
| Revenues: | | |
| Operating revenues | $ 208,092 | $ 185,572 |
| Passenger Facility Charges (PFC) | 30,411 | 30,972 |
| Intergovernmental | 4,426 | 48,509 |
| Investment income (loss) | 21,101 | 9,905 |
| Gain on property disposal | - | 83 |
| Total revenues | 264,030 | 275,041 |
| Expenses: | | |
| Personnel services | 55,560 | 35,721 |
| Supplies and materials | 10,431 | 9,992 |
| Contractual and other services | 77,645 | 69,268 |
| Depreciation and amortization | 47,426 | 42,436 |
| Interest on bonds, notes and leases | 21,168 | 23,093 |
| Total expenses | 212,230 | 180,510 |
| Income before capital contributions and transfers | 51,800 | 94,531 |
| Capital contributions | 30,498 | 39,379 |
| Transfers out to other city funds | - | (403) |
| Change in net position | 82,298 | 133,507 |
| Net position, beginning of year* | 838,303 | 704,796 |
| Net position, end of year | $ 920,601 | $ 838,303 |

Net position increased $82.3 million in 2024, which represents a decrease of $51.2 million from the change in net position for 2023. This was primarily attributable to a decrease in total revenues and a decrease in capital contributions, offset by an increase in total expenses. The total expenses increased mostly due to increases in pension and other post-employment benefits expenses in the personnel service category. These expenses increased primarily due to changes in estimates for net pension and other post-employment benefits liabilities, deferred inflows of resources, and deferred outflows of resources. Additional information is available in Note 13. The Fund's total revenues decreased $11.1 million, primarily all related to a decrease in intergovernmental revenue, offset by an increase in concession fees, an increase in concession fees, an increase in rental fees and an increase in landing fees. Investment income also increased due to higher interest rates on pooled investment. Capital contributions decreased $8.9 million, primarily due to less amount spent on construction by outside developers.

## FINANCIAL ANALYSIS - Continued

Total expenses increased $31.7 million. The Fund's personnel services increased $19.9 million mainly due to an increase of $16.9 million in pension expenses, an increase of $2.4 million in salaries and wages, and an increase of $556 thousand in overtime expenses. Contractual services increased $8.4 million, primarily due to an increase in security monitoring services, an increase in contractor service fees, an increase in repair and maintenance service for building and an increase in security services. Supplies and material expense increased $439 thousand, and depreciation and amortization expense increased $5.0 million. Additionally, the Fund's interest expense on bonds and notes decreased $1.9 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the Fund had $1.3 billion invested in a broad range of capital assets, net of accumulated depreciation. (See Table 3)

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

| | 2024 | 2023 |
|---|---|---|
| Land | $ 55,898 | $ 55,714 |
| Works of art | 5,574 | 5,574 |
| Construction in progress | 160,018 | 212,113 |
| Buildings | 623,706 | 641,690 |
| Improvements other than buildings | 256,468 | 274,511 |
| Infrastructure assets | 113,094 | 1,161 |
| Equipment | 32,403 | 34,555 |
| Right-to-use-land | 60,884 | 60,884 |
| Right-to-use-building | 9,635 | 10,287 |
| Right-to-use-equipment | 406 | 477 |
| Total | $ 1,318,086 | $ 1,296,966 |

During fiscal year 2024, the Fund's capital assets (net of accumulated depreciation and amortization) increased $21.1 million primarily from infrastructure assets offset by increases to accumulated depreciation and amortization.

During fiscal year 2024, the net decrease in construction in progress of $52.1 million resulted primarily from the completion of construction project, reconstruction of runway 13R 31L, and offset by the following addition of construction projects: Crossfield Taxiway Reconfiguration, reconstruction of taxiway C and D, Dallas Love Field replacement fire station, reconstruction of runway 13R 31L, Dallas Love Field streetscape enhancement, Dallas Executive Airport extended taxiway E and Dallas Love Field parking garage.

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

## CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

Debt

During fiscal year 2024, the Fund had $529.4 million in long-term debt and accretion outstanding, compared to $567 million in the prior fiscal year, as shown in Table 4. Outstanding debt at year end is primarily attributable to LFAMC issued obligations. During fiscal years 2015, 2017 and 2021, the LFAMC issued General Airport Revenue Bonds, Series 2015, Series 2017 and Series 2021. The outstanding balance of the revenue bonds was $461.9 million including the premium of $46.1 million at September 30, 2024. During fiscal year 2011, the LFAMC entered into a revenue credit agreement with an airline carrier, resulting in an obligation, which is reported in the financial statements as a liability. The balance of the obligation for the revenue credit agreement including the premium/discount was $60.2 million at September 30, 2024 and $70.8 million at September 30, 2023.

**Table 4**
**Outstanding Debt at Year End**
**(in thousands)**

| | 2024 | 2023 |
|---|---|---|
| General Airport Revenue Bonds | $ 461,931 | $ 488,643 |
| Pension obligation bonds, including premium, discount, and accretion | 7,272 | 7,560 |
| Obligation for revenue credit agreement | 60,230 | 70,804 |
| Total | $ 529,433 | $ 567,007 |

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

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## FUTURE ECONOMIC FACTORS

The FY 2024-25 budget will create innovative airport experiences by promoting safety and comfort, valuing our employees, developing our facilities, recognizing our unique role in the Dallas community, and contributing a positive economic impact. Dallas Love Field is one of the busiest medium-hub air carrier/general aviation airports in the world and has experienced unprecedented growth in passenger traffic since the repeal of the Wright Amendment in 2014.

The FY 2024-25 budget reflects a $19.5 million increase in revenue due to an increase in enplanements, concessions, parking, and other miscellaneous fees. The fund reflect revenue from airlines (57 percent), parking (15 percent), concessions (13 percent), and other miscellaneous fees (15 percent) from the increase passenger traffic. Dallas Love Field has returned to a pre-pandemic level of passenger traffic with an estimate of 9.9 million enplanements in FY 2024-25. The fund received $16.4 million from the Bipartisan Infrastructure Law from the Bipartisan Infrastructure Law which expires September 2026. Expenditures from FY 2024-25 will increase by $23.2 million due to reflect required debt service payments for Operations and Maintenance cost to operate the airport.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

Statement of Net Position
September 30, 2024
(in thousands)

| | |
|---|---|
| **Assets and Deferred Outflows of Resources** | |
| **Current assets** | |
| Pooled cash and cash equivalents | $ 216,522 |
| Accounts receivable, less allowance for uncollectible accounts ($71) | 18,017 |
| Accrued interest | 1,863 |
| Leases receivable | 22,270 |
| Due from other governments | 14,766 |
| Inventories, at cost | 1,485 |
| Prepaid expenses | 376 |
| Total current assets | 275,299 |
| **Capital assets** | |
| Nondepreciable | 221,490 |
| Depreciable, net of accumulated depreciation | 1,025,671 |
| Right-to-use assets, net of amortization | 70,925 |
| Total capital assets, net | 1,318,086 |
| **Other noncurrent assets** | |
| Restricted assets | |
| Cash and cash equivalents held for construction purposes | 5,062 |
| Cash and cash equivalents for future debt service | 37,383 |
| Cash and cash equivalents held for emergency repairs and replacements | 5,000 |
| Cash and cash equivalents held for operation and maintenance expenses | 14,847 |
| Cash and cash equivalents held for passenger facility charges | 59,645 |
| Other investments held for future debt service | 19,229 |
| Total other noncurrent assets | 141,166 |
| Total assets | 1,734,551 |
| **Deferred outflows of resources** | |
| Deferred loss on refunding | 4,337 |
| Deferred outflows of resources related to other postemployment benefits | 220 |
| Deferred outflows of resources related to pensions | 38,512 |
| Total deferred outflows of resources | 43,069 |
| Total assets and deferred outflows of resources | $ 1,777,620 |

See accompanying notes to basic financial statements.

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

Statement of Net Position (Continued)
September 30, 2024
(in thousands)

| | |
|---|---|
| **Liabilities, Deferred Inflows of Resources, and Net Position** | |
| **Liabilities** | |
| Current liabilities | |
| Accrued payroll | $ 966 |
| Accounts payable | 27,664 |
| Due to other governments | 657 |
| Compensated absences | 1,041 |
| Unearned revenue | 4,537 |
| Pension obligation bonds | 141 |
| Leases | 1,869 |
| SBITA | 66 |
| General airport revenue bonds | 19,680 |
| Obligation for revenue credit agreement | 10,745 |
| Pollution remediation | 140 |
| Other postemployment benefits | 161 |
| Construction accounts payable | 21,655 |
| Accrued interest payable on bonds, notes and other obligations | 9,673 |
| Total current liabilities | 98,995 |
| Noncurrent liabilities | |
| Pension obligation bonds | 2,917 |
| Leases | 65,195 |
| SBITA | 358 |
| Arbitrage rebate | 429 |
| General airport revenue bonds | 442,251 |
| Accreted interest on capital appreciation bonds | 4,214 |
| Obligation for revenue credit agreement | 49,485 |
| Pollution remediation | 26 |
| Compensated absences | 1,199 |
| Other postemployment benefits | 2,949 |
| Net pension liability | 110,284 |
| Total noncurrent liabilities | 679,307 |
| Total liabilities | 778,302 |
| **Deferred inflows of resources** | |
| Deferred inflows of resources related to other postemployment benefits | 829 |
| Deferred inflows of resources related to pensions | 18,117 |
| Deferred inflows of resources related to leases | 21,983 |
| Deferred inflows of resources related to conduit debt | 37,788 |
| Total deferred inflows of resources | 78,717 |
| Total liabilities and deferred inflows of resources | 857,019 |
| **Net position** | |
| Net investment in capital assets | 735,525 |
| Restricted: | |
| Debt service | 27,490 |
| Emergency repairs and replacement | 5,000 |
| Operation and maintenance expenses | 14,847 |
| Passenger facility charges | 59,645 |
| Unrestricted | 78,094 |
| Total net position | $ 920,601 |

See accompanying notes to basic financial statements.

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2024
(in thousands)

| | |
|---|---|
| Operating revenues | |
| Concession fees | $ 81,474 |
| Rental fees | 79,207 |
| Landing fees | 40,939 |
| Charges for services | 5,325 |
| Other | 463 |
| Licenses and permits | 515 |
| Fuel flow fees | 169 |
| Total operating revenues | 208,092 |
| Operating expenses | |
| Personnel services | 55,560 |
| Supplies and materials | 10,431 |
| Contractual and other services | 77,645 |
| Depreciation and amortization | 47,426 |
| Total operating expenses | 191,062 |
| Operating income | 17,030 |
| Non-operating income (expenses) | |
| Passenger Facility Charges (PFC) | 30,411 |
| Intergovernmental | 4,426 |
| Investment Income | 21,101 |
| Interest on bonds and notes | (21,168) |
| Total non-operating income (expenses) | 34,770 |
| Income before capital contributions and transfers | 51,800 |
| Capital contributions | 30,498 |
| Change in net position | 82,298 |
| Net position, beginning of year | 838,303 |
| Net position, end of year | $ 920,601 |

See accompanying notes to basic financial statements.

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

Statement of Cash Flows
For the Year Ended September 30, 2024
(in thousands)

| | |
|---|---|
| Cash flows from operating activities | |
| Cash received from customers | $ 203,622 |
| Cash payments to suppliers for goods and services | (23,423) |
| Cash payments to employees for services | (28,546) |
| Cash payments for contractual services | (71,787) |
| Other operating cash receipts | 391 |
| Net cash provided by operating activities | 80,257 |
| | |
| Cash flows from non-capital financing activities | |
| Principal paid on pension obligation bonds | (658) |
| Interest paid on pension obligation bonds | (48) |
| Intergovernmental operating grant receipts | 4,426 |
| Net cash provided by non-capital financing activities | 3,720 |
| | |
| Cash flows from capital and related financing activities | |
| Acquisition and construction of capital assets | (51,563) |
| Proceeds from sale of capital assets | 90 |
| Principal paid on revenue bonds | (18,740) |
| Principal paid on notes payable and other obligations | (12,073) |
| Interest paid on bonds, notes, and other obligations | (28,761) |
| Passenger facility charges | 31,156 |
| Capital contribution receipts | 20,057 |
| Net cash used in capital and related financing activities | (59,834) |
| | |
| Cash flows from investing activities | |
| Purchase of investments | 20,074 |
| Maturity of investments | (20,074) |
| Investment income | 20,912 |
| Net cash provided by investing activities | 20,912 |
| | |
| Net increase in cash and cash equivalents | 45,055 |
| | |
| Cash and cash equivalents, beginning of year | 293,404 |
| Cash and cash equivalents, end of year | $ 338,459 |

See accompanying notes to basic financial statements.

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

Statement of Cash Flows (Continued)
For the Year Ended September 30, 2024
(in thousands)

| | |
|---|---|
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | $ 17,030 |
| Adjustments to reconcile operating income to net cash provided by operating activities | |
| Depreciation and amortization | 47,426 |
| Changes in assets and liabilities | |
| Increase in accounts and other receivables | (94) |
| Decrease in leases receivable | 11,231 |
| Increase in inventories | (160) |
| Decrease in due from other governments | 340 |
| Increase in deferred outflows related to other post-employment benefits | (34) |
| Decrease in deferred outflows related to pensions | 17,415 |
| Decrease in accounts payable | (7,312) |
| Increase in accrued payroll | 199 |
| Increase in compensated absences | 246 |
| Increase in allowance for doubtful accounts | 7 |
| Decrease in unearned revenue | (3,957) |
| Decrease in other post-employment benefits | (234) |
| Increase in net pension liability | 19,110 |
| Decrease in other liabilities | (2) |
| Decrease in deferred inflows related to other post-employment benefits | (795) |
| Decrease in deferred inflows related to pensions | (8,893) |
| Decrease in deferred inflows for leases | (11,266) |
| Total adjustments | 63,227 |
| Net cash provided by operating activities | $ 80,257 |
| Current assets | |
| Pooled cash and cash equivalents | $ 216,522 |
| Restricted cash and cash equivalents held for construction purposes | 5,062 |
| Restricted cash and cash equivalents held for debt service | 37,383 |
| Restricted cash and cash equivalents for emergency repairs and replacements | 5,000 |
| Restricted cash and cash equivalents for operation and maintenance expenses | 14,847 |
| Restricted cash and cash equivalents for passenger facility charges | 59,645 |
| Total cash and cash equivalents at end of year | $ 338,459 |
| Noncash investing, capital and financing activities | |
| Premium/discount amortization | $ (133) |
| Accretion on capital appreciation bonds | 503 |
| Amortization of deferred gain/loss on refunding | (481) |

See accompanying notes to basic financial statements.

## Note 1. Financial Statement Presentation and Significant Accounting Policies

### Reporting Entity

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

The accompanying financial statements present only the financial position, changes in financial position, and cash flows of the Airport Revenues Fund (the “Fund”) including a blended component unit, the Love Field Airport Modernization Corporation (the “LFAMC”), which is an enterprise fund of the City, and are not intended to and do not present the financial position and changes in financial position, or where applicable, the cash flows of the City. The City also administers other departments, whose operations are reflected in the Annual Comprehensive Financial Report of the City. However, certain disclosures are for the City as a whole, since such information is not available for the Fund on a separate fund basis (see notes 7, 8, 9, 10, and 11).

### Blended Component Units

The criteria considered in determining component unit activities to be reported within the Fund’s basic financial statements include whether: the organization is legally separate (can sue and be sued in their own name), the City appoints a voting majority of the organization’s board, the City is able to impose its will on the organization, the organization has the potential to impose a financial benefit/burden on the City, or there is fiscal dependency by the organization on the City. Blended component units, although legally separate entities, are included as part of the primary government because they meet the above criteria as well as serve or benefit the City exclusively. The City created the LFAMC, a Texas nonprofit local government corporation organized under Subchapter D of Chapter 431 of the Texas Transportation Code. The Corporation was formed to serve as a conduit financing entity for the purpose of issuing bonds to promote the development of the geographic area of the City included at or in the vicinity of Love Field Airport to promote, develop, and maintain the employment, commerce, aviation activity, tourism, and economic development in the city. The LFAMC was created to serve the City exclusively and its activity is included in the Fund’s financial statements and information reported for the LFAMC is as of September 30, 2024.

### Basis of Presentation

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

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

Basis of Accounting

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

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

Cash, Deposits and Investments

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

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

Inventory

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

Prepaid Items

Prepaid items are payments made to vendors for services that will benefit periods beyond September 30, 2024. Prepaid items are recorded using the consumption method.

Restricted Assets

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

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

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

Capital Assets

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

Depreciation is computed using the straight-line method over the estimated useful or service lives of the related assets beginning on the date of acquisition or the date placed in service.

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

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

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

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

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

Leases

The Government Accounting Standards Board defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The Fund has established a materiality threshold of $500 thousand for purposes of recording leases as both a lessee and lessor.

Fund as Lessor

The Fund recognizes a lease receivable and deferred inflow of resources at the beginning of the lease term. In general, the lease receivable and deferred inflows of resources are measured at the present value of the lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. The Fund remeasures the lease receivables at subsequent financial reporting dates if one or more of the following changes have occurred at or before the financial reporting date: change in the lease term; change in the interest rate the lessor charges the lessee; and/or a change in future contingency lease payments to fixed payments for the remainder of the lease.

The key estimates and judgments related to leases include how the Fund determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments. The Fund uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments from the lessee. Leases with payments that depend on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term. Leases with periodic percentage rent increases or flat rate increases that are specified in the lease terms are included in the measurement of the lease receivable.

The Fund calculates the amortization of the discount on the lease receivable on a straight-line basis over the term of the lease and reports that amount as an inflow of resources (for example, interest revenue) for the period. Any payments received are allocated first to the accrued interest receivable and then to the lease receivable. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

The Fund accounts for the partial or full lease termination by reducing the carrying values of the lease receivable and related deferred inflow of resources, and recognizing a gain or loss for the difference. However, if the lease is terminated as a result of the lessee purchasing an underlying asset from the Fund, the carrying value of the underlying asset should be derecognized and included in the calculation of any resulting gain or loss.

The Fund recognizes short-term lease payments as inflows of resources or revenues based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

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

Leases between the City's airport system and air carriers and other aeronautical users are subject to external laws and regulations. As required by Governmental Accounting Standards Board Statement No. 87, certain paragraphs of the standard to not apply to regulated leases. The Fund recognizes inflows of resources or revenues based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period. Additional disclosures regarding regulated leases are included in Note 5.

Fund as Lessee

The Fund recognizes a lease liability and an intangible right-to-use lease asset at the beginning of a lease. In general, the lease liability and the right-to-use lease assets are measured based on the present value of the expected payments during the term of the lease. Remeasurement of a lease liability and right-to-use lease asset occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The key estimates and judgments related to leases include how the Fund determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments. The Fund uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Fund generally uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Fund is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended. Leases with payments that depend on an index or rate, such as the Consumer Price Index or market rate, are initially measured using the index or rate as of the commencement of the lease term. Leases with periodic percentage rent increases or flat rate increases that are specified in the lease terms are included in the measurement of the lease liability.

The Fund calculates the amortization of the discount on the lease liability and reports that amount as outflows of resources or interest expense for the period. Payments are allocated first to accrued interest liability and then to the lease liability.

The Fund amortizes the right-to-use lease asset on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. However, if a lease contains a purchase option that the Fund has determined is reasonably certain of being exercised, the lease asset is amortized over the useful life of the underlying asset. If the underlying asset is nondepreciable, such as land, the lease asset is not amortized. The Fund reports the amortization of the lease asset as an outflow of resources, amortization expense, which is combined with depreciation expense related to other capital assets for financial reporting purposes.

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

The Fund accounts for the partial or full lease termination by reducing the carrying values of the lease asset and lease liability, and recognizing a gain or loss for the difference. However, if the lease is terminated as a result of the Fund purchasing an underlying asset from the lessor, the lease asset will be reclassified to the appropriate class of owned asset.

Leases that are considered a short-term lease (12 months or less), transfers ownership of the underlying asset, assets held as investments, or contain variable payments based on future performance of the Fund or usage of the underlying assets are not included in the measurement of the lease liability. The Fund recognizes payments for short-term leases and variable payments as outflows of resources or expense in the period in which the Fund incurs the obligation for those payments.

Subscription-Based Information Technology Arrangements (SBITA)

The Fund is a subscriber of certain subscription-based information technology arrangements (SBITA). A SBITA is a contract that conveys control of the right to use a vendor's software, alone or in combination with hardware. The accounting treatment is very similar for leases (where the City is lessee) and SBITAs. In each case, the Fund recognizes both a liability and an intangible right-to-use asset in the Government-wide, Proprietary, and Fiduciary Fund financial statements. The right-to-use asset of a SBITA is reported with depreciable capital assets and the liabilities for SBITAs are reported with the long-term liabilities when the SBITA contract term is greater than 12 months. In general, SBITAs with a contract term of 12 months or less are recognized as an outflows of resources or expense.

At the commencement of a SBITA contract, the Fund initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. The SBITA liability is reduced by the principal portion of the subscription payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. The SBITA asset is amortized on a straight-line basis over the shorter of the subscription term or useful life.

The key estimates and judgements related to SBITAs are as follows:

- The Fund has established a materiality threshold of $500 thousand for purposes of recording SBITAs.
- The Fund uses the interest charged by the vendor as the discount rate, when available. If the interest rate charged by the vendor is not available, the City general uses its estimated incremental borrowing rate.
- The subscription term includes the noncancellable period of the SBITA. In determining the subscription term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options or periods after termination options are only included in the subscription term if it is reasonably certain that the SBITA will be extended or not terminated.

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

Liabilities arising from a SBITA are initially measured on a present value basis. SBITA liabilities include the net present value of the following contract payments, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the subscription term:

- Fixed payments;
- Variable payments that depend on an index or a rate (such as the Consumer Price Index or a marked interest rate), measured using the index or rate as of the commencement of the subscription term;
- Variable payments that are fixed in-substance;
- Payments for penalties for terminating the SBITA, if the subscription term reflects the government exercising and option to terminate the SBITA or a fiscal funding or cancellation clause; and
- Any other payments to the SBITA vendor associated with the SBITA contract that are reasonably certain of being required based on an assessment of all relevant factors.

Assets arising from a SBITA are initially measured using the sum of the following, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the subscription term:

- The amount of the initial measurement of the subscription liability;
- Payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, if applicable; and
- Capitalizable initial implementation costs.

The Fund monitors changes in circumstances that may require a remeasurement of its SBITAs and will remeasure the SBITA asset and liability balances if certain changes occur that are expected to significantly affect those balances.

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 Fund's statement of net position, all compensated absence liabilities incurred are recorded as liabilities. At September 30, 2024, liabilities relating to vacation, attendance incentive leave, and sick leave were $2,240.

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

Risk Management

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

Bond Premiums, Discounts, and Issuance Costs

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

Transactions with Other City Departments

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

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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Fund 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.
- Difference between estimated and actual experience related to pensions and other postemployment benefits (OPEB) - These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.

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

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

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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Fund has the following items that qualify for reporting in this category:

- Difference between estimated and actual experience related to pensions and other OPEB - These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.
- Changes in assumptions related to pensions and OPEB – These are amortized as a component of pension and OPEB expense over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and benefits through the pension and OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period.
- Deferred inflows of resources related to leases are reported when the Fund is the lessor. At the commencement of the lease, both a lease receivable and deferred inflow of resources are reported. The deferred inflow of resources is amortized and recognized as inflow of resources (revenue) over the term of the lease.
- Conduit Debt Obligations – When a conduit debt issuer retains title to and third-party obligor has exclusive use of portions of the capital asset, the issuer will recognize a deferred inflows of resources for the entire capital asset at acquisition value. The deferred inflow of resources should be reduced, and inflow of resources should be recognized in a systematic and rational manner over the term of the arrangement.

Net Position

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

Statement of Cash Flows

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

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

New Accounting Pronouncements

During fiscal year 2024, the City adopted the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 99, "Omnibus 2022," the remaining portion of the Statement was implemented as required by GASB during fiscal year ending September 30, 2024. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain Statements and (2) accounting and financial reporting for financial guarantees. While certain portions of the Statement were implemented for fiscal years ended September 30, 2023 and 2022, the implementation for the requirements related to financial guarantees and the practice issues related to classification and reporting of derivative instruments within the scope of Statement 53, Accounting and Financial Reporting for Derivative Instruments, were implemented in fiscal year ending September 30, 2024. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 100 "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62", was implemented as required by GASB during fiscal year ending September 30, 2024. The Statement will enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. The implementation of this statement did not result in any changes to the financial statements.

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

GASB Statement No. 101, "Compensated Absences," will be implemented as required by GASB during fiscal year ending September 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

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

GASB Statement No. 102, "Certain Risk Disclosures," will be implemented as required by GASB during fiscal year ending September 30, 2025. The objective of the Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 103, "Financial Reporting Model Improvements," will be implemented as required by GASB during fiscal year ending September 30, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain applications issues. The City is currently evaluating potential changes to the financial statements as a result of implementation of this Statement.

GASB Statement No. 104, "Disclosure of Certain Capital Assets," will be implemented as required by GASB during fiscal year ending September 30, 2026. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. 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. Cash, Deposits, and Investments

A summary of the carrying amount of cash on hand, deposits, and investments at September 30, 2024 is as follows:

| | Cash and Pooled Investments with City Treasury |
|---|---|
| Deposits | $ 627 |
| Investments-cash and cash equivalents | 215,895 |
| Investments-restricted cash and cash equivalents | 141,166 |
| Total | $ 357,688 |

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

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(Amounts in thousands except where indicated)

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

At September 30, 2024, the investments held for the Fund's General and Investment Pool Programs are as follows:

| | | Fair Value Measurement Using Quoted Prices | |
|---|---|---|---|
| | Total | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| **Investments by Fair Value Level** | | | |
| Federal Agricultural Mortgage Corporation Notes | $ 6,113 | $ - | $ 6,113 |
| Federal Farm Credit Bank Notes | 79,455 | - | 79,455 |
| Federal Home Loan Bank Notes | 52,027 | - | 52,027 |
| Federal Home Loan Mortgage Corporation Notes | 1,960 | - | 1,960 |
| Private Export Funding Corporation | 6,284 | - | 6,284 |
| Commercial Paper | 49,620 | - | 49,620 |
| Municipal Bond | 828 | - | 828 |
| Treasury Bond | 88,196 | 88,196 | - |
| Tennessee Valley Authority Bond | 1,573 | - | 1,573 |
| Total Investments by Fair Value Level | $ 286,056 | $ 88,196 | $ 197,860 |
| **Investments Measured at Fair Value** | | | |
| Local Government Investment Pools | 22,142 | | |
| **Investments Measured at Net Asset Value (NAV)** | | | |
| Money Market Mutual Funds | 291 | | |
| **Investments Measured at Amortized Cost** | | | |
| Local Government Investment Pools | 29,343 | | |
| **Other Investments Measured at Purchase Cost** | | | |
| Repurchase Agreements | 19,229 | | |
| Total Investments | $ 357,061 | | |

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

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

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

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

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

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

Deposit and Investment Risk Disclosures of Funds with the City Treasurer

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

(Amounts in thousands except where indicated)

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

Custodial Credit Risk

Custodial credit risk is the risk that, in 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, 2024, the City was fully collateralized by a letter of credit issued to the City by Federal Home Loan Bank up to $150 million, 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, 2024, all deposits were either insured or collateralized.

Fully collateralized and insured deposits held by custodian banks:

| | |
|---|---|
| Demand Deposits | $ 627 |

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, 2024, the City's investments held by the counterparty, and not insured, are as follows:

| Security Type | Fair Value |
|---|---|
| U.S. Agency Securities and Notes and Municipal Bonds | $ 286,056 |

Concentration of Credit Risk

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

| Agencies and Securities by Issuer | Fair Value | Percent of Total Portfolio |
|---|---|---|
| Federal Agricultural Mortgage Corporation Notes | $ 6,113 | 2.14% |
| Federal Farm Credit Bank Notes | 79,455 | 27.78% |
| Federal Home Loan Bank Notes | 52,027 | 18.18% |
| Federal Home Loan Mortgage Corporation Notes | 1,960 | 0.69% |
| Private Export Funding Corporation | 6,284 | 2.20% |
| Commercial Paper | 49,620 | 17.34% |
| Municipal Bond | 828 | 0.29% |
| Treasury Bond | 88,196 | 30.83% |
| Tennessee Valley Authority Bond | 1,573 | 0.55% |
| Total | $ 286,056 | 100.00% |

(Amounts in thousands except where indicated)

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

Credit Risk

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

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

| Security Type | Fair Value | Percent of Total Portfolio | S&P/Moody's Ratings |
|---|---|---|---|
| Money market mutual funds and investment pools | $ 51,776 | 15.33% | AAAm/Aaa |
| Federal Agricultural Mortgage Corporation Notes | 6,113 | 1.82% | Not Rated |
| Other U.S. Agency securities and Treasury Bond | 279,943 | 82.85% | AA+/Aaa |
| Total Portfolio | $ 337,832 | 100.00% | |
| Repurchase Agreements | 19,229 | | |
| Total Investments | $ 357,061 | | |

(Amounts in thousands except where indicated)

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

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 3 years. The weighted average maturity of the securities held in the City's portfolio at September 30, 2024 is as follows:

| Security Type | Fair Value | Weighted Average Maturity (days) |
|---|---|---|
| Money market mutual funds | $ 291 | 1 |
| Local Government Investment Pools | 51,485 | 35 |
| U.S. Agency securities and Treasury Bond | 286,056 | 771 |
| Total Portfolio | $ 337,832 | 564 |
| Repurchase Agreements | 19,229 | |
| Total Investments | $ 357,061 | |

The remainder of this page intentionally left blank.

(Amounts in thousands except where indicated)

Note 3. Capital Assets

The Fund's capital asset activity for the year ended September 30, 2024 is as follows:

| | Balance, September 30, 2023 | Additions | Deletions | Balance, September 30, 2024 |
|---|---|---|---|---|
| Capital assets, not being depreciated | | | | |
| Land | $ 55,714 | $ 184 | $ - | $ 55,898 |
| Works of art | 5,574 | - | - | 5,574 |
| Construction in progress | 212,113 | 65,232 | (117,327) | 160,018 |
| Total capital assets, not being depreciated | 273,401 | 65,416 | (117,327) | 221,490 |
| Capital assets, being depreciated | | | | |
| Buildings | 899,079 | 25 | - | 899,104 |
| Improvements other than buildings | 463,547 | 1 | - | 463,548 |
| Infrastructure | 4,896 | 117,326 | - | 122,222 |
| Equipment | 103,881 | 3,105 | (77) | 106,909 |
| Total capital assets, being depreciated | 1,471,403 | 120,457 | (77) | 1,591,783 |
| Less accumulated depreciation for | | | | |
| Buildings | (257,389) | (18,009) | - | (275,398) |
| Improvements other than buildings | (189,036) | (18,044) | - | (207,080) |
| Infrastructure | (3,735) | (5,393) | - | (9,128) |
| Equipment | (69,326) | (5,257) | 77 | (74,506) |
| Total accumulated depreciation | (519,486) | (46,703) | 77 | (566,112) |
| Total capital assets being depreciated, net | 951,917 | 73,754 | - | 1,025,671 |
| Right-to-use assets | | | | |
| Land | 60,884 | - | - | 60,884 |
| Buildings | 11,591 | - | - | 11,591 |
| Equipment | 548 | - | - | 548 |
| Total capital assets, being amortized | 73,023 | - | - | 73,023 |
| Less accumulated amortization for | | | | |
| Buildings | (1,304) | (652) | - | (1,956) |
| Equipment | (71) | (71) | - | (142) |
| Total accumulated amortization | (1,375) | (723) | - | (2,098) |
| Total right-to-use assets being amortized, net | 71,648 | (723) | - | 70,925 |
| Total capital assets, net | $ 1,296,966 | $ 138,447 | $(117,327) | $ 1,318,086 |

(Amounts in thousands except where indicated)

Note 4. Long-term Debt

The changes in the Fund's long-term liabilities for the year ended September 30, 2024 are as follows:

| | Balance, September 30, 2023 | Additions | Deletions | Balance, September 30, 2024 | Due Within One Year |
|---|---|---|---|---|---|
| Airport Revenue Bonds | | | | | |
| General Airport Revenue Bonds 2015 | $ 87,780 | $ - | $ 4,955 | $ 82,825 | $ 5,205 |
| General Airport Revenue Bonds 2017 | 98,945 | - | 5,050 | 93,895 | 5,300 |
| General Airport Revenue Bonds 2021 | 247,855 | - | 8,735 | 239,120 | 9,175 |
| Add: Net premium/discount | 54,063 | - | 7,972 | 46,091 | - |
| Total Airport Revenue Bonds | 488,643 | - | 26,712 | 461,931 | 19,680 |
| Pension Obligation Bonds | 2,334 | - | 658 | 1,676 | 141 |
| Add: Net Premium/Discount | 1,515 | - | 133 | 1,382 | - |
| Add: Accretion | 3,711 | 503 | - | 4,214 | - |
| Total Pension Obligation Bonds | 7,560 | 503 | 791 | 7,272 | 141 |
| Total Bonds Payable | 496,203 | 503 | 27,503 | 469,203 | 19,821 |
| Direct Borrowings | | | | | |
| Leases | 68,842 | - | 1,778 | 67,064 | 1,869 |
| SBITA | 489 | - | 65 | 424 | 66 |
| Obligation for revenue credit obligation | 69,595 | - | 10,230 | 59,365 | 10,745 |
| Add: Net premium/discount | 1,209 | - | 344 | 865 | - |
| Total direct borrowings | 140,135 | - | 12,417 | 127,718 | 12,680 |
| Other liabilities | | | | | |
| Compensated absences payable | 1,994 | 1,471 | 1,225 | 2,240 | 1,041 |
| Pollution remediation | 73 | 658 | 565 | 166 | 140 |
| Other postemployment benefits | 3,344 | 366 | 600 | 3,110 | 161 |
| Net pension liability | 91,174 | 20,395 | 1,285 | 110,284 | |
| Arbitrage rebate | - | 429 | - | 429 | - |
| Total other liabilities | 96,585 | 23,319 | 3,675 | 116,229 | 1,342 |
| Total long-term debt | $ 732,923 | $ 23,822 | $ 43,595 | $ 713,150 | $ 33,843 |

General Airport Revenue Bonds

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

(Amounts in thousands except where indicated)

Note 4. Long-term Debt (continued)

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

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

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

| Fiscal | General Airport Revenue Bonds | | |
|---|---|---|---|
| Year | Principal | Interest | Total |
| 2025 | $ 19,680 | $ 19,173 | $ 38,853 |
| 2026 | 20,660 | 18,165 | 38,825 |
| 2027 | 21,695 | 17,106 | 38,801 |
| 2028 | 22,780 | 15,994 | 38,774 |
| 2029 | 23,920 | 14,826 | 38,746 |
| 2030-2034 | 149,815 | 53,145 | 202,960 |
| 2035-2040 | 157,290 | 18,029 | 175,319 |
| Total | $415,840 | $ 156,438 | $ 572,278 |

(Amounts in thousands except where indicated)

Note 4. Long-term Debt (continued)

Pension Obligation Bonds

The Fund's pension obligation bonds outstanding as of September 30, 2024 are as follows:

| | Maturity | Rates | Amount |
|---|---|---|---|
| Series 600 | 2,035 | 3.24% to 5.19% | $ 879 |
| Series 601 | 2,035 | 4.10% to 5.48% | 797 |
| Total | | | $ 1,676 |

The following is a summary of the future principal and interest requirements for the Fund's pension obligation bonds at September 30, 2024:

| Fiscal | Pension Obligation Bonds | | |
|---|---|---|---|
| Year | Principal | Interest | Total |
| 2025 | $ 141 | $ 647 | $ 788 |
| 2026 | 142 | 672 | 814 |
| 2027 | 141 | 697 | 838 |
| 2028 | 141 | 723 | 864 |
| 2029 | 141 | 749 | 890 |
| 2030-2034 | 707 | 4,171 | 4,878 |
| 2035-2040 | 263 | 803 | 1,066 |
| Total | $ 1,676 | $ 8,462 | $ 10,138 |

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

Note 4. Long-term Debt (continued)

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

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

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

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

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

All of the assets ultimately acquired by the bonds belong to the City at the time of acquisition pursuant to an Agreement for Donation and Assignment entered into between the City and the airline carrier. The bonds are a special obligation for which the airline carrier has guaranteed the principal and interest payments on the bonds, payable solely from the facilities payments to be made pursuant to the terms of the Special Facilities Agreement and other funds constituting the trust estate under the indenture, including any amounts received under the guaranty. The bonds do not constitute a debt or pledge of the faith and credit of the LFAMC, the City, the County, or the State of Texas, and accordingly have not been reported in the accompanying financial statements. In September 2021, the Special Facilities Revenue Bonds, Series 2010, were refunded with General Airport Revenue Bonds, Series 2021. As a result, the revenue credit agreement decreased approximately $310 million. The new General Airport Revenue Bonds are described in note 4. As of September 30, 2024, the Special Facilities Revenue Bonds or conduit debt obligation outstanding was $59.4 million, and the conduit debt obligation will mature on November 1, 2028.

Note 4. Long-term Debt (continued)

Airport Revenues Obligation for Revenue Credit Agreement (Direct Borrowing)

The revenue credit agreement entered into between the City and the airline carrier was made possible as a result of the rate making provisions of the Airport Use and Lease Agreement which provide for the annual calculation of airline rates and charges sufficient to recover among other things, debt service on the bonds. While the crediting back of money to the airline carrier under the revenue credit agreement will be done pursuant to a contractual agreement between the City and the airline carrier, such revenue credits are not pledged to the payment of debt service on the Bonds. The City has determined the obligation under the revenue credit agreement to be a liability, and accordingly has recorded the obligation in the accompanying financial statements. The interest rates for the obligation range between 4.39 percent to 5.48 percent, and the obligation will be amortized over a period of 30 years. The balance of the obligation for the revenue credit agreement was $59.4 million with the premium of $865 thousand for a total balance of $60.3 million, on September 30, 2024. The schedule of principal and interest payments required for the obligation is provided on the following page (in thousands):

| Fiscal Year | Airport Revenue LFAMC Obligation for Revenue Credit Agreement Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 10,745 | $ 2,699 | $ 13,444 |
| 2026 | 11,280 | 2,149 | 13,429 |
| 2027 | 11,845 | 1,571 | 13,416 |
| 2028 | 12,435 | 964 | 13,399 |
| 2029 | 13,060 | 327 | 13,387 |
| Total | $ 59,365 | $ 7,710 | $ 67,075 |

The balance of the deferred inflows of resources related to the Airport Revenues Fund – LFAMC conduit debt obligation was $37,788 as of September 30, 2024.

| Deferred Inflows of Resources | Balance, September 30. 2024 |
|---|---|
| Airport Revenues Fund - LFAMC | $ 37,788 |

Note 4. Long-term Debt (continued)

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

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

The commercial paper notes, AMT Series are supported by a credit agreement with JPMorgan Chase Bank, N.A., and currently extends through December 18, 2025, following an extension of the credit agreement in Fiscal Year 2022-23. The AMT Series notes have an aggregate available amount not to exceed approximately $161.1 million, which includes $150 million of principal together with approximately $11.1 million of accrued interest for a maximum maturity date not to exceed 270 days at a rate not to exceed 10 percent per annum. During fiscal year 2024, no commercial paper was issued. There were no commercial paper notes outstanding as of September 30, 2024.

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

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(Amounts in thousands except where indicated)

Note 5. Leases

As Lessor

The Fund leases some of its land, buildings and airport hangars. Most leases have initial terms, but not greater than 52.40 years and may contain one or more renewals at the Fund's and lessor's option. The Fund has generally included these renewal periods in the lease term when it is reasonably certain that the Fund will exercise the renewal option. The Fund's lease arrangements do not contain any material residual value guarantees, but some leases have a minimum annual guarantee for some lessees. There were variable lease payments in the Fund for some concessions leases noted below. The Fund utilizes its incremental borrowing rate to discount the lease payments.

As of September 30, 2024, the Fund's leases receivable balance of $22,270 was comprised of the following:

| | |
|---|---|
| Various land leases with revenue totaling $9 during fiscal year 2024, at interest rates of 2.06 percent, with remaining lease terms of 49.43 years. | $ 697 |
| Various building leases with revenue totaling $224 during fiscal year 2024, at interest rates ranging from 0.57 to 3.08 percent, with remaining lease terms ranging from 1.08 to 33.11 years | 21,573 |
| Total lease receivable | $ 22,270 |

The Fund expects to receive the following leases receivable amounts in subsequent years as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 11,308 | $ 191 | $ 11,499 |
| 2026 | 3,697 | 133 | 3,830 |
| 2027 | 2,475 | 104 | 2,579 |
| 2028 | 415 | 87 | 502 |
| 2029 | 333 | 83 | 416 |
| 2030-2034 | 1,262 | 339 | 1,601 |
| 2035-2039 | 472 | 259 | 731 |
| 2040-2044 | 482 | 212 | 694 |
| 2045-Thereafter | 1,826 | 346 | 2,172 |
| Total | $ 22,270 | $ 1,754 | $ 24,024 |

The balance of the deferred inflows resources related to the lease payments receivable was $21,983 as of September 30, 2024.

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

| Inflows of Resources | Airport Revenues |
|---|---|
| Lease Revenue | $ 11,266 |
| Interest Revenue | 261 |

(Amounts in thousands except where indicated)

Note 5. Leases (continued)

Variable Payment Leases

The Fund has some leases that have variable components, or contract terms that require tenants to pay the greater of either a monthly minimum rent or a percentage rent based on revenues generated by the lessee. Percentage rents and other variable payments in excess of the minimum guarantee rent are not included in the measurement of the lease receivable. During fiscal year 2024, inflow of resources for percentage of variable rents totaled $6,820 and were comprised of the following:

| Concession Categories | Inflows of Resources |
|---|---|
| Food & Beverage | $ 5,520 |
| Miscellaneous Concessions | 1,064 |
| Retail | 236 |
| | $ 6,820 |

Regulated Leases

The Fund does not recognize a lease receivable and a deferred inflow of resources for regulated leases and deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration regulated aviation leases between airports, air carriers and other aeronautical users. Regulated leases include the Airline Lease Agreement and related airline leases, as well as contracts with Fixed Based Operators (“FBOs”), General Aviation (GA), and fuel farms. These agreements are non-cancellable with remaining lease terms ranging from less than 1 years to 36 years and generally expire between 2025 and 2058, with options to extend or month-to-month, which shall be deemed to amend, restate and supersede Airline’s existing Lease as of the effective date hereof.

Under the agreements with Southwest Airlines, American Airlines, United, and Delta have exclusive and preferential use of certain space and facilities of the terminal and preferential use of certain apron areas. Regulated leases include but not limited to buildings, hangars, ticket areas, concourse, baggage areas, gate hold rooms, and aprons. The following table defines the use of space below:

Love Field Airport

| | American Airlines | United | Southwest | Delta | Total Love Field Airport |
|---|---|---|---|---|---|
| Ticket Areas | 2,294 sq. ft. | 2,100 sq. ft. | 13,025 sq. ft. | 346 sq. ft. | 17,765 sq. ft. |
| Concourse Areas | 2,755 sq. ft. | 1,455 sq. ft. | 68,968 sq. ft. | - sq. ft. | 73,178 sq. ft. |
| Baggage Areas | 7,888 sq. ft. | 7,210 sq. ft. | 46,235 sq. ft. | 1,782 sq. ft. | 63,115 sq. ft. |
| Gate Holdrooms | 4,632 sq. ft. | 5,998 sq. ft. | 41,912 sq. ft. | - sq. ft. | 52,542 sq. ft. |
| Aprons - leasable airline spaces | 2 | 2 | 16 | - | 20 |

Dallas Executive Airport and Love Field Airport (DEA)

| | Total DEA |
|---|---|
| Regulated Areas | 8,646,531 sq. ft. |

Note 5. Leases (continued)

The future expected minimum rentals to be received from the Love Field Airport and Dallas Executive Airport for the existing regulated leases as of September 30, 2024 are as follows (in thousands):

| Fiscal Year Ending September 30, 2024 | Minimum Rentals |
|---|---|
| 2025 | $ 74,403 |
| 2026 | 73,953 |
| 2027 | 73,953 |
| 2028 | 71,825 |
| 2029 | 9,410 |
| 2030-2034 | 45,605 |
| 2035-2039 | 43,951 |
| 2040-2044 | 38,763 |
| 2045 - Thereafter | 76,651 |
| Total minimum lease rentals | $ 508,514 |

As Lessee

The Fund has entered into various lease agreements as lessee primarily for land and building. Most leases have initial terms of up to 22.10 years and contain one or more renewal periods in the lease term at the City's option, generally for three-year or five-year periods. Generally, renewal periods have been included in the lease term when it is reasonably certain that the Fund will exercise the renewal option. The Fund's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. The Fund's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the Fund's leases is not readily determinable, the Fund utilizes its incremental borrowing rate to discount the lease payments.

(Amounts in thousands except where indicated)

Note 5. Leases (continued)

As of September 30, 2024, the Fund's leases payable balance of $67,064 was comprised of the following:

| | |
|---|---|
| Various land leases with expenditures totaling $4,570 during fiscal year 2024, at interest rates 5.65 percent, with remaining lease terms ranging from 20.93 to 22.10 years. | $ 56,862 |
| Various building leases with expenditures totaling $945 during fiscal year 2024, at interest rates ranging from 1.55 to 5.65 percent, with remaining lease terms ranging from 7.34 to 22.10 years. | 10,202 |
| | $ 67,064 |

The annual payment requirements to amortize the long-term leases payable for the Fund as of September 30, 2024, including principal and interest payments to maturity are as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 1,869 | $ 3,646 | $ 5,515 |
| 2026 | 1,988 | 3,550 | 5,538 |
| 2027 | 2,097 | 3,448 | 5,545 |
| 2028 | 2,205 | 3,340 | 5,545 |
| 2029 | 2,318 | 3,226 | 5,544 |
| 2030-2034 | 12,544 | 14,217 | 26,761 |
| 2035-2039 | 15,530 | 10,388 | 25,918 |
| 2040-2044 | 20,586 | 5,332 | 25,918 |
| 2045-Thereafter | 7,927 | 431 | 8,358 |
| Total | $ 67,064 | $ 47,578 | $ 114,642 |

The remainder of this page intentionally left blank.

(Amounts in thousands except where indicated)

Note 6. Subscription-Based Information Technology Arrangements (SBITA)

The Fund is obligated under a contract covering certain subscription-based information technology arrangements (SBITA) that expire in the next 5.65 years. Most SBITA contracts have initial terms of up to five years and contain one or more renewal options. The Fund generally includes these renewal periods in the subscription term when it is reasonably certain that the City will exercise the renewal option and the contract is not deemed cancellable. The Fund's SBITA contracts do not contain any material variable payments not previously included in the measurement of the subscription liability. As the interest rate implicit in the City's agreements are not readily determinable, the City utilizes its incremental borrowing rate to discount the SBITA payments to the present value.

As of September 30, 2024, the Fund's SBITA payable balance of $424 was comprised of the following:

| Interest Rates | Remaining Term | Principal and Interest Payments 9/30/2024 |
|---|---|---|
| 2.63 | 5.65 years | $ 453 |

The Fund expects to pay the following amounts for the SBITAs in subsequent years as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 66 | $ 10 | $ 76 |
| 2026 | 68 | 8 | 76 |
| 2027 | 70 | 5 | 75 |
| 2028 | 72 | 4 | 76 |
| 2029 | 73 | 2 | 75 |
| 2030-2034 | 75 | - | 75 |
| Total | $ 424 | $ 29 | $ 453 |

Note 7. Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

(Amounts in thousands except where indicated)

Note 7. Pension Plan (continued)

Employees covered by benefit terms

At December 31, 2023, the following numbers of employees were covered by the benefit terms:

| | ERF |
|---|---|
| Retirees and beneficiaries currently receiving benefits | 7,914 |
| Inactive members entitled to benefits but not yet receiving them | 2,107 |
| Current members | 7,891 |
| Total | 17,915 |

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, 2024. The City's contribution of 22.68 percent is divided into 14.46 percent cash to the Plan and 8.22 percent for debt service payments on the pension obligation bonds. For fiscal year 2024, the City contribution was $80 million.

(Amounts in thousands except where indicated)

Note 7. Pension Plan (continued)

Actuarial Assumptions

The total ERF pension liabilities in the December 31, 2023 actuarial valuations were determined using the following actuarial assumptions for the plan, applied to all periods included in the measurement:

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

(Amounts in thousands except where indicated)

Note 7. Pension Plan (continued)

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

| | ERF | |
|---|---|---|
| Asset Class | Target Allocation | Long-term RROR |
| Domestic equity | 12.50% | 5.00% |
| International equity | 12.50% | 6.00% |
| Global equity | 7.50% | 5.60% |
| Low volatility global equity | 12.50% | 6.21% |
| Fixed income | 15.00% | 4.75% |
| High yield fixed income | 10.00% | 0.00% |
| Credit opportunities | 5.00% | 7.70% |
| REITs | 2.50% | 5.60% |
| Private real estate -Value Add | 2.50% | 7.40% |
| Private real estate - Core | 5.00% | 5.35% |
| Private equity | 7.50% | 8.65% |
| Global public infrastructure | 5.00% | 7.36% |
| Marketable alternatives | 2.50% | 6.47% |
| Total | 100.00% | |

Discount Rate

ERF: The discount rate used to measure the total pension liability was 5.44 percent. This single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and the municipal bond rate of 3.77 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 pension obligation bonds; (2) the ERF annually earns 7.25 percent on its market value of assets; and (3) the number of active members remains constant in the future. Based on those assumptions and the ERF's funding policy, the resulting single discount rate is 5.54 percent.

(Amounts in thousands except where indicated)

Note 7. Pension Plan (continued)

Changes in the Net Pension Liability

The following table shows the net pension liability as of December 31, 2023:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| **Employees' Retirement Fund** | | | |
| Balances at 12/31/22 | $ 6,502,685 | $ 3,516,279 | $ 2,986,406 |
| Changes for the year: | | | |
| Service cost | 152,774 | - | 152,774 |
| Interest | 346,704 | - | 346,704 |
| Changes of assumptions | (103,487) | - | (103,487) |
| Differences between expected and actual experience | 89,578 | - | 89,578 |
| Contributions - City | - | 73,939 | (73,939) |
| Contributions - Employee | - | 70,025 | (70,025) |
| Net investment income | - | 339,879 | (339,879) |
| Benefit payments, including refunds of employee contributions | (340,997) | (340,997) | - |
| Administrative expense | - | (9,184) | 9,184 |
| Other changes | - | (841) | 841 |
| Net Changes | 144,572 | 132,821 | 11,751 |
| Balances at 12/31/23 | $ 6,647,257 | $ 3,649,100 | $ 2,998,157 |

The amount of the ERF net liability allocated to Airport Revenues was $110,284.

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 5.54 percent for ERF, as well as what the City's net pension liability would be if were calculated using discount rates that are 1-percentage-point lower (4.54 percent) or 1-percentage-point higher (6.54 percent) than the current rates:

| | 1% Decrease | Discount Rate | 1% Increase |
|---|---|---|---|
| ERF | $ 3,875,545 | $ 2,998,155 | $ 2,273,343 |

(Amounts in thousands except where indicated)

Note 7. Pension Plan (continued)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2024, Airport Revenues recognized pension expense of $30,749 for ERF. At September 30, 2024, the City also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | ERF | |
|---|---|---|
| | Deferred Outflows | Deferred Inflows |
| Differences between expected and actual experience | $ 107,640 | $ 5,689 |
| Changes of assumptions | 673,804 | 486,855 |
| Net difference between projected and actual earnings on pension plan investments | 200,586 | - |
| Contributions subsequent to the measurement date | 60,699 | - |
| Total | $ 1,042,729 | $ 492,544 |

Deferred outflows of resources in the amount of $60,700 related to pension contributions in the ERF made subsequent to the measurement date will be recognized as a reduction of the net pension liability during the fiscal year ended September 30, 2024. Deferred inflows of resources in the amount of $736,393 related to the pension will be recognized in pension expense as follows:

| Year Ending 9/30 | Pension Expense |
|---|---|
| 2025 | $ 94,468 |
| 2026 | 246,410 |
| 2027 | 167,880 |
| 2028 | (19,272) |
| Total | $ 489,486 |

The amount of deferred outflows of resources related to pensions allocated to Airport Revenues was $38,512. The amount of deferred inflows of resources related to pensions allocated to Airport Revenues was $18,117.

Note 8. Other Postemployment Benefits

Plan Description

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

Benefits Provided

For pre-65 retired employees hired before January 1, 2010, the City pays on average $712 (not in thousands) per month. The plan is closed to employees hired January 1, 2010 and thereafter. For pre-Medicare retirees who qualify and choose the City health plan, the City pays approximately 50 percent of the actuarial cost and the retiree pays the other 50 percent. There were 1,041 pre-65 retired participants in the health plan at September 30, 2023, the latest data used for this evaluation. Post-Medicare retirees are offered two Medicare Advantage plans along with a Medicare Part D prescription drug plan. The City no longer subsidizes the Medicare Advantage plans for the retirees regardless of hire date. The City pays Part A premiums for a grandfathered group of employees hired before April 1, 1986. The City also pays retiree life insurance for a grandfathered group who retired before January 1, 2002.

Employees Covered by Benefit Terms

| | |
|---|---|
| At September 30, 2024, membership was as follows: | |
| Pre-65 Retirees | 827 |
| Part A Retirees | 285 |
| Active employees | 4,009 |
| Total active participants | 5,121 |

Total Other Post Employment Benefit Liability

The City’s total OPEB liability of $215,663 was measured as of September 30, 2024, and was determined by an actuarial valuation as of that date.

(Amounts in thousands except where indicated)

Note 8. Other Postemployment Benefits (continued)

Actuarial Assumptions

The total OPEB liabilities in the September 30, 2024 actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless other specified:

| | Description |
|---|---|
| Inflation | 2.50% |
| Salary Increases | **Police and Fire:**<br>2.5% to 3.25%, including inflation<br>**Non-Uniformed:**<br>3.0% to 8.25%, including inflation |
| Discount Rate | 3.88%, 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):**<br>Pub-2010 Public Safety Employee Amount-Weighted Table, set forward five years for males, and projected generationally using Scale MP-2019.<br>**Uniform (post-retirement):**<br>Pub-2010 Public Safety Retiree Amount-Weighted Table set back one year for females, projected generationally using Scale MP-2019.<br>**Non-Uniformed (pre-retirement):**<br>Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019).<br>**Non-Uniformed (post-retirement):**<br>2019 Texas Municipal Retirees Mortality Table projected using Scale UMP (Ultimate MP-2019). |
| Healthcare Cost Trend Rates | **Pre-65 Trend:**<br>7.73% for fiscal year 2024 and trending down to an ultimate 3.94% using the Getzen model.<br>**Post-65 Trend:**<br>4.90% for fiscal year 2024 and trending down to an ultimate 3.94% using the Getzen model. |

(Amounts in thousands except where indicated)

Note 8. Other Postemployment Benefits (continued)

The actuarial assumptions used in the September 30, 2024 valuation were based on the results of an experience study on the healthcare-specific participation assumptions, plus assumption changes included in the September 30, 2024 valuation.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| Balance at September 30, 2023 | $ 208,422 |
| Changes for the year: | |
| Service cost | 4,454 |
| Interest | 9,570 |
| Difference between estimated and actual experience | (5,530) |
| Change of assumptions | 11,353 |
| Benefit payments | (12,606) |
| Net changes | 7,241 |
| Balance at September 30, 2024 | $ 215,663 |

Changes of assumptions reflect an increase in the discount rate from 4.63% to 3.88% and an updated medical trend.

The amount of total OPEB liability allocated to Airport Revenues was $3,110.

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 3.88 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 (3.63 percent) or 1-percentage-point higher (5.63 percent) than the current rates:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 234,608 | $ 215,663 | $ 201,715 |

(Amounts in thousands except where indicated)

Note 8. Other Postemployment Benefits (continued)

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

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

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 198,772 | $ 215,663 | $ 238,704 |

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

For the fiscal year ended September 30, 2024, Airport Revenues recognized OPEB expense of ($1,063). At September 30, 2024, 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 | $ - | $ 31,866 |
| Changes of assumptions | 15,244 | 25,589 |
| Total | $ 15,244 | $ 57,455 |

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 |
|---|---|
| 2025 | $ (10,978) |
| 2026 | (10,979) |
| 2027 | (10,979) |
| 2028 | (8,436) |
| 2029 | (1,670) |
| Thereafter | 832 |
| Total | $ (42,210) |

The amount of deferred outflows of resources related to OPEB allocated to Airport Revenues was $220, and the amount of deferred inflows of resources related to OPEB allocated to Airport Revenues was $829.

Note 9. Deferred Compensation

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

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

Note 10. Risk Management-Estimated Claims and Judgements Payable

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

All known City property, primarily buildings and contents, is insured through commercial insurance policies, subject to a $750 thousand deductible per loss occurrence. The amount of settlements have not exceeded the deductible loss per occurrence during the fiscal year ended September 30, 2024; however, the City did receive an advance payment greater than the deductible amount for a claim that has yet to settle.

The City is self-insured for workers' compensation claims. Effective February 1, 2020, the City is insured for workers' compensation losses in excess of $2.5 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.

(Amounts in thousands except where indicated)

Note 10. Risk Management-Estimated Claims and Judgements Payable (continued)

All workers' compensation losses are accumulated in a clearing fund which is being reimbursed by the premiums collected. When losses exceed premiums, the deficiencies are prorated and supplemented by the various applicable funds. Accrued workers' compensation liability consists of incurred but not reported as well as unpaid reported claims of which $58.7 million at September 30, 2024, is recorded in the risk funds. Of this amount, $9.2 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, 2024, in the amount of $12.6 million in the risk funds.

At September 30, 2024, the City estimates its general liability at $15.5 million, of which $4.7 million is estimated to be payable in the next fiscal year. The general liability includes $10.7 million for automobile and general liability and $4.8 million for probable claims and lawsuits.

Changes in the balances of claims liabilities reported in the City's Risk Fund, an internal service fund, during the past fiscal year are as follows:

| | Workers' Compensation | | Health | | General Liability | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Unpaid claims, beginning of year | $ 59,746 | $ 54,738 | $ 11,530 | $ 9,882 | $ 69,503 | $ 62,190 |
| Incurred claims, including incurred but not reported claims (IBNRs) and changes in estimates | 13,957 | 12,744 | 134,176 | 119,093 | 6,635 | 14,770 |
| Claim payments | (13,036) | (12,096) | (144,358) | (131,679) | (60,606) | (5,528) |
| Changes to prior year estimates (IBNR) | (1,941) | 4,360 | 11,318 | 14,234 | 40 | (1,929) |
| Unpaid claims, end of year | $ 58,726 | $ 59,746 | $ 12,666 | $ 11,530 | $ 15,572 | $ 69,503 |

Note 11. Commitments and Contingent Liabilities

Federal and State Grant Commitments

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

Pending Lawsuits and Claims

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

At September 30, 2024, approximately $4.9 million has been accrued in the City’s Risk Fund, an internal service 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 $10.5 million as of September 30, 2024.

Note 12. Pollution Remediation

The Fund is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) is the State regulatory agency that regulates all projects being reported. The method used to calculate the liability is the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2024, the total environmental remediation liability for the Fund $166 thousand and $140 thousand is estimated to be paid in fiscal year 2024. At this time, the Fund is unable to estimate any recoveries to reduce the liability. The specific issues related to the City’s remediation efforts include.

(Amounts in thousands except where indicated)

Note 12. Pollution Remediation (continued)

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

- The Fund has completed a Phase I and II ESA as part of due diligence prior to executing a lease to own agreement. Additional activities are expected to include additional investigation and reporting to TCEQ. No activities were completed in the reporting period and no activities are expected until after the property is occupied, which is still pending. The estimated cost for this project is $26 thousand with no liability expected to be paid in fiscal year 2025.

- At Fund's owned property, Dallas Executive Airport, had a mid-air crash and fire occur during an airshow in November 2022 southwest of Runway 31. Firefighting efforts included application of Aqueous Film Forming Foam (AFFF). Assessment was completed including soil and groundwater investigations were conducted, a Phase II Environmental Site Assessment (ESA) report prepared, and an Affected Property Assessment Report (APAR) reported to TCEQ. A Self-Implementation Notice (SIN) was submitted, and the site was registered in Corrective Action with TCEQ. Activities completed during the reporting period included remediation by excavation of soil, soil sampling, TCEQ report was prepared and submitted to TCEQ, and TCEQ confirmed No Further Action required. Activities expected to be completed during the current period include ongoing Site Management. The estimated cost for this project is $140 thousand and this liability is expected to be paid in fiscal year 2025 with the project being completed.

| | Balance, September 30, 2023 | Additions | Deletions | Balance, September 30, 2024 | Due Within One Year |
|---|---|---|---|---|---|
| Scarborough | $ 26 | $ - | $ - | $ 26 | $ - |
| Dallas Executive Airport | 47 | 658 | 565 | 140 | 140 |
| Total | $ 73 | $ 658 | $ 565 | $ 166 | $ 140 |

## Note 13. Changes in Estimates for Net Pension and Other Post-Employment Benefits Liabilities, Deferred Inflows of Resources, and Deferred Outflows of Resources

During fiscal year 2024, the City reviewed the allocation estimates related to the net pension and other post-employment benefits (OPEB) liabilities. The City determined that an adjustment to the estimates was necessary to more precisely align the net pension and other post-employment benefits liabilities, deferred inflows, deferred outflows, and pension and OPEB expenses with the contributions made to the plans by participating funds and departments. In the year the City implemented GASB Statement No. 68, allocations were determined based contributions in the year of implementation. In subsequent years, changes in these balances were recorded annually using each new year's contribution percentages and previously recorded balances were not adjusted. Under the revised estimate methodology, the City now reverses the prior year's recorded balances and records the new balances each year based on the most recent contribution percentages. This change resulted in a full reallocation of net pension and OPEB balances across funds and departments based on updated contribution-based proportions. These adjustments better reflect staffing changes, departmental reorganizations, and other workforce shifts since implementing GASB Statement No. 68.

The overall total net pension and OPEB liabilities, deferred inflows, deferred outflows, and pension and OPEB expenses for the City remains unchanged; however, the amounts reported in the financial statements for individual funds have been updated accordingly. The effect of this change is reflected in the accompanying financial statements and notes. Comparative amounts for prior periods have not been restated, as the change is considered a refinement in the estimate for the allocation rather than a correction of an error. Management believes this revision provides more precise and transparent financial reporting for stakeholders.

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

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| **Employees' Retirement Fund** | | | | | | |
| Total Pension Liability | | | | | | |
| Service cost | $ 152,774 | $ 94,476 | $ 141,654 | $ 118,452 | $ 124,288 | $ 84,843 |
| Interest | 346,704 | 360,815 | 322,901 | 330,348 | 325,766 | 332,011 |
| Changes of assumptions | (103,487) | 1,226,214 | (1,303,798) | 479,292 | (43,032) | 1,020,969 |
| Differences between expected and actual experience | 89,578 | 56,503 | 30,791 | (82,641) | (7,819) | 4,793 |
| Plan changes | - | - | - | - | - | - |
| Benefit payments, including refunds | (340,997) | (329,686) | (307,038) | (294,323) | (288,445) | (272,496) |
| Net change | 144,572 | 1,408,322 | (1,115,490) | 551,128 | 110,758 | 1,170,120 |
| Total Pension Liability, Beginning | 6,502,685 | 5,094,363 | 6,209,853 | 5,658,725 | 5,547,967 | 4,377,847 |
| Total Pension Liability, Ending (a) | 6,647,257 | 6,502,685 | 5,094,363 | 6,209,853 | 5,658,725 | 5,547,967 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - City | 73,939 | 67,288 | 63,583 | 61,615 | 62,177 | 60,924 |
| Contributions - Employee | 70,025 | 63,428 | 59,256 | 58,359 | 58,314 | 56,772 |
| Net investment income | 339,879 | (368,929) | 578,010 | 229,105 | 550,942 | (167,783) |
| Benefit payments, including refunds | (340,995) | (329,686) | (307,038) | (294,322) | (288,443) | (272,496) |
| Administrative expense | (9,184) | (9,036) | (7,350) | (5,700) | (7,513) | (7,485) |
| Other changes | (841) | - | - | (393) | 298 | 121 |
| Net change | 132,823 | (576,935) | 386,461 | 48,664 | 375,775 | (329,947) |
| Plan Fiduciary Net Position, Beginning | 3,516,279 | 4,093,214 | 3,706,753 | 3,658,089 | 3,282,314 | 3,612,261 |
| Plan Fiduciary Net Position, Ending (b) | 3,649,102 | 3,516,279 | 4,093,214 | 3,706,753 | 3,658,089 | 3,282,314 |
| City's Net Pension Liability (a) - (b) | $ 2,998,155 | $ 2,986,406 | $ 1,001,149 | $ 2,503,100 | $ 2,000,636 | $ 2,265,653 |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 55% | 54% | 80% | 60% | 65% | 59% |
| Covered payroll | $ 530,702 | $ 476,601 | $ 442,863 | $ 428,824 | $ 433,890 | $ 423,723 |
| City's Net Pension Liability as a percentage of covered payroll | 565% | 627% | 226% | 584% | 461% | 535% |

| 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|
| | | | |
| $ 81,178 | $ 133,457 | $ 78,020 | $ 62,065 |
| 325,620 | 305,826 | 313,850 | 290,948 |
| - | (1,227,079) | 1,238,431 | 292,137 |
| (59,066) | (38,327) | (26,829) | (21,967) |
| - | - | - | - |
| (261,690) | (249,639) | (239,960) | (230,243) |
| 86,042 | (1,075,762) | 1,363,512 | 392,940 |
| 4,291,805 | 5,367,567 | 4,004,055 | 3,611,115 |
| 4,377,847 | 4,291,805 | 5,367,567 | 4,004,055 |
| | | | |
| 58,966 | 56,130 | 50,721 | 45,833 |
| 55,175 | 53,436 | 50,742 | 46,536 |
| 413,511 | 294,918 | (53,344) | 207,992 |
| (261,690) | (249,639) | (239,960) | (230,243) |
| (5,951) | (5,343) | (4,598) | (4,150) |
| 207 | 333 | 162 | 157 |
| 260,218 | 149,835 | (196,277) | 66,125 |
| 3,352,043 | 3,202,208 | 3,398,485 | 3,332,360 |
| 3,612,261 | 3,352,043 | 3,202,208 | 3,398,485 |
| | | | |
| $ 765,586 | $ 939,762 | $ 2,165,359 | $ 605,570 |
| 83% | 78% | 60% | 85% |
| $ 421,269 | $ 409,433 | $ 393,186 | $ 353,650 |
| 182% | 230% | 551% | 171% |

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

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|
| **Employees Retirement Fund** | | | | | | |
| Actuarially determined contribution | $ 124,996 | $ 109,527 | $ 107,168 | $ 96,558 | $ 92,567 | $ 85,945 |
| Contributions in relation to the actuarially determined contribution | $ 79,830 | $ 72,640 | $ 68,492 | $ 61,892 | $ 61,798 | $ 62,462 |
| Contribution deficiency (excess) | $ 45,168 | $ 36,887 | $ 38,677 | $ 34,666 | $ 30,769 | $ 23,483 |
| Covered payroll | $ 552,836 | $ 514,451 | $ 497,758 | $ 437,707 | $ 435,198 | $ 434,064 |
| Contributions as a percentage of covered payroll | 14% | 14% | 14% | 14% | 14% | 14% |

(1) Beginning in September 2017, the Texas House Bill 3158 required that contributions to the Plan be based 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.

| 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|
| | | | |
| $ 91,977 | $ 88,547 | $ 81,838 | $ 68,100 |
| $ 60,589 | $ 58,045 | $ 56,987 | $ 49,135 |
| $ 31,388 | $ 30,502 | $ 24,851 | $ 18,965 |
| $ 420,754 | $ 405,062 | $ 389,706 | $ 376,421 |
| 14% | 14% | 15% | 13% |

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

**REQUIRED SUPPLEMENTARY INFORMATION**
**NOTES TO SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLANS**
**Last 10 Fiscal Years**

**Employees' Retirement Fund**

| Valuation date | 12/31/2023 | 12/31/2022 | 12/31/21 | 12/31/20 | 12/31/19 | 12/31/18 | 12/31/17 | 12/31/16 | 12/31/15 | 12/31/14 |
|---|---|---|---|---|---|---|---|---|---|---|
| Timing | The actuarially determined contribution rate is effective October 1 after the valuation date. | | | | | | | | | |
| Actuarial cost method | Entry age normal. | | | | | | | | | |
| Amortization method | 30-year open group projection. The City ordinance authorizing the plan specifies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate. | | | | | 30-year open amortization period level percentage of payroll. The City ordinance authorizing the plan specifies that the rate may not change from year-to-year if the calculated rate is less than 300 basis points different from the current rate. | | | | |
| Asset valuation method | 5-year smoothed market value of assets. | | | | | | | | | |
| Inflation | 2.50% | | | | | 2.75% | | | 3% | |
| Salary increases | 3.0% to 8.25%, including inflation | | | | | 3.25% to 6.25%, including inflation | | | 3.5% to 7%, including inflation | |
| Discount rate | 5.54% | 5.41% | 7.25% | 5.27% | 5.93% | 5.98% | 7.75% | | 8.00% | 8.25% |
| Cost of Living Adjustment | 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. | | | | | | | | 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%. | |
| Mortality | **For actives:**<br>Pub-2010 Mortality Table for General Employees projected using Scale UMP (Ultimate MP-2019).<br>**For healthy retirees:**<br>2019 Texas Municipal Retirees Motility Table projected using Scale UMP (Ultimate MP-2019).<br>**For all disabled lives:**<br>2019 Texas Municipal Retirees Mortality Table, set forward four years for males and three years for females, projected using Scale UMP (Ultimate MP-2019). | | | | | **For actives:**<br>Males - RP-2000 Employee Mortality Table for male employees, set forward 4 years.<br>Females - RP-2000 Employee Mortality Table for female employees, set back 5 years.<br>**For healthy retirees:**<br>Males - RP-2000 Combined with Blue Collar adjustment for male annuitants, with a 109% multiplier and fully generational mortality using improvement scale BB<br>Females - RP-2000 Combined with Blue Collar adjustment for female annuitants, with a 103% multiplier and fully generational mortality using improvement scale BB<br>**For all disabled lives:**<br>RP-2000 Disabled Mortality Table for male annuitants, set forward one year. | | **For actives:**<br>Males - RP-2000 Healthy Mortality Table for male employees, set forward 4 years.<br>Females - RP-2000 Healthy Mortality Table for female employees, set back 5 years.<br>**For healthy retirees:**<br>Males - RP-2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale BB, set forward two years.<br>P2000 Healthy Mortality Table for female annuitants.<br>**For all disabled lives:**<br>RP-2000 Disabled Mortality Table for male annuitants, set forward one year. | | **For actives:**<br>Males - RP-2000 Healthy Mortality Table for male employees, set forward 4 years.<br>Females - RP-2000 Healthy Mortality Table for female employees, set back 5 years.<br>**For healthy retirees:**<br>Males - RP-2000 Healthy Mortality Table for male annuitants, projected to 2007 using mortality improvement scale AA, set forward two years.<br>P2000 Healthy Mortality Table for female annuitants.<br>**For all disabled lives:**<br>RP-2000 Disabled Mortality Table for male annuitants, set forward one year. |

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

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

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 (2) |
|---|---|---|---|---|---|---|---|
| Total OPEB Liability | | | | | | | |
| Service cost | $ 4,455 | $ 4,959 | $ 7,912 | $ 14,023 | $ 16,491 | $ 14,006 | $ 14,817 |
| Interest | 9,571 | 9,666 | 5,867 | 12,940 | 15,775 | 19,813 | 18,420 |
| Changes of assumptions | 11,353 | (4,846) | (38,723) | 12,863 | (47,877) | 82,662 | (26,244) |
| Differences between expected and actual experience | (5,530) | (12,666) | (8,639) | (30,661) | (198) | (42,693) | 6,669 |
| Changes in benefit terms | - | - | - | (255,621) | - | - | - |
| Benefit payments | (12,605) | (10,262) | (11,006) | (18,373) | (18,573) | (19,537) | (21,343) |
| Net change | 7,244 | (13,149) | (44,589) | (264,829) | (34,382) | 54,251 | (7,681) |
| Total OPEB Liability, Beginning | 208,422 | 221,571 | 266,160 | 530,989 | 565,371 | 511,120 | 518,801 |
| Total OPEB Liability, Ending | $ 215,666 | $ 208,422 | $ 221,571 | $ 266,160 | $ 530,989 | $ 565,371 | $ 511,120 |
| Covered employee payroll | $ 1,205,282 | $ 1,127,833 | $ 1,045,494 | $ 983,482 | $ 959,102 | $ 914,916 | $ 877,768 |
| Total OPEB Liability as a Percentage of Covered Employee Payroll | 18% | 18% | 21% | 27% | 55% | 62% | 58% |

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

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

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