



2020

Comprehensive Annual Financial Report

Year ended September 30, 2020 City of Arlington, Texas

CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2020

PREPARED BY THE FINANCE DEPARTMENT,
ACCOUNTING DIVISION



Jeff Williams
Mayor

Trey Yelverton
City Manager

Mike Finley, CGFO
Finance Director/CFO

Amy Trevino, CPA
Controller



**CITY OF ARLINGTON, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
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March 3, 2021

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

State law requires that every general-purpose government publish, within six months of the close of the fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (AFR) is published to fulfill that requirement for the fiscal year ended September 30, 2020.

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.

BKD, LLP has issued an unmodified “clean” opinion on the City’s financial statements for the year ended September 30, 2020. 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 is facing challenges in FY2020 and FY2021 that are without precedent. The public health concerns created by the COVID-19 pandemic have not yet been resolved, and coronavirus cases are still increasing across the country and throughout Texas. In this environment, the City has effectively managed fiscal challenges brought on by the pandemic. As revenues decline, the focus shifts to preserving essential services while finding ways to reduce expenditures wherever possible. 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 Parks at Arlington, making up approximately \$924M, 3.16% 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 2020-21 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 2020 budget focused on these priorities and maintains the City's core value of quality and cost-effective service delivery. In 2020 (tax year 2019), the property tax rate is 62.4 cents. The new 2021 rate is 1.08 cents lower than the previous rate of 63.48 cents (tax year 2018), which was the rate in effect for the previous year.

The FY 2020 tax rate is 62.4 cents per \$100 valuation, which is 1.08 lower than the FY 2019 tax rate of 63.48 cents per \$100 valuation.

Major Initiatives/Highlights

Entertainment District

Texas Rangers Major League Baseball Team/Globe Life Field and Globe Life Park
 During fiscal year 2020, construction was completed on the new stadium, Globe Life Field. Due to the pandemic related delay to major league baseball, the first game was held July 24th when the Rangers defeated the Colorado Rockies with

DoppleRangers in the stands rather than actual fans. The National League Division and Championship Series as well as the 2020 World Series was played at Globe Life Field with a limited number of fans in attendance. Globe Life Field will also host the Big 12 Baseball Championship Games in 2022-2024, the Rangers hosted a Concert in Your Car outside Globe Life Field in June 2020, and Wrangler National Finals Rodeo was held in December of 2020.

The existing stadium, Globe Life Park was converted to a multi-purpose facility with a synthetic grass surface after the 2019 baseball season. The North Texas Soccer Club will play at Globe Life Park beginning in 2020 and for the next three years. Six Flags Entertainment Corporation finalized a 15-year lease to occupy the centerfield offices in Globe Life Park. Several high school and college football games will be played at Globe Life Park. XFL football team the Renegades called Globe Life Park home until the pandemic forced the season to be suspended, however the XFL league will return at a future date.

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. The 9th annual Christkindl Market was held at Texas Live! in December 2019. During the 2020 baseball season, Texas Live! hosted fans for viewing Texas Ranger games.

AT&T Stadium

The stadium annually hosts the Cotton Bowl, as well as numerous other special events. The PBR Global Cup returned held in Arlington in February 2020. A limited number of fans were allowed into the stadium for Dallas Cowboy football games. In July, AT&T Stadium hosted a drive-in movie series. Several high school graduation ceremonies were held at the stadium during 2020.

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 2020, seven board members were selected, and it announced Rafael Vinoly will serve as Chief Architect for the project. Ken Burns has been chosen as National History Advisor.

Entertainment District Expansion

A planned \$810 million expansion of the Entertainment District, which will add a best in class hotel brand, new convention center, corporate office headquarters, mixed-use residential building, small business coworking and incubator space, and more dining, retail and entertainment options for residents and visitors. The City Council entered in to a public-private partnership over a 30-year period to facilitate the project. The expansion is a continuation of the strong public-private partnership between the City of Arlington, the Texas Rangers, Loews Hotels & Co., and The Cordish Companies. The groundbreaking was delayed due to the pandemic, but construction is expected to begin in 2021.

Other notable 2020 accomplishments include:

- **COVID-19 Response**

As part of its Roadmap to Reopen and Recovery, the City worked with residents, nonprofits, and the business community on a variety of initiatives designed to protect public health and keep the economy going. Resources including PPE were made available to residents and businesses in need. Drive thru testing centers and a mass vaccination site were set up and operated successfully.

- **General Motors**

General Motors unveiled the all-new 2021 Chevrolet Tahoe and Suburban. The SUVs are made exclusively at the Arlington Assembly plant.

- **Interstate 30/State Highway 360 Interchange Project**

Work continues on the Interstate 30/SH 360 Interchange Project in Arlington. The project is designed to reduce traffic congestion on both high-volume highways and improve safety for the public and is scheduled for completion in 2021.

- **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 2020, the Foundation approved over \$5.7 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

- **PY1 Pyramid**

The PY1 Experience, combining light, sounds and visual effects, was in Arlington from December through February. It featured an 8-story tall pyramid.

- **East Library and Recreation Center**

The City opened this state-of-the-art facility combining two of the most popular amenities in The American Dream City to offer a variety of programs and resources for residents of all ages. The grand opening gave the community a place to exercise the body and mind – and a reason to celebrate in the midst of a challenging year.

- **FedEx**

FedEx opened a new 320,000 square-foot distribution center. There are currently 350 employees on-site and more will be added as business grows.

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 AFR for the year ended September 30, 2019. This was the 42nd 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 AFR 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, 2019. 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 2020 budget. The City has earned this award for the past 34 years and expects to earn this award again for the upcoming FY 2021 budget.

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

- Bloomberg Philanthropies' What Works Cities Certification – Gold Level (1 in 8 cities to have ever achieved at this level and the only 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

Trevino, Kristi Janes, Deloise Edwards, Joy Geppert, Cynthia Moss, Jamie Smith, Joan Wilson, Ethan Klos, Mark Davies, Lisa Williams, Trina Taylor, Alex Agnor, Karen Irwin, 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

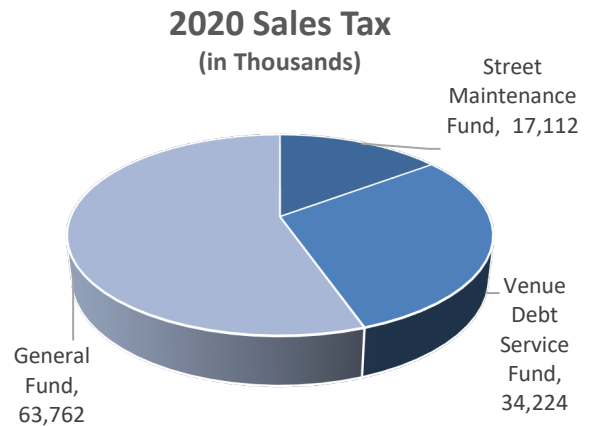
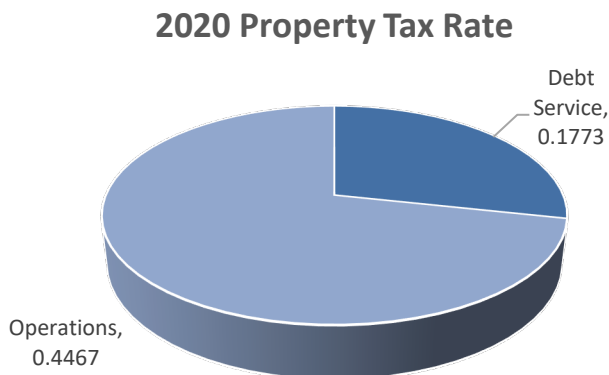


Mike Finley, CGFO
Finance Director/CFO

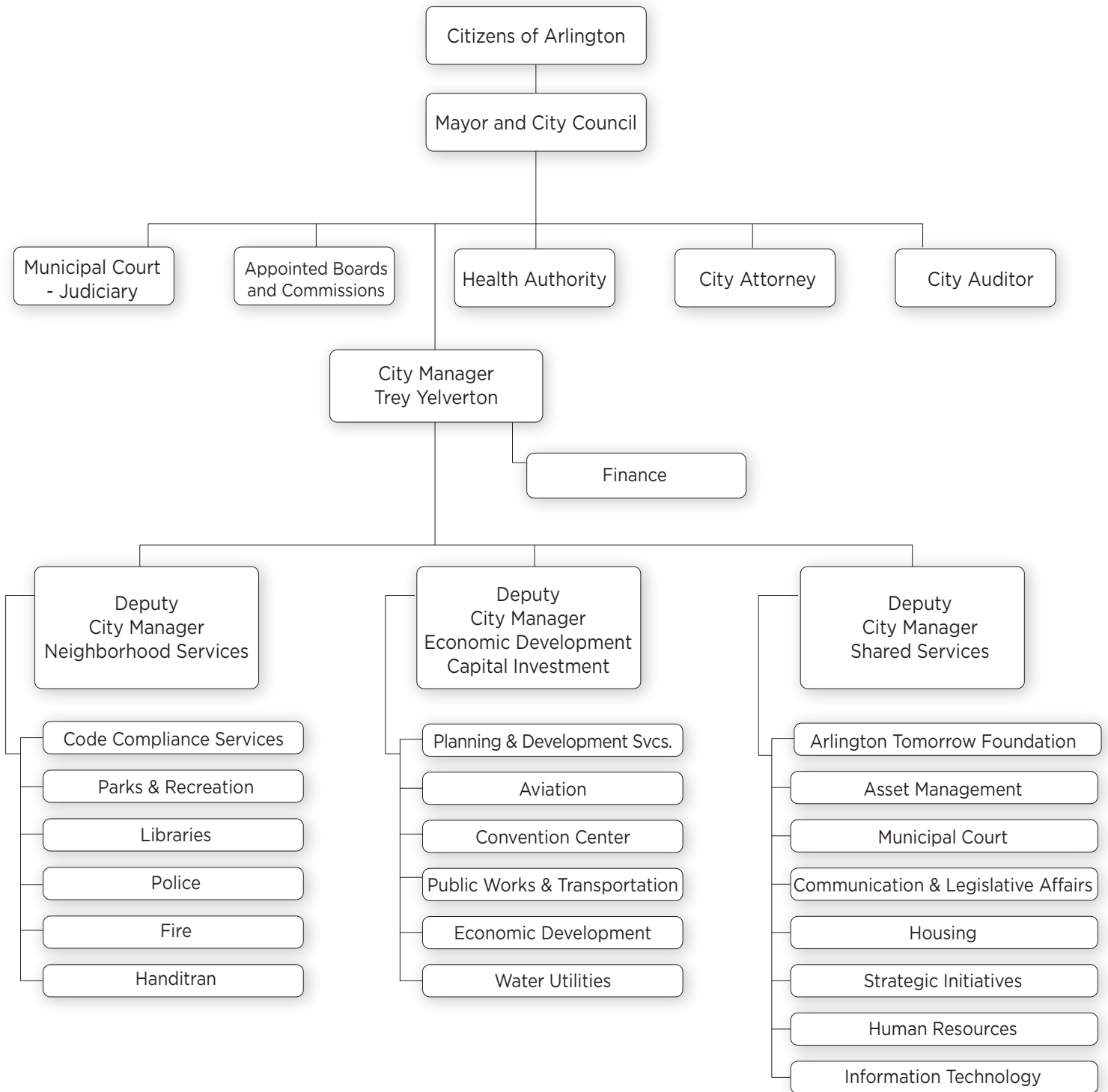
Local Economic Indicators

	2020	2019	2018
Property Tax Base (in thousands)*	(tax year 2019)	(tax year 2018)	(tax year 2017)
Personal	3,094,311	2,919,937	2,802,576
Real Estate	26,221,029	23,148,756	20,923,195
Mineral Lease Properties	169,810	146,407	119,677
Agricultural Properties	354	815	636
Total	29,485,504	26,215,915	23,846,084
Property Tax Rate			
Operations	0.4467	0.4428	0.4409
Debt Service	0.1773	0.1920	0.1989
Total	0.6240	0.6348	0.6398
Sales Tax (in thousands)			
Collections	115,098	118,724	109,645
Annual Growth	-3.05%	8.28%	4.07%
Population	390,540	386,180	383,950
General Obligation Debt per Capita	1,126	1,160	1,108
Labor Force	213,961	214,599	213,284
Unemployment Rate	6.80%	3.40%	3.52%
Housing starts permits issued	795	823	566
Foreclosure (residential and commercial)	80	114	188
Occupancy Rates			
Office	89.80%	89.90%	90.60%
Industrial	94.90%	94.90%	95.90%
Retail	92.80%	93.70%	95.10%

*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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Arlington, Texas
City Council

At September 30, 2020

Jeff Williams

Mayor

Term expires May 2021

Victoria Farrar-Myers, District 7 At Large

Deputy Mayor Pro Tempore

*Term expires May 2020

Helen Moise, District 1

*Term expires May 2020

Sheri Capehart, District 2

*Term expires May 2020

Marvin Sutton, District 3

Term expires May 2021

Andrew Piel, District 4

Term expires May 2021

Dr. Ignacio Nunez, District 5

Term expires May 2021

Robert Shepard, District 6 At Large

*Term expires May 2020

Dr. Barbara Odom-Wesley, District 8 At Large

Term expires May 2021

*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.

Independent Auditor's Report

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

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, 2020, 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), discretely presented component units, which statements reflect 10%, 8%, and 69% of assets, net position, and revenues, respectively, of the aggregate discretely presented component units. 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 those component units, 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 reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, 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.

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 and pension and other postemployment 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 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 Honorable Mayor, City Council, and City Manager
The City of Arlington, Texas
Page 3

The introductory section and statistical section 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 those sections.

BKD, LLP

Dallas, Texas
March 3, 2021

CITY OF ARLINGTON, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2020 (Unaudited)

As management of the City of Arlington (City), we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. 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 \$2.77 (net position). Of this amount, \$128.6M 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 \$390M during the current period primarily due to increases to net investment in capital assets and the amount restricted for debt service.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$353M, an **increase** of \$8M in comparison with the prior year. Within this total, \$221M is restricted for specific legal requirements and \$119M has been committed or assigned to specific types of expenditures. 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 \$129M, or approximately 27% of total governmental fund expenditures.
- The City's total outstanding long-term debt of \$1.53B **increased** \$171M during the year. Debt issues in 2020 include \$8.7M in Permanent Improvement Refunding Bonds, \$9.2M in Certificates of Obligation Bonds, \$39.6M in Permanent Improvement Bonds, \$174.7 General Obligation Pension Bonds, \$5.3M in Water and Wastewater System Revenue and Refunding bonds, \$9.8M in Stormwater Revenue bonds, and \$13.5M in Storm Water Refunding Revenue bonds. Bond principal payments for 2020 total \$59.2M 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 CAFR 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 finances, in a manner similar to a private-sector business.

The Statement of Net Position presents financial information on all of 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 of the 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 aforementioned 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 the majority of 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 2020, 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 (no activity), 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 of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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, Streets Capital Projects Fund, and the Ballpark Venue Fund, all of which are considered to be 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 Utilities 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 City is the trustee, or fiduciary, for several funds, including the Part-Time Deferred Income Trust, Thrift Savings Plan, and Disability Income Plan, as well as certain amounts held on behalf of developers, property owners and others. All of 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 87 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 101-137 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 \$2.77B as of September 30, 2020. The largest portion of the City's net position \$2.43B (50%) 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)

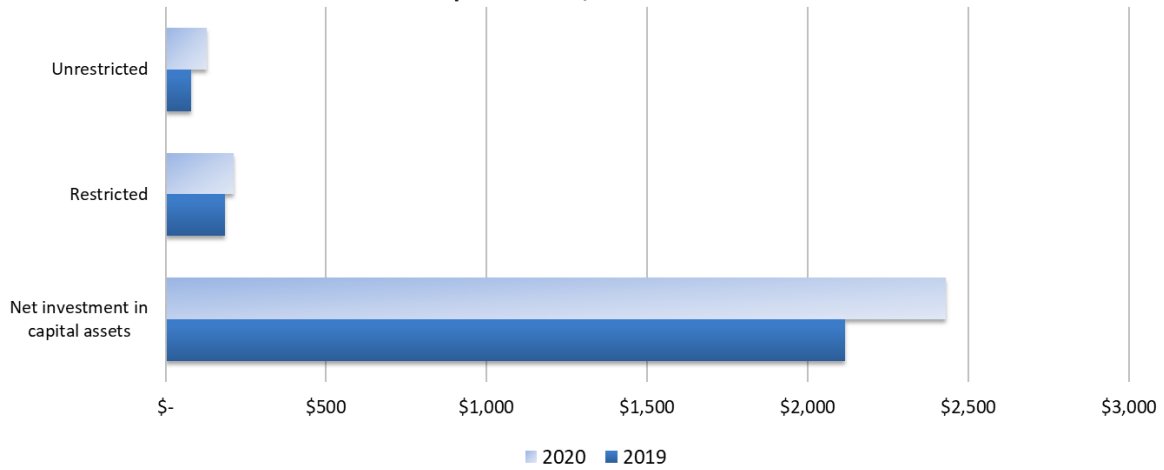
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 436	\$ 501	\$ 362	\$ 339	\$ 798	\$ 840
Capital assets	2,534	2,920	850	882	3,384	3,802
Total assets	2,970	3,421	1,212	1,221	4,182	4,642
Total deferred outflows of resources	144	224	11	16	155	240
Long-term liabilities outstanding	1,460	1,580	399	379	1,859	1,959
Other liabilities	28	35	19	20	47	55
Total liabilities	1,488	1,615	418	399	1,906	2,015
Total deferred inflows of resources	47	95	3	3	50	98
Net position:					-	-
Net investment in capital assets	1,463	1,752	653	690	2,116	2,442
Restricted for debt service	56	63	119	107	175	170
Restricted for special revenue	-	30	-	-	-	30
Restricted for use of impact fees	10	11	-	-	10	11
Unrestricted	50	80	30	38	80	118
Total net position	\$ 1,579	\$ 1,936	\$ 802	\$ 835	\$ 2,381	\$ 2,771

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 \$212M (7.7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$128M (4.6%) 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 \$390M from the prior fiscal year.

**City of Arlington's Net Position (amounts expressed in millions)
September 30, 2019 and 2020**

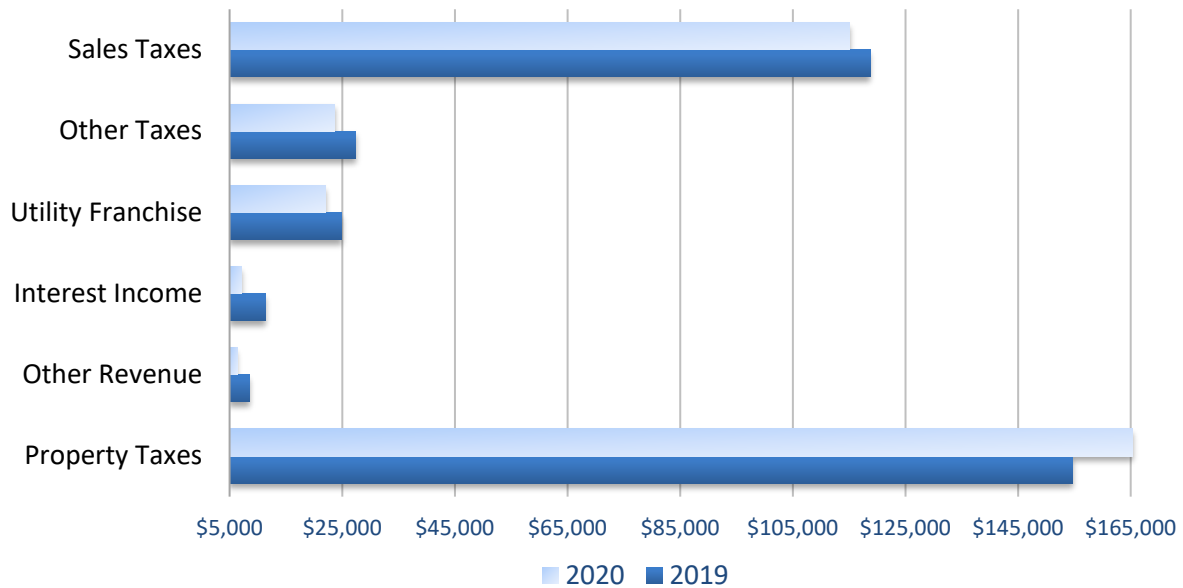


Governmental Activities

The City's general revenues decreased compared to the prior year, decreasing overall by 1.7%. Sales tax revenue and interest earnings accounted for much of the decrease this year compared to last.

Property tax collections were up from the prior year by about \$10.7M and Arlington once again saw growth in assessed valuation. The residential property values increased by 11.6% and commercial property values increased by 13.0% compared to the prior year. The City does not anticipate property values to increase with continued state of economic conditions. The property tax rate for 2020 was set at \$0.6240 per \$100 assessed valuation: down .0108 from \$0.6348 in the prior year.

**General Revenue Comparison (in thousands)
September 30, 2019 and 2020**



Sales tax revenue decreased by \$3.6M, down 3.1% from the prior year. Due to the Covid-19 pandemic, all revenues except property tax were reduced during the year. Utility franchise fee collections decreased by 11.5% in 2020.

Charges for services increased \$4.4M with most of the increase resulting from the increase in business-type activities revenues related to water usage. Capital grants and contributions decreased by \$32M due to reduced capital contributions related to the new Rangers ballpark. Operating grants and contributions increased \$5.3M compared to the prior year due to increased grant income related to the Covid-19 pandemic. Interest income decreased by \$7.1M due to lower returns compared to the prior year.

Overall, expenses increased approximately \$28.4M (4.99%) from the prior year. Increases are primarily attributed to an increase in Public Welfare due to increased spending in the Innovation and Venture Capital fund for various projects in the City. Public Works decreased capital outlay in the prior year compared to the current year. Public welfare expenses increased significantly due to grant money received to assist with the pandemic. Interest and fiscal charges increased due to higher interest and increase in bond related expenses.

City of Arlington's Changes in Net Position

(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Revenues						
Program Revenues:						
Charges for services	\$ 64,652	\$ 57,585	\$ 173,203	\$ 184,697	\$ 237,855	\$ 242,282
Operating grants and contributions	15,849	21,193	-	-	15,849	21,193
Capital grants and contributions	410,903	380,662	4,978	3,194	415,881	383,856
General Revenues:						
Taxes	300,702	304,051	-	-	300,702	304,051
Utility franchise fees	24,921	22,048	-	-	24,921	22,048
Interest income	11,329	7,077	4,676	1,872	16,005	8,949
Other	8,568	6,328	-	-	8,568	6,328
Total revenues	836,924	798,944	182,857	189,763	1,019,781	988,707
Expenses						
General government	82,037	90,202	-	-	82,037	90,202
Public Safety	187,839	184,574	-	-	187,839	184,574
Public Works	75,818	78,174	-	-	75,818	78,174
Public Health	3,610	3,219	-	-	3,610	3,219
Parks and recreation	37,161	34,190	-	-	37,161	34,190
Public welfare	11,132	25,028	-	-	11,132	25,028
Convention and event services	15,416	18,041	-	-	15,416	18,041
Interest and fiscal charges	37,378	38,627	-	-	37,378	38,627
Water, sewer and storm water	-	-	119,752	126,554	119,752	126,554
Total expenses	450,391	472,055	119,752	126,554	570,143	598,609
Increase in net position before transfers	386,533	326,889	63,105	63,209	449,638	390,098
Transfers and capital contributions	18,769	29,314	(18,769)	(29,314)	-	-
Increase (decrease) in net position	405,302	356,203	44,336	33,895	449,638	390,098
Net Position, October 1	1,173,566	1,578,868	757,465	801,801	1,931,031	2,380,669
Net Position, September 30	\$ 1,578,868	\$ 1,935,071	\$ 801,801	\$ 835,696	\$ 2,380,669	\$ 2,770,767

Business-type Activities

During the current fiscal year, net position for business-type activities increased \$33.9M from the prior fiscal year for an ending balance of \$835.7M. The increase in overall net position of business-type activities is the result of the increased amount restricted for debt service. The revenue increase of \$6.9M 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 were reduced a minimal amount from the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

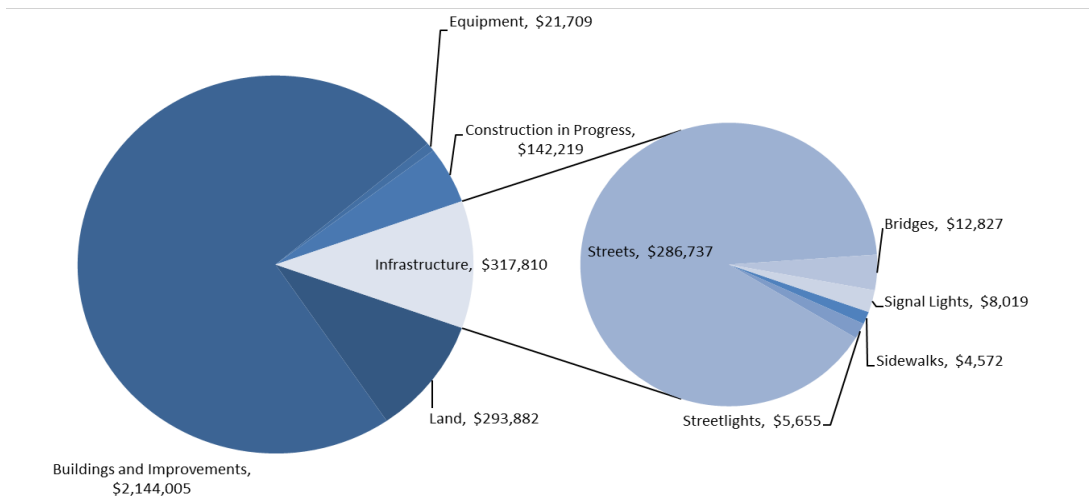
The City’s net investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to \$3.8B (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, water treatment plants, and stadiums. The total increase in capital assets for the current fiscal year was \$417M. This is a 12.3% 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.

	Governmental activities		Business-type activities		Total	
	2019	2020	2019	2020	2019	2020
	Land	\$ 243,968	\$ 293,882	\$ 23,002	\$ 23,757	\$ 266,970
Buildings and improvements	910,454	2,144,004	2,626	7,416	913,080	2,151,420
Machinery and equipment	56,904	21,709	328	216	57,232	21,925
Construction in progress	1,022,432	142,219	98,003	98,697	1,120,435	240,916
Infrastructure	300,901	317,810	-	-	300,901	317,810
Drainage system	-	-	82,102	87,478	82,102	87,478
Water and sewer system	-	-	644,019	664,060	644,019	664,060
Totals	\$ 2,534,659	\$ 2,919,624	\$ 850,080	\$ 881,624	\$ 3,384,739	\$ 3,801,248

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

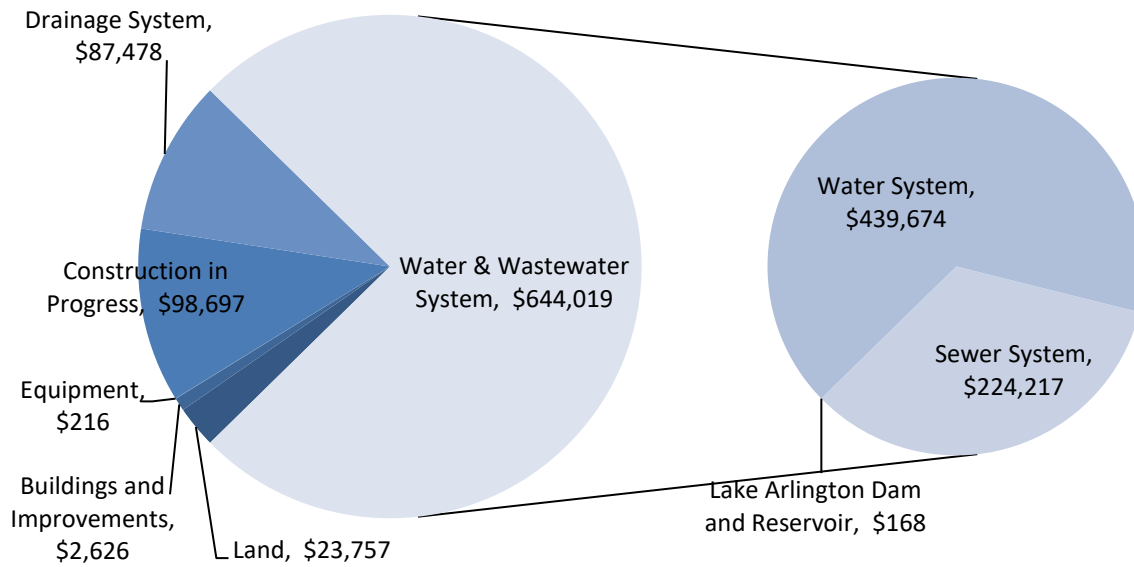
- Private developer capital contributions of \$3.2M to the City’s water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of \$33.8M
- Storm drainage system capital improvements and expansion of \$17.2M
- Street construction projects capital outlay totaling \$29.0M
- Improvements to parks and recreation facilities of \$34.2M

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	\$ (64,827)	\$ 4,572
Streetlights	19,202	(13,547)	5,655
Streets	896,129	(609,392)	286,737
Bridges	43,200	(30,373)	12,827
Signal Lights	19,861	(11,842)	8,019
	<u>\$ 1,047,791</u>	<u>\$ (729,981)</u>	<u>\$ 317,810</u>

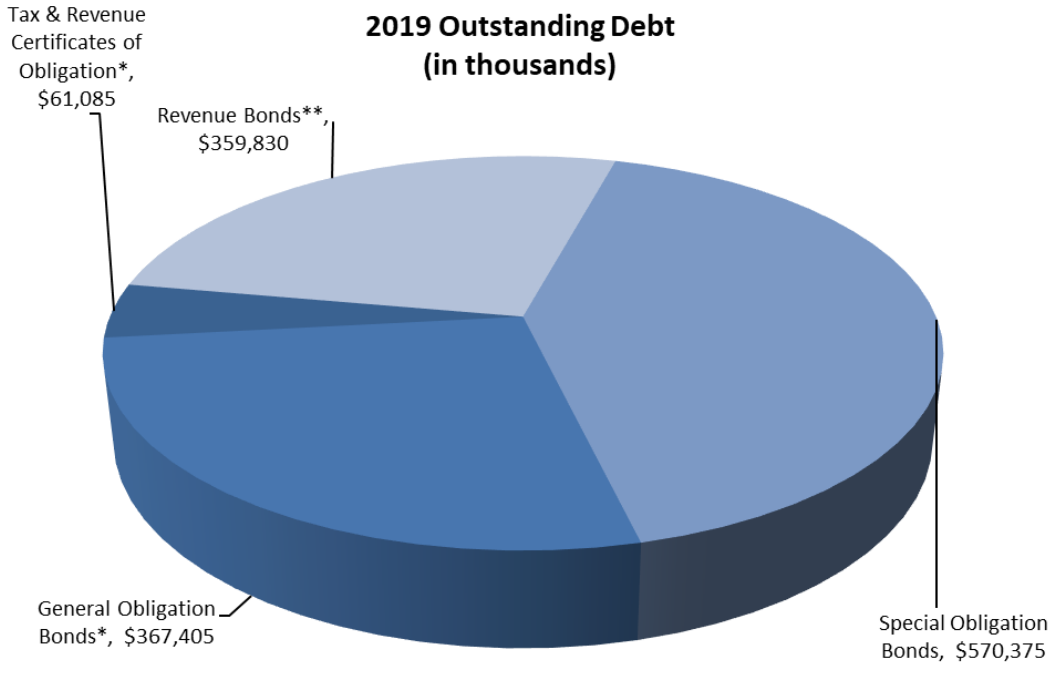
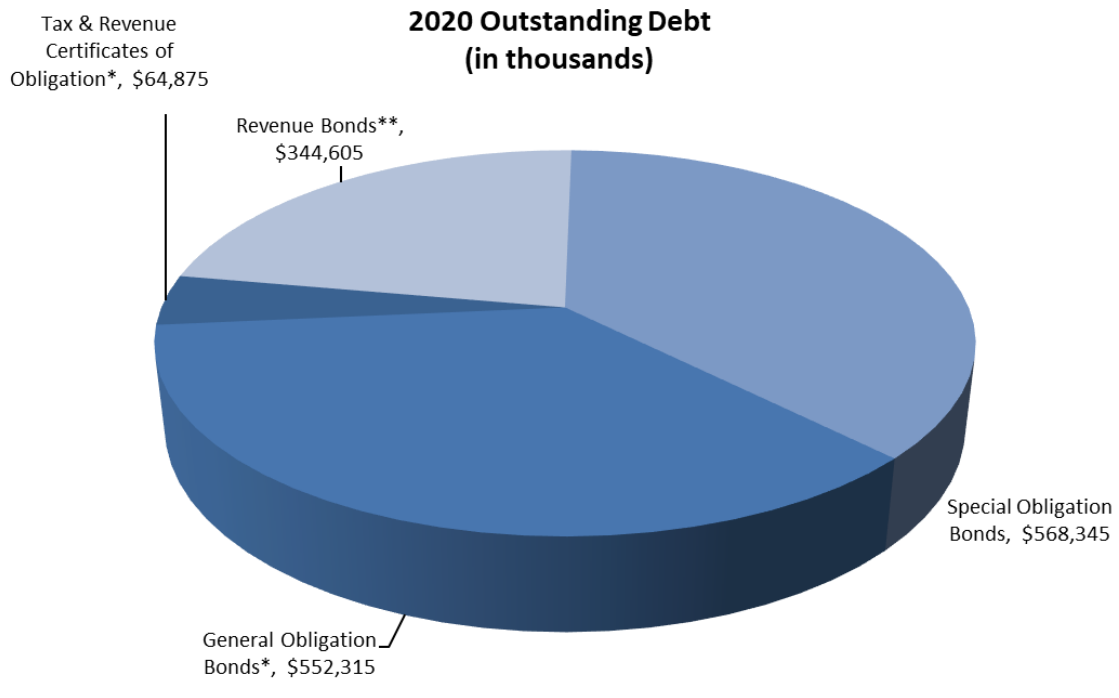
The City's business-type activities infrastructure investment, including accumulated depreciation, breaks down as follows (in thousands):



Asset	Book Value	Accumulated Depreciation	Net Value
Lake Arlington Dam and Reservoir	\$ 2,619	\$ (2,451)	\$ 168
Water System	679,292	(239,618)	439,674
Sewer System	353,063	(128,846)	224,217
	<u>\$ 1,034,974</u>	<u>\$ (370,915)</u>	<u>\$ 664,059</u>

Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1.53B, an increase of \$171.4M from 2019. The increase in total debt is due to new debt issuances.



**Secured by City Tax Base*

***Secured by Water and Sewer or Drainage Revenue*

City of Arlington's Outstanding Debt

(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
General obligation bonds (backed by the City)	\$367,405	\$ 552,315	\$ -	\$ -	\$ 367,405	\$ 552,315
Combination tax and revenue certificates of obligation (backed by the City)	61,085	64,875	-	-	61,085	64,875
Special tax revenue bonds	570,375	568,345	-	-	570,375	568,345
Revenue bonds (backed by fee revenues)	-	-	359,830	344,605	359,830	344,605
Total	\$998,865	\$ 1,185,535	\$ 359,830	\$344,605	\$1,358,695	\$1,530,140

During the current fiscal year, the City issued \$8.7M in Permanent Improvement Refunding Bonds, \$9.2M in Certificate of Obligation Bonds, \$39.6M in Permanent Improvement Bonds, \$174.7M General Obligation Pension Bonds, \$5.29M in Water and Wastewater System Revenue and Refunding Bonds, \$9.8M in Municipal Stormwater Revenue Bonds, and \$13.5M in Stormwater Refunding Revenue Bonds. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2020, the City's debt ratings were as follows by type and agency:

	Fitch	S&P	Moodys
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
		AA (2018A &	A3
Venue (Sales Tax/HOT/STMV) Insurance ^		C)	(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 increased from \$1,160 in 2019 to \$1,647 in 2020.

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 2.2%.

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 at September 30, 2020 was \$10.0M.

THE CITY'S FUNDS

The governmental funds of the City reported a combined fund balance of \$353.3M. The General Fund balance was \$70.6M, which was \$4.7M more than the previous year, primarily due to the increase in lease receivable. The Debt Service fund balance increased \$7.3M, ending the year with \$63.3M. The increase was a result of the additional debt issuances during the fiscal year. Other changes in fund balances noted include:

- Street Capital Projects fund balance increased in fiscal year 2020, up from \$88M to \$100M. The \$12M increase in fund balance is primarily due to debt issuance of \$39.1M, offset by \$29M spent on capital outlay and contribution and interest revenues of \$2.9M.
- The City's water and sewer fund net position of \$706.8M increased by \$25.6M in the current year. The increase in net position is primarily due to operating revenues exceeding expenses by \$55M, capital contributions of \$3M and net transfers out of \$27.8M.
- The Storm Water Utility fund saw an increase of \$8.6M to net position in 2020. Storm water fee revenues exceeded fund expenses by \$12.7M and transfers out of \$1.5M were completed, increasing net position to \$133.6M at the end of the fiscal year.

GENERAL FUND BUDGET HIGHLIGHTS

During fiscal year 2020, there were no operating budget amendments.

Actual expenditures on a budgetary basis of \$250.2M were less than budgeted expenditures of \$265.4M. 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 lower than the budgeted amount of \$259M by \$10.2M. Franchise fees, taxes, fines and forfeitures, and other revenues were lower than budgeted and are attributable to the variance because of the pandemic.

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 in order 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 for the future. The 2021 Budget also focuses on public safety funding, opening and maintaining City facilities. General Fund property tax revenues increased to \$115M and sales taxes were lower in 2020. Key budget priorities in 2021 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 2021 are budgeted at \$247.6M, and total General Fund expenditures are expected to be \$249.6M, a decrease of \$7M over 2020.

The General Fund's largest single revenue source is property taxes. This revenue represents 43.3% of the General Fund budget. The property tax rate for 2021 is \$0.6225 per \$100 valuation, the fifth time it has decreased since 2001. The tax rate is split out into two categories, operations and maintenance, \$0.4085 per \$100 valuation, to the

General Fund, and interest and sinking, \$0.2140 per \$100 valuation, for debt service. The General Fund property tax revenue for 2020 is estimated to be \$107M, down \$12.0M (11%) from last year's estimate.

The City's portion of the local 8 cent sales tax rate is one and three-quarter cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, and one-half cent provides for debt service for venue debt. Sales tax revenue for the General Fund for fiscal year 2021 is estimated at \$61.6M, a decrease of \$6.8M from 2020 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 \$79.6M and \$73.1M respectively for FY 2021. 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 2021 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 Trevino, Controller (amy.trevino@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 CAFR on file. Additionally, the CAFR 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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash-equivalents	\$ 372,754	\$ 36,525	\$ 409,279	\$ 24,226
Investments	-	-	-	67,796
Land held for resale	7,653	-	7,653	-
Receivables (net of allowance for uncollectibles):				
Taxes	4,832	-	4,832	-
Sales taxes	21,735	-	21,735	-
Trade accounts	111	12,112	12,223	-
Franchise fees	5,257	-	5,257	-
Unbilled trade accounts	-	9,929	9,929	-
Special assessments	122	-	122	-
Accrued interest	1,777	33	1,810	5
Ballpark lease	41,801	-	41,801	-
Settlement agreement	3,328	-	3,328	-
Other	5,277	539	5,816	673
Internal balances	4,814	(4,814)	-	-
Due from other governments	6,877	-	6,877	-
Inventory of supplies	2,302	1,231	3,533	-
Prepaid expenses	-	-	-	35
Net Pension Asset	275	-	275	-
Net OPEB Asset	65	-	65	-
Restricted assets-				
Bond contingency-				
Investments	-	29,619	29,619	-
Capital construction-				
Investments	-	167,036	167,036	-
Escrow	-	80,334	80,334	-
Meter deposits-				
Investments	-	7,364	7,364	-
Closure/Post-Closure trust fund				
Investments	22,313	-	22,313	-
Capital Assets-				
Land	293,882	23,757	317,639	4,654
Buildings and improvements	2,597,854	9,261	2,607,115	677
Water and sewer system	-	1,034,974	1,034,974	-
Machinery and equipment	137,719	12,474	150,193	1,130
Infrastructure	1,047,791	-	1,047,791	-
Drainage systems	-	136,828	136,828	-
Construction in progress	142,219	98,697	240,916	-
Accumulated depreciation	(1,299,841)	(434,367)	(1,734,208)	(1,395)
Total Assets	<u>3,420,917</u>	<u>1,221,532</u>	<u>4,642,449</u>	<u>97,801</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt refunding	11,257	763	12,020	-
Deferred outflow-contributions pension/OPEB	187,283	13,669	200,952	-
Deferred outflow-investment/actuarial assumption changes pension/OPEB	25,880	1,797	27,677	-
Total Assets and Deferred Outflows of Resources	<u>3,645,337</u>	<u>1,237,761</u>	<u>4,883,098</u>	<u>97,801</u>

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable and accrued liabilities	\$ 25,780	\$ 5,637	\$ 31,417	\$ 1,925
Retainage payable	3,752	-	3,752	-
Accrued interest	5,496	-	5,496	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	2,236	2,236	-
Retainage payable	-	1,400	1,400	-
Accrued interest	-	3,108	3,108	-
Meter deposits	-	7,933	7,933	-
Noncurrent liabilities				
Due within one year:				
Estimated claims payable	4,365	-	4,365	-
General obligation and certificates of obligation debt	43,470	-	43,470	-
Special tax revenue debt	3,510	-	3,510	-
Accrued compensated absences	1,394	102	1,496	-
Revenue bonds	-	24,940	24,940	-
Due in more than one year:				
Estimated claims payable	5,671	-	5,671	-
Rebatable arbitrage payable	-	201	201	-
Total other postemployment benefit liability	117,587	8,174	125,761	-
General obligation and certificates of obligation debt	602,069	-	602,069	-
Special tax revenue debt	613,596	-	613,596	-
Landfill closure accrued liabilities	22,313	-	22,313	-
Accrued compensated absences	35,269	2,779	38,048	-
Revenue bonds	-	333,740	333,740	-
Net pension liability	131,452	9,138	140,590	-
Total Liabilities	<u>1,615,724</u>	<u>399,388</u>	<u>2,015,112</u>	<u>1,925</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - pension/OPEB	38,654	2,677	41,331	-
Deferred inflow - lease & settlement agreements	55,888	-	55,888	5,893
Total Liabilities and Deferred Inflows of Resources	<u>1,710,266</u>	<u>402,065</u>	<u>2,112,331</u>	<u>7,818</u>
NET POSITION				
Net investment in capital assets	1,751,589	689,342	2,440,931	5,066
Restricted for debt service	63,286	107,246	170,532	-
Restricted for special revenue	30,447	-	30,447	-
Restricted for use of impact fees	10,836	-	10,836	-
Restricted for housing assistance	-	-	-	232
Restricted for endowments	-	-	-	81,906
Unrestricted	78,913	39,108	118,021	2,779
Total Net Position	<u>\$ 1,935,071</u>	<u>\$ 835,696</u>	<u>\$ 2,770,767</u>	<u>\$ 89,983</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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 90,202	\$ 25,378	\$ 71	\$ 47
Public safety	184,574	13,655	10,671	-
Public works	78,174	1,983	119	3,376
Public health	3,219	4,513	-	-
Parks and recreation	34,190	10,916	602	377,239
Public welfare	25,028	198	9,730	-
Convention and event services	18,041	942	-	-
Interest and fiscal charges	38,627	-	-	-
Total Governmental Activities	472,055	57,585	21,193	380,662
Business-Type Activities:				
Water and sewer	116,975	165,047	-	3,194
Storm water utility	9,579	19,650	-	-
Total Business-Type Activities	126,554	184,697	-	3,194
Total Primary Government	\$ 598,609	\$ 242,282	\$ 21,193	\$ 383,856
Component Units:				
Arlington Housing Authority	\$ 33,466	\$ -	\$ 33,815	\$ -
Arlington Convention and Visitors Bureau	5,514	5,065	948	-
Arlington Tomorrow Foundation	4,804	-	-	-
Arlington Housing Finance Corporation	37	414	-	-
Arlington Tourism Public Improvement District	1,936	1,756	-	-
Arlington Convention Center Development Corp	9,221	-	9,222	-
Arlington Economic Development Corp	-	-	-	-
Total Component Units	\$ 54,978	\$ 7,235	\$ 43,985	\$ -

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
\$ (64,706)	\$ -	\$ (64,706)	\$ -
(160,248)	-	(160,248)	-
(72,696)	-	(72,696)	-
1,294	-	1,294	-
354,567	-	354,567	-
(15,100)	-	(15,100)	-
(17,099)	-	(17,099)	-
(38,627)	-	(38,627)	-
<u>(12,615)</u>	<u>-</u>	<u>(12,615)</u>	<u>-</u>
-	51,266	51,266	-
-	10,071	10,071	-
-	61,337	61,337	-
<u>\$ (12,615)</u>	<u>\$ 61,337</u>	<u>\$ 48,722</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 349
-	-	-	499
-	-	-	(4,804)
-	-	-	377
-	-	-	(180)
-	-	-	1
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,758)</u>
165,284	-	165,284	-
115,098	-	115,098	-
340	-	340	-
1,601	-	1,601	-
100	-	100	-
13,577	-	13,577	-
8,051	-	8,051	-
22,048	-	22,048	-
7,077	1,466	8,543	6,037
943	406	1,349	3,615
5,385	-	5,385	(1,767)
29,314	(29,314)	-	-
<u>368,818</u>	<u>(27,442)</u>	<u>341,376</u>	<u>7,885</u>
356,203	33,895	390,098	4,127
1,578,868	801,801	2,380,669	85,856
<u>\$ 1,935,071</u>	<u>\$ 835,696</u>	<u>\$ 2,770,767</u>	<u>\$ 89,983</u>

**CITY OF ARLINGTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Street Capital Projects	Ballpark Venue	Other Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash-like investments	\$ 55,414	\$ 56,259	\$ 103,439	\$ -	\$ 137,255	\$ 352,367
Land held for resale	-	-	-	-	7,653	7,653
Receivables (net of allowance for uncollectibles)						
Taxes	4,154	205	-	-	473	4,832
Sales taxes	12,420	6,210	-	-	3,105	21,735
Franchise fees	5,257	-	-	-	-	5,257
Special assessments	-	-	122	-	-	122
Accrued interest	1,089	612	-	-	-	1,701
Lease and settlement agreements	45,129	-	-	-	-	45,129
Other	3,929	-	-	-	1,236	5,165
Due from other funds	4,266	-	-	-	-	4,266
Due from other governments	-	-	-	-	6,877	6,877
Inventory of supplies, at cost	2,160	-	-	-	142	2,302
Total Assets	\$ 133,818	\$ 63,286	\$ 103,561	\$ -	\$ 156,741	\$ 457,406
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 9,384	\$ -	\$ 2,555	\$ -	\$ 13,045	\$ 24,984
Retainage payable	-	-	902	-	2,850	3,752
Unearned Revenue	2,322	-	123	-	17,147	19,592
Due to other funds	-	-	-	-	4,266	4,266
Total Liabilities	11,706	-	3,580	-	37,308	52,594
Deferred inflows of resources:						
Taxes	4,315	-	-	-	-	4,315
Landfill lease	2,058	-	-	-	-	2,058
Gas lease	-	-	-	-	23	23
Lease and settlement agreements	45,129	-	-	-	-	45,129
Total Deferred Inflows of Resources	51,502	-	-	-	23	51,525
Fund Balances:						
Nonspendable:						
Inventory	2,160	-	-	-	142	2,302
Prepays	5	-	-	-	-	5
Restricted for:						
Debt service	-	63,286	-	-	-	63,286
Capital projects	-	-	99,981	-	27,077	127,058
Special revenue	-	-	-	-	30,539	30,539
Committed to:						
Capital projects	-	-	-	-	27,252	27,252
Special revenue	-	-	-	-	32,553	32,553
Assigned to:						
Working capital	20,426	-	-	-	-	20,426
Subsequent years' expenditures	11,440	-	-	-	-	11,440
Compensated absences	1,561	-	-	-	-	1,561
Other post employment benefits	1,718	-	-	-	-	1,718
Future initiatives	17,151	-	-	-	-	17,151
Dispatch	617	-	-	-	-	617
Information technology	232	-	-	-	-	232
Business Continuity	4,062	-	-	-	-	4,062
Park performance	-	-	-	-	744	744
Special revenue	-	-	-	-	1,103	1,103
Unassigned	11,238	-	-	-	-	11,238
Total Fund Balances	70,610	63,286	99,981	-	119,410	353,287
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 133,818	\$ 63,286	\$ 103,561	\$ -	\$ 156,741	\$ 457,406

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

Total fund balances per balance sheet \$ 353,287

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 \$13,845 recorded in the internal service funds). 2,905,779

Landfill Closure/Post-closure 22,313

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	\$ 4,315	\$ -	
Landfill	2,058	2,058	
Grant revenue	16,908	19,592	
Ballpark lease	41,801	34,217	
Ballpark Settlement	3,328	-	
Unearned	<u>2,684</u>	<u>-</u>	15,227
	71,094	55,867	

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. 29,251

Long-term liabilities, including bonds payable, arbitrage and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds payable		\$ (1,185,535)	
Premium general obligation debt		(79,080)	
Discount on bonds		1,970	
Deferred outflow of resources (refunding)		11,257	
Accrued interest payable		(5,496)	
Landfill Closure/Post-closure		(22,313)	
Compensated absences		(36,663)	
Pension:			
Net pension asset (liability)	\$ (131,177)		
Deferred inflow-actuarial gain	\$ (33,918)		
Deferred outflow-assumption changes	14,973		
Deferred outflow-contributions	182,659	32,537	
Other Post Employment Benefits (OPEB)			
Total OPEB Liability	(117,522)		
Deferred inflow-OPEB expected/actual	(4,736)		
Deferred outflow-assumption changes	10,907		
Deferred outflow-contributions	4,624	(106,727)	
Estimated claims		(736)	(1,390,786)

Net position of governmental activities \$ 1,935,071

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Streets Capital Projects	Ballpark Venue	Other Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 181,320	\$ 85,949	\$ -	\$ -	\$ 36,824	\$ 304,093
Licenses and permits	9,796	-	-	-	-	9,796
Utility franchise fees	22,048	-	-	-	-	22,048
Fines and forfeitures	9,205	-	-	-	-	9,205
Leases, rents and concessions	9,752	-	-	-	2,500	12,252
Service charges	7,940	-	-	-	14,419	22,359
Interest revenue	2,356	874	1,360	-	1,914	6,504
Net increase (decrease) in fair value of investments	140	8	281	-	226	655
Contributions	1,882	-	1,541	377,239	-	380,662
Intergovernmental revenues	71	-	-	-	21,120	21,191
Gas lease royalty	-	-	-	-	3,874	3,874
Gas lease other	-	-	-	-	99	99
Other	12	64	-	-	3,582	3,658
Total Revenues	<u>244,522</u>	<u>86,895</u>	<u>3,182</u>	<u>377,239</u>	<u>84,558</u>	<u>796,396</u>
EXPENDITURES						
Current-						
General government	40,454	-	-	-	5,645	46,099
Public safety	167,040	-	-	-	11,757	178,797
Public works	23,816	-	-	-	30,427	54,243
Public health	2,412	-	-	-	575	2,987
Public welfare	-	-	-	-	25,001	25,001
Parks and recreation	16,644	-	-	-	12,242	28,886
Convention and event services	-	-	-	-	17,898	17,898
Capital outlay	-	-	29,030	377,239	45,676	451,945
Debt service-						
Principal retirement	-	35,920	-	-	-	35,920
Interest and fiscal charges	-	44,910	-	-	-	44,910
Total Expenditures	<u>250,366</u>	<u>80,830</u>	<u>29,030</u>	<u>377,239</u>	<u>149,221</u>	<u>886,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,844)</u>	<u>6,065</u>	<u>(25,848)</u>	<u>-</u>	<u>(64,663)</u>	<u>(90,290)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	183,385	30,047	-	9,579	223,011
Amount to fund escrow	-	(173,273)	-	-	-	(173,273)
Issuance of certificates of obligation	-	-	2,854	-	6,351	9,205
Refunding Bond Principal	-	(9,826)	-	-	-	(9,826)
Bond premium	-	959	6,224	-	2,643	9,826
Transfers in	22,042	-	-	-	44,655	66,697
Transfers out	(11,486)	-	(831)	-	(14,599)	(26,916)
Total Other Financing Sources and Uses	<u>10,556</u>	<u>1,245</u>	<u>38,294</u>	<u>-</u>	<u>48,629</u>	<u>98,724</u>
Net Change in Fund Balances	4,712	7,310	12,446	-	(16,034)	8,434
Fund Balances, October 1,	65,898	55,976	87,535	-	135,444	344,853
Fund Balances, September 30	<u>\$ 70,610</u>	<u>\$ 63,286</u>	<u>\$ 99,981</u>	<u>\$ -</u>	<u>\$ 119,410</u>	<u>\$ 353,287</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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

Net change in fund balances - total governmental funds \$ 8,434

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. 457,562

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. (71,229)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,025

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	(232,216)	
Repayment of general obligation debt	45,746	
Proceeds from issuance of bonds	(9,228)	
Amount to fund escrow	173,273	
Amortization of bond premium	5,684	
Repayment of capital lease	5,731	
	(11,010)	(11,010)

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.

Compensated absences	(2,832)	
Accrued interest expense	(6)	
Estimated pollution remediation	-	
Net pension asset (liability)	(20,676)	
Net OPEB liability	(1,260)	
Estimated salary expense	(736)	
	(25,510)	(25,510)

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. (3,069)

Change in net position of governmental activities \$ 356,203

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, 2020
(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	\$ 33,823	\$ 2,702	\$ 36,525	\$ 20,387
Receivables (net of allowances for uncollectibles):				
Trade accounts	10,694	1,418	12,112	111
Accrued Interest	33	-	33	76
Unbilled trade accounts	9,041	888	9,929	-
Other	539	-	539	112
Inventory of supplies, at cost	1,231	-	1,231	-
Subtotal	55,361	5,008	60,369	20,686
Restricted Assets:				
Bond contingency-cash and cash-like investments	12,498	-	12,498	-
Capital construction-cash and cash-like investments	23,433	36,123	59,556	-
Total Current Assets	91,292	41,131	132,423	20,686
Noncurrent Assets:				
Restricted Assets:				
Bond contingency- Investments	16,083	1,038	17,121	-
Capital construction- Investments	107,480	-	107,480	-
Escrow	80,334	-	80,334	-
Meter deposit investments	7,364	-	7,364	-
Capital Assets:				
Land	7,929	15,828	23,757	-
Buildings and improvements	9,261	-	9,261	467
Water and sewer system	1,034,974	-	1,034,974	-
Machinery and equipment	12,451	23	12,474	53,476
Drainage system	-	136,828	136,828	-
Construction-in-progress	62,482	36,215	98,697	-
Accumulated depreciation	(384,994)	(49,373)	(434,367)	(40,098)
Total Capital Assets Net of Accumulated Depreciation	742,103	139,521	881,624	13,845
Total Noncurrent Assets	953,364	140,559	1,093,923	13,845
Total Assets	1,044,656	181,690	1,226,346	34,531
Deferred Outflows of Resources:				
Deferred charges on debt refunding	763	-	763	-
Deferred outflow - contributions pension/OPEB	13,669	-	13,669	-
Deferred outflow - invest/actuarial pension/OPEB	1,797	-	1,797	-
Total Assets and Deferred Outflows of Resources	\$ 1,060,885	\$ 181,690	\$ 1,242,575	\$ 34,531

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, 2020
(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	\$ 4,494	\$ 1,143	\$ 5,637	\$ 796
Accrued compensated absences	86	16	102	-
Revenue bonds payable from unrestricted assets	9,367	3,075	12,442	-
Current Liabilities Payable From Restricted Assets:				
Accounts payable and accrued liabilities	2,236	-	2,236	-
Retainage payable	785	615	1,400	-
Accrued interest	2,708	400	3,108	-
Estimated claims payable	-	-	-	3,627
Revenue bonds payable from restricted assets	12,498	-	12,498	-
Meter deposits	7,933	-	7,933	-
Total Current Liabilities	<u>40,107</u>	<u>5,249</u>	<u>45,356</u>	<u>4,423</u>
Noncurrent Liabilities:				
Estimated claims payable	-	-	-	5,671
Rebatable arbitrage payable	201	-	201	-
Compensated absences	2,409	370	2,779	-
Revenue bonds payable from unrestricted assets	291,334	42,406	333,740	-
Net pension liability	9,138	-	9,138	-
OPEB liability	8,174	-	8,174	-
Total Noncurrent Liabilities	<u>311,256</u>	<u>42,776</u>	<u>354,032</u>	<u>5,671</u>
Total Liabilities	<u>351,363</u>	<u>48,025</u>	<u>399,388</u>	<u>10,094</u>
Deferred Inflows of Resources:				
Deferred inflow - pension/OPEB benefits/contribution	327	-	327	-
Deferred inflow - investment/actuarial pension/OPEB	2,350	-	2,350	-
Total Liabilities and Deferred Inflows of Resources	<u>354,040</u>	<u>48,025</u>	<u>402,065</u>	<u>10,094</u>
NET POSITION				
Net investment in capital assets	559,795	129,547	689,342	13,845
Restricted for debt service	106,207	1,039	107,246	-
Unrestricted	40,843	3,079	43,922	10,592
Total Net Position	<u>\$ 706,845</u>	<u>\$ 133,665</u>	<u>\$ 840,510</u>	<u>\$ 24,437</u>
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(4,814)	
Net position of business-type activities			<u>\$ 835,696</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, 2020
(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	\$ 81,555	\$ -	\$ 81,555	\$ -
Sewer service	73,241	-	73,241	-
Storm water fee - commercial	-	9,257	9,257	-
Storm water fee - residential	-	10,330	10,330	-
Service charges	-	-	-	33,341
Sundry	10,251	-	10,251	-
Miscellaneous	-	63	63	-
Total Operating Revenues	165,047	19,650	184,697	33,341
Operating Expenses:				
Purchase of water	20,406	-	20,406	-
Purchase of sewage treatment	38,731	-	38,731	-
Salaries and wages	14,896	2,397	17,293	-
Employees' retirement	2,066	355	2,421	-
Supplies	2,766	53	2,819	1,632
Maintenance and repairs	4,235	275	4,510	632
Utilities	2,461	17	2,478	50
Claims (net of adjustments)	25	-	25	30,527
Legal and professional	240	-	240	91
Depreciation	20,061	2,658	22,719	3,924
Miscellaneous services	4,184	1,193	5,377	2,833
Total Operating Expenses	110,071	6,948	117,019	39,689
Operating Income (Loss)	54,976	12,702	67,678	(6,348)
Nonoperating Revenues (Expenses):				
Interest revenue	1,466	-	1,466	350
Net increase in the fair value of investments	338	68	406	288
Miscellaneous Revenue	-	-	-	883
Gain (loss) on sale of assets	-	-	-	(2)
Interest expense and fiscal charges	(6,551)	(2,631)	(9,182)	-
Total Nonoperating Revenues (Expenses)	(4,747)	(2,563)	(7,310)	1,519
Income (loss) before transfers and contributions	50,229	10,139	60,368	(4,829)
Contributions in aid of construction	3,194	-	3,194	-
Transfers in	11,874	-	11,874	1,407
Transfers out	(39,684)	(1,504)	(41,188)	-
Change in Net Position	25,613	8,635	34,248	(3,422)
Total Net Position, October 1	681,232	125,030	806,262	27,859
Total Net Position, September 30	\$ 706,845	\$ 133,665	\$ 840,510	\$ 24,437
Net change in net position - total proprietary funds			\$ 34,248	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(353)	
Change in net position of business-type activities			\$ 33,895	

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, 2020
(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	\$ 166,632	\$ 19,513	\$ 186,145	\$ 33,346
Cash payments to suppliers	(70,581)	(1,422)	(72,003)	(34,877)
Cash payments to employees	(28,766)	(2,647)	(31,413)	-
Net Cash Provided By (Used For) Operating Activities	67,284	15,444	82,728	(1,531)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	11,874	-	11,874	1,407
Transfers out	(39,684)	(1,504)	(41,188)	-
Net Cash Provided By (Used For) Noncapital Financing Activities	(27,810)	(1,504)	(29,314)	1,407
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(33,845)	(17,224)	(51,069)	(2,619)
Increase/Decrease in escrow balance	11,278	-	11,278	-
Proceeds from sales of capital assets	-	-	-	59
Proceeds from issuance of long-term debt	5,185	11,353	16,538	-
Repayment of long-term debt	(28,182)	(2,345)	(30,527)	-
Interest payment long-term debt	(8,467)	(1,455)	(9,922)	-
Net Cash Provided By (Used For) Capital Related Financing Activities	(54,031)	(9,671)	(63,702)	(2,560)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from interest earnings	1,486	1,137	2,623	1,531
Net increase in the fair value of investments	338	68	406	17
Purchase of investments	(296,974)	(57,611)	(354,585)	-
Maturities/sales of investments	286,077	55,533	341,610	-
Net Cash Provided By (Used For) Investing Activities	(9,073)	(873)	(9,946)	1,548
Net Decrease In Cash And Cash-Like Investments	(23,630)	3,396	(20,234)	(1,136)
Cash and cash equivalent investments, October 1	93,384	35,429	128,813	21,523
Cash and cash equivalent investments, September 30	\$ 69,754	\$ 38,825	\$ 108,579	\$ 20,387
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ 54,976	\$ 12,702	\$ 67,678	\$ (6,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	20,061	2,658	22,719	3,924
Amortization of bond premium	1,677	262	1,939	-
Amortization of deferred loss on bond refunding	(797)	-	(797)	-
Provision for bad debts	229	5	234	-
(Increase) decrease in- Receivables	1,471	(138)	1,333	5
Inventory of supplies	(177)	-	(177)	-
Prepaid expenses	-	-	-	-
Increase (decrease) in- Accounts payable and accrued liabilities	(499)	328	(171)	312
Net pension/OPEB liability	(10,804)	-	(10,804)	-
Estimated claims payable	-	-	-	576
Retainage payable	(407)	(373)	(780)	-
Meter deposits	1,248	-	1,248	-
Accrued compensated absences	306	-	306	-
Total adjustments	12,308	2,742	15,050	4,817
Net Cash Provided By (Used For) Operating Activities	\$ 67,284	\$ 15,444	\$ 82,728	\$ (1,531)
Noncash investing, capital, and financing activities:				
Contributions of capital assets from developers	3,194	-	3,194	-

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Pension Trust and Other Employee Benefit Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash-equivalent investments	\$ 133	\$ 7,634
Investments		
Investment retired city mgr 401(k) plan	59	-
Money market fund	43,230	-
Corporate bonds	2,844	-
Fixed income mutual bond funds	22,987	-
Common stock mutual bond funds	125,301	-
Balanced mutual funds	54,441	-
Participant borrowing	5,593	-
Self directed brokerage accounts	12,112	-
Total Investments	<u>266,567</u>	<u>-</u>
Total Assets	<u><u>\$ 266,700</u></u>	<u><u>\$ 7,634</u></u>
 LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 7,634
Retired city mgr 401(k) plan payable	59	-
Total Liabilities	<u><u>\$ 59</u></u>	<u><u>\$ 7,634</u></u>
 NET POSITION		
Restricted for pensions	\$ 265,263	
Restricted for OPEB	1,377	
Total Net Position	<u><u>\$ 266,640</u></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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Pension Trust and Other Employee Benefit Funds
	<u> </u>
ADDITIONS	
Employer contributions	\$ 4,065
Employee contributions	9,606
Net appreciation in fair value of investments	34,665
Other additions	214
Total Additions	<u>48,550</u>
DEDUCTIONS	
Benefits	13,318
Plan administration	272
Other deductions	80
Total Deductions	<u>13,670</u>
Increase in Net Position	34,880
Net Position, October 1	<u>231,760</u>
Net Position, September 30	<u>\$ 266,640</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, 2020

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 and the pension trust fund.

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, 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.

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, Street Capital Projects Fund, and Ballpark Venue 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 Comprehensive Annual 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. Agency 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 all proprietary funds, and the pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement 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. Ballpark Venue Fund (capital projects fund) accounts for the costs associated with the building of the new Ballpark Venue for the Texas Rangers Baseball Club.
- e. 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 (major fund reporting requirements do not apply to fiduciary funds):

- a. Agency Funds are used to account for assets held by the City in an agency capacity for payroll related benefits, escheat property for the state, and other assets held for individuals, local law enforcement agencies and developers.
- b. Pension Trust Funds are used to account for the accumulation of resources to be used for the retirement and disability benefit payments to qualified City employees.

E. Cash, Cash-Equivalent Investments 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

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. 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 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 is recorded on the face of the financial statements. The City elected to allocate the net pension liability 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 liability included in governmental activities for component units is \$1.279M. Detailed pension information is discussed in footnote 6.

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% (1/12th) 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 related items and lease and settlement agreements are reported in the government wide statement of net position and in fund level statements.

Q. New Accounting Pronouncements

During fiscal year 2020, the City adopted the following Governmental Accounting Standards Board (“GASB”) Statements:

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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. 84, *Fiduciary Activities*, which is effective for the City beginning in fiscal year 2021. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 18 and No. 61, which is effective for the City beginning in fiscal year 2022. The objectives of this statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is effective for the City immediately. The primary objective of this Statement is to provide temporary relief to governments and stakeholders in light of the COVID-19 pandemic. This is accomplished by postponing the effective dates of certain provisions in Statements and implementation Guides that first became effective for periods beginning after June 15, 2018, and later. These date changes have been reflected in the Statements listed above.

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.

Statement No. 97, *Certain 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 is effective for the City beginning in Fiscal Year 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The 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 2020, there were no operating budget amendments.

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):

General Fund	Street Capital Projects Fund	Other Nonmajor Funds	Total
\$ 4,077	\$ 27,356	\$ 28,254	\$ 59,687

B. Excess of expenditures over appropriations

For the year ended September 30, 2020, there were no expenditures exceeding budget in the aggregate.

C. Deficit fund equity

There were no funds with a deficit fund balance as of September 30, 2020.

III. DETAILED NOTES ON ALL FUNDS

1. CASH, CASH-EQUIVALENT AND INVESTMENTS

Deposits - At September 30, 2020, the carrying amount of the City's demand deposits was \$39,245,000 (bank balance, \$40,810,000). The balance in cash on hand was \$30,000 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-equivalent investments and investments include: (amounts in thousands) Governmental Activities \$395,067, Business-type Activities \$240,544 and Agency and Pension Trust Funds \$7,634.

As of September 30, 2020, the City had the following investments (amounts in thousands):

Cash, Cash-Equivalent Investments and Investments	Fair Value	Weighted	Credit Risk
		Avg Maturity (in days)	
Treasury	\$ 3,009	1374	AA+
Agency	280,901	848	AAA
Texas Municipal	11,657	915	AA+
Non-Texas Municipal	4,857	1064	AA+
Certificates of Deposit	-	-	AAA
Money Market Fund	75,439	1	AAA
Total Fair Value	<u>\$ 375,863</u>		

The City has investments in government pools at September 30, 2020 totaling \$228,107 (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, 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 \$228,107 and Money Market Funds of \$75,439 (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, 2020 (amounts in thousands):

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets 9/30/2020 (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level			
Debt Securities			
Treasury	3,009	3,009	-
Agency	280,901	-	280,901
Texas Municipal	11,657	-	11,657
Non-Texas Municipal	4,857	-	4,857
	300,424	-	300,424

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 FY20 was \$43,090,778,000 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, 2019 upon which the original FY20 levy was based, was \$25,921,882,000.

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, 2020, the City had a tax rate of \$0.6240 (\$0.4467 for general government and \$0.1773 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 \$486,294,506 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$25,921,822,000.

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 \$265,971,843.

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, 2020, outstanding conduit debt was \$128,130,000.

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 \$13,751,310.

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, 2020, outstanding conduit debt was \$321,717,000.

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, 2020 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	\$ 12,743	\$ 205	\$ -	\$ -	\$ -	\$ 473	\$ -	\$ 13,421
Franchise Fees	5,257	-	-	-	-	-	-	5,257
Trade Accounts	-	-	1,502	12,269	-	-	111	13,882
Unbilled Trade Accounts	-	-	888	9,369	-	-	-	10,257
Special Assessments	-	-	-	-	122	-	-	122
Sales Taxes	12,420	6,210	-	-	-	3,105	-	21,735
Lease and settlement agreements	45,129	-	-	-	-	-	-	45,129
Accrued Interest	1,089	612	-	33	-	-	76	1,810
Other	3,929	-	-	539	-	1,236	112	5,816
Gross Receivables	80,567	7,027	2,390	22,210	122	4,814	299	117,429
Less: Allowance for Uncollectibles	(8,589)	-	(84)	(1,903)	-	-	-	(10,576)
Net total Receivables	\$ 71,978	\$ 7,027	\$ 2,306	\$ 20,307	\$ 122	\$ 4,814	\$ 299	\$ 106,853

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020 was as follows:

(Amounts expressed in thousands)

	Balance at Beginning			Balance at End		
	<u>Of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Of Year</u>		
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 243,968	\$ 49,914	\$ -	\$ 293,882		
Construction in progress-other	1,022,432	456,042	(1,336,255)	142,219		
Total capital assets, not being depreciated	1,266,400	505,956	(1,336,255)	436,101		
Capital assets, being depreciated:						
Buildings and improvements	1,347,385	1,250,469	-	2,597,854		
Equipment	133,904	4,959	(1,144)	137,719		
Infrastructure	1,012,741	35,050	-	1,047,791		
Total capital assets, being depreciated	2,494,030	1,290,478	(1,144)	3,783,364		
Less accumulated depreciation for:						
Buildings and improvements	407,369	46,481	-	453,850		
Equipment	106,562	10,531	(1,083)	116,010		
Infrastructure	711,840	18,141	-	729,981		
Total accumulated depreciation	1,225,771	75,153	(1,083)	1,299,841		
Total capital assets, being depreciated, net	1,268,259	1,215,325	(61)	2,483,523		
Governmental activities capital assets, net	\$ 2,534,659	\$ 1,721,281	\$ (1,336,316)	\$ 2,919,624		

	Balance at Beginning			Balance at End	
	<u>Of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Of Year</u>	
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 23,002	\$ 755	\$ -	\$ 23,757	
Construction in progress	98,003	54,845	(54,151)	98,697	
Total capital assets, not being depreciated	<u>121,005</u>	<u>55,600</u>	<u>(54,151)</u>	<u>122,454</u>	
Capital assets, being depreciated:					
Buildings and improvements	4,337	4,924	-	9,261	
Drainage System	128,794	8,034	-	136,828	
Water and sewer system	995,118	39,856	-	1,034,974	
Machinery and equipment	12,474	-	-	12,474	
Total capital assets, being depreciated	<u>1,140,723</u>	<u>52,814</u>	<u>-</u>	<u>1,193,537</u>	
Less accumulated depreciation for:					
Buildings and improvements	1,712	133	-	1,845	
Drainage System	46,692	2,658	-	49,350	
Water and sewer system	351,100	19,814	-	370,914	
Machinery and equipment	12,144	114	-	12,258	
Total accumulated depreciation	<u>411,648</u>	<u>22,719</u>	<u>-</u>	<u>434,367</u>	
Total capital assets, being depreciated, net	<u>729,075</u>	<u>30,095</u>	<u>-</u>	<u>759,170</u>	
Business-type activities capital assets, net	<u>\$ 850,080</u>	<u>\$ 85,695</u>	<u>\$ (54,151)</u>	<u>\$ 881,624</u>	

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

Governmental activities:	
General Government	\$ 39,520
Public Safety	4,200
Parks and recreation	5,930
Public works	21,579
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,924</u>
Total depreciation expense – governmental activities	<u>\$75,153</u>
Business-type activities:	
Storm Water Utility	2,658
Water and sewer	<u>\$ 20,061</u>
Total depreciation expense – business-type activities	<u>\$ 22,719</u>

Discretely presented component units:

(amounts expressed in thousands)

	<u>Balance at</u> <u>Beginning of</u>	<u>Transfer and</u>	<u>Transfers and</u>	<u>Balance at End</u>
	<u>Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>of Year</u>
Arlington Housing Authority, Inc.				
Capital assets, being depreciated:				
Buildings and improvements	\$ 563	\$ 114	\$ -	\$ 677
Machinery and equipment	382	-	-	382
Total capital assets, being depreciated	<u>945</u>	<u>114</u>	<u>-</u>	<u>1,059</u>
Less accumulated depreciation for:				
Buildings and improvements	(351)	(12)	-	(363)
Machinery and equipment	(370)	(10)	-	(380)
Total accumulated depreciation	<u>(721)</u>	<u>(22)</u>	<u>-</u>	<u>(743)</u>
Arlington Housing Authority, Inc.				
Capital assets, net	<u>\$ 224</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ 316</u>

	<u>Balance at</u> <u>Beginning of</u>	<u>Transfer and</u>	<u>Transfers and</u>	<u>Balance at End</u>
	<u>Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>of Year</u>
Arlington Convention and Visitors Bureau, Inc.				
Capital asset, being depreciated:				
Machinery and equipment	\$ 739	\$ 9	\$ -	\$ 748
Total capital assets, being depreciated	<u>739</u>	<u>9</u>	<u>-</u>	<u>748</u>
Less accumulated depreciation for:				
Machinery and equipment	(578)	(74)	-	(652)
Total accumulated depreciation	<u>(578)</u>	<u>(74)</u>	<u>-</u>	<u>(652)</u>
Arlington Convention and Visitors Bureau, Inc.				
Capital assets, net	<u>\$ 161</u>	<u>\$ (65)</u>	<u>\$ -</u>	<u>\$ 96</u>

6. PENSION AND EMPLOYEE BENEFIT 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 plan in the state-wide Texas Municipal Retirement System (TMRS), one of 888 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 comprehensive annual financial report (CAFR) 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,876
Inactive employees entitled to but not yet receiving benefits	1,204
Active Employees	<u>2,578</u>
	5,658

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 15.96% and 16.29% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$29,866,086 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, 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 December 31, 2019 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 0219 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, 2019, 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 2020 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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 10/01/2019	\$ 1,249,596,102	\$ 1,033,827,549	\$ 215,768,553
Changes for the year:			
Service Cost	30,217,987	-	30,217,987
Interest	83,399,154	-	83,399,154
Change of benefit terms	-	-	-
Difference between expected and actual experience	7,744,979	-	7,744,979
Changes of assumptions	4,696,314	-	4,696,314
Contributions-employer	-	29,405,052	(29,405,052)
Contributions-employee	-	13,023,433	(13,023,433)
Net investment income	-	159,738,998	(159,738,998)
Benefit payments, including refunds of employee contributions	(58,324,155)	(58,324,155)	-
Administrative expense	-	(903,100)	903,100
Other changes	-	(27,128)	27,128
Net changes	67,734,279	142,913,100	(75,178,821)
Balance at 09/30/20	\$ 1,317,330,381	\$ 1,176,740,649	\$ 140,589,732

Plan fiduciary net position as a percentage of the total pension liability	89.33%
Covered payroll	\$185,842,479
Net pension liability as a percentage of covered payroll	75.65%

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, 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 (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	\$325,286,635	\$140,589,732	(\$11,108,370)

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, 2020, the City recognized pension expense of \$39,821,981.

At September 30, 2020, 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	\$ -	\$36,149,000
Changes of assumptions	15,983,000	-
Net difference between projected actual earnings on pension plan investments	-	-
Contributions subsequent to the measurement date	195,990,000	-
Total	\$211,973,000	\$36,149,000

\$195,990,000 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, 2021. 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:	
2020	\$ (5,007,046)
2021	(5,559,008)
2022	6,744,899
2023	(16,344,882)
2024	-
Thereafter	-
Total	\$ (20,166,037)

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 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, 2020, 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, 2020, was \$76,850 and was equal to the required contributions.

At the June 30, 2020 valuation and measurement date, the following employees were covered by the terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	3,528
Active Employees	<u>778</u>
	4,329

Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of June 30, 2020 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, 2020 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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance at 10/01/2019	\$ 2,799,188	\$ 2,999,905	\$ (200,717)
Changes for the year:			
Service Cost	174,664	-	174,664
Interest	141,268	-	141,268
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions-employer	-	76,850	(76,850)
Contributions-employee	-	98,126	(98,126)
Net investment income	-	248,242	(248,242)
Benefit payments, including refunds of employee contributions	(122,330)	(122,330)	-
Administrative expense	-	(57,037)	57,037
Other changes	-	24,800	(24,800)
Net changes	193,602	268,651	(75,049)
Balance at 09/30/20	\$ 2,992,790	\$ 3,268,556	\$ (275,766)

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

The following presents the net pension 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	(\$4,699)	(\$275,766)	(\$498,367)

Pension Plan Fiduciary Net Position

The financial statements of the plan are presented below.

City of Arlington, Texas
Part-time, Seasonal and Temporary
Employees Deferred Income Plan

Statement of Fiduciary Net Position
June 30, 2020

Assets	
Cash and deposits	\$ 88,210
Receivables	9,226
Accrued Interest	-
Investments	
Mutual funds - bonds	2,442,388
Mutual funds - equities	<u>728,732</u>
Total investments	<u>3,171,120</u>
Total assets	<u>\$ 3,268,556</u>
Liabilities	
Accrued expenses	<u>\$ -</u>
Net position restricted for pensions	<u>\$ 3,268,556</u>

Statement of Changes in Fiduciary Net Position
for the Year Ended June 30, 2020

Additions	
Contributions:	
Employer	\$ 76,850
Employees	<u>98,126</u>
Total contributions	<u>174,976</u>
Net investment income	
Interest and dividends	17,261
Net appreciation in fair value of investments	<u>230,981</u>
Total investments	<u>248,242</u>
Other	<u>24,800</u>
Total additions	<u>448,018</u>
Deductions	
Benefit payments	122,330
Administrative expenses	<u>57,037</u>
Total deductions	<u>179,367</u>
Net increase in net position	268,651
Net position restricted for pensions	
Beginning of year	<u>2,999,905</u>
End of year	<u>\$ 3,268,556</u>

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

For the year ended September 30, 2020, the City recognized pension expense of \$98,126.

At September 30, 2020, 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	28,227	118,146
Contributions subsequent to the measurement date	20,000	-
Total	\$48,227	\$118,146

\$20,000 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, 2021. 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:	
2021	\$ (18,155)
2022	(19,268)
2023	(32,823)
2024	(19,673)
2025	-
Thereafter	-
Total	\$ (89,919)

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	(\$163,317)
PST DIP	<u>15</u>
Total	(\$163,302)

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, 2020, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$261,957,000.

The City's total payroll during fiscal 2020 was \$191,207,000. The current year contribution was calculated based on a covered payroll of \$134,460,000, resulting in a required and actual employer contribution of \$3,738,000 and actual employee contributions of \$9,483,000. The employer contribution represents 2.91 percent of the covered payroll. The employee contribution represents approximately 7.08 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2020. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

Its financial statements are presented below as of and for the year-ended September 30, 2020. (amounts in thousands):

ASSETS	
Investments	261,957
Total Assets	<u>\$ 261,957</u>
LIABILITIES	
Accounts Payable	-
Retired City Mgr 401(k) plan payable	59
Total Liabilities	<u>\$ 59</u>
NET POSITION	
Held in trust for pension benefits	261,898
Assigned pension trust	-
Total Net Position	<u>261,898</u>

Changes in Net Position
Thrift Savings Plan

ADDITIONS	
Employer contributions	\$ 3,914
Employee contributions	9,524
Net appreciation in fair value of investments	34,387
Other additions	100
	<u>47,925</u>
DEDUCTIONS	
Benefits	13,154
Plan administration	142
Other deductions	80
	<u>13,376</u>
Increase in Net Position	34,549
Net Position, October 1	227,349
Net position, September 30	<u>\$ 261,898</u>

City contributions for the above plans for the year ended September 30, 2020, are as follows (amounts in thousands):

TMRS	\$29,866
THRIFT	3,914
PTDIT	<u>75</u>
	<u>\$33,857</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, 2020. (amounts in thousands):

ASSETS

Cash and cash-like investments	\$ -
Investments:	
U.S. Government securities	25
Common stock mutual funds	802
Balanced mutual funds	268
Participant borrowing	282
Total investments	1,377
	<u>-</u>
Total Assets	<u>\$ 1,377</u>

LIABILITIES

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

NET POSITION

Restricted for OPEB	<u>1,377</u>
Total Net Position	<u>\$ 1,377</u>

**Changes in Net Position
Disability Income Plan**

Additions	
Employer contributions	77
Other additions	114
Total Additions	191
 Deductions	
Benefits	119
Plan Administration	24
Total Deductions	143
Increase in Net Position	48
Net Position, October 1	1,329
Net Position, September 30	\$ 1,377

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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	10
Inactive, Nonretired Members	1
Active Members	0
	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, 2020, the City contributed \$77,000 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, 2019.

Actuarial assumptions:

The Total Disability Income Plan Liability in the December 31, 2019 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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at 10/01/2019	\$1,408,844	\$1,246,151	\$162,693
Changes for the year:			
Service Cost	-	-	-
Interest on total OPEB liability	67,549	-	67,549
Change of benefit terms	-	-	-
Difference between expected and actual experience	(91,774)	-	(91,774)
Changes of assumptions or other inputs	-	-	-
Employer contributions	-	80,319	(80,319)
Net investment income	-	155,531	(155,531)
Benefit Payments	(115,737)	(115,737)	-
Administrative expense		(32,464)	32,464
Net changes	(139,962)	87,649	(227,611)
Balance at 9/30/20	\$1,268,882	\$1,333,800	\$ (64,918)

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

Regarding the sensitivity of the net OPEB (asset) liability to changes in the Single Discount Rate, the following presents the plan's net OPEB liability, calculated using a discount rate of 5.00%, as well as what the plan's net OPEB liability 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	\$44,895	(\$64,918)	(\$159,475)

At September 30, 2020, 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	56,785	-
Net difference between projected and actual earnings on OPEB plan investments	-	36,320
Total	\$56,785	\$ 36,320

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:	
2021	(8,003)
2022	(8,002)
2023	(1,331)
2024	(18,984)
Thereafter	-
Total	\$ (36,320)

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, 2019, there were 250 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, 2020 were \$6,583,000.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	815
Inactive employees entitled to but not yet receiving benefits	250
Active Employees	<u>2,475</u>
	3,540

Net OPEB Liability

The City’s Total OPEB Liability was measured as of December 31, 2019.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

.Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75%
Inflation	2.50% per year
Salary Increases	3.50% to 10.50%, 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 7.10% declining to an ultimate rate of 4.25% after 14 years; Post-65: Initial rate of 6.40% declining to an ultimate rate of 4.25% after 14 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 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/19	\$ 111,705,193
Changes for the year:	
Service Cost	2,267,816
Interest on total OPEB liability	4,077,730
Change of benefit terms	-
Difference between expected and actual experience	(3,486,806)
Changes of assumptions or other inputs	6,920,378
Benefit Payments	(5,854,499)
Net changes	3,924,619
Balance at 9/30/20	115,629,812

Covered-employee payroll	\$167,712,006
Total OPEB liability as a percentage of covered payroll	68.95%

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 2.75%, 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	Discount Rate (1.75%)	Discount Rate (2.75%)	Discount Rate (3.75%)
City’s total OPEB liability	\$128,058,769	\$115,629,812	\$104,908,358

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	\$110,791,044	\$115,629,812	\$121,232,749

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,267,375	\$ 2,988,042
Changes of assumptions and other inputs	9,105,098	1,770,276
Benefit payments subsequent to the measurement	4,827,540	n/a
Total	\$ 15,200,013	\$ 4,758,318

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:	
2021	\$ 1,177,302
2022	1,177,302
2023	1,177,302
2024	1,177,302
2025	420,309
Thereafter	484,638
Total	\$ 5,614,155

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 postemployment 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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,500
Inactive employees entitled to but not yet receiving benefits	391
Active Employees	<u>2,578</u>
	4,469

Contributions

The total contribution rate is for .15% of employee gross earnings, with .04% of that rate being the retiree portion. The City's contributions to TMRS for the year ended September 30, 2020, were \$74,422.

Net Pension Liability

The City's Total OPEB Liability was measured as of December 31, 2019

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2019 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	2.75%

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, 2019, 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 2.75%, down from 3.75% in the previous year..

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/2019	\$ 8,249,995
Changes for the year:	
Service Cost	241,595
Interest on total OPEB liability	309,177
Change of benefit terms	-
Difference between expected and actual experience	(238,208)
Changes of assumptions or other inputs	1,642,715
Benefit Payments	(74,337)
Net changes	1,880,942
Balance at 9/30/20	10,130,937

Total OPEB liability as a percentage of covered payroll 5.45%

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 2.75%, 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 (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	Discount Rate (1.75%)	Discount Rate (2.75%)	Discount Rate (3.75%)
City’s total OPEB liability	\$12,377,822	\$10,130,937	\$8,398,096

At September 30, 2019, 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	\$ -	\$268,405
Changes of assumptions and other inputs	1,293,821	-
Benefits subsequent to the measurement date	56,336	n/a
Total	\$1,350,157	\$268,405

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:	
2021	\$ 236,733
2022	236,733
2023	220,873
2024	131,120
Thereafter	199,957
Total	\$ 1,025,416

8. DEBT AND LIABILITIES

General Obligation Bonds

On May 15, 2020, the City issued Permanent Improvement Refunding Bonds, Series 2020 of \$8,720,000 with an interest rate of 2.00 to 5.00 percent and serial maturities on August 15 from 2021 through 2030. Interest on the bonds is due every February 15 and August 15, beginning February 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 2020 bonds. Total interest requirements for the Series 2020 bonds at a rate from 2.00 to 5.00 percent is \$1,465,915 in the aggregate.

On July 15, 2020 the City issued Permanent Improvement Bonds, Series 2020A of \$39,625,000 with an interest rate of 2.00 to 5.00 percent and serial maturities on August 15 from 2022 through 2040. Interest on the bonds is due every February 15 and August 15, beginning February 15, 2021. The bonds were issued to provide funds for permanent public improvements, to wit: 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; designing, constructing, reconstructing, improving, renovating, expanding, equipping, and furnishing firefighting facilities, including fire station facilities, and administrative facilities; acquiring, developing, renovating and improving parks and open spaces for park and recreation purposes in and for the City; and paying the costs of issuance of the Bonds. Total interest requirements for the Series 2020A bonds at a rate from 2.00 to 5.00 percent is \$15,510,161 in the aggregate.

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

Purpose	Interest Rates	Amount
Governmental activities	2.00-5.00%	\$ 265,565
Governmental activities - refunding	1.00-5.00%	112,085
Total Governmental		<u>\$ 377,650</u>

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

Year Ending September 30	Principal	Interest
2021	\$ 28,440	\$ 14,382
2022	29,325	13,166
2023	28,100	12,064
2024	27,015	10,840
2025	25,935	9,661
2026-2030	116,315	32,463
2031-2035	85,245	13,390
2036-2040	37,275	2,363
	<u>\$ 377,650</u>	<u>\$ 108,328</u>

General obligation debt authorized and unissued as of September 30, 2020, amounted to \$224,515,000.

General Obligation Pension Bonds

On August 15, 2020, the City issued General Obligation Pension Bonds, Taxable Series 2020 of \$174,665,000 with an interest rate of .206 to 2.146 percent and serial maturities on August 15 from 2021 through 2038. Interest on the bonds is due every February 15 and August 15, beginning February 15, 2021. The bonds were issued to provide funds to pay a portion of the City's accrued unfunded liability to the Texas Municipal Retirement System and to pay the costs of issuance of the bonds. Total interest requirements for the Series 2020 bonds at a rate from 2.00 to 5.00 percent is \$29,124,493 in the aggregate.

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

Year Ending September 30	Principal	Interest
2021	\$ 8,620	\$ 2,151
2022	8,975	2,379
2023	9,005	2,352
2024	9,035	2,317
2025	9,090	2,262
2026-2030	46,810	9,961
2031-2035	50,455	6,312
2036-2038	32,675	1,390
	<u>\$ 174,665</u>	<u>\$ 29,124</u>

Certificates of Obligation

On May 15, 2020, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2020 of \$9,205,000 with an interest rate of 2.00 to 5.00 percent. The Series 2020 Certificates will mature on August 15 over a period from 2021 to 2030. Interest is payable February 15 and August 15, beginning February 15, 2021. The total interest

requirement for the Series 2020 at a rate of 2.00 to 5.00 percent is \$1,719,436 in the aggregate. The certificates were issued to provide funds for acquisition and installation of firefighting vehicles and equipment; acquisition and installation of aircraft rescue and firefighting vehicles and equipment; information technology infrastructure and equipment for the City's public safety operations, design, development, construction, improvement and equipping of City drainage improvements and facilities; and to pay for professional services of attorneys, financial advisors and other professionals in connection with the issuance of the Certificates and the costs of issuance.

Annual debt service requirements to maturity for certificates of obligation of the primary government as of 9/30/20 are as follows (amounts in thousands):

Year Ending September 30	Principal	Interest
2021	\$ 6,410	\$ 2,146
2022	6,615	1,926
2023	6,715	1,745
2024	6,810	1,533
2025	6,050	1,285
2026-2030	21,615	3,759
2031-2035	9,865	1,054
2036-2040	795	24
	<u>\$ 64,875</u>	<u>\$ 13,470</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 May 2020, the City issued \$5,185,000 in Water and Wastewater System Revenue Refunding Bonds, Series 2020A. Proceeds from the sale of these bonds will be used to provide funds to refund certain currently outstanding revenue obligations of the City in order to achieve debt service savings and to pay costs of issuance associated with the sale of the 2020A Bonds. These bonds mature June 1 over a period from 2021 to 2030. Interest, at a rate of 2.00 to 5.00 percent, is \$911,310 in the aggregate.

In May 2020, the City issued \$9,845,000 in Municipal Drainage Utility System Revenue Bonds, Series 2020A. Proceeds from the sale of these bonds will be used to pay the costs of drainage improvements, including the acquisition and construction of equipment and facilities of the System and to pay costs of issuance associated with the sale of the 2020A Bonds. These bonds mature June 1 over a period from 2021 to 2040 and as a Term Bond maturing on June 1, 2040. Interest, at a rate of 2.00 to 5.00 percent, is \$3,125,999 in the aggregate.

In May 2020, the City issued \$13,540,000 in Municipal Drainage Utility System Revenue Refunding Bonds, Series 2020B. Proceeds from the sale of these bonds will be used for the purpose of providing funds to refund certain currently outstanding revenue obligations of the City, in order to achieve debt service savings and to pay costs of issuance associated with the sale of the 2020B Bonds. These bonds mature June 1 over a period from 2021 to 2031 and as a Term Bond maturing on June 1, 2031. Interest, at a rate of 1.00 to 1.95 percent, is \$1,310,133 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
2021	\$ 15,590	\$ 6,991	\$ 6,275	\$ 387	\$ 3,075	\$ 1,268
2022	14,775	6,409	6,275	378	3,070	1,167
2023	14,750	5,889	6,270	366	3,035	1,087
2024	13,970	5,364	6,270	353	2,980	1,007
2025	13,145	4,827	6,270	337	2,930	928
2026-2030	58,665	16,369	31,310	1,375	14,160	3,322
2031-2035	44,775	6,700	27,640	798	8,945	1,451
2036-2040	16,100	982	18,815	196	5,515	374
	<u>\$ 191,770</u>	<u>\$ 53,531</u>	<u>\$ 109,125</u>	<u>\$ 4,189</u>	<u>\$ 43,710</u>	<u>\$ 10,603</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, 2020, net pledged revenues for the water enterprise fund were \$81,791,000 and debt service on the revenue bonds was \$27,823,000. The same pledge for repayment applies to the City's Storm Water Utility revenue of \$14,223,000 for the bonds issued in fiscal year 2020.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2020 (amounts expressed in thousands):

	<u>10/1/2019</u>	<u>Increases</u>	<u>Reductions</u>	<u>9/30/2020</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$ 367,405	\$ 223,011	\$ (38,101)	\$ 552,315	\$ 37,060
Certificates of obligation	61,085	9,205	(5,415)	64,875	6,410
Special tax revenue debt	570,375	-	(2,030)	568,345	3,510
Premium on general bonds	22,868	10,406	(4,313)	28,961	-
Premium on special bonds	53,545	-	(3,427)	50,118	-
Discount on special bonds	(1,512)	(674)	217	(1,969)	-
Net governmental bonds payable	<u>1,073,766</u>	<u>241,948</u>	<u>(53,069)</u>	<u>1,262,645</u>	<u>46,980</u>
Compensated absences	33,831	4,178	(1,346)	36,663	1,394
Claims	9,378	5,436	(4,778)	10,036	4,365
Landfill Closure	22,671	-	(358)	22,313	-
Estimated pollution remediation	476	-	(476)	-	-
Net other post-employ benefit oblg.	112,321	5,428	(228)	117,522	-
Net pension liability*	201,544	-	(70,367)	131,177	-
Total governmental long-term liabilities	<u>\$ 1,453,987</u>	<u>\$ 256,990</u>	<u>\$ (130,622)</u>	<u>\$1,580,356</u>	<u>\$ 52,739</u>
Business-type activities:					
Water and sewer bonds	\$ 324,360	\$ 5,185	\$ (28,650)	\$ 300,895	\$ 21,865
Premium on water and sewer bonds	10,712	468	(1,676)	9,504	-
Storm water utility bonds	35,470	23,385	(15,145)	43,710	3,075
Premium/Discount on storm water utility	<u>1,500</u>	<u>1,071</u>	<u>(801)</u>	<u>1,770</u>	<u>-</u>
Net water and sewer bonds payable	<u>372,042</u>	<u>30,109</u>	<u>(46,272)</u>	<u>355,879</u>	<u>24,940</u>
Compensated Absences	2,470	527	(116)	2,881	102
Net other post-employ benefit oblg.	7,797	377	-	8,174	-
Net pension liability	14,025	-	(4,887)	9,138	-
Rebatable arbitrage payable	<u>169</u>	<u>32</u>	<u>-</u>	<u>201</u>	<u>-</u>
Total business-type long term liabilities	<u>\$ 396,503</u>	<u>\$ 31,045</u>	<u>\$ (51,275)</u>	<u>\$ 376,273</u>	<u>\$ 25,042</u>

9. PRIOR YEAR BOND REFUNDINGS

In FY20 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, 2020, previously defeased debt still outstanding amounted to \$12,800,000.

Bond	Maturity Date	Interest Rate	Par Amount
Perm Imp & Ref Bds, Series 2010, 2010, SERIALS:	8/15/2021	5.000%	\$ 230,000.00
	8/15/2022	5.000%	230,000.00
	8/15/2023	5.000%	230,000.00
	8/15/2024	5.000%	230,000.00
	8/15/2025	5.000%	225,000.00
	8/15/2026	5.000%	225,000.00
	8/15/2027	5.000%	215,000.00
	8/15/2028	4.000%	1,055,000.00
	8/15/2029	4.125%	1,055,000.00
	8/15/2030	4.250%	1,055,000.00
			\$ 4,750,000.00
Perm Imp Ref Bds, Series 2010A, 2010A, SERIALS:	8/15/2021	4.000%	\$ 2,060,000.00
	8/15/2022	4.000%	2,015,000.00
	8/15/2023	4.000%	800,000.00
			\$ 4,875,000.00
			\$ 9,625,000.00

Bond	Maturity Date	Interest Rate	Par Amount
Water and Wastewater System Revenue and Refunding Bonds, Series 2010, SERIALS:	6/1/2021	5.000%	\$ 1,245,000.00
	6/1/2022	4.000%	490,000.00
	6/1/2023	4.000%	490,000.00
	6/1/2024	4.000%	490,000.00
	6/1/2025	4.000%	490,000.00
	6/1/2026	4.000%	490,000.00
	6/1/2027	4.000%	490,000.00
	6/1/2028	4.000%	490,000.00
	6/1/2029	4.125%	490,000.00
	6/1/2030	4.250%	485,000.00
			\$ 5,650,000.00

Bond	Maturity Date	Interest Rate	Par Amount
Mun Dr Util Sys Rev Bds, Ser 2011, 2011, SERIALS:	6/1/2022	4.000%	\$ 1,280,000.00
	6/1/2023	5.000%	1,280,000.00
	6/1/2024	5.000%	1,280,000.00
	6/1/2025	4.000%	1,280,000.00
	6/1/2026	4.000%	1,280,000.00
	6/1/2027	4.000%	1,280,000.00
	6/1/2028	4.125%	1,280,000.00
	6/1/2029	4.250%	1,280,000.00
	6/1/2030	4.375%	1,280,000.00
	6/1/2031	4.500%	1,280,000.00
			<u>\$ 12,800,000.00</u>

10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2019, is as follows (amounts in thousands):

Fund	Interfund Receivables	Interfund Payables
General Fund	\$4,266	\$ -
Nonmajor Funds	<u>-</u>	<u>4,266</u>
	<u>\$4,266</u>	<u>\$4,266</u>

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2020. Transfers between funds during the year were as follows (amounts in thousands):

	Transfers Out	Transfers In
Major Governmental Funds:		
General Fund	\$ 11,486	\$ 22,042
Street Capital Projects	831	-
Debt Service Fund	<u>-</u>	<u>-</u>
Total Major Governmental Funds	12,317	22,042
Major Enterprise Fund-Water and Sewer	39,684	11,874
Major Enterprise Fund-Storm Water Utility	1,504	-
Other Funds:		
Nonmajor Governmental Funds	14,599	44,655
Internal Service Funds	-	1,407
Government-wide trans to enterprise	<u>11,874</u>	<u>-</u>
Total All Funds	<u>\$79,978</u>	<u>\$79,978</u>

The Water and Sewer, Storm Water Utility, and Convention and Event Services transferred \$5,449,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$6,141,000 to Street Maintenance Fund and Special Transportation (Handitrans) to cover

budgeted operating expenses.

The Enterprise Funds transferred \$14,029,000 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 postclosure care costs in accordance with GASB No. 18, "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure 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. The \$22,313,000 reported as a landfill closure and post-closure accrued liability at September 30, 2020, represents the cumulative amount reported to date based on the use of approximately 43 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$5,555,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. The City expects to close the landfill in 2060. Actual costs may change due to inflation, changes in technology, or changes in regulations.

On March 18, 2005, the City entered into a contract with Republic Waste Services of Texas, Ltd. (Republic) for a 20-year renewable operating lease of the landfill. The City received an initial payment of \$15 million; the remaining balance of deferred revenue of \$2,058,000 will be amortized over the life of the lease. Republic is responsible for the funding of monthly contributions to a trust account that will pay closure and post-closure costs as required by state and federal laws and regulations. Republic is in compliance with these requirements and at September 30, 2020, investments are held for these purposes.

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, 2020. 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	\$ 33,144	\$ 25,341
Park Construction	83,801	8,711
Traffic Construction	7,525	13
Library Construction	5,749	6,246
Storm Water Utility Construction	37,926	16,816
Water and Sewer Construction	48,609	35,221
	<u>\$ 216,754</u>	<u>\$ 92,348</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, 2020, 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 insurance 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 \$742,448 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 2019 and 2018 were as follows (amounts in thousands):

	Workers		Health		Self Insurance		Other	
	Compensation				Risk Management			
	2020	2019	2020	2019	2020	2019	2020	2019
Unpaid claims, Oct 1	\$3,912	\$3,719	\$ 2,226	\$ 2,264	\$2,584	\$2,940	\$ -	\$ -
Incurred Claims (including IBNRs and changes in estimates)	1,057	2,162	28,053	23,024	1,993	362	738	656
Claim payments	(1,237)	(1,969)	(27,832)	(23,062)	(1,458)	(718)	-	-
Unpaid claims, Sept 30	<u>\$3,732</u>	<u>\$3,912</u>	<u>\$ 2,447</u>	<u>\$ 2,226</u>	<u>\$3,119</u>	<u>\$2,584</u>	<u>\$ 738</u>	<u>\$ 656</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 2020 were approximately \$311,015.

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").

The Dispute Settlement Agreement requires the Rangers to make annual installment payments, without interest, to the City on or before December 31 of each year as follows:

<u>Year</u>	<u>Amount</u>
2020	727,500
2021	727,500
2022	727,500
2023	727,500
2024	<u>715,829</u>
	3,625,829
Less Discount	<u>297,503</u>
	<u>\$3,328,326</u>

The total is reported as a settlement agreement receivable by the City. The payment amounts will be reduced effective in fiscal year 2016 to reflect reduced interest rates. The payment in 2024 is due on or before March 1. By entering into this agreement, the City agreed to release and discharge the Rangers from the Claim.

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 on 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>	
2021	\$2,000,000
2022	2,000,000
2023	2,000,000
2024	2,000,000
2025	2,000,000
Thereafter	<u>58,000,001</u>
	68,000,001
Less Discount	<u>26,199,596</u>
Minimum future lease rentals	<u>\$41,800,405</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, 2020, for all discretely presented component units is as follows (amounts in thousands):

Condensed Schedule of Net Position

	<u>Arlington Tomorrow Foundation</u>	<u>Housing Authority</u>	<u>Other Discretely Presented Component Units</u>	<u>Total Discretely Presented Component Units</u>
Current and other assets	\$ 82,732	\$ 6,562	\$ 3,441	\$ 92,735
Capital assets	-	316	4,750	5,066
Total assets	<u>82,732</u>	<u>6,878</u>	<u>8,191</u>	<u>97,801</u>
Other liabilities and deferred inflows of resources	<u>826</u>	<u>1,970</u>	<u>5,022</u>	<u>7,818</u>
Total liabilities	<u>826</u>	<u>1,970</u>	<u>5,022</u>	<u>7,818</u>
Net position:				
Net investment in capital assets	-	316	4,750	5,066
Restricted	81,906	232	-	82,138
Unrestricted	-	4,360	(1,581)	2,779
Total net position	<u>\$ 81,906</u>	<u>\$ 4,908</u>	<u>\$ 3,169</u>	<u>\$ 89,983</u>

Condensed Schedule of Activities

	<u>Arlington Tomorrow Foundation</u>	<u>Housing Authority</u>	<u>Other Discretely Presented Component Units</u>	<u>Total Discretely Presented Component Units</u>
Expenses	<u>\$ 4,804</u>	<u>\$ 33,466</u>	<u>\$ 16,708</u>	<u>\$ 54,978</u>
Program Revenues:				
Charges for services	-	-	7,235	7,235
Operating grants and contributions	-	33,815	10,170	43,985
Capital grants and contributions	-	-	-	-
Net Program (Expense) Revenue	<u>(4,804)</u>	<u>349</u>	<u>697</u>	<u>(3,758)</u>
Interest Revenues	5,968	43	26	6,037
Other NonTax General Revenues	<u>3,612</u>	<u>279</u>	<u>(2,043)</u>	<u>1,848</u>
Change in Net Position	4,776	671	(1,320)	4,127
Net position, October 1	<u>77,130</u>	<u>4,237</u>	<u>4,489</u>	<u>85,856</u>
Net position, September 30	<u>\$ 81,906</u>	<u>\$ 4,908</u>	<u>\$ 3,169</u>	<u>\$ 89,983</u>

18. TAX ABATEMENTS

As of September 30, 2020, 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	904,639	135,540	599,753	205,246	-
Recruitment	514,565	4,273,056	-	-	-
Retention	4,052,620	-	-	-	94,502
Total Tax Abated	5,471,824	4,408,596	599,753	205,246	94,502

For the fiscal year ended September 30, 2020, the City’s property tax revenues were reduced by \$5,471,824 under active tax abatement and Chapter 380 agreements for Development/Redevelopment, Recruitment, and Retention. Sales tax revenues were reduced by a total of \$4,408,596 for Development/Redevelopment and Recruitment abatements. Hotel occupancy tax revenues were reduced by \$599,753 and mixed beverage taxes were reduced by \$205,246 for Development/Redevelopment abatements. In addition to tax abatements/rebatements, recipients qualified for \$94,502 in other commitments from the City in the form of development fee waivers or grants for hiring Arlington residents.

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, 2020, the City has no environmental remediation liability as remediation has been completed.

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, 2020
(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	\$ 190,014	\$ 190,014	\$ 181,320	\$ -	\$ 181,320	\$ (8,694)
Licenses and permits	7,337	7,337	9,796	-	9,796	2,459
Utility franchise fees	35,806	35,806	22,048	9,506	31,554	(4,252)
Fines and forfeitures	11,150	11,150	9,205	-	9,205	(1,945)
Leases, rents and concessions	5,421	5,421	9,752	-	9,752	4,331
Service charges	17,139	17,139	7,940	7,387	15,327	(1,812)
Interest revenue	1,648	1,648	2,356	(893)	1,463	(185)
Other revenue	997	997	1,965	(1,070)	895	(102)
Net increase (decrease) in the fair value of investments	-	-	140	(140)	-	-
Total Revenues	<u>269,512</u>	<u>269,512</u>	<u>244,522</u>	<u>14,790</u>	<u>259,312</u>	<u>(10,200)</u>
EXPENDITURES						
Current-						
General government	45,881	45,881	40,454	1,330	41,784	4,097
Public safety	170,521	170,521	167,040	(3,380)	163,660	6,861
Public works	28,135	28,135	23,816	2,737	26,553	1,582
Public health	2,456	2,456	2,412	(80)	2,332	124
Parks and recreation	18,436	18,436	16,644	(818)	15,826	2,610
Total Expenditures	<u>265,429</u>	<u>265,429</u>	<u>250,366</u>	<u>(211)</u>	<u>250,155</u>	<u>15,274</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>4,083</u>	<u>4,083</u>	<u>(5,844)</u>	<u>15,001</u>	<u>9,157</u>	<u>5,074</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	8,371	8,371	22,042	(14,760)	7,282	(1,089)
Transfers out	(7,643)	(7,643)	(11,486)	3,149	(8,337)	(694)
Total Other Financing Sources (Uses)	<u>728</u>	<u>728</u>	<u>10,556</u>	<u>(11,611)</u>	<u>(1,055)</u>	<u>(1,783)</u>
Net Change In Fund Balances	<u>4,811</u>	<u>4,811</u>	<u>4,712</u>	<u>3,390</u>	<u>8,102</u>	<u>3,291</u>
Fund Balances, October 1	<u>65,898</u>	<u>65,898</u>	<u>65,898</u>	<u>65,898</u>	<u>65,898</u>	<u>-</u>
Fund Balances, September 30	<u>\$ 70,709</u>	<u>\$ 70,709</u>	<u>\$ 70,610</u>	<u>\$ 69,288</u>	<u>\$ 74,000</u>	<u>\$ 3,291</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>
\$	27,615,497	\$ 28,887,256	\$ 30,217,987
	75,735,090	79,408,986	83,399,154
	6,101,332	6,665,740	7,744,979
	-	-	4,696,314
	(56,616,054)	(54,703,360)	(58,324,155)
	52,835,865	60,258,622	67,734,279
	1,136,501,615	1,189,337,480	1,249,596,102
\$	<u>1,189,337,480</u>	<u>\$ 1,249,596,102</u>	<u>\$ 1,317,330,381</u>

\$	26,419,418	\$ 28,034,989	\$ 29,405,032
	11,876,965	12,429,434	13,023,433
	133,891,278	(32,369,787)	159,738,998
	(56,616,054)	(54,703,360)	(58,324,155)
	(694,027)	(625,874)	(903,100)
	(35,172)	(32,699)	(27,128)
	114,842,408	(47,267,297)	142,913,080
	966,252,437	1,081,094,845	1,033,827,548
\$	<u>1,081,094,845</u>	<u>\$ 1,033,827,548</u>	<u>\$ 1,176,740,628</u>

108,242,635	215,768,553	140,589,732
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90.90%	82.73%	89.33%
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169,628,359	177,549,206	185,842,479
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63.81%	121.53%	75.65%
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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	26 years
Asset Valuation Method	10 Year smoothed market; 15% 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
\$ 29,093,440	\$ 29,866,086
\$ 29,102,133	\$ 30,010,778
\$ (8,693)	\$ (144,692)
\$ 184,074,211	\$ 186,055,660
15.81%	16.13%

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>
\$ 185,246	\$ 194,554	\$ 174,664
131,661	134,220	141,268
(114,652)	(47,470)	-
-	-	-
(173,000)	(138,464)	(122,330)
29,255	142,840	193,602
2,627,093	2,656,348	2,799,188
<u>\$ 2,656,348</u>	<u>\$ 2,799,188</u>	<u>\$ 2,992,790</u>

\$ 46,504	\$ 82,293	\$ 76,850
100,133	109,711	98,126
71,859	206,103	248,242
(173,000)	(138,464)	(122,330)
(64,053)	(79,339)	(57,037)
-	-	24,800
(18,557)	180,304	268,651
2,838,158	2,819,601	2,999,905
<u>\$ 2,819,601</u>	<u>\$ 2,999,905</u>	<u>\$ 3,268,556</u>

(163,253)	(200,717)	(275,766)
-----------	-----------	-----------

106.15%	107.20%	109.20%
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3,335,054	3,555,541	3,270,867
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4.90%	5.50%	8.40%
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**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, 2020. 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

<u>2019</u>	<u>2020</u>
\$ 92,340	\$ 83,313
82,293	76,850
\$ 10,047	\$ 6,463
\$ 3,657,033	\$ 3,270,867
2.3%	2.3%

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

Notes to Schedule of Contributions

Valuation Date: December 31, 2019

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	3 years remaining, as of the beginning of FYE 20
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>
Total OPEB liability			
Service Cost	\$ 1,955,045	\$ 2,288,267	\$ 2,267,816
Interest on total pension liability	4,055,831	3,688,623	4,077,730
Difference between expected and actual experienc	-	1,772,265	(3,486,806)
Changes of assumptions	5,533,607	(2,475,508)	6,920,378
Benefit payments and refunds	(5,722,995)	(7,726,176)	(5,854,499)
Net change in total OPEB liability	5,821,488	(2,452,529)	3,924,619
Total OPEB liability-beginning	108,336,234	114,157,722	111,705,193
Total OPEB liability-ending	\$ 114,157,722	\$ 111,705,193	\$ 115,629,812
Covered employee payroll	151,329,108	171,282,611	167,712,006
Total OPEB liability as a percentage of payroll	75.36%	69.14%	68.95%

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019, decreases to the participation rate assumptions, and updates to the demographic assumptions based on the 2019 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>
Total OPEB liability			
Service Cost	\$ 220,517	\$ 284,079	\$ 241,595
Interest on total pension liability	280,476	284,647	309,177
Difference between expected and actual experience	-	(107,778)	(238,208)
Changes of assumptions	716,266	(633,002)	1,642,715
Benefit payments and refunds	(67,851)	(71,020)	(74,337)
Net change in total OPEB liability	1,149,408	(243,074)	1,880,942
Total pension liability-beginning	7,343,661	8,493,069	8,249,995
Total OPEB liability-ending	\$ 8,493,069	\$ 8,249,995	\$ 10,130,937
Covered employee payroll	n/a	n/a	n/a
Total OPEB liability as a percentage of payroll	n/a	n/a	n/a

Methods and Assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount rate	2.75%
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, Core 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, 2020
 (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-equivalent investments	\$ -	\$ 15,369	\$ 5,737	\$ 96	\$ -
Land held for resale	-	-	-	-	-
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	3,105	-	-	-
Other	-	-	-	-	-
Inventory, at cost	-	-	-	-	-
Due from other governments	1,521	-	-	80	762
Prepaid expenditures	-	-	-	-	-
Total Assets	<u>\$ 1,521</u>	<u>\$ 18,474</u>	<u>\$ 5,737</u>	<u>\$ 176</u>	<u>\$ 762</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 132	\$ 1,456	\$ -	\$ 23	\$ 198
Retainage payable	-	240	-	-	7
Unearned Revenue	-	-	-	-	54
Due to other funds	1,379	-	-	-	503
Total Liabilities	<u>1,511</u>	<u>1,696</u>	<u>-</u>	<u>23</u>	<u>762</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	-	-	-	-	-
Prepays	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	10	16,778	5,737	-	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	153	-
Assigned to:					
Park Performance	-	-	-	-	-
Special revenue	-	-	-	-	-
Court Security	-	-	-	-	-
Total Fund Balance	<u>10</u>	<u>16,778</u>	<u>5,737</u>	<u>153</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,521</u>	<u>\$ 18,474</u>	<u>\$ 5,737</u>	<u>\$ 176</u>	<u>\$ 762</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
\$ -	\$ 16,787	\$ 13,071	\$ 18,404	\$ 1,445	\$ 800	\$ 13,585	\$ 2,829	\$ 1,745
-	-	-	-	-	-	-	-	-
-	-	-	-	-	473	-	-	-
-	-	-	-	53	10	1,173	-	-
-	-	-	-	142	-	-	-	-
351	2,027	-	-	-	-	2,136	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 351</u>	<u>\$ 18,814</u>	<u>\$ 13,071</u>	<u>\$ 18,404</u>	<u>\$ 1,640</u>	<u>\$ 1,283</u>	<u>\$ 16,894</u>	<u>\$ 2,829</u>	<u>\$ 1,745</u>
\$ 73	\$ 1,833	\$ -	\$ -	\$ 749	\$ 201	\$ 5,698	\$ 69	\$ 2
-	-	-	-	-	-	-	-	-
11	16,831	-	-	5	246	-	-	-
267	-	-	-	-	825	1,292	-	-
<u>351</u>	<u>18,664</u>	<u>-</u>	<u>-</u>	<u>754</u>	<u>1,272</u>	<u>6,990</u>	<u>69</u>	<u>2</u>
-	-	23	-	-	-	-	-	-
-	-	<u>23</u>	-	-	-	-	-	-
-	-	-	-	142	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,760	1,743
-	150	-	-	-	-	7,864	-	-
-	-	-	-	-	-	-	-	-
-	-	13,048	18,404	-	11	937	-	-
-	-	-	-	744	-	-	-	-
-	-	-	-	-	-	1,103	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>150</u>	<u>13,048</u>	<u>18,404</u>	<u>886</u>	<u>11</u>	<u>9,904</u>	<u>2,760</u>	<u>1,743</u>
<u>\$ 351</u>	<u>\$ 18,814</u>	<u>\$ 13,071</u>	<u>\$ 18,404</u>	<u>\$ 1,640</u>	<u>\$ 1,283</u>	<u>\$ 16,894</u>	<u>\$ 2,829</u>	<u>\$ 1,745</u>

(continued)

CITY OF ARLINGTON, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				Total Nonmajor Governmental Funds
	Park	TIRZ #5	Traffic	Other Capital Projects	
ASSETS					
Cash and cash-equivalent investments	\$ 27,779	\$ 421	\$ 3,735	\$ 15,452	\$ 137,255
Land held for resale	-	-	-	7,653	7,653
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	473
Sales taxes	-	-	-	-	3,105
Other	-	-	-	-	1,236
Inventory, at cost	-	-	-	-	142
Due from other governments	-	-	-	-	6,877
Prepaid expenditures	-	-	-	-	-
Total Assets	<u>\$ 27,779</u>	<u>\$ 421</u>	<u>\$ 3,735</u>	<u>\$ 23,105</u>	<u>\$ 156,741</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,880	\$ -	\$ 13	\$ 718	\$ 13,045
Retainage payable	2,369	-	-	234	2,850
Unearned Revenue	-	-	-	-	17,147
Due to other funds	-	-	-	-	4,266
Total Liabilities	<u>4,249</u>	<u>-</u>	<u>13</u>	<u>952</u>	<u>37,308</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	-	-	-	-	142
Prepays	-	-	-	-	-
Restricted for:					
Capital projects	-	421	-	22,153	27,077
Special revenue	-	-	-	-	30,539
Committed:					
Capital projects	23,530	-	3,722	-	27,252
Special revenue	-	-	-	-	32,553
Assigned:					
Park performance	-	-	-	-	744
Special revenue	-	-	-	-	1,103
Court Security	-	-	-	-	-
Total Fund Balance	<u>23,530</u>	<u>421</u>	<u>3,722</u>	<u>22,153</u>	<u>119,410</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 27,779</u>	<u>\$ 421</u>	<u>\$ 3,735</u>	<u>\$ 23,105</u>	<u>\$ 156,741</u>



CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
REVENUES					
Taxes	\$ -	\$ 17,112	\$ 1,876	\$ -	\$ -
Leases, rents and concessions	-	-	-	-	-
Service charges	182	-	-	-	-
Intergovernmental	2,424	-	-	358	3,583
Interest revenue	-	264	76	-	-
Net increase (decrease) in the fair value of investments	-	38	13	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	1	-	-	-	22
Total Revenues	<u>2,607</u>	<u>17,414</u>	<u>1,965</u>	<u>358</u>	<u>3,605</u>
EXPENDITURES					
Current:					
General government	-	-	570	-	-
Public safety	-	-	-	396	-
Public works	-	22,764	-	-	-
Public health	-	-	-	-	-
Public welfare	2,772	-	-	-	3,605
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	20	-
Total Expenditures	<u>2,772</u>	<u>22,764</u>	<u>570</u>	<u>416</u>	<u>3,605</u>
Net change in fund balances	<u>(165)</u>	<u>(5,350)</u>	<u>1,395</u>	<u>(58)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in	165	5,835	-	58	-
Transfers out	-	(784)	-	-	-
Total Other Financing Sources (Uses)	<u>165</u>	<u>5,051</u>	<u>-</u>	<u>58</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	-	(299)	1,395	-	-
Fund Balance, October 1	10	17,077	4,342	153	-
Fund Balance, September 30	<u>\$ 10</u>	<u>\$ 16,778</u>	<u>\$ 5,737</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,135	\$ 11,701	\$ -	\$ -
-	-	-	-	-	2,500	-	-	-
-	-	-	-	8,713	942	2,379	-	-
904	8,016	-	-	-	-	5,835	-	-
-	-	214	149	104	-	47	72	28
-	-	19	72	-	-	2	2	5
-	-	-	-	-	-	-	-	-
-	-	3,874	-	-	-	-	-	-
-	-	99	-	-	-	-	-	-
62	-	210	291	4	10	2,872	-	-
<u>966</u>	<u>8,016</u>	<u>4,416</u>	<u>512</u>	<u>8,821</u>	<u>9,587</u>	<u>22,836</u>	<u>74</u>	<u>33</u>
-	-	-	-	-	-	2,547	2,466	-
-	7,923	-	-	-	-	3,438	-	-
-	-	-	-	-	-	7,663	-	-
-	-	-	-	-	-	575	-	-
966	-	722	15,900	-	-	1,036	-	-
-	-	-	-	11,066	-	1,176	-	-
-	-	-	-	-	12,674	5,224	-	-
-	-	-	-	-	42	-	-	65
<u>966</u>	<u>7,923</u>	<u>722</u>	<u>15,900</u>	<u>11,066</u>	<u>12,716</u>	<u>21,659</u>	<u>2,466</u>	<u>65</u>
-	93	3,694	(15,388)	(2,245)	(3,129)	1,177	(2,392)	(32)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	24,498	2,487	5,633	3,599	-	255
-	-	(5,099)	-	-	(3,650)	(790)	-	(59)
-	-	(5,099)	24,498	2,487	1,983	2,809	-	196
-	93	(1,405)	9,110	242	(1,146)	3,986	(2,392)	164
-	57	14,453	9,294	644	1,157	5,918	5,152	1,579
<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 13,048</u>	<u>\$ 18,404</u>	<u>\$ 886</u>	<u>\$ 11</u>	<u>\$ 9,904</u>	<u>\$ 2,760</u>	<u>\$ 1,743</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects			Other Capital Projects	Total Nonmajor Governmental Funds
	Park	TIRZ #5	Traffic		
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 36,824
Leases, rents and concessions	-	-	-	-	2,500
Service charges	2,203	-	-	-	14,419
Intergovernmental	-	-	-	-	21,120
Interest revenue	774	16	29	141	1,914
Net increase (decrease) in the fair value of investments	6	-	13	56	226
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	3,874
Gas lease other	-	-	-	-	99
Other	-	-	-	110	3,582
Total Revenues	<u>2,983</u>	<u>16</u>	<u>42</u>	<u>307</u>	<u>84,558</u>
EXPENDITURES					
Current:					
General government	-	-	-	62	5,645
Public safety	-	-	-	-	11,757
Public works	-	-	-	-	30,427
Public health	-	-	-	-	575
Public welfare	-	-	-	-	25,001
Parks and recreation	-	-	-	-	12,242
Convention and event services	-	-	-	-	17,898
Capital outlay	34,213	-	1,011	10,325	45,676
Total Expenditures	<u>34,213</u>	<u>-</u>	<u>1,011</u>	<u>10,387</u>	<u>149,221</u>
Net change in fund balances	<u>(31,230)</u>	<u>16</u>	<u>(969)</u>	<u>(10,080)</u>	<u>(64,663)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	1,198	-	1,047	7,334	9,579
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	6,351	6,351
Bond premium	234	-	205	2,204	2,643
Transfers in	745	-	1,380	-	44,655
Transfers out	(3,667)	(550)	-	-	(14,599)
Total Other Financing Sources (Uses)	<u>(1,490)</u>	<u>(550)</u>	<u>2,632</u>	<u>15,889</u>	<u>48,629</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	<u>(32,720)</u>	<u>(534)</u>	<u>1,663</u>	<u>5,809</u>	<u>(16,034)</u>
Fund Balance, October 1	<u>56,250</u>	<u>955</u>	<u>2,059</u>	<u>16,344</u>	<u>135,444</u>
Fund Balance, September 30	<u>\$ 23,530</u>	<u>\$ 421</u>	<u>\$ 3,722</u>	<u>\$ 22,153</u>	<u>\$ 119,410</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(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						
Taxes	\$ 50,220	\$ 50,220	\$ 85,949	\$ (36,984)	\$ 48,965	\$ (1,255)
Interest revenue	563	563	874	(352)	522	(41)
Net increase (decrease) in fair value of investments	-	-	8	-	8	8
Leases, rents and concessions	-	-	-	-	-	-
Other revenue	-	-	64	-	64	64
Total Revenues	<u>50,783</u>	<u>50,783</u>	<u>86,895</u>	<u>(37,336)</u>	<u>49,559</u>	<u>(1,224)</u>
EXPENDITURES						
Debt Service-						
Principal retirement	33,890	33,890	35,920	(2,030)	33,890	-
Redemption premium	-	-	-	-	-	-
Interest and fiscal charges	17,013	17,013	44,910	(27,365)	17,545	(532)
Total Expenditures	<u>50,903</u>	<u>50,903</u>	<u>80,830</u>	<u>(29,395)</u>	<u>51,435</u>	<u>(532)</u>
Deficiency of Revenues Under Expenditures	<u>(120)</u>	<u>(120)</u>	<u>6,065</u>	<u>(7,941)</u>	<u>(1,876)</u>	<u>(1,756)</u>
OTHER FINANCING SOURCES						
Bond premium	350	350	959	-	959	609
Proceeds from bonds	-	-	183,385	-	183,385	183,385
Issuance of refunding bonds	-	-	-	-	-	-
Refunding bond principal	-	-	(9,826)	-	(9,826)	(9,826)
Amount used to fund escrow account	-	-	(173,273)	-	(173,273)	(173,273)
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	<u>350</u>	<u>350</u>	<u>1,245</u>	<u>-</u>	<u>1,245</u>	<u>895</u>
Net Change In Fund Balances	<u>230</u>	<u>230</u>	<u>7,310</u>	<u>(7,941)</u>	<u>(631)</u>	<u>(861)</u>
Fund Balances - Beginning	<u>55,976</u>	<u>55,976</u>	<u>55,976</u>	<u>-</u>	<u>55,976</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 56,206</u>	<u>\$ 56,206</u>	<u>\$ 63,286</u>	<u>\$ (7,941)</u>	<u>\$ 55,345</u>	<u>\$ (861)</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
STREET MAINTENANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(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						
Taxes	\$ 17,400	\$ 17,400	\$ 17,112	\$ -	\$ 17,112	\$ (288)
Interest revenue	291	291	264	-	264	(27)
Net increase (decrease) in the fair value of investments	-	-	38	-	38	38
Other revenue	-	-	-	-	-	-
Total Revenues	<u>17,691</u>	<u>17,691</u>	<u>17,414</u>	<u>-</u>	<u>17,414</u>	<u>(277)</u>
EXPENDITURES						
Current-						
Public works	25,926	25,926	22,764	996	23,760	2,166
Total Expenditures	<u>25,926</u>	<u>25,926</u>	<u>22,764</u>	<u>996</u>	<u>23,760</u>	<u>2,166</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(8,235)</u>	<u>(8,235)</u>	<u>(5,350)</u>	<u>(996)</u>	<u>(6,346)</u>	<u>1,889</u>
OTHER FINANCING SOURCES						
Transfers in	6,544	6,544	5,835	709	6,544	-
Transfers out	-	-	(784)	784	-	-
Total Other Financing Sources	<u>6,544</u>	<u>6,544</u>	<u>5,051</u>	<u>1,493</u>	<u>6,544</u>	<u>-</u>
Net Change In Fund Balances	<u>(1,691)</u>	<u>(1,691)</u>	<u>(299)</u>	<u>497</u>	<u>198</u>	<u>1,889</u>
Fund Balances - Beginning	<u>17,077</u>	<u>17,077</u>	<u>17,077</u>	<u>-</u>	<u>17,077</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 15,386</u>	<u>\$ 15,386</u>	<u>\$ 16,778</u>	<u>\$ 497</u>	<u>\$ 17,275</u>	<u>\$ 1,889</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
PARK PERFORMANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(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	\$ 12,540	\$ 12,540	\$ 8,717	\$ -	\$ 8,717	\$ (3,823)
Interest revenue	-	-	104	-	104	104
Total Revenues	<u>12,540</u>	<u>12,540</u>	<u>8,821</u>	<u>-</u>	<u>8,821</u>	<u>(3,719)</u>
EXPENDITURES						
Current-						
Parks and recreation	14,621	14,621	11,066	175	11,241	3,380
Total Expenditures	<u>14,621</u>	<u>14,621</u>	<u>11,066</u>	<u>175</u>	<u>11,241</u>	<u>3,380</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(2,081)</u>	<u>(2,081)</u>	<u>(2,245)</u>	<u>(175)</u>	<u>(2,420)</u>	<u>(339)</u>
OTHER FINANCING USES						
Transfers in	1,972	1,972	2,487	-	2,487	515
Transfers out	-	-	-	-	-	-
Total Other Financing Uses	<u>1,972</u>	<u>1,972</u>	<u>2,487</u>	<u>-</u>	<u>2,487</u>	<u>515</u>
Net Change In Fund Balances	<u>(109)</u>	<u>(109)</u>	<u>242</u>	<u>(175)</u>	<u>67</u>	<u>176</u>
Fund Balances - Beginning	<u>644</u>	<u>644</u>	<u>644</u>	<u>-</u>	<u>644</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 535</u>	<u>\$ 535</u>	<u>\$ 886</u>	<u>\$ (175)</u>	<u>\$ 711</u>	<u>\$ 176</u>

**CITY OF ARLINGTON, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 CONVENTION AND EVENT SERVICES
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (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	\$ 10,291	\$ 10,291	\$ 6,135	\$ -	\$ 6,135	\$ (4,156)
Service charges	3,128	3,128	942	-	942	(2,186)
Stadium Rent/Naming Rights	2,500	2,500	2,500	-	2,500	-
Interest revenue	-	-	-	-	-	-
Net increase (decrease) in the fair value of investments	-	-	-	-	-	-
Other	-	-	10	-	10	10
Total Revenues	<u>15,919</u>	<u>15,919</u>	<u>9,587</u>	<u>-</u>	<u>9,587</u>	<u>(6,332)</u>
EXPENDITURES						
Current-						
Convention & event services	10,335	10,335	12,716	(4,152)	8,564	1,771
Total Expenditures	<u>10,335</u>	<u>10,335</u>	<u>12,716</u>	<u>(4,152)</u>	<u>8,564</u>	<u>1,771</u>
Excess Of Revenues Over Expenditures	<u>5,584</u>	<u>5,584</u>	<u>(3,129)</u>	<u>4,152</u>	<u>1,023</u>	<u>(4,561)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,058	3,058	5,633	-	5,633	2,575
Transfers out	(9,103)	(9,103)	(3,650)	(4,152)	(7,802)	1,301
Total Other Financing Sources (Uses)	<u>(6,045)</u>	<u>(6,045)</u>	<u>1,983</u>	<u>(4,152)</u>	<u>(2,169)</u>	<u>3,876</u>
Net Change In Fund Balances	(461)	(461)	(1,146)	-	(1,146)	(685)
Fund Balances - Beginning	1,157	1,157	1,157	-	1,157	-
Fund Balances - Ending	<u>\$ 696</u>	<u>\$ 696</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ (685)</u>

**CITY OF ARLINGTON, TEXAS
BUDGET COMPARISON SCHEDULE
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(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	\$ 79,726	\$ 79,726	\$ 81,555	\$ 1,178	\$ 82,733	\$ 3,007
Sewer service	74,583	74,583	73,241	(243)	72,998	(1,585)
Sundry	10,341	10,341	10,251	(2)	10,249	(92)
Total Operating Revenues	<u>164,650</u>	<u>164,650</u>	<u>165,047</u>	<u>933</u>	<u>165,980</u>	<u>1,330</u>
EXPENDITURES						
Purchases of water	\$ 25,983	\$ 25,983	\$ 20,406	\$ -	\$ 20,406	\$ 5,577
Purchase of sewage treatment	40,038	40,038	38,731	-	38,731	1,307
Salaries and wages	15,046	15,046	14,896	-	14,896	150
Employees' retirement	2,208	2,208	2,066	-	2,066	142
Supplies	2,982	2,982	2,766	42	2,808	174
Maintenance and repairs	4,850	4,850	4,235	211	4,446	404
Utilities	2,446	2,446	2,461	-	2,461	(15)
Franchise fees	9,339	9,339	-	9,506	9,506	(167)
Payment in lieu of taxes	4,434	4,434	-	4,434	4,434	-
Depreciation	-	-	20,061	(20,061)	-	-
Miscellaneous services	5,200	5,200	4,449	4	4,453	747
Total Operating Expenses	<u>112,526</u>	<u>112,526</u>	<u>110,071</u>	<u>(5,864)</u>	<u>104,207</u>	<u>8,319</u>
Operating Income	<u>52,124</u>	<u>52,124</u>	<u>54,976</u>	<u>6,797</u>	<u>61,773</u>	<u>9,649</u>
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	1,642	1,642	1,466	-	1,466	(176)
Net increase (decrease) in the fair value of investments	-	-	338	(338)	-	-
Interest expense and fiscal charges	(33,870)	(33,870)	(6,551)	(25,066)	(31,617)	2,253
Total Nonoperating Revenues (Expenses)	<u>(32,228)</u>	<u>(32,228)</u>	<u>(4,747)</u>	<u>(25,404)</u>	<u>(30,151)</u>	<u>2,077</u>
Income (loss) before operating transfers and contributions	<u>19,896</u>	<u>19,896</u>	<u>50,229</u>	<u>(18,607)</u>	<u>31,622</u>	<u>11,726</u>
Contributions in aid of construction	-	-	3,194	(3,194)	-	-
Transfers out	(19,573)	(19,573)	(27,810)	891	(26,919)	(7,346)
Change in net position	323	323	25,613	(20,910)	4,703	4,380
Total net position-beginning	<u>681,232</u>	<u>681,232</u>	<u>681,232</u>	<u>-</u>	<u>681,232</u>	<u>-</u>
Total net position-ending	<u>\$ 681,555</u>	<u>\$ 681,555</u>	<u>\$ 706,845</u>	<u>\$ (20,910)</u>	<u>\$ 685,935</u>	<u>\$ 4,380</u>

**CITY OF ARLINGTON, TEXAS
BUDGET COMPARISON SCHEDULE
STORM WATER UTILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(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	\$ 8,728	\$ 8,728	\$ 9,257	\$ (8)	\$ 9,249	\$ 521
Storm water fee- residential	9,974	9,974	10,330	(40)	10,290	316
Miscellaneous	-	-	63	-	-	-
Total Operating Revenues	<u>18,702</u>	<u>18,702</u>	<u>19,650</u>	<u>(48)</u>	<u>19,539</u>	<u>837</u>
EXPENDITURES						
Salaries and wages	\$ 2,442	\$ 2,442	\$ 2,397	\$ -	\$ 2,397	\$ 45
Employees' retirement	378	378	355	-	355	23
Supplies	67	67	53	-	53	14
Maintenance and repairs	446	446	275	214	489	(43)
Utilities	19	19	17	-	17	2
Depreciation	-	-	2,658	(2,658)	-	-
Miscellaneous services	1,879	1,879	1,193	65	1,258	621
Total Operating Expenses	<u>5,231</u>	<u>5,231</u>	<u>6,948</u>	<u>(2,379)</u>	<u>4,569</u>	<u>662</u>
Operating Income	<u>13,471</u>	<u>13,471</u>	<u>12,702</u>	<u>2,331</u>	<u>14,970</u>	<u>1,499</u>
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	295	295	(1,137)	-	(1,137)	(1,432)
Net increase (decrease) in the fair value of investments	-	-	68	(68)	-	-
Interest expense and fiscal charges	<u>(3,727)</u>	<u>(3,727)</u>	<u>(1,494)</u>	<u>2,345</u>	<u>851</u>	<u>(4,578)</u>
Total Nonoperating Revenues (Expenses)	<u>(3,432)</u>	<u>(3,432)</u>	<u>(2,563)</u>	<u>2,277</u>	<u>(286)</u>	<u>(6,010)</u>
Income (loss) before operating transfers and contributions	<u>10,039</u>	<u>10,039</u>	<u>10,139</u>	<u>4,608</u>	<u>14,684</u>	<u>4,645</u>
Transfers out	<u>(9,963)</u>	<u>(9,963)</u>	<u>(1,504)</u>	<u>9,125</u>	<u>7,621</u>	<u>17,584</u>
Change in net position	76	76	8,635	13,733	22,305	22,229
Total net position-beginning	<u>125,030</u>	<u>125,030</u>	<u>125,030</u>	<u>-</u>	<u>125,030</u>	<u>-</u>
Total net position-ending	<u>\$ 125,106</u>	<u>\$ 125,106</u>	<u>\$ 133,665</u>	<u>\$ 13,733</u>	<u>\$ 147,335</u>	<u>\$ 22,229</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, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>Fleet Services</u>	<u>Self Insurance Risk Management</u>
ASSETS		
Current Assets:		
Cash and cash-equivalent investments	\$ 682	\$ 11,862
Receivables (net of allowances for uncollectibles)		
Trade accounts	-	-
Accrued Interest	-	76
Other	-	112
Prepaid expenses	-	-
Inventory of supplies, at cost	-	-
Total Current Assets	<u>682</u>	<u>12,050</u>
Noncurrent Assets:		
Capital Assets:		
Buildings and improvements	467	-
Machinery and equipment	53,476	-
Less accumulated depreciation	<u>(40,098)</u>	<u>-</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>13,845</u>	<u>-</u>
Total Assets	<u>14,527</u>	<u>12,050</u>
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	673	-
Estimated claims payable	-	-
Due to other funds	-	-
Total Current Liabilities	<u>673</u>	<u>-</u>
Noncurrent Liabilities:		
Estimated claims payable	-	3,119
Accrued compensated absences	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>3,119</u>
Total Liabilities	<u>673</u>	<u>3,119</u>
NET POSITION		
Net investment in capital assets	13,845	-
Unrestricted	9	8,931
Total Net Position	<u>\$ 13,854</u>	<u>\$ 8,931</u>

<u>Workers' Compensation</u>	<u>Group Health</u>	<u>Total</u>
\$ 3,870	\$ 3,973	\$ 20,387
111	-	111
-	-	76
-	-	112
-	-	-
-	-	-
<u>3,981</u>	<u>3,973</u>	<u>20,686</u>
-	-	467
-	-	53,476
-	-	(40,098)
-	-	13,845
<u>3,981</u>	<u>3,973</u>	<u>34,531</u>
-	123	796
1,180	2,447	3,627
-	-	-
<u>1,180</u>	<u>2,570</u>	<u>4,423</u>
2,552	-	5,671
-	-	-
<u>2,552</u>	<u>-</u>	<u>5,671</u>
<u>3,732</u>	<u>2,570</u>	<u>10,094</u>
-	-	13,845
249	1,403	10,592
<u>\$ 249</u>	<u>\$ 1,403</u>	<u>\$ 24,437</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, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>Fleet Services</u>	<u>Self Insurance Risk Management</u>
OPERATING REVENUES:		
Service charges	\$ 5,355	\$ 14
Total Operating Revenues	<u>5,355</u>	<u>14</u>
OPERATING EXPENSES:		
Salaries and wages	-	-
Employees' retirement	-	-
Supplies	1,632	-
Maintenance and repairs	632	-
Utilities	50	-
Claims (net of adjustments)	-	1,458
Legal and professional	-	1
Depreciation	3,924	-
Miscellaneous services	2,833	-
Total Operating Expenses	<u>9,071</u>	<u>1,459</u>
OPERATING INCOME (LOSS)	<u>(3,716)</u>	<u>(1,445)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	-	239
Miscellaneous revenue	-	-
Net increase (decrease) in the fair value of investments	-	271
Gain (Loss) on sale of assets	(2)	-
Total Non-operating Revenues (Expenses)	<u>(2)</u>	<u>510</u>
Income (Loss) Before Transfers	(3,718)	(935)
Transfers In	1,382	-
Transfers Out	-	-
Change In Net Position	<u>(2,336)</u>	<u>(935)</u>
Total Net Position, October 1	16,190	9,866
Total Net Position, September 30	<u>\$ 13,854</u>	<u>\$ 8,931</u>

Workers' Compensation	Group Health	Total
\$ 1,479	\$ 26,493	\$ 33,341
<u>1,479</u>	<u>26,493</u>	<u>33,341</u>
-	-	-
-	-	-
-	-	1,632
-	-	632
-	-	50
1,237	27,832	30,527
90	-	91
-	-	3,924
-	-	2,833
<u>1,327</u>	<u>27,832</u>	<u>39,689</u>
<u>152</u>	<u>(1,339)</u>	<u>(6,348)</u>
61	50	350
-	883	883
11	6	288
-	-	(2)
<u>72</u>	<u>939</u>	<u>1,519</u>
224	(400)	(4,829)
25	-	1,407
-	-	-
<u>249</u>	<u>(400)</u>	<u>(3,422)</u>
-	1,803	27,859
<u>\$ 249</u>	<u>\$ 1,403</u>	<u>\$ 24,437</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>Fleet Services</u>	<u>Risk Management</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,357	\$ 109
Cash payments to suppliers	(4,792)	(931)
Cash payments to employees	-	-
Net Cash Provided By (Used For) Operating Activities	<u>565</u>	<u>(822)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	1,382	-
Transfers out	-	-
Net Cash Provided By Noncapital Financing Activities	<u>1,382</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,619)	-
Proceeds from sales of capital assets	59	-
Net Cash Used For Capital and Related Financing Activities	<u>(2,560)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest earnings	-	537
Net increase in the fair value of investments	-	-
Net Cash Provided By Investing Activities	<u>-</u>	<u>537</u>
Net decrease in cash and cash equivalents	(613)	(285)
Cash and cash-equivalent investments at October 1	1,295	12,147
Cash and cash-equivalent investments at September 30	<u>\$ 682</u>	<u>\$ 11,862</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating Income (Loss)	<u>\$ (3,716)</u>	<u>\$ (1,445)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	3,924	-
(Increase) decrease in- Inventory of supplies	-	-
Accounts receivable	2	95
Prepaid expenses	-	-
Increase (decrease) in- Accounts payable and accrued liabilities	355	(7)
Estimated claims payable	-	535
Accrued compensated absences	-	-
Total adjustments	<u>4,281</u>	<u>623</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ 565</u>	<u>\$ (822)</u>

<u>Workers' Compensation</u>	<u>Group Health</u>	<u>Totals</u>
\$ 1,387	26,493	\$ 33,346
(1,551)	(27,603)	(34,877)
-	-	-
<u>(164)</u>	<u>(1,110)</u>	<u>(1,531)</u>
25	-	1,407
-	-	-
<u>25</u>	<u>-</u>	<u>1,407</u>
-	-	(2,619)
-	-	59
<u>-</u>	<u>-</u>	<u>(2,560)</u>
61	933	1,531
11	6	17
<u>72</u>	<u>939</u>	<u>1,548</u>
(67)	(171)	(1,136)
3,937	4,144	21,523
<u>\$ 3,870</u>	<u>\$ 3,973</u>	<u>\$ 20,387</u>
<u>\$ 152</u>	<u>\$ (1,339)</u>	<u>\$ (6,348)</u>
-	-	3,924
-	-	-
(92)	-	5
-	-	-
(44)	8	312
(180)	221	576
-	-	-
<u>(316)</u>	<u>229</u>	<u>4,817</u>
<u>\$ (164)</u>	<u>\$ (1,110)</u>	<u>\$ (1,531)</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.

THRIFT SAVINGS PLAN FUND - The purpose of this fund is to account for assets held for employees in accordance with the provisions of Internal Revenue Code Section 401(k).

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.

AGENCY FUNDS:

PAYROLL - The purpose of this fund is to account for assets held by the City in a fiduciary capacity as agent for payroll related benefit plans.

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.

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 PENSION AND OTHER EMPLOYEE
BENEFIT TRUST FUNDS NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	Total
ASSETS				
Cash and cash-equivalent investments	\$ -	\$ 133	\$ -	\$ 133
Investments:				
Investment retired city mgr 401(k) plan	-	59	-	59
Money market fund	105	43,100	25	43,230
Corporate bonds	2,042	-	802	2,844
Fixed income mutual funds	650	22,069	268	22,987
Common stock mutual funds	569	124,450	282	125,301
Balanced mutual funds	-	54,441	-	54,441
Participant borrowing	-	5,593	-	5,593
Self-directed brokerage accounts	-	12,112	-	12,112
Total investments	<u>3,365</u>	<u>261,824</u>	<u>1,377</u>	<u>266,567</u>
Total Assets	<u><u>\$ 3,365</u></u>	<u><u>\$ 261,957</u></u>	<u><u>\$ 1,377</u></u>	<u><u>\$ 266,700</u></u>
LIABILITIES				
Retired city mgr 401(k) plan payable	-	59	-	59
Total Liabilities	<u>-</u>	<u>59</u>	<u>-</u>	<u>59</u>
NET POSITION				
Restricted for pensions	3,365	261,898	-	265,263
Restricted for OPEB			1,377	1,377
Total Net Position	<u><u>\$ 3,365</u></u>	<u><u>\$ 261,898</u></u>	<u><u>\$ 1,377</u></u>	<u><u>\$ 266,640</u></u>

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	<u>Payroll</u>	<u>Escrow Fund</u>	<u>Escheat Fund</u>	<u>Total</u>
ASSETS				
Cash and cash-equivalent investments	\$ 4,744	\$ 2,746	\$ 144	\$ 7,634
Total Assets	<u>\$ 4,744</u>	<u>\$ 2,746</u>	<u>\$ 144</u>	<u>\$ 7,634</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 4,744	\$ 2,746	\$ 144	\$ 7,634
Total Liabilities	<u>\$ 4,744</u>	<u>\$ 2,746</u>	<u>\$ 144</u>	<u>\$ 7,634</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Pension and Other Employee Benefit Trust Funds			
	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	Total
ADDITIONS				
Employer contributions	\$ 74	\$ 3,914	\$ 77	\$ 4,065
Employee contributions	82	9,524	-	9,606
Net appreciation in fair value of investments	278	34,387	-	34,665
Other additions	-	100	114	214
Total Additions	<u>434</u>	<u>47,925</u>	<u>191</u>	<u>48,550</u>
DEDUCTIONS				
Benefits	45	13,154	119	13,318
Plan administration	106	142	24	272
Other deductions	-	80	-	80
Total Deductions	<u>151</u>	<u>13,376</u>	<u>143</u>	<u>13,670</u>
Increase in Net Position	283	34,549	48	34,880
Net Position, October 1	3,082	227,349	1,329	231,760
Net Position, September 30	<u>\$ 3,365</u>	<u>\$ 261,898</u>	<u>\$ 1,377</u>	<u>\$ 266,640</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
PAYROLL FUND				
Assets				
Cash and cash-equivalent investments	\$ 4,699	\$ 370,863	\$ 370,818	\$ 4,744
Investments	-	-	-	-
Total assets	<u>\$ 4,699</u>	<u>\$ 370,863</u>	<u>\$ 370,818</u>	<u>\$ 4,744</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 4,699	\$ 370,863	\$ 370,818	\$ 4,744
Accounts payable and accrued liabilities - IRC 401 defined contribution	-	-	-	-
Total liabilities	<u>\$ 4,699</u>	<u>\$ 370,863</u>	<u>\$ 370,818</u>	<u>\$ 4,744</u>
ESCROW FUND				
Assets				
Cash and cash-equivalent investments	\$ 2,657	\$ 6,071	\$ 5,982	\$ 2,746
Total assets	<u>\$ 2,657</u>	<u>\$ 6,071</u>	<u>\$ 5,982</u>	<u>\$ 2,746</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 2,657	\$ 6,071	\$ 5,982	\$ 2,746
Total liabilities	<u>\$ 2,657</u>	<u>\$ 6,071</u>	<u>\$ 5,982</u>	<u>\$ 2,746</u>
ESCHEAT FUND				
Assets				
Cash and cash-equivalent investments	\$ 136	\$ 44	\$ 36	\$ 144
Total assets	<u>\$ 136</u>	<u>\$ 44</u>	<u>\$ 36</u>	<u>\$ 144</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 136	\$ 44	\$ 36	\$ 144
Total liabilities	<u>\$ 136</u>	<u>\$ 44</u>	<u>\$ 36</u>	<u>\$ 144</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash-equivalent investments	\$ 7,492	\$ 376,978	\$ 376,836	\$ 7,634
Total assets	<u>\$ 7,492</u>	<u>\$ 376,978</u>	<u>\$ 376,836</u>	<u>\$ 7,634</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 7,492	\$ 376,978	\$ 376,836	\$ 7,634
Total Liabilities	<u>\$ 7,492</u>	<u>\$ 376,978</u>	<u>\$ 376,836</u>	<u>\$ 7,634</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. (No Activity)

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, 2020
(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	\$ 4,879	\$ 1,761	\$ 16,153
Investments	1,321	-	66,475
Receivables (net of allowances for uncollectibles):			
Accrued interest	5	-	-
Other	332	13	104
Prepaid expenses	25	10	-
Total Current Assets	<u>6,562</u>	<u>1,784</u>	<u>82,732</u>
Non-Current Assets:			
Capital Assets-			
Land	-	-	-
Buildings and improvements	677	-	-
Machinery and equipment	382	748	-
Accumulated depreciation	(743)	(652)	-
Total Non-Current Assets	<u>316</u>	<u>96</u>	<u>-</u>
Total Assets	<u>6,878</u>	<u>1,880</u>	<u>82,732</u>
LIABILITIES			
Accounts payable and accrued liabilities	652	430	826
Unearned revenue	1,318	-	-
Total Liabilities	<u>1,970</u>	<u>430</u>	<u>826</u>
NET POSITION			
Net investment in capital assets	316	96	-
Restricted for endowments	-	-	81,906
Restricted for housing assistance	232	-	-
Restricted for expendable for operations	-	-	-
Unrestricted	4,360	1,354	-
Total Net Position	<u>\$ 4,908</u>	<u>\$ 1,450</u>	<u>\$ 81,906</u>

<u>Arlington Housing Finance Corporation</u>	<u>Arlington Tourism Public Improvement District</u>	<u>Arlington Convention Center Development Corporation</u>	<u>Total</u>
\$ 846	\$ 563	\$ 24	\$ 24,226
-	-	-	67,796
-	-	-	5
-	224	-	673
-	-	-	35
<u>846</u>	<u>787</u>	<u>24</u>	<u>92,735</u>
4,654	-	-	4,654
-	-	-	677
-	-	-	1,130
-	-	-	(1,395)
<u>4,654</u>	<u>-</u>	<u>-</u>	<u>5,066</u>
<u>5,500</u>	<u>787</u>	<u>24</u>	<u>97,801</u>
-	16	1	1,925
<u>4,575</u>	<u>-</u>	<u>-</u>	<u>5,893</u>
<u>4,575</u>	<u>16</u>	<u>1</u>	<u>7,818</u>
4,654	-	-	5,066
-	-	-	81,906
-	-	-	232
-	-	-	-
<u>(3,729)</u>	<u>771</u>	<u>23</u>	<u>2,779</u>
<u>\$ 925</u>	<u>\$ 771</u>	<u>\$ 23</u>	<u>\$ 89,983</u>

**CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (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	\$ 33,466	\$ -	\$ 33,815	\$ -
Arlington Convention and Visitors Bureau	5,514	5,065	948	-
Arlington Tomorrow Foundation	4,804	-	-	-
Arlington Housing Finance Corporation	37	414	-	-
Arlington Tourism Public Improvement District	1,936	1,756	-	-
Arlington Convention Center Development Corp	9,221	-	9,222	-
Total Component Units	<u>\$ 54,978</u>	<u>\$ 7,235</u>	<u>\$ 43,985</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**

<u>Arlington Housing Authority</u>	<u>Arlington Convention & Visitors Bureau</u>	<u>Arlington Tomorrow Foundation</u>	<u>Arlington Housing Finance Corporation</u>	<u>Arlington Tourism Public Improvement District</u>	<u>Arlington Convention Center Development Corporation</u>	<u>Total</u>
\$ 349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 349
-	499	-	-	-	-	499
-	-	(4,804)	-	-	-	(4,804)
-	-	-	377	-	-	377
-	-	-	-	(180)	-	(180)
-	-	-	-	-	1	1
<u>\$ 349</u>	<u>\$ 499</u>	<u>\$ (4,804)</u>	<u>\$ 377</u>	<u>\$ (180)</u>	<u>\$ 1</u>	<u>\$ (3,758)</u>
\$ 43	\$ 10	\$ 5,968	\$ 11	\$ 5	\$ -	\$ 6,037
279	53	-	(2,099)	-	-	(1,767)
-	-	3,612	3	-	-	3,615
<u>322</u>	<u>63</u>	<u>9,580</u>	<u>(2,085)</u>	<u>5</u>	<u>-</u>	<u>7,885</u>
671	562	4,776	(1,708)	(175)	1	4,127
4,237	888	77,130	2,633	946	22	85,856
<u>\$ 4,908</u>	<u>\$ 1,450</u>	<u>\$ 81,906</u>	<u>\$ 925</u>	<u>\$ 771</u>	<u>\$ 23</u>	<u>\$ 89,983</u>



**CITY OF ARLINGTON, TEXAS
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES
 AS OF SEPTEMBER 30, 2020
 (AMOUNTS EXPRESSED IN THOUSANDS)**

GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	\$ 247,401
Buildings	2,377,823
Improvements other than buildings	217,716
Machinery and equipment	132,545
Construction-in-progress	142,219
Infrastructure	<u>1,047,791</u>
Total Governmental Funds Capital Assets	<u><u>\$ 4,165,495</u></u>
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:	
General Fund	\$ 2,130,322
Capital Projects Fund	<u>2,035,173</u>
Total Governmental Funds Capital Assets	<u><u>\$ 4,165,495</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, 2020
 (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	2,551,175	129,519	2,293,814	72,644	55,198
Convention center	537	-	-	-	537
Total Administration	2,565,997	129,519	2,293,814	72,644	70,020
Operations:					
Fire	41,888	(208)	17,013	-	25,083
Municipal court	1,409	-	-	-	1,409
Police	42,018	654	21,490	79	19,795
Parks and recreation	235,319	82,179	23,187	125,638	4,315
Communication services	88	-	-	-	88
Airport	47,270	6,132	22,030	18,993	115
Total Operations	367,992	88,757	83,720	144,710	50,805
Development:					
Community development	1,484	-	289	6	1,189
Engineering services	137	-	-	-	137
Transportation	39,875	29,125	-	356	10,394
Total Development	41,496	29,125	289	362	11,720
Total Capital Assets Allocated to Functions	2,975,485	247,401	2,377,823	217,716	132,545
Infrastructure	1,047,791				
Construction in Progress	142,219				
Total Governmental Funds Capital Assets	\$ 4,165,495				

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Governmental Funds			Governmental Funds
	Assets October 1, 2019	Additions	Deletions	Assets September 30, 2020
Administration:				
Technology services	\$ 14,279	\$ -	\$ -	\$ 14,279
Tax	6	-	-	6
City administration	1,254,655	1,296,520	-	2,551,175
Convention center	537	-	-	537
Total Administration	<u>1,269,477</u>	<u>1,296,520</u>	<u>-</u>	<u>2,565,997</u>
OPERATIONS:				
Fire	39,775	2,113	-	41,888
Municipal court	1,409	-	-	1,409
Police	41,974	79	(35)	42,018
Parks and recreation	232,926	2,393	-	235,319
Communication services	88	-	-	88
Airport	47,255	15	-	47,270
Total Operations	<u>363,427</u>	<u>4,600</u>	<u>(35)</u>	<u>367,992</u>
DEVELOPMENT:				
Community development	1,484	-	-	1,484
Engineering services	137	-	-	137
Transportation	38,418	1,617	(160)	39,875
Total Development	<u>40,039</u>	<u>1,617</u>	<u>(160)</u>	<u>41,496</u>
Infrastructure	<u>1,012,741</u>	<u>35,050</u>	<u>-</u>	<u>1,047,791</u>
Construction in Progress	<u>1,022,432</u>	<u>456,042</u>	<u>(1,336,255)</u>	<u>142,219</u>
Total Governmental Funds Capital Assets	<u>\$ 3,708,116</u>	<u>\$ 1,793,829</u>	<u>\$ (1,336,450)</u>	<u>\$ 4,165,495</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>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities			
Net investment in capital assets	\$ 1,165,492	\$ 1,164,831	\$ 1,183,621
Restricted (Debt Srvcs/Impact Fee/Endowments/Spec Rev)	42,998	46,032	45,169
Unrestricted	<u>81,671</u>	<u>81,604</u>	<u>65,489</u>
Total governmental activities net position	<u>\$ 1,290,161</u>	<u>\$ 1,292,467</u>	<u>\$ 1,294,279</u>
Business-type activities			
Net investment in capital assets	\$ 543,702	\$ 573,042	\$ 597,114
Restricted	19,706	18,655	14,299
Unrestricted	<u>52,554</u>	<u>45,459</u>	<u>44,633</u>
Total business-type activities net position	<u>\$ 615,962</u>	<u>\$ 637,156</u>	<u>\$ 656,046</u>
Primary government			
Net investment in capital assets	\$ 1,709,194	\$ 1,737,873	\$ 1,780,735
Restricted (Debt Srvcs/Impact Fee/Endowments/Spec Rev)	62,704	64,687	59,468
Unrestricted	<u>134,225</u>	<u>127,063</u>	<u>110,122</u>
Total primary government net position	<u>\$ 1,906,123</u>	<u>\$ 1,929,623</u>	<u>\$ 1,950,325</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						
2014	2015	2016	2017	2018	2019	2020
\$ 1,106,840	\$ 1,106,327	\$ 1,055,902	\$ 1,130,555	\$ 881,082	\$ 1,462,715	\$ 1,751,589
41,902	42,149	36,068	29,169	50,408	65,742	104,569
57,744	76,379	181,216	110,143	241,799	50,411	78,913
<u>\$ 1,206,486</u>	<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>\$ 1,935,071</u>
\$ 618,187	\$ 622,780	\$ 639,243	\$ 653,455	\$ 694,201	\$ 653,396	\$ 689,342
16,169	14,947	18,150	20,334	39,028	118,649	107,246
29,687	45,365	51,776	61,652	24,483	29,756	39,108
<u>\$ 664,043</u>	<u>\$ 683,092</u>	<u>\$ 709,169</u>	<u>\$ 735,441</u>	<u>\$ 757,712</u>	<u>\$ 801,801</u>	<u>\$ 835,696</u>
\$ 1,725,027	\$ 1,729,107	\$ 1,695,145	\$ 1,784,010	\$ 1,575,283	\$ 2,116,111	\$ 2,440,931
58,071	57,096	54,218	49,503	89,436	184,391	211,815
87,431	121,744	233,324	171,795	266,282	80,167	118,021
<u>\$ 1,870,529</u>	<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>\$ 2,770,767</u>

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

	Fiscal Year		
	2011	2012	2013
Expenses			
Governmental activities:			
General government	\$ 74,285	\$ 66,080	\$ 65,321
Public safety	135,371	137,561	139,309
Public works	71,828	71,957	68,633
Public health	3,892	4,320	2,489
Parks and recreation	28,663	32,515	30,599
Public welfare	11,897	9,475	11,453
Convention and event services	6,194	6,821	6,711
Interest on long term debt	29,890	24,898	25,017
Total governmental activities expenses	<u>\$ 362,020</u>	<u>\$ 353,627</u>	<u>\$ 349,532</u>
Business-type activities:			
Water and sewer	84,270	86,235	89,437
Landfill	4,861	4,777	5,051
Total business-type activities expenses	<u>\$ 89,131</u>	<u>\$ 91,012</u>	<u>\$ 94,488</u>
Total primary government expenses	<u>\$ 451,151</u>	<u>\$ 444,639</u>	<u>\$ 444,020</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 21,810	\$ 23,670	\$ 21,023
Public safety	21,131	19,498	19,344
Public works	1,153	1,160	1,416
Public health	2,775	2,730	3,488
Parks and recreation	9,999	10,861	10,977
Public welfare	215	222	224
Convention and event services	2,975	2,799	2,594
Operating grants and contributions	23,455	26,270	19,483
Capital grants and contributions	2,625	6,132	4,481
Total governmental activities program revenues	<u>\$ 86,138</u>	<u>\$ 93,342</u>	<u>\$ 83,030</u>
Business-type activities:			
Charges for services:			
Water and sewer	\$ 123,442	\$ 114,719	\$ 114,234
Storm water utility	10,492	10,536	10,815
Landfill	-	-	-
Capital grants and contributions	1,120	1,253	3,663
Other	-	-	-
Total business-type activities program revenues	<u>\$ 135,054</u>	<u>\$ 126,508</u>	<u>\$ 128,712</u>
Total primary government program revenues	<u>\$ 221,192</u>	<u>\$ 219,850</u>	<u>\$ 211,742</u>
Net (Expense) Revenue			
Governmental activities	\$ (275,882)	\$ (260,285)	\$ (266,502)
Business-type activities	45,923	35,496	34,224
Total Primary government net expense	<u>\$ (229,959)</u>	<u>\$ (224,789)</u>	<u>\$ (232,278)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 109,807	\$ 110,131	\$ 111,877
Sales taxes	85,345	88,957	94,071
Other taxes	13,558	13,347	14,884
Gas Lease	-	-	-
Franchise fees	27,260	25,600	25,550
Investment earnings	5,156	3,975	3,081
Net increase (decrease) in fair value	(1,255)	(179)	(962)
Other	8,296	5,990	4,257
Special Item	-	-	-
Transfers	15,348	14,770	15,556
Total governmental activities	<u>\$ 263,515</u>	<u>\$ 262,591</u>	<u>\$ 268,314</u>
Business-type activities:			
Investment earnings	\$ 855	\$ 569	\$ 353
Gain on sale/retirement of capital assets	(105)	(101)	(131)
Miscellaneous	-	-	-
Transfers	(15,348)	(14,770)	(15,556)
Total Business-type activities	<u>\$ (14,598)</u>	<u>\$ (14,302)</u>	<u>\$ (15,334)</u>
Total primary government	<u>\$ 248,917</u>	<u>\$ 248,289</u>	<u>\$ 252,980</u>
Change in Net Position			
Governmental activities	\$ (12,367)	\$ 2,306	\$ 1,812
Business-type activities	31,325	21,194	18,890
Total primary government	<u>\$ 18,958</u>	<u>\$ 23,500</u>	<u>\$ 20,702</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

	2014	2015	2016	2017	2018	2019	2020
\$	74,183	\$ 69,680	\$ 75,486	\$ 77,110	\$ 81,032	\$ 82,037	\$ 90,202
	146,899	142,489	156,414	170,459	167,064	187,839	184,574
	63,566	64,549	61,115	68,036	65,482	75,818	78,174
	2,740	2,849	2,741	2,934	3,067	3,610	3,219
	34,075	33,410	32,449	34,204	35,599	37,161	34,190
	11,558	10,019	14,978	10,280	68,964	11,132	25,028
	7,366	8,387	8,384	13,987	16,439	15,416	18,041
	28,703	22,299	23,016	19,209	29,247	37,378	38,627
\$	369,090	\$ 353,682	\$ 374,583	\$ 396,219	\$ 466,894	\$ 450,391	\$ 472,055
	95,820	97,118	98,697	107,537	108,471	113,341	116,975
	4,972	5,040	5,740	6,208	6,651	6,411	9,579
\$	100,792	\$ 102,158	\$ 104,437	\$ 113,745	\$ 115,122	\$ 119,752	\$ 126,554
\$	469,882	\$ 455,840	\$ 479,020	\$ 509,964	\$ 582,016	\$ 570,143	\$ 598,609
\$	23,650	\$ 25,617	\$ 21,863	\$ 24,579	25,798	29,217	25,378
	19,337	17,957	16,392	15,412	14,405	15,337	13,655
	1,412	1,585	2,085	2,491	2,473	2,309	1,983
	3,447	3,508	3,393	3,536	3,273	4,025	4,513
	10,187	10,356	11,180	9,775	10,909	11,206	10,916
	224	220	216	215	288	262	198
	2,739	2,852	3,680	3,107	3,120	2,296	942
	9,953	12,700	62,107	14,754	20,591	15,849	21,193
	4,910	10,479	5,814	9,442	4,544	410,903	380,662
\$	75,859	\$ 85,274	\$ 126,730	\$ 83,311	\$ 85,401	\$ 491,404	\$ 459,440
\$	116,145	\$ 123,870	\$ 131,086	\$ 138,007	\$ 155,958	\$ 155,189	\$ 165,047
	10,774	12,160	13,575	15,011	16,384	18,014	19,650
	-	-	-	-	-	-	-
	3,136	1,148	1,820	3,552	5,662	4,978	3,194
\$	130,055	\$ 137,178	\$ 146,481	\$ 156,570	\$ 178,004	\$ 178,181	\$ 187,891
\$	205,914	\$ 222,452	\$ 273,211	\$ 239,881	\$ 263,405	\$ 669,585	\$ 647,331
\$	(293,231)	\$ (268,408)	\$ (247,853)	\$ (312,908)	\$ (381,493)	\$ 41,013	\$ (12,615)
	29,263	35,020	42,044	42,825	62,882	58,429	61,337
\$	(263,968)	\$ (233,388)	\$ (205,809)	\$ (270,083)	\$ (318,611)	\$ 99,442	\$ 48,722
\$	113,432	\$ 118,785	\$ 121,943	\$ 131,243	\$ 143,826	\$ 154,606	\$ 165,284
	93,127	97,895	102,580	105,352	109,645	118,724	115,098
	17,192	18,893	20,430	23,163	23,960	27,372	23,669
	-	-	-	-	-	-	-
	26,970	26,477	25,435	24,859	25,166	24,921	22,048
	3,356	3,330	4,023	4,714	9,276	11,329	7,077
	(469)	(294)	(598)	(1,027)	(1,384)	3,351	943
	3,808	5,156	6,084	3,852	6,125	5,217	5,385
	-	-	-	-	-	-	-
	15,355	16,535	16,619	17,101	34,364	18,769	29,314
\$	272,771	\$ 286,777	\$ 296,516	\$ 309,257	\$ 350,978	\$ 364,289	\$ 368,818
\$	348	\$ 465	\$ 687	\$ 1,098	\$ 1,850	\$ 3,014	\$ 1,466
	59	99	(35)	(550)	(862)	1,662	406
	2	-	-	-	-	-	-
	(15,355)	(16,535)	(16,619)	(17,101)	(34,364)	(18,769)	(29,314)
\$	(14,946)	\$ (15,971)	\$ (15,967)	\$ (16,553)	\$ (33,376)	\$ (14,093)	\$ (27,442)
\$	257,825	\$ 270,806	\$ 280,549	\$ 292,704	\$ 317,602	\$ 350,196	\$ 341,376
\$	(87,793)	\$ 18,369	\$ 48,663	\$ (3,651)	\$ (30,515)	\$ 405,302	\$ 356,203
	7,997	19,049	26,077	26,272	29,506	44,336	33,895
\$	(79,796)	\$ 37,418	\$ 74,740	\$ 22,621	\$ (1,009)	\$ 449,638	\$ 390,098

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund			
Nonspendable:			
Inventory	\$ 1,228	\$ 1,252	\$ 1,172
Prepays	16	16	20
Committed to:			
Utility rate case	500	500	500
Capital projects	1,122	-	-
Assigned to:			
Encumbrances	5,613	7,766	5,235
Working capital	16,054	16,745	17,076
Subsequent years' expenditure	5,944	6,378	6,147
Compensated absences	1,252	1,252	1,263
Other post employment benefits	1,718	1,718	1,718
Landfill lease proceeds/future initiatives	21,487	21,487	17,206
Dispatch	380	566	615
Information Technology	774	607	236
Telecommunications	-	-	-
Business continuity	4,538	5,155	4,062
Arbitrage	-	-	-
Infrastructure	-	-	-
Gas lease proceeds	-	-	-
Group Health	-	-	-
Other purposes	56	55	-
Unassigned	6,093	-	1,490
Total general fund	<u>\$ 66,775</u>	<u>\$ 63,497</u>	<u>\$ 56,740</u>
All Other Governmental Funds			
Nonspendable:			
Inventory	\$ 245	\$ 245	\$ 243
Prepays	-	-	-
Restricted for:			
Capital projects	63,644	82,648	85,214
Special Revenue	67,258	72,894	74,247
Committed to:			
Capital projects	21,934	20,679	24,592
Special Revenue	17,152	21,594	22,010
Assigned to:			
Capital projects	-	-	-
Special Revenue	1,567	1,253	2,320
Undesignated	(2,260)	-	(7)
Total all other governmental funds	<u>\$ 169,540</u>	<u>\$ 199,313</u>	<u>\$ 208,619</u>

Source: City of Arlington Finance Department

Table 3

Fiscal Year							
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	1,206	\$ 1,207	\$ 1,265	\$ 1,243	\$ 1,231	\$ 1,587	\$ 2,160
	23	71	117	-	28	-	5
	500	500	-	-	-	-	-
	-	-	-	-	-	-	-
	4,449	5,598	8,515	8,794	-	-	-
	17,537	18,162	19,717	20,055	21,116	22,151	20,426
	6,313	6,538	6,918	7,220	15,248	15,107	11,440
	1,372	1,443	1,402	1,299	1,537	1,363	1,561
	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
	756	916	830	987	600	717	617
	195	119	305	290	159	173	232
	-	-	-	-	-	-	-
	4,062	4,062	4,062	4,062	4,062	4,062	4,062
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	909	538	478	30	3,456	1,869	11,238
\$	<u>56,191</u>	<u>\$ 58,023</u>	<u>\$ 62,478</u>	<u>\$ 62,849</u>	<u>\$ 66,306</u>	<u>\$ 65,898</u>	<u>\$ 70,610</u>
\$	249	\$ 240	\$ 237	\$ 219	\$ 231	\$ 241	\$ 142
	11,166	5,740	1,685	-	-	-	-
	99,932	109,099	97,784	87,655	347,828	112,886	127,058
	64,931	60,099	54,577	111,884	65,644	81,545	93,825
	25,725	27,516	44,867	57,845	68,113	57,829	27,252
	21,471	25,534	73,800	5,669	21,884	26,051	32,553
	-	-	-	-	-	-	-
	823	589	318	239	169	403	1,847
	-	-	-	-	-	-	-
\$	<u>224,297</u>	<u>\$ 228,817</u>	<u>\$ 273,268</u>	<u>\$ 263,511</u>	<u>\$ 503,869</u>	<u>\$ 278,955</u>	<u>\$ 282,677</u>

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

	Fiscal		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
REVENUES:			
Taxes:	\$ 209,077	\$ 212,991	\$ 221,338
Licenses and permits	7,146	6,673	6,823
Franchise fees	27,260	25,600	25,550
Fines and forfeitures	15,194	15,425	15,419
Leases, rents, and concessions	8,791	8,968	8,932
Service charges	20,836	20,081	20,302
Investment income	5,004	3,797	3,269
Net increase (decrease) in fair value of investment	(1,201)	(139)	(935)
Contributions	2,243	6,132	4,481
Intergovernmental	23,017	25,361	19,483
Gas lease	8,276	9,314	7,668
Miscellaneous	6,826	5,202	3,549
Total Revenues	<u>332,469</u>	<u>339,405</u>	<u>335,879</u>
EXPENDITURES:			
General government	41,512	41,780	40,188
Public safety	128,519	134,166	132,829
Public works	44,003	39,954	44,151
Public health	3,737	4,163	2,349
Public welfare	11,045	8,372	9,391
Parks and recreation	23,975	24,322	26,738
Convention and event services	6,194	6,821	6,711
Operating expenditures	-	-	-
Capital outlay	26,389	32,262	27,325
Debt Service:			
Principal retirement	61,785	42,765	49,625
Redemption premium	1,116	249	299
Interest and fiscal charges	28,703	25,976	25,062
Bond issuance cost	-	-	-
Total expenditures	<u>376,978</u>	<u>360,830</u>	<u>364,668</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44,509)</u>	<u>(21,425)</u>	<u>(28,789)</u>
OTHER FINANCING SOURCES (USES):			
Bonds issued*	15,275	19,635	19,635
Capital lease	-	-	-
Proceeds from sale of capital assets	-	-	-
Refunding bonds issued	41,065	23,865	6,430
Refunding bond principal			
Bond premium	2,318	2,038	835
Payment of escrow for refunding	(39,252)	(13,328)	(6,585)
Gain on sale of land	-	-	-
Bond discount	-	-	-
Transfers in	31,769	44,505	42,468
Transfers out	(23,820)	(28,795)	(31,445)
Total other financing sources (uses)	<u>27,355</u>	<u>47,920</u>	<u>31,338</u>
NET CHANGE IN FUND BALANCES	<u>\$ (17,154)</u>	<u>\$ 26,495</u>	<u>\$ 2,549</u>
Capitalized Capital outlay	27,665	29,209	27,497
Debt service as a percentage of noncapital expenditures	25.9%	20.7%	22.2%

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

Year	2014	2015	2016	2017	2018	2019	2020
\$	224,401	\$ 235,986	\$ 245,678	\$ 260,653	\$ 278,344	\$ 301,400	\$ 304,093
	7,589	7,448	9,063	9,662	9,278	9,955	9,796
	26,970	26,477	25,435	24,859	25,166	24,921	22,048
	15,191	13,847	11,996	10,858	10,305	10,853	9,205
	9,890	10,203	9,848	10,099	11,044	11,672	12,252
	19,705	20,316	22,089	20,252	22,071	25,073	22,359
	3,252	3,322	3,936	4,432	9,068	10,871	6,504
	(477)	(301)	(592)	(996)	(1,378)	3,283	655
	4,910	6,290	5,373	9,442	4,544	410,903	380,662
	15,476	12,700	62,857	14,754	20,591	15,849	21,191
	8,351	10,287	5,196	8,221	7,568	7,099	3,973
	2,783	8,569	5,003	2,585	4,972	3,214	3,658
	<u>338,041</u>	<u>355,144</u>	<u>405,882</u>	<u>374,821</u>	<u>401,573</u>	<u>835,093</u>	<u>796,396</u>
	43,045	41,924	45,692	46,945	52,520	49,480	46,099
	142,556	141,550	145,733	157,252	162,441	172,697	178,797
	45,965	45,723	42,215	45,569	49,099	55,557	54,243
	2,621	2,762	2,637	2,741	2,869	3,425	2,987
	11,558	8,497	9,768	10,277	67,075	10,033	25,001
	25,628	26,246	26,347	28,165	29,746	29,757	28,886
	7,366	8,037	8,283	13,640	16,036	15,110	17,898
	-	-	-	-	-	-	-
	30,912	43,274	55,815	77,115	303,477	721,573	451,945
	50,810	54,815	60,500	35,190	38,630	35,605	35,920
	168	13	701	-	-	-	-
	23,689	23,624	24,119	22,571	34,427	42,751	44,910
	-	-	-	-	-	-	-
	<u>384,318</u>	<u>396,465</u>	<u>421,810</u>	<u>439,465</u>	<u>756,320</u>	<u>1,135,988</u>	<u>886,686</u>
	<u>(46,277)</u>	<u>(41,321)</u>	<u>(15,928)</u>	<u>(64,644)</u>	<u>(354,747)</u>	<u>(300,895)</u>	<u>(90,290)</u>
	43,450	32,004	64,585	64,550	524,684	60,820	232,216
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	36,845	47,365	128,440	-	-	-
	2,900	4,468	8,935	(172,000)	-	(5,862)	(9,826)
	-	(40,435)	(53,710)	26,003	43,616	6,436	9,826
	-	-	-	(8,752)	-	-	(173,273)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	39,573	43,241	90,512	51,980	70,623	49,605	66,697
	<u>(24,517)</u>	<u>(28,450)</u>	<u>(92,853)</u>	<u>(34,963)</u>	<u>(40,361)</u>	<u>(35,426)</u>	<u>(26,916)</u>
	<u>61,406</u>	<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>15,129</u>	\$ <u>6,352</u>	\$ <u>48,906</u>	\$ <u>(9,386)</u>	\$ <u>243,815</u>	\$ <u>(225,322)</u>	\$ <u>8,434</u>
	30,077	41,252	55,394	79,498	311,245	725,746	457,561
	21.0%	22.1%	23.1%	16.0%	16.4%	19.1%	18.8%

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		
2011	2010	\$ 14,809,609	\$ 2,369,503	\$ 17,179,112	0.6480
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

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
2011	0.4423	0.2057	0.6480	1.30	1.32	1.41	1.51	1.54	0.66	0.45
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

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 2019 determine revenue for fiscal year 2020.

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

2020

<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value</u>
General Motors Corp.	\$ 410,763,943	1.40 %
Oncor Electric Delivery	212,021,342	0.73
Arlington Highlands	150,931,704	0.52
Parks at Arlington	150,000,000	0.51
Hart Arlington TX LLC	128,546,406	0.44
S2 Forest Ridge LP/S2 Manchester/Valencia LLC	105,900,000	0.36
Six Flags Fund II LTD	102,690,846	0.35
Bedrock Holdings II	97,680,000	0.33
BCI IV Pioneer DC LLC	87,259,875	0.30
Columbia Medical Center	84,549,662	0.29
Total	<u>\$ 1,530,343,778</u>	<u>5.23 %</u>

Sources:

City of Arlington Finance Department
 Tarrant Appraisal District

Table 7

2011		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value</u>
General Motors Corp.	\$ 193,199,696	1.12 %
Chesapeake Operting (Wi)	189,425,480	1.10
Oncor Electric Delivery	142,616,036	0.83
Parks at Arlington	140,258,067	0.82
Arlington Highlands	112,691,550	0.66
Six Flags Fund II LTD	75,633,646	0.44
Quicksilver Resources	65,602,630	0.38
Wal Mart Real Estate	60,580,492	0.35
Southwestern Bell	55,010,430	0.32
USMD Surgical Hospital	52,837,421	0.31
Total	<u>\$ 1,087,855,448</u>	<u>6.33 %</u>

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	% of Levy		Amount	% of Levy
2011	\$ 110,068,829	\$ 109,098,499	99.12	\$ 1,174,443	\$ 110,272,942	100.19
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

Source:

Tarrant County Tax Office

Notes:

Negative collections for FY20 is due to refunds exceeding collections for 2017 and 2018.

⁽¹⁾ Prior year collections exclude penalty and interest.



Fiscal Year	Governmental Activities					Business-Type Activities				Estimated Population	Per Capita ⁽³⁾	Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation ⁽¹⁾	Commercial Paper	Venue Debt ⁽²⁾	Capital Leases	Water and Sewer Revenue Bonds	Stormwater Bonds	Total Primary Government	Percentage of Total Taxable Value			
2011	\$ 251,450,000	\$ 65,285,000	\$ 12,900,000	\$ 263,635,000	\$ -	\$ 116,675,000	\$ 25,600,000	\$ 735,545,000	4.28%	365,530	\$ 2,012	0.95%
2012	259,755,000	61,055,000	-	248,240,000	-	124,285,000	24,320,000	717,655,000	4.14%	365,860	1,962	0.87%
2013	257,493,000	56,110,000	-	225,718,000	-	123,642,000	23,981,000	686,944,000	3.89%	365,930	1,877	0.81%
2014	252,197,000	80,340,000	-	207,827,000	-	133,307,000	22,601,000	696,272,000	3.85%	369,508	1,884	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%	379,370	1,794	0.70%
2016	307,231,000	62,490,000	-	156,570,000	8,864,000	173,125,000	19,860,000	728,140,000	3.71%	380,740	1,912	0.75%
2017	341,307,000	61,430,000	-	128,229,000	7,844,000	207,079,000	27,493,000	773,382,000	3.62%	382,230	2,023	0.79%
2018	367,669,000	60,595,000	-	625,932,000	6,800,000	241,475,000	31,797,000	1,334,268,000	5.68%	383,950	3,475	1.25%
2019	390,273,000	61,085,000	-	622,408,000	5,731,000	335,072,000	36,970,000	1,451,539,000	5.60%	386,180	3,759	1.30%
2020	581,276,000	64,875,000	-	616,494,000	-	310,399,000	45,480,000	1,618,524,000	5.54%	390,540	4,144	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⁾ 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				Available Resources Restricted for Repayment of Debt (Fund Balance)	Net General Bonded Debt Outstanding	Percentage of Actual Taxable		
	General Obligation Bonds	Certificates of Obligations	Commercial Paper				Value of Property ⁽¹⁾	Per Capita ⁽²⁾	Estimated Population ⁽²⁾
2011	\$ 251,450,000	\$ 65,285,000	\$ 12,900,000	\$ (5,774,175)	\$ 323,860,825	1.89%	\$ 886	365,530	
2012	259,755,000	61,055,000	-	(4,874,817)	315,935,183	1.82%	864	365,860	
2013	257,493,000	56,110,000	-	(4,078,685)	309,524,315	1.75%	846	365,930	
2014	252,197,000	80,340,000	-	(2,769,146)	329,767,854	1.82%	892	369,508	
2015	265,434,000	67,525,000	-	(2,482,205)	330,476,795	1.75%	871	379,370	
2016	307,231,000	62,490,000	-	(2,260,181)	367,460,819	1.87%	965	380,740	
2017	341,307,000	61,430,000	-	(2,767,737)	399,969,263	1.87%	1,046	382,230	
2018	367,669,000	60,595,000	-	(2,988,983)	425,275,017	1.81%	1,108	383,950	
2019	390,273,000	61,085,000	-	(3,566,517)	447,791,483	1.73%	1,160	386,180	
2020	581,276,000	64,875,000	-	(2,935,009)	643,215,991	2.20%	1,647	390,540	

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, 2020
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington ISD	\$ 978,886,926	78.75%	\$ 770,873,454
Fort Worth ISD	1,083,040,000	0.32%	3,465,728
Hurst-Euless-Bedford I.S.D.	364,720,000	4.21%	15,354,712
Kennedale I.S.D.	27,040,025	55.12%	14,904,462
Mansfield I.S.D.	895,790,000	28.14%	252,075,306
Tarrant County	240,445,000	15.82%	38,038,399
Tarrant County College District	264,175,000	15.82%	41,792,485
Tarrant County Hospital District	16,135,000	15.82%	2,552,557
Viridian Municipal Management	139,260,000	100.00%	139,260,000
Subtotal overlapping debt	4,009,491,951		1,278,317,103
*City of Arlington, Net Debt Outstanding	1,262,645,000	100.00%	1,262,645,000
Total direct and overlapping debt	\$ 5,272,136,951		\$ 2,540,962,103

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, and Discount 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⁾	
2011	\$ 123,442	\$ 67,924	\$ 55,518	\$ 7,663	7.24	
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	

Storm Water Utility						
Fiscal Year	Total Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue ⁽³⁾	Average Annual Requirement	Times Coverage ⁽⁴⁾	
2011	\$ 10,492	\$ 4,371	\$ 6,121	\$ 1,856	3.30	
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	

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)		
2011	365,530	\$ 77,035,055	\$ 40,965	35	64,979	7.6%
2012	365,860	82,707,780	43,044	33	65,700	6.8%
2013	365,930	84,905,643	44,417	34	66,177	5.9%
2014	369,508	89,814,369	46,169	32	65,972	5.2%
2015	379,370	96,600,949	48,727	33	65,274	4.0%
2016	380,740	96,909,978	48,050	33	64,652	3.8%
2017	382,230	97,639,160	47,525	33	63,571	3.9%
2018	383,950	106,829,236	51,239	33	62,552	3.5%
2019	386,180	112,046,590	53,292	34	61,450	3.4%
2020	390,540	N/R	N/R	N/R	61,093	6.8%

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 + Arl Academy)
- (e) Bureau of Labor Statistics Data (Annual Average Oct.-Sept.)

Notes:

N/R - not reported

CITY OF ARLINGTON, TEXAS
 PRINCIPAL EMPLOYERS
 Current Year and Ten Years Ago
 (Unaudited)

Table 14

2020			
<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	3.74%
University of Texas at Arlington	Higher Education	6,000	2.80%
General Motors Co.	Automobile Assembly	4,484	2.10%
Texas Health Resources	Health Care	4,063	1.90%
Six Flags Over Texas	Amusement Park	3,800	1.78%
The Parks at Arlington	Retail	3,500	1.64%
GM Financial	Financial Services	3,300	1.54%
City of Arlington	Municipality	2,600	1.22%
J.P. Morgan-Chase	Banking Services	1,965	0.92%
Texas Rangers Baseball Club	Sports/Entertainment	1,881	0.88%
Total		39,593	18.52%

2011			
<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington ISD	Public Education	8,000	4.07%
University of Texas at Arlington	Higher Education	5,300	2.70%
Six Flags Over Texas	Amusement Park	3,800	1.94%
The Parks at Arlington	Retail	3,500	1.78%
City of Arlington	Municipality	2,466	1.26%
General Motors	Automobile Assembly	2,400	1.22%
Texas Health Resources - AMH	Medical Center	2,000	1.02%
Chase Bank	Banking Services	1,965	1.00%
Texas Rangers Baseball Club	Major League Baseball & Hockey	1,881	0.96%
Wal-Mart	Retail	1,385	0.71%
Total		32,697	16.66%

Sources:

City of Arlington Finance Department

Notes:

2020 Labor Force Estimate is 213,961
 2011 Labor Force Estimate is 196,380

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

Function/Program	Fiscal Year		
	2011	2012	2013
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	41	42	41
Information Technology	54	55	55
Finance*	69	70	71
Document Services	9	9	8
Economic Development & Capital Investment			
Economic Development	3	3	3
Planning and Development Services	64	71	71
Aviation	8	8	8
Convention Center	31	31	31
Strategic Initiatives	-	-	-
Neighborhood Services			
Police	789	829	837
Fire**	424	443	443
Code Compliance Services	69	60	62
Park and Recreation	103	101	102
Park Performance Fund	72	69	69
Library	68	68	68
Capital Investment			
Public Works & Transportation	90	86	85
Street Maintenance Fund	91	93	93
Asset Management	-	-	-
Fleet Services Fund	1	1	1
Water Utilities Fund	222	222	223
Storm Water Utility Fund	27	27	27
Grant Funds	152	115	106
Total	2,458	2,474	2,475

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.

2018 Management Resources changed to Communication and Legislative Affairs.

**2012-2018 Fire umbrellas Communication Services fund and EPAB.

Table 15

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
-	33	41	41	41	41	41
38	38	38	39	38	38	38
3	3	3	3	3	3	3
5	5	5	5	5	5	5
19	21	21	21	26	26	26
6	7	7	7	6	6	6
41	42	43	43	40	39	39
55	55	56	58	58	58	58
71	36	35	35	35	36	36
8	8	8	8	8	8	8
3	4	4	4	4	10	10
71	70	68	70	72	58	61
8	9	9	9	9	9	9
31	31	31	31	31	31	31
-	-	-	-	-	9	9
836	838	835	839	846	859	879
443	447	472	470	496	500	505
62	64	64	64	64	67	68
102	104	106	108	108	109	116
69	74	74	85	86	86	88
68	68	68	68	68	68	68
85	85	85	87	87	54	54
93	93	92	92	92	92	92
-	-	-	-	-	32	33
1	1	1	1	1	1	1
223	218	204	202	198	205	205
27	27	27	29	30	31	32
113	111	123	148	165	154	115
<u>2,481</u>	<u>2,492</u>	<u>2,520</u>	<u>2,567</u>	<u>2,617</u>	<u>2,635</u>	<u>2,636</u>

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

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public safety			
Police			
Number of employees	634	640	640
Number of dispatch calls	135,552	156,388	143,146
Fire			
Number of employees	424	443	443
Number of service calls	34,445	35,276	36,317
Parks and recreational			
Parks - program registrations	41,479	47,842	46,286
Memberships	39,282	35,314	36,757
Library			
Libraries*	7	7	7
Collection size	602,339	614,270	656,982
Average monthly circulation	199,616	187,093	180,048
Water and sewer			
Number of accounts	99,484	99,862	100,453
Average daily water consumption (gallons)	64,096,000	57,990,000	49,094,776
Ozonated treatment capacity (gpd)	172,500,000	172,500,000	172,500,000
Number of sewer connections	97,343	97,930	98,544
Golf Course			
Number of clinics	78	61	56
Number of participants in clinics	348	355	409
Number of private lessons	1,246	1,066	1,854

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 back June 2018.

Table 16

Fiscal Year						
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
643	643	639	640	644	653	682
134,160	135,047	136,069	134,451	124,669	183,650	161,396
443	445	470	477	477	494	508
38,542	40,717	42,325	43,897	44,654	46,457	43,971
42,692	53,395	57,405	40,124	44,341	50,617	4,128
35,661	32,396	29,468	25,560	27,686	54,846	40,355
7	7	7	7	7	7	7
624,002	625,267	630,315	609,403	524,746	555,102	503,197
175,601	179,734	181,812	172,019	171,228	171,375	137,411
101,107	101,733	102,193	102,757	103,333	104,140	105,180
53,350,000	52,481,000	46,160,656	51,091,670	53,780,000	49,498,917	50,500,417
172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000
99,279	99,944	100,387	100,932	101,463	102,266	103,328
64	71	39	29	21	28	4
204	534	348	208	243	188	15
1,747	2,098	1,664	1,477	1,031	1,022	935

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

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Public safety			
Police stations	4	4	4
Fire stations	16	17	17
Miles of streets and alleys			
Streets- paved (lane miles)	3,004	3,085	3,093
Sidewalks (miles)	1,005	1,015	1,018
Cultural and recreational			
Parks (acres) (golf courses included)	4,683	4,697	4,710
Swimming pools	7	7	7
Tennis courts	45	45	45
Recreation centers	5	5	5
Senior center	2	2	2
Miles of park trails	49	51	53
Sports fields-youth	77	77	77
Basketball courts-outdoors	22	21	21
Number of golf courses	4	4	4
Water and Sewer			
Water mains (miles)	1,557	1,572	1,575
Fire hydrants	10,856	10,983	10,959
Sanitary sewers (miles)	1,294	1,297	1,300

Source:
 City of Arlington Finance Department

Table 17

Fiscal Year						
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
4	4	4	4	4	4	4
17	17	17	17	17	17	17
3,161	3,225	3,277	3,350	3,419	3,458	3,503
1,030	1,048	1,057	1,069	1,094	1,103	1,112
4,710	4,714	4,714	4,718	4,718	4,718	4,714
7	7	7	7	7	7	7
45	45	45	44	44	44	49
4	4	4	4	4	4	5
2	2	2	2	2	2	2
54	54	54	55	55	56	56
77	77	77	77	77	77	77
21	21	21	26	26	26	66
4	4	4	4	4	4	4
1,578	1,582	1,589	1,596	1,620	1,654	1,666
11,018	11,067	11,120	11,280	11,405	11,595	11,683
1,302	1,306	1,317	1,332	1,343	1,356	1,363

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
2006	334,823	447,440	74.8%	112,617	113,822	98.9%	14.55%	4.85%
2007	342,766	466,521	73.5%	123,755	128,574	96.3%	14.88%	5.10%
2008	348,785	569,404	61.3%	220,619	130,958	168.5%	15.51% ^(a)	9.44%
2009	360,029	594,442	60.6%	234,413	143,791	163.0%	16.76% ^(b)	9.95%
2010	373,897	621,177	60.2%	247,280	147,276	167.9%	17.85% ^(c)	10.19%
2011	688,015	832,168	82.7%	144,153	142,875	100.9%	17.16% ^(d)	8.44%
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%

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%