

FY2021

City of Arlington, Texas

Annual Comprehensive Financial Report

Year ended September 30, 2021

CITY OF ARLINGTON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2021

PREPARED BY THE FINANCE DEPARTMENT,
ACCOUNTING DIVISION



Jim Ross
Mayor

Trey Yelverton
City Manager

Kathleen Depweg
Acting Finance Director

Amy Mapes, CPA, CGFO
Controller



**CITY OF ARLINGTON, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021
TABLE OF CONTENTS**

	<u>Page</u>
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	vii
Organizational Chart	xii
Certificate of Achievement in Financial Reporting	xiii
Elected Officials and Administrative Officers	xiv
FINANCIAL SECTION	
Independent Auditor Report	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	20
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	22
Reconciliation of the Balance Sheet to the Statement of Net Position of Governmental Funds	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Fund Financial Statements	
Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Fund Net Position	28
Statement of Cash Flows	29
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Position	30
Notes to the Basic Financial Statements	33
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)	
Budgetary Comparison Schedule-General Fund	85
Schedule of Changes in the City’s Net Pension Liability-TMRS	86
Schedule of City Contributions–TMRS	88
Schedule of Changes in the City’s Net Pension Liability-Part-Time Seasonal and Temporary Employees Deferred Income Trust Plan	90
Schedule of Contributions-Part-Time, Seasonal and Temporary Employees Deferred Income Trust Plan	92
Schedule of Changes in the City’s Net OPEB Liability and Related Ratios - Disability Income Plan	94

	<u>Page</u>
Schedule of Contributions-Disability Income Plan	95
Schedule of Changes in the City's Total OPEB Liability and Related Ratios- Postemployment Healthcare Plan	96
Schedule of Changes in the City's Supplemental Death Benefits Fund – TMRS	97
 COMBINING FINANCIAL STATEMENTS	
 Nonmajor Governmental Funds	
Description of Nonmajor Governmental Funds	99
Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	106
 Budgetary Comparison Schedules	
Debt Service Fund	109
Street Maintenance	110
Park Performance	111
Convention and Event Services	112
Water and Sewer Fund	113
Storm Water Utility	114
 Internal Service Funds	
Description of Internal Service Funds	115
Combining Statement of Net Position	116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	118
Combining Statement of Cash Flows	120
 Fiduciary Funds	
Description of Fiduciary Funds	123
Combining Statement of Pension and Other Employee Benefit Trust Funds	124
Combining Statement of Custodial Funds	125
Combining Statement of Changes in Fiduciary Net Position	126
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	127
 Discretely Presented Component Units	
Description of Discretely Presented Component Units	129
Combining Statement of Net Position	130
Combining Statement of Activities	132
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS	
Capital Assets Used in Operation of Governmental Funds By Sources	135
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	136
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes in Capital Assets	137

STATISTICAL SECTION (Unaudited)

Table

Description of Statistical Section		139
Net Position by Component	1	140
Changes in Net Position	2	141
Fund Balance, Governmental Funds	3	144
Changes in Fund Balances, Governmental Funds	4	146
Taxable Property Value	5	148
Direct-Overlapping Property Tax Rates	6	149
Principal Property Tax Payers	7	150
Property Tax Levies and Collections	8	151
Ratio of Outstanding Debt by Type	9	152
Ratio of General Bonded Debt Outstanding	10	153
Direct and Overlapping Governmental Activities Debt	11	154
Pledged Revenue Coverage	12	155
Demographic and Economic Statistics	13	156
Principal Employers	14	157
Full-time Equivalent City Government Employees by Function/Program	15	158
Operating Indicators by Function/Program	16	160
Capital Asset Statistics by Function/Program	17	162
TMRS Analysis of Funding Progress and Contribution Rates	18	164





June 13, 2022

To the Honorable Mayor, Members of Governing Council and Citizens of the City of Arlington (City):

The Finance Department is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Arlington, Texas (the City), for the year ended September 30, 2021, in accordance with the City Charter.

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

Forvis, LLP has issued an unmodified “clean” opinion on the City’s financial statements for the year ended September 30, 2021. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile: Overview and Governance

Arlington was incorporated in 1884 and is located in the center of Dallas/Fort Worth/Arlington metro area, 8 miles south of DFW International Airport. The City operates under home rule charter as a Council-Manager government. The Mayor and eight City Council Members (Council) are vested with local legislative authority. The Mayor and three Council Members are elected citywide and five Council Members are elected by district. In November 2018, voters approved the City Charter term-limit amendment which provides that no person shall:

- ✓ Serve as Mayor for more than three elected terms
- ✓ Serve as a Council Member for more than three elected terms
- ✓ Serve for more than twelve years in combination as a Council member and Mayor

Elected officials serve staggered two-year terms. Mayor and City Council Member details and terms are listed on page xiv of this report. The City Manager is appointed by the Mayor and Council as the chief executive of the municipal government. The Council also appoints members to certain boards, commissions, and authorities, as it deems necessary for the operation of the City.

Arlington provides a full range of municipal services including police and fire protection, water and wastewater utility services, construction and maintenance of highways, streets and infrastructure, and recreational activities and cultural events.

The City includes seven discretely presented component units. These are discussed in the MD&A and the notes to the financial statements.

Financial Planning and Policies

Arlington is proactive in managing its budget and financial position. Legislative budgetary control is at the fund level. Some of the tools used to manage City finances include a multi-year financial plan, capital budget, and annual budget. The City has comprehensive financial policies, which are evaluated annually. These policies are reported on as part of each annual budget. The City strives to take an innovative approach to management. City staff works to identify areas for improvement in processes and policies, and management focuses on developing strong relationships with local and regional partners in nonprofit and for-profit industries. City services and programs are developed according to community and citizen needs in

conjunction with an evaluation of long-term sustainability. City of Arlington management and staff are committed to maintaining a high quality of life for residents of Arlington.

Long Term Financial Planning

The Arlington economy faced challenges in FY2021 that were without precedent due to the public health concerns created by the COVID-19 pandemic. In this environment, the City effectively managed fiscal challenges brought on by the pandemic. The City’s revenue outlook has improved significantly in recent months. Our major revenue sources are projected to improve in FY 2022, particularly revenues from property and sales taxes. For FY 2022 both revenues from sales and property taxes are expected to perform substantially better than the projections made during the height of the pandemic. The top five major employers listed below make up approximately 12% of the total employment of the city. Some of the major employers in the city include the following:

EMPLOYER	BUSINESS TYPE	NUMBER OF EMPLOYEES
Arlington Independent School District	Public Education	8,200
University of Texas at Arlington	Higher Education	5,300
General Motors Company	Automobile Assembly	4,484
Texas Health Resources	Healthcare	4,063
Six Flags Over Texas	Amusement Park	3,800

Major taxpayers include General Motors Company, Oncor Electric Delivery, Arlington Highlands, and S2 Forest Ridge LP/S2 Manchester/Valencia LLC, making up approximately \$1.01B, 3.36% of the City's assessed value.

Arlington has proactively managed its financial condition with a built-in conservative bias. City leaders continue to carefully manage its financial condition and will continue to take feasible steps within their control to preserve Arlington's general obligation bond ratings of Aa1 from Moody’s Investors Service, AAA from Standard and Poor’s and AAA from Fitch.

The FY 2021-22 budget was developed with delivery of core services in mind. Managed savings, restructuring, and ongoing efficiency initiatives have enabled staff to deliver the same high level of service at the lowest possible cost. Arlington prides itself on providing an elevated level of service at the lowest cost possible. The City is continuously looking for new ways to innovate, to save, and to provide the highest value to our residents.

Council has identified the following key priorities for the upcoming year:



The 2021 budget focused on these priorities and maintains the City’s core value of quality and cost-effective service delivery. In 2021 (tax year 2020), the property tax rate is 62.25 cents. The new 2022 rate is .11 cents lower than the previous rate of 62.4 cents (tax year 2019), which was the rate in effect for the previous year.

The FY 2021 tax rate is 62.25 cents per \$100 valuation, which is 0.11 lower than the FY 2020 tax rate of 62.40 cents per \$100 valuation.

Major Initiatives/Highlights

Entertainment District

Texas Rangers Major League Baseball Team/Globe Life Field and Choctaw Stadium

Globe Life Park was renamed Choctaw Stadium, and in addition home to Major League Rugby Team Dallas Jackals starting in 2022. Other events hosted at Choctaw Stadium were the Texas Christkindl Market, the Elf on the Shelf's Magical Holiday Journey, Van Gough: The Immersive Experience, as well as several concerts and sporting events. Globe Life Field was recognized as the best facility debut award in December of 2020. Globe Life Field hosted the 2020 World Series in October 2020. It also was host to several music concerts, college and high school baseball games, the Commanders' Classic College Football Game, as well as the Wrangler National Finals Breakaway Roping Championship.

Texas Live!

Texas Live!, which is located between Texas Rangers' Globe Life Park and the Dallas Cowboys' AT&T Stadium, features over 100,000 square feet of premier dining and entertainment space, a 5,000 person capacity outdoor event pavilion; a full-service 300-room convention hotel, Live! by Loews and a 35,000 square foot meeting/convention facility.

AT&T Stadium

The stadium annually hosts the Cotton Bowl, as well as numerous other special events. The stadium was one of the 2021 Concacaf Gold Cup host stadiums, host of the Rose Bowl and PBR Global Cup USA.

National Medal of Honor Museum

Planned for construction near Globe Life Park and AT&T Stadium, the first national museum of its kind, will open to the public in 2024. During 2021, it announced Chris Cassidy, a retired Navy SEAL and former Chief Astronaut for NASA, will be its new President and CEO. The Foundation has made tremendous progress in elevating the profile of the Medal of Honor and in raising the money necessary to make the undertaking a reality.

Loews Hotels and Co.

In October, Loews Hotels & Co broke ground on a new \$550 million Loews Arlington Hotel and Convention Center. This 888 room hotel, set to open in 2024, will be located across from Live! by Loews, which is a joint venture among Loews Hotels & Co, the Texas Rangers and The Cordish Companies. Future additions to the District will include a mixed-use residential building and a Spark coworking space, both developed by The Cordish Companies.

Other notable 2021 accomplishments include:

- **COVID-19 Response**
The Arlington Fire Department, partnered with ambulance provider American Medical Response, provided 233,000 Covid-19 Vaccines and booster shots and continues its efforts to protect public health during the pandemic. The vaccines were administered at rotating sites between Esports Stadium, Globe Life Field and AT&T Stadium, as well as pop-up vaccination clinics. The new public health Building was opened to offer residents vaccines five days a week.
- **General Motors**
General Motors announced it was making a \$55 million investment at its Arlington Assembly Plant for new tooling and equipment needed to support future production of Chevrolet, GMC and Cadillac full-size SUVs. GM employees assembled the 12th million vehicle in the Arlington Assembly's history.
- **Arlington Tomorrow Foundation**
This foundation was created to ensure financial resources which are acquired from the City's natural gas drilling activities today benefit Arlington and its citizens for generations to come. The interest earned annually from the endowment is awarded as grants to local non-profits and governmental entities to benefit citizens and enhance the natural surroundings and lifestyle of Arlington. In 2021, the Foundation approved over \$9.6 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

- **Bell Textron Inc.**
Bell Textron Inc., a Textron Inc. company, announced plans for a Systems Integration Lab facility at the Bell Flight Research Center in Arlington. This facility will support testing and verification for both the Future Long-Range Assault Aircraft and Future Attack Reconnaissance Aircraft programs, each with their own dedicated footprint.
- **Amazon Delivery Station**
Amazon announced six new delivery stations in Dallas-Fort Worth, including one that will create new full and part-time job opportunities in Arlington.
- **Six Flags Over Texas**
Six Flags Over Texas celebrated its sixtieth anniversary in Arlington during 2021.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arlington for its ACFR for the year ended September 30, 2020. This was the 43rd year the City has earned this prestigious award. A Certificate of Achievement is valid for a period of one year. The City believes the current ACFR continues to meet the certificate requirements and will be submitting the document to the GFOA to determine ongoing eligibility for the certificate.

The GFOA also awarded to the City of Arlington a Certificate for Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2020. This was the eleventh year the City applied for and received this prestigious award. The Certificate is valid for a period of one year. The City will submit a Popular Annual Financial Report which meets requirements for the award again this year.

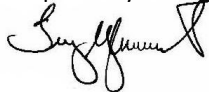
The GFOA awarded the City a Distinguished Budget Presentation Award for the FY 2021 budget. The City has earned this award for the past 35 years and expects to earn this award again for the upcoming FY 2022 budget.

The City has also received awards and accreditations for departments including:

- Bloomberg Philanthropies' What Works Cities Certification – Gold Level (1 in 13 cities to have ever achieved at this level and the first city in Texas at any level)
- Transparency Stars for Traditional Finance, Contracts & Procurement, Economic Development, Public Pensions and Debt Obligations
- Commission for Accreditation of Park and Recreation Agencies (CAPRA)
- National Gold Medal Winner for excellence in the field of Park and Recreation Management
- Commission on Accreditation for Law Enforcement Agencies (CALEA)
- Emergency Management Accreditation Program (EMAP) Accredited
- American Public Works Association (APWA) Accredited Agency
- ProLiteracy Accreditation
- Association of Metropolitan Water Agencies (AMWA) Gold Award winner for exceptional utility performance
- Achievement of Excellence in Procurement

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We would like to express appreciation to all members of the Finance Department, especially Amy Mapes, Tracy Forrester, Deloise Edwards, Jamie Smith, Hilda Gaytan, Rosie Rodelas, Khe'Landria Modkins, Ethan Klos, Mark Davies, Lisa Williams, Trina Taylor, Alex Agnor, Tammy Smith, and Deven Mercer, who assisted and contributed to the preparation of this report. Credit is also due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Trey Yelverton
City Manager

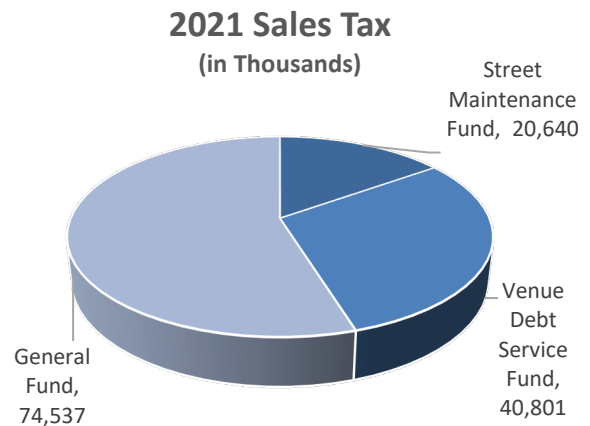
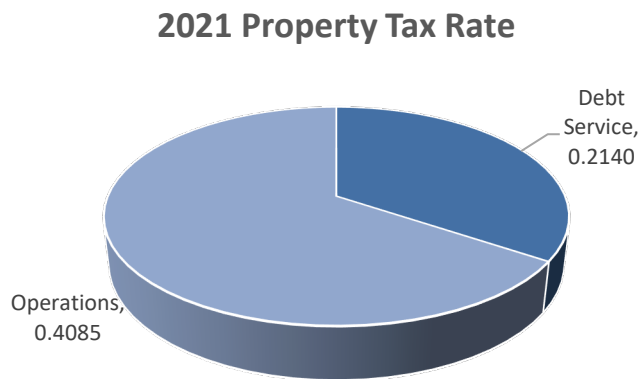


Kathleen Depweg
Interim Finance Director/CFO

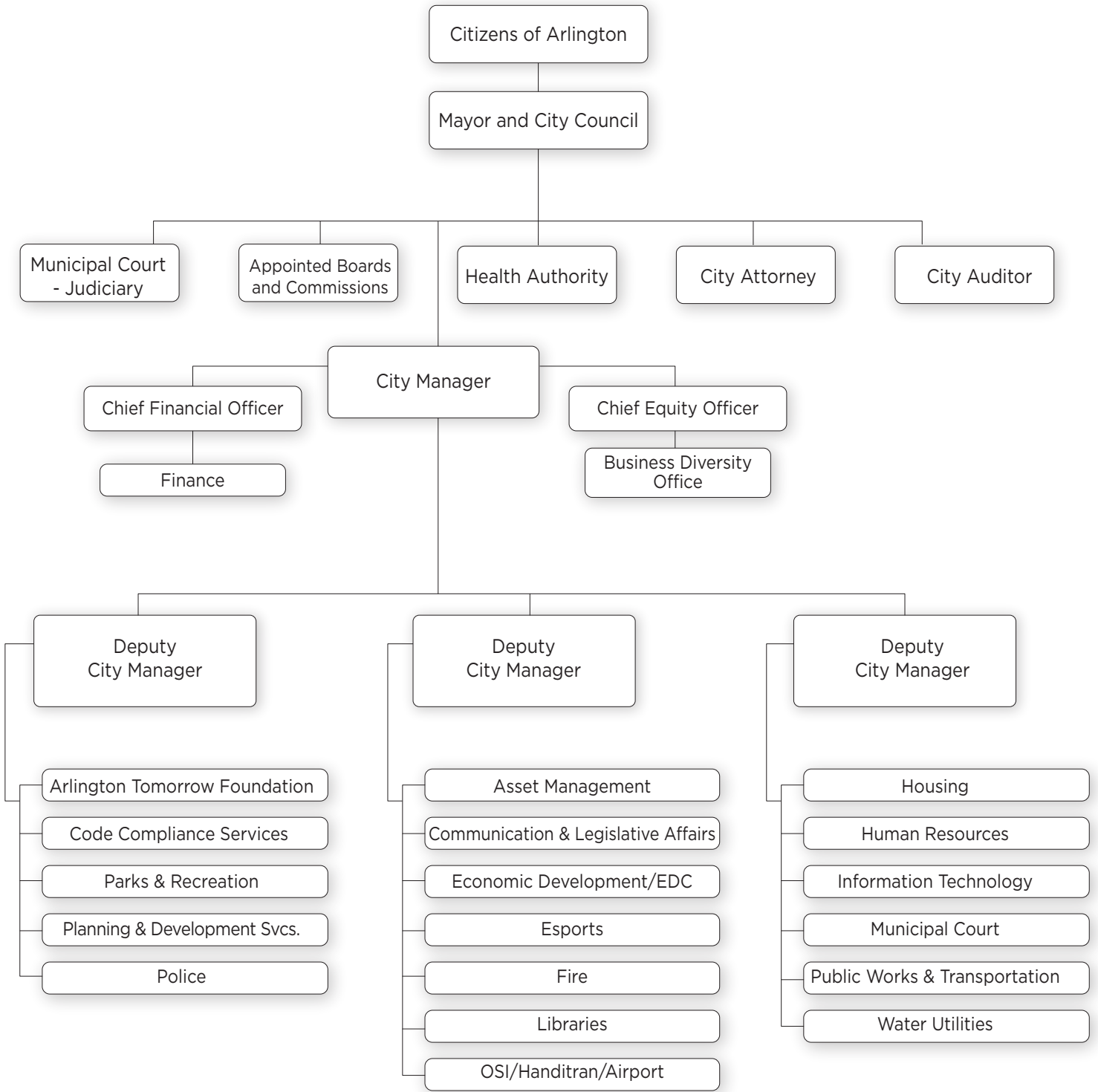
Local Economic Indicators

	2021	2020	2019
Property Tax Base (in thousands)*	(tax year 2020)	(tax year 2019)	(tax year 2018)
Personal	\$ 3,332,992	\$ 3,094,311	\$ 2,919,937
Real Estate	\$ 28,629,929	\$ 26,221,029	\$ 23,148,756
Mineral Lease Properties	\$ 87,601	\$ 169,810	\$ 146,407
Agricultural Properties	\$ 343	\$ 354	\$ 815
Total	\$ 32,050,865	\$ 29,485,504	\$ 26,215,915
Property Tax Rate			
Operations	0.4085	0.4467	0.4428
Debt Service	0.2140	0.1773	0.1920
Total	0.6225	0.6240	0.6348
Sales Tax (in thousands)			
Collections	\$ 135,978	\$ 115,098	\$ 118,724
Annual Growth	18.14%	-3.05%	4.07%
Population	393,420	390,540	386,180
General Obligation Debt per Capita	\$ 1,524	\$ 1,126	\$ 1,160
Labor Force	215,215	213,961	214,599
Unemployment Rate	6.10%	6.80%	3.40%
Housing starts permits issued	762	795	823
Foreclosure (residential and commercial)	29	80	114
Occupancy Rates			
Office	90.20%	89.80%	89.90%
Industrial	96.50%	94.90%	94.90%
Retail	94.10%	92.80%	93.70%

*Certified appraisal Roll; does not include properties under protest or supplemental information.



City of Arlington Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Arlington
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

City of Arlington, Texas
City Council

At September 30, 2021

Jim Ross

Mayor

Term expires May 2023

Victoria Farrar-Myers, District 7 At Large

Deputy Mayor Pro Tempore

Term expires May 2022

Helen Moise, District 1

Term expires May 2022

Raul H. Gonzalez, District 2

Term expires May 2022

Nikkie Hunter, District 3

Term expires May 2023

Andrew Piel, District 4

Term expires May 2023

Rebecca Boxall, District 5

Term expires May 2023

Ruby Faye Woolridge, District 6 At Large

Term expires May 2022

Dr. Barbara Odom-Wesley, District 8 At Large

Term expires May 2023

*Due to the Covid-19 pandemic the May 2020 election was postponed until November 3, 2020.

In the elections held in November 2020 Helen Moise and Victoria Farrar-Myers were reelected. In District 2 Raul H. Gonzalez, and in District 6 Ruby Faye Woolridge were elected for their first terms.



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Independent Auditor's Report

The Honorable Mayor, City Council, and City Manager
City of Arlington, Texas
Arlington, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Arlington, Texas (City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Arlington Housing Authority, the Arlington Convention and Visitors Bureau, Inc., or the Arlington Tourism Public Improvement District (component units) which represent 10 percent, 8 percent, and 63 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Additionally, we did not audit the financial statements of the Part-Time, Seasonal and Temporary Employees Deferred Income Plan which represents 1 percent, 2 percent, and 0.2 percent, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units and the Part-Time, Seasonal, and Temporary Employees Deferred Income Plan, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in footnote I.Q. to the financial statements, in 2021, the City adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements, individual fund budgetary comparison schedules, the schedules of capital assets used in the operation of governmental funds, and statistical section, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements, individual fund budgetary comparison schedules, and the schedules of capital assets used in the operation of governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, individual fund budgetary comparison schedules, and the schedules of capital assets used in the operation of governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Dallas, Texas
June 13, 2022



CITY OF ARLINGTON, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2021 (Unaudited)

As management of the City of Arlington (City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found beginning on page vii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$2.85B (net position). Of this amount, \$42M represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased \$77.4M during the current period primarily due to increases to net investment in capital assets.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$358.5M, an **increase** of \$5.3M in comparison with the prior year. Within this total, \$229M is restricted for specific legal requirements and \$102M has been committed or assigned to specific types of expenditures, and \$2.5M in non-spendable. The remaining unassigned fund balance in the general fund and can be used for any lawful purpose.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the governmental fund was \$126M, or approximately 23.5% of total governmental fund expenditures.
- The City's total outstanding long-term debt of \$1.5B **decreased** \$29.7M during the year. Debt issues in 2021 include \$31.8M in Permanent Improvement Bonds, \$8.3M in Permanent Improvement Refunding Bonds, \$44.1M in Water and Wastewater System Revenue Bonds and \$8.4M in Stormwater Revenue Bonds. Bond principal payments for 2021 total \$112.6M on existing obligations. Exclusive of special venue debt, City of Arlington debt is allocated 64% for general government, with the remaining 36% to water, wastewater, and storm water activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This is the portion of the ACFR on which the auditors express an opinion. The report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview the City's finance, in a manner like a private-sector business.

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

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

Both government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). In the statements, the City's business is divided into three types of activities:

- **Governmental Activities** – Functions of the City that are principally supported by taxes and intergovernmental revenues are reported here including general government, public safety, public works, public health, parks and recreation, public welfare, convention and event services and interest and fiscal charges. Property taxes, sales taxes, and franchise fees provide most of the funding for these activities, with the addition of charges for services, grants, and contributions.
- **Business-type Activities** – Functions that are intended to recover all or a significant portion of their costs through user fees and charges are reported here. The City's water and sewer system and storm water utilities are reported here.
- **Component Units** – For fiscal year 2021, the City includes seven discretely presented component units in its report – Arlington Housing Authority (AHA), Arlington Convention and Visitors Bureau (ACVB), Arlington Housing Finance Corporation (AHFC), Arlington Tomorrow Foundation (ATF), Arlington Economic Development Corporation, the Arlington Convention Center Development Corporation (ACDC) and Arlington Tourism Public Improvement District (ATPID).

The government-wide financial statements can be found on pages 17-21 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains twenty-one individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and Streets Capital Projects Fund, all of which are major funds. Data from the other governmental funds are combined into a single, aggregate, nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

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

The basic governmental fund financial statements can be found beginning on page 22 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and storm water utilities operations. The City uses its internal service funds to account for its fleet services and self-insurance functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and Storm Water Utility funds. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in the Comprehensive Annual Financial Report.

The basic proprietary fund financial statements can be found beginning on page 26 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds and pension and other employee benefit trust funds. The City reports two custodial funds to report resources, not in a trust, that are held by City for other parties outside of the City as a reporting entity. All the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

The fiduciary fund financial statements can be found beginning on page 30 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 33 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 85 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 102-133 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. The City's combined net position was \$2.85B as of September 30, 2021. The largest portion of the City's net position \$2.61B (92%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens. Accordingly, these assets are not available for future spending. They do, however, represent an obligation on the part of the City to maintain these assets into the future.

City of Arlington's Net Position

(Amounts Expressed in Millions)

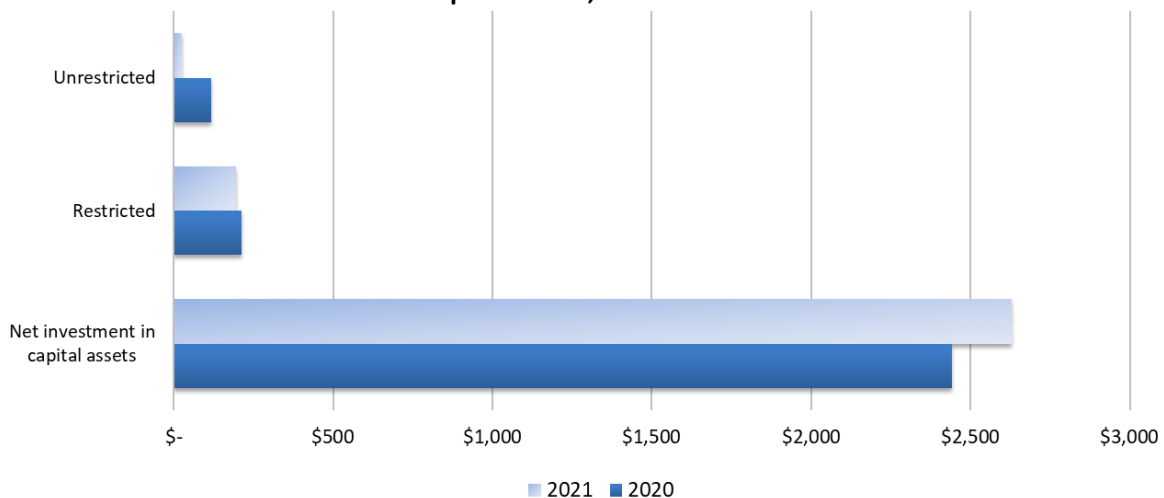
	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 501	\$ 541	\$ 339	\$ 377	\$ 840	\$ 917
Capital assets	2,920	2,874	882	932	3,802	3,806
Total assets	3,421	3,414	1,221	1,309	4,642	4,723
Total deferred outflows of resources	224	72	16	5	240	77
Long-term liabilities outstanding	1,580	1,392	379	405	1,959	1,797
Other liabilities	35	42	20	28	55	70
Total liabilities	1,615	1,434	399	433	2,015	1,867
Total deferred inflows of resources	95	82	3	2	98	84
Net position:					-	-
Net investment in capital assets	1,752	1,872	690	739	2,442	2,611
Restricted for debt service	63	38	107	103	170	141
Restricted for special revenue	30	47	-	-	30	47
Restricted for use of impact fees	11	7	-	-	11	7
Unrestricted	80	6	38	36	118	42
Total net position	\$ 1,936	\$ 1,970	\$ 835	\$ 878	\$ 2,771	\$ 2,848

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$195M (6.8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$26M (0.92%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all reported categories of net position, both for the governmental and business-type activities. Overall net position increased \$77M from the prior fiscal year.

City of Arlington's Net Position (amounts expressed in millions)
September 30, 2020 and 2021

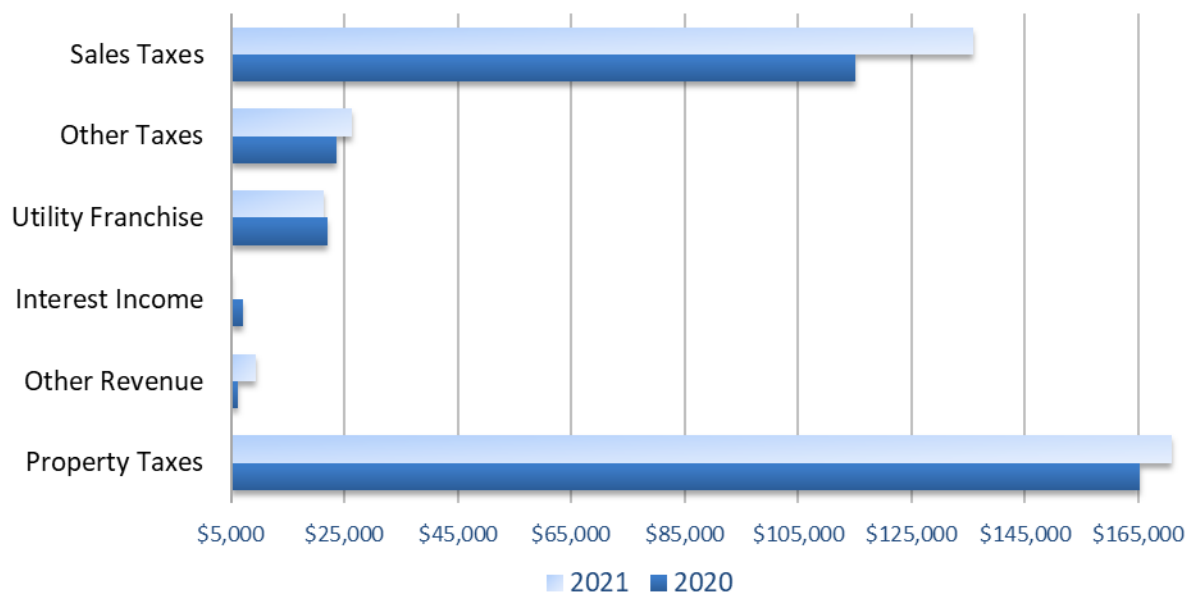


Governmental Activities

The City's general revenues increased compared to the prior year, increased overall by 5%. Sales tax revenue and property tax revenue accounted for much of the increase this year compared to last.

Property tax collections were up from the prior year by about \$8.1M and Arlington once again saw growth in assessed valuation. The residential property values increased by 13.5% and commercial property values increased by 11.5% compared to the prior year. The property tax rate for 2021 was set at \$0.6225 per \$100 assessed valuation: down .0015 from \$0.6240 in the prior year.

General Revenue Comparison (in thousands) September 30, 2020 and 2021



Sales tax revenue increased by \$20.9M, up 18.1% from the prior year. The reopening of the economy from COVID-19 led to a rebound in most revenue categories. Utility franchise fee collections decreased by 0.7% in 2021.

Charges for services increased \$9.3M with most of the increase resulting from the increase in business-type activities revenues related to water usage. Capital grants and contributions decreased by \$376M due to no capital contributions related to the new Rangers ballpark. Operating grants and contributions increased \$37.1M compared to the prior year due to increased grant income related to the Covid-19 pandemic. Interest income decreased by \$4.7M due to lower returns compared to the prior year.

Overall, expenses increased approximately \$3M (.64%) from the prior year. Increases are primarily attributed to an increase in general government which amount to approximately \$34.9M while public safety expenses decreased by \$23.1M.

City of Arlington's Changes in Net Position

(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues						
Program Revenues:						
Charges for services	\$ 57,585	\$ 61,244	\$ 184,697	\$ 190,427	\$ 242,282	\$ 251,671
Operating grants and contributions	21,193	58,366	-	-	21,193	58,366
Capital grants and contributions	380,662	4,136	3,194	3,715	383,856	7,851
General Revenues:						
Taxes	304,051	333,186	-	-	304,051	333,186
Utility franchise fees	22,048	21,468	-	-	22,048	21,468
Interest income	7,077	2,362	1,872	977	8,949	3,339
Other	6,328	9,481	-	-	6,328	9,481
Total revenues	798,944	490,243	189,763	195,119	988,707	685,362
Expenses						
General government	90,202	125,142	-	-	90,202	125,142
Public Safety	184,574	161,468	-	-	184,574	161,468
Public Works	78,174	74,761	-	-	78,174	74,761
Public Health	3,219	2,548	-	-	3,219	2,548
Parks and recreation	34,190	30,915	-	-	34,190	30,915
Public welfare	25,028	26,442	-	-	25,028	26,442
Convention and event services	18,041	14,573	-	-	18,041	14,573
Interest and fiscal charges	38,627	39,204	-	-	38,627	39,204
Water, sewer and storm water	-	-	126,554	132,892	126,554	132,892
Total expenses	472,055	475,053	126,554	132,892	598,609	607,945
Increase in net position before transfers	326,889	15,190	63,209	62,227	390,098	77,417
Transfers and capital contributions	29,314	19,882	(29,314)	(19,882)	-	-
Increase (decrease) in net position	356,203	35,072	33,895	42,345	390,098	77,417
Net Position, October 1	1,578,868	1,935,071	801,801	835,696	2,380,669	2,770,767
Net Position, September 30	\$ 1,935,071	\$ 1,970,143	\$ 835,696	\$ 878,041	\$ 2,770,767	\$ 2,848,184

Business-type Activities

During the current fiscal year, net position for business-type activities increased \$42.5M from the prior fiscal year for an ending balance of \$883M. The increase in overall net position of business-type activities is the result of the increased amount of net investment in capital assets. The revenue increase of \$5.7M in business-type activities (Water and Wastewater/Storm Water Utility) is a result of an increase in water sales and sewer service revenues reported in service charges and interest for the current year. Expenses increased by \$10.4M from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

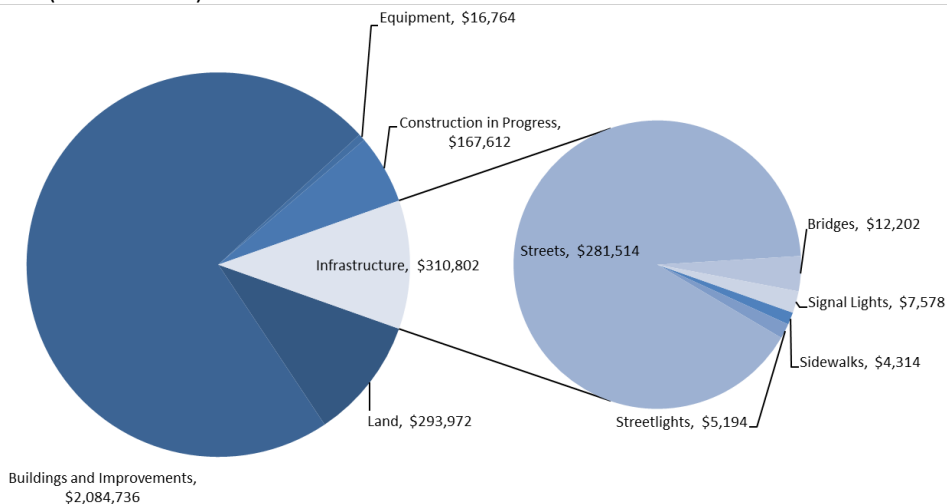
The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$3.8B (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, water treatment plants, and stadiums. The total increase in capital assets for the current fiscal year was \$5.2M. This is a 0.14% increase over the prior fiscal year. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

City of Arlington's Capital Assets						
(in thousands, net of depreciation)						
	Governmental activities		Business-type activities		Total	
	2020	2021	2020	2021	2020	2021
Land	\$ 293,882	\$ 293,972	\$ 23,757	\$ 23,757	\$ 317,639	\$ 317,729
Buildings and improvements	2,144,004	2,084,736	7,416	7,231	2,151,420	2,091,967
Machinery and equipment	21,709	16,764	216	876	21,925	17,640
Construction in progress	142,219	167,612	98,697	139,482	240,916	307,094
Infrastructure	317,810	310,802	-	-	317,810	310,802
Drainage system	-	-	87,478	90,458	87,478	90,458
Water and sewer system	-	-	664,060	670,294	664,060	670,294
Totals	\$ 2,919,624	\$ 2,873,886	\$ 881,624	\$ 932,098	\$ 3,801,248	\$ 3,805,984

Major capital asset events during the current fiscal year included the following:

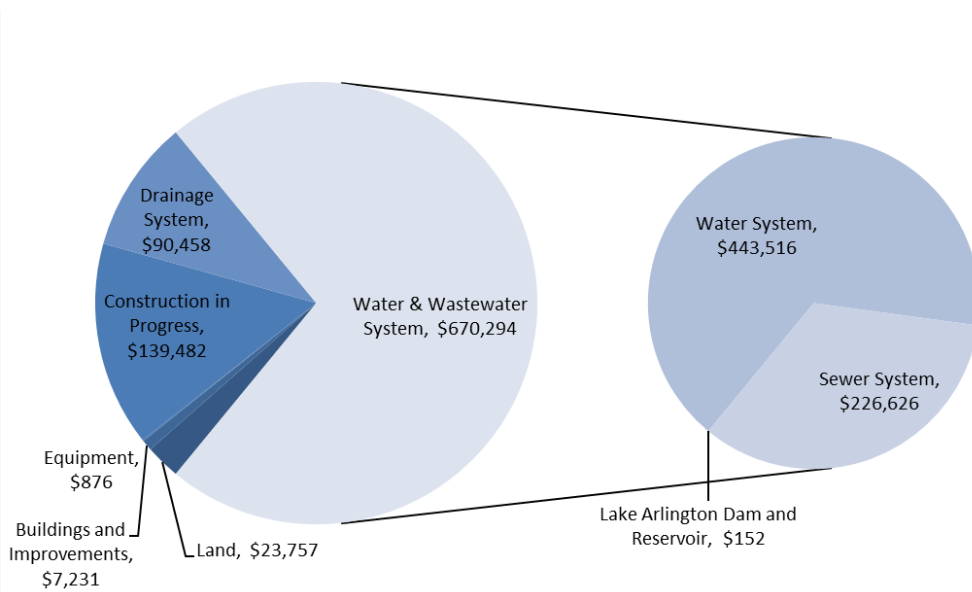
- Private developer capital contributions of \$3.7M to the City's water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of \$49.5M
- Storm drainage system capital improvements and expansion of \$20.6M
- Street construction projects capital outlay totaling \$24.7M
- Improvements to parks and recreation facilities of \$9.7M

The City's governmental activities infrastructure investment, including accumulated depreciation, breaks down as follows (in thousands):



Asset	Book Value	Accumulated Depreciation	Net Value
Sidewalks	\$ 69,399	\$ (65,085)	\$ 4,314
Streetlights	19,202	(14,008)	5,194
Streets	907,366	(625,852)	281,514
Bridges	43,200	(30,998)	12,202
Signal Lights	20,007	(12,429)	7,578
	<u>\$ 1,059,174</u>	<u>\$ (748,372)</u>	<u>\$ 310,802</u>

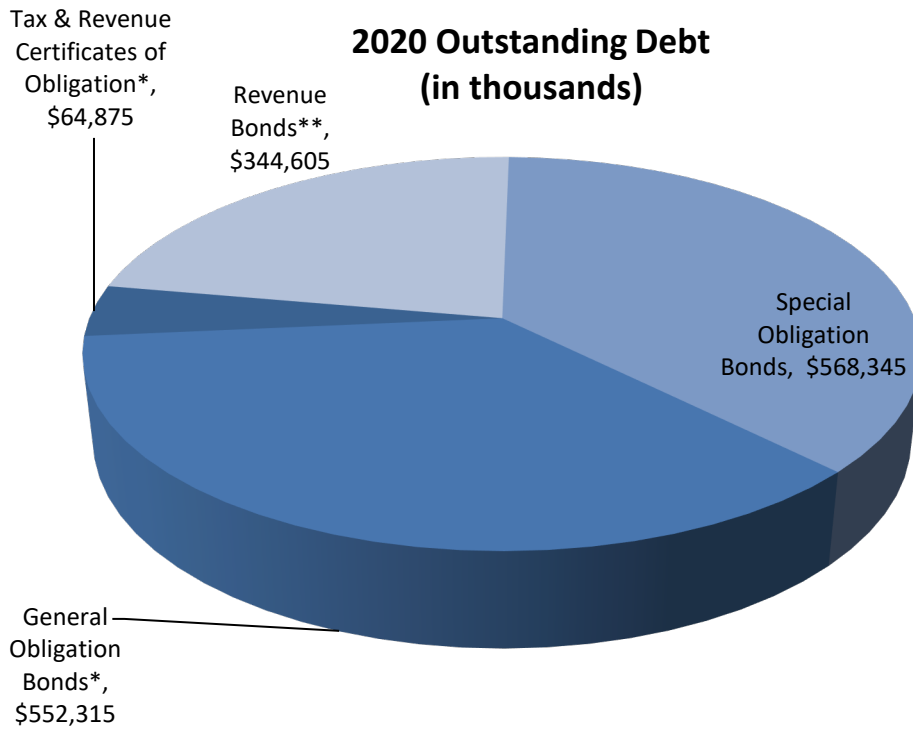
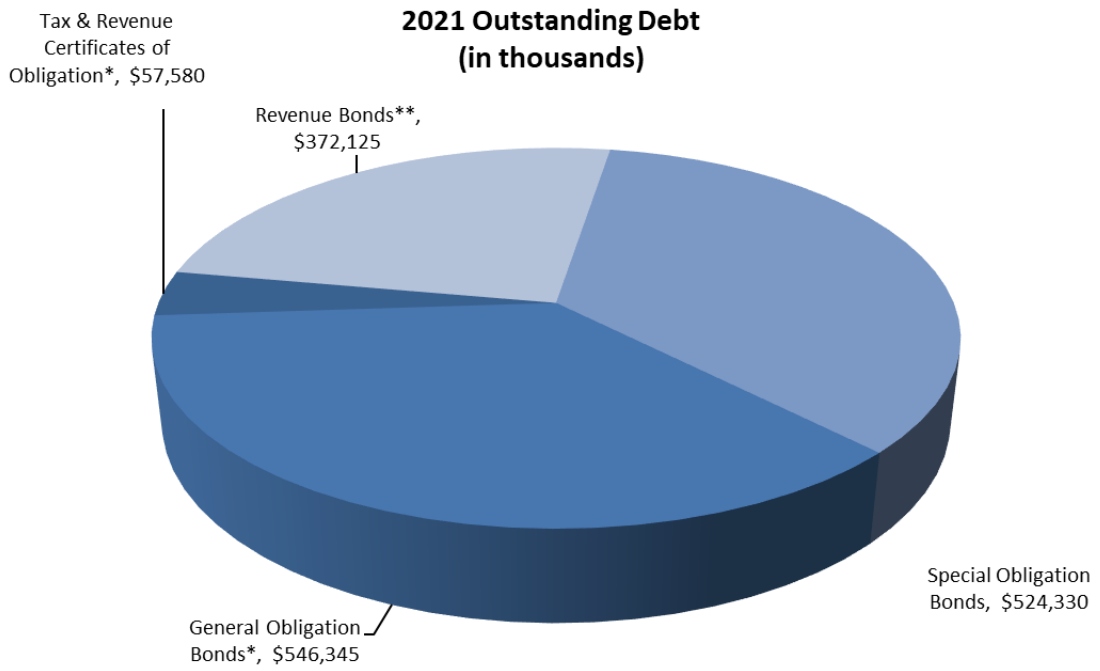
The City's business-type activities infrastructure investment, including accumulated depreciation, breaks down as follows (in thousands):



Asset	Book Value	Accumulated Depreciation	Net Value
Lake Arlington Dam and Reservoir	\$ 2,619	\$ (2,467)	\$ 152
Water System	693,614	(250,098)	443,516
Sewer System	362,449	(135,823)	226,626
	<u>\$ 1,058,682</u>	<u>\$ (388,388)</u>	<u>\$ 670,294</u>

Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1.5B, a decrease of \$29.8M from 2020.



*Secured by City Tax Base

**Secured by Water and Sewer or Drainage Revenue

City of Arlington's Outstanding Debt

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2021	2020	2021	2020	2021
General obligation bonds (backed by the City)	\$ 552,315	\$ 546,345	\$ -	\$ -	\$ 552,315	\$ 546,345
Combination tax and revenue certificates of obligation (backed by the City)	64,875	57,580	-	-	64,875	57,580
Special tax revenue bonds	568,345	524,330	-	-	568,345	524,330
Revenue bonds (backed by fee revenues)			344,605	372,125	344,605	372,125
Total	\$1,185,535	\$1,128,255	\$344,605	\$372,125	\$1,530,140	\$ 1,500,380

During the current fiscal year, the City issued \$31.8M in Permanent Improvement Bonds, \$8.3M in Permanent Improvement Refunding Bonds, \$44.1M in Water and Wastewater System Revenue Bonds and \$8.4M in Stormwater Revenue Bonds. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2021, the City's debt ratings were as follows by type and agency:

	Fitch	S&P	Moody's
City GO/CO	AAA	AAA	Aa1
WWS Revenue	AAA	AAA	Aa1
Storm Water Revenue	AAA	AAA	Aa1
Venue (Sales Tax/HOT/STMV) Underlying	AA+	A+	A1
Venue (Sales Tax/HOT/STMV) Insurance ^		AA (2018A & C)	A3 (2018C)
Stadium (Ticket and Parking Tax) *	NR	NR	NR
Ballpark Ticket and Parking Tax) *	NR	NR	NR

^ Series 2018A insured by Assured Guaranty Municipal Corp (AGM)

^ Series 2018C insured by Build America Mutual Assurance Company (BAM)

* AMBAC insured / AMBAC no longer rated

General bonded debt per capita decreased from \$1,647 in 2020 to \$1,603 in 2021.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net bonded debt to assessed value of all taxable property is 1.6%.

The City maintains a self-insurance program for bodily injury, property damage, personal injury, advertising injury, regulatory injury, and worker's compensation. Claims for worker's compensation over \$750,000 per occurrence are covered by a private insurance company. Claim liabilities are actuarially determined and take into consideration claim experience, adjustment expenses, economic, and other factors which can vary considerably from year to year. Total estimated claims liability on September 30, 2021 was \$10.4M.

THE CITY'S FUNDS

The governmental funds of the City reported a combined fund balance of \$359M. The General Fund balance was \$87.2M, which was \$16.7M more than the previous year, primarily due to reduced expenditures in public safety. The Debt Service fund balance decreased \$25.2M, ending the year with \$38M. The decrease was a result of the reduced debt issuances during the fiscal year. Other changes in fund balances noted include:

- Street Capital Projects fund balance decreased in fiscal year 2021, down from \$100M to \$99M.
- The City's water and sewer fund net position of \$736M increased by \$29.3M in the current year. The increase in net position is primarily due to operating revenues exceeding expenses by \$49.5M, capital contributions of \$3.7M and net transfers out of \$20.7M.
- The Storm Water Utility fund saw an increase of \$13.3M to net position in 2021. Storm water fee revenues exceeded fund expenses by \$13.6M and transfers out of \$2.5M were completed, increasing net position to \$146.9M at the end of the fiscal year.

GENERAL FUND BUDGET HIGHLIGHTS

During fiscal year 2021, there was one amendment to the operating budget. \$6.1M was initially added to the General Fund's appropriations to address compensation adjustments which were deferred due to the Covid-19 pandemic. No actual impact was experienced by the General Fund as increased expenditures were transferred directly to grant funds associated with the American Rescue Plan.

Actual expenditures on a budgetary basis of \$225.2M were less than budgeted expenditures of \$249.6M. Savings were due to cost cutting measures implemented in all categories of the expenditures due to the Covid-19 pandemic.

Revenues on a budgetary basis were higher than the budgeted amount of \$247.6M by \$0.5M. Franchise fees,, fines and forfeitures, and other revenues were lower than budgeted and are attributable to the variance because of the pandemic. However, taxes were higher than budgeted as the local economy began to rebound from introduction of the Covid-19 vaccine rollout in the 2nd quarter of the fiscal year.

ECONOMIC FACTORS AND FISCAL YEAR 2021

Each year, the City Council identifies community priorities that guide how to allocate the City's resources. The annual Budget and Business Plan are developed to address the City Council's adopted priorities. Economic development continues to be a priority to capitalize on development throughout the region. The City must continue to look for ways to innovate, provide the highest value possible to residents, respond to challenges, and plan. The 2022 Budget also focuses on public safety funding, opening, and maintaining City facilities. General Fund property tax revenues are budgeted at \$114.4M and sales taxes increased to \$73.4M. Key budget priorities in 2022 are:

- Enhance regional mobility
- Support youth and families
- Champion great neighborhoods
- Invest in our economy
- Put technology to work

The City's total General Fund revenues and transfers for 2022 are budgeted at \$247.4M, and total General Fund expenditures are expected to be \$247.4M, a decrease of \$4M over 2021.

The General Fund's largest single revenue source is property taxes. This revenue represents 43% of the General Fund budget. The property tax rate for 2022 is \$0.6198 per \$100 valuation, the sixth time it has decreased since

2001. The tax rate is split out into two categories, operations, and maintenance, \$0.4098 per \$100 valuation, to the General Fund, and interest and sinking, \$0.2100 per \$100 valuation, for debt service. The General Fund property tax revenue for 2021 is estimated to be \$109.4M, down \$6.5M (5.6%) from last year's estimate.

The City's portion of the local 8.25 cent sales tax rate is two cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, one-quarter cent is dedicated to funding the City's Economic Development Corporation, and one-half cent provides for debt service for venue debt. Sales tax revenue for the General Fund for fiscal year 2022 is estimated at \$73.8, an increase of \$9.2 from 2021 estimates.

The City's Water and Sewer Fund accounts for approximately 24% of the City's revenue. The mission of the Water Utilities Department is to provide a continuous supply of high-quality drinking water and ensure safe disposal of wastewater in a responsive, cost-effective manner while continuing to improve service to citizens and planning for future needs. The largest revenue sources for the Water and Sewer Fund is water sales and wastewater treatment budgeted at \$83.5M and \$76.9M respectively for FY 2022. The City maintains a rate structure designed to ensure that each category of service is self-supporting.

Details of the City of Arlington Fiscal Year 2022 Operating Budget can be accessed on the City's website: <http://www.arlington-tx.gov/budget/>.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances and to show the City's fiscal accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Amy Mapes, Controller (amy.mapes@arlingtontx.gov), in the Finance Department, at the City of Arlington, 101 S. Mesquite St., Suite 800, Arlington, TX 76010. The City is also an active member of MSRB's Electronic Municipal Market Access (EMMA), which keeps the Arlington ACFR on file. Additionally, the ACFR can be found on the City's website at <http://www.arlington-tx.gov/finance/financial-reports/>.

**CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash-equivalents	\$ 398,075	\$ 43,676	\$ 441,751	\$ 50,527
Investments	-	-	-	67,207
Land held for resale	7,653	-	7,653	-
Receivables (net of allowance for uncollectibles):				
Taxes	6,765	-	6,765	3,811
Sales taxes	26,682	-	26,682	-
Trade accounts	-	11,863	11,863	-
Franchise fees	6,010	-	6,010	-
Unbilled trade accounts	-	10,993	10,993	-
Special assessments	122	-	122	-
Accrued interest	1,143	14	1,157	109
Ballpark lease	40,571	-	40,571	-
Other	6,774	134	6,908	1,134
Internal balances	5,035	(5,035)	-	-
Due from other governments	13,192	-	13,192	-
Inventory of supplies	2,528	1,923	4,451	-
Prepaid expenses	-	-	-	15
Net Pension Asset	25,699	1,745	27,444	-
Restricted assets-				
Bond contingency-				
Investments	-	31,343	31,343	-
Capital construction-				
Investments	-	199,052	199,052	-
Escrow	-	72,910	72,910	-
Meter deposits-				
Investments	-	7,933	7,933	-
Capital Assets-				
Land	293,972	23,757	317,729	4,654
Buildings and improvements	2,598,250	9,261	2,607,511	677
Water and sewer system	-	1,061,596	1,061,596	-
Machinery and equipment	139,414	13,288	152,702	2,232
Infrastructure	1,059,174	-	1,059,174	-
Drainage systems	-	142,500	142,500	-
Construction in progress	167,612	139,482	307,094	-
Accumulated depreciation	(1,384,536)	(457,786)	(1,842,322)	(1,463)
Total Assets	3,414,135	1,308,649	4,722,784	128,903
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt refunding	10,192	616	10,808	-
Pension items	32,942	2,289	35,231	-
OPEB items	28,636	1,986	30,622	-
Total Assets and Deferred Outflows of Resources	3,485,905	1,313,540	4,799,445	128,903

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

**CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable and accrued liabilities	\$ 34,263	\$ 9,308	\$ 43,571	\$ -
Retainage payable	1,826	-	1,826	-
Accrued interest	5,511	-	5,511	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	6,485	6,485	14,929
Retainage payable	-	2,638	2,638	-
Accrued interest	-	1,689	1,689	-
Meter deposits	-	7,771	7,771	-
Noncurrent liabilities				
Due within one year:				
Estimated claims payable	3,893	-	3,893	-
General obligation and certificates of obligation debt	46,335	-	46,335	-
Special tax revenue debt	4,815	-	4,815	-
Accrued compensated absences	1,363	67	1,430	-
Revenue bonds	-	26,740	26,740	-
Due in more than one year:				
Estimated claims payable	6,226	-	6,226	-
Rebatable arbitrage payable	-	187	187	-
Total other postemployment benefit liability	134,968	9,398	144,366	-
General obligation and certificates of obligation debt	557,590	-	557,590	-
Special tax revenue debt	519,515	-	519,515	-
Estimated pollution remediation	51	-	51	-
Accrued compensated absences	41,326	3,158	44,484	-
Revenue bonds	-	348,186	348,186	-
Premium on general obligation and certificates of obligation debt	78,005	17,422	95,427	-
Discount on general obligation and certificates of obligation debt	(1,753)	-	(1,753)	-
Total Liabilities	<u>1,433,934</u>	<u>433,049</u>	<u>1,866,983</u>	<u>14,929</u>
DEFERRED INFLOWS OF RESOURCES				
Pension items	31,456	2,173	33,629	-
OPEB items	4,089	277	4,366	-
Lease agreements	46,283	-	46,283	-
Total Liabilities and Deferred Inflows of Resources	<u>1,515,762</u>	<u>435,499</u>	<u>1,951,261</u>	<u>14,929</u>
NET POSITION				
Net investment in capital assets	1,872,543	739,140	2,611,683	2,555
Restricted for debt service	38,067	102,695	140,762	-
Restricted for special revenue	46,853	-	46,853	-
Restricted for use of impact fees	7,002	-	7,002	-
Restricted for housing assistance	-	-	-	209
Restricted for endowments	-	-	-	92,871
Unrestricted	5,678	36,206	41,884	18,339
Total Net Position	<u>\$ 1,970,143</u>	<u>\$ 878,041</u>	<u>\$ 2,848,184</u>	<u>\$ 113,974</u>

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



**CITY OF ARLINGTON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 125,142	\$ 26,270	\$ 119	\$ 78
Public safety	161,468	10,698	24,520	-
Public works	74,761	2,856	50	4,058
Public health	2,548	5,410	-	-
Parks and recreation	30,915	14,685	23	-
Public welfare	26,442	168	33,654	-
Convention and event services	14,573	1,157	-	-
Interest and fiscal charges	39,204	-	-	-
Total Governmental Activities	<u>475,053</u>	<u>61,244</u>	<u>58,366</u>	<u>4,136</u>
Business-Type Activities:				
Water and sewer	124,936	169,901	-	3,715
Storm water utility	7,956	20,526	-	-
Total Business-Type Activities	<u>132,892</u>	<u>190,427</u>	<u>-</u>	<u>3,715</u>
Total Primary Government	<u>\$ 607,945</u>	<u>\$ 251,671</u>	<u>\$ 58,366</u>	<u>\$ 7,851</u>
Component Units:				
Arlington Housing Authority	\$ 36,935	\$ -	\$ 37,081	\$ -
Arlington Convention and Visitors Bureau	15,897	5,003	11,618	-
Arlington Tomorrow Foundation	10,207	-	-	-
Arlington Housing Finance Corporation	57	109	-	-
Arlington Tourism Public Improvement District	1,808	2,127	599	-
Arlington Convention Center Development Corp	3	-	-	-
Arlington Economic Development Corp	311	11,165	-	-
Total Component Units	<u>\$ 65,218</u>	<u>\$ 18,404</u>	<u>\$ 49,298</u>	<u>\$ -</u>

General Revenues:
 Taxes:
 Property taxes
 Sales taxes
 Criminal justice tax
 State liquor tax
 Bingo tax
 TIF/TIRZ
 Occupancy tax
 Franchise fees based on gross receipts
 Interest
 Net increase in fair value of investments
 Other
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position - beginning
 Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (98,675)	\$ -	\$ (98,675)	\$ -
(126,250)	-	(126,250)	-
(67,797)	-	(67,797)	-
2,862	-	2,862	-
(16,207)	-	(16,207)	-
7,380	-	7,380	-
(13,416)	-	(13,416)	-
(39,204)	-	(39,204)	-
<u>(351,307)</u>	<u>-</u>	<u>(351,307)</u>	<u>-</u>
-	48,680	48,680	-
-	12,570	12,570	-
-	61,250	61,250	-
<u>\$ (351,307)</u>	<u>\$ 61,250</u>	<u>\$ (290,057)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 146
-	-	-	724
-	-	-	(10,207)
-	-	-	52
-	-	-	918
-	-	-	(3)
-	-	-	10,854
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,484</u>
170,967	-	170,967	-
135,979	-	135,979	-
311	-	311	-
1,773	-	1,773	-
83	-	83	-
13,860	-	13,860	-
10,213	-	10,213	-
21,468	-	21,468	-
2,362	788	3,150	14,429
(102)	189	87	2,608
9,583	-	9,583	4,470
19,882	(19,882)	-	-
<u>386,379</u>	<u>(18,905)</u>	<u>367,474</u>	<u>21,507</u>
35,072	42,345	77,417	23,991
1,935,071	835,696	2,770,767	89,983
<u>\$ 1,970,143</u>	<u>\$ 878,041</u>	<u>\$ 2,848,184</u>	<u>\$ 113,974</u>

**CITY OF ARLINGTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Street Capital Projects	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash-equivalents	\$ 74,767	\$ 29,510	\$ 104,186	\$ 165,018	\$ 373,481
Land held for resale	-	-	-	7,653	7,653
Receivables (net of allowance for uncollectibles)					
Taxes	5,581	324	-	860	6,765
Sales taxes	15,245	7,622	-	3,815	26,682
Franchise fees	6,010	-	-	-	6,010
Special assessments	-	-	122	-	122
Accrued interest	470	611	-	-	1,081
Lease agreements	40,571	-	-	-	40,571
Other	3,926	-	-	2,320	6,246
Due from other funds	6,977	-	-	-	6,977
Due from other governments	-	-	-	13,192	13,192
Inventory of supplies, at cost	2,314	-	-	214	2,528
Total Assets	<u>\$ 155,861</u>	<u>\$ 38,067</u>	<u>\$ 104,308</u>	<u>\$ 193,072</u>	<u>\$ 491,308</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 18,345	\$ -	\$ 3,546	\$ 10,721	\$ 32,612
Retainage payable	-	-	1,552	274	1,826
Unearned Revenue	3,193	-	122	40,971	44,286
Due to other funds	-	-	-	6,977	6,977
Total Liabilities	<u>21,538</u>	<u>-</u>	<u>5,220</u>	<u>58,943</u>	<u>85,701</u>
Deferred inflows of resources:					
Taxes	4,510	-	-	-	4,510
Landfill lease	1,974	-	-	-	1,974
Gas lease	-	-	-	23	23
Lease agreements	40,571	-	-	-	40,571
Total Deferred Inflows of Resources	<u>47,055</u>	<u>-</u>	<u>-</u>	<u>23</u>	<u>47,078</u>
Fund Balances:					
Nonspendable:					
Inventory	2,314	-	-	214	2,528
Prepays	-	-	-	-	-
Restricted for:					
Debt service	-	38,067	-	-	38,067
Capital projects	-	-	99,088	45,721	144,809
Special revenue	-	-	-	46,840	46,840
Committed to:					
Capital projects	-	-	-	3,601	3,601
Special revenue	-	-	-	35,619	35,619
Assigned to:					
Working capital	20,099	-	-	-	20,099
Subsequent years' expenditures	14,536	-	-	-	14,536
Compensated absences	1,531	-	-	-	1,531
Other post employment benefits	1,718	-	-	-	1,718
Future initiatives	17,151	-	-	-	17,151
Dispatch	1,021	-	-	-	1,021
Information technology	436	-	-	-	436
Business Continuity	4,062	-	-	-	4,062
Park performance	-	-	-	1,062	1,062
Special revenue	-	-	-	1,049	1,049
Unassigned	24,400	-	-	-	24,400
Total Fund Balances	<u>87,268</u>	<u>38,067</u>	<u>99,088</u>	<u>134,106</u>	<u>358,529</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 155,861</u>	<u>\$ 38,067</u>	<u>\$ 104,308</u>	<u>\$ 193,072</u>	<u>\$ 491,308</u>

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

**CITY OF ARLINGTON, TEXAS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION OF GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

Total fund balances per balance sheet \$ 358,529

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding \$12,367 recorded in the internal service funds). 2,861,519

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

	Fund Deferred Inflows	Net Position Deferred Inflows	
Taxes	\$ 4,510	\$ -	
Landfill	1,974	1,974	
Grant revenue	40,971		
Ballpark lease	40,571	44,286	
Unearned	3,315	-	
	91,341	46,260	45,081

Internal service funds are used by management to charge the cost of fleet services, knowledge services, risk management, workers' compensation and group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 30,815

Long-term liabilities, including bonds payable, arbitrage, compensated absences, and related deferred outflows and inflows of resources, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable		\$ (1,128,255)	
Premium general obligation debt		(78,005)	
Discount on bonds		1,753	
Deferred outflow of resources (refunding)		10,192	
Accrued interest payable		(5,510)	
Estimated pollution remediation		(51)	
Compensated absences		(42,689)	
Pension:			
Net pension asset (liability)	\$ 25,699		
Deferred inflow-actuarial gain	(31,469)		
Deferred outflow-assumption changes	11,342		
Deferred outflow-contributions	21,676	27,248	
Other Post Employment Benefits (OPEB)			
Total OPEB Liability	(134,968)		
Deferred inflow-OPEB expected/actual	(4,089)		
Deferred outflow-assumption changes	24,271		
Deferred outflow-contributions	4,302	(110,484)	
Estimated claims		-	(1,325,801)

Net position of governmental activities \$ 1,970,143

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Streets Capital Projects	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 186,291	\$ 106,029	\$ -	\$ 41,751	\$ 334,071
Licenses and permits	10,133	-	-	-	10,133
Utility franchise fees	21,468	-	-	-	21,468
Fines and forfeitures	6,974	-	-	-	6,974
Leases, rents and concessions	10,244	-	-	2,500	12,744
Service charges	7,791	-	-	18,958	26,749
Interest revenue	1,217	175	508	300	2,200
Net increase (decrease) in fair value of investments	295	(10)	(485)	74	(126)
Contributions	1,307	-	2,829	-	4,136
Intergovernmental revenues	119	-	-	58,247	58,366
Gas lease royalty	-	-	-	4,549	4,549
Gas lease other	-	-	-	98	98
Other	37	117	-	8,022	8,176
Total Revenues	<u>245,876</u>	<u>106,311</u>	<u>2,852</u>	<u>134,499</u>	<u>489,538</u>
EXPENDITURES					
Current-					
General government	41,404	-	-	31,274	72,678
Public safety	143,910	-	-	18,729	162,639
Public works	23,296	-	-	33,124	56,420
Public health	1,856	-	-	716	2,572
Public welfare	-	-	-	28,504	28,504
Parks and recreation	14,822	-	-	13,148	27,970
Convention and event services	-	-	-	15,595	15,595
Capital outlay	-	-	24,687	11,879	36,566
Debt service-					
Principal retirement	-	87,640	-	-	87,640
Interest and fiscal charges	-	45,828	-	-	45,828
Total Expenditures	<u>225,288</u>	<u>133,468</u>	<u>24,687</u>	<u>152,969</u>	<u>536,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,588</u>	<u>(27,157)</u>	<u>(21,835)</u>	<u>(18,470)</u>	<u>(46,874)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	8,325	24,141	7,679	40,145
Refunding Bond Principal	-	(9,979)	-	-	(9,979)
Bond premium	-	2,173	3,679	1,171	7,023
Transfers in	22,604	1,419	-	38,870	62,893
Transfers out	(26,534)	-	(6,878)	(14,554)	(47,966)
Total Other Financing Sources and Uses	<u>(3,930)</u>	<u>1,938</u>	<u>20,942</u>	<u>33,166</u>	<u>52,116</u>
Net Change in Fund Balances	16,658	(25,219)	(893)	14,696	5,242
Fund Balances, October 1,	70,610	63,286	99,981	119,410	353,287
Fund Balances, September 30	<u>\$ 87,268</u>	<u>\$ 38,067</u>	<u>\$ 99,088</u>	<u>\$ 134,106</u>	<u>\$ 358,529</u>

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

**CITY OF ARLINGTON, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

Net change in fund balances - total governmental funds \$ 5,242

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period. 40,687

Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds. (84,948)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 194

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of certificates of obligation	(40,145)	
Repayment of general obligation debt	97,619	
Proceeds from issuance of bonds	(7,024)	
Amortization of bond premium	6,624	
	6,624	57,074

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Current year changes in:

Compensated absences	(6,026)	
Accrued interest expense	(15)	
Estimated pollution remediation	(51)	
Net pension asset (liability)	29,976	
Net OPEB liability	(5,497)	
	(5,497)	18,387

Internal service funds are used by management to charge the costs of fleet management and management information systems, property liability loss, health claims and offices services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities. (1,564)

Change in net position of governmental activities \$ 35,072

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

**CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
ASSETS				
Current Assets:				
Cash and cash equivalent investments	\$ 31,390	\$ 12,286	\$ 43,676	\$ 24,594
Receivables (net of allowances for uncollectibles):				
Trade accounts	10,456	1,407	11,863	-
Accrued Interest	14	-	14	62
Unbilled trade accounts	10,057	936	10,993	-
Other	134	-	134	527
Inventory of supplies, at cost	1,923	-	1,923	-
Subtotal	<u>53,974</u>	<u>14,629</u>	<u>68,603</u>	<u>25,183</u>
Restricted Assets:				
Bond contingency-cash and cash-like investments	17,002	694	17,696	-
Capital construction-cash and cash-like investments	<u>73,416</u>	<u>12,176</u>	<u>85,592</u>	<u>-</u>
Total Current Assets	<u>144,392</u>	<u>27,499</u>	<u>171,891</u>	<u>25,183</u>
Noncurrent Assets:				
Restricted Assets:				
Bond contingency- Investments	12,728	919	13,647	-
Capital construction- Investments	97,320	16,140	113,460	-
Escrow	72,910	-	72,910	-
Meter deposit investments	7,933	-	7,933	-
Capital Assets:				
Land	7,929	15,828	23,757	-
Buildings and improvements	9,261	-	9,261	467
Water and sewer system	1,061,596	-	1,061,596	-
Machinery and equipment	13,241	47	13,288	51,928
Drainage system	-	142,500	142,500	-
Construction-in-progress	88,353	51,129	139,482	-
Accumulated depreciation	<u>(405,721)</u>	<u>(52,065)</u>	<u>(457,786)</u>	<u>(40,028)</u>
Total Capital Assets Net of Accumulated Depreciation	774,659	157,439	932,098	12,367
Net Pension Asset	<u>1,745</u>	<u>-</u>	<u>1,745</u>	<u>-</u>
Total Noncurrent Assets	<u>967,295</u>	<u>174,498</u>	<u>1,141,793</u>	<u>12,367</u>
Total Assets	<u>1,111,687</u>	<u>201,997</u>	<u>1,313,684</u>	<u>37,550</u>
Deferred Outflows of Resources:				
Deferred charges on debt refunding	616	-	616	-
Pension items	2,289	-	2,289	-
OPEB items	<u>1,986</u>	<u>-</u>	<u>1,986</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,116,578</u>	<u>\$ 201,997</u>	<u>\$ 1,318,575</u>	<u>\$ 37,550</u>

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

(continued)

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 7,527	\$ 1,781	\$ 9,308	\$ 1,651
Accrued compensated absences	67	-	67	-
Revenue bonds payable from unrestricted assets	6,249	3,490	9,739	-
Current Liabilities Payable From Restricted Assets:				
Accounts payable and accrued liabilities	6,373	112	6,485	-
Retainage payable	2,135	503	2,638	-
Accrued interest	1,556	133	1,689	-
Estimated claims payable	-	-	-	3,893
Revenue bonds payable from restricted assets	17,001	-	17,001	-
Meter deposits	7,771	-	7,771	-
Total Current Liabilities	<u>48,679</u>	<u>6,019</u>	<u>54,698</u>	<u>5,544</u>
Noncurrent Liabilities:				
Estimated claims payable	-	-	-	6,226
Rebatable arbitrage payable	187	-	187	-
Compensated absences	2,666	492	3,158	-
Revenue bonds payable from unrestricted assets	302,651	45,535	348,186	-
Premium on revenue bonds payable	14,447	2,975	17,422	-
OPEB liability	9,398	-	9,398	-
Total Noncurrent Liabilities	<u>329,349</u>	<u>49,002</u>	<u>378,351</u>	<u>6,226</u>
Total Liabilities	<u>378,028</u>	<u>55,021</u>	<u>433,049</u>	<u>11,770</u>
Deferred Inflows of Resources:				
Pension items	2,173	-	2,173	-
OPEB Items	277	-	277	-
Total Liabilities and Deferred Inflows of Resources	<u>380,478</u>	<u>55,021</u>	<u>435,499</u>	<u>11,770</u>
NET POSITION				
Net investment in capital assets	602,912	136,228	739,140	-
Restricted for debt service	101,082	1,613	102,695	-
Unrestricted	32,106	9,135	41,241	25,780
Total Net Position	<u>\$ 736,100</u>	<u>\$ 146,976</u>	<u>\$ 883,076</u>	<u>\$ 25,780</u>
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(5,035)	
Net position of business-type activities			<u>\$ 878,041</u>	

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
Operating Revenues:				
Water sales	\$ 80,695	\$ -	\$ 80,695	\$ -
Sewer service	74,934	-	74,934	-
Storm water fee - commercial	-	9,758	9,758	-
Storm water fee - residential	-	10,768	10,768	-
Service charges	-	-	-	42,154
Sundry	14,272	-	14,272	-
Miscellaneous	-	-	-	-
Total Operating Revenues	169,901	20,526	190,427	42,154
Operating Expenses:				
Purchase of water	24,289	-	24,289	-
Purchase of sewage treatment	39,310	-	39,310	-
Salaries and wages	14,195	2,699	16,894	-
Employees' retirement	2,593	258	2,851	-
Supplies	2,727	60	2,787	1,957
Maintenance and repairs	3,959	485	4,444	462
Utilities	2,454	19	2,473	49
Claims (net of adjustments)	-	-	-	36,752
Legal and professional	396	-	396	274
Depreciation	20,727	2,693	23,420	3,683
Miscellaneous services	9,761	752	10,513	3,097
Total Operating Expenses	120,411	6,966	127,377	46,274
Operating Income (Loss)	49,490	13,560	63,050	(4,120)
Nonoperating Revenues (Expenses):				
Interest revenue	667	121	788	1
Net increase in the fair value of investments	224	(35)	189	24
Miscellaneous Revenue	-	-	-	109
Gain (loss) on sale of assets	-	-	-	374
Interest expense and fiscal charges	(4,304)	(990)	(5,294)	-
Total Nonoperating Revenues (Expenses)	(3,413)	(904)	(4,317)	508
Income (loss) before transfers and contributions	46,077	12,656	58,733	(3,612)
Contributions in aid of construction	3,715	-	3,715	-
Transfers in	170	3,200	3,370	6,501
Transfers out	(20,707)	(2,545)	(23,252)	(1,546)
Change in Net Position	29,255	13,311	42,566	1,343
Total Net Position, October 1	706,845	133,665	840,510	24,437
Total Net Position, September 30	\$ 736,100	\$ 146,976	\$ 883,076	\$ 25,780
Net change in net position - total enterprise funds			\$ 42,566	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(221)	
Change in net position of business-type activities			\$ 42,345	

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

**CITY OF ARLINGTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 169,530	\$ 20,488	\$ 190,018	\$ 41,959
Cash payments to suppliers	(73,256)	(782)	(74,038)	(40,823)
Cash payments to employees	(16,365)	(2,740)	(19,105)	(81)
Net Cash Provided By (Used For) Operating Activities	<u>79,909</u>	<u>16,966</u>	<u>96,875</u>	<u>1,055</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	170	-	170	5,275
Transfers out	(20,707)	(2,545)	(23,252)	(320)
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>(20,537)</u>	<u>(2,545)</u>	<u>(23,082)</u>	<u>4,955</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(49,568)	(20,633)	(70,201)	(2,216)
Increase/Decrease in escrow balance	7,424	-	7,424	-
Proceeds from sales of capital assets	-	-	-	374
Proceeds from issuance of long-term debt	51,020	12,562	63,582	-
Repayment of long-term debt	(21,865)	(3,075)	(24,940)	-
Interest payment long-term debt	(8,185)	(1,011)	(9,196)	-
Net Cash Provided By (Used For) Capital Related Financing Activities	<u>(21,174)</u>	<u>(12,157)</u>	<u>(33,331)</u>	<u>(1,842)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from interest earnings	686	121	807	15
Net increase in the fair value of investments	224	(34)	190	24
Purchase of investments	(163,978)	(48,461)	(212,439)	-
Maturities/sales of investments	176,924	47,887	224,811	-
Net Cash Provided By (Used For) Investing Activities	<u>13,856</u>	<u>(487)</u>	<u>13,369</u>	<u>39</u>
Net Increase (Decrease) In Cash And Cash Equivalent Investments	52,054	1,777	53,831	4,207
Cash and cash equivalent investments, October 1	69,754	38,825	108,579	20,387
Cash and cash equivalent investments, September 30	<u>\$ 121,808</u>	<u>\$ 40,602</u>	<u>\$ 162,410</u>	<u>\$ 24,594</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 49,490	\$ 13,560	\$ 63,050	\$ (3,999)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	20,727	2,693	23,420	3,683
Amortization of bond premium	2,006	371	2,377	-
Amortization of deferred loss on bond refunding	(616)	(233)	(849)	-
Provision for bad debts	39	1	40	-
(Increase) decrease in- Receivables	(412)	(38)	(450)	(304)
Inventory of supplies	(692)	-	(692)	-
Prepaid expenses	-	-	-	-
Increase (decrease) in- Accounts payable and accrued liabilities	7,156	725	7,881	843
Net pension/OPEB liability	785	-	785	-
Estimated claims payable	-	-	-	821
Retainage payable	1,350	(113)	1,237	-
Meter deposits	(162)	-	(162)	-
Accrued compensated absences	238	-	238	12
Total adjustments	30,419	3,406	33,825	5,054
Net Cash Provided By (Used For) Operating Activities	<u>\$ 79,909</u>	<u>\$ 16,966</u>	<u>\$ 96,875</u>	<u>\$ 1,055</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from developers	3,715	-	3,715	-

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

**CITY OF ARLINGTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash-equivalents	\$ -	\$ 2,591
Investments		
Money market fund	65	-
Corporate bonds	2,968	-
Fixed income mutual bond funds	959	-
Common stock mutual bond funds	892	-
Total Investments	<u>4,884</u>	<u>-</u>
Total Assets	<u>\$ 4,884</u>	<u>\$ 2,591</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 116
Total Liabilities	<u>\$ -</u>	<u>\$ 116</u>
NET POSITION		
Restricted for pensions	\$ 3,494	
Restricted for OPEB	1,390	
Restricted for individuals, organizations, other governments		\$ 2,475
Total Net Position	<u>\$ 4,884</u>	<u>\$ 2,475</u>

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

**CITY OF ARLINGTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Pension and Other Employee Benefit Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
ADDITIONS		
Employer contributions	\$ 82	\$ -
Employee contributions	177	-
Net appreciation in fair value of investments	240	-
Other additions	97	4,003
Seizures		13
Total Additions	<u>596</u>	<u>4,016</u>
DEDUCTIONS		
Benefits	358	-
Plan administration	96	-
Other deductions	-	4,287
Seizures forfeited or returned to defedents	-	-
Total Deductions	<u>454</u>	<u>4,287</u>
Increase (Decrease) in Net Position	142	(271)
Net Position, October 1	4,742	2,746
Net Position, September 30	<u>\$ 4,884</u>	<u>\$ 2,475</u>

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



CITY OF ARLINGTON, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Arlington, Texas (the "City") was incorporated April 19, 1884 and the city charter was adopted January 17, 1920, under the provisions of the Home Rule Amendment to the State Constitution. The City operates under a Council Manager form of government and provides the following services to the citizens of the City: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and sewer utilities, and general administrative services.

The accompanying financial statements of the City include all funds and component units. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GAAP which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds. The accrual basis of accounting and the economic resources measurement focus is utilized by proprietary fund types.

GAAP also requires supplementary information presented as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. A budgetary comparison schedule is presented that compares the originally adopted and final General Fund budget with actual results, and supplementary information for pension and other postemployment benefit retirement plans are provided, as required, in the Required Supplementary Information section.

B. Reporting Entity

The City is governed by an elected mayor and eight-member council. As required by GAAP, these financial statements present the City (the primary government) and its component units, entities for which the government is considered to be financially accountable.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, 61, 80, and 84, defines component units as legally separate entities that meet any one of the following tests:

- The City appoints the voting majority of the board of the component unit and:
 - Is able to impose its will on the component unit and/or
 - Is in a relationship of financial benefit or burden with the component unit
- The component unit is both:
 - fiscally dependent upon the City, and
 - there is a financial benefit or burden.
- The financial statements of the City would be misleading if data from the component unit were omitted.

The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government. The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Arlington Housing Authority

The Arlington Housing Authority (the "AHA") provides low income housing assistance within the City. The AHA's board of commissioners is appointed by the Mayor. The AHA's management is designated by the City. The employees who are responsible for daily operations of the AHA are City employees. The City has financial accountability over the AHA's activities. The audited financial statements of the AHA are prepared in accordance with accounting principles generally accepted in the United States. Separate AHA component unit financial statements can be obtained from the AHA at 501 W. Sanford Street, Suite 20, Arlington, Texas 76010.

Arlington Convention and Visitors Bureau, Inc.

The Arlington Convention and Visitors Bureau, Inc. (the "ACVB") promotes tourism within the City. The ACVB's board of directors is appointed by the City Council. The primary source of revenue for the ACVB is a professional services support contract with the City; therefore, the City has financial accountability over the ACVB's activities. Separate ACVB component unit financial statements can be obtained from the ACVB at 1905 E. Randol Mill Road, Arlington, Texas 76011.

Arlington Tomorrow Foundation

The Arlington Tomorrow Foundation (ATF) oversees an endowment fund with a corpus of \$70.6 million created by natural gas revenues to be used for the benefit of the Arlington community. The City Council acts as the board of directors. The ATF's management is designated by the City, and City employees are responsible for the daily activities of the ATF; accordingly, the City has financial accountability over ATF's activities. Separate ATF component unit financial statements are not prepared.

Arlington Housing Finance Corporation

The Arlington Housing Finance Corporation (the "AHFC") provides financial assistance to low income, multi-family residences and single-family homebuyers within the City. The AHFC's board of directors is appointed by the City Council. The AHFC's management is designated by the City, and City employees are responsible for the daily activities of the AHFC; accordingly, the City has financial accountability over AHFC's activities. Separate AHFC component unit financial statements are not prepared.

Arlington Convention Center Development Corporation

Arlington Convention Center Development Corporation (the "ACDC") was formed to encourage and assist with planning, designing, constructing and maintaining a convention center complex, sports facility or hotel facility. The City Council serves as the board of directors. Separate ACDC component unit financial statements are not prepared.

Arlington Economic Development Corporation

The Arlington Economic Development Corporation was formed in 2015 for the purpose of undertaking projects that contribute to the quality of life and economic growth. The board of directors is made up of the mayor, three council members, and three citizens. Separate Arlington Economic Development Corporation component unit financial statements are not prepared.

Arlington Tourism Public Improvement District

The Arlington Tourism Public Improvement District (ATPID) was created in fiscal year 2017 to improve convention and group hotel bookings and hotel room night consumption in the City. Funds are provided through a 2% tax applied to hotels with 75 or more rooms within the designated district within the City. A board consisting of participating ATPID hotel/motel members direct the use of all funds generated. The City authorized the creation of the district and must approve a budget annually. The board (ATPID) has contracted with the City to collect the funds, and with ACVB to administer the programs and use the funds. Separate component unit financial statements can be obtained from the ACVB at 1905 E. Randol Mill Road, Arlington, Texas 76011.

Fiduciary Component Units

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

The purpose of the PSTDIP is to provide a systematic plan for the retirement of eligible employees of the City, and under the conditions set forth, a pension upon the retirement of such an Employee. This is a 401(a) single employer defined benefit pension plan that provides retirement, disability and death benefits for all part-time, seasonal and temporary employees.

The City's Retirement Committee administers the PSTDIP. The City's Retirement Committee consists of an odd number of persons, but not less than three, that are determined and appointed by the City acting through City Council. The Committee includes the Director of Human Resources appointed as Chair, the Chief Financial Officer, and a representative of the City Manager's Office. The Committee meets on a quarterly basis and has final approval for all administrative actions.

PSTDIP issues stand-alone financial statements with a June 30 year-end that can be obtained from the City of Arlington at 101 S. Mesquite Street, Suite 800, Arlington, TX 76010.

Disability Income Plan (DIP)

The Disability Income Plan is a single employer defined benefit disability income plan that covers the employees of the city. The plan originally provided in-service death benefits and long-term disability benefits commencing upon disablement. The plan was amended to eliminate the in-service death benefit and to start disability payments at age 65. The plan contemplates that long term disability benefits will be provided through a separate LTD insurance contract prior to age 65. The retired life liability for current disabled employees (many of whom are under age 65) is retained under the plan.

The City provides active employees with disability insurance through a policy obtained from a commercial carrier. Previously, all City employees had participated in a Disability Income Plan which had been funded by actuarially determined contributions. This plan had been accounted for in the DIP fund.

Benefits to employees who were disabled while participating under the previous plan will continue to be paid from the remaining assets of the DIP fund, a fiduciary fund of the City.

The Disability Income Plan does not issue separate GAAP financial reports. Its financial statements are presented in the notes to this ACFR.

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception is that inter-fund services provided and used are not eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. All franchise fees are based on gross receipts and are included in general revenues.

The net cost by function is normally covered by general revenue (property and sales taxes, franchise fees, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, Debt Service Fund and Street Capital Projects Fund. The enterprise funds are made up of the Water and Sewer Utility and Storm Water Utility funds. GAAP sets forth minimum criteria (percentage of assets, liabilities, deferrals, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the Annual Comprehensive Financial Report.

Internal Service Funds, which provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. Financial statements of internal service funds are allocated between the governmental and business-type activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc.).

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund statements. Custodial funds, however, report only assets and liabilities and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers taxes and other revenue to be available if they are collected within 60 days of the end of the current fiscal period, while grants typically are received within 90 days. Expenditures are recorded when a liability is incurred, as under accrual accounting, except debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, which are recorded only when the liability has matured, and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. The City has agreements with various entities in which a portion of the sales tax is rebated. The sales tax revenue is reported net of the rebate. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered unearned revenue.

Business-type activities and proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer fund and storm water utility fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major funds, nonmajor funds and other funds, by fund category and fund type are reported by the City:

1. Governmental Funds:

The focus of Governmental fund measurement (in the Fund Financial Statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the City:

Major Funds:

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Public Health, Public Welfare, Parks and Recreation, etc.) and is the primary operating unit of the City.
- b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. Street Capital Projects Fund (capital projects fund) accounts for the purchase of rights of way and land, construction of streets and related facilities, and to account for various other projects related to street construction. Funds are provided primarily through bond sales, interest earnings, and impact fees.
- d. Other Governmental Funds is a summarization of all the nonmajor governmental funds, including capital project and special revenue funds.

2. Proprietary Funds:

Proprietary funds are classified into two fund types; enterprise funds and internal service funds.

The focus of Enterprise Fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The City's Enterprise Funds are the Water and Sewer Utility Fund and the Storm Water Utility Fund, both of which are major funds. The Water and Sewer Utility Fund accounts for the administration, operation and maintenance of the water and sewer utility system, as well as billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary, to ensure integrity of the Fund. The City's solid waste function is contracted out. The billings for this function are done by the City as a conduit for the contractor. The fee for this service is accounted for in the Water Utility Fund, while revenues from solid waste franchise fees and landfill royalties are accounted for in the General Fund. The Storm Water Utility Fund accounts for the design, construction and maintenance of the City's storm water drainage systems.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis. These services include fleet services; self-insurance; workers' compensation insurance; and group health insurance. Major fund reporting requirements do not apply to internal service funds.

3. Fiduciary Fund Types:

The City additionally reports the following fiduciary fund types:

- a. Pension and other employee benefit trust funds are used to account for the accumulation of resources to be used for the retirement and disability benefit payments to qualified employees.
- b. Custodial Funds are used to account for assets held by the City in a custodial capacity for escheat property for the state and other assets held for individuals, local law enforcement agencies and developers.

E. Cash, Cash-Equivalents and Investments

To facilitate cash management, the operating cash of certain funds and component units is pooled into a cash management pool for the purpose of increasing income through combined investment activities. This cash and investment pool is available for use by all funds and component units except the Trust Funds and the AHA, which maintain separate investments. Each fund's portion of this pool is allocated through its cash and cash-equivalent investment account on the balance sheet. In addition, certain other investments are separately held by several of

the City's funds. Interest is allocated on a monthly basis to all funds in the investment pool based on their average balance at the end of each month. Interest earned by separate investments is credited to the respective funds. For purposes of the statement of cash flows, the City considers all unrestricted investments included in its cash management pool to be cash-equivalent investments as these balances are used essentially as demand deposit accounts by the individual funds. Investments included in the cash management pool which are restricted for use are reported as investments. Additionally, certificates of deposit and temporary investments held separately from the City's cash management pool and which are purchased with original maturities at the time of purchase of three months or less are reported as cash equivalent investments.

The City elects to exclude investments with an original maturity of one year or less from date of purchase from fair value reporting. These investments are reported at amortized cost.

Texas statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the state of Texas. The City is also authorized to invest in direct obligations of the state of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, money market mutual funds, prime bankers' acceptances, and reverse repurchase agreement.

In accordance with GASB Statement No. 31, investments with maturities greater than one year at time of purchase are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a transaction between willing parties.

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application* in its September 30, 2016 financial statements. The City's investments were categorized as Level 2 only and there were no Level 1 or Level 3 investments.

F. Inventories and Prepaid Items

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

In governmental funds, prepaid items are accounted for using the purchases method. Under this method prepaid items are treated as expenditures when purchased rather than accounted for as an asset. Funds under the accrual basis of accounting recognize the proportionate amount of expense in each benefitting period.

G. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a services concession agreement are recorded at acquisition value. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	45 - 50
Improvements other than buildings	20 - 40
Equipment	4 - 10
Drainage improvements	35 - 50
Meters	10
Streets	20 - 25
Storm/sanitary sewer	50
System infrastructure	20 - 50

H. Capitalization of Interest

The City early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in fiscal 2020. Interest costs incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. Interest incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

I. Arbitrage Liability

The City accrues a liability for an amount of arbitrage rebate resulting from investing low-yielding, tax-exempt bond proceeds in higher-yielding, taxable securities. Such investment activities can result in interest revenue exceeding interest cost. The arbitrage liability is payable to the federal government every five years; however, the City calculates and records its arbitrage liability annually. The arbitrage liability is recorded as a liability in the government-wide and proprietary fund types, as applicable, on the accrual basis and as a reduction of interest income on the invested debt proceeds.

J. Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability/asset, pension related deferred outflows and inflows of resources, and pension and OPEB expense, City specific information about its Fiduciary Net Position in the plans can be found in their audited financial statements. Additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by Texam Municipal Retirement System (TMRS) and Part-Time Seasonal and Temporary Employees Deferred Income Program (PSTDIP), Disability Income Plan (DIP), Supplemental Death Benefits, and Retiree Health Insurance statements. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from PSTDIP audited financial statements and TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*, as amended.

Beginning in fiscal year 2015, and in accordance with GASB 68 and 71, the City's net pension liability/asset is recorded on the face of the financial statements. The City elected to allocate the net pension liability/asset among governmental and business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Component units' contributions total 0.91% of total contributions and are not allocated separately, due to the threshold percentage. The estimated amount of net pension asset included in governmental activities for component units is \$249.7K. Detailed pension information is discussed in footnote 6.

Beginning in fiscal year 2017, and in accordance with GASB 74, the City's net OPEB liability/asset is recorded on the face of the financial statements. The City elected to allocate the net OPEB liability/asset among governmental and

business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Detailed OPEB information is discussed in footnote 7.

K. Compensated Absences

The City's employees earn vacation leave for each month of work performed. The accrual rate increases with years of service up to a maximum of 20 days per year for 15 years of service and over. On specified anniversary dates, additional days are credited, up to certain amounts, according to length of service. Accrued vacation is paid to non-civil service employees upon termination of employment for employees who have completed at least six months of continuous service. Civil service employees lose any unused vacation.

The City's employees accumulate 1.25 days of sick leave per month with a maximum accrual of 150 days (90 for civil service). The full amount of accumulated sick pay up to 120 days maximum is paid if termination is through retirement or death.

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is usually used to liquidate the liability for governmental activities' compensated absences.

L. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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 bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as other financing sources or uses or expenditures at the time of the debt issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Nature and Purpose of Classifications of Fund Equity

Fund balances for governmental funds are reported based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by the intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution 11-361 dated September 27, 2011 adopting the fund balance policy, authorized the City Manager or his designee to assign fund balance to a specific purpose.

The City may fund outlays for a particular purpose from both restricted and unrestricted (the total of committed, assigned, and unassigned) fund balance. In order to calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when

components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

N. Minimum Fund Balance Policy

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund working capital reserve at a minimum level of 8.33% (1/12) of annual General Fund expenditures. Total General Fund balances shall be maintained at a minimum of 15% of annual General Fund expenditures.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in net capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for the same purpose, it is the City's policy to consider restricted net position to be depleted before unrestricted net position is applied.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (reduction of liability/expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded and refunding debt. The other is deferred pension and OPEB related items reported in the government-wide statement of net position.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension, OPEB related items, and lease agreements are reported in the government wide statement of net position and in fund level statements.

Q. New Accounting Pronouncements

During fiscal year 2021, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements: Statement No. 84, *Fiduciary Activities*, and No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Suppression of GASB Statement No. 32*, which are effective for the City beginning in fiscal year 2021. These statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Adoption of GASB 84 and 97 resulted in the Thrift Savings Plan not meeting the criteria to be reported as a fiduciary component unit and therefore, not being reported as a fiduciary fund of the City. The adoption of GASB 84 and 97 resulted in the following adjustments to beginning fiduciary fund net position at October 1, 2020 (in thousands):

Pension and Other Employees Benefit Trust Fund Activities

Net position, beginning of year, as previously reported	\$ 266,640
Adjustment related to GASB 84 implementation	<u>(261,898)</u>
Net position, beginning of year, as restated	\$ 4,742

Custodial Funds

Net position, beginning of year, as previously reported	\$ -
Adjustment related to GASB 84 implementation	<u>2,746</u>
Net position, beginning of year, as restated	\$ 2,746

Statement No. 98, The Annual Comprehensive Financial Report, which is effective for the City beginning in fiscal year 2021. This statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

The GASB has issued the following statements which will be effective in future years as described below, based on Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*:

Statement No. 87, *Leases*, which is effective for the City beginning in fiscal year 2022. The objective of this statement is to improve accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability and consistency of information about the leasing activities of governments.

Statement No. 91, *Conduit Debt Obligations*, which is effective for the City beginning in fiscal year 2023. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Statement No. 92, *Omnibus 2020*, which is effective for the City beginning in fiscal year 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements.

Statement No. 93, *Replacement of Interbank Offered Rates*, which is effective for the City beginning in fiscal year 2022. This Statement addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR).

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is effective for the City beginning in fiscal year 2023. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements APAs).

Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for the City beginning in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset- and a corresponding subscription

liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires notes disclosures regarding a SBITA.

The City has not yet determined the impact of implementing the above new pronouncements.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The City Council adopts an annual legal budget, which covers the General Fund, the Debt Service Fund, the Enterprise Funds, and certain Special Revenue Funds (Park Performance, Convention and Event Services and Street Maintenance). All unencumbered appropriations lapse at fiscal year-end, except certain of those of the Special Revenue Funds. The budgets for the General Fund, the Debt Service Fund, and certain Special Revenue Funds are prepared on the modified accrual basis except for encumbrances which are treated as expenditures on the budgetary basis and interdepartmental expenses which are eliminated. The budgets for the Enterprise Funds are prepared on the modified accrual basis and include encumbrances, debt principal retirements and capital outlays as expenses. Additionally, the Enterprise Funds do not include depreciation as a budgetary expense. The schedules comparing budget and actual amounts for these governmental funds include adjustments to those budgetary basis for the differences noted above and for certain other revenue and expenditure items which are reported in the City’s budget differently than they are reported for accounting principles generally accepted in the United States. Budgetary level of control is exercised at the fund level. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures of the General Fund, Debt Service Fund, and certain Special Revenue funds must be approved by the City Council. During Fiscal Year 2021, there was one budget amendment on June 8, 2021. This amendment increased appropriations in the General Fund by \$6,100, in Convention & Event Services by \$4,228, in the Street Maintenance Fund by \$1,647 and in the Storm Water Utility Fund by \$63.

The Budgetary Comparison Schedule presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results, with the following exceptions:

Certain interdepartmental revenues and expenses are included in budgetary basis revenues and expenditures but are eliminated from actual revenues and expenditures.

General Fund encumbrances are added to the actual expenditures for budgetary comparison. Budgetary data for the project-length Special Revenue Funds and Capital Projects Funds have not been presented. Receipts of revenues cannot be estimated for all Special Revenue Funds and are not budgeted. Expenditures are limited to total revenues over the life of the funds. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in an annual Capital Improvements Program plan.

The City utilizes encumbrance accounting to ensure appropriated funds are adequately committed and remaining unspent balances are carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding. These amounts are reported in fund balance as follows (in thousands):

<u>General</u> <u>Fund</u>	<u>Street Capital</u> <u>Projects Fund</u>	<u>Other Nonmajor</u> <u>Funds</u>	<u>Total</u>
\$ 6,571	\$ 4,411	\$ 24,598	\$ 35,580

B. Excess of expenditures over appropriations

For the year ended September 30, 2021, there were no expenditures exceeding budget in the aggregate.

C. Deficit fund equity

There were no funds with a deficit fund balance in the year ended September 30, 2021.

III. DETAILED NOTES ON ALL FUNDS

1. CASH, CASH-EQUIVALENTS AND INVESTMENTS

Deposits - At September 30, 2021, the carrying amount of the City's demand deposits was \$1,619,143 (bank balance, \$5,831,366). The balance in cash on hand was \$34,405 at year end.

Investments - State statutes, the City’s Investment Policy and the City’s Depository Agreement govern the investments of the City. The City is authorized to invest in United States Treasuries, its agencies or instrumentalities, other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities, obligations of Texas and its agencies, counties and cities, and other political subdivisions rated not less than AA, obligations of other states, its agencies, counties, cities, and other political subdivisions rated not less than AA, fully insured or collateralized certificates of deposit, fully collateralized repurchase agreements, Guaranteed Investment Contracts, commercial paper rated A-1+, P-1 with an underlying long-term rating of AA or better, government pools and money market funds consisting of any of these securities listed. Major provisions of the City’s investment policy include the following: depositories must be FDIC-insured institutions, depositories must fully insure or collateralize all deposits, and investments must be purchased in the name of the City and be delivered to the City’s agent for safekeeping. For additional information see the City of Arlington Investment Policy at www.arlingtontx.gov. The City elects to exclude investments with an original maturity of one year or less from date of purchase from fair value reporting. These investments are reported at amortized cost. The City does not invest in derivatives.

Cash, Cash-equivalents and investments include: (amounts in thousands) Governmental Activities \$398,075, Business-type Activities \$282,004, Custodial Funds \$2,591, Pension Trust Investment Funds \$4,884.

As of September 30, 2021, the City had the following investments (amounts in thousands):

Cash, Cash-Like Investments	Fair Value	Weighted Avg Maturity (in days)	Credit Risk
Treasury	\$64,660	416	AA+
Agency	311,491	587	AAA
Non-Texas Municipal	51,892	264	AA+
Total Fair Value	<u>\$ 428,043</u>		

The City has investments in government pools at September 30, 2021 totaling \$240,025 (amount in thousands) which are recorded at amortized cost or net asset value (NAV) and have a credit risk rating of AAA.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity of any single investment and the weighted average maturity of combined investments by fund groups. While the interest income derived from these particular types of investments fluctuate based on market movements and the characteristics of the pools and funds, the value of the principal is not affected.

The following table lists the fund groups authorized in the City’s investment policy and the maximum maturity and maximum weighted average maturity (“WAM”):

Fund	Maximum Maturity	Maximum WAM
General Operating	3 Years	18 Months
Capital Project	3 Years	18 Months
Working Capital Reserve	5 Years	4 Years
Dallas Cowboy Complex Development Debt Service Reserve	10 Years	10 Years
Debt Service Sinking & Debt Service	10 Years	10 Years
Closure/Post-closure Trust Fund	10 Years	8 Years

Credit Risk. In accordance with its investment policy, the City minimizes credit risk by limiting investments to the safest type of investments.

Concentration of Credit Risk. The City’s investment policy places the following limits on the amount the City may invest in any one issuer. All securities are rated AA or better.

<u>Security</u>	<u>% of Portfolio</u>
United States Treasury	100% of portfolio per Issuer
U.S. Agencies and Instrumentalities	100% of portfolio 35% per Issuer
Other Obligations guaranteed by U.S.	100% of portfolio 10% per Issuer
Obligations of Texas and its subdivisions	10% of portfolio 2% per Issuer
Obligations of other states and its subdivisions	10% of portfolio 2% per Issuer
Certificates of Deposit	50% of portfolio 20% per Issuer
Repurchase Agreements	40% of portfolio 15% per counterparty
Guaranteed Investment Contract	100% of bond funds
Commercial Paper	20% of portfolio 5% per Issuer
Money Market Mutual Fund	100% of portfolio 15% per MMF
Local Government Investment Pools	100% of portfolio 25% per pool

Custodial Credit Risk. State statutes require that all City deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation (FDIC), collateralized by U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits, or by a Letter of Credit from a Federal Agency.

Following the criteria for GASB Statement No. 79, Certain External Investment Pools and Pool Participants, TexPool Prime and TexPool use amortized cost and Texas CLASS, TexStar, and Texas Term use NAV to value portfolio assets. As is legally permissible for municipalities and school districts in the state, TexPool and TexasDaily, and TexStar invest in a high-quality portfolio of debt securities, Texas Class Government, and Texas Class invests in a high-quality portfolio of short-term investments.

The City's investments in local government investment pools include investments in TexPool Prime, TexPool, TexasDaily, TexStar, Texas Class Government and Texas Class. These are public funds investment pools operating as an SEC 2a-7 like pool in full compliance with the Public Funds Investment Act and are rated as AAA money market funds by Standard & Poor's. The City has Local Government Investment Pools of \$240,025.(amounts in thousands).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2021 (amounts in thousands):

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	9/30/2021	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Treasury	64,660	-	64,660	-
Agency	311,491	-	311,491	-
Non-Texas Municipal	51,892	-	51,892	-
	428,043	-	428,043	-

Debt securities classified in Level 2 of the fair value hierarchy are valued by Interactive Data Corp (IDC) using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Management believes it is generally compliant with applicable requirements of (PFIA/PFCA).

2. PROPERTY TAXES

Property Taxes are levied on October 1 on the assessed value listed as of the prior January 1 and are due and payable at that time. All unpaid taxes attach as a lien on property as of January 1 and become enforceable February 1. Penalties and interest are charged at 7 percent on delinquent taxes beginning February 1 and increase each month to 18 percent on July 1.

Appraised values are established by the Tarrant Appraisal District at 100 percent of estimated market value and certified by the Chief Appraiser. The total market value for FY21 was \$46,871,355,618 which encompasses all properties in Arlington, including real estate, personal, and mineral properties prior to any exemptions or abatements. The assessed value for the tax roll as of September 1, 2020 upon which the original FY21 levy was based, was \$29,238,010,000.

City property tax revenues are recorded as receivables and unearned revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay

current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2021, the City had a tax rate of \$0.6225 (\$0.4085 for general government and \$0.2140 for debt service) per \$100 assessed valuation with a tax margin of \$1.876 per \$100 valuation based upon a maximum ad valorem tax of \$2.50 per \$100 valuation permitted by Article XI, Section 5, of the State of Texas Constitution. Additional revenues up to approximately \$548,505,067 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$29,238,010,000.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, legal action. Under this system, the City sets tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year.

3. VENUE DEVELOPMENT PROJECT

Overview

The City is the home to both AT&T Stadium, the home of the Dallas Cowboys, and Globe Life Field, the home of the Texas Rangers. The City financed a portion of the construction of both venues through the issuance of special tax revenue bonds.

The 2004 Venue Election and the Cowboys Project

At an election held in the City, on November 2, 2004 pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters voting at said election voted in favor of a proposition authorizing the City to (i) establish and finance the Dallas Cowboys Complex (the "Cowboys Project") as a sports and community venue project of the type described and defined in the Act, (ii) impose a sales and use tax within the City at a rate of one-half of one percent (0.5%) (the "Sales Tax"), (iii) impose a tax at a maximum rate of five percent (5%) on the gross rental receipts from the short-term rental in the City of a motor vehicle (the "Motor Vehicle Rental Tax"), (iv) impose a tax on the occupancy of a room in a hotel located within the City, at a maximum rate of two percent (2%) of the price paid for such room (the "Hotel Occupancy Tax" and together with the Sales Tax and the Motor Vehicle Rental Tax, the "Pledged Special Taxes"), (v) impose an admissions tax on each ticket sold as admission to an event held at the Cowboys Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Cowboys Admissions Tax"), and (vi) to impose a tax, not to exceed three dollars (\$3.00) per vehicle, on each parked motor vehicle parking in a facility of the Cowboys Project (the "Cowboys Parking Tax") for the purpose of financing the Cowboys Project. The Dallas Cowboys are based in the City of Frisco, Texas, and play their home games at AT&T Stadium located in Arlington. The Dallas Cowboys are a professional football team owned by the Dallas Cowboys Football Club, Ltd., a Texas limited partnership (the "Cowboys' Owner"), operating under a franchise issued by the National Football League (the "NFL") in 1960.

The City financed a portion of AT&T Stadium through the issuance of \$297,990,000 of special tax revenue bonds in three issuances, Series 2005A, Series 2005B, and Series 2005C (collectively the "Series 2005 Bonds"). The Series 2005B Bonds were refinanced by the issuance of the City's \$112,185,000 Special Tax Revenue Bonds, Series 2008 (the "Series 2008 Bonds") and the City's \$62,820,000 Special Tax Revenue Bonds, Series 2009 (the "Series 2009 Bonds" and together with the Series 2008 Bonds, the "Prior Obligations"). Subsequently, all outstanding Series 2008 and Series 2009 Bonds were refinanced by the issuance of the City's \$110,200,000 Senior Lien Special Tax Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds").

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Cowboys Stadium, L.P. (the "Tenant") for lease of the Complex. The Lease Agreement calls for an initial term of 30 years.

Monthly lease payments of \$166,666.67 began in June, 2009 for an annualized rental rate of \$2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of \$1 million per year for the first 10 years and \$1.25 million per year for all remaining renewals. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The tenant will also make separate annual payments to the City, beginning during the construction period, equal to five percent of the net naming rights revenue, if any, received by the Tenant, capped at \$500 thousand per year. The revenue for this fiscal year was \$500,000. The lease is accounted for as an operating lease. The cost of the stadium is \$1,109,951,954 with accumulated depreciation of \$289,277,021.13.

Conduit Debt - In 2006, \$147,865,000 Cowboy Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2006 (the "Cowboys Admission and Parking Taxes Revenue Bonds") with a pledge of a 10% admissions tax and a \$3 parking tax for events held at the Complex, with additional security provided by a Guaranty Agreement from The Cowboys Stadium, L.P., were issued to fund a portion of the Dallas Cowboy's funding for the Complex. The Cowboys Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City's revenue sources and accordingly have not been reported as a liability in the City's financial statements but are disclosed here as conduit debt. At September 30, 2021, outstanding conduit debt was \$124,895,000

Franchise - The City and the Dallas Cowboys Football Club, LTD. entered into a franchise agreement that requires the Dallas Cowboys NFL football franchise to remain in Arlington and to play 7 of 8 of the team's regular season home games in the Complex for a minimum of 30 years after the Complex opens. If the lease renewal options are exercised, the Cowboys' obligation to stay in Arlington is extended for the renewal term.

In July 2013, an agreement was reached between the Cowboys and AT&T for naming rights to the stadium. The City receives 5% of the revenue as additional rent from the naming rights deal, up to \$500,000 annually.

The 2016 Venue Election and the Rangers Project

At an election held in the City on November 8, 2016, pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters of the City voting at said election voted in favor of a proposition authorizing the City to provide for the planning, acquisition, establishment, development, construction and financing of the Texas Rangers Complex Development Project (the "Rangers Project" and together with the Cowboys Project, the "Arlington Venue Projects") within the City and (i) to impose a parking tax, at a rate not to exceed three dollars (\$3.00) on each parked motor vehicle parking in a parking facility of the Rangers Project (the "Rangers Parking Tax"); (ii) to impose an admissions tax on each ticket sold as admission to an event held at the Rangers Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Rangers Admissions Tax"); (iii) to authorize the use of the existing hotel occupancy tax, at a rate not to exceed two percent (2%) of the price paid for such room; (iv) to authorize the use of the existing sales tax within the City at a rate of one-half of one percent (0.5%); and (v) to authorize the use of the existing motor vehicle rental tax at a maximum rate of five percent (5%) for the purpose of financing the Rangers Project. The Texas Rangers are a professional baseball team operating under and pursuant to the rules and regulations of Major League Baseball. The Texas Rangers are based in the City and currently play their home games at Globe Life Park located in the City. The City's prior financing related to Globe Life Park is no longer outstanding and has been paid in full. Construction of the Rangers Project began in 2018, and the Texas Rangers began playing in the new ballpark starting in the 2020 baseball season. The Rangers Project will be a flexible, retractable roof, multi-purpose, multifunctional ballpark and sports, special events, concert and community and entertainment venue project designed to seat approximately 40,000 spectators to be used for the home games for the Texas Rangers and which may also be used for one or more additional professional or amateur sporting events, and which may also contain additional retail, restaurant and food establishments, team training facilities and museums, and which also includes water, sewer, drainage and road improvements necessary to service the Rangers Ballpark, as well as parking facilities adjacent to the Rangers Ballpark.

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Rangers Stadium Company LLC. (the "Tenant") for lease of the Rangers Complex. The Lease Agreement calls for an initial term from commencing upon occupation through January 1, 2054. Monthly lease payments of \$166,666.67 began upon occupation for an annualized rental rate of \$2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of \$1 million per year for two successive renewal periods of five years each. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The lease is accounted for as an operating lease. The cost of the stadium is \$1,284,106,396 with accumulated depreciation of \$41,253,931.

Conduit Debt - In 2020, \$321,717,000 Rangers Baseball Complex Admissions and Parking Taxes Revenue Bonds,

Taxable Series 2020 (the "Rangers Admission and Parking Taxes Revenue Bonds") with a pledge of a 10% admissions tax and a \$3 parking tax for events held at the Complex. The Rangers Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City's revenue sources and accordingly have not been reported as a liability in the City's financial statements but are disclosed here as conduit debt. At September 30, 2021, outstanding conduit debt was \$315,712,000.

Franchise - The City and Rangers Baseball LLC. entered into a non-relocation agreement that requires the Texas Rangers franchise to remain in Arlington and to play the team's regular season home games in the existing Ballpark during the construction of the new Ballpark. Once the new Ballpark is operational, the team is to remain in Arlington and to play the team's regular season home games through January 1, 2054. If the lease renewal options are exercised, the Rangers' obligation to stay in Arlington is extended for the renewal term.

Venue Project Debt

In 2018, the City issued an additional \$266,080,000 Senior Lien Special Tax Revenue Bonds, Series 2018A, \$28,250,000 Senior Lien Special Tax Revenue Bonds, Series 2018B, and \$171,095,000 Subordinate Lien Special Tax Revenue Bonds, Series 2018C for the City's portion of the Ballpark Venue's construction.

4. RECEIVABLES

Receivables at September 30, 2021 for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following (amounts expressed in thousands):

	General	Debt Service	Storm Water Utility	Water & Sewer	Street Capital Projects	Other Nonmajor Governmental Funds	Internal Service Funds	Total
Receivables:								
Taxes	\$ 14,546	\$ 324	\$ -	\$ -	\$ -	\$ 860	\$ -	\$ 15,730
Franchise Fees	6,010	-	-	-	-	-	-	6,010
Trade Accounts	-	-	1,492	12,034	-	-	-	13,526
Unbilled Trade Accounts	-	-	936	10,422	-	-	-	11,358
Special Assessments	-	-	-	-	122	-	-	122
Sales Taxes	15,245	7,622	-	-	-	3,815	-	26,682
Lease agreements	40,571	-	-	-	-	-	-	40,571
Accrued Interest	470	611	-	14	-	-	62	1,157
Other	3,926	-	-	134	-	2,276	527	6,863
Gross Receivables	80,768	8,557	2,428	22,604	122	6,951	589	122,019
Less: Allowance for Uncollectibles	(8,965)	-	(85)	(1,943)	-	-	-	(10,993)
Net total Receivables	\$ 71,803	\$ 8,557	\$ 2,343	\$ 20,661	\$ 122	\$ 6,951	\$ 589	\$ 111,026

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 was as follows:

(Amounts expressed in thousands)

	Balance at Beginning <u>Of Year</u>	<u>Additions</u>	Transfers and <u>Retirements</u>	Balance at End <u>Of Year</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 293,882	\$ 90	\$ -	\$ 293,972
Construction in progress	\$ 142,219	38,436	(13,336)	167,319
Total capital assets, not being depreciated	436,101	38,526	(13,336)	461,291
Capital assets, being depreciated:				
Buildings and improvements	2,597,854	395		2,598,249
Equipment	137,719	3,426	(183)	140,962
Infrastructure	1,047,791	11,383	-	1,059,174
Total capital assets, being depreciated	3,783,364	15,204	(183)	3,798,385
Less accumulated depreciation for:				
Buildings and improvements	453,850	59,664		513,514
Equipment	116,010	10,587	(183)	126,414
Infrastructure	729,981	18,391	-	748,372
Total accumulated depreciation	1,299,841	88,642	(183)	1,388,300
Total capital assets, being depreciated, net	2,483,523	(73,438)	-	2,410,085
Governmental activities capital assets, net	\$ 2,919,624	\$ (34,912)	\$ (13,336)	\$ 2,871,376

	Balance at Beginning Of Year	Additions	Transfers and Retirements	Balance at End Of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 23,757	\$ -	\$ -	\$ 23,757
Construction in progress	98,697	70,124	(29,337)	139,484
Total capital assets, not being depreciated	<u>122,454</u>	<u>70,124</u>	<u>(29,337)</u>	<u>163,241</u>
Capital assets, being depreciated:				
Buildings and improvements	9,261	-	-	9,261
Drainage System	136,828	5,672	-	142,500
Water and sewer system	1,034,974	26,621	-	1,061,595
Machinery and equipment	12,474	-	-	12,474
Total capital assets, being depreciated	<u>1,193,537</u>	<u>32,293</u>	<u>-</u>	<u>1,225,830</u>
Less accumulated depreciation for:				
Buildings and improvements	1,845	185	-	2,030
Drainage System	49,350	2,692	-	52,042
Water and sewer system	370,914	20,387	-	391,301
Machinery and equipment	12,258	154	-	12,412
Total accumulated depreciation	<u>434,367</u>	<u>23,418</u>	<u>-</u>	<u>457,785</u>
Total capital assets, being depreciated, net	<u>759,170</u>	<u>8,875</u>	<u>-</u>	<u>768,045</u>
Business-type activities capital assets, net	<u>\$ 881,624</u>	<u>\$ 78,999</u>	<u>\$ (29,337)</u>	<u>\$ 931,286</u>

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental activities:	
General Government	\$ 53,121
Public Safety	4,318
Parks and recreation	5,771
Public works	21,738
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,694</u>
Total depreciation expense – governmental activities	<u>\$ 88,642</u>
Business-type activities:	
Storm Water Utility	\$ 2,693
Water and sewer	<u>20,727</u>
Total depreciation expense – business-type activities	<u>\$ 23,420</u>

Discretely presented component units:

	(Amounts expressed in thousands)			
	Balance at Beginning <u>Of Year</u>	Transfers and <u>Additions</u>	Transfers and <u>Retirements</u>	Balance at End <u>Of Year</u>
Arlington Housing Authority, Inc				
Capital assets, not being depreciated:				
Land	\$ 4,654			\$ 4,654
Capital assets, being depreciated:				
Buildings and Improvements	677			677
Machinery and equipment	382			382
Total capital assets, not being depreciated	<u>5,713</u>	-	-	<u>5,713</u>
Less accumulated depreciation for:				
Buildings and improvements	(363)	(15)		(378)
Machinery and equipment	(380)	(5)		(385)
Total accumulated depreciation	<u>(743)</u>	<u>(20)</u>	-	<u>(763)</u>
Arlington Housing Authority, Inc.				
Capital Assets, net	<u>\$ 4,970</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ 4,950</u>

	(Amounts expressed in thousands)			
	Balance at Beginning <u>Of Year</u>	Transfers and <u>Additions</u>	Transfers and <u>Retirements</u>	Balance at End <u>Of Year</u>
Arlington Convention and Visitors Bureau, Inc.				
Capital assets, being depreciated:				
Machinery and equipment	\$ 748	1,101		\$ 1,849
Total capital assets, being depreciated	<u>748</u>	<u>1,101</u>	-	<u>1,849</u>
Less accumulated depreciation for:				
Machinery and equipment	(652)	(48)		(700)
Total accumulated depreciation	<u>(652)</u>	<u>(48)</u>	-	<u>(700)</u>
Arlington Convention and Visitors Bureau, Inc.				
Capital Assets, net	<u>\$ 96</u>	<u>\$ 1,053</u>	<u>\$ -</u>	<u>\$ 1,149</u>

6. PENSION AND EMPLOYEE RETIREMENT PLANS

Texas Municipal Retirement System

A. Plan Description

The City provides pension benefits for all its full-time employees through a nontraditional, joint contributory, hybrid defined benefit cash balance pension plan in the state-wide Texas Municipal Retirement System (TMRS), one of 895 administered by TMRS, an agent, multiple-employer public employee retirement system. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

All eligible employees of the city are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. The contribution rate for the employees is 7%, and the city matching ratio is currently 2 to 1, both as adopted by the governing body of the city.

Initiated in 1998, the City provides on an annually repeating basis annuity increases for retirees, which are also referred to as cost of living adjustments (COLAS). Currently, that amount is equal to 50% of the change in the consumer price index (CPI). The amount of the COLA percentage can only be changed by a City-adopted ordinance.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,971
Inactive employees entitled to but not yet receiving benefits	1,244
Active Employees	<u>2,492</u>
	5,707

C. Contributions

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the City matching percentages are 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Arlington were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Arlington were 16.29% and 17.01% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$31,713,751.

D. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2020, and the Total Pension Liability (Asset) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) 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 rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability (Asset)

Plan fiduciary net position as a percentage of the total pension liability	101.95%
Covered payroll	\$192,069,624
Net pension liability (asset) as a percentage of covered employee payro	(13.98%)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City’s net pension liability (asset)	\$165,070,175	(\$26,844,447)	(\$184,505,622)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com

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

For the year ended September 30, 2021, the City recognized pension expense of \$6,610,951.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ -	\$33,435,258
Changes of assumptions	2,658,868	-
Net difference between projected actual earnings on pension plan investments	9,457,842	-
Contributions subsequent to the measurement date	23,097,793	-
Total	\$35,214,503	\$33,435,258

\$23,097,793 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended September 30:	
2022	\$ (7,060,549)
2023	5,243,359
2024	(17,846,422)
2025	(1,654,936)
2026	-
Thereafter	-
Total	\$ (21,318,548)

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

The Part-Time, Seasonal and Temporary Employees Deferred Income Plan (PSTDIP) provides a retirement benefit for those employees not eligible to participate in the Texas Municipal Retirement System. PSTDIP issues stand-alone financial statements at June 30th each year that can be obtained from the City of Arlington at 101 S. Mesquite Street, Suite 800, Arlington, TX 76010.

Plan Description

Plan administration. The City's Retirement Committee administers the Part-time, Seasonal and Temporary Employees Deferred Income Plan (PSTDIP) – a single-employer defined benefit pension plan that provides benefits for all part-time, seasonal and temporary employees. Management of the PSTDIP is vested in the City's Retirement Committee consists of an odd number of persons, but not less than three, that are determined and appointed by the City acting through City Council. The Committee includes the Director of Human Resources appointed as Chair, the Chief Financial Officer, and a representative of the City Manager's Office. The Committee meets on a quarterly basis and has final approval for all administrative actions.

Benefits. PSTDIP provides retirement, disability and death benefits for part-time, seasonal and temporary employees. Monthly retirement benefits for plan members are calculated as the lesser of a) a life annuity with an actuarial equivalent value equal to 2.5 times employee contributions with interest, or b) average compensation times percentage of average pay times credited service not in excess of 30. Average compensation is determined by dividing the sum of monthly compensation by the months of credited service earned prior to termination. Percentage of average pay ranges from 1.5 percent to 2.0 percent based on number of months of credited service. A plan member is eligible to retire upon attaining age 65. If an employee is terminated by reason of total and permanent disability, the employee will be eligible for a life only annuity in an amount actuarially equivalent to a lump sum payment equal to 2.5 times employee contributions with interest. With the approval of the Retirement Committee, the Disability Retirement Pension shall be paid as a lump sum in lieu of a life annuity. Death benefits are the same as for disability.

Contributions. The Retirement Committee establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2021, the active member average contribution rate was 3.0 percent of annual pay and the City’s average contribution rate was 2.6 percent of annual payroll. The city’s contributions to the plan for the year ended September 30, 2021, was \$82,176 and was equal to the required contributions.

At the June 30, 2021 valuation and measurement date, the following employees were covered by the terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	3,796
Active Employees	<u>662</u>
	4,487

Net Pension Liability (Asset)

The City’s Net Pension Liability (Asset) was measured as of June 30, 2021 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Discount Rate	5.00%

Mortality rates were based on the RP2000 Combined Tables with Blue Collar Adjustment, projected with Scale BB. Active rates were multiplied by 54.5% for males and 51.5% for females. Retiree rates were multiplied by 109% for males and 103% for females.

Discount Rate:

The discount rate used to measure the Total Pension Liability was 5.00%.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance at 10/01/2020	\$ 2,992,790	\$ 3,268,556	\$ (275,766)
Changes for the year:			
Service Cost	145,741	-	145,741
Interest	149,886	-	149,886
Change of benefit terms	-	-	-
Difference between expected and actual experience	(199,230)	-	(199,230)
Changes of assumptions	-	-	-
Contributions-employer	-	73,688	(73,688)
Contributions-employee	-	81,877	(81,877)
Net investment income	-	314,938	(314,938)
Benefit payments, including refunds			
of employee contributions	(135,887)	(135,887)	-
Administrative expense	-	(49,162)	49,162
Other changes	-	-	-
Net changes	(39,490)	285,454	(324,944)
Balance at 09/30/21	\$ 2,953,300	\$ 3,554,010	\$ (600,710)

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

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 5.00%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net pension asset	(\$341,107)	(\$600,710)	(\$816,722)

Pension Plan Fiduciary Net Position

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

For the year ended September 30, 2021, the City recognized pension expense of \$73,688.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	193,562
Contributions subsequent to the measurement date	16,000	-
Total	\$16,000	\$193,562

\$16,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2022	\$ (49,717)
2023	(63,272)
2024	(50,122)
2025	(30,451)
2026	-
Thereafter	-
Total	\$ (193,562)

Total Expenses (Reduction of Expenses)

The amount of expenses recognized for the current year for the net pension liability recognized this year is as follows:

TMRS	6,610,000
PSTDIP	(221,000)
	<u>6,389,000</u>

Thrift Savings Plan

All full-time City employees may participate in the Thrift Savings Plan (the "Thrift"), a single-employer defined contribution plan administered by the Retirement Committee at the City. The plan provisions and contribution savings are adopted and amended by the City Council, within the options available in the federal statutes governing Internal Revenue Code, section 401(k). This voluntary IRS Code 401(k) plan allows all full-time City employees to contribute between 1 percent to 10 percent of their salary with the City matching the first 6 percent of employee contributions at 50 cents to the dollar. Partial vesting of employer contributions begins after three years of participation with full vesting taking place after six years of participation. At September 30, 2021, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$307,543,000.

The City's total payroll during fiscal 2021 was \$194,596,000. The current year contribution was calculated based on a covered payroll of \$135,560,000, resulting in a required and actual employer contribution of \$3,703,000 and actual

employee contributions of \$9,681,000. The employer contribution represents 2.97 percent of the covered payroll. The employee contribution represents approximately 7.52 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2021. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

City contributions for the above plans for the year ended September 30, 2021, are as follows (amounts in thousands):

TMRS	\$31,360
THRIFT	4,025
PSTDIP	<u>82</u>
	<u>\$35,467</u>

7. OTHER EMPLOYEE AND POSTEMPLOYMENT BENEFITS

Disability Income Plan

Plan Description

Effective October 1, 1992, the City began providing active employees with disability insurance through a policy obtained from a commercial carrier. Previously, all City employees had participated in a Disability Income Plan (DIP), a single-employer other postemployment benefit disability plan, which had been funded by actuarially determined contributions. This plan had been accounted for in the DIP fund. Benefits to employees who were disabled while participating under the previous plan will continue to be paid from the remaining assets of the DIP fund, a fiduciary fund of the City.

Plan Description. DIP is a single-employer defined benefit disability income plan that covers the employees of the City. The plan originally provided in-service death benefits and long term disability benefits commencing upon disablement. The plan was amended to eliminate the in-service death benefit and to start disability payments at age 65. The plan contemplates that long term disability benefits will be provided through a separate LTD insurance contract prior to age 65. The retired life liability for current disabled employees (many of whom are under age 65) is retained under the plan.

The Disability Income Plan does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2021. (amounts in thousands):

STATEMENT OF FIDUCIARY NET POSITION

ASSETS

Cash and cash-like investments	\$ -
Investments:	
U.S. Government securities	24
Corporate bonds	817
Fixed income mutual funds	272
Common stock mutual funds	277
Total Investments	<u>1,390</u>
	-
Total Assets	<u>\$1,390</u>

LIABILITIES

Accounts payable	-
Total Liabilities	<u>-</u>

NET POSITION

Restricted for OPEB	<u>1,390</u>
Total Net Position	<u>\$1,390</u>

**Statement of Changes in Fiduciary Net Position
Disability Income Plan**

Additions

Employer contributions	77
Other additions	97
Total Additions	<u>174</u>

Deductions

Benefits	128
Plan Administration	33
Total Deductions	<u>161</u>

Increase in Net Position	13
Net Position, October 1	<u>1,377</u>
Net Position, September 30	<u>\$ 1,390</u>

Benefits Provided

The amount of monthly benefit payable to the employee is provided by 60% of basic earnings not less than \$50 less the sum of TMRS benefit plus worker’s compensation plus social security benefit.

In September of 2012, the City amended the Disability Income Plan to limit benefit eligibility to:

- a. Former employees who were receiving disability income from the trust as of September 18, 2012, and
- b. Former employees who, as of September 18, 2012, were receiving benefits from the City’s Long Term Disability (LTD) plan and were in active service prior to January 1, 1993.

Because the amendment closed the plan to any future disabled employees, there is no longer any liability attributable to the City’s active employees.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	11
Inactive, Nonretired Members	0
Active Members	<u>0</u>
	11

Contributions

The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City’s contribution is determined through an actuarial valuation. For the year ended September 30, 2021, the City contributed \$76,654 to the plan. Administrative costs of DIP are financed through investment earnings.

Net Disability Income Plan Liability

The City’s Total Disability Income Plan Liability was measured as of December 31, 2020.

Actuarial assumptions:

The Total Disability Income Plan Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	5%
Inflation	2.5%
Salary Increases	N/A; no active employees
Cost of Living Adjustment	The TMRS offset is assumed to increase by 1.25% per annum. The Social Security offset is assumed to increase 2.5% per annum. The offsets are assumed to increase in January.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan

Changes in the Net Disability Income Plan Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at 10/01/2020	\$ 1,268,882	\$1,333,800	\$ (64,918)
Changes for the year:			
Service Cost	-	-	-
Interest on total OPEB liability	60,415	-	60,415
Change of benefit terms	-	-	-
Difference between expected and actual experience	42,447	-	42,447
Changes of assumptions or other inputs	(34,196)	-	(34,196)
Employer contributions	-	74,524	(74,524)
Net investment income	-	153,452	(153,452)
Benefit Payments	(121,149)	(121,149)	-
Administrative Expenses	-	(11,389)	11,389
Net changes	(52,483)	95,438	(147,921)
Balance at 9/30/21	1,216,399	1,429,238	(212,839)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

Regarding the sensitivity of the net OPEB liability (asset) to changes in the Single Discount Rate, the following presents the plan's net OPEB liability (asset), calculated using a discount rate of 5.00%, as well as what the plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net OPEB liability (asset)	(\$113,308)	(\$212,839)	(\$299,140)

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to disability income plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions and other inputs	-	-
Contributions subsequent to the measurement date	58,915	-
Net difference between projected and actual earnings on OPEB plan investments	-	98,887
Total	\$58,915	\$ 98,887

Deferred outflows and deferred inflows of resources, by year, to be recognized in future OPEB expense (excluding City-provided contributions made subsequent to the measurement date):

Plan Year Ended	
September 30:	
2022	\$ (25,644)
2023	(18,973)
2024	(36,626)
2025	(17,644)
2026	-
Thereafter	-
Total	\$ (98,887)

Retiree Health Insurance

The City of Arlington administers a single-employer self-funded health care plan. The plan provides post-retirement health care benefits to eligible retirees and their dependents.

To be eligible for retiree health insurance, an employee must be eligible to retire from the City of Arlington based upon the policies and requirements of the Texas Municipal Retirement System (“TMRS”) and elect to retire at the time of separation from the City. If a retiree has coverage through another employer, they must waive the City retiree coverage until the employer-based coverage terminates. As of December 31, 2020, there were 247 retired employees who met this requirement.

An employee may retire from the City based on one of the following circumstances: (1) the employee becomes eligible and elects to retire under the Texas Municipal Retirement System (TMRS) after either 20 years of service credit at any age, or after a minimum of five years of service at age 60; (2) the employee becomes eligible and elects to retire under the provisions of TMRS relating to disability retirement.

Benefits Provided

A Retiree may be eligible for insurance benefits that include: medical, dental, and vision benefits, regardless of the number of years worked for the City. However, to be eligible for a contribution from the City toward medical insurance, the Retiree must meet all of the following requirements:

- Be a minimum of age 50 and have a minimum of 10 years of full-time service with the City of Arlington and age plus years of service with the City must equal at least 70.

- Elect to receive their TMRS pension at the time of separation from the City of Arlington.
- Be hired/re-hired OR transferred to a Full-time status prior to January 1, 2006.

Retiree Health Insurance City Benefit Payments

The City’s payment toward Retiree health insurance premiums is based upon five criteria: Date of Hire, Re-hire, or Full-time Status; Years of Full-time Service with the City of Arlington; Age; Election of TMRS Pension; and Date of Retirement.

1. Retirees who were hired/re-hired or transferred into a full-time status prior to 1/1/2006 have a City contribution based on their years of eligible service with the City. Retirees who were hired/re-hired or transferred into a full-time status after 1/1/2006 have no City contribution; however they may elect to pay the full cost and remain on the City’s health plan.
2. Retirees who are TMRS eligible and elect a pension, are a minimum of age 50 and have 10 years of full-time service with the City of Arlington are eligible for a City contribution if hired, re-hired, or transferred into a full-time status prior to 1/1/2006.
3. Retirees who are TMRS eligible, have elected a pension but have less than 10 years of full-time service with the City of Arlington are not eligible for the City contribution, but may elect insurance benefits and pay the full premium.
4. Retirees who retired prior to 1/1/2008 have a City contribution toward their dependent’s health coverage. Retirees who are retiring after 1/1/2008 do not have a contribution toward their dependent’s health care.
5. Effective January 1, 2014, the City’s retiree contribution was changed to a flat rate based on date of retirement. The contribution for retirees over the age of 65 has \$50 of the contribution designated for Medicare pharmacy coverage.

Benefit Payments The City Council through the budget process has the authority to establish and amend payment requirements of the plan. Currently the plan is funded on a pay-as-you-go basis. The City’s payments for the year ended September 30, 2021 were \$6,733,000.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	856
Inactive employees entitled to but not yet receiving benefits	247
Active Employees	<u>2,389</u>
	3,492

Net OPEB Liability

The City’s Total OPEB Liability was measured as of December 31, 2020.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.00%
Inflation	2.50% per year
Salary Increases	3.50% to 11.50%, including inflation

Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rate in the MP tables.
Health Care Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 14 years; Post-65: Initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years
Participation Rates	Following rates apply for retirees that are eligible for a subsidy and retire between the ages of 50 and 65: 45% for retirees with 10-14 years of service; 55% for retirees with 15-19 years of service; 65% for retirees with 20-24 years of service; 75% for retirees with 25-29 years of service; 80% for retirees with 30 or more years; 95% for retirees that are eligible for a subsidy and retire after the age of 65; 20% for retirees that are not eligible for a subsidy from the City; 10% for retirees that are eligible for a subsidy and retire before the age of 50

Discount Rate:

The discount rate used to measure the Total OPEB Liability was changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/20	\$ 115,629,812
Changes for the year:	
Service Cost	2,601,055
Interest on total OPEB liability	3,123,353
Change of benefit terms	-
Difference between expected and actual experience	8,814,880
Changes of assumptions or other inputs	8,918,233
Benefit Payments	(6,707,698)
Net changes	16,749,823
Balance at 9/30/21	\$ 132,379,635

Covered-employee payroll	\$192,069,624
Total OPEB liability as a percentage of covered payroll	68.92%

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	Discount Rate (1.00%)	Discount Rate (2.00%)	Discount Rate (3.00%)
City's total OPEB liability	\$146,648,120	\$132,379,635	\$120,067,871

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

The following presents the total OPEB liability of the City, calculated using the assumed trend rates as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
City's total OPEB liability	\$126,399,013	\$132,379,635	\$139,327,107

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	8,581,597	2,489,278
Changes of assumptions and other inputs	14,984,246	1,417,660
Benefit payments subsequent to the measurement date	4,344,584	-
Total	27,910,427	3,906,938

Deferred outflows and deferred inflows of resources, by year, to be recognized in future OPEB expense (excluding City-provided benefit payments made subsequent to the measurement date):

Year Ended September 30:	
2022	\$ 3,688,363
2023	3,688,363
2024	3,688,363
2025	2,931,370
2026	2,995,699
Thereafter	2,666,747
Total	\$ 19,658,905

Supplemental Death Benefits Plan

Plan Description

Texas Municipal Retirement System ("TMRS") administers a single-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment

approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB75).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Benefits Provided

TMRS provides death benefits to retirees at a fixed amount of \$7,500.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,572
Inactive employees entitled to but not yet receiving benefits	403
Active Employees	<u>2,492</u>
	4,467

Contributions

The total contribution rate is for .19% of employee gross earnings, with .11% of that rate being the retiree portion. The City’s contributions to TMRS for the year ended September 30, 2021, were \$281,404.

Total OPEB Liability

The City’s Total OPEB Liability was measured as of December 31, 2020.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% - 11.5% per year
Discount Rate	2.00%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. For disabled retirees, the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. Actuarial assumptions used in the December 31, 2020, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2014 through December 31, 2018.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.00%, down from 2.75% in the previous year.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/2020	\$ 10,130,937
Changes for the year:	
Service Cost	364,932
Interest on total OPEB liability	282,562
Change of benefit terms	-
Difference between expected and actual experience	(181,851)
Changes of assumptions or other inputs	1,678,100
Benefit Payments	(76,828)
Net changes	2,066,915
Balance at 9/30/21	\$ 12,197,852

Total OPEB liability as a percentage of covered payroll 6.35%

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1%) or 1-percentage-point higher (3%) than the current rate:

	Discount Rate (1.00%)	Discount Rate (2.00%)	Discount Rate (3.00%)
City’s total OPEB liability	\$15,024,685	\$12,197,852	\$10,029,949

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 360,266
Changes of assumptions and other inputs	2,392,026	-
Benefits subsequent to the measurement date	260,914	-
Total	\$ 2,652,940	\$ 360,266

Deferred outflows and deferred inflows of resources, by year, to be recognized in future OPEB expense (excluding City-provided benefits made subsequent to the measurement date):

Year Ended September 30:	
2022	\$ 489,905
2023	474,045
2024	384,292
2025	453,129
2026	230,389
Thereafter	-
Total	\$ 2,031,760

Expenses (Reduction of Expenses)

The amount of expenses recognized for the current year for the net OPEB liability recognized this year is as follows:

HEALTH	3,188,029
DIP	(87,484)
Death Benefit	855,993
	<u>3,956,538</u>

8. DEBT AND LIABILITIES

General Obligation Bonds

On June 1, 2021 the City issued Permanent Improvement Bonds, Series 2021A of \$31,820,000 with an interest rate of 2.00 to 5.00 percent and serial maturities on August 15 from 2022 through 2041. Interest on the bonds is due every February 15 and August 15, beginning February 15, 2022. The bonds were issued to provide funds for: designing, constructing, reconstructing, improving, renovating, expanding, equipping, and furnishing public safety facilities, including fire station facilities, police administrative facilities and evidence storage facilities, including the acquisition of land therefor; renovating, repairing, improving, and equipping existing City service and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws; acquiring, developing, renovating and improving parks and open spaces for park and recreation purposes in and for the City; designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, and other public ways of the City, including streetlighting, right-of-way protection, and related storm drainage improvements; and acquiring rights-of way in connection therewith; and paying the costs of issuance of the 2021A Bonds. Total interest requirements for the Series 2021A bonds at a rate from 2.00 to 5.00 percent is \$10,616,543 in the aggregate.

On June 1, 2021, the City issued Permanent Improvement Refunding Bonds, Series 2021B of \$8,325,000 with an interest rate of 4.00 to 5.00 percent and serial maturities on August 15 from 2021 through 2031. Interest on the bonds is due every February 15 and August 15, beginning Aug 15, 2021. The bonds were issued to refund currently outstanding obligations of the City, in order to achieve debt service savings; and paying the costs of issuing the 2021B bonds. Total interest requirements for the Series 2021B bonds at a rate from 4.00 to 5.00 percent is \$2,205,138 in the aggregate.

General obligation bonds currently outstanding are as follows (amounts in thousands):

Governmental activities	2.00-5.00%	\$ 269,235
Governmental activities - refunding	1.0-5.000%	<u>111,065</u>
Total Governmental		<u>\$ 380,300</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (amounts in thousands):

Year Ending September 30	<u>Principal</u>	<u>Interest</u>
2022	\$ 30,835	\$ 14,527
2023	29,620	13,232
2024	28,535	11,923
2025	27,455	10,659
2026	27,535	9,417
2027-2031	117,915	31,231
2032-2036	85,405	12,004
2037-2041	<u>33,000</u>	<u>1,776</u>
	<u>\$ 380,300</u>	<u>\$ 104,768</u>

General obligation debt authorized and unissued as of September 30, 2021, amounted to \$187,845,000

General Obligation Pension Bonds

Annual debt service requirements to maturity for general obligation pension bonds are as follows (amounts in thousands):

Year Ending September 30	<u>Principal</u>	<u>Interest</u>
2022	\$ 8,975	\$ 2,379
2023	9,005	2,352
2024	9,035	2,317
2025	9,090	2,262
2026	9,155	2,198
2027-2031	47,400	9,371
2032-2036	51,380	5,390
2037-2041	<u>22,005</u>	<u>705</u>
	<u>\$ 166,045</u>	<u>\$ 26,974</u>

Certificates of Obligation

Annual debt service requirements to maturity for certificates of obligation of the primary government as of 9/30/21 are as follows (amounts in thousands):

Year Ending September 30	Principal	Interest
2022	6,525	1,890
2023	6,625	1,713
2024	6,720	1,505
2025	5,960	1,260
2026	5,975	1,087
2027-2031	17,445	2,969
2032-2036	8,330	706
	<u>\$ 57,580</u>	<u>\$ 11,130</u>

Revenue Bonds

The City also issues bonds where the government pledges income derived from the operations of the Water and Sewer Fund or the Storm Water Utility Fund.

In June 2021, the City issued \$44,070,000 in Water and Wastewater System Revenue Bonds, Series 2021. Proceeds from the sale of the Bonds are being used to provide funds for the purpose of improving and extending the System and paying the costs of issuing the Bonds. These bonds mature June 1 over a period from 2022 to 2039. Interest, at a rate of 2.00 to 5.00 percent, is \$14,578,877 in the aggregate.

In June 2021, the City issued \$8,390,000 in Municipal Drainage Utility System Revenue Bonds, Series 2021. Proceeds from the sale of the Bonds will be used for the purpose of providing funds to pay the costs of drainage improvements, including the acquisition and construction of equipment and facilities for the System and to pay costs of issuance associated with the sale of the Bonds. These bonds mature June 1 over a period from 2022 to 2041. Interest, at a rate of 2.00 to 5.00 percent, is \$2,837,284 in the aggregate.

The revenue bond debt service requirements to maturity are as follows (amounts in thousands):

Year Ending September 30	Business Activities					
	Water/Wastewater		Water/Wastewater TWDB		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 16,975	\$ 7,898	\$ 6,275	\$ 378	\$ 3,490	\$ 1,454
2023	16,955	7,476	6,270	366	3,455	1,393
2024	16,175	6,841	6,270	353	3,400	1,293
2025	15,350	6,194	6,270	337	3,350	1,192
2026	15,340	5,585	6,270	319	3,315	1,081
2027-2031	66,320	18,635	30,605	1,258	16,095	3,792
2032-2036	52,940	7,360	27,465	683	9,865	1,621
2037-2041	20,195	1,129	13,425	109	6,055	345
	<u>\$ 220,250</u>	<u>\$ 61,119</u>	<u>\$ 102,850</u>	<u>\$ 3,802</u>	<u>\$ 49,025</u>	<u>\$ 12,172</u>

Net revenues of the City's water operations have been pledged for repayment of the City's revenue bonds. The amount of the pledge is equal to the remaining outstanding debt service requirements for these bonds, which were

all originally issued to provide funding for construction of the water and wastewater systems. The pledge continues for the life of the bonds. For the year ended September 30, 2021, net pledged revenues for the water enterprise fund were \$70,884,000 and debt service on the revenue bonds was \$28,209,000. The same pledge for repayment applies to the City's Storm Water Utility revenue of \$16,374,000 for the bonds issued in fiscal year 2021.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2021 (amounts expressed in thousands):

	<u>10/1/2020</u>	<u>Increases</u>	<u>Reductions</u>	<u>9/30/2021</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$ 552,315	\$ 40,145	\$ (46,115)	\$ 546,345	\$ 39,810
Certificates of obligation	64,875	-	(7,295)	57,580	6,525
Special tax revenue debt	568,345	-	(44,015)	524,330	4,815
Premium on general bonds	28,961	7,021	(4,699)	31,283	-
Premium on special bonds	50,118	-	(3,396)	46,722	-
Discount on special bonds	(1,969)	-	213	(1,756)	-
Net governmental bonds payable	<u>1,262,645</u>	<u>47,166</u>	<u>(105,307)</u>	<u>1,204,504</u>	<u>51,150</u>
Compensated absences	36,663	7,189	(1,163)	42,689	1,363
Claims	10,036	6,308	(6,225)	10,119	3,893
Landfill Closure	22,313	-	(22,313)	-	-
Estimated pollution remediation	-	51	-	51	-
Net other post-employ benefit oblg.	117,522	17,594	(148)	134,968	-
Net pension liability/(asset)*	131,177	-	(156,876)	(25,699)	-
Total governmental long-term liabilities	<u>\$ 1,580,356</u>	<u>\$ 78,308</u>	<u>\$ (292,032)</u>	<u>\$ 1,366,632</u>	<u>\$ 56,406</u>
Business-type activities:					
Water and sewer bonds	\$ 300,895	\$ 44,070	\$ (19,064)	\$ 325,901	\$ 23,250
Premium on water and sewer bonds	9,504	6,949	(2,006)	14,447	-
Storm water utility bonds	43,710	8,390	(3,075)	49,025	3,490
Premium/Discount on storm water utility	1,770	1,344	(139)	2,975	-
Net water and sewer bonds payable	<u>355,879</u>	<u>60,753</u>	<u>(24,284)</u>	<u>392,348</u>	<u>26,740</u>
Compensated Absences	2,881	379	(35)	3,225	67
Net other post-employ benefit oblg.	8,174	1,224	-	9,398	-
Net pension liability/(asset)	9,138	-	(10,883)	(1,745)	-
Rebatable arbitrage payable	201	-	(14)	187	-
Total business-type long-term liabilities	<u>\$ 376,273</u>	<u>\$ 62,356</u>	<u>\$ (35,216)</u>	<u>\$ 403,413</u>	<u>\$ 26,807</u>

Net Pension Liability/Asset and OPEB Liability/Asset – The net pension and OPEB liability represents the actuarially-determined liability for employees' projected pension and OPEB benefit payments to be provided to current active and inactive employees; that is attributed to those employees' past periods of service, less the pension plan's and OPEB plan's fiduciary net position. The City allocates pension and OPEB items between governmental activities and business type activities on the basis of employee payroll funding.

9. PRIOR YEAR BOND REFUNDINGS

In FY21 and in prior years, the City legally defeased certain general obligation, revenue, and other bonds by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's report. As of September 30, 2021, previously defeased debt still outstanding amounted to \$0.

Bond	Maturity Date	Interest Rate	Par Amount
Permanent Improvement and Refunding Bonds, Series 2011A	8/15/2022	3.500%	\$ 890,000.00
	8/15/2023	4.000%	890,000.00
	8/15/2024	4.000%	890,000.00
	8/15/2025	4.000%	890,000.00
	8/15/2026	4.000%	890,000.00
	8/15/2027	4.000%	890,000.00
	8/15/2028	4.000%	890,000.00
	8/15/2029	4.000%	890,000.00
	8/15/2030	4.000%	890,000.00
	8/15/2031	4.125%	890,000.00
			\$ 8,900,000.00

Bond	Maturity Date	Interest Rate	Par Amount
Combination Tax & Revenue Certificates of Obligations, Series 2011	8/15/2022	3.500%	\$ 90,000.00
	8/15/2023	4.000%	90,000.00
	8/15/2024	4.000%	90,000.00
	8/15/2025	4.000%	90,000.00
	8/15/2026	4.000%	90,000.00
	8/15/2027	4.000%	90,000.00
	8/15/2028	4.000%	90,000.00
	8/15/2029	4.000%	85,000.00
	8/15/2030	4.125%	85,000.00
	8/15/2031	4.250%	85,000.00
			\$ 885,000.00

10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2021, is as follows (amounts in thousands):

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$7,004	\$ -
Nonmajor Funds	<u>-</u>	<u>7,004</u>
	<u>\$7,004</u>	<u>\$7,004</u>

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2022.

Transfers between funds during the year were as follows (amounts in thousands):

	<u>Transfers Out</u>	<u>Transfers In</u>
Major Governmental Funds:		
General Fund	\$ 26,534	\$ 22,604
Street Capital Projects	6,878	-
Debt Service Fund	<u>-</u>	<u>1,419</u>
Total Major Governmental Funds	33,412	24,023
Major Enterprise Fund-Water and Sewer	20,707	170
Major Enterprise Fund-Storm Water Utility	2,545	3,200
Other Funds:		
Nonmajor Governmental Funds	14,554	38,870
Internal Service Funds	<u>1,546</u>	<u>6,501</u>
Total All Funds	<u>\$72,764</u>	<u>\$72,764</u>

The Water and Sewer, Storm Water Utility, and Convention and Event Services transferred \$5,884,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$6,085,000 to Street Maintenance Fund and Special Transportation (Handitrans) to cover budgeted operating expenses.

The Enterprise Funds transferred \$14,739,000 to cover their budgeted operating costs.

The other General Fund transfers were to cover budgeted operating expenses in other funds.

11. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City accounts for its landfill closure and post-closure care costs in accordance with GASB No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs."

State and federal laws and regulations require the City to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and post-closure care costs as a liability on the Statement of Net Position in each period based on landfill capacity used as of each balance sheet date. This liability is offset by an

asset recorded for a trust account established for the purpose of paying the closure and post-closure costs as more fully described below.

In 2014, the City received a permit for vertical expansion and to open an additional 80 acres, which increased the capacity and the life of the landfill. For most of fiscal year 2021, \$22,313,000 was held as a landfill closure and post-closure accrued liability. This liability represented the cumulative amount reported to date based on the use of approximately 43 percent of the estimated capacity of the landfill. The City calculates the remaining estimated cost of closure and post-closure care of \$5,307,220 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2021.

On September 30, 2020, an amended Agreement to Lease and Operate the landfill was signed with Republic to allow for potential expansion and extension of useful service life. This amendment effectively shifted responsibility for the costs related to closing the landfill and maintaining the landfill after closure from the City to Republic. As a result, the accrued liability and related trust fund asset were removed from the City’s financial statements effective 9/30/2021.

In addition, the amendment changes the basis for the royalty paid to the City to a percentage of gross revenue. In exchange for providing additional financial assurances, Republic is no longer required to fund the trust and will gradually regain the funds they deposited over time. The agreement to disburse these trust funds was approved independent of the amended lease. As a result of that approval, the City received a one-time payment of \$6.5 million from the disbursement of the trust fund. The City will receive an additional \$6.5 million by 2045. Also, Republic became obligated to pay \$810,354 to Landmarc Environmental Systems, LLC for additional methane gas wells installed at the landfill. These amounts are in addition to the potential increase in revenue from landfill operations due to changes in the usage and royalty fee structure.

12. COMMITMENTS AND CONTINGENCIES

Trinity River Authority

The City entered into a 50-year contract dated October 10, 1973, with the Trinity River Authority (TRA) whereby the TRA agrees to provide supplemental sewage treatment for consideration. Payments by the City are based on metered usage, at rates designed to charge the City a pro rata share of the TRA's annual operating and maintenance expenses, and principal and interest requirements on bonds issued by the TRA.

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

Construction Commitments

The City has various active construction projects as of September 30, 2021. The projects include construction in streets, parks, traffic, library, and water and sewer facilities. At year-end the City’s significant commitments with contractors are as follows (amounts in thousands):

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street Construction	\$ 46,515	\$ 59,193
Park Construction	93,451	4,410
Traffic Construction	7,913	28
Library Construction	5,838	29
Storm Water Utility Construction	51,129	26,153
Water and Sewer Construction	88,353	23,758
	<u>\$ 293,199</u>	<u>\$ 113,571</u>

The street and traffic construction projects are funded primarily by permanent improvement bonds proceeds. The park construction projects are funded by permanent improvement bond proceeds, certificate of obligation proceeds, and park fee revenues. Water and sewer and storm water utility construction projects are funded by revenue bond proceeds and cash from operating revenues of the water and sewer and storm water systems.

Litigation

The City is currently involved in several lawsuits in which some liability is probable. The potential liability as of September 30, 2021, cannot be determined. Pursuant to the Texas Tort Claims Act, damages would be capped at \$250,000.

Various other claims and lawsuits are pending against the City. In the opinion of City Attorney's Office, the potential losses, in excess of the Self Insurance Risk Management Fund limitations (see Note 13) of insurance coverage, if any, on all claims will not have a materially adverse effect on the City's financial position as a whole.

13. RISK MANAGEMENT

The City's risk management activities are administered through various internal service funds.

Risk Management Fund (RMF)

The RMF was created for the purpose of acting on the City's behalf in financing various governmental programs as prescribed by ordinance or resolution of the City Council. In October 1986, the City Council adopted an ordinance to establish the City's Self-insurance and Risk Management Program (the "Program"). The purpose of the Program is to provide the City a defined and funded self-insurance program for bodily injury, property damage, personal injury, advertising injury, and regulatory injury.

On June 1, 2016 the City issued Combination Tax and Revenue Certificates of Obligation Series 2016C of \$14,150,000. The certificates were issued with the purpose of providing moneys to fund the Risk Management Fund, a self-insurance fund to protect the City and its officers, employees and agents from any insurable risk or hazard as permitted under Chapter 2259, Texas Government Code, as amended.

The payments out of the RMF for all purposes cannot exceed \$1,500,000 per occurrence and \$3,000,000 in aggregate in one annual period. Should claims exceed this amount, the excess claims are to be funded by other available City resources.

The RMF claims liabilities are actuarially determined annually to include the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Workers' Compensation

The City's workers' compensation plan provides City employees with workers' compensation coverage through the Workers' Compensation Fund (the "WCF"). Under this program, the WCF provides coverage for up to a maximum of \$750,000 per claim. The City purchases commercial insurance for claims in excess of coverage provided by the WCF. Over the past five years there have been seven claims for which payments have been received totaling \$741,583.82 through the commercial insurance. All City departments participate in the workers' compensation program. Payments to the WCF from such departments are based on actuarial estimates of the amounts needed to pay prior and current year claims and related administrative expenses. The WCF claims liabilities are actuarially determined annually to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Group Health

Group medical benefits are paid through the Group Health Fund. Revenues are recognized from payroll deductions and from City contributions for employee and dependent coverage. Changes in the balances of claims liabilities during fiscal 2021 and 2020 were as follows (amounts in thousands):

	Workers Compensation		Health		Self Insurance Risk Management		Other	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Unpaid claims, Oct 1	\$3,732	\$3,912	\$ 2,447	\$ 2,226	\$3,119	\$2,584	\$ -	\$ -
Incurred Claims (including IBNRs and changes in estimates)	1,966	1,057	33,312	28,053	2,295	1,993	-	738
Claim payments	(1,792)	(1,237)	(33,298)	(27,832)	(1,662)	(1,458)	-	-
Unpaid claims, Sept 30	<u>\$3,906</u>	<u>\$3,732</u>	<u>\$ 2,461</u>	<u>\$ 2,447</u>	<u>\$3,752</u>	<u>\$3,119</u>	<u>\$ -</u>	<u>\$738</u>

14. LEASES

As Lessor

Effective October 1, 1983, the City entered into a contract to lease a tract of land for the purpose of constructing and developing a hotel. The term of the lease is for an initial period of fifty years with renewal options for two additional terms of fifteen years each. The rental payments are based upon a percentage (ranging from 1.0 percent - 1.75 percent) of gross revenues (as defined in the agreement) through December 31, 2006. After December 31, 2006, the lessee shall pay the total annual rent of \$250,000. For each year thereafter, the lessee shall pay an annual rent amount equal to the previous year's rent plus an increase not to exceed the effective percentage change in the Consumer Price Index (Specifically CPI-U for Dallas-Fort Worth region) for the previous 12-month period. Total rental payments received in 2021 were approximately \$313,972.

15. SETTLEMENT AGREEMENT

On April 27, 1999, the City entered into a Dispute Settlement Agreement and Agreement Not To Pursue Claim (the "Dispute Settlement Agreement") with the Texas Rangers baseball club (the "Rangers"). The Dispute Settlement Agreement relates to the amount of costs of acquiring certain tracts of land for the Project, which the City alleged should be paid by the Rangers (the "Claim"). By entering into this agreement, the City agreed to release and discharge the Rangers from the Claim.

The Dispute Settlement Agreement required the Rangers to make annual installment payments, without interest, to the City on or before December 31 of each year. Subsequently, the payment amounts were reduced effective in fiscal year 2016 to reflect reduced interest rates. On January 12, 2021, Council released the Texas Rangers from the last five remaining payments owed to the City under the Dispute Settlement Agreement

16. TEXAS RANGERS CAPITAL LEASE

In November 2016, Arlington citizens voted to build a new Rangers stadium which was completed in 2020. A lease agreement was executed in 2019 between the Texas Rangers, Ltd. (the Rangers) and the City for the Ballpark Complex Development (the Facility). The lease is a triple net lease to the Rangers, with the Rangers retaining all concession and signage rights. The Rangers agreed to pay a base rent of \$2,000,000 per year for the 30-year term of the lease through 2054. At the end of the lease, the Rangers have the option to purchase the Facility, at a cost of the difference of \$100,000,000 and the sum of all rent paid, all operating costs project costs and tenant specific costs paid by the Rangers.

Pursuant to applicable accounting standards, the lease of the Facility to the Rangers has been accounted for as a capital lease.

Minimum future rentals are as follows:

<u>September 30</u>	
2022	\$2,000,000
2023	2,000,000
2024	2,000,000
2025	2,000,000
2026	2,000,000
Thereafter	<u>56,000,001</u>
	66,000,001
Less Discount	<u>25,429,020</u>
Minimum future lease rentals	<u>\$40,570,981</u>

17. CONDENSED COMPONENT UNIT INFORMATION

The City includes seven discretely presented component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2021, for all discretely presented component units is as follows (amounts in thousands):

Condensed Schedule of Net Position

	Arlington Tomorrow <u>Foundation</u>	Housing Authority <u>Authority</u>	Other Discretely Presented Component <u>Units</u>	Total Discretely Presented Component <u>Units</u>
Current and other assets	\$ 100,084	\$ 6,747	\$ 15,972	\$ 122,803
Capital assets	-	296	5,804	6,100
Total assets	<u>100,084</u>	<u>7,043</u>	<u>21,776</u>	<u>128,903</u>
Other liabilities and deferred inflows of resources	7,213	1,824	5,892	14,929
Total liabilities	<u>7,213</u>	<u>1,824</u>	<u>5,892</u>	<u>14,929</u>
Net position:				
Net investment in capital assets	-	296	2,259	2,555
Restricted	92,871	209	-	93,080
Unrestricted	-	4,714	13,625	18,339
Total net position	<u>\$ 92,871</u>	<u>\$ 5,219</u>	<u>\$ 15,884</u>	<u>\$ 113,974</u>

Condensed Schedule of Activities

	Arlington Tomorrow <u>Foundation</u>	Housing Authority <u>Authority</u>	Other Discretely Presented Component <u>Units</u>	Total Discretely Presented Component <u>Units</u>
Expenses	\$ 10,207	\$ 36,935	\$ 18,076	\$ 65,218
Program Revenues:				
Charges for services	-	-	18,404	18,404
Operating grants and contributions	-	37,081	12,217	49,298
Capital grants and contributions	-	-	-	-
Net Program (Expense) Revenue	<u>(10,207)</u>	<u>146</u>	<u>12,545</u>	<u>2,484</u>
Interest Revenues	14,424	-	5	14,429
Other NonTax General Revenues	6,748	165	165	7,078
Change in Net Position	10,965	311	12,715	23,991
Net position, October 1	81,906	4,908	3,169	89,983
Net position, September 30	<u>\$ 92,871</u>	<u>\$ 5,219</u>	<u>\$ 15,884</u>	<u>\$ 113,974</u>

18. TAX ABATEMENTS

As of September 30, 2021, the City of Arlington (City) provides for tax abatements and tax rebates through two mechanisms – Tax Abatement Agreements and Chapter 380 Agreements. The City’s Tax Abatements are authorized under Chapter 312 of the Texas Tax Code and the City’s Policy Statement for Tax Abatement. Under a tax abatement agreement, the taxable value is reduced by a specific percentage, and the amount of the abatement is deducted from the recipient’s tax bill. The City’s tax abatements are administered by Tarrant Appraisal District. Chapter 380 agreements are authorized under VTCA Local Government Code Chapter 380 and the City’s Chapter 380 Economic Development Programs Policies and Procedures. Under a 380 agreement, the recipient pays the total taxes due to the City, and the City rebates a portion of taxes paid based on the terms of the agreement.

For financial reporting purposes, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. A transaction's substance, not its form or title, is the key factor in determining whether the transaction meets the definition of a tax abatement for the purpose of this disclosure. Therefore, the City's 380 agreements are being disclosed, as the substance of the rebates meets the definition of a tax abatement for purposes of financial reporting.

The City provides tax abatements for economic development in three categories – (1) Development and Redevelopment, (2) Recruitment, and (3) Retention.

Development and Redevelopment

The City provides development and redevelopment tax abatements to encourage development of remaining Greenfield sites with highest and best uses, and transformational redevelopment of existing sites with high community impact. Abatements are obtained through an application and evaluation process, with ultimate approval authorized by the City Council. Property owners are required to complete the City's Application for Incentives providing a complete description of the project, method of financing, descriptive list of improvements, schedule for completion, estimated taxable value of improvements, level of abatement requested, jobs created (if applicable), and any other incentives requested. Applications are evaluated to determine if the project meets the criteria for a development/redevelopment tax abatement. The City abates up to 100% percent of the additional property tax resulting from the increased appraised value as a result of the improvements. Property owners are required to pay 100% of the property tax on the base year value. The City may also rebate a portion of the sales, hotel occupancy, and mixed beverage taxes generated by a project. A portion of the City's local tax collections generated by the recipient's purchase or sale of taxable items associated with the project and consummated in the City may be rebated for a specified period. In exchange for the abatement/rebate, the recipient commits to comply with the terms of the agreement, such as project completion deadlines, capital investment, and minimum added value requirements. If the recipient fails to meet the improvement conditions, the agreement enters a breach status, and the City provides a 30-60-day cure period. If the recipient fails to cure the breach, the City may terminate the agreement and recapture any taxes abated/rebated per the terms of the agreement. As part of a tax abatement/rebate, the City may make other commitments to support development and redevelopment projects (e.g., development fee waivers, infrastructure improvements, etc.).

Recruitment

The City offers recruitment tax abatement agreements to attract and incentivize new business to the City. Abatements may be granted to a company agreeing to relocate to the City or to establish new business in the City; the project must meet requirements of the Tax Code and the City's policy statements to be considered for an abatement. The City may grant tax abatements for recruitment if the City Council finds the abatement is in the public interest because it will facilitate one or more of the following objectives: (1) increase tax base, (2) provide quality employment, and (3) contribute to the diversity and quality of Arlington's business community. The value and duration of the tax abatement is determined by the degree to which the project meets the objectives of the City's Economic Development Strategic Plan, number and types of jobs to be created, and sales taxes, hotel taxes or other incomes that would be generated. Additional levels of abatement are considered based upon the project's employment numbers, industry type, and wages. Applicants undergo the same application and evaluation process required for development/redevelopment abatements. The City abates up to 100% percent of the additional property taxes (i.e., real estate, business personal property, or both) resulting from the increased appraised value as a result of the project. The City may also rebate a portion of the sales, hotel occupancy, and mixed beverage taxes generated by a project. A portion of the City's local tax collections generated by the recipient's purchase or sale of taxable items associated with the project and consummated in the City may be rebated for a specified period. In exchange for the abatement/rebate(s), the recipient commits to comply with the terms of the agreement, such as project completion deadlines, added value requirements, job creation, etc. If the recipient fails to comply,

the same breach and recapture provisions described above may apply. Based on the economic impact of the project, the City may make other commitments to the recipient in addition to the tax abatement/rebate. Additional incentives include development fee waivers, infrastructure improvements, and grants for hiring Arlington residents.

Retention

The City offers retention tax abatements to incentivize existing businesses to remain in the City and to encourage renovation, expansion, and job growth. Abatements may be granted to existing businesses looking to expand and renovate existing facilities or to construct new facilities to accommodate product/service demand and employment growth. Criteria for retention abatements include increasing and preserving the City’s tax base, creating and retaining employment opportunities, and updating the skills of existing employees. The value and duration of the tax abatement is determined by the degree to which the project meets the objectives of the City’s Economic Development Strategic Plan, number and types of jobs to be created/retained, community impact, and sales taxes, hotel taxes or other incomes that would be generated. Additional levels of abatement are considered based upon the project’s employment numbers, industry type, and wages. Applicants undergo the same application and evaluation process required for all abatements. The City abates up to 100% percent of the additional property tax (i.e., real estate, business personal property, or both) resulting from the increased appraised value as a result of the project. The City may also rebate a portion of the sales taxes and other income generated from the project. In exchange for abatement/rebate(s), the recipient commits to comply with the terms of the agreement, including project completion deadlines, added value and/or taxable sales requirements, and job creation and retention numbers. If the recipient fails to comply, the same breach and recapture provisions described for all abatements may apply. As part of a tax abatement, the City can make other commitments to support business retention (e.g., development fee waivers, infrastructure improvements, hiring grants, etc.).

Tax Abatement Program

Program	Property Tax	Sales Tax	Hotel Occupancy Tax	Mixed Beverage Taxes	Other Commitments
Development/Redevelopment	817,947	163,713	1,025,538	285,019	-
Recruitment	911,191	8,346,104	-	-	-
Retention	3,716,247	-	-	-	166,472
Total Tax Abated	5,445,385	8,509,817	1,025,538	285,019	166,472

For the fiscal year ended September 30, 2021, the City’s property tax revenues were reduced by \$5,445,385 under active tax abatement and Chapter 380 agreements for Development/Redevelopment, Recruitment, and Retention. Sales tax revenues were reduced by a total of \$8,509,817 for Development/Redevelopment and Recruitment abatements. Hotel occupancy tax revenues were reduced by \$1,025,538 and mixed beverage taxes were reduced by \$285,019 for Development/Redevelopment abatements. In addition to tax abatements/rebatements, recipients qualified for \$166,472 in other commitments from the City in the form of development fee waivers.

As a result of the City’s tax abatement/rebate program, the property tax base increased by more than \$1.4 billion with property value growth of more than 900% above the base year value. The projects receiving abatements/rebatements of the City’s sales tax, hotel occupancy tax, and mixed beverage taxes generated more than \$20 million in local tax revenue, of which 49% was rebated.

Tax revenues were reduced as a result of the City’s tax abatement agreements only; no other governments’ tax abatement agreements caused a reduction in the City’s tax revenues. However, the City may also act as a conduit for the refunding of state sales, hotel occupancy, and mixed beverage taxes generated by a qualifying project under Sections 151.429 (h), 351.102, and 351.1022 of the Texas Tax Code, Section 2303.5055 of the Texas Government Code, and other applicable laws.

19. POLLUTION REMEDIATION

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) requires that the City conduct groundwater monitoring of the leaking petroleum storage tanks. The liability is calculated using 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 as a result of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2021, the environmental remediation liability is \$51,000.

20. SUBSEQUENT EVENTS

There were no subsequent events that require disclosure at this time.

**CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		Actual on Budgetary Basis
REVENUES						
Taxes	\$ 171,611	\$ 171,611	\$ 186,291	\$ -	\$ 186,291	\$ 14,680
Licenses and permits	6,639	6,639	10,133	-	10,133	3,494
Utility franchise fees	36,752	36,752	21,468	9,597	31,065	(5,687)
Fines and forfeitures	10,164	10,164	6,974	-	6,974	(3,190)
Leases, rents and concessions	4,798	4,798	10,244	-	10,244	5,446
Service charges	16,632	16,632	7,791	5,236	13,027	(3,605)
Interest revenue	748	748	1,217	(771)	446	(302)
Other revenue	267	267	1,463	-	1,463	1,196
Net increase (decrease) in the fair value of investments	-	-	295	-	295	295
Total Revenues	<u>247,611</u>	<u>247,611</u>	<u>245,876</u>	<u>14,062</u>	<u>259,938</u>	<u>12,327</u>
EXPENDITURES						
Current-						
General government	60,769	61,887	41,404	(1,751)	39,653	22,234
Public safety	170,727	174,626	143,910	(1,791)	142,119	32,507
Public works	26,313	26,944	23,296	1,952	25,248	1,696
Public health	2,829	2,879	1,856	(39)	1,817	1,062
Parks and recreation	16,306	16,708	14,822	(143)	14,679	2,029
Total Expenditures	<u>276,944</u>	<u>283,044</u>	<u>225,288</u>	<u>(1,772)</u>	<u>223,516</u>	<u>59,528</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(29,333)</u>	<u>(35,433)</u>	<u>20,588</u>	<u>15,834</u>	<u>36,422</u>	<u>71,855</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	7,210	7,210	22,604	(17,707)	4,897	(2,313)
Transfers out	(9,606)	(9,606)	(26,534)	10,324	(16,210)	(6,604)
Total Other Financing Sources (Uses)	<u>(2,396)</u>	<u>(2,396)</u>	<u>(3,930)</u>	<u>(7,383)</u>	<u>(11,313)</u>	<u>(8,917)</u>
Net Change In Fund Balances	<u>(31,729)</u>	<u>(37,829)</u>	<u>16,658</u>	<u>8,451</u>	<u>25,109</u>	<u>62,938</u>
Fund Balances, October 1	<u>70,610</u>	<u>70,610</u>	<u>70,610</u>	<u>70,610</u>	<u>70,610</u>	<u>-</u>
Fund Balances, September 30	<u>\$ 38,881</u>	<u>\$ 32,781</u>	<u>\$ 87,268</u>	<u>\$ 79,061</u>	<u>\$ 95,719</u>	<u>\$ 62,938</u>

**CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS-TMRS
LAST 10 FISCAL YEARS (will ultimately be displayed)**

Fiscal year ending December 31,	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability			
Service Cost	\$ 22,819,492	\$ 24,035,779	\$ 26,189,763
Interest on total pension liability	69,393,550	71,780,403	72,528,701
Difference between expected and actual experience	(10,846,092)	(8,105,420)	1,387,760
Changes of assumptions	-	9,851,969	-
Benefit payments and refunds	(46,622,851)	(49,131,541)	(50,018,009)
Net change in total pension liability	34,744,099	48,431,190	50,088,215
Total pension liability-beginning	1,003,238,111	1,037,982,210	1,086,413,400
Total pension liability-ending	\$ 1,037,982,210	\$ 1,086,413,400	\$ 1,136,501,615
Plan fiduciary net position			
Contribution-employer	\$ 24,198,117	\$ 24,012,910	\$ 23,983,655
Contribution-member	10,501,146	10,884,708	11,245,390
Net investment income	51,180,304	1,377,207	62,140,092
Benefit payments and refunds	(46,622,851)	(49,131,541)	(50,018,009)
Administrative expense	(534,366)	(838,887)	(701,918)
Other	(43,934)	(41,433)	(37,818)
Net change in plan fiduciary net position	38,678,416	(13,737,036)	46,611,392
Plan fiduciary net position-beginning	894,699,665	933,378,081	919,641,045
Plan fiduciary net position-ending	\$ 933,378,081	\$ 919,641,045	\$ 966,252,437
Net pension liability	104,604,129	166,772,355	170,249,178
Plan fiduciary net position as a percentage of total pension liability	89.92%	84.65%	85.02%
Covered payroll	149,837,550	154,372,375	160,574,881
Net pension liability as a percentage of covered payroll	69.81%	108.03%	106.02%

Note: GASB 68 requires 10 fiscal years of data. The City will build this schedule over the next 10-year period.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	27,615,497	\$ 28,887,256	\$ 30,217,987	\$ 31,806,730
	75,735,090	79,408,986	83,399,154	87,803,207
	6,101,332	6,665,740	7,744,979	2,170,782
	-	-	4,696,314	-
	(56,616,054)	(54,703,360)	(58,324,155)	(64,890,993)
	52,835,865	60,258,622	67,734,279	56,889,726
	1,136,501,615	1,189,337,480	1,249,596,102	1,317,330,381
	<u>\$ 1,189,337,480</u>	<u>\$ 1,249,596,102</u>	<u>\$ 1,317,330,381</u>	<u>\$ 1,374,220,107</u>

\$	26,419,418	\$ 28,034,989	\$ 29,405,032	\$ 187,107,707
	11,876,965	12,429,434	13,023,433	13,445,849
	133,891,278	(32,369,787)	159,738,998	89,261,871
	(56,616,054)	(54,703,360)	(58,324,155)	(64,890,993)
	(694,027)	(625,874)	(903,100)	(577,979)
	(35,172)	(32,699)	(27,128)	(22,550)
	114,842,408	(47,267,297)	142,913,080	224,323,905
	966,252,437	1,081,094,845	1,033,827,548	1,176,740,628
	<u>\$ 1,081,094,845</u>	<u>\$ 1,033,827,548</u>	<u>\$ 1,176,740,628</u>	<u>\$ 1,401,064,533</u>

108,242,635	215,768,553	140,589,732	(26,844,447)
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90.90%	82.73%	89.33%	101.95%
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169,628,359	177,549,206	185,842,479	192,069,624
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63.81%	121.53%	75.65%	-13.98%
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**CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF THE CITY'S CONTRIBUTIONS-TMRS
LAST 10 FISCAL YEARS (will ultimately be displayed)**

	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 23,963,340	\$ 24,833,575	\$ 25,821,067	\$ 27,624,357
Contributions in relation to the actuarially determined contribution	\$ 24,327,508	\$ 24,587,350	\$ 26,075,876	\$ 27,711,328
Contribution deficiency (excess)	\$ (364,168)	\$ 246,225	\$ (254,809)	\$ (86,971)
Covered payroll	\$ 153,414,470	\$ 164,680,024	\$ 167,367,622	\$ 175,499,227
Contributions as a percentage of covered payroll	16.24%	14.93%	15.58%	15.79%

Notes to Schedule of Contributions

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018
Mortality	Post-retirement 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully general basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes There were no benefit changes during the year. GASB 68 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.

2019	2020	2021
\$ 29,093,440	\$ 29,866,086	\$ 31,360,302
\$ 29,102,133	\$ 30,010,778	\$ 31,713,751
\$ (8,693)	\$ (144,692)	\$ (353,449)
\$ 184,074,211	\$ 186,055,660	\$ 188,547,864
15.81%	16.13%	16.82%

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES DEFERRED INCOME PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (will ultimately be displayed)

Fiscal year ending September 30	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability				
Service cost	\$ 110,970	\$ 115,148	\$ 184,052	\$ 187,047
Interest on total pension liability	115,570	123,377	128,068	127,591
Difference between expected actual experience	957	(64,695)	(71,751)	(76,857)
Assumption changes	-	-	125,033	-
Benefit payments and refunds	(78,517)	(96,757)	(149,233)	(137,960)
Net change in total pension liability	<u>148,980</u>	<u>77,073</u>	<u>216,169</u>	<u>99,821</u>
Total pension liability-beginning	<u>2,085,050</u>	<u>2,234,030</u>	<u>2,311,103</u>	<u>2,527,272</u>
Total pension liability-ending	<u>\$ 2,234,030</u>	<u>\$ 2,311,103</u>	<u>\$ 2,527,272</u>	<u>\$ 2,627,093</u>
Plan fiduciary net position				
Contribution-employer	\$ 21,324	\$ 22,419	\$ 53,802	\$ 60,813
Contribution-member	99,684	98,985	100,575	101,289
Net investment income	220,495	63,092	98,561	130,343
Benefit payments and refunds	(78,517)	(96,757)	(149,233)	(137,960)
Administrative expense	(46,485)	(75,217)	(56,783)	(44,296)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>216,501</u>	<u>12,522</u>	<u>46,922</u>	<u>110,189</u>
Plan fiduciary net position-beginning	<u>2,452,024</u>	<u>2,668,525</u>	<u>2,681,047</u>	<u>2,727,969</u>
Plan fiduciary net position-ending	<u>\$ 2,668,525</u>	<u>\$ 2,681,047</u>	<u>\$ 2,727,969</u>	<u>\$ 2,838,158</u>
Net pension asset	(434,495)	(369,944)	(200,697)	(211,065)
Plan fiduciary net position as a percentage of total pension asset	119.40%	116.00%	108.00%	108.00%
Covered payroll	3,320,801	3,299,575	3,352,337	3,373,159
Net pension asset as a percentage of covered payroll	15.20%	14.30%	6.00%	6.30%

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	185,246	\$ 194,554	\$ 174,664	\$ 145,741
	131,661	134,220	141,268	149,886
	(114,652)	(47,470)	-	(199,230)
	-	-	-	-
	(173,000)	(138,464)	(122,330)	(135,887)
	29,255	142,840	193,602	(39,490)
	2,627,093	2,656,348	2,799,188	2,992,790
\$	<u>2,656,348</u>	<u>\$ 2,799,188</u>	<u>\$ 2,992,790</u>	<u>\$ 2,953,300</u>
\$	46,504	\$ 82,293	\$ 76,850	\$ 73,688
	100,133	109,711	98,126	81,877
	71,859	206,103	248,242	314,938
	(173,000)	(138,464)	(122,330)	(135,887)
	(64,053)	(79,339)	(57,037)	(49,162)
	-	-	24,800	-
	(18,557)	180,304	268,651	285,454
	2,838,158	2,819,601	2,999,905	3,268,556
\$	<u>2,819,601</u>	<u>\$ 2,999,905</u>	<u>\$ 3,268,556</u>	<u>\$ 3,554,010</u>
	(163,253)	(200,717)	(275,766)	(600,710)
	106.15%	107.20%	109.20%	120.30%
	3,335,054	3,555,541	3,270,867	3,702,619
	4.90%	5.50%	8.40%	16.22%

**CITY OF ARLINGTON, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
 PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES DEFERRED INCOME PLAN
 SCHEDULE OF THE CITY'S CONTRIBUTIONS
 LAST 10 FISCAL YEARS (will ultimately be displayed)**

Fiscal year ending September 30,	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 21,324	\$ 22,419	\$ 53,802	\$ 81,875	\$ 71,762
Actual contribution	21,324	22,419	53,802	60,813	46,504
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 21,062	\$ 25,258
Covered payroll	\$ 2,849,197	\$ 2,590,679	\$ 3,352,500	\$ 3,376,300	\$ 3,337,767
Contribution as a percentage of covered payroll	0.7%	0.9%	1.6%	1.8%	1.4%

Notes to Schedule

Valuation date:

The actuarially determined contribution rate documented in the schedule is calculated as of July 1, 2021. The actuarial methods and assumptions used to determine the contribution rates reported in that schedule include:

Actuarial cost method	Aggregate cost method
Amortization method	Level percent of payroll, open
Asset valuation method	Market value
Investment rate of return	5.0%
Projected salary increases	3.0%
Inflation rate	2.5%
Cost of living increases	none
Mortality	RP-2000 Combined tables with Blue Collar adjustment, projected with scale BB

2019	2020	2021
\$ 92,340	\$ 83,313	\$ 73,688
82,293	76,850	73,688
<u>\$ 10,047</u>	<u>\$ 6,463</u>	<u>\$ -</u>
\$ 3,657,033	\$ 3,270,867	\$ 2,729,233
2.3%	2.3%	2.7%

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS - DISABILITY INCOME PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

Fiscal year ending December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	70,519	68,017	67,549	60,415
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	40,256	(91,774)	42,447
Changes of assumptions	-	-	-	(34,196)
Benefit payments and refunds	(121,545)	(119,556)	(115,737)	(121,149)
Net change in total OPEB liability	(51,026)	(11,283)	(139,962)	(52,483)
Total OPEB liability-beginning	1,471,153	1,420,127	1,408,844	1,268,882
Total OPEB liability-ending	\$ 1,420,127	\$ 1,408,844	\$ 1,268,882	\$ 1,216,399
Plan fiduciary net position				
Employer contributions	\$ 69,396	\$ 73,960	\$ 80,319	\$ 74,524
Nonemployer contributing entities contributions	-	-	-	-
Employee contributions	-	-	-	-
OPEB plan net investment income	96,395	(23,482)	155,531	153,452
Benefit payments	(121,545)	(119,556)	(115,737)	(121,149)
OPEB plan administrative expense	(18,204)	(6,607)	(32,464)	(11,389)
Other	-	-	-	-
Net change in plan fiduciary net position	26,042	(75,685)	87,649	95,438
Plan fiduciary net position - beginning	1,295,794	1,321,836	1,246,151	1,333,800
Plan fiduciary net position - ending	\$ 1,321,836	\$ 1,246,151	\$ 1,333,800	\$ 1,429,238
Net OPEB liability (asset) - ending	\$ 98,291	\$ 162,693	\$ (64,918)	\$ (212,839)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	93.08%	88.45%	105.12%	117.50%
Covered payroll	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of payroll	N/A	N/A	N/A	N/A

Notes There were no benefit changes during the year.
 GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.
 In September of 2012, the City amended the Disability Income Plan to close the plan to any future disabled employees. There is no longer any liability attributable to the City's active employees.

**CITY OF ARLINGTON, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
 SCHEDULE OF THE CITY'S CONTRIBUTIONS-DISABILITY INCOME PLAN
 LAST 10 FISCAL YEARS (will ultimately be displayed)**

<u>FY Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Annual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2018	\$ 36,205	\$ 72,769	\$ (36,564)	N/A	N/A
2019	\$ 40,577	\$ 76,844	\$ (36,267)	N/A	N/A
2020	\$ 61,806	\$ 77,848	\$ (16,042)	N/A	N/A
2021	\$ -	\$ 76,654	\$ (76,654)	N/A	N/A

Notes to Schedule of Contributions

Valuation Date: December 31, 2020

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	2 years remaining, as of the beginning of FYE 21
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Inflation	2.50%
Salary Increases	N/A; no active employees
Mortality	The mortality table for disabled retirees was the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment table for males and females with a 3-year set-forward; multiplied by 109% for males and 103% for females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group.
Cost of Living Adjustment	The TMRS offset is assumed to increase by 1.25% per annum. The Social Security offset is assumed to increase 2.50% per annum. The offsets are assumed to increase in January.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan
Notes	GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS – POSTEMPLOYMENT HEALTHCARE PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

The following table discloses certain historical trend information (amounts expressed in millions, except for percentages):

Fiscal year ending December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service Cost	1,955,045	2,288,267	2,267,816	2,601,055
Interest on total pension liability	4,055,831	3,688,623	4,077,730	3,123,353
Difference between expected and actual experience	-	1,772,265	(3,486,806)	8,814,880
Changes of assumptions	5,533,607	(2,475,508)	6,920,378	8,918,233
Benefit payments and refunds	(5,722,995)	(7,726,176)	(5,854,499)	(6,707,698)
Net change in total OPEB liability	5,821,488	(2,452,529)	3,924,619	16,749,823
Total OPEB liability-beginning	108,336,234	114,157,722	111,705,193	115,629,812
Total OPEB liability-ending	\$ 114,157,722	\$ 111,705,193	\$ 115,629,812	\$ 132,379,635
Covered employee payroll	151,329,108	171,282,611	167,712,006	192,069,624
Total OPEB liability as a percentage of payroll	75.36%	69.14%	68.95%	68.92%

Changes of assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020, decreases to the participation rate assumptions, and updates to the demographic assumptions based on the 2020 TMRS Experience Study.

Note: GASB 75 requires 10 fiscal years of data. The City will build this schedule over the next 10-year period.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN THE CITY'S SUPPLEMENTAL DEATH BENEFITS FUND-TMRS
LAST 10 FISCAL YEARS (will ultimately be displayed)

Fiscal year ending December 31,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service Cost	\$ 220,517	\$ 284,079	\$ 241,595	\$ 364,932
Interest on total pension liability	280,476	284,647	309,177	282,562
Difference between expected and actual experience	-	(107,778)	(238,208)	(181,851)
Changes of assumptions	716,266	(633,002)	1,642,715	1,678,100
Benefit payments and refunds	(67,851)	(71,020)	(74,337)	(76,828)
Net change in total OPEB liability	1,149,408	(243,074)	1,880,942	2,066,915
Total pension liability-beginning	7,343,661	8,493,069	8,249,995	10,130,937
Total OPEB liability-ending	\$ 8,493,069	\$ 8,249,995	\$ 10,130,937	\$ 12,197,852
Covered employee payroll	n/a	n/a	n/a	n/a
Total OPEB liability as a percentage of payroll	n/a	n/a	n/a	n/a

Methods and Assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount rate	2.00%
Retirees' share of benefit-related Costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: GASB 75 requires 10 fiscal years of data. The City will build this schedule over the next 10-year period. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

FEDERAL TRANSIT ADMINISTRATION FUND - This fund accounts for money received from the Urban Mass Transportation Administration and related expenditures for the operation of a transportation system for the elderly and handicapped and various capital expenditures for transportation related projects.

STREET MAINTENANCE FUND - This fund accounts for money received from the Street Maintenance Fee to be used for the maintenance, rehabilitation, and repair of existing city streets.

DOWNTOWN TAX INCREMENT FINANCING (DOWNTOWN TIF) FUND - This fund was established to facilitate redevelopment in the downtown area.

TEXAS DEPARTMENT OF TRANSPORTATION FUND - This fund accounts for money received from the State Department of Highways and Public Transportation and summarizes related expenditures for statewide transportation enforcement programs.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - This fund accounts for money received from the Federal Department of Housing and Urban Development through the block grant program. These funds are used to help the City as a whole and specific sectors for various projects as allowable in the grant funding guidelines.

HOME INVESTMENT PARTNERSHIP FUND - This fund accounts for money received from the Federal Department of Housing and Urban Development through the HOME program grant. These funds are to expand the supply of decent, affordable housing for the low and very-low income families in Arlington.

FEDERAL EMERGENCY MANAGEMENT AGENCY FUND (FEMA) - This fund accounts for money received from the Department of Homeland Security. These funds are used to support the Emergency Operations Center.

GAS LEASE FUND – This fund accounts for the money received for various gas leases throughout the City.

INNOVATION AND VENTURE CAPITAL FUND - This fund supports costs associated with the City's economic development and various Chapter 380 agreements.

PARK PERFORMANCE FUND - This fund accounts for the revenues and expenditures from golf and other recreational activities.

CONVENTION AND EVENT SERVICES FUND - This fund accounts for the operations of the Convention Center.

OTHER SPECIAL REVENUE FUNDS - Other Special Revenue Funds consist of special revenue funds which are individually insignificant to the Special Revenue Fund's assets,

liabilities, revenues, expenditures, and fund balance as a whole. These funds are the Texas Department of Aviation, Federal Drug Enforcement Administration, North Central Texas Council of Governments, Emergency Physicians' Advisory Board, Emergency Shelter Grant, Arlington Telecable, Law Enforcement Officers Standards and Education, Court Security, Police Restricted Fund, Texas Criminal Justice Division, U.S. Department of Justice, Local Law Enforcement Block Grant, Court Technology Fund, Texas State Library, Gifts and Donations, Auto Theft Prevention, Historic Preservation, Tax Increment Reinvestment Zone #5, Juvenile Case Manager, Texas Parks and Wildlife, Viridian TIRZ #6, Downtown BID, Disaster Assistance, Miscellaneous Grants, and Building Rehabilitation.

CAPITAL PROJECTS FUNDS

MUNICIPAL OFFICE FACILITIES CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for expenditures connected with the planning, construction, and refurbishing of various municipal office buildings.

AIRPORT CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for terminal expansion, runways, or other airport construction and related projects.

PARK CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for parkland acquisition, construction of swimming pools, and other park and recreation related construction, as well as various other park and recreation related projects.

TAX INCREMENT REINVESTMENT ZONE #5 FUND – The purpose of this fund is to account for the infrastructure construction and other capital project expenditures related to flood control, transportation, streetscape, public safety and other amenity improvements within the surrounding TIRZ Core Area to unify the Arlington Entertainment Area.

TRAFFIC CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for construction of the City's streetlight and traffic signal systems, to perform thoroughfare analysis and to design and install various other traffic related projects.

OTHER CAPITAL PROJECTS FUNDS – Other Capital Projects Funds consist of capital project funds which are individually insignificant to the Capital Projects Fund's assets, liabilities, revenues, expenditures, and fund balance as a whole. These funds are Police Capital Projects, Fire Capital Projects, Library Capital Projects, Technical Capital Projects, and Infrastructure Maintenance Reserve.

CITY OF ARLINGTON, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
ASSETS					
Cash and cash-equivalents	\$ -	\$ 21,363	\$ 7,052	\$ 108	\$ -
Land held for resale	-	-	-	-	-
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	3,815	-	-	-
Other	-	-	-	1	-
Inventory, at cost	-	-	-	-	-
Due from other governments	978	-	-	52	1,038
Total Assets	<u>\$ 978</u>	<u>\$ 25,178</u>	<u>\$ 7,052</u>	<u>\$ 161</u>	<u>\$ 1,038</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 86	\$ 2,208	\$ -	\$ 8	\$ 323
Retainage payable	-	33	-	-	51
Unearned Revenue	-	-	-	-	-
Due to other funds	882	-	-	-	664
Total Liabilities	<u>968</u>	<u>2,241</u>	<u>-</u>	<u>8</u>	<u>1,038</u>
Deferred Inflows of Resources:					
Gas lease	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	10	22,937	7,052	-	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	153	-
Assigned to:					
Park Performance	-	-	-	-	-
Special revenue	-	-	-	-	-
Total Fund Balance	<u>10</u>	<u>22,937</u>	<u>7,052</u>	<u>153</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 978</u>	<u>\$ 25,178</u>	<u>\$ 7,052</u>	<u>\$ 161</u>	<u>\$ 1,038</u>

Special Revenue							Capital Projects	
Home Investment Partnership	FEMA	Gas Lease	Innovation and Venture Capital	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Airport
\$ -	\$ -	\$ 10,991	\$ 18,404	\$ 1,761	\$ 2,690	\$ 59,525	\$ 2,030	\$ 1,579
-	-	-	-	-	-	-	-	-
-	-	-	-	-	860	-	-	-
-	-	-	-	-	-	-	-	-
-	32	44	-	318	33	1,892	-	-
-	-	-	-	214	-	-	-	-
296	4,596	-	-	-	-	6,232	-	-
<u>\$ 296</u>	<u>\$ 4,628</u>	<u>\$ 11,035</u>	<u>\$ 18,404</u>	<u>\$ 2,293</u>	<u>\$ 3,583</u>	<u>\$ 67,649</u>	<u>\$ 2,030</u>	<u>\$ 1,579</u>
\$ 24	\$ 346	\$ -	\$ -	\$ 746	\$ 404	\$ 5,306	\$ -	\$ 8
5	-	-	-	-	-	-	-	-
-	-	-	-	271	-	40,700	-	-
267	4,132	-	-	-	-	1,032	-	-
<u>296</u>	<u>4,478</u>	<u>-</u>	<u>-</u>	<u>1,017</u>	<u>404</u>	<u>47,038</u>	<u>-</u>	<u>8</u>
-	-	23	-	-	-	-	-	-
-	-	23	-	-	-	-	-	-
-	-	-	-	214	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	16,841	-	-
-	-	-	-	-	-	-	2,030	1,571
-	150	11,012	18,404	-	3,179	2,721	-	-
-	-	-	-	1,062	-	-	-	-
-	-	-	-	-	-	1,049	-	-
-	150	11,012	18,404	1,276	3,179	20,611	2,030	1,571
<u>\$ 296</u>	<u>\$ 4,628</u>	<u>\$ 11,035</u>	<u>\$ 18,404</u>	<u>\$ 2,293</u>	<u>\$ 3,583</u>	<u>\$ 67,649</u>	<u>\$ 2,030</u>	<u>\$ 1,579</u>

(continued)

CITY OF ARLINGTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				Total Nonmajor Governmental Funds
	Park	TIRZ #5	Traffic	Other Capital Projects	
ASSETS					
Cash and cash-equivalents	\$ 19,641	\$ 421	\$ 3,394	\$ 16,059	\$ 165,018
Land held for resale	-	-	-	7,653	7,653
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	860
Sales taxes	-	-	-	-	3,815
Other	-	-	-	-	2,320
Inventory, at cost	-	-	-	-	214
Due from other governments	-	-	-	-	13,192
Total Assets	<u>\$ 19,641</u>	<u>\$ 421</u>	<u>\$ 3,394</u>	<u>\$ 23,712</u>	<u>\$ 193,072</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 390	\$ -	\$ 233	\$ 639	\$ 10,721
Retainage payable	185	-	-	-	274
Unearned Revenue	-	-	-	-	40,971
Due to other funds	-	-	-	-	6,977
Total Liabilities	<u>575</u>	<u>-</u>	<u>233</u>	<u>639</u>	<u>58,943</u>
Deferred Inflows of Resources:					
Gas lease	-	-	-	-	23
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23</u>
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	214
Restricted for:					
Capital projects	19,066	421	3,161	23,073	45,721
Special revenue	-	-	-	-	46,840
Committed:					
Capital projects	-	-	-	-	3,601
Special revenue	-	-	-	-	35,619
Assigned:					
Park performance	-	-	-	-	1,062
Special revenue	-	-	-	-	1,049
Total Fund Balance	<u>19,066</u>	<u>421</u>	<u>3,161</u>	<u>23,073</u>	<u>134,106</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 19,641</u>	<u>\$ 421</u>	<u>\$ 3,394</u>	<u>\$ 23,712</u>	<u>\$ 193,072</u>



CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
REVENUES					
Taxes	\$ -	\$ 20,640	\$ 1,820	\$ -	\$ -
Leases, rents and concessions	-	-	-	-	-
Service charges	162	-	-	-	-
Intergovernmental	2,519	-	-	255	4,336
Interest revenue	-	85	5	-	-
Net increase (decrease) in the fair value of investments	-	(72)	-	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	-	-	-	-	86
Total Revenues	<u>2,681</u>	<u>20,653</u>	<u>1,825</u>	<u>255</u>	<u>4,422</u>
EXPENDITURES					
Current:					
General government	-	-	510	-	-
Public safety	-	-	-	303	-
Public works	-	19,278	-	-	-
Public health	-	-	-	-	-
Public welfare	2,830	-	-	-	4,372
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	<u>2,830</u>	<u>19,278</u>	<u>510</u>	<u>303</u>	<u>4,372</u>
Net change in fund balances	<u>(149)</u>	<u>1,375</u>	<u>1,315</u>	<u>(48)</u>	<u>50</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in	149	6,256	-	48	-
Transfers out	-	(1,472)	-	-	(50)
Total Other Financing Sources (Uses)	<u>149</u>	<u>4,784</u>	<u>-</u>	<u>48</u>	<u>(50)</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	-	6,159	1,315	-	-
Fund Balance, October 1	10	16,778	5,737	153	-
Fund Balance, September 30	<u>\$ 10</u>	<u>\$ 22,937</u>	<u>\$ 7,052</u>	<u>\$ 153</u>	<u>\$ -</u>

Special Revenue							Capital Projects	
Home Investment Partnership	FEMA	Gas Lease	Innovation and Venture Capital	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Airport
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,251	\$ 12,040	\$ -	\$ -
-	-	-	-	-	2,500	-	-	-
-	-	-	-	12,258	1,157	2,954	-	-
1,069	22,040	-	-	-	-	28,028	-	-
-	-	14	6	29	-	24	1	1
-	-	1	-	-	-	-	-	-
-	-	4,549	-	-	-	-	-	-
-	-	98	-	-	-	-	-	-
21	-	-	6,613	-	4	1,195	-	-
<u>1,090</u>	<u>22,040</u>	<u>4,662</u>	<u>6,619</u>	<u>12,287</u>	<u>10,912</u>	<u>44,241</u>	<u>1</u>	<u>1</u>
-	22,300	-	-	-	-	7,633	731	-
-	-	-	-	-	-	15,486	-	-
-	-	-	-	-	-	13,846	-	-
-	-	-	-	-	-	716	-	-
1,090	-	144	13,689	-	-	6,379	-	-
-	-	-	-	13,049	-	99	-	-
-	-	-	-	-	9,825	5,770	-	-
-	-	-	-	-	-	-	-	103
<u>1,090</u>	<u>22,300</u>	<u>144</u>	<u>13,689</u>	<u>13,049</u>	<u>9,825</u>	<u>49,929</u>	<u>731</u>	<u>103</u>
-	(260)	4,518	(7,070)	(762)	1,087	(5,688)	(730)	(102)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,082	7,070	1,152	5,830	16,551	-	-
-	260	(7,636)	-	-	(3,749)	(156)	-	(70)
-	260	(6,554)	7,070	1,152	2,081	16,395	-	(70)
-	-	(2,036)	-	390	3,168	10,707	(730)	(172)
-	150	13,048	18,404	886	11	9,904	2,760	1,743
<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 11,012</u>	<u>\$ 18,404</u>	<u>\$ 1,276</u>	<u>\$ 3,179</u>	<u>\$ 20,611</u>	<u>\$ 2,030</u>	<u>\$ 1,571</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects			Other Capital Projects	Total Nonmajor Governmental Funds
	Park	TIRZ #5	Traffic		
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 41,751
Leases, rents and concessions	-	-	-	-	2,500
Service charges	2,427	-	-	-	18,958
Intergovernmental	-	-	-	-	58,247
Interest revenue	127	-	1	7	300
Net increase (decrease) in the fair value of investments	146	-	-	(1)	74
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	4,549
Gas lease other	-	-	-	-	98
Other	-	-	-	103	8,022
Total Revenues	<u>2,700</u>	<u>-</u>	<u>1</u>	<u>109</u>	<u>134,499</u>
EXPENDITURES					
Current:					
General government	-	-	-	100	31,274
Public safety	-	-	-	2,940	18,729
Public works	-	-	-	-	33,124
Public health	-	-	-	-	716
Public welfare	-	-	-	-	28,504
Parks and recreation	-	-	-	-	13,148
Convention and event services	-	-	-	-	15,595
Capital outlay	9,065	-	562	2,149	11,879
Total Expenditures	<u>9,065</u>	<u>-</u>	<u>562</u>	<u>5,189</u>	<u>152,969</u>
Net change in fund balances	<u>(6,365)</u>	<u>-</u>	<u>(561)</u>	<u>(5,080)</u>	<u>(18,470)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	\$ 2,473	-	-	5,206	7,679
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	-	-
Bond premium	377	-	-	794	1,171
Transfers in	732	-	-	-	38,870
Transfers out	(1,681)	-	-	-	(14,554)
Total Other Financing Sources (Uses)	<u>1,901</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>33,166</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	<u>(4,464)</u>	<u>-</u>	<u>(561)</u>	<u>920</u>	<u>14,696</u>
Fund Balance, October 1	<u>23,530</u>	<u>421</u>	<u>3,722</u>	<u>22,153</u>	<u>119,410</u>
Fund Balance, September 30	<u>\$ 19,066</u>	<u>\$ 421</u>	<u>\$ 3,161</u>	<u>\$ 23,073</u>	<u>\$ 134,106</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		
REVENUES						
Taxes	\$ 61,038	\$ 60,977	\$ 106,029	\$ (43,990)	\$ 62,039	\$ 1,062
Interest revenue	235	253	165	(261)	(96)	(349)
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Leases, rents and concessions	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>61,273</u>	<u>61,230</u>	<u>106,194</u>	<u>(44,251)</u>	<u>61,943</u>	<u>713</u>
EXPENDITURES						
Debt Service-						
Principal retirement	62,144	62,154	87,640	(44,015)	43,625	18,529
Redemption premium	-	-	-	-	-	-
Interest and fiscal charges	578	661	45,828	(26,737)	19,091	(18,430)
Total Expenditures	<u>62,722</u>	<u>62,815</u>	<u>133,468</u>	<u>(70,752)</u>	<u>62,716</u>	<u>99</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(1,449)</u>	<u>(1,585)</u>	<u>(27,274)</u>	<u>26,501</u>	<u>(773)</u>	<u>812</u>
OTHER FINANCING SOURCES						
Bond premium	401	350	2,173	-	2,173	1,823
Proceeds from bonds	-	-	8,325	-	8,325	8,325
Issuance of refunding bonds	-	-	-	-	-	-
Refunding bond principal	-	-	(9,979)	-	(9,979)	(9,979)
Amount used to fund escrow account	-	-	-	-	-	-
Transfers in	1,135	1,536	1,536	-	1,536	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	<u>1,536</u>	<u>1,886</u>	<u>2,055</u>	<u>-</u>	<u>2,055</u>	<u>169</u>
Net Change In Fund Balances	<u>87</u>	<u>301</u>	<u>(25,219)</u>	<u>26,501</u>	<u>1,282</u>	<u>981</u>
Fund Balances - Beginning	<u>56,206</u>	<u>56,206</u>	<u>63,286</u>	<u>(7,941)</u>	<u>55,345</u>	<u>(861)</u>
Fund Balances - Ending	<u>\$ 56,293</u>	<u>\$ 56,507</u>	<u>\$ 38,067</u>	<u>\$ 18,560</u>	<u>\$ 56,627</u>	<u>\$ 120</u>

**CITY OF ARLINGTON, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 STREET MAINTENANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Taxes	\$ 15,398	\$ 15,398	\$ 20,640	\$ -	\$ 20,640	\$ 5,242
Interest revenue	131	131	85	-	85	(46)
Net increase (decrease) in the fair value of investments	-	-	(72)	-	(72)	(72)
Other revenue	-	-	-	-	-	-
Total Revenues	<u>15,529</u>	<u>15,529</u>	<u>20,653</u>	<u>-</u>	<u>20,653</u>	<u>5,124</u>
EXPENDITURES						
Current-						
Public works	26,550	28,197	19,278	2,343	21,621	6,576
Total Expenditures	<u>26,550</u>	<u>28,197</u>	<u>19,278</u>	<u>2,343</u>	<u>21,621</u>	<u>6,576</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(11,021)</u>	<u>(12,668)</u>	<u>1,375</u>	<u>(2,343)</u>	<u>(968)</u>	<u>11,700</u>
OTHER FINANCING SOURCES						
Transfers in	5,754	7,219	6,256	-	6,256	(963)
Transfers out	-	182	(1,472)	1,472	-	(182)
Total Other Financing Sources	<u>5,754</u>	<u>7,401</u>	<u>4,784</u>	<u>1,472</u>	<u>6,256</u>	<u>(1,145)</u>
Net Change In Fund Balances	<u>(5,267)</u>	<u>(5,267)</u>	<u>6,159</u>	<u>(871)</u>	<u>5,288</u>	<u>10,555</u>
Fund Balances - Beginning	<u>15,386</u>	<u>15,386</u>	<u>16,778</u>	<u>497</u>	<u>17,275</u>	<u>1,889</u>
Fund Balances - Ending	<u>\$ 10,119</u>	<u>\$ 10,119</u>	<u>\$ 22,937</u>	<u>\$ (374)</u>	<u>\$ 22,563</u>	<u>\$ 12,444</u>

**CITY OF ARLINGTON, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 PARK PERFORMANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget- Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>		<u>Actual on Budgetary Basis</u>
REVENUES						
Service charges	\$ 14,554	\$ 14,554	\$ 12,287	\$ -	\$ 12,287	\$ (2,267)
Interest revenue	-	-	-	-	-	-
Total Revenues	<u>14,554</u>	<u>14,554</u>	<u>12,287</u>	<u>-</u>	<u>12,287</u>	<u>(2,267)</u>
EXPENDITURES						
Current-						
Parks and recreation	16,064	16,064	13,049	-	13,049	3,015
Total Expenditures	<u>16,064</u>	<u>16,064</u>	<u>13,049</u>	<u>-</u>	<u>13,049</u>	<u>3,015</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(1,510)</u>	<u>(1,510)</u>	<u>(762)</u>	<u>-</u>	<u>(762)</u>	<u>748</u>
OTHER FINANCING USES						
Transfers in	1,631	1,631	1,152	-	1,152	(479)
Transfers out	-	-	-	-	-	-
Total Other Financing Uses	<u>1,631</u>	<u>1,631</u>	<u>1,152</u>	<u>-</u>	<u>1,152</u>	<u>(479)</u>
Net Change In Fund Balances	<u>121</u>	<u>121</u>	<u>390</u>	<u>-</u>	<u>390</u>	<u>269</u>
Fund Balances - Beginning	<u>\$ 535</u>	<u>\$ 535</u>	<u>\$ 886</u>	<u>\$ -</u>	<u>\$ 711</u>	<u>\$ 176</u>
Fund Balances - Ending	<u>\$ 656</u>	<u>\$ 656</u>	<u>\$ 1,276</u>	<u>\$ -</u>	<u>\$ 1,101</u>	<u>\$ 445</u>

**CITY OF ARLINGTON, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CONVENTION AND EVENT SERVICES
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		Actual on Budgetary Basis
REVENUES						
Taxes	\$ 6,886	\$ 6,886	\$ 7,251	\$ -	\$ 7,251	\$ 365
Service charges	2,809	2,809	1,157	-	1,157	(1,652)
Stadium Rent/Naming Rights	2,500	2,500	2,500	-	2,500	-
Interest revenue	-	-	-	-	-	-
Net increase (decrease) in the fair value of investments	-	-	-	-	-	-
Other	-	-	4	-	4	4
Total Revenues	<u>12,195</u>	<u>12,195</u>	<u>10,912</u>	<u>-</u>	<u>10,912</u>	<u>(1,283)</u>
EXPENDITURES						
Current-						
Convention & event services	10,335	10,335	9,825	(4,152)	5,673	4,662
Total Expenditures	<u>10,335</u>	<u>10,335</u>	<u>9,825</u>	<u>(4,152)</u>	<u>5,673</u>	<u>4,662</u>
Excess Of Revenues Over Expenditures	<u>1,860</u>	<u>1,860</u>	<u>1,087</u>	<u>4,152</u>	<u>5,239</u>	<u>3,379</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,022	3,022	5,830	-	5,830	2,808
Transfers out	(6,497)	(6,497)	(3,749)	(4,152)	(7,901)	(1,404)
Total Other Financing Sources (Uses)	<u>(3,475)</u>	<u>(3,475)</u>	<u>2,081</u>	<u>(4,152)</u>	<u>(2,071)</u>	<u>1,404</u>
Net Change In Fund Balances	<u>(1,615)</u>	<u>(1,615)</u>	<u>3,168</u>	<u>-</u>	<u>3,168</u>	<u>4,783</u>
Fund Balances - Beginning	\$ 696	696	\$ 11	\$ -	\$ 11	685
Fund Balances - Ending	<u>\$ (919)</u>	<u>\$ (919)</u>	<u>\$ 3,179</u>	<u>\$ -</u>	<u>\$ 3,179</u>	<u>\$ 4,098</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		Actual on Budgetary Basis
REVENUES						
Water sales	\$ 79,636	\$ 79,636	\$ 80,695	\$ (913)	\$ 79,782	\$ 146
Sewer service	73,058	73,058	74,934	(132)	74,802	1,744
Sundry	14,284	14,284	14,272	(2)	14,270	(14)
Total Operating Revenues	<u>166,978</u>	<u>166,978</u>	<u>169,901</u>	<u>(1,047)</u>	<u>168,854</u>	<u>1,876</u>
EXPENDITURES						
Purchases of water	\$ 25,983	\$ 25,983	\$ 24,289	\$ -	\$ 24,289	\$ 1,694
Purchase of sewage treatment	42,029	42,029	39,310	-	39,310	2,719
Salaries and wages	15,054	15,054	14,195	(238)	13,957	1,097
Employees' retirement	1,165	1,165	2,593	(1,303)	1,290	(125)
Supplies	2,982	2,982	2,727	-	2,727	255
Maintenance and repairs	4,683	4,683	3,959	-	3,959	724
Utilities	2,446	2,446	2,454	-	2,454	(8)
Franchise fees	9,616	9,616	-	9,597	9,597	19
Payment in lieu of taxes	4,525	4,525	-	4,148	4,148	377
Depreciation	-	-	20,727	(20,727)	-	-
Miscellaneous services	5,431	5,431	10,157	-	10,157	(4,726)
Total Operating Expenses	<u>113,914</u>	<u>113,914</u>	<u>120,411</u>	<u>(8,523)</u>	<u>111,888</u>	<u>2,026</u>
Operating Income	<u>53,064</u>	<u>53,064</u>	<u>49,490</u>	<u>7,476</u>	<u>56,966</u>	<u>3,902</u>
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	739	739	667	3	670	(69)
Net increase (decrease) in the fair value of investments	-	-	224	-	224	(224)
Interest expense and fiscal charges	(30,381)	(30,381)	(4,304)	(26,399)	(30,703)	(322)
Total Nonoperating Revenues (Expenses)	<u>(29,642)</u>	<u>(29,642)</u>	<u>(3,413)</u>	<u>(26,396)</u>	<u>(29,809)</u>	<u>(615)</u>
Income (loss) before operating transfers and contributions	<u>23,422</u>	<u>23,422</u>	<u>46,077</u>	<u>(18,920)</u>	<u>27,157</u>	<u>3,735</u>
Contributions in aid of construction	-	-	3,715	-	3,715	(3,715)
Transfers out	-	-	(20,537)	12,643	(7,894)	(7,894)
Change in net position	<u>23,422</u>	<u>23,422</u>	<u>29,255</u>	<u>(6,277)</u>	<u>22,978</u>	<u>(444)</u>
Total net position-beginning	<u>\$ 706,845</u>	<u>\$ 706,845</u>	<u>\$ 706,845</u>	<u>\$ -</u>	<u>\$ 706,845</u>	<u>-</u>
Total net position-ending	<u>\$ 730,267</u>	<u>\$ 730,267</u>	<u>\$ 736,100</u>	<u>\$ (6,277)</u>	<u>\$ 729,823</u>	<u>\$ (444)</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
STORM WATER UTILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		Actual on Budgetary Basis
REVENUES						
Storm water fee- commercial	\$ 9,455	\$ 9,455	\$ 9,758	\$ (28)	\$ 9,730	\$ 275
Storm water fee- residential	10,494	10,494	10,769	19	10,788	294
Miscellaneous	133	133	-	121	121	(12)
Total Operating Revenues	<u>20,081</u>	<u>20,081</u>	<u>20,526</u>	<u>112</u>	<u>20,639</u>	<u>557</u>
EXPENDITURES						
Salaries and wages	\$ 2,804	\$ 2,862	\$ 2,699	\$ (106)	\$ 2,593	\$ 269
Employees' retirement	233	239	258	-	258	(19)
Supplies	68	68	60	1	61	7
Maintenance and repairs	342	310	485	29	514	(204)
Utilities	19	19	19	-	19	(0)
Depreciation	-	-	2,693	(2,693)	-	-
Miscellaneous services	1,533	2,011	752	121	873	1,138
Total Operating Expenses	<u>4,999</u>	<u>5,510</u>	<u>6,966</u>	<u>(2,648)</u>	<u>4,318</u>	<u>1,192</u>
Operating Income	<u>15,082</u>	<u>14,572</u>	<u>13,560</u>	<u>2,760</u>	<u>16,321</u>	<u>1,238</u>
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	-	-	121	(121)	0	0
Net increase (decrease) in the fair value of investments	-	-	(36)	35	(1)	(1)
Interest expense and fiscal charges	(4,817)	(4,817)	(990)	(3,075)	(4,065)	(752)
Total Nonoperating Revenues (Expenses)	<u>(4,817)</u>	<u>(4,817)</u>	<u>(905)</u>	<u>(3,161)</u>	<u>(4,066)</u>	<u>(753)</u>
Income (loss) before operating transfers and contributions	<u>10,265</u>	<u>9,755</u>	<u>12,656</u>	<u>(401)</u>	<u>12,255</u>	<u>2,500</u>
Transfers in/out	<u>(9,778)</u>	<u>(9,778)</u>	<u>655</u>	<u>(8,800)</u>	<u>(8,145)</u>	<u>1,633</u>
Change in net position	487	(23)	13,311	(9,201)	4,110	4,133
Total net position-beginning	\$ 125,106	125,106	\$ 133,665	\$ -	\$ 133,665	-
Total net position-ending	<u>\$ 125,593</u>	<u>\$ 125,083</u>	<u>\$ 146,976</u>	<u>\$ (9,201)</u>	<u>\$ 137,775</u>	<u>\$ 4,133</u>

INTERNAL SERVICE FUNDS

FLEET SERVICES FUND - The purpose of this fund is to account for the purchase of City vehicles and to provide maintenance services for such vehicles.

SELF INSURANCE RISK MANAGEMENT FUND - The purpose of this fund is to provide the City an appropriate amount of money with which it can pay claims arising out of the Covered Risks for which the City may be liable, all as part of its self-insurance plan.

WORKERS' COMPENSATION FUND - The City's workers' compensation program provides City employees with workers' compensation insurance. The purpose of this fund is to account for the activity of such program.

GROUP HEALTH FUND - The City's group health insurance program provides City employees with health insurance. The purpose of this fund is to account for the activity of such program.

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>Fleet Services</u>	<u>Self Insurance Risk Management</u>
ASSETS		
Current Assets:		
Cash and cash-equivalent investments	\$ 4,269	\$ 10,888
Receivables (net of allowances for uncollectibles)		
Trade accounts	-	-
Accrued Interest	-	62
Other	347	106
Prepaid expenses	-	-
Inventory of supplies, at cost	-	-
Total Current Assets	<u>4,616</u>	<u>11,056</u>
Noncurrent Assets:		
Capital Assets:		
Buildings and improvements	467	-
Machinery and equipment	51,928	-
Less accumulated depreciation	<u>(40,028)</u>	<u>-</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>12,367</u>	<u>-</u>
Total Assets	<u>16,983</u>	<u>11,056</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	1,329	-
Estimated claims payable	-	-
Due to other funds	-	-
Total Current Liabilities	<u>1,329</u>	<u>-</u>
Noncurrent Liabilities:		
Estimated claims payable	-	3,752
Accrued compensated absences	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>3,752</u>
Total Liabilities	<u>1,329</u>	<u>3,752</u>
NET POSITION		
Net investment in capital assets	12,367	-
Unrestricted	3,287	7,304
Total Net Position	<u>\$ 15,654</u>	<u>\$ 7,304</u>

<u>Workers Compensation</u>	<u>Group Health</u>	<u>Total</u>
\$ 4,285	\$ 5,152	\$ 24,594
-	-	-
-	-	62
74	-	527
-	-	-
-	-	-
<u>4,359</u>	<u>5,152</u>	<u>25,183</u>
-	-	467
-	-	51,928
-	-	<u>(40,028)</u>
-	-	12,367
<u>4,359</u>	<u>5,152</u>	<u>37,550</u>
10	312	1,651
1,432	2,461	3,893
-	-	-
<u>1,442</u>	<u>2,773</u>	<u>5,544</u>
2,474	-	6,226
-	-	-
<u>2,474</u>	<u>-</u>	<u>6,226</u>
<u>3,916</u>	<u>2,773</u>	<u>11,770</u>
-	-	12,367
443	2,379	13,413
<u>\$ 443</u>	<u>\$ 2,379</u>	<u>\$ 25,780</u>

**CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Fleet Services	Self Insurance Risk Management
OPERATING REVENUES:		
Service charges	\$ 6,109	\$ 14
Total Operating Revenues	<u>6,109</u>	<u>14</u>
OPERATING EXPENSES:		
Salaries and wages	-	-
Employees' retirement	-	-
Supplies	1,957	-
Maintenance and repairs	462	-
Utilities	49	-
Claims (net of adjustments)	-	1,662
Legal and professional	-	2
Depreciation	3,683	-
Miscellaneous services	3,097	-
Total Operating Expenses	<u>9,248</u>	<u>1,664</u>
OPERATING INCOME (LOSS)	<u>(3,139)</u>	<u>(1,650)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	-	-
Miscellaneous revenue	109	-
Net increase (decrease) in the fair value of investments	1	23
Gain (Loss) on sale of assets	374	-
Total Non-operating Revenues (Expenses)	<u>484</u>	<u>23</u>
Income (Loss) Before Transfers	(2,655)	(1,627)
Transfers In	6,001	-
Transfers Out	(1,546)	-
Change In Net Position	<u>1,800</u>	<u>(1,627)</u>
Total Net Position, October 1	13,854	8,931
Total Net Position, September 30	<u>\$ 15,654</u>	<u>\$ 7,304</u>

Workers Compensation	Group Health	Total
\$ 1,757	\$ 34,274	\$ 42,154
<u>1,757</u>	<u>34,274</u>	<u>42,154</u>
-	-	-
-	-	-
-	-	1,957
-	-	462
-	-	49
1,792	33,298	36,752
272	-	274
-	-	3,683
-	-	3,097
<u>2,064</u>	<u>33,298</u>	<u>46,274</u>
<u>(307)</u>	<u>976</u>	<u>(4,120)</u>
1	-	1
-	-	109
-	-	24
-	-	374
<u>1</u>	<u>-</u>	<u>508</u>
(306)	976	(3,612)
500	-	6,501
-	-	(1,546)
<u>194</u>	<u>976</u>	<u>1,343</u>
249	1,403	24,437
<u>\$ 443</u>	<u>\$ 2,379</u>	<u>\$ 25,780</u>

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)

	<u>Fleet Services</u>	<u>Risk Management</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,871	\$ 20
Cash payments to suppliers	(4,817)	(1,031)
Cash payments to employees	(81)	-
Net Cash Provided By (Used For) Operating Activities	<u>973</u>	<u>(1,011)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	4,775	-
Transfers out	(320)	-
Net Cash Provided By Noncapital Financing Activities	<u>4,455</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,216)	-
Proceeds from sales of capital assets	374	-
Net Cash Used For Capital and Related Financing Activities	<u>(1,842)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest earnings	-	14
Net increase in the fair value of investments	1	23
Net Cash Provided By Investing Activities	<u>1</u>	<u>37</u>
Net decrease in cash and cash equivalents	3,587	(974)
Cash and cash-equivalent investments at October 1	682	11,862
Cash and cash-equivalent investments at September 30	<u>\$ 4,269</u>	<u>\$ 10,888</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating Income (Loss)	<u>\$ (3,019)</u>	<u>\$ (1,650)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	3,683	-
(Increase) decrease in- Inventory of supplies	-	-
Accounts receivable	(347)	6
Prepaid expenses	-	-
Increase (decrease) in- Accounts payable and accrued liabilities	644	-
Estimated claims payable	-	633
Accrued compensated absences	12	-
Total adjustments	<u>3,992</u>	<u>639</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 973</u>	<u>\$ (1,011)</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Totals</u>
\$ 1,794	34,274	\$ 41,959
(1,880)	(33,095)	(40,823)
-	-	(81)
<u>(86)</u>	<u>1,179</u>	<u>1,055</u>
500	-	5,275
-	-	(320)
<u>500</u>	<u>-</u>	<u>4,955</u>
-	-	(2,216)
-	-	374
<u>-</u>	<u>-</u>	<u>(1,842)</u>
1	-	15
-	-	24
<u>1</u>	<u>-</u>	<u>39</u>
415	1,179	4,207
3,870	3,973	20,387
<u>\$ 4,285</u>	<u>\$ 5,152</u>	<u>\$ 24,594</u>
<u>\$ (306)</u>	<u>\$ 976</u>	<u>\$ (3,999)</u>
-	-	3,683
-	-	-
37	-	(304)
-	-	-
10	189	843
174	14	821
-	-	12
<u>221</u>	<u>203</u>	<u>5,054</u>
<u>\$ (86)</u>	<u>\$ 1,179</u>	<u>\$ 1,055</u>



FIDUCIARY FUNDS

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS:

PART-TIME DEFERRED INCOME TRUST FUND - The purpose of this fund is to account for assets held for part-time employees as an alternative retirement plan to Social Security.

DISABILITY INCOME PLAN FUND - The purpose of this fund is to account for the accumulation of resources for disability benefit payments to qualified employees who become disabled due to illness or accident.

CUSTODIAL FUNDS:

ESCROW FUND - The purpose of this fund is to account for assets held by the City in a fiduciary capacity as custodian or agent for individuals, other funds within the City, other governmental units, and private organizations. These include amounts held for court proceedings and amounts held for infrastructure improvements donated by developers.

ESCHEAT FUND - The purpose of the fund is to account for assets held by the City in a fiduciary capacity as custodian or agent of escheat property for the state.

**CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION & OTHER EMPLOYEE BENEFIT TRUST FUNDS
 AS OF SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	Part-Time Deferred Income Trust	Disability Income Plan	Total
ASSETS			
Cash and cash-equivalents	\$ -	\$ -	\$ -
Investments:			
Investment retired city mgr 401(k) plan	-	-	-
Money market fund	41	24	65
Corporate bonds	2,151	817	2,968
Fixed income mutual funds	687	272	959
Common stock mutual funds	615	277	892
Balanced mutual funds	-	-	-
Participant borrowing	-	-	-
Self-directed brokerage accounts	-	-	-
Total investments	<u>3,494</u>	<u>1,390</u>	<u>4,884</u>
Total Assets	<u>\$ 3,494</u>	<u>\$ 1,390</u>	<u>\$ 4,884</u>
LIABILITIES			
Retired city mgr 401(k) plan payable	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted for pensions	3,494	-	3,494
Restricted for OPEB	-	1,390	1,390
Total Net Position	<u>\$ 3,494</u>	<u>\$ 1,390</u>	<u>\$ 4,884</u>

**CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
 FIDUCIARY FUNDS - CUSTODIAL FUNDS
 AS OF SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Escrow Fund</u>	<u>Escheat Fund</u>	<u>Total</u>
ASSETS			
Cash and cash-equivalents	\$ 2,475	\$ 116	\$ 2,591
Total Assets	<u>\$ 2,475</u>	<u>\$ 116</u>	<u>\$ 2,591</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ 116	\$ 116
Total Liabilities	<u>\$ -</u>	<u>\$ 116</u>	<u>\$ 116</u>
NET POSITION			
Restricted for individuals, organizations, other governments	2,475	-	2,475

**CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION & OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Pension and Other Employee Benefit Trust Funds		
	Part-Time Deferred Income Trust	Disability Income Plan	Total
ADDITIONS			
Employer contributions	\$ 82	\$ -	\$ 82
Employee contributions	100	77	177
Net appreciation in fair value of investments	240	-	240
Other additions	-	97	97
Total Additions	422	174	596
DEDUCTIONS			
Benefits	230	128	358
Plan administration	63	33	96
Other deductions	-	-	-
Total Deductions	293	161	454
Increase in Net Position	129	13	142
Net Position, October 1	3,365	1,377	4,742
Net Position, September 30	\$ 3,494	\$ 1,390	\$ 4,884

**CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Custodial Funds		
	Escrow Fund	Escheat Fund	Total
ADDITIONS			
Employer contributions	\$ -	\$ -	\$ -
Employee contributions	-	-	-
Net appreciation in fair value of investments	-	-	-
Other additions	3,887	116	4,003
Seizures	13	-	13
Total Additions	<u>3,900</u>	<u>116</u>	<u>4,016</u>
DEDUCTIONS			
Benefits	-	-	-
Plan administration	-	-	-
Other deductions	4,171	116	4,287
Seizures forfeited or returned to defedents	-	-	-
Total Deductions	<u>4,171</u>	<u>116</u>	<u>4,287</u>
Increase (Decrease) in Net Position	(271)	-	(271)
Net Position, October 1	<u>2,746</u>	-	<u>2,746</u>
Net Position, September 30	<u>\$ 2,475</u>	<u>\$ -</u>	<u>\$ 2,475</u>



DISCRETELY PRESENTED COMPONENT UNITS

ARLINGTON HOUSING AUTHORITY - The purpose of the Arlington Housing Authority (AHA) is to provide low income housing assistance within the City. The AHA issues separate financial statements.

ARLINGTON CONVENTION AND VISITORS BUREAU, INC. - The purpose of the Arlington Convention and Visitors Bureau (ACVB) is to promote tourism within the City. The ACVB issues separate financial statements.

ARLINGTON TOMORROW FOUNDATION - The purpose of the Arlington Tomorrow Foundation is to oversee an endowment fund created by natural gas revenues to be used for the benefit of the Arlington community.

ARLINGTON HOUSING FINANCE CORPORATION - The purpose of the Arlington Housing Finance Corporation (AHFC) is to provide financial assistance to low income, multi-family residences and single-family homebuyers within the City.

ARLINGTON CONVENTION CENTER DEVELOPMENT CORPORATION - The purpose of the Arlington Convention Center Development Corporation (ACDC) is to promote tourism and the convention and hotel industry.

ARLINGTON ECONOMIC DEVELOPMENT CORPORATION – The purpose of the Arlington Economic Development Corporation is to bring about and fund business recruitment and redevelopment projects.

ARLINGTON TOURISM PUBLIC IMPROVEMENT DISTRICT – The purpose of the Arlington Tourism Public Improvement District is to improve convention and group hotel bookings and hotel room night consumption in the City.

**CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
AS OF SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Arlington Housing Authority</u>	<u>Arlington Convention & Visitors Bureau</u>	<u>Arlington Tomorrow Foundation</u>
ASSETS			
Current Assets:			
Cash and cash-equivalent investments	\$ 5,542	\$ 1,955	\$ 33,768
Investments	1,000	-	66,207
Receivables (net of allowances for uncollectibles):			
Accrued interest	-	-	109
Taxes			
Other	200	404	-
Prepaid expenses	5	10	-
Total Current Assets	<u>6,747</u>	<u>2,369</u>	<u>100,084</u>
Non-Current Assets:			
Capital Assets-			
Land	-	-	-
Buildings and improvements	677	-	-
Machinery and equipment	382	1,850	-
Accumulated depreciation	(763)	(700)	-
Total Non-Current Assets	<u>296</u>	<u>1,150</u>	<u>-</u>
Total Assets	<u>7,043</u>	<u>3,519</u>	<u>100,084</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,668	1,309	7,213
Unearned revenue	156	-	-
Total Liabilities	<u>1,824</u>	<u>1,309</u>	<u>7,213</u>
NET POSITION			
Net investment in capital assets	296	1,150	-
Restricted for endowments	-	-	92,871
Restricted for housing assistance	209	-	-
Restricted for expendable for operations	-	-	-
Unrestricted	4,714	1,060	-
Total Net Position	<u>\$ 5,219</u>	<u>\$ 2,210</u>	<u>\$ 92,871</u>

<u>Arlington Housing Finance Corporation</u>	<u>Arlington Tourism Public Improvement District</u>	<u>Arlington Convention Center Development Corporation</u>	<u>Arlington Economic Development Corporation</u>	<u>Total</u>
\$ 978	\$ 1,208	\$ 21	\$ 7,055	\$ 50,527
-	-	-	-	67,207
-	-	-	-	109
-	530	-	3,811	3,811
-	-	-	-	1,134
-	-	-	-	15
<u>978</u>	<u>1,738</u>	<u>21</u>	<u>10,866</u>	<u>122,803</u>
4,654	-	-	-	4,654
-	-	-	-	677
-	-	-	-	2,232
-	-	-	-	(1,463)
<u>4,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,100</u>
<u>5,632</u>	<u>1,738</u>	<u>21</u>	<u>10,866</u>	<u>128,903</u>
1	48	1	12	10,252
<u>4,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,677</u>
<u>4,522</u>	<u>48</u>	<u>1</u>	<u>12</u>	<u>14,929</u>
1,109	-	-	-	2,555
-	-	-	-	92,871
-	-	-	-	209
-	-	-	-	-
<u>1</u>	<u>1,690</u>	<u>20</u>	<u>10,854</u>	<u>18,339</u>
<u>\$ 1,110</u>	<u>\$ 1,690</u>	<u>\$ 20</u>	<u>\$ 10,854</u>	<u>\$ 113,974</u>

**CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)**

Functions/Programs	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Component Units:				
Arlington Housing Authority	\$ 36,935	\$ -	\$ 37,081	\$ -
Arlington Convention and Visitors Bureau	15,897	5,003	11,618	-
Arlington Tomorrow Foundation	10,207	-	-	-
Arlington Housing Finance Corporation	57	109	-	-
Arlington Tourism Public Improvement District	1,808	2,127	599	-
Arlington Convention Center Development Corp	3	-	-	-
Arlington Economic Development Corporation	311	11,165	-	-
Total Component Units	<u>\$ 65,218</u>	<u>\$ 18,404</u>	<u>\$ 49,298</u>	<u>\$ -</u>

General revenues:
 Interest revenue
 Other
 Net increase
 (decrease) in the fair
 value of investments
 Total general revenues and transfers
 Change in net position
 Net position, October 1
 Net position, September 30

**Net (Expenses) Revenue and
Changes in Net Position**

Arlington Housing Authority	Arlington Convention & Visitors Bureau	Arlington Tomorrow Foundation	Arlington Housing Finance Corporation	Arlington Tourism Public Improvement District	Arlington Convention Center Development Corporation	Arlington Economic Development Corporation	Total
\$ 146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146
-	724	-	-	-	-	-	724
-	-	(10,207)	-	-	-	-	(10,207)
-	-	-	52	-	-	-	52
-	-	-	-	918	-	-	918
-	-	-	-	-	-	-	-
-	-	-	-	-	(3)	10,854	10,851
<u>\$ 146</u>	<u>\$ 724</u>	<u>\$ (10,207)</u>	<u>\$ 52</u>	<u>\$ 918</u>	<u>\$ (3)</u>	<u>\$ 10,854</u>	<u>\$ 2,484</u>
\$ -	\$ 4	\$ 14,424	-	\$ 1	\$ -	\$ -	\$ 14,429
165	32	4,141	132	-	-	-	4,470
-	-	2,607	1	-	-	-	2,608
165	36	21,172	133	1	-	-	21,507
311	760	10,965	185	919	(3)	10,854	23,991
4,908	1,450	81,906	925	771	23	-	89,983
<u>\$ 5,219</u>	<u>\$ 2,210</u>	<u>\$ 92,871</u>	<u>\$ 1,110</u>	<u>\$ 1,690</u>	<u>\$ 20</u>	<u>\$ 10,854</u>	<u>\$ 113,974</u>



**CITY OF ARLINGTON, TEXAS
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES
 AS OF SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)**

GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	\$ 293,972
Buildings	2,378,465
Improvements other than buildings	218,111
Machinery and equipment	88,665
Construction-in-progress	167,612
Infrastructure	<u>1,059,174</u>
Total Governmental Funds Capital Assets	<u><u>\$ 4,205,999</u></u>
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:	
General Fund	\$ 2,170,826
Capital Projects Fund	<u>2,035,173</u>
Total Governmental Funds Capital Assets	<u><u>\$ 4,205,999</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities the statement of net position.

CITY OF ARLINGTON, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 AS OF SEPTEMBER 30, 2021
 (AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
Administration:					
Technology services	\$ 14,279	\$ -	\$ -	\$ -	\$ 14,279
Tax	6	-	-	0	6
City administration	2,552,015	176,000	2,293,814	72,644	9,557
Convention center	537	-	-	-	537
Total Administration	2,566,837	176,000	2,293,814	72,644	24,379
Operations:					
Fire	43,209	(208)	17,013	-	26,404
Municipal court	2,051	-	642	-	1,409
Police	42,009	654	21,490	79	19,786
Parks and recreation	236,163	82,179	23,187	126,033	4,764
Communication services	88	-	-	-	88
Airport	47,270	6,132	22,030	18,993	115
Total Operations	370,790	88,757	84,362	145,105	52,566
Development:					
Community development	1,484	-	289	6	1,189
Engineering services	137	-	-	-	137
Transportation	39,965	29,215	-	356	10,394
Total Development	41,586	29,215	289	362	11,720
Total Capital Assets Allocated to Functions	2,979,213	293,972	2,378,465	218,111	88,665
Infrastructure	1,059,174				
Construction in Progress	167,612				
Total Governmental Funds Capital Assets	\$ 4,205,999				

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities the statement of net position.

CITY OF ARLINGTON, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2021
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Governmental Funds			Governmental Funds
	Assets October 1, 2020	Additions	Deletions	Assets September 30, 2021
Administration:				
Technology services	\$ 14,279	\$ -	\$ -	\$ 14,279
Tax	6	-	-	6
City administration	2,551,175	840	-	2,552,015
Convention center	537	-	-	537
Total Administration	<u>2,565,997</u>	<u>840</u>	<u>-</u>	<u>2,566,837</u>
OPERATIONS:				
Fire	41,888	1,495	(174)	43,209
Municipal court	1,409	642	-	2,051
Police	42,018	-	(9)	42,009
Parks and recreation	235,319	844	-	236,163
Communication services	88	-	-	88
Airport	47,270	-	-	47,270
Total Operations	<u>367,992</u>	<u>2,981</u>	<u>(183)</u>	<u>370,790</u>
DEVELOPMENT:				
Community development	1,484	-	-	1,484
Engineering services	137	-	-	137
Transportation	39,875	90	-	39,965
Total Development	<u>41,496</u>	<u>90</u>	<u>-</u>	<u>41,586</u>
Infrastructure	<u>1,047,791</u>	<u>11,383</u>	<u>-</u>	<u>1,059,174</u>
Construction in Progress	<u>142,219</u>	<u>38,729</u>	<u>(13,336)</u>	<u>167,612</u>
Total Governmental Funds Capital Assets	<u>\$ 4,165,495</u>	<u>\$ 54,023</u>	<u>\$ (13,519)</u>	<u>\$ 4,205,999</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities the statement of net position.



STATISTICAL SECTION (Unaudited)

The City of Arlington's statistical section presents detailed information as a context for understanding the information in the Comprehensive Annual Financial Report, which details the City's overall financial health and well-being.

FINANCIAL TRENDS – The financial trends schedules contain information to help financial statement users understand how the city's financial position has changed over time.

REVENUE CAPACITY – The Revenue Capacity schedules contain information to help financial statement users assess the City's most significant local revenue source, the property tax.

DEBT CAPACITY – The Debt Capacity schedules present information to help financial statement users assess the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – The Demographic and Economic Statistic schedules offer demographic and economic indicators to help financial statement users understand the environment within which the City's financial activities take place.

OPERATING INFORMATION – The Operating Information schedules contain service and infrastructure data to help financial statement users understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF ARLINGTON, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited) (In Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities			
Net investment in capital assets	\$ 1,164,831	\$ 1,183,621	\$ 1,106,840
Restricted (Debt Srvcs/Impact Fee/Endowments/Spec Rev)	46,032	45,169	41,902
Unrestricted	<u>81,604</u>	<u>65,489</u>	<u>57,744</u>
Total governmental activities net position	<u>\$ 1,292,467</u>	<u>\$ 1,294,279</u>	<u>\$ 1,206,486</u>
Business-type activities			
Net investment in capital assets	\$ 573,042	\$ 597,114	\$ 618,187
Restricted	18,655	14,299	16,169
Unrestricted	<u>45,459</u>	<u>44,633</u>	<u>29,687</u>
Total business-type activities net position	<u>\$ 637,156</u>	<u>\$ 656,046</u>	<u>\$ 664,043</u>
Primary government			
Net investment in capital assets	\$ 1,737,873	\$ 1,780,735	\$ 1,725,027
Restricted (Debt Srvcs/Impact Fee)	64,687	59,468	58,071
Unrestricted	<u>127,063</u>	<u>110,122</u>	<u>87,431</u>
Total primary government net position	<u>\$ 1,929,623</u>	<u>\$ 1,950,325</u>	<u>\$ 1,870,529</u>

Source: City of Arlington Finance Department

Note: Fiscal Year 2014 amounts have been restated for the impact of GASB Statement No. 68.

Note: Fiscal Year 2017 amounts have been restated for the impact of GASB Statement No. 75.

Table 1

	Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,106,327	\$ 1,055,902	\$ 1,130,555	\$ 881,082	\$ 1,462,715	\$ 1,864,421	\$ 1,872,543
42,149	36,068	29,169	50,408	65,742	104,569	91,922
76,379	181,216	110,143	241,799	50,411	76,926	5,678
<u>\$ 1,224,855</u>	<u>\$ 1,273,186</u>	<u>\$ 1,269,867</u>	<u>\$ 1,173,289</u>	<u>\$ 1,578,868</u>	<u>\$ 2,045,916</u>	<u>\$ 1,970,143</u>
\$ 622,780	\$ 639,243	\$ 653,455	\$ 694,201	\$ 653,396	\$ 690,058	\$ 739,140
14,947	18,150	20,334	39,028	118,649	107,246	102,695
45,365	51,776	61,652	24,483	29,756	45,273	36,206
<u>\$ 683,092</u>	<u>\$ 709,169</u>	<u>\$ 735,441</u>	<u>\$ 757,712</u>	<u>\$ 801,801</u>	<u>\$ 842,577</u>	<u>\$ 878,041</u>
\$ 1,729,107	\$ 1,695,145	\$ 1,784,010	\$ 1,575,283	\$ 2,116,111	\$ 2,554,479	\$ 2,611,683
57,096	54,218	49,503	89,436	184,391	211,815	194,617
121,744	233,324	171,795	266,282	80,167	122,199	41,884
<u>\$ 1,907,947</u>	<u>\$ 1,982,687</u>	<u>\$ 2,005,308</u>	<u>\$ 1,931,001</u>	<u>\$ 2,380,669</u>	<u>\$ 2,888,493</u>	<u>\$ 2,848,184</u>

CITY OF ARLINGTON, TEXAS
 CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (Unaudited) (In Thousands)

	2012	2013	2014
Expenses			
Governmental activities:			
General government	\$ 66,080	\$ 65,321	\$ 74,183
Public safety	137,561	139,309	146,899
Public works	71,957	68,633	63,566
Public health	4,320	2,489	2,740
Parks and recreation	32,515	30,599	34,075
Public welfare	9,475	11,453	11,558
Convention and event services	6,821	6,711	7,366
Interest on long term debt	24,898	25,017	28,703
Total governmental activities expenses	<u>\$ 353,627</u>	<u>\$ 349,532</u>	<u>\$ 369,090</u>
Business-type activities:			
Water and sewer	86,235	89,437	95,820
Landfill	4,777	5,051	4,972
Total business-type activities expenses	<u>\$ 91,012</u>	<u>\$ 94,488</u>	<u>\$ 100,792</u>
Total primary government expenses	<u>\$ 444,639</u>	<u>\$ 444,020</u>	<u>\$ 469,882</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 23,670	\$ 21,023	\$ 23,650
Public safety	19,498	19,344	19,337
Public works	1,160	1,416	1,412
Public health	2,730	3,488	3,447
Parks and recreation	10,861	10,977	10,187
Public welfare	222	224	224
Convention and event services	2,799	2,594	2,739
Operating grants and contributions	26,270	19,483	9,953
Capital grants and contributions	6,132	4,481	4,910
Total governmental activities program revenues	<u>\$ 93,342</u>	<u>\$ 83,030</u>	<u>\$ 75,859</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 114,719	\$ 114,234	\$ 116,145
Storm water utility	10,536	10,815	10,774
Landfill	-	-	-
Capital grants and contributions	1,253	3,663	3,136
Other	-	-	-
Total business-type activities program revenues	<u>\$ 126,508</u>	<u>\$ 128,712</u>	<u>\$ 130,055</u>
Total primary government program revenues	<u>\$ 219,850</u>	<u>\$ 211,742</u>	<u>\$ 205,914</u>
Net (Expense) Revenue			
Governmental activities	\$ (260,285)	\$ (266,502)	\$ (293,231)
Business-type activities	35,496	34,224	29,263
Total Primary government net expense	<u>\$ (224,789)</u>	<u>\$ (232,278)</u>	<u>\$ (263,968)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 110,131	\$ 111,877	\$ 113,432
Sales taxes	88,957	94,071	93,127
Other taxes	13,347	14,884	17,192
Gas Lease	-	-	-
Franchise fees	25,600	25,550	26,970
Investment earnings	3,975	3,081	3,356
Net increase (decrease) in fair value	(179)	(962)	(469)
Other	5,990	4,257	3,808
Special Item	-	-	-
Transfers	14,770	15,556	15,355
Total governmental activities	<u>\$ 262,591</u>	<u>\$ 268,314</u>	<u>\$ 272,771</u>
Business-type activities:			
Investment earnings	\$ 569	\$ 353	\$ 348
Gain on sale/retirement of capital assets	(101)	(131)	59
Miscellaneous	-	-	2
Transfers	(14,770)	(15,556)	(15,355)
Total Business-type activities	<u>\$ (14,302)</u>	<u>\$ (15,334)</u>	<u>\$ (14,946)</u>
Total primary government	<u>\$ 248,289</u>	<u>\$ 252,980</u>	<u>\$ 257,825</u>
Change in Net Position			
Governmental activities	\$ 2,306	\$ 1,812	\$ (87,793)
Business-type activities	21,194	18,890	7,997
Total primary government	<u>\$ 23,500</u>	<u>\$ 20,702</u>	<u>\$ (79,796)</u>

Source: City of Arlington Finance Department

Note: Fiscal Year 2014 amounts have been restated for the impact of GASB Statement No. 68. Impact of change to Governmental activities is \$(67,333) and to Business-type activities is \$(6,320).

Table 2

		Fiscal Year					
	2015	2016	2017	2018	2019	2020	2021
\$	69,680	\$ 75,486	\$ 77,110	\$ 81,032	\$ 82,037	\$ 78,057	\$ 125,142
	142,489	156,414	170,459	167,064	187,839	136,008	161,468
	64,549	61,115	68,036	65,482	75,818	45,503	74,761
	2,849	2,741	2,934	3,067	3,610	3,219	2,548
	33,410	32,449	34,204	35,599	37,161	29,474	30,915
	10,019	14,978	10,280	68,964	11,132	47,780	26,442
	8,387	8,384	13,987	16,439	15,416	17,329	14,573
	22,299	23,016	19,209	29,247	37,378	38,627	39,204
\$	353,682	\$ 374,583	\$ 396,219	\$ 466,894	\$ 450,391	\$ 395,997	\$ 475,053
	97,118	98,697	107,537	108,471	113,341	110,095	124,936
	5,040	5,740	6,208	6,651	6,411	8,443	7,956
\$	102,158	\$ 104,437	\$ 113,745	\$ 115,122	\$ 119,752	\$ 118,538	\$ 132,892
\$	455,840	\$ 479,020	\$ 509,964	\$ 582,016	\$ 570,143	\$ 514,535	\$ 607,945
\$	25,617	\$ 21,863	\$ 24,579	25,798	29,217	25,378	26,270
	17,957	16,392	15,412	14,405	15,337	13,655	10,698
	1,585	2,085	2,491	2,473	2,309	1,983	2,856
	3,508	3,393	3,536	3,273	4,025	4,513	5,410
	10,356	11,180	9,775	10,909	11,206	10,916	14,685
	220	216	215	288	262	198	168
	2,852	3,680	3,107	3,120	2,296	942	1,157
	12,700	62,107	14,754	20,591	15,849	21,764	58,366
	10,479	5,814	9,442	4,544	410,903	380,662	4,136
\$	85,274	\$ 126,730	\$ 83,311	\$ 85,401	\$ 491,404	\$ 460,011	\$ 123,746
\$	123,870	\$ 131,086	\$ 138,007	\$ 155,958	\$ 155,189	\$ 165,047	\$ 169,901
	12,160	13,575	15,011	16,384	18,014	19,650	20,526
	-	-	-	-	-	-	-
	1,148	1,820	3,552	5,662	4,978	3,194	3,715
	-	-	-	-	-	-	-
\$	137,178	\$ 146,481	\$ 156,570	\$ 178,004	\$ 178,181	\$ 187,891	\$ 194,142
\$	222,452	\$ 273,211	\$ 239,881	\$ 263,405	\$ 669,585	\$ 647,902	\$ 317,888
\$	(268,408)	\$ (247,853)	\$ (312,908)	\$ (381,493)	\$ 41,013	\$ 64,014	\$ (351,307)
	35,020	42,044	42,825	62,882	58,429	69,353	61,250
\$	(233,388)	\$ (205,809)	\$ (270,083)	\$ (318,611)	\$ 99,442	\$ 133,367	\$ (290,057)
\$	118,785	\$ 121,943	\$ 131,243	\$ 143,826	\$ 154,606	\$ 165,284	\$ 170,967
	97,895	102,580	105,352	109,645	118,724	115,098	135,979
	18,893	20,430	23,163	23,960	27,372	23,669	26,240
	-	-	-	-	-	-	-
	26,477	25,435	24,859	25,166	24,921	22,048	21,468
	3,330	4,023	4,714	9,276	11,329	7,077	2,362
	(294)	(598)	(1,027)	(1,384)	3,351	943	(102)
	5,156	6,084	3,852	6,125	5,217	5,389	9,583
	-	-	-	-	-	-	-
	16,535	16,619	17,101	34,364	18,769	29,312	19,882
\$	286,777	\$ 296,516	\$ 309,257	\$ 350,978	\$ 364,289	\$ 368,820	\$ 386,379
\$	465	\$ 687	\$ 1,098	\$ 1,850	\$ 3,014	\$ 329	\$ 788
	99	(35)	(550)	(862)	1,662	406	189
	-	-	-	-	-	-	-
	(16,535)	(16,619)	(17,101)	(34,364)	(18,769)	(28,696)	(19,882)
\$	(15,971)	\$ (15,967)	\$ (16,553)	\$ (33,376)	\$ (14,093)	\$ (27,961)	\$ (18,905)
\$	270,806	\$ 280,549	\$ 292,704	\$ 317,602	\$ 350,196	\$ 340,859	\$ 367,474
\$	18,369	\$ 48,663	\$ (3,651)	\$ (30,515)	\$ 405,302	\$ 432,834	\$ 35,072
	19,049	26,077	26,272	29,506	44,336	41,392	42,345
\$	37,418	\$ 74,740	\$ 22,621	\$ (1,009)	\$ 449,638	\$ 474,226	\$ 77,417

CITY OF ARLINGTON, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited) (In Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund			
Nonspendable:			
Inventory	\$ 1,252	\$ 1,172	\$ 1,206
Prepays	16	20	23
Committed to:			
Utility rate case	500	500	500
Capital projects	-	-	-
Assigned to:			
Encumbrances	7,766	5,235	4,449
Working capital	16,745	17,076	17,537
Subsequent years' expenditure	6,378	6,147	6,313
Compensated absences	1,252	1,263	1,372
Other post employment benefits	1,718	1,718	1,718
Landfill lease proceeds/future initiatives	21,487	17,206	17,151
Dispatch	566	615	756
Information Technology	607	236	195
Telecommunications	-	-	-
Business continuity	5,155	4,062	4,062
Arbitrage	-	-	-
Infrastructure	-	-	-
Gas lease proceeds	-	-	-
Group Health	-	-	-
Other purposes	55	-	-
Unassigned	-	1,490	909
Total general fund	<u>\$ 63,497</u>	<u>\$ 56,740</u>	<u>\$ 56,191</u>
All Other Governmental Funds			
Nonspendable:			
Inventory	\$ 245	\$ 243	\$ 249
Prepays	-	-	11,166
Restricted for:			
Capital projects	82,648	85,214	99,932
Special Revenue	72,894	74,247	64,931
Committed to:			
Capital projects	20,679	24,592	25,725
Special Revenue	21,594	22,010	21,471
Assigned to:			
Capital projects	-	-	-
Special Revenue	1,253	2,320	823
Undesignated	-	(7)	-
Total all other governmental funds	<u>\$ 199,313</u>	<u>\$ 208,619</u>	<u>\$ 224,297</u>

Source: City of Arlington Finance Department

Table 3

		Fiscal Year											
		2015	2016	2017	2018	2019	2020	2021					
\$	1,207	\$	1,265	\$	1,243	\$	1,231	\$	1,587	\$	2,160	\$	2,314
	71		117		-		28		-		5		-
	500		-		-		-		-		-		-
	-		-		-		-		-		-		-
	5,598		8,515		8,794		-		-		-		-
	18,162		19,717		20,055		21,116		22,151		20,426		20,099
	6,538		6,918		7,220		15,248		15,107		11,440		14,536
	1,443		1,402		1,299		1,537		1,363		1,561		1,531
	1,718		1,718		1,718		1,718		1,718		1,718		1,718
	17,151		17,151		17,151		17,151		17,151		17,151		17,151
	916		830		987		600		717		617		1,021
	119		305		290		159		173		232		436
	-		-		-		-		-		-		-
	4,062		4,062		4,062		4,062		4,062		4,062		4,062
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	538		478		30		3,456		1,869		11,904		24,400
\$	58,023	\$	62,478	\$	62,849	\$	66,306	\$	65,898	\$	71,276	\$	87,268
\$	240	\$	237	\$	219	\$	231	\$	241	\$	142	\$	214
	5,740		1,685		-		-		-		-		-
	109,099		97,784		87,655		347,828		112,886		127,058		144,809
	60,099		54,577		111,884		65,644		81,545		98,957		84,907
	27,516		44,867		57,845		68,113		57,829		27,252		3,601
	25,534		73,800		5,669		21,884		26,051		32,553		35,619
	-		-		-		-		-		-		-
	589		318		239		169		403		744		2,111
	-		-		-		-		-		1,103		-
\$	228,817	\$	273,268	\$	263,511	\$	503,869	\$	278,955	\$	287,809	\$	271,261

CITY OF ARLINGTON, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 (Unaudited) (In Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
REVENUES:			
Taxes:	\$ 212,991	\$ 221,338	\$ 224,401
Licenses and permits	6,673	6,823	7,589
Franchise fees	25,600	25,550	26,970
Fines and forfeitures	15,425	15,419	15,191
Leases, rents, and concessions	8,968	8,932	9,890
Service charges	20,081	20,302	19,705
Investment income	3,797	3,269	3,252
Net increase (decrease) in fair value of investment	(139)	(935)	(477)
Contributions	6,132	4,481	4,910
Intergovernmental	25,361	19,483	15,476
Gas lease	9,314	7,668	8,351
Miscellaneous	5,202	3,549	2,783
Total Revenues	<u>339,405</u>	<u>335,879</u>	<u>338,041</u>
EXPENDITURES:			
General government	41,780	40,188	43,045
Public safety	134,166	132,829	142,556
Public works	39,954	44,151	45,965
Public health	4,163	2,349	2,621
Public welfare	8,372	9,391	11,558
Parks and recreation	24,322	26,738	25,628
Convention and event services	6,821	6,711	7,366
Operating expenditures	-	-	-
Capital outlay	32,262	27,325	30,912
Debt Service:			
Principal retirement	42,765	49,625	50,810
Redemption premium	249	299	168
Interest and fiscal charges	25,976	25,062	23,689
Bond issuance cost	-	-	-
Total expenditures	<u>360,830</u>	<u>364,668</u>	<u>384,318</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(21,425)</u>	<u>(28,789)</u>	<u>(46,277)</u>
OTHER FINANCING SOURCES (USES):			
Bonds issued*	19,635	19,635	43,450
Capital lease	-	-	-
Proceeds from sale of capital assets	-	-	-
Refunding bonds issued	23,865	6,430	-
Refunding bond principal	-	-	-
Bond premium	2,038	835	2,900
Payment of escrow for refunding	(13,328)	(6,585)	-
Gain on sale of land	-	-	-
Bond discount	-	-	-
Transfers in	44,505	42,468	39,573
Transfers out	(28,795)	(31,445)	(24,517)
Total other financing sources (uses)	<u>47,920</u>	<u>31,338</u>	<u>61,406</u>
NET CHANGE IN FUND BALANCES	<u>\$ 26,495</u>	<u>\$ 2,549</u>	<u>\$ 15,129</u>
Capitalized Capital outlay	29,209	27,497	30,077
Debt service as a percentage of noncapital expenditures	20.7%	22.2%	21.0%

Source: City of Arlington Finance Department

* Note: Bond issued includes general obligation bonds and certificates of obligation and commercial paper
 Investment income includes net increase (decrease) in fair value of investments

Table 4

		Fiscal Year						
		2015	2016	2017	2018	2019	2020	2021
\$	235,986	\$ 245,678	\$ 260,653	\$ 278,344	\$ 301,400	\$ 304,093	\$ 334,071	
	7,448	9,063	9,662	9,278	9,955	9,796	10,133	
	26,477	25,435	24,859	25,166	24,921	22,048	21,468	
	13,847	11,996	10,858	10,305	10,853	9,205	6,974	
	10,203	9,848	10,099	11,044	11,672	12,252	12,744	
	20,316	22,089	20,252	22,071	25,073	22,359	26,749	
	3,322	3,936	4,432	9,068	10,871	6,504	2,200	
	(301)	(592)	(996)	(1,378)	3,283	655	(126)	
	6,290	5,373	9,442	4,544	410,903	380,662	4,136	
	12,700	62,857	14,754	20,591	15,849	21,766	58,366	
	10,287	5,196	8,221	7,568	7,099	3,973	4,647	
	8,569	5,003	2,585	4,972	3,214	3,658	8,176	
	<u>355,144</u>	<u>405,882</u>	<u>374,821</u>	<u>401,573</u>	<u>835,093</u>	<u>796,971</u>	<u>489,538</u>	
	41,924	45,692	46,945	52,520	49,480	46,099	72,678	
	141,550	145,733	157,252	162,441	172,697	178,796	162,639	
	45,723	42,215	45,569	49,099	55,557	31,479	56,420	
	2,762	2,637	2,741	2,869	3,425	2,987	2,572	
	8,497	9,768	10,277	67,075	10,033	47,765	28,504	
	26,246	26,347	28,165	29,746	29,757	28,886	27,970	
	8,037	8,283	13,640	16,036	15,110	17,898	15,595	
	-	-	-	-	-	-	-	
	43,274	55,815	77,115	303,477	721,573	451,945	36,566	
	54,815	60,500	35,190	38,630	35,605	35,920	87,640	
	13	701	-	-	-	-	-	
	23,624	24,119	22,571	34,427	42,751	44,910	45,828	
	-	-	-	-	-	-	-	
	<u>396,465</u>	<u>421,810</u>	<u>439,465</u>	<u>756,320</u>	<u>1,135,988</u>	<u>886,685</u>	<u>536,412</u>	
	(41,321)	(15,928)	(64,644)	(354,747)	(300,895)	(89,714)	(46,874)	
	32,004	64,585	64,550	524,684	60,820	232,216	40,145	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	36,845	47,365	128,440	-	-	-	-	
			(172,000)	-	(5,862)	(9,826)	(9,979)	
	4,468	8,935	26,003	43,616	6,436	9,826	7,023	
	(40,435)	(53,710)	(8,752)	-	-	(173,273)	-	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	43,241	90,512	51,980	70,623	49,605	67,230	62,893	
	(28,450)	(92,853)	(34,963)	(40,361)	(35,426)	(27,449)	(47,966)	
	<u>47,673</u>	<u>64,834</u>	<u>55,258</u>	<u>598,562</u>	<u>75,573</u>	<u>98,724</u>	<u>52,116</u>	
\$	<u>6,352</u>	\$ <u>48,906</u>	\$ <u>(9,386)</u>	\$ <u>243,815</u>	\$ <u>(225,322)</u>	\$ <u>9,010</u>	\$ <u>5,242</u>	
	41,252	55,394	79,498	311,245	725,746	457,561	40,687	
	22.1%	23.1%	16.0%	16.4%	19.1%	18.8%	26.9%	

CITY OF ARLINGTON, TEXAS
TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years (In Thousands)
(Unaudited)

Table 5

Fiscal Year	Tax Year	Estimated Actual Value of Taxable Property		Total Taxable Value ⁽¹⁾	Total Direct Tax Rate
		Real Property	Personal Property		
2012	2011	\$ 14,768,390	\$ 2,555,054	\$ 17,323,444	0.6480
2013	2012	15,032,414	2,645,228	17,677,642	0.6480
2014	2013	15,451,540	2,636,867	18,088,407	0.6480
2015	2014	16,086,303	2,819,463	18,905,766	0.6480
2016	* 2015	16,580,450	3,020,914	19,601,363	0.6480
2017	2016	18,575,013	2,804,068	21,379,081	0.6448
2018	2017	20,651,783	2,851,409	23,503,192	0.6398
2019	2018	23,037,575	2,884,307	25,921,882	0.6348
2020	2019	26,076,603	3,161,407	29,238,010	0.6240
2021	2020	26,769,744	3,266,890	30,036,634	0.6225

Sources:

City of Arlington Finance Department
Tarrant Appraisal District

Notes:

The City budgets tax revenue based on the tax valuation from the previous tax year.

(1) Taxable and estimated actual value of taxable property is obtained from the certified value as of September of each tax year including minimum estimated value of property under protest.

* 2016 certified values as of December's tax year.

CITY OF ARLINGTON, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES (per \$100 of assessed value)
 Last Ten Fiscal Years
 (Unaudited)

Table 6

Tax Year ⁽³⁾	City Direct Rates			Overlapping Rates						
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District ⁽¹⁾	Fort Worth Independent School District ⁽¹⁾	HEB Independent School District ⁽¹⁾	Kennedale Independent School District ⁽¹⁾	Mansfield Independent School District ⁽¹⁾	Tarrant County ⁽²⁾	Viridian Management District
2012	0.4423	0.2057	0.6480	1.30	1.32	1.41	1.51	1.54	0.66	0.45
2013	0.4423	0.2057	0.6480	1.29	1.32	1.39	1.49	1.53	0.66	0.45
2014	0.4423	0.2057	0.6480	1.29	1.32	1.39	1.49	1.53	0.66	0.45
2015	0.4460	0.2020	0.6480	1.41	1.35	1.35	1.49	1.51	0.66	0.45
2016	0.4538	0.1910	0.6448	1.39	1.35	1.32	1.49	1.51	0.65	0.45
2017	0.4409	0.1989	0.6398	1.37	1.35	1.26	1.48	1.54	0.63	0.45
2018	0.4428	0.1920	0.6348	1.37	1.35	1.27	1.45	1.54	0.61	0.45
2019	0.4467	0.1773	0.6240	1.30	1.28	1.22	1.35	1.46	0.62	0.45
2020	0.4085	0.2140	0.6225	1.39	1.38	1.20	1.34	1.45	0.62	0.45
2021	0.4098	0.2100	0.6198	1.36	1.34	1.16	1.30	1.42	0.61	0.45

Sources:

City of Arlington Finance Department
 Tarrant Appraisal District

Notes:

- ⁽¹⁾ A single property owner's total tax rate would only include one independent school district's (Arlington, Fort Worth, Hurst-Eules-Bedford, Kennedale, or Mansfield) tax rate.
- ⁽²⁾ Includes the tax rates for Tarrant County, Tarrant Regional Water District, Tarrant County Hospital, and Tarrant County College.
- ⁽³⁾ The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2020 determine

CITY OF ARLINGTON, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Ten Years Ago
 (Unaudited)

Table 7

	2021		2012	
	Total Taxable Value	Percentage of Total City Taxable Value	Total Taxable Value	Percentage of Total City Taxable Value
Taxpayer				
General Motors Corp.	\$ 488,865,146	1.63 %	\$ 191,807,656	1.11 %
Oncor Electric Delivery	217,300,562	0.72	148,816,934	0.86
Arlington Highlands	162,657,895	0.54	143,172,642	0.83
S2 Forest Ridge LP/S2 Manchester/Valencia LLC	140,035,426	0.47	117,250,070	0.68
BMF IV TX	136,566,524	0.45	115,938,650	0.67
Parks at Arlington	129,035,750	0.43	86,003,570	0.50
Hart Arlington TX LLC	116,343,363	0.39	78,075,742	0.45
Polk Apartments LLC/East Lamar Apartments LLC	103,480,261	0.34	72,246,900	0.42
CD/Park7 Arlington Owner LP	90,983,149	0.30	68,253,352	0.39
Arlingtn Live LLC/Arlington Stadium Hotel Owner	85,434,557	0.28	64,579,715	0.37
Total	<u>\$ 1,670,702,633</u>	<u>5.56 %</u>	<u>\$ 1,086,145,231</u>	<u>6.27 %</u>

Sources:
 City of Arlington Finance Department
 Tarrant Appraisal District

CITY OF ARLINGTON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Collected Within the Fiscal Year of the Levy		Collections Related to Prior Years ⁽¹⁾	Total Collections to Date	
	Amount	Amount	% of Levy		Amount	% of Levy
2012	\$ 111,073,807	\$ 110,156,752	99.17	\$ 708,723	\$ 110,865,475	99.81
2013	112,997,778	112,051,050	99.16	695,323	112,746,373	99.78
2014	115,297,239	114,468,630	99.28	354,141	114,822,771	99.59
2015	120,592,214	119,624,237	99.20	380,137	120,004,374	99.51
2016	124,591,144	123,750,524	99.33	559,351	124,309,875	99.77
2017	134,181,351	133,179,070	99.25	640,737	133,819,807	99.73
2018	146,675,357	145,497,705	99.20	1,029,167	146,526,872	99.90
2019	159,006,103	157,799,647	99.24	378,277	158,177,924	99.48
2020	173,123,630	171,641,052	99.14	(116,753)	171,524,299	99.08
2021	180,533,780	179,138,820	99.23	(41,297)	179,097,523	99.20

Source:

Tarrant County Tax Office

Notes:

Negative collections to prior years are due to refunds exceeding collections.

⁽¹⁾ Prior year collections exclude penalty and interest.

CITY OF ARLINGTON, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Table 9

Fiscal Year	Governmental Activities					Business-Type Activities					Estimated Population	Per Capita ⁽⁴⁾	Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation ⁽¹⁾	Commercial Paper	Venue Debt ⁽²⁾	Capital Leases ⁽³⁾	Water and Sewer Revenue Bonds	Stormwater Bonds	Total Primary Government	Percentage of Total Taxable Value				
2012	\$ 259,755,000	\$ 61,055,000	-	\$ 248,240,000	\$ -	\$ 124,285,000	\$ 24,320,000	\$ 717,655,000	4.14%	367,154	1,955	0.87%	
2013	257,493,000	56,110,000	-	225,718,000	-	123,642,000	23,981,000	686,944,000	3.89%	371,267	1,850	0.81%	
2014	252,197,000	80,340,000	-	207,827,000	-	133,307,000	22,601,000	696,272,000	3.85%	375,305	1,855	0.78%	
2015	265,434,000	67,525,000	-	185,051,000	9,860,000	141,410,000	21,228,000	680,648,000	3.60%	379,716	1,793	0.70%	
2016	307,231,000	62,490,000	-	156,570,000	9,403,000	173,125,000	19,860,000	728,679,000	3.72%	383,899	1,898	0.75%	
2017	341,307,000	61,430,000	-	128,229,000	9,692,100	207,079,000	27,493,000	775,230,100	3.63%	388,225	1,997	0.79%	
2018	367,669,000	60,595,000	-	625,932,000	10,109,500	241,475,000	31,797,000	1,337,577,500	5.69%	392,462	3,408	1.25%	
2019	390,273,000	61,085,000	-	622,408,000	8,591,900	335,072,000	36,970,000	1,454,399,900	5.61%	395,477	3,678	1.30%	
2020	581,276,000	64,875,000	-	616,494,000	3,437,000	310,399,000	45,480,000	1,621,961,000	5.55%	394,266	4,114	1.37%	
2021	577,579,000	57,580,000	-	568,685,000	3,038,000	337,548,000	51,828,000	1,596,258,000	5.31%	393,420	4,057	n/a	

Sources:
City of Arlington Finance Department

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- ⁽¹⁾ Certificates of Obligation include Tax and Revenue certificates.
- ⁽²⁾ Stadium Debt include Special Tax Revenue Bonds and Revenue Bonds
- ⁽³⁾ Leases include contracts with Motorola, Dell, and Club Car
- ⁽⁴⁾ See Table 13 for personal income and population data.

CITY OF ARLINGTON, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Table 10

Fiscal Year	General Bonded Debt Outstanding				Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾	Estimated Population ⁽²⁾
	General Obligation Bonds	Certificates of Obligations	Commercial Paper	Available Resources Restricted for Repayment of Debt (Fund Balance)				
2012	\$ 259,755,000	\$ 61,055,000	-	\$ (4,874,817)	\$ 315,935,183	1.82%	860	367,154
2013	257,493,000	56,110,000	-	(4,078,685)	309,524,315	1.75%	834	371,267
2014	252,197,000	80,340,000	-	(2,769,146)	329,767,854	1.82%	879	375,305
2015	265,434,000	67,525,000	-	(2,482,205)	330,476,795	1.75%	870	379,716
2016	307,231,000	62,490,000	-	(2,260,181)	367,460,819	1.87%	957	383,899
2017	341,307,000	61,430,000	-	(2,767,737)	399,969,263	1.87%	1,030	388,225
2018	367,669,000	60,595,000	-	(2,988,983)	425,275,017	1.81%	1,084	392,462
2019	390,273,000	61,085,000	-	(3,566,517)	447,791,483	1.73%	1,132	395,477
2020	581,276,000	64,875,000	-	(2,935,009)	643,215,991	2.20%	1,631	394,266
2021	577,579,000	57,580,000	-	(4,374,131)	630,784,869	2.10%	1,603	393,420

Source:
City of Arlington Finance Department

Notes:
Details regarding the city's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Table 5 for property value data.

⁽²⁾ See Table 13 for per Capita and population data.

CITY OF ARLINGTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2021
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington ISD	\$ 1,081,249,956	78.86%	\$ 852,673,715
Fort Worth ISD	1,249,965,000	0.33%	4,124,885
Hurst-Euless-Bedford I.S.D.	343,375,000	5.22%	17,924,175
Kennedale I.S.D.	23,305,025	54.07%	12,601,027
Mansfield I.S.D.	853,614,839	26.48%	226,037,209
Tarrant County	213,675,000	15.69%	33,525,608
Tarrant County College District	255,995,000	15.69%	40,165,616
Tarrant County Hospital District	14,495,000	15.69%	2,274,266
Viridian Municipal Management	168,295,000	100.00%	168,295,000
Subtotal overlapping debt	4,203,969,820		1,357,621,500
*City of Arlington, Net Debt Outstanding	1,206,882,000	100.00%	1,206,882,000
Total direct and overlapping debt	\$ 5,410,851,820		\$ 2,564,503,500

Sources:

City of Arlington Finance Department
Municipal Advisory Council of Texas

Note:

*City of Arlington's Net Debt Outstanding includes General Obligations, Certificate Obligations, Special Tax Revenue, Capital Leases, Premium, Discount and Pension Obligation Bonds.

CITY OF ARLINGTON, TEXAS
 PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years
 (In Thousands)
 (Unaudited)

Table 12

Waterworks and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue ⁽³⁾	Average Annual Requirement	Times Coverage ⁽⁴⁾
2012	\$ 114,719	\$ 70,300	\$ 44,419	\$ 7,769	5.72
2013	114,234	72,941	41,293	7,684	5.37
2014	116,145	78,672	37,473	8,195	4.57
2015	123,870	79,958	43,912	8,582	5.12
2016	131,086	78,839	52,247	10,559	4.95
2017	138,007	86,631	51,376	12,651	4.06
2018	155,958	85,204	70,754	14,744	4.80
2019	155,189	87,754	67,435	19,514	3.46
2020	165,047	84,722	80,325	18,874	4.26
2021	169,901	98,894	71,007	19,401	3.66

Storm Water Utility					
Fiscal Year	Total Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue ⁽³⁾	Average Annual Requirement	Times Coverage ⁽⁴⁾
2012	\$ 10,536	\$ 2,874	\$ 7,662	1,825	4.20
2013	10,815	2,845	7,970	1,800	4.43
2014	10,774	2,908	7,866	1,774	4.43
2015	12,160	3,110	9,050	1,747	5.18
2016	13,575	3,430	10,145	1,720	5.90
2017	15,011	3,441	11,570	1,786	6.48
2018	16,384	3,903	12,481	2,026	6.16
2019	18,014	3,597	14,417	2,328	6.19
2020	19,650	4,908	14,742	2,716	5.43
2021	20,526	4,273	16,253	3,060	5.31

Source:
 City of Arlington Finance Department

Notes:

- ⁽¹⁾ Revenue determined on the full accrual basis and includes nonoperating interest
- ⁽²⁾ Total expenses less depreciation and bond interest
- ⁽³⁾ Gross operating revenues (1) less expenses (2)
- ⁽⁴⁾ Net revenue available for debt service (3) divided by average annual debt service requirement

CITY OF ARLINGTON, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years
 (Unaudited)

Table 13

Year	Estimated Population ^(a)	Personal Income ^(b) (thousands of dollars)	Per Capita		School Enrollment ^(d)	Unemployment Rate ^(e)
			Personal Income ^(b)	Median Age ^(c)		
2012	367,154	\$ 82,707,780	\$ 43,044	33	64,703	6.8%
2013	371,267	84,905,643	44,417	34	65,001	5.9%
2014	375,305	89,814,369	46,169	32	64,688	5.2%
2015	379,716	96,600,949	48,727	33	63,882	4.0%
2016	383,899	96,909,978	48,050	33	63,210	3.8%
2017	388,225	97,639,160	47,525	33	62,181	3.9%
2018	392,462	106,829,236	51,239	33	61,076	3.5%
2019	395,477	112,046,590	53,292	34	59,900	3.4%
2020	394,266	118,090,622	55,615	34	59,532	6.8%
2021	393,420	N/R	N/R	N/R	56,840	6.1%

Sources:

- (a) North Central Texas Council of Governments and City of Arlington Financial and Management Resources.
- (b) Bureau of Economic Analysis (BEA) - Tarrant County
- (c) U.S. Census Bureau - Arlington
- (d) Texas Education Agency (AISD)
- (e) Bureau of Labor Statistics Data (Annual Average Oct.-Sept.)

Notes:

N/R - not reported

2021			
<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	Public Education	8,500	3.95%
University of Texas at Arlington	Higher Education	5,300	2.46%
General Motors Co.	Automobile Assembly	4,484	2.08%
Texas Health Resources	Health Care	4,063	1.89%
Six Flags Over Texas	Amusement Park	3,800	1.77%
The Parks at Arlington	Retail	3,500	1.63%
GM Financial	Financial Services	3,300	1.53%
City of Arlington	Municipality	2,660	1.24%
J.P. Morgan-Chase	Banking Services	1,965	0.91%
Texas Rangers Baseball Club	Sports/Entertainment	1,881	0.87%
Total		39,453	18.33%

2012			
<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	Public Education	8,000	4.02%
University of Texas at Arlington	Higher Education	5,300	2.66%
Six Flags Over Texas	Amusement Park	3,800	1.91%
The Parks at Arlington	Retail	3,500	1.76%
General Motors	Automobile Assembly	2,900	1.46%
City of Arlington	Municipality	2,462	1.24%
JP Morgan Chase Bank	Banking Services	1,965	0.99%
Texas Rangers Baseball Club	Major League Baseball & Hockey	1,881	0.94%
Americredit	Retail	1,591	0.80%
Arlington Memorial Hospital	Medical Center	1,400	0.70%
Total		32,799	16.48%

Sources:

City of Arlington Finance Department

Notes:

2021 Labor Force Estimate is 215,215
 2012 Labor Force Estimate is 199,118

CITY OF ARLINGTON, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	Fiscal Year		
	2012	2013	2014
Strategic Support			
Communication and Legislative Affairs	-	-	-
City Attorney's Office	38	38	38
City Manager's Office	3	3	3
Internal Auditor's Office	5	5	5
Human Resources	19	19	19
Judiciary	6	6	6
Municipal Court	42	41	41
Information Technology	55	55	55
Finance*	70	71	71
Document Services	9	8	8
Economic Development & Capital Investment			
Economic Development	3	3	3
Planning and Development Services	71	71	71
Aviation	8	8	8
Convention Center	31	31	31
Strategic Initiatives	-	-	-
Neighborhood Services			
Police	829	837	836
Fire**	443	443	443
Code Compliance Services	60	62	62
Park and Recreation	101	102	102
Park Performance Fund	69	69	69
Library	68	68	68
Capital Investment			
Public Works & Transportation	86	85	85
Street Maintenance Fund	93	93	93
Asset Management	-	-	-
Fleet Services Fund	1	1	1
Water Utilities Fund	222	223	223
Storm Water Utility Fund	27	27	27
Grant Funds	115	106	113
Total	<u>2,474</u>	<u>2,475</u>	<u>2,481</u>

Source:

City of Arlington Finance Department

Notes:

Asset Management and Strategic Initiatives were both created in 2019, Real Estate Services was moved from CDP to Economic Development, and one position moved from Public Works to Economic Development. CDP was changed to Planning and Development Services.

* 2015 Finance split into two separate departments Finance and Management Resources.

**2012-2018 Fire umbrellas communication services fund and EPAB.

Table 15

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
33	41	41	41	41	41	41
38	38	39	38	38	38	38
3	3	3	3	3	3	3
5	5	5	5	5	5	5
21	21	21	26	26	26	26
7	7	7	6	6	6	6
42	43	43	40	39	39	38
55	56	58	58	58	58	58
36	35	35	35	36	36	37
8	8	8	8	8	8	8
4	4	4	4	10	10	10
70	68	70	72	58	61	62
9	9	9	9	9	9	9
31	31	31	31	31	31	30
-	-	-	-	9	9	9
838	835	839	846	859	879	897
447	472	470	496	500	505	505
64	64	64	64	67	68	66
104	106	108	108	109	116	115
74	74	85	86	86	88	91
68	68	68	68	68	68	68
85	85	87	87	54	54	54
93	92	92	92	92	92	92
-	-	-	-	32	33	33
1	1	1	1	1	1	1
218	204	202	198	205	205	205
27	27	29	30	31	32	37
111	123	148	165	154	115	116
<u>2,492</u>	<u>2,520</u>	<u>2,567</u>	<u>2,617</u>	<u>2,635</u>	<u>2,636</u>	<u>2,660</u>

CITY OF ARLINGTON, TEXAS
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety			
Police			
Number of employees	640	640	643
Number of dispatch calls	156,388	143,146	134,160
Fire			
Number of employees	443	443	443
Number of service calls	35,276	36,317	38,542
Parks and recreational			
Parks - program registrations	47,842	46,286	42,692
Memberships	35,314	36,757	35,661
Library			
Libraries*	7	7	7
Collection size	614,270	656,982	624,002
Average monthly circulation	187,093	180,048	175,601
Water and sewer			
Number of accounts	99,862	100,453	101,107
Average daily water consumption (gallons)	57,990,000	49,094,776	53,350,000
Ozonated treatment capacity (gpd)	172,500,000	172,500,000	172,500,000
Number of sewer connections	97,930	98,544	99,279
Golf Course			
Number of clinics	61	56	64
Number of participants in clinics	355	409	204
Number of private lessons	1,066	1,854	1,747

Source:

City of Arlington Finance Department

Notes:

Police: Employment represents full-time sworn officers

Fire: Employment represents full-time civilian, sworn and dispatch. Number of Service Calls represent all incidents including mutual aid given.

* Central Library was vacated in Feb 2015 and temporarily replaced as the Central Express Library Branch. Central Express location closed at the end of March and the New Central Library opened June 2018.

Table 16

Fiscal Year						
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
643	639	640	644	653	682	669
135,047	136,069	134,451	124,669	183,650	161,396	110,985
445	470	477	477	494	508	508
40,717	42,325	43,897	44,654	46,457	43,971	54,170
53,395	57,405	40,124	44,341	50,617	4,128	6,776
32,396	29,468	25,560	27,686	54,846	40,355	56,519
7	7	7	7	7	7	7
625,267	630,315	609,403	524,746	555,102	503,197	584,991
179,734	181,812	172,019	171,228	171,375	137,411	138,115
101,733	102,193	102,757	103,333	104,140	105,180	105,884
52,481,000	46,160,656	51,091,670	53,780,000	49,498,917	50,500,417	50,339,124
172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000
99,944	100,387	100,932	101,463	102,266	103,328	104,028
71	39	29	21	28	4	10
534	348	208	243	188	15	122
2,098	1,664	1,477	1,031	1,022	935	1,069

CITY OF ARLINGTON, TEXAS
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years
 (Unaudited)

Function/Program	Fiscal Year			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public safety				
Police stations	4	4	4	4
Fire stations	17	17	17	17
Miles of streets and alleys				
Streets- paved (lane miles)	3,085	3,093	3,161	3,225
Sidewalks (miles)	1,015	1,018	1,030	1,048
Cultural and recreational				
Parks (acres) (golf courses included)	4,697	4,710	4,710	4,714
Swimming pools	7	7	7	7
Tennis courts	45	45	45	45
Recreation centers	5	5	4	4
Senior center	2	2	2	2
Miles of park trails	51	53	54	54
Sports fields-youth	77	77	77	77
Basketball courts-outdoors	21	21	21	21
Number of golf courses	4	4	4	4
Water and Sewer				
Water mains (miles)	1,572	1,575	1,578	1,582
Fire hydrants	10,983	10,959	11,018	11,067
Sanitary sewers (miles)	1,297	1,300	1,302	1,306

Source:
 City of Arlington Finance Department

Table 17

Fiscal Year					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
4	4	4	4	4	4
17	17	17	17	17	17
3,277	3,350	3,419	3,458	3,503	3,540
1,057	1,069	1,094	1,103	1,112	1,119
4,714	4,718	4,718	4,718	4,714	4,595
7	7	7	7	7	7
45	44	44	44	49	45
4	4	4	4	5	5
2	2	2	2	2	1
54	55	55	56	56	46
77	77	77	77	77	77
21	26	26	26	66	97
4	4	4	4	4	4
1,589	1,596	1,620	1,654	1,666	1,652
11,120	11,280	11,405	11,595	11,683	11,766
1,317	1,332	1,343	1,356	1,317	1,323

CITY OF ARLINGTON, TEXAS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES
 Last Ten Fiscal Years
 (In Thousands)
 (Unaudited)

Table 18

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate	(8) Prior Service Portion of the TMRS Rate
2012	736,849	868,505	84.8%	131,656	149,940	87.8%	16.47%	5.17%
2013	787,497	904,236	87.1%	116,739	145,369	80.3%	16.28%	4.68%
2014	842,194	1,003,238	83.9%	161,044	150,941	106.7%	15.62%	6.88%
2015	893,065	1,037,982	86.0%	144,917	149,837	96.7%	15.08%	6.36%
2016	939,247	1,086,413	86.5%	147,166	154,372	95.3%	15.73%	6.27%
2017	984,568	1,136,502	86.6%	151,934	160,575	94.6%	15.58%	6.51%
2018	1,036,661	1,189,337	87.2%	152,676	169,628	90.0%	15.79%	6.54%
2019	1,084,556	1,249,596	86.8%	165,040	177,549	93.0%	15.81%	6.54%
2020	1,144,057	1,317,330	86.8%	173,273	185,842	93.2%	16.13%	6.87%
2021	1,357,258	1,374,220	98.8%	16,962	192,070	8.8%	16.82%	7.26%

Source: City of Arlington Finance Department

^(a) Phase in rate for 2008 15.51%

^(b) Phase in rate for 2009 16.76%

^(c) Phase in rate for 2010 17.85%

^(d) Phase in rate for 2011 17.16%