



CITY OF ARLINGTON, TEXAS

The year "2017" is displayed in large, white, semi-transparent numerals. The background of the numerals is a collage of images: a construction site with an excavator on the left, a bridge under construction in the center, and a modern building with a glass facade on the right.

# Comprehensive Annual Financial Report

Year ended September 30, 2017

**BUILDING ON SUCCESS**

# CITY OF ARLINGTON, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2017

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, 2017  
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March 6, 2018

Dear Reader:

The City of Arlington's (City or Arlington) Comprehensive Annual Financial Report (CAFR or report) for the fiscal year ended September 30, 2017, is submitted for review and analysis and in compliance with Texas law. City management is responsible for the accuracy, completeness and reliability of the presented data, based upon a comprehensive framework of internal control established for this purpose. Grant Thornton LLP has issued an unmodified opinion on the City's financial statements for the year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A), which follows the independent auditor's report, complements this letter and should be read in conjunction with it. Immediately following this letter is a brief summary of local economic indicators.

### **City 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 D/FW 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. Elected officials serve staggered two-year terms.

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.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

### **Long Term Financial Planning**

The Arlington economy is broad and diverse. Major employers include Arlington Independent School District, University of Texas at Arlington, General Motors Company, Texas Health Resources and Six Flags Over Texas. Major taxpayers include General Motors Company, Arlington Highlands LLP, Oncor Electric Delivery, and Parks at Arlington; making up approximately 3.67% of the City's assessed value. Arlington has proactively managed its financial condition over the years, with a built-in conservative bias. City leaders are continuing 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 2016-17 budget was developed with reinvestment in mind, a reinvestment in our economy, employees, technology, and public safety. Arlington prides itself on providing an elevated level of service at the lowest cost possible. We are 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 coming year:

- Invest in our economy
- Enhance regional mobility
- Put technology to work
- Champion great neighborhoods
- Support quality education

The 2018 budget focuses on these priorities and maintains the City's core value of quality and cost effective service delivery. In 2018, the property tax rate will be decreased for the second year in a row to 63.98 cents. The new 2018 rate is .50 cents lower than the previous rate of 64.48 cents, which was the rate in effect for the previous year.

## **Major Initiatives/Highlights**

### **Texas Rangers Major League Baseball Team**

In November 2016, Arlington voters voted to construct a new ballpark with a retractable roof. The ballpark is scheduled to open in time for the 2020 season and the Rangers will remain in Arlington until 2054. Arlington voters approved the joint venture between the Rangers and the City of Arlington, with Arlington's funding capped at \$500 million of the estimated \$1.1 billion stadium. The official groundbreaking ceremony was held in September 2017 and the site excavation began in October. A naming rights deal was signed and the new ballpark will be named Globe Life Field.

### **Texas Live!**

Construction began in October of 2016 for the first phase of Texas Live!, which is anticipated to open in 2018. The site, located in between the Texas Rangers' Globe Life Park and the Dallas Cowboys' AT&T Stadium, will feature over 100,000 square feet of premier dining and entertainment space, a 5,000 capacity outdoor event pavilion; a full-service 300-room convention hotel, and a 35,000 square foot meeting/convention facility.

### **Live! by Loews**

Groundbreaking was held in November 2017 for the \$150 million flagship Live! by Loews hotel and convention center at Texas Live!. The 300-room upscale hotel is scheduled to open in 2019. The hotel will include 35,000 square feet of event space. In addition, Revolver Brewing is scheduled to open a working brewery, bar and tasting room in Live! by Loews.

### **Enchant Christmas**

Enchant Christmas, the world's largest light maze, was held in Arlington the first time in 2017. Enchant Christmas was a collaboration between the Arlington Convention and Visitors Bureau and the Texas Rangers. In addition to two million lights, Enchant Christmas featured Santa's Palace, ice skating pond, live entertainment, the Texas Christkindl Market, food trucks and more.

### **General Motors/GM Financial**

General Motors broke ground on the new \$250 million Arlington Automotive Logistics Center in June 2017. The project will bring hundreds of new, good-paying jobs to Arlington. Two warehouses with a combined 1.4 million square feet of industrial space for GM Assembly Plant suppliers will be located at the site at Division Street and State Highway 360.

### **Central Library**

Construction continues on the new building in downtown north of City Hall, which will include an 80,000 square foot library and a 6,500-square foot combined community room and meeting room for the City Council. The \$30 million Downtown Library is expected to open in 2018.

### **AT&T Stadium**

The 2018 NFL Draft, a three-day event expected to draw thousands of visitors from across the country, will take place in April at AT&T Stadium. This will be the first time the League's Draft is held at an NFL stadium. The stadium annually hosts the Cotton Bowl, as well as numerous other special events. AT&T Stadium will host the Big 12 Football Championship which will be held in Arlington in 2017-2021.

### **Other notable 2017 accomplishments include:**

- **Interstate 30/State Highway 360 Interchange Project**  
Work continues on the \$233 million 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 2020.
- **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 2017, the Foundation approved over \$1.7 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.
- **D.R. Horton**  
D. R. Horton, America's Builder, celebrated the opening of its headquarters in Arlington's Entertainment District. The Fortune 500 company's headquarters is home to more than 400 employees.
- **UPS Regional Hub**  
In March the City approved tax incentives to facilitate the opening of a UPS regional hub. The project is expected to bring 1,400 full-time jobs. The 1.2 million-square-foot facility is set to open in early 2019.
- **Summit Racing**  
Summit Racing Equipment's Arlington facility, which is the company's largest location in the country, opened in September 2017. The \$82 million warehouse, retail super store and customer support center is located at Interstate 20 and Highway 360.
- **Kirk Franklin Opens Recording Studio in Downtown Arlington**  
Multi-platinum gospel artist Kirk Franklin transformed a vacant furniture warehouse in Downtown Arlington into a \$2 million, state-of-the-art recording studio. The studio is said to be unlike any in the country today.
- **Drury Plaza**  
The Arlington City Council approved a development plan for a nine-story, 268 room Drury Plaza Hotel. The hotel will be built in two phases. The hotel will be constructed first. Phase two will be an office or retail building.

### **Government Finance Officers Association (GFOA) Awards**

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arlington for its CAFR for the year ended September 30, 2016. This was the 39th 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 CAFR 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, 2016. This was the ninth 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 2017 budget. The City has earned this award for the past 31 years and expects to earn this award again for the upcoming FY 2018 budget.

### **Other Awards and Accreditations**

The City has received awards and accreditations for departments other than the GFOA awards mentioned above. Among those are:

- Transparency Stars for Finances-Awarded by Texas Comptroller of Public Accounts. Arlington is third local government entity in the state to receive all five transparency stars.
- Commission for Accreditation of Park and Recreation Agencies (CAPRA)
- National Gold Medal Finalist 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

### **Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Finance Department, especially Amy Trevino, Kristi Janes, Deloise Edwards, Daryl Holder, Cynthia Moss, Joan Wilson, Linda Beavers, 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.

Respectfully submitted,



Trey Yelverton  
City Manager



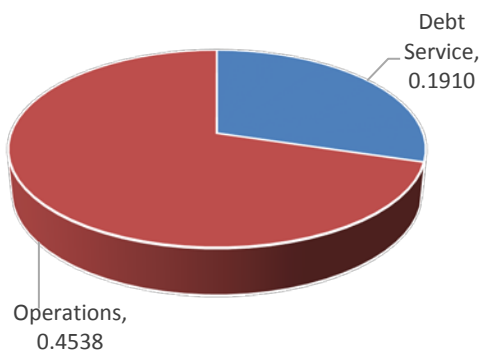
Mike Finley, CGFO  
Finance Director/CFO

## Local Economic Indicators

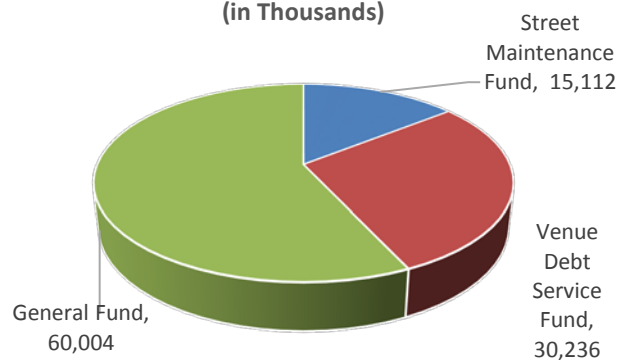
	2017	2016	2015
Property Tax Base (in thousands)*	(tax year 2016)	(tax year 2015)	(tax year 2014)
Personal	2,719,198	2,656,276	2,477,568
Real Estate	18,694,707	16,610,745	16,086,058
Mineral Lease Properties	134,832	372,976	356,660
Agricultural Properties	708	632	519
Total	21,549,445	19,640,629	18,920,805
Property Tax Rate			
Operations	0.4538	0.4460	0.4353
Debt Service	0.1910	0.2020	0.2127
Total	0.6448	0.6480	0.6480
Sales Tax (in thousands)			
Collections	105,352	102,580	97,895
Annual Growth	2.88%	4.79%	5.12%
Population	382,230	380,740	379,370
General Obligation Debt per Capita	1,046	965	871
Labor Force	207,936	208,526	202,431
Unemployment Rate	3.40%	4.00%	4.00%
Housing starts permits issued	523	352	388
Foreclosure (residential and commercial)	225	353	361
Occupancy Rates			
Office	91.80%	88.60%	88.20%
Industrial	92.70%	93.20%	95.60%
Retail	95.20%	95.80%	94.70%

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

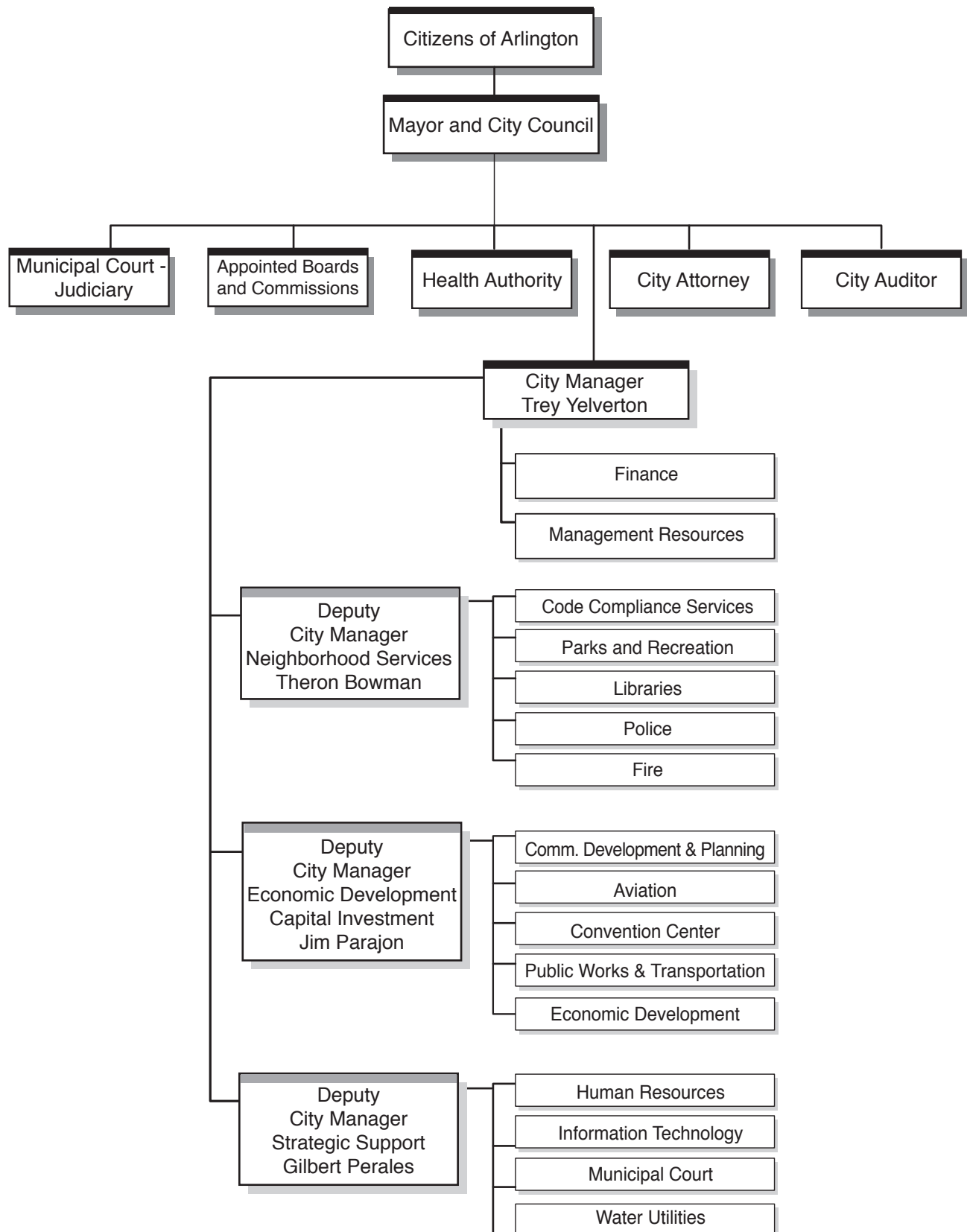
### 2017 Property Tax Rate



### 2017 Sales Tax (in Thousands)



# 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, 2016**

*Christopher P. Morrell*

Executive Director/CEO

City of Arlington, Texas  
City Council

Jeff Williams  
**Mayor**  
Term expires May 2019

Sheri Capehart, District 2  
***Mayor Pro Tem***  
Term expires May 2018

Charlie Parker District 1  
Term expires May 2018

Roxanne Thalman, District 3  
Term expires May 2019

Kathryn Wilemon, District 4  
Term expires May 2019

Lana Wolff, District 5  
Term expires May 2019

Robert Shepard, District 6 At Large  
Term expires May 2018

Victoria Farrar-Myers, District 7 At Large  
Term expires May 2018

Michael Glaspie, District 8 At Large  
Term expires May 2019





## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

**Grant Thornton LLP**  
1717 Main Street, Suite 1800  
Dallas, TX 75201-4667  
**T** 214.561.2300  
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### **Report on the financial statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas (the "City") as of and for the year ended September 30, 2017, 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 (the "component units"), discretely presented component units, which statements reflect 10%, 9%, and 73% 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Arlington Convention and Visitors Bureau, Inc. and the Arlington Tourism Public Improvement District were not audited in accordance with *Government Auditing Standards*.

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

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

### **Opinions**

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas, as of September 30, 2017, 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 on pages 5 through 18, the Budgetary Comparison Schedule – General Fund, the Schedule of Changes in the City's Net Pension Liability and Related Ratios – TMRS, the Schedule of the City's Contributions – TMRS, the Schedule of Changes in the City's Net Pension Liability and Related Ratios – Part-Time Deferred Income Trust Plan, the Schedule of the City's Contributions – Part-Time Deferred Income Trust Plan, the Schedule of Funding Progress – Disability Income Plan, and the Schedule of Funding Progress – Postemployment Healthcare Plan on pages 83 through 89, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



*Supplementary information*

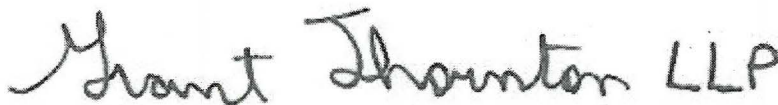
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, individual fund budgetary comparison schedules, and the schedules of capital assets used in the operation of governmental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

*Other information*

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

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 6, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dallas, Texas  
March 6, 2018



## CITY OF ARLINGTON, TEXAS

### Management's Discussion and Analysis For the Year Ended September 30, 2017 (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, 2017. Readers are encouraged 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 net position of the City at the close of the most recent fiscal year was \$2B. This number must be viewed in the context that the vast majority of the City's net position of \$1.8B (89%) is the net investment in capital assets and that most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. Of the City's total net position, \$49M (3%) is restricted for debt service and use of impact fees. The remaining \$172M is unrestricted and 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 \$22.6M during the current period primarily due to increased revenues in excess of expenses in the City's business-type activities, as well as an overall increase in the net investment in capital assets compared to the prior period.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$326.4M, a **decrease** of \$9.4M in comparison with the prior year. Within this total, \$200M is restricted for specific legal requirements and \$126M has been committed or assigned to specific types of expenditures. The remaining \$30k is unassigned fund balance in the general fund and can be used for any lawful purpose.
- The 2017 General Fund assigned fund balance was \$61.6M with \$.03M unassigned, an overall slight **increase** in the aggregate from prior year. In 2016, the comparable balances were \$60.9M and \$.48M. Fund balance assignment changes in the General Fund include increases in encumbrances, working capital, and subsequent years' expenses of \$.28M, \$.34M, and \$.30M respectively. Decreases in park performance and unassigned fund balance of \$.08M and \$.45M were also noted.
- The City's total outstanding long-term debt of \$719.8M **increased** \$23.2M during the year. Debt issues in 2017 include \$58.4M in Permanent Improvement Bonds and \$18.2M in Permanent Improvement Refunding bonds, \$6.1M in Combination Tax and Revenue Certificate of Obligation Bonds, \$110.2M in Senior Lien Special Tax Revenue Refunding Bonds, \$40.3M in Water and Wastewater System Revenue bonds, \$9M in Municipal Drainage Utility System Revenue Bonds, and \$4.78M bonds related to the Texas Water Development Board (TWDB) Clean and Drinking Water Programs. Bond principal payments for 2017 total \$224M on existing obligations with an additional \$128.4M in principal refunded. Exclusive of special venue debt, City of Arlington debt is allocated 63% for general government, with the remaining 37% 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 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 2017, 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 (ACCDC) and Arlington Tourism Public Improvement District (ATPID).

### **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, and the Streets Capital Projects 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 24 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, knowledge 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 28 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 32 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 35 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 83 of this report. Page 83 shows the budgetary comparison schedule and pages 84 – 89 detail the pension and OPEB schedules.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position was \$2B as of September 30, 2017. The largest portion of the City's net position \$1.8B (89%) 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; consequently, these assets are not available for future spending, and



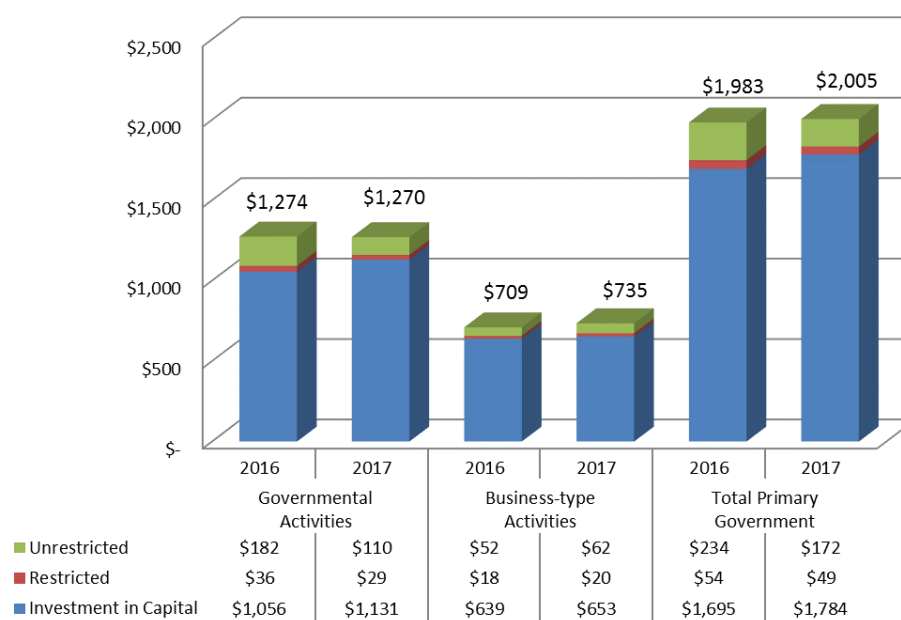
with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future.

**CITY OF ARLINGTON'S NET POSITION**  
(Amounts Expressed in Millions)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>
Current and other assets	\$424	\$426	\$174	\$214	\$598	\$640
Capital assets	1,576	1,603	751	781	2,327	2,384
<b>Total Assets</b>	<b>2,000</b>	<b>2,029</b>	<b>925</b>	<b>995</b>	<b>2,925</b>	<b>3,024</b>
Deferred Outflows of Resources	90	80	7	6	97	86
Long-term liabilities	775	802	206	249	981	1051
Other liabilities	27	27	16	16	43	43
<b>Total Liabilities</b>	<b>802</b>	<b>829</b>	<b>222</b>	<b>265</b>	<b>1024</b>	<b>1094</b>
Deferred inflows of resources	14	10	1	1	15	11
<b>Net position:</b>						
Net investment in capital assets	1,056	1,131	639	653	1,695	1,784
Restricted	36	29	18	20	54	49
Unrestricted	182	110	52	62	234	172
<b>Total Net Position</b>	<b>\$1,274</b>	<b>\$1,270</b>	<b>\$709</b>	<b>\$735</b>	<b>\$1,983</b>	<b>\$2,005</b>

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.

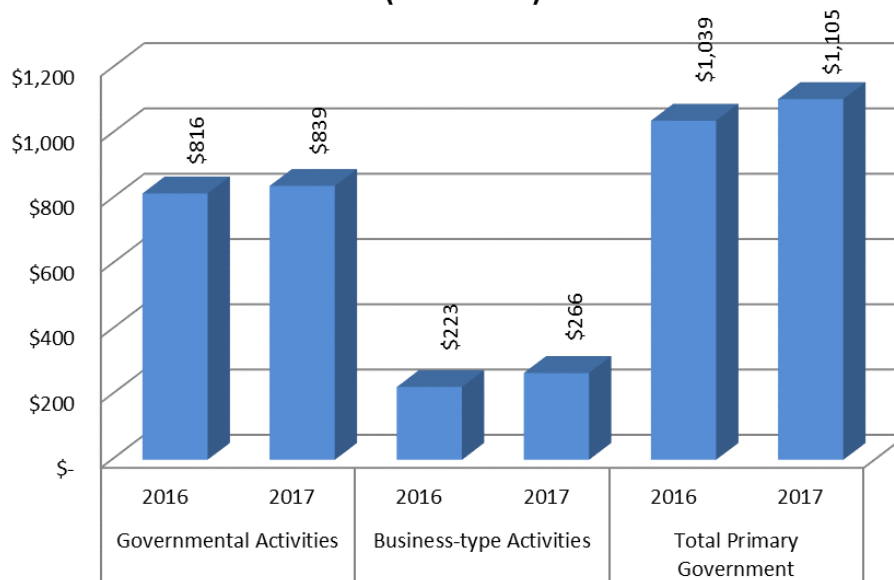
**Summary of Net Position (in Millions)**



An additional portion of the City's net position of \$49M (3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$172M (8%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business activities. The same situation held true for the prior year.

**Summary of Liabilities and Deferred Inflows of Resources  
(in Millions)**



Liabilities and deferred inflows of resources increased from \$1.04B to \$1.11B for the total government, an increase of 6%. The increase is related to the additional amount of outstanding debt and increased liabilities related to the net pension liability and landfill closure accrued liabilities.

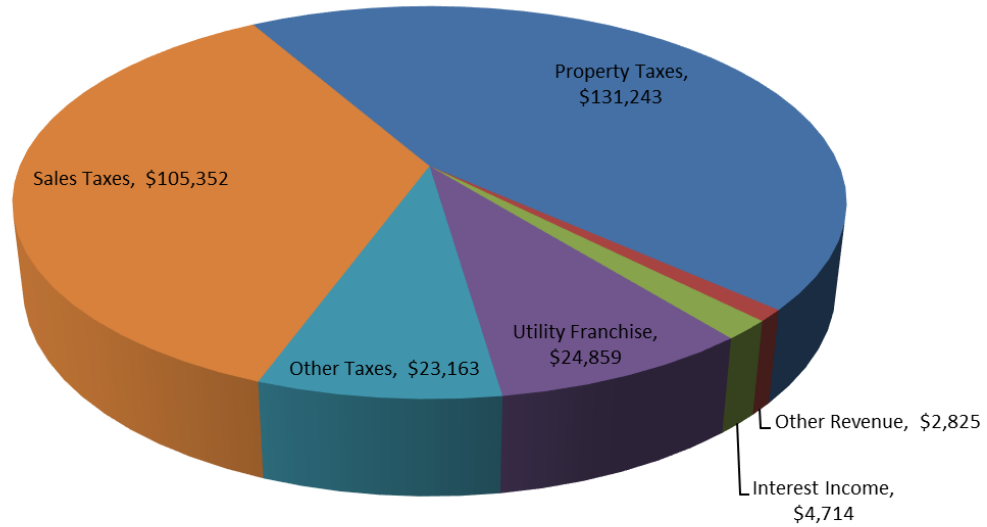
#### **Governmental Activities**

The City's general revenues increased compared to the prior year, increasing overall by 4.4%. Sales and property tax revenue accounted for the majority of the increase this year compared to last.

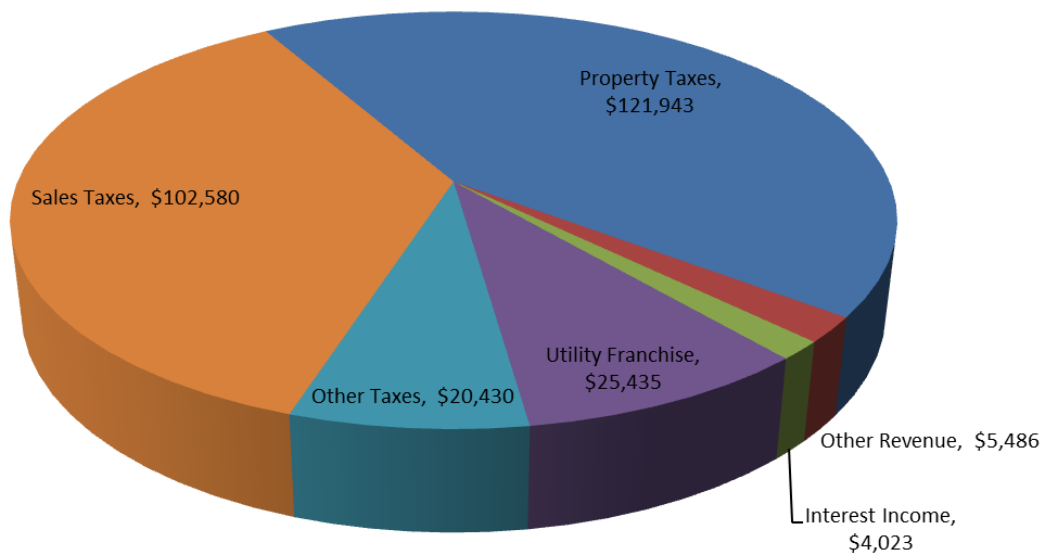
Property tax collections were up from the prior year by about \$9.3M and Arlington once again saw growth in assessed valuation. The residential property values increased by 11.5% and commercial property values increased by 10.4% compared to the prior year. The City anticipates property values to increase with continued state of economic conditions. The property tax rate for 2017 was set at \$0.6398 per \$100 assessed valuation; decreasing from \$0.64480 in the prior year.

Sales tax revenue increased by \$2.8M, up 2.7% from the prior year. Consumer confidence continued to strengthen during the year, as demonstrated by increased revenues. Strong sales tax collections in 2017 indicate that Arlington is a thriving community. Utility franchise fee collections decreased 2.26% in 2017, primarily due to decreased revenue for cable, electrical and gas utilities.

**2017 General Revenue  
(in thousands)**



**2016 General Revenue  
(in thousands)**



Governmental activities decreased the City's net position by \$3.7M, and business-type activities increased net position by \$26.2M, for a total overall increase of \$22.6M. Changes from 2016 to 2017 are shown in Table 2 below.

**Table 2**  
**City of Arlington's Changes in Net Position**  
**(Amounts expressed in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 58,809	\$ 59,115	\$ 144,661	\$ 153,018	\$ 203,470	\$ 212,133
Operating grants and contributions	62,107	14,754	-	-	62,107	14,754
Capital grants and contributions	5,814	9,442	1,820	3,552	7,634	12,994
General Revenues:						
Taxes	244,953	259,758	-	-	244,953	259,758
Utility franchise fees	25,435	24,859	-	-	25,435	24,859
Interest income	4,023	4,714	652	1,098	4,675	5,812
Other	5,486	2,825	-	(550)	5,486	2,275
<b>Total revenues</b>	<b>406,627</b>	<b>375,467</b>	<b>147,133</b>	<b>157,118</b>	<b>553,760</b>	<b>532,585</b>
<b>Expenses</b>						
General government	75,486	77,110	-	-	75,486	77,110
Public Safety	156,414	170,459	-	-	156,414	170,459
Public Works	61,115	68,036	-	-	61,115	68,036
Public Health	2,741	2,934	-	-	2,741	2,934
Parks and recreation	32,449	34,204	-	-	32,449	34,204
Public welfare	14,978	10,280	-	-	14,978	10,280
Convention and event services	8,384	13,987	-	-	8,384	13,987
Interest and fiscal charges	23,016	19,209	-	-	23,016	19,209
Water, sewer and storm water	-	-	104,437	113,745	104,437	113,745
<b>Total expenses</b>	<b>374,583</b>	<b>396,219</b>	<b>104,437</b>	<b>113,745</b>	<b>479,020</b>	<b>509,964</b>
<b>Increase in net position before transfers</b>	<b>32,044</b>	<b>(20,752)</b>	<b>42,696</b>	<b>43,373</b>	<b>74,740</b>	<b>22,621</b>
Transfers and capital contributions	16,619	17,101	(16,619)	(17,101)	-	-
<b>Increase (decrease) in net position</b>	<b>48,663</b>	<b>(3,651)</b>	<b>26,077</b>	<b>26,272</b>	<b>74,740</b>	<b>22,621</b>
<b>Net Position, October 1</b>	<b>1,224,855</b>	<b>1,273,518</b>	<b>683,092</b>	<b>709,169</b>	<b>1,907,947</b>	<b>1,982,687</b>
<b>Net Position, September 30</b>	<b>\$ 1,273,518</b>	<b>\$ 1,269,867</b>	<b>\$ 709,169</b>	<b>\$ 735,441</b>	<b>\$ 1,982,687</b>	<b>\$ 2,005,308</b>

Tax revenues were up \$14.8M from 2016, largely attributable to strong sales tax revenues and property tax collections. Charges for services increased \$8.7M with the majority of the increase resulting from the increase in business-type activities revenues. Operating grants and contributions decreased \$47.3M compared to the prior year due to one-time revenue (\$50M) received in the Innovation and Venture Capital fund in the prior year and not the current year.

Overall, expenditures increased approximately \$30.9M (6.5%) from the prior year. Increases over all categories are primarily attributed to increased pension expenses. In addition, in all categories (other than interest in fiscal charges) there were salary and benefit increases ranging from 4.2% to 8.4%. Public welfare expenses decreased

primarily due to decreased capital outlay compared to the prior year. Convention and event services expenses increased primarily due to payments made to the Arlington Tomorrow Foundation for operating revenues.

The revenue increase of \$10M in business-type activities (Water and Wastewater/Storm Water Utility) is largely a result of an increase in water sales and sewer service revenues reported in service charges for the current year. Increases in expenses were primarily for the cost of purchasing water and sewage treatment.

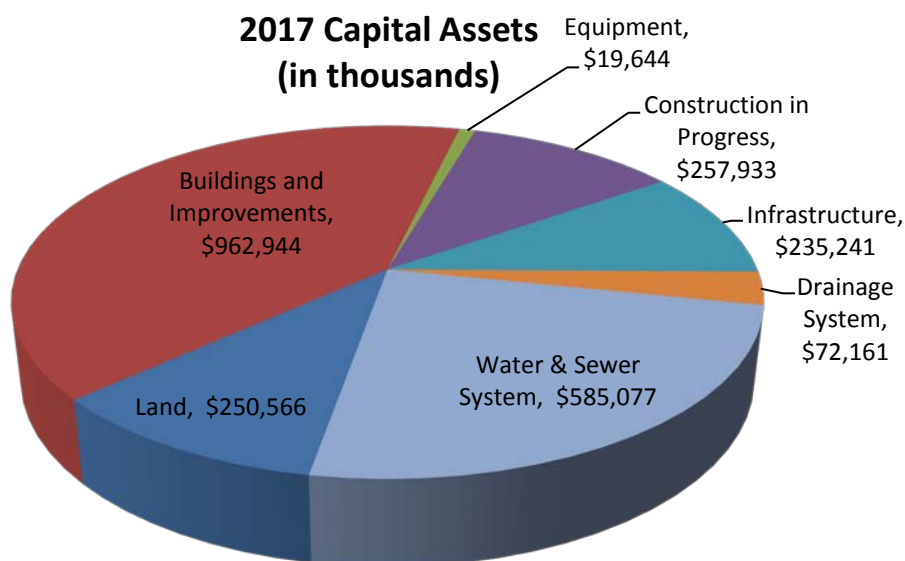
## CAPITAL ASSET AND DEBT ADMINISTRATION

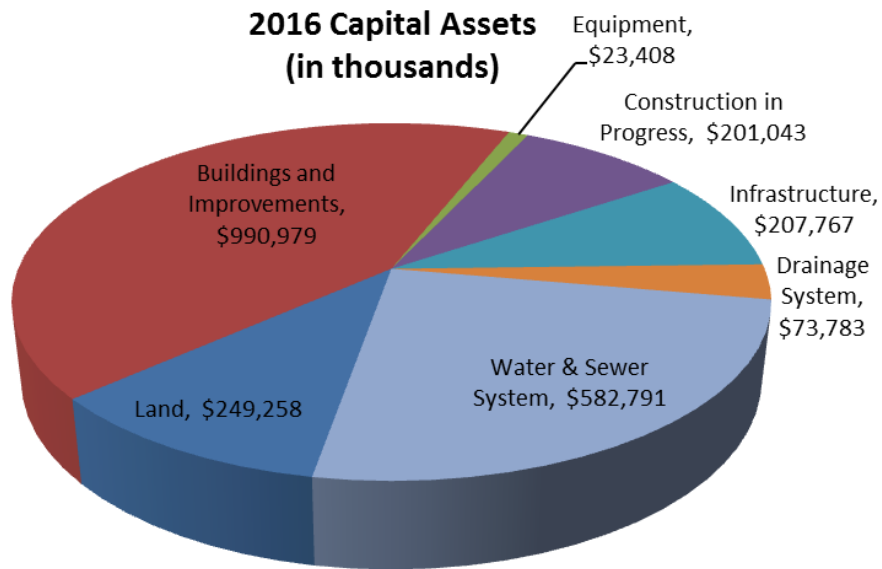
### Capital Assets

At the end of the fiscal year 2017, the City had \$2.4B invested in a broad range of capital assets. This amount is a slight increase from the prior fiscal year. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

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

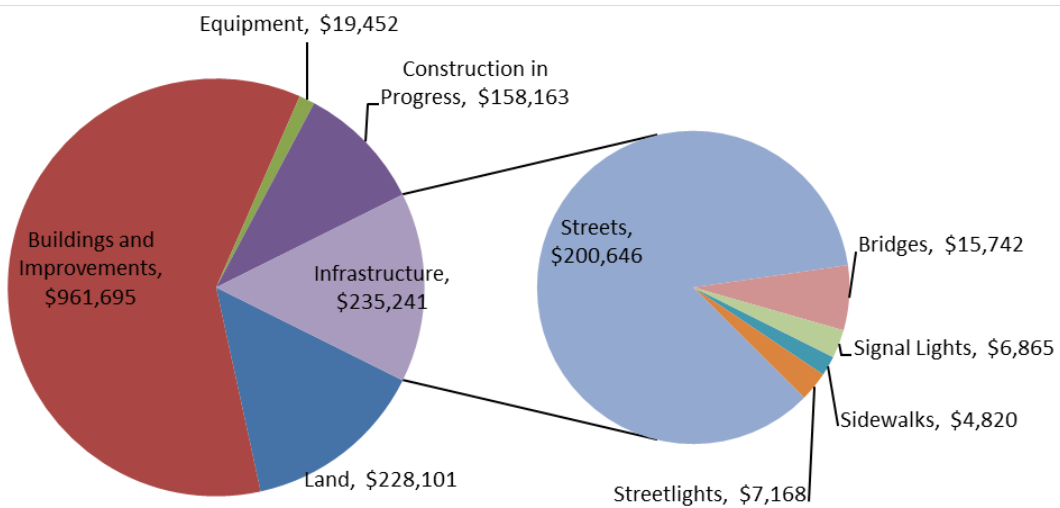
	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land	\$ 226,911	\$ 228,101	\$ 22,347	\$ 22,465	\$ 249,258	\$ 250,566
Buildings and improvements	989,673	961,695	1,306	1,249	990,979	962,944
Machinery and equipment	22,993	19,452	415	192	23,408	19,644
Construction in progress	130,841	158,163	70,202	99,770	201,043	257,933
Infrastructure	207,767	235,241	-	-	207,767	235,241
Drainage system	-	-	73,783	72,161	73,783	72,161
Water and sewer system	-	-	582,791	585,077	582,791	585,077
Totals	\$ 1,578,185	\$ 1,602,652	\$ 750,844	\$ 780,914	\$ 2,329,029	\$ 2,383,566





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

### 2017 Capital Assets – Governmental Infrastructure Detail (in thousands)

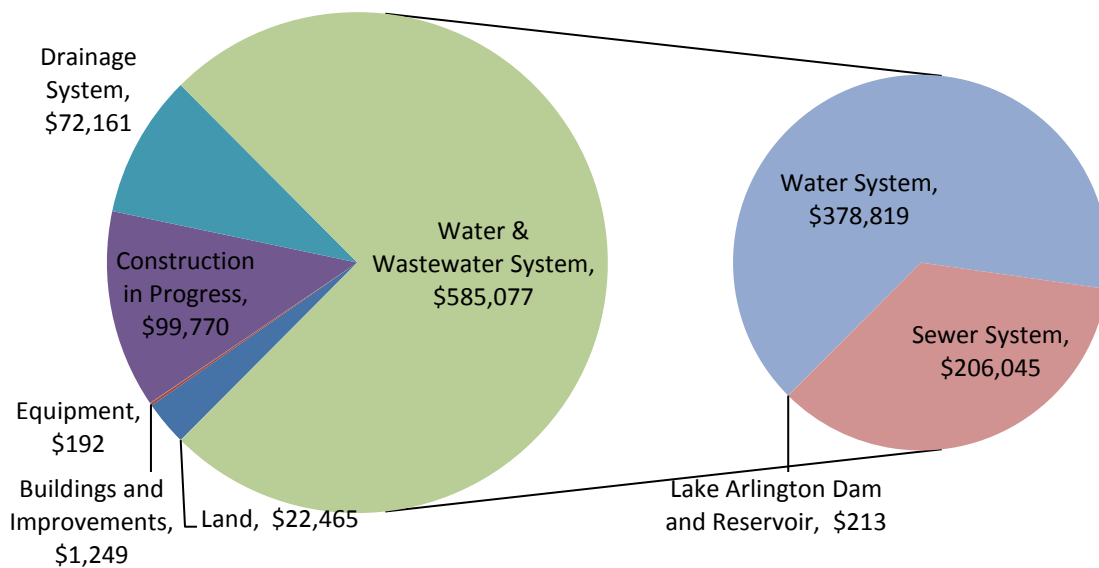


Asset	Book Value	Accumulated Depreciation	Net Value
Sidewalks	\$ 68,887	\$ (64,067)	\$ 4,820
Streetlights	19,202	(12,034)	7,168
Streets	767,210	(566,564)	200,646
Bridges	43,200	(27,458)	15,742
Signal Lights	17,032	(10,167)	6,865
	<u>\$ 915,531</u>	<u>\$ (680,290)</u>	<u>\$ 235,241</u>

The City's water and sewer enterprise infrastructure investment, including accumulated depreciation, breaks down as follows (in thousands):

Asset	Book Value	Accumulated Depreciation	Net Value
Lake Arlington	\$ 2,619	\$ (2,406)	\$ 213
Water System	581,592	(202,773)	378,819
Sewer System	315,221	(109,176)	206,045
	<u>\$ 899,432</u>	<u>\$ (314,355)</u>	<u>\$ 585,077</u>

### 2017 Capital Assets – Enterprise Infrastructure Detail (in thousands)



Major capital asset additions during the fiscal year include the following:

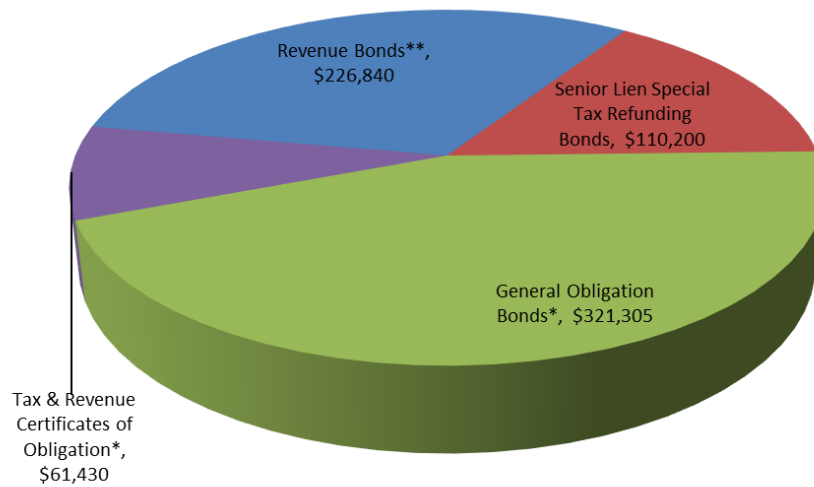
- Private developer capital contributions of \$3.6M to the City's water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of \$34.6M
- Storm drainage system capital improvements and expansion of \$19.8M
- Street construction projects capital outlay totaling \$39.9M
- Improvements to parks and recreation facilities of \$14.3M



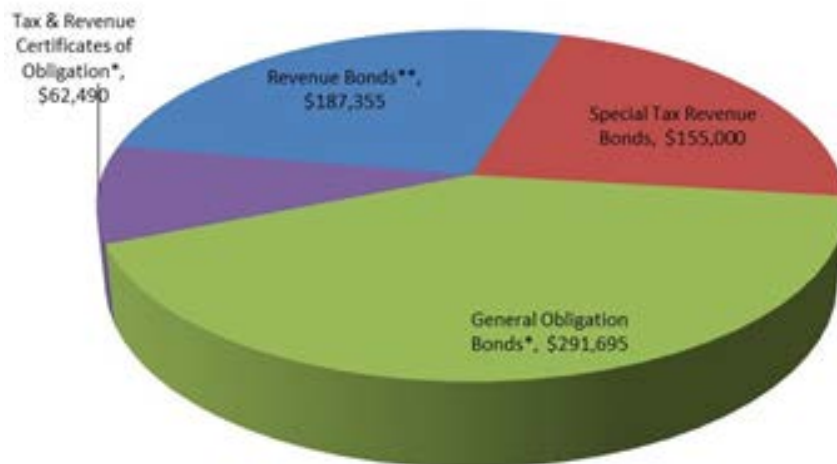
## Debt

At year-end, the City had \$719.8M in debt, an increase of \$23.3M from 2016. The City refunded \$18.2M in Permanent Improvement bonds and \$110.2M in Senior Lien Special Tax Revenue bonds.

**2017 Outstanding Debt  
(in thousands)**



**2016 Outstanding Debt  
(in thousands)**



*\*Secured by City Tax Base*

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

**Table 4**  
**Outstanding Debt**  
**(Amounts Expressed In Thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>
General obligation bonds (backed by the City)	\$291,695	\$321,305	\$ -	\$ -	\$291,695	\$321,305
Combination tax and revenue certificates of obligation (backed by the City)	62,490	61,430	-	-	62,490	61,430
Special tax revenue bonds	155,000	110,200	-	-	155,000	110,200
Revenue bonds (backed by fee revenues)	-	-	187,355	226,840	187,355	226,840
<b>Totals</b>	<b>\$509,185</b>	<b>\$492,935</b>	<b>\$ 187,355</b>	<b>\$226,840</b>	<b>\$696,540</b>	<b>\$719,775</b>

During the current fiscal year, the City issued \$58.4M in Permanent Improvement Bonds and \$18.2M in Permanent Improvement Refunding bonds, \$6.1M in Combination Tax and Revenue Certificate of Obligation Bonds, \$110.2M in Senior Lien Special Tax Revenue Refunding Bonds, \$40.3M in Water and Wastewater System Revenue bonds, \$9M in Municipal Drainage Utility System Revenue Bonds, and \$4.78M bonds related to the Texas Water Development Board (TWDB) Clean and Drinking Water Programs. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2017, the City's debt ratings were as follows by type and agency:

Type	Fitch	S&P	Moodys
City GO/CO - Tax Supported	AAA	AAA	Aa1
Water & Wastewater Revenue	AAA	AAA	Aa2
Storm Water Revenue		AAA	Aa2
Cowboys Complex Special Obligations	AA+	A+	A1

General bonded debt per capita increased from \$965 in 2016 to \$1,046 in 2017.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net bonded debt to assessed value of all taxable property is 1.87%.

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, 2017 was \$10.9M.

## **THE CITY'S FUNDS**

The governmental funds of the City reported a combined fund balance of \$326.4M. The General Fund balance was \$62.8M, an increase of \$0.4M from prior year. The Debt Service fund balance decreased \$7.1M, ending the year with \$21.0M. The decrease was a result of the refunding and retirement of principal on existing debt. Other changes in fund balances should be noted:

- Street Capital Projects fund spending increased in fiscal year 2017, up from \$34M to \$40M. The \$39.9M in capital outlay was offset by capital contributions and interest revenue totaling \$7.0M and a debt issuance of \$32.4M, resulting in a \$2.4M decrease in fund balance.
- The City's water and sewer fund net position of \$633.4M increased by \$19.1M in the current year. The increase in net position is primarily due to increased water sales and sewer service operating revenues exceeding expenses by \$31.5M.
- The Storm Water Utility fund, created in 2009 to address the City's need to manage issues associated with storm water runoff, saw an increase of \$7.7M to net position in 2017; storm water fee revenues exceeded fund expenses by \$8.9M, increasing net position to \$105.9M at the end of the fiscal year.

## **GENERAL FUND BUDGET HIGHLIGHTS**

During fiscal year 2017, there were no budget amendments in the General Fund.

Actual expenditures on a budgetary basis of \$231.7M were less than budgeted expenditures of \$259.4M. Significant savings were in IT/Tech Services and non-departmental expenditures, as well as savings in dispatch service expenditures.

Revenues on a budgetary basis were higher than the budgeted amount of \$245.3M by \$6.5M. Licenses and permits and utility franchise fees were higher than expected by \$1.1M and \$4.8M respectively. Leases, rents, and concessions were down due to non-city waste revenue and airport fees under the budgeted amount.

## **ECONOMIC FACTORS AND FISCAL YEAR 2018**

Each year, the City Council and appointed officials consider many factors when strategizing on priorities for the next fiscal year based on needs within the community. The annual Budget and Business Plan are developed to address the City Council adopted priorities. Economic development continues to be a priority, with reinvestment in the City continuing through relocation and expansion by businesses. The City must continue its ability to evolve and adapt to change, respond to challenges, and plan for the future. General Fund property tax revenues increased to \$131.2M and sales taxes were strong in 2017. Key budget priorities in 2018 are:

- Champion great neighborhoods
- Enhance regional mobility
- Invest in our economy
- Put technology to work
- Support quality education

The City's total General Fund revenues and transfers for 2018 are budgeted at \$244M, and total General Fund expenditures are expected to be \$244M, a net increase of \$9.6M over 2017.

The General Fund's largest single revenue source is property taxes. This revenue represents 40.5% of the General Fund budget. The property tax rate for 2018 is \$0.6398 per \$100 valuation, the second time it has decreased since 2001. The tax rate is broken into two pieces, operations and maintenance, \$0.4409 per \$100 valuation, to the General Fund, and interest and sinking, \$0.1989 per \$100 valuation, for debt service. The General Fund property tax revenue for 2018 is estimated to be \$98.6M, up \$7.2M (10%) 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 2018 is estimated at \$62.8M, an increase of \$2.5M from 2017 collections.

The City's Water and Sewer Fund accounts for nearly 30% 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 \$75M and \$62.4M respectively for FY 2018. 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 2018 Operating Budget can be accessed on the City's website: <http://www.arlington-tx.gov/budget/>.

#### **CONTACTING THE FINANCE DEPARTMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's fiscal accountability. If you have questions about this report or need additional information, contact 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, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash-like investments	\$ 333,224	\$ 51,063	\$ 384,287	\$ 16,343
Investments	-	-	-	60,514
Land Held for Resale	7,653	-	7,653	-
Receivables (net of allowance for uncollectibles):				
Taxes	7,254	-	7,254	-
Sales taxes	15,725	-	15,725	-
Trade accounts	3	10,918	10,921	-
Franchise fees	6,056	-	6,056	-
Unbilled trade accounts	-	8,465	8,465	-
Loan receivable	-	1,833	1,833	-
Special assessments	124	-	124	-
Accrued interest	1,307	-	1,307	296
Ballpark lease	10,166	-	10,166	-
Settlement agreement	5,091	-	5,091	-
Other	6,416	36	6,452	719
Internal balances	3,813	(3,813)	-	-
Due from other governments	5,373	-	5,373	-
Inventory of supplies	1,478	1,330	2,808	-
Prepaid expenses	42	-	42	105
Net other post employment benefit asset	386	-	386	-
Restricted assets-				
Bond contingency-				
Investments	-	20,590	20,590	-
Capital construction-				
Investments	-	110,007	110,007	-
Escrow	-	7,780	7,780	-
Meter deposits-				
Investments	-	5,659	5,659	-
Closure/Post-closure trust fund				
Investments	21,941	-	21,941	-
Capital Assets-				
Land	228,101	22,465	250,566	-
Buildings and improvements	1,303,837	2,833	1,306,670	563
Water and sewer system	-	899,431	899,431	-
Machinery and equipment	112,005	11,983	123,988	1,413
Infrastructure	915,531	-	915,531	-
Drainage systems	-	114,035	114,035	-
Construction in progress	158,164	99,770	257,934	-
Accumulated depreciation	(1,114,986)	(369,603)	(1,484,589)	(1,489)
<b>Total Assets</b>	<b>2,028,704</b>	<b>994,782</b>	<b>3,023,486</b>	<b>78,464</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt refunding	15,034	1,671	16,705	-
Deferred outflow-Contributions Pension	18,670	1,298	19,968	-
Deferred outflow-Actuarial Assumption Changes	5,390	375	5,765	-
Deferred outflow-Investment Earnings Pension	41,196	2,864	44,060	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>2,108,994</b>	<b>1,000,990</b>	<b>3,109,984</b>	<b>78,464</b>

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, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 21,867	\$ 5,290	\$ 27,157	\$ 2,295
Retainage payable	3,576	-	3,576	-
Accrued interest	1,775	-	1,775	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	1,305	1,305	-
Retainage payable	-	1,649	1,649	-
Accrued interest	-	2,095	2,095	-
Meter deposits	-	5,659	5,659	-
Non-current liabilities				
Due within one year:				
Estimated claims payable	5,863	-	5,863	-
General obligation and certificates of obligation debt	33,630	-	33,630	-
Accrued compensated absences	1,301	137	1,438	-
Revenue bonds	-	17,260	17,260	-
Capital lease obligation	1,044	-	1,044	-
Due in more than one year:				
Estimated claims payable	5,060	-	5,060	-
Net other post-employment benefit obligation	38,520	-	38,520	-
General obligation and certificates of obligation debt	369,124	-	369,124	-
Special tax revenue debt	128,229	-	128,229	-
Landfill closure accrued liabilities	21,941	-	21,941	-
Accrued compensated absences	31,113	1,944	33,057	-
Revenue bonds	-	218,556	218,556	-
Net pension liability	159,183	11,066	170,249	-
Capital lease obligation	6,800	-	6,800	-
<b>Total Liabilities</b>	<u>829,026</u>	<u>264,961</u>	<u>1,093,987</u>	<u>2,295</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow-actuarial assumption pension	8,454	588	9,042	-
Deferred inflow - lease & settlement agreements	1,647	-	1,647	14
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>839,127</u>	<u>265,549</u>	<u>1,104,676</u>	<u>2,309</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,130,555	653,455	1,784,010	487
Restricted for debt service	21,012	20,334	41,346	-
Restricted for use of impact fees	8,157	-	8,157	-
Restricted for housing assistance	-	-	-	299
Restricted for endowments	-	-	-	68,998
Unrestricted	110,143	61,652	171,795	6,371
<b>Total Net Position</b>	<u>\$ 1,269,867</u>	<u>\$ 735,441</u>	<u>\$ 2,005,308</u>	<u>\$ 76,155</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, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 77,110	\$ 24,579	\$ 2,651	\$ 89
Public safety	170,459	15,412	4,371	-
Public works	68,036	2,491	520	8,353
Public health	2,934	3,536	51	-
Parks and recreation	34,204	9,775	584	1,000
Public welfare	10,280	215	6,577	-
Convention and event services	13,987	3,107	-	-
Interest and fiscal charges	19,209	-	-	-
<b>Total Governmental Activities</b>	<u>396,219</u>	<u>59,115</u>	<u>14,754</u>	<u>9,442</u>
<b>Business-Type Activities:</b>				
Water and sewer	107,537	138,007	-	3,552
Storm water utility	6,208	15,011	-	-
<b>Total Business-Type Activities</b>	<u>113,745</u>	<u>153,018</u>	<u>-</u>	<u>3,552</u>
<b>Total Primary Government</b>	<u>\$ 509,964</u>	<u>\$ 212,133</u>	<u>\$ 14,754</u>	<u>\$ 12,994</u>
<b>Component Units:</b>				
Arlington Housing Authority	\$ 27,568	\$ -	\$ 27,022	\$ -
Arlington Convention and Visitors Bureau	6,913	6,847	400	-
Arlington Tomorrow Foundation	4,471	-	-	-
Arlington Housing Finance Corporation	-	-	-	-
Arlington Tourism Public Improvement District	879	2,253	333	-
Arlington Convention Center Development Corp	48	-	34	-
Arlington Economic Development Corp	-	-	-	-
<b>Total Component Units</b>	<u>\$ 39,879</u>	<u>\$ 9,100</u>	<u>\$ 27,789</u>	<u>\$ -</u>

General Revenues:  
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 (decrease) 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	
\$ (49,791)	\$ -	\$ (49,791)	\$ -	-
(150,676)	-	(150,676)	-	-
(56,672)	-	(56,672)	-	-
653	-	653	-	-
(22,845)	-	(22,845)	-	-
(3,488)	-	(3,488)	-	-
(10,880)	-	(10,880)	-	-
(19,209)	-	(19,209)	-	-
(312,908)	-	(312,908)	-	-
-	34,022	34,022	-	-
-	8,803	8,803	-	-
-	42,825	42,825	-	-
\$ (312,908)	\$ 42,825	\$ (270,083)	\$ -	-
\$ -	\$ -	\$ -	\$ (546)	-
-	-	-	334	-
-	-	-	(4,471)	-
-	-	-	-	-
-	-	-	1,707	-
-	-	-	(14)	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ (2,990)	-
131,243	-	131,243	-	-
105,352	-	105,352	-	-
367	-	367	-	-
1,865	-	1,865	-	-
82	-	82	-	-
9,289	-	9,289	-	-
11,560	-	11,560	-	-
24,859	-	24,859	-	-
4,714	1,098	5,812	5,546	-
(1,027)	(550)	(1,577)	5,843	-
3,852	-	3,852	2,458	-
17,101	(17,101)	-	-	-
309,257	(16,553)	292,704	13,847	-
(3,651)	26,272	22,621	10,857	-
1,273,518	709,169	1,982,687	65,298	-
\$ 1,269,867	\$ 735,441	\$ 2,005,308	\$ 76,155	-

**CITY OF ARLINGTON, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>General</b>	<b>Debt Service</b>	<b>Street Capital Projects</b>	<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash-like investments	\$ 47,971	\$ 15,438	\$ 70,433	\$ 176,074	\$ 309,916
Land held for resale	-	-	-	7,653	7,653
Closure/Post-closure restricted cash	21,941	-	-	-	21,941
Receivables (net of allowance for uncollectibles)					
Taxes	3,457	317	-	3,480	7,254
Sales taxes	10,483	5,242	-	-	15,725
Franchise fees	6,056	-	-	-	6,056
Special assessments	-	-	124	-	124
Accrued interest	1,174	15	-	-	1,189
Lease and settlement agreements	15,257	-	-	-	15,257
Other	5,301	-	-	875	6,176
Due from other funds	4,222	-	-	-	4,222
Due from other governments	-	-	-	5,373	5,373
Inventory of supplies, at cost	1,243	-	-	219	1,462
<b>Total Assets</b>	<b>\$ 117,105</b>	<b>\$ 21,012</b>	<b>\$ 70,557</b>	<b>\$ 193,674</b>	<b>\$ 402,348</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 8,481	\$ -	\$ 3,781	\$ 8,826	\$ 21,088
Retainage payable	37	-	1,679	1,860	3,576
Unearned Revenue	2,014	-	124	1,240	3,378
Due to other funds	-	-	-	4,222	4,222
Closure/Post-closure trust fund	21,941	-	-	-	21,941
<b>Total Liabilities</b>	<b>32,473</b>	<b>-</b>	<b>5,584</b>	<b>16,148</b>	<b>54,205</b>
<b>Deferred inflows of resources:</b>					
Taxes	3,097	-	-	-	3,097
Landfill lease	3,429	-	-	-	3,429
Gas lease	-	-	-	-	-
Lease and settlement agreements	15,257	-	-	-	15,257
Other	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>21,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,783</b>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	1,243	-	-	219	1,462
Prepays	-	-	-	-	-
Restricted for:					
Debt service	-	21,012	-	-	21,012
Capital projects	-	-	64,973	22,682	87,655
Special revenue	-	-	-	90,872	90,872
Committed to:					
Utility rate case	-	-	-	-	-
Capital projects	-	-	-	57,845	57,845
Special revenue	-	-	-	5,669	5,669
Assigned to:					
Encumbrances	8,794	-	-	-	8,794
Working capital	20,055	-	-	-	20,055
Subsequent years' expenditures	7,220	-	-	-	7,220
Compensated absences	1,299	-	-	-	1,299
Other post employment benefits	1,718	-	-	-	1,718
Future initiatives	17,151	-	-	-	17,151
Dispatch	987	-	-	-	987
Information technology	290	-	-	-	290
Business continuity	4,062	-	-	-	4,062
Park performance	-	-	-	239	239
Court security	-	-	-	-	-
Unassigned	30	-	-	-	30
<b>Total Fund Balances</b>	<b>62,849</b>	<b>21,012</b>	<b>64,973</b>	<b>177,526</b>	<b>326,360</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 117,105</b>	<b>\$ 21,012</b>	<b>\$ 70,557</b>	<b>\$ 193,674</b>	<b>\$ 402,348</b>

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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Total fund balance per balance sheet** **\$ 326,360**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding \$12,871 recorded in the internal service funds). 1,589,781

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	\$ 3,097	\$ -	
Landfill	3,429	3,429	
Grant revenue	293	(1,782)	
Ballpark lease	10,166	-	
Ballpark Settlement	5,091	-	
Unearned	3,085	-	
	<u>25,161</u>	<u>1,647</u>	23,514

Internal service funds are used by management to charge the cost of fleet services, general services, risk management, technology services, 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. 29,152

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 (excluding \$9,136 recorded in the internal service funds).

Bonds payable		\$ (492,935)	
Premium general obligation debt		(39,868)	
Discount on bonds		1,820	
Deferred outflow of resources (refunding)		15,034	
Accrued interest payable		(1,775)	
Compensated absences		(32,394)	
Net other post-employment benefit obligation		(38,520)	
Net other post-employment asset		386	
TMRS:			
Net pension liability	\$(159,183)		
Deferred inflow-actuarial gain	(8,454)		
Deferred outflow-investment loss	46,586		
Deferred outflow-contributions 1/1-9/30/16	18,670	(102,381)	
Estimated claims		(463)	
Capital Leases		(7,844)	
			(698,940)
<b>Net position of governmental activities</b>			<u><u>\$ 1,269,867</u></u>

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, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Streets Capital Projects	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 153,463	\$ 73,779	\$ -	\$ 33,411	\$ 260,653
Licenses and permits	9,662	-	-	-	9,662
Utility franchise fees	24,859	-	-	-	24,859
Fines and forfeitures	10,858	-	-	-	10,858
Leases, rents and concessions	8,099	-	-	2,000	10,099
Service charges	5,680	-	-	14,572	20,252
Interest revenue	1,825	351	647	1,609	4,432
Net increase (decrease) in fair value of investments	(287)	(2)	(311)	(396)	(996)
Contributions	1,786	-	6,656	1,000	9,442
Intergovernmental revenues	2,651	-	-	12,103	14,754
Gas lease royalty	-	-	-	8,220	8,220
Gas lease other	-	-	-	1	1
Other	46	94	11	2,434	2,585
<b>Total Revenues</b>	<u>218,642</u>	<u>74,222</u>	<u>7,003</u>	<u>74,954</u>	<u>374,821</u>
<b>EXPENDITURES</b>					
Current-					
General government	37,616	-	-	9,329	46,945
Public safety	150,270	-	-	6,982	157,252
Public works	21,481	-	255	23,833	45,569
Public health	2,144	-	-	597	2,741
Public welfare	-	-	-	10,277	10,277
Parks and recreation	15,864	-	-	12,301	28,165
Convention and event services	-	-	-	13,640	13,640
Capital outlay	-	-	39,890	37,225	77,115
Debt service-					
Principal retirement	-	35,190	-	-	35,190
Redemption premium	-	-	-	-	-
Interest and fiscal charges	-	22,571	-	-	22,571
<b>Total Expenditures</b>	<u>227,375</u>	<u>57,761</u>	<u>40,145</u>	<u>114,184</u>	<u>439,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,733)</u>	<u>16,461</u>	<u>(33,142)</u>	<u>(39,230)</u>	<u>(64,644)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	32,473	25,967	58,440
Issuance of refunding bonds	-	128,440	-	-	128,440
Issuance of certificates of obligation	-	-	-	6,110	6,110
Refunding bond principal	-	(172,000)	-	-	(172,000)
Amount used to fund escrow account	-	(8,752)	-	-	(8,752)
Bond premium	-	21,898	2,162	1,943	26,003
Transfers in	22,346	6,841	2,600	20,193	51,980
Transfers out	(13,242)	-	(1,652)	(20,069)	(34,963)
<b>Total Other Financing Sources and Uses</b>	<u>9,104</u>	<u>(23,573)</u>	<u>35,583</u>	<u>34,144</u>	<u>55,258</u>
<b>Net Change in Fund Balances</b>	<u>371</u>	<u>(7,112)</u>	<u>2,441</u>	<u>(5,086)</u>	<u>(9,386)</u>
<b>Fund Balances, October 1,</b>	<u>62,478</u>	<u>28,124</u>	<u>62,532</u>	<u>182,612</u>	<u>335,746</u>
<b>Fund Balances, September 30</b>	<u>\$ 62,849</u>	<u>\$ 21,012</u>	<u>\$ 64,973</u>	<u>\$ 177,526</u>	<u>\$ 326,360</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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Net change in fund balance - total governmental funds** **\$ (9,386)**

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. 79,498

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. (51,182)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 205

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.

Interest on bond payoff	(6,110)	
Repayment of general obligation debt	217,320	
Proceeds from issuance of bonds	(204,868)	
Amortization of deferred loss on bond refunding	(310)	
Amortization of bond premium	(4,343)	
Repayment of capital lease	1,020	
		2,709

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	(3,053)	
Accrued interest expense	850	
Post-employment benefit obligation expense	(1,211)	
TMRS net pension liability	(16,237)	
Estimated salary expense	(463)	
		(20,114)

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. (5,381)

**Change in net position of governmental activities** **\$ (3,651)**

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash-like investments	\$ 24,580	\$ 26,483	\$ 51,063	\$ 23,308
Receivables (net of allowances for uncollectibles):				
Trade accounts	9,708	1,210	10,918	3
Accrued Interest	-	-	-	118
Unbilled trade accounts	7,787	678	8,465	-
Loan receivable	1,833	-	1,833	-
Other	36	-	36	240
Prepaid Expenditures	-	-	-	42
Inventory of supplies, at cost	1,330	-	1,330	16
Subtotal	45,274	28,371	73,645	23,727
Restricted Assets:				
Bond contingency-cash and cash-like investments	14,827	-	14,827	-
Capital construction-cash and cash-like investments	58,755	-	58,755	-
<b>Total Current Assets</b>	<b>118,856</b>	<b>28,371</b>	<b>147,227</b>	<b>23,727</b>
<b>Non-Current Assets:</b>				
Restricted Assets:				
Bond contingency-				
Investments	5,071	692	5,763	-
Capital construction-				
Investments	51,252	-	51,252	-
Escrow	7,780	-	7,780	-
Meter deposit investments	5,659	-	5,659	-
Capital Assets:				
Land	7,486	14,979	22,465	-
Buildings and improvements	2,833	-	2,833	467
Water and sewer system	899,431	-	899,431	-
Machinery and equipment	11,960	23	11,983	44,761
Drainage system	-	114,035	114,035	-
Construction-in-progress	79,641	20,129	99,770	-
Accumulated depreciation	(327,714)	(41,889)	(369,603)	(32,357)
Total Capital Assets Net of Accumulated				
Depreciation	673,637	107,277	780,914	12,871
<b>Total Noncurrent Assets</b>	<b>743,399</b>	<b>107,969</b>	<b>851,368</b>	<b>12,871</b>
<b>Total Assets</b>	<b>862,255</b>	<b>136,340</b>	<b>998,595</b>	<b>36,598</b>
<b>Deferred Outflows of Resources:</b>				
Deferred charges on debt refunding	1,671	-	1,671	-
Deferred outflow - contributions pension	1,298	-	1,298	-
Deferred outflow - investment/actuarial pension	3,239	-	3,239	-
<b>Total Assets and Deferred Outflows of</b>				
<b>Resources</b>	<b>\$ 868,463</b>	<b>\$ 136,340</b>	<b>\$ 1,004,803</b>	<b>\$ 36,598</b>

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

(continued)

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Storm Water Utility</b>	<b>Total</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,616	\$ 1,674	\$ 5,290	\$ 782
Accrued compensated absences	116	21	137	-
Revenue bonds payable from unrestricted assets	703	1,730	2,433	-
<b>Current Liabilities Payable From</b>				
<b>Restricted Assets:</b>				
Accounts payable and accrued liabilities	1,305	-	1,305	-
Retainage payable	1,287	362	1,649	-
Accrued interest	1,829	266	2,095	-
Estimated claims payable	-	-	-	5,400
Revenue bonds payable from restricted assets	14,827	-	14,827	-
Meter deposits	5,659	-	5,659	-
<b>Total Current Liabilities</b>	<b>29,342</b>	<b>4,053</b>	<b>33,395</b>	<b>6,182</b>
<b>Noncurrent Liabilities:</b>				
Estimated claims payable	-	-	-	5,060
Compensated absences	1,735	209	1,944	17
Revenue bonds payable from unrestricted assets	192,376	26,180	218,556	-
Net pension liability	11,066	-	11,066	-
<b>Total Noncurrent Liabilities</b>	<b>205,177</b>	<b>26,389</b>	<b>231,566</b>	<b>5,077</b>
<b>Total Liabilities</b>	<b>234,519</b>	<b>30,442</b>	<b>264,961</b>	<b>11,259</b>
<b>Deferred Inflows of Resources:</b>				
Deferred inflow - investment/actuarial pension	588	-	588	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>235,107</b>	<b>30,442</b>	<b>265,549</b>	<b>11,259</b>
<b>NET POSITION</b>				
Net investment in capital assets	574,450	79,005	653,455	12,871
Restricted for debt service	20,334	-	20,334	-
Unrestricted	38,572	26,893	65,465	12,468
<b>Total Net Position</b>	<b>\$ 633,356</b>	<b>\$ 105,898</b>	<b>\$ 739,254</b>	<b>\$ 25,339</b>
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(3,813)	
Net position of business-type activities			<u>\$ 735,441</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, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities Enterprise Funds			
	Water and Sewer	Storm Water Utility	Total	Governmental Activities- Internal Service Funds
Operating Revenues:				
Water sales	\$ 71,151	\$ -	\$ 71,151	\$ -
Sewer service	60,324	-	60,324	-
Storm water fee - commercial	-	6,972	6,972	-
Storm water fee - residential	-	8,039	8,039	-
Service charges	-	-	-	34,362
Sundry	6,532	-	6,532	-
Total Operating Revenues	138,007	15,011	153,018	34,362
Operating Expenses:				
Purchase of water	24,905	-	24,905	-
Purchase of sewage treatment	32,884	-	32,884	-
Salaries and wages	12,908	1,875	14,783	470
Employees' retirement	2,694	270	2,964	63
Supplies	2,051	64	2,115	2,555
Maintenance and repairs	4,021	429	4,450	252
Utilities	2,875	20	2,895	82
Claims (net of adjustments)	7	-	7	29,209
Legal and professional	198	-	198	142
Depreciation	17,711	2,329	20,040	3,873
Miscellaneous services	4,088	783	4,871	4,237
Total Operating Expenses	104,342	5,770	110,112	40,883
Operating Income (Loss)	33,665	9,241	42,906	(6,521)
Nonoperating Revenues (Expenses):				
Interest revenue	923	175	1,098	191
Net increase in the fair value of investments	(479)	(71)	(550)	(31)
Gain on sale of assets	-	-	-	281
Interest expense and fiscal charges	(2,580)	(438)	(3,018)	-
Total Nonoperating Revenues (Expenses)	(2,136)	(334)	(2,470)	441
Income (loss) before transfers and contributions	31,529	8,907	40,436	(6,080)
Contributions in aid of construction	3,552	-	3,552	-
Transfers in	975	-	975	1,084
Transfers out	(16,912)	(1,164)	(18,076)	(1,000)
Change in Net Position	19,144	7,743	26,887	(5,996)
Total Net Position, October 1	614,212	98,155	712,367	31,335
Total Net Position, September 30	\$ 633,356	\$ 105,898	\$ 739,254	\$ 25,339
Net change in net position - total proprietary funds			\$ 26,887	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(615)	
Change in net position of business-type activities			\$ 26,272	

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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 139,005	\$ 14,797	\$ 153,802	\$ 34,436
Cash payments to suppliers	(68,279)	(217)	(68,496)	(34,578)
Cash payments to employees	(14,431)	(2,122)	(16,553)	(543)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>56,294</b>	<b>12,458</b>	<b>68,752</b>	<b>(685)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	-	1,084
Transfers out	(15,937)	(1,164)	(17,101)	(1,000)
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>(15,937)</b>	<b>(1,164)</b>	<b>(17,101)</b>	<b>84</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(34,661)	(10,189)	(44,850)	(1,804)
Increase/Decrease in escrow balance	(4,651)	-	(4,651)	-
Proceeds from sales of capital assets	-	-	-	341
Proceeds from issuance of long-term debt	48,696	9,451	58,147	-
Repayment of long-term debt	(13,285)	(1,280)	(14,565)	-
Interest payment long-term debt	(6,085)	(1,154)	(7,239)	-
<b>Net Cash Provided By (Used For) Capital Related Financing Activities</b>	<b>(9,986)</b>	<b>(3,172)</b>	<b>(13,158)</b>	<b>(1,463)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from interest earnings	1,341	175	1,516	191
Net decrease in the fair value of investments	(479)	(71)	(550)	(31)
Purchase of investments	(171,356)	(30,375)	(201,731)	-
Maturities/sales of investments	173,278	30,401	203,679	-
<b>Net Cash Provided By (Used For) Investing Activities</b>	<b>2,784</b>	<b>130</b>	<b>2,914</b>	<b>160</b>
<b>Net Increase In Cash And Cash-Like Investments</b>	<b>33,155</b>	<b>8,252</b>	<b>41,407</b>	<b>(1,904)</b>
<b>Cash and cash-like investments, October 1</b>	<b>65,007</b>	<b>18,231</b>	<b>83,238</b>	<b>25,382</b>
<b>Cash and cash-like investments, September 30</b>	<b>\$ 98,162</b>	<b>\$ 26,483</b>	<b>\$ 124,645</b>	<b>\$ 23,478</b>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities:</b>				
Operating income (loss)	\$ 33,665	\$ 9,241	\$ 42,906	\$ (6,521)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	17,711	2,329	20,040	3,873
Amortization of bond premium	990	122	1,112	-
Amortization of deferred loss on bond refunding	(238)	-	(238)	-
Provision for bad debts	(23)	7	(16)	-
(Increase) decrease in-				
Receivables	996	(213)	783	74
Inventory of supplies	494	-	494	29
Prepaid expenses	2,160	-	2,160	(6)
Increase (decrease) in-				
Accounts payable and accrued liabilities	(1,353)	683	(670)	522
Net pension liability	1,352	-	1,352	-
Estimated claims payable	-	-	-	1,354
Retainage payable	52	266	318	-
Meter deposits	230	-	230	-
Accrued compensated absences	258	23	281	(10)
Total adjustments	22,629	3,217	25,846	5,836
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ 56,294</b>	<b>\$ 12,458</b>	<b>\$ 68,752</b>	<b>\$ (685)</b>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets from developers	3,552	-	3,552	-

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash-like investments	\$ 88	\$ 9,663
Investments		
Investment retired city mgr 401(k) plan	66	-
Money market fund	42,041	-
Corporate bonds	2,484	-
Fixed income mutual bond funds	17,154	-
Common stock mutual bond funds	91,991	-
Balanced mutual funds	35,378	-
Participant borrowing	5,230	-
Self directed brokerage accounts	5,302	-
Total Investments	199,646	-
<b>Total Assets</b>	<b>\$ 199,734</b>	<b>\$ 9,663</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 42	\$ 9,663
Retired city mgr 401(k) plan payable	66	-
<b>Total Liabilities</b>	<b>\$ 108</b>	<b>\$ 9,663</b>
<b>NET POSITION</b>		
Restricted for pensions	\$ 199,550	
Assigned pension trust	76	
<b>Total Net Position</b>	<b>\$ 199,626</b>	

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, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 3,319
Employee contributions	8,242
Net appreciation in fair value of investments	26,650
Other additions	160
<b>Total Additions</b>	<u>38,371</u>
<b>DEDUCTIONS</b>	
Benefits	17,097
Plan administration	187
Other deductions	85
<b>Total Deductions</b>	<u>17,369</u>
<b>Increase in Net Position</b>	21,002
<b>Net Position, October 1</b>	178,624
<b>Net Position, September 30</b>	<u><u>\$ 199,626</u></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, 2017**

**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. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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 post-employment 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. 61. The Financial Reporting Entity, 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 \$57.0 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 "ACCDC") 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 ACCDC 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. There was no activity in fiscal year 2017.

#### 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.

### 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 inter-fund activity has been removed from these statements. The exception is that inter-fund services provided and used are not eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

Government fund level 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 non-operating 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 non-operating revenues and expenses.

The following major funds 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:

- 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 accounts for the purchase of rights of way and land, construction of streets and related facilities, and to account for various other projects related to street construction. Funds are provided primarily through bond sales, interest earnings, and impact fees.
- d. Other Governmental Funds is a summarization of all of the nonmajor governmental funds, including capital project and special revenue funds.

## 2. Enterprise 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. 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.

## 3. Other Fund Types:

The City additionally reports the following fund types:

- a. 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 printing, mailing and duplicating; fleet services; self-insurance; workers' compensation insurance; and group health insurance.
- b. 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.
- c. 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 and for thrift savings plans for City employees.

## E. Cash, Cash-like 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-like 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-like 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-like 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.

#### 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized.

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 capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use. During 2017, \$1,260,646 of interest cost, net of \$418,467 interest earned, was capitalized as capital assets in the Water and Sewer Fund as part of the costs of constructing various projects. Interest expensed (net of capitalized interest) and interest earned in fiscal 2017 for the Water and Sewer Fund amounted to approximately \$2,580,000 and \$923,000, respectively. In the Storm Water Utility Fund \$419,425 of interest cost, net of \$28,934 interest earned, was capitalized as capital assets as part of the costs of constructing various projects. Interest earned in fiscal 2017 for the Storm Water Utility Fund amounted to approximately \$175,000 and interest expensed (net of capitalized interest) was \$438,000.

#### 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.

Beginning in fiscal year 2015, and in accordance with GASB 68 and 71, the City's net pension liability is now 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 1.06% 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 \$1.80M. 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 the employees upon termination of employment for employees who have completed at least six months of continuous service.

The City's employees accumulate 1.25 days of sick leave per month with a maximum accrual of 150 days (180 for fire fighters). 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

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by the intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution 11-361 dated September 27, 2011 adopting the fund balance policy, authorized the City Manager or his designee to assign fund balance to a specific purpose.

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

N. Minimum Fund Balance Policy

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund working capital reserve at a minimum level of 8.33% (1/12<sup>th</sup>) 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 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 period(s) and so will not be recognized as an outflow of resources (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 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 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.

Q. New Accounting Pronouncements

During fiscal year 2017, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement replaces GASB Statements 43 and 57. This statement addresses enhanced note disclosures and required supplementary information to improve financial reporting.

Statement No. 77, *Tax Abatement Disclosures*. This statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments that reduce the reporting government's tax revenues.

Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. This statement amends the blending requirements established in Statement No. 14 for the financial statement presentation of component units of all state and local governments

Statement No. 82, *Pension Issues – An Amendment of GASB statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which is effective for the City beginning in fiscal year 2018. This statement replaces the requirements of GASB Statements 45 and 57 and establishes new accounting and financial reporting requirements for OPEB plans.

Statement No. 81, *Irrevocable Split-Interest Agreements*, which is effective for the City beginning in fiscal year 2018. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for the City beginning in fiscal year 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs), which is a legally enforceable liability associated with the retirement of a tangible capital asset. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources of AROs.

Statement No. 84, *Fiduciary Activities*, which is effective for the City beginning in fiscal year 2019. 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. 85, *Omnibus 2017*, which is effective for the City beginning in fiscal year 2018. This statement addresses several different accounting and financial reporting issues identified by GASB during the implementation and application of certain GASB pronouncements.

Statement No. 86, *Certain Debt Extinguishment Issues*, which is effective for the City beginning in fiscal year 2018. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished, and notes to the financial statements for debt that is defeased in-substance.

Statement No. 87, *Leases*, which is effective for the City beginning in fiscal year 2019. 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.

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 2017, there were no 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):

<u>General Fund</u>	<u>Street Capital Projects Fund</u>	<u>Other Nonmajor Funds</u>	<u>Total</u>
\$ 8,794	\$ 24,967	\$ 31,744	\$ 65,505

#### **B. Excess of expenditures over appropriations**

For the year ended September 30, 2017, there were no expenditures exceeding budget in the aggregate.

#### **C. Deficit fund equity**

There were no funds with a deficit fund balance in the year ended September 30, 2017.

### **III. DETAILED NOTES ON ALL FUNDS**

#### **1. CASH, CASH-LIKE INVESTMENTS AND INVESTMENTS**

Deposits - At September 30, 2017, the carrying amount of the City's demand deposits was \$762,000 (bank balance, \$4,163,000). The balance in cash on hand was \$33,000 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](http://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-like investments and investments include: (amounts in thousands) Governmental Activities \$355,165, Business-type Activities \$187,319, and Agency and Pension Trust Funds \$9,751.



As of September 30, 2017, the City had the following investments (amounts in thousands):

<b>Cash, Cash-like Investments and Investments</b>	<b>Fair Value</b>	<b>Weighted Avg Maturity (in days)</b>	<b>Credit Risk</b>
Agency	\$ 367,289	527	AAA
Local Gov't Invest Pools	83,928	1	AAA
Texas Municipal	5,116	867	AA+
Non-Texas Municipal	31,182	356	AA+
Certificates of Deposit	44,043	-	AAA
Money Market Fund	19,882	1	AAA
Total Fair Value	<u>\$ 551,440</u>		

The City has investments in government pools at September 30, 2017 totaling \$83,928,000, which are recorded at amortized cost.

*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. The following table lists the fund groups authorized in the City's investment policy and the maximum maturity and maximum weighted average maturity ("WAM"):

<b>Fund</b>	<b>Maximum Maturity</b>	<b>Maximum WAM</b>
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.

<b>Security</b>	<b>% of Portfolio</b>
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.

The City's investments in local government investment pools include investments in TexPool, TexasDaily and TexStar. 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 \$83,928 and Money Market Funds of \$19,882 (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, 2017 (amounts in thousands):

	Fair Value Measurements Using			
	Quoted		Significant	
	Prices in		Other	
	Active		Significant	
	Markets for		Observable	
	Identical		Unobservable	
	Assets	Inputs	Inputs	
	9/30/2017	(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>				
Debt Securities				
Agency	367,289	-	367,289	-
Texas Municipal	5,116	-	5,116	-
Non-Texas Municipal	31,182	-	31,182	-
	<b>403,587</b>	<b>-</b>	<b>403,587</b>	<b>-</b>

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.

## 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 FY17 was \$33,600,783,000 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, 2016 upon which the original FY17 levy was based, was \$21,379,081,000.

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, 2017, the City had a tax rate of \$0.6448 (\$0.4538 for general government and \$0.1910 for debt service) per \$100 assessed valuation with a tax margin of \$1.8552 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 \$363,644,486 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$21,379,081,000.

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 Park, 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 the City. 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 2005 (the "Series 2005 Bonds"). The Series 2005 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").

**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 \$196,056,308.

**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, 2017, outstanding conduit debt was \$135,655,000.

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 is expected to commence in 2018, and the Texas Rangers expect to play in a 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.

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 September 2017, the City issued \$110,200,000 Senior Lien Special Tax Revenue Refunding Bonds, Series 2017 (the "Series 2017 Bonds") to refund all of the outstanding Prior Obligations for AT&T Stadium, Series 2008 and Series 2009. All debt related to AT&T Stadium, Series 2005A, B, & C had been refunded, matured, or been previously redeemed.

#### 4. RECEIVABLES

Receivables at September 30, 2017 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	\$ 11,437	\$ 317	\$ -	\$ -	\$ -	\$ 3,480	\$ -	\$ 15,234
Franchise Fees	6,056	-	-	-	-	-	-	6,056
Trade Accounts	-	-	1,278	11,422	-	-	3	12,703
Unbilled Trade Accounts	-	-	678	8,069	-	-	-	8,747
Special Assessments	-	-	-	-	124	-	-	124
Sales Taxes	10,483	5,242	-	-	-	-	-	15,725
Lease and settlement agreements	15,257	-	-	-	-	-	-	15,257
Accrued Interest	1,174	15	-	-	-	-	118	1,307
Loan Receivable	-	-	-	1,833	-	-	-	1,833
Other	5,301	-	-	36	-	875	240	6,452
Gross Receivables	49,708	5,574	1,956	21,360	124	4,355	361	83,438
Less: Allowance for Uncollectibles	(7,980)	-	(68)	(1,996)	-	-	-	(10,044)
Net total Receivables	\$ 41,728	\$ 5,574	\$ 1,888	\$ 19,364	\$ 124	\$ 4,355	\$ 361	\$ 73,394

#### 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 was as follows:

(Amounts expressed in thousands)

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 226,911	\$ 1,190	\$ -	\$ 228,101
Construction in progress-other	130,841	77,427	(50,104)	158,164
Total capital assets, not being depreciated	357,752	78,617	(50,104)	386,265
Capital assets, being depreciated:				
Buildings and improvements	1,298,689	5,196	(48)	1,303,837
Equipment	109,792	5,124	(2,911)	112,005
Infrastructure	873,062	42,469	-	915,531
Total capital assets, being depreciated	2,281,543	52,789	(2,959)	2,331,373
Less accumulated depreciation for:				
Buildings and improvements	310,322	31,868	(48)	342,142
Equipment	87,214	8,192	(2,852)	92,554
Infrastructure	665,295	14,995	-	680,290
Total accumulated depreciation	1,062,831	55,055	(2,900)	1,114,986
Total capital assets, being depreciated, net	1,218,712	(2,266)	(59)	1,216,387
Governmental activities capital assets, net	\$ 1,576,464	\$ 76,351	\$ (50,163)	\$ 1,602,652

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 22,347	\$ 118	\$ -	\$ 22,465
Construction in progress	70,202	46,525	(16,957)	99,770
Total capital assets, not being depreciated	92,549	46,643	(16,957)	122,235
Capital assets, being depreciated:				
Buildings and improvements	2,833	-	-	2,833
Drainage System	113,333	702	-	114,035
Water and sewer system	879,709	19,722	-	899,431
Machinery and equipment	11,983	-	-	11,983
Total capital assets, being depreciated	1,007,858	20,424	-	1,028,282
Less accumulated depreciation for:				
Buildings and improvements	1,527	57	-	1,584
Drainage System	39,550	2,324	-	41,874
Water and sewer system	296,918	17,436	-	314,354
Machinery and equipment	11,568	223	-	11,791
Total accumulated depreciation	349,563	20,040	-	369,603
Total capital assets, being depreciated, net	658,295	384	-	658,679
Business-type activities capital assets, net	\$ 750,844	\$ 47,027	\$ (16,957)	\$ 780,914

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

Governmental activities:	
General Government	\$ 25,374
Public Safety	3,338
Parks and recreation	5,805
Public works	16,665
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,873</u>
Total depreciation expense – governmental activities	<u>\$55,055</u>
Business-type activities:	
Storm Water Utility	2,329
Water and sewer	<u>\$ 17,711</u>
Total depreciation expense – business-type activities	<u>\$ 20,040</u>

Discretely presented component units:

(amounts expressed in thousands)

	<u>Balance at</u> <u>Beginning of</u> <u>Year</u>	<u>Transfer and</u> <u>Additions</u>	<u>Transfers and</u> <u>Retirements</u>	<u>Balance at End</u> <u>of Year</u>
<b>Arlington Housing Authority, Inc.</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 563	\$ -	\$ -	\$ 563
Machinery and equipment	394	-	-	394
Total capital assets, being depreciated	<u>957</u>	<u>-</u>	<u>-</u>	<u>957</u>
Less accumulated depreciation for:				
Buildings and improvements	(307)	(14)	-	(321)
Machinery and equipment	(388)	-	1	(387)
Total accumulated depreciation	<u>(695)</u>	<u>(14)</u>	<u>1</u>	<u>(708)</u>
Arlington Housing Authority, Inc.				
Capital assets, net	<u>\$ 262</u>	<u>\$ (14)</u>	<u>\$ 1</u>	<u>\$ 249</u>

	<u>Balance at</u> <u>Beginning of</u> <u>Year</u>	<u>Transfer and</u> <u>Additions</u>	<u>Transfers and</u> <u>Retirements</u>	<u>Balance at End</u> <u>of Year</u>
<b>Arlington Convention and Visitors Bureau, Inc.</b>				
Capital asset, being depreciated:				
Machinery and equipment	\$ 960	\$ 59	\$ -	\$ 1,019
Total capital assets, being depreciated	<u>960</u>	<u>59</u>	<u>-</u>	<u>1,019</u>
Less accumulated depreciation for:				
Machinery and equipment	(772)	(9)	-	(781)
Total accumulated depreciation	<u>(772)</u>	<u>(9)</u>	<u>-</u>	<u>(781)</u>
Arlington Convention and Visitors Bureau, Inc.				
Capital assets, net	<u>\$ 188</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 238</u>

## 6. PENSION AND EMPLOYEE BENEFIT PLANS

### Texas Municipal Retirement System

#### A. Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 872 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](http://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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,640
Inactive employees entitled to but not yet receiving benefits	1,070
Active Employees	<u>2,462</u>
	5,172

#### 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 15.08% and 15.73% in calendar years 2016 and 2017,



respectively. The city's contributions to TMRS for the year ended September 30, 2017, were \$25,821,067 and were equal to the required contributions.

#### D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% 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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	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 12/31/2015	\$ 1,086,413,400	\$ 919,641,045	\$ 166,772,355
Changes for the year:			
Service Cost	26,189,763	-	26,189,763
Interest	72,528,701	-	72,528,701
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,387,760	-	1,387,760
Changes of assumptions	-	-	-
Contributions-employer	-	23,983,655	(23,983,655)
Contributions-employee	-	11,245,390	(11,245,390)
Net investment income	-	62,140,092	(62,140,092)
Benefit payments, including refunds			
of employee contributions	(50,018,009)	(50,018,009)	-
Administrative expense	-	(701,918)	701,918
Other changes	-	(37,818)	37,818
Net changes	50,088,215	46,611,392	3,476,823
<b>Balance at 12/31/16</b>	<b>\$ 1,136,501,615</b>	<b>\$ 966,252,437</b>	<b>\$ 170,249,178</b>

Plan fiduciary net position as a percentage of the total pension liability

85.02%

Covered-employee payroll

\$160,574,881

Net pension liability as a percentage of covered employee payroll

106.02%

### 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	\$330,462,881	\$170,249,178	\$38,875,543

### 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](http://www.tmr.com)

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

For the year ended September 30, 2017, the city recognized pension expense of \$39,651,318.

At September 30, 2017, 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	\$ -	\$9,041,407
Changes in actuarial assumptions	5,764,015	-
Difference between projected and actual investment earnings	44,060,143	-
Contributions subsequent to the measurement date	19,968,319	-
Total	\$69,792,477	\$9,041,407

There is \$19,968,319 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2017	\$ 13,514,279
2018	13,665,380
2019	13,358,755
2020	244,337
2021	-
Thereafter	-
Total	\$ 40,782,751

### 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**

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. Its financial statements are presented below.

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

**Statement of Fiduciary Net Position  
June 30, 2017**

**Assets**

Cash and deposits	\$ 98,308
Receivables	40,659
Accrued Interest	-
Investments	
Mutual funds - bonds	2,100,103
Mutual funds - equities	602,799
Total investments	<u>2,702,902</u>
Total assets	<u><u>\$ 2,841,869</u></u>

**Liabilities**

Accrued expenses	<u>\$ 3,711</u>
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<b>Net position restricted for pensions</b>	<u><u>\$ 2,838,158</u></u>
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**City of Arlington, Texas**  
**Part-time, Seasonal and Temporary**  
**Employees Deferred Income Plan**

**Statement of Changes in Fiduciary Net Position**  
**for the Year Ended June 30, 2017**

**Additions**

Contributions:

Employer	\$ 60,813
Employees	<u>101,289</u>
Total contributions	<u>162,102</u>

Net investment income

Interest and dividends	11,910
Net appreciation in fair value of investments	<u>118,433</u>
Total investments	<u>130,343</u>
Total additions	<u>292,445</u>

**Deductions**

Benefit payments	137,960
Administrative expenses	<u>44,296</u>
Total deductions	<u>182,256</u>
Net increase in net position	110,189

**Net position restricted for pensions**

Beginning of year	<u>2,727,969</u>
End of year	<u><u>\$ 2,838,158</u></u>

*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.

*Plan membership.* As of July 1, 2016, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	3,504
Active plan members	<u>779</u>
	4,298

*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, 2016, 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.

Fiscal Year Ending <u>June 30,</u>	Actuarially Determined <u>Contribution</u>	Actual <u>Contribution</u>	Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Actual Contribution as a % of <u>Covered Payroll</u>
2015	\$ 22,419	\$ 22,419	\$ -	\$ 2,590,679	0.7%
2016	53,802	53,802	-	3,352,500	1.6%
2017	81,875	60,813	21,062	3,376,300	1.8%

## Investments

**Investment policy.** The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Committee. It is the policy of the Committee to pursue an investment strategy with the primary focus on current income generation and capital preservation while allowing for modest consideration for capital growth. The majority of assets are to be held in fixed income securities or other income producing investments with moderate levels of principal volatility. The following was the Committee's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	20%
Fixed-Income	77%
Cash (or equivalents)	3%

**Rate of return.** For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan expense was 4.03 percent. For all assets, a total return is calculated (including market value appreciation or depreciation, plus interest and dividends). The monthly rates of return are then geometrically linked.

## Net Pension Asset of the City

The components of the net pension asset of the City at June 30, 2017 were as follows:

Total pension liability	\$ 2,627,093
Plan fiduciary net position	<u>(2,838,158)</u>
City's net pension asset	<u>\$ ( 211,065)</u>
Plan fiduciary net position as a percentage of the total pension liability	108.0%

## Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2016	\$ 2,527,272	\$ 2,727,969	\$ (200,697)
Changes for the year:			
Service Cost	187,047	-	187,047
Interest	127,591	-	127,591
Change of benefit terms	-	-	-
Difference between expected and actual experience	(76,857)	-	(76,857)
Changes of assumptions	-	-	-
Contributions-employer	-	60,813	(60,813)
Contributions-employee	-	101,289	(101,289)
Net investment income	-	130,343	(130,343)
Benefit payments, including refunds			
of employee contributions	(137,960)	(137,960)	-
Administrative expense	-	(44,296)	44,296
Other changes	-	-	-
Net changes	99,821	110,189	(10,368)
<b>Balance at 6/30/17</b>	<b>\$ 2,627,093</b>	<b>\$ 2,838,158</b>	<b>\$ (211,065)</b>

Plan fiduciary net position as a percentage of the total pension liability	108.0%
Covered-employee payroll	\$ 3,376,300
Net pension liability as a percentage of covered employee payroll	(6.3%)

*Actuarial Assumption.* The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent
Investment rate of return	5.0 percent

Mortality rates were based on the RP-2000 Combined Tables with Blue Collar Adjustment, Projected with Scale BB.

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Cash & Cash Equivalents	0.00%
Fixed Income	.62%
Domestic Large Cap Equity	5.22%
Domestic Mid Cap Equity	5.79%
Domestic Small Cap Equity	6.05%
International Developed Equity	4.97%
International Emerging Equity	6.46%

*Discount rate.* A single discount rate of 5.0 percent was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 5.0 percent and a municipal bond rate of 3.56 percent (based on the Bond Buyer 20-year Municipal Bond Index as of June 30, 2017). The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position and the future contributions were sufficient to finance the future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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 5.0 percent, 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 (4.0 percent) or 1 percentage point higher (6.0 percent) than the current rate:

	1% Decrease (4.0%)	Current Discount Rate (5.0%)	1% Increase (6.0%)
City's net pension asset	\$ 51,872	\$(211,065)	\$(426,429)

The actuarial assumptions used in the July 1, 2017 actuarial valuation included were (a) 5.0 percent investment return, (b) 2.5 percent inflation rate adjustment, and (c) 3.0 percent salary increases. The accrual basis of accounting is utilized by the PDIT fund. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are financed through investment earnings. Cash and cash equivalents are stated at cost that approximates fair value. Investments are stated at the approximate value of the financial asset based on either the month end price, the last available price, or the last available activity. Because the assets of the plan exceed the actuarial liability, amortization of the unfunded liability is discontinued, and the contribution required for the plan was developed under the aggregate cost method. This method does not identify or separately amortize unfunded actuarial accrued liabilities; the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

#### 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, 2017, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$195,481,000.

The City's total payroll during fiscal 2017 was \$172,946,000. The current year contribution was calculated based on a covered payroll of \$118,762,000, resulting in a required and actual employer contribution of \$3,191,000 and actual employee contributions of \$8,142,000. The employer contribution represents 2.69 percent of the covered payroll. The employee contribution represents approximately 6.85 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2017. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

The Thrift Savings Plan does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2017. (amounts in thousands):



ASSETS	
Investments	195,471
Total Assets	<u>\$ 195,471</u>
LIABILITIES	
Accounts Payable	12
Retired City Mgr 401(k) plan payable	66
Total Liabilities	<u>\$ 78</u>
NET POSITION	
Held in trust for pension benefits	195,405
Assigned pension trust	76
Total Net Position	<u>\$ 195,481</u>

Changes in Net Position  
Thrift Savings Plan

ADDITIONS	
Employer contributions	\$ 3,191
Employee contributions	8,142
Net appreciation in fair value of investments	26,523
Other additions	100
	<u>37,956</u>
DEDUCTIONS	
Benefits	16,811
Plan administration	112
Other deductions	85
	<u>17,008</u>
Increase in Net Position	20,948
Net Position, October 1	<u>174,533</u>
Net position, September 30	<u>\$ 195,481</u>

City contributions for the above plans for the year ended September 30, 2017, are as follows (amounts in thousands):

TMRS	\$25,821
THRIFT	8,142
PTDIT	<u>63</u>
	<u>\$34,024</u>

## 7. OTHER POST EMPLOYMENT BENEFITS

### Disability Income Plan

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.

#### Summary of Significant Accounting Policies

*Basis of Accounting.* DIP's financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Cash and cash-like investments with original maturity dates less than one year are stated at cost that approximates fair value. Investments are stated at fair value based on either the month end price, the last available price or the last available activity.

#### Plan Description and Contribution Information

Membership of the plan consisted of the following at July 1, 2017, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits:	12
--	----

*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.

*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, 2017, the City contributed \$68,000 to the plan. Administrative costs of DIP are financed through investment earnings.

#### Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

As of July 1, 2017, the most recent actuarial valuation date, the plan was 91.2 percent funded. The actuarial accrued liability for benefits was \$1,450,275, and the actuarial value of assets was \$1,322,267, resulting in an unfunded actuarial accrued liability (UAAL) of \$128,008.

The accompanying schedule of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan, (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

Valuation date	7/1/2017
Actuarial cost method	Entry age normal
Amortization method	Level dollar amortization
Remaining amortization period	5 years (closed)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.0 percent
Inflation rate	2.5 percent

*Funding Policy.* The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City fully funds the required contributions each year.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB asset (dollar amounts in thousands):

Annual required contribution	\$ 35
Interest on net OPEB asset	(21)
Adjustment to annual required contribution	79
Annual OPEB cost (expense)	93
Contributions made	(68)
Decrease in net OPEB asset	25
Net OPEB asset - beginning of year	(411)
Net OPEB asset - end of year	<u>\$ (386)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2017 and the seven preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
9/30/17	\$93,000	73.10%	\$ (386,000)
9/30/16	113,000	57.50%	(411,000)
9/30/15	117,000	55.60%	(459,000)
9/30/14	119,000	94.10%	(511,000)
9/30/13	120,000	206.70%	(518,000)
9/30/12	283,000	126.10%	(390,000)
9/30/11	249,000	149.80%	(316,000)
9/30/10	305,000	127.21%	(192,000)

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

- Former employees who were receiving disability income from the trust as of September 18, 2012, and
- 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.

DIP does not issue separate GAAP financial reports. Its financial statements are presented below as of September 30, 2016 (in thousands):

<u>Net Position</u>	
Assets	
Investments	\$ 1,317
Total assets	<u>1,317</u>
Net position, held in trust for	
Other postemployment benefits	<u>\$ 1,317</u>

<u>Changes in Net Position</u>	
Additions	
Employer contributions	\$ 68
Net appreciation in fair value of investments	-
Other additions	<u>60</u>
Total additions	<u>\$ 128</u>
Deductions	
Benefits	(122)
Plan administration	<u>(18)</u>
Total deductions	<u>(140)</u>
Increase in net position	(12)
Net position, October 1, 2016	<u>1,329</u>
Net position, September 30, 2016	<u>\$ 1,317</u>

### **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 July 1, 2017, there were 1,009 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.

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 Contributions**

The City's contribution 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.

*Funding Policy.* The City Council through the budget process has the authority to establish and amend contribution requirements of the plan. Currently the plan is funded on a pay-as-you-go basis.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (dollar amounts in thousands):

Annual required contribution	\$ 7,928
Interest on net OPEB Obligation	1,493
Adjustment to annual required contribution	<u>(2,117)</u>
Annual OPEB cost (expense)	7,304
Contributions made	<u>(6,118)</u>
Increase in net OPEB obligation	1,186
Net OPEB obligation – beginning of year	<u>37,334</u>
Net OPEB obligation – end of year	<u>\$ 38,520</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the seven preceding years are as follows (dollar amounts in thousands):

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Contribution</b>	<b>Net OPEB Obligation</b>
9/30/2017	\$ 7,304	83.76%	\$ 38,520
9/30/2016	7,338	90.27%	37,334
9/30/2015	7,998	62.50%	36,620
9/30/2014	8,366	59.31%	33,633
9/30/2013	8,723	65.31%	30,229
9/30/2012	12,133	46.66%	27,203
9/30/2011	8,379	56.14%	20,731
9/30/2010	8,398	31.80%	17,056

*Funded Status and Funding Progress.* As of July 1, 2017, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$109.2 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$109.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$150.6 million, and the ratio of the UAAL to the covered payroll was 72.5 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan, (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	7/1/2017
Investment rate of return	4% per annum, net of expenses
Actuarial cost method	Individual Entry Age Normal Cost Met
Amortization method	Level dollar, open
Remaining amortization period	30 years
Healthcare Cost trend rate - med	7.50% initial (2016) 4.25% ultimate (2032)
Inflation Rate	2.50%

### **Supplemental Death Benefits Plan**

*Plan Description.* The City of Arlington contributes to the Supplemental Death Benefit Fund (SDBF), a cost-sharing multiple-employer defined benefit group term life insurance plan operated by TMRS. This is a separate trust administered by the TMRS Board of Trustees. SDBF provides a death benefit of \$7,500 for retirees. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for SDBF. That report may be obtained from the TMRS website at [www.TMRS.com](http://www.TMRS.com).

*Funding Policy.* Contribution requirements of the participating employers are established and may be amended by the TMRS Board of Trustees. The City is required to contribute at a rate assessed each year by the TMRS Board of Trustees, currently .15 percent of covered payroll. The TMRS Board of Trustees sets the employer contribution rate based on the mortality and service experience of all employees covered by the plan and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. Contributions are made monthly based on covered payroll of employee members of the City. Contributions are utilized to fund active member deaths on a pay-as-you-go basis. Any excess contributions over payments then become net position available for OPEB. The City's contributions to SDBF for the years ended September 30, 2017, 2016, and 2015, were \$251,051, \$247,020, and \$230,122, respectively, which equaled the required contributions each year.

## 8. DEBT AND LIABILITIES

### General Obligation Bonds

On May 15, 2017, the City issued Permanent Improvement Bonds, Series 2017 of \$58,440,000 with an interest rate of 2.00 to 5.00 percent and serial maturities on August 15 from 2018 through 2037. Interest on the bonds is due every February and August 15, beginning February 15, 2018. The bonds were issued for 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; acquiring, developing, renovating, and improving parks, park facilities and open spaces for park and recreation purposes in and for the City; including the acquisition of land therefor; and paying the costs of issuing the 2017 bonds. Total interest requirements for the Series 2017 bonds at a rate from 2.00 to 5.00 percent is \$21,758,139 in the aggregate.

On June 1, 2017 the City issued \$18,240,000 in Permanent Improvement Refunding Bonds, Series 2017A for the purpose of refunding a portion of the City's outstanding debt and paying the cost of issuing the 2017A bonds. The 2017A Series bonds mature on August 15 over a period from 2021 to 2037. Interest is payable February 15 and August 15 of each year commencing August 15, 2017. Total interest requirements for the Series 2017A bonds at a rate from 2.00 to 5.00 is \$5,897,072 in the aggregate. The refunding was undertaken to achieve a savings of \$1,949,609 on debt service payments and a present value savings on debt service payments of \$1,461,968.

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

Purpose	Interest Rates	Amount
Governmental activities	2.00-5.00%	\$ 149,960
Governmental activities - refunding	1.00-5.00%	171,345
Total Governmental		<u>\$ 321,305</u>

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

Year Ending September 30	Principal	Interest
2018	\$ 27,735	\$ 12,242
2019	27,765	10,833
2020	24,890	9,850
2021	23,050	8,914
2022	21,800	7,974
2023-2027	95,050	28,174
2028-2032	70,165	11,518
2033-2037	30,850	2,426
	<u>\$ 321,305</u>	<u>\$ 91,931</u>

General obligation debt authorized and unissued as of September 30, 2017, amounted to \$194,329,000.

#### Certificates of Obligation

On May 15, 2017, the City issued Combination Tax and Revenue Certificates of Obligation Series 2017 of \$6,110,000 with an interest rate of 2.00 to 4.00 percent. The Series 2017 Certificates will mature on August 15 over a period from 2018 to 2027. Interest is payable February 15 and August 15. The total interest requirement for the Series 2017 at a rate of 2.00 to 4.00 percent is \$943,279 in the aggregate. The certificates were issued with the purpose of acquiring City information technology infrastructure and equipment; designing, developing, constructing, improving and renovating City buildings and facilities, including HVAC and roof improvements; acquiring firefighting equipment and vehicles and to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

Annual debt service requirements to maturity for certificates of obligation of the primary government as of 9/30/17 are as follows (amounts in thousands):

Year Ending September 30	Governmental Activities, Certificates of Obligation	
	Principal	Interest
2018	\$ 5,895	\$ 1,958
2019	4,370	1,737
2020	4,365	1,618
2021	4,365	1,496
2022	4,365	1,371
2023-2027	20,410	4,705
2028-2032	11,575	2,170
2033-2037	6,085	413
	<u>\$ 61,430</u>	<u>\$ 15,468</u>

#### Special Obligation Bonds

In September 2017, the City issued \$110,200,000 Senior Lien Special Tax Revenue Refunding Bonds, Series 2017. These special obligations are being used to provide funds to refund the City's outstanding special tax revenue obligations, to make a deposit to the Senior Lien Debt Service Reserve and to pay the costs associated with issuance of Bonds.



The debt service requirements of the above special obligation debt are as follows (amounts in thousands):

Year Ending September 30	Governmental Activities, Special Revenue	
	Principal	Interest
2018	\$ -	\$ 4,688
2019	-	5,323
2020	2,030	5,293
2021	3,160	5,215
2022	3,800	5,092
2023-2027	31,035	21,752
2028-2034	70,175	13,412
	<u>\$ 110,200</u>	<u>\$ 60,775</u>

The City has pledged revenues consisting of one-half cent sales tax, two percent hotel occupancy tax, and five percent car rental tax.

All debt associated to the Stadium Project (Cowboys) issued in 2005, 2008 and 2009, were all refunded by the issuance of the Senior Lien Special Tax bonds, Series 2017.

#### 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 fiscal 2017, the City issued Water & Wastewater System Revenue Bonds Series 2017 in the amount of \$4,775,000 less bond origination fee of \$86,733 and Loan Forgiveness of \$826,861. The purpose is improving and extending the System and paying the costs of the issuing Bonds. These bonds are held by the Texas Water Development Board (TWDB). These bonds will mature June 2017 to June 2036 at interest rates of 0.0 to 1.32 percent.

In June 2017, the City issued \$40,280,000 in Water and Wastewater System Revenue Bonds, Series 2017. Proceeds from the sale of these bonds will be used to provide funds to make improvements and extensions to the System and to pay costs of issuance associated with the Bonds. These bonds mature June 1 over a period from 2018 to 2037. Interest, at a rate of 3.00 to 4.00 percent, is \$14,783,173 in the aggregate.

In June 2017, the City issued \$8,995,000 in Municipal Drainage Utility System Revenue Bonds, Series 2017. Proceeds from the sale of these bonds will be used to provide funds to improvements to the System, including acquisition and construction of equipment and facilities for the System and to pay costs of issuance associated with the Bonds. These bonds mature June 1 over a period from 2018 to 2037. Interest, at a rate of 2.00 to 5.00 percent, is \$3,034,234 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
2018	\$ 12,400	\$ 5,466	\$ 3,130	\$ 780	\$ 1,730	\$ 1,018
2019	11,975	5,159	3,130	731	1,730	979
2020	12,020	4,751	3,130	680	1,730	906
2021	10,930	4,325	3,125	624	1,730	845
2022	10,135	3,920	3,125	565	1,730	785
2023-2027	44,895	14,840	15,600	1,827	8,645	2,915
2028-2032	35,590	7,240	6,600	328	7,370	1,155
2033-2037	22,400	1,809	1,740	49	2,250	207
	<u>\$ 160,345</u>	<u>\$ 47,510</u>	<u>\$ 39,580</u>	<u>\$ 5,584</u>	<u>\$ 26,915</u>	<u>\$ 8,810</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, 2017, net pledged revenues for the water enterprise fund were \$52,299,000 and debt service on the revenue bonds was \$19,063,000. The same pledge for repayment applies to the City's Storm Water Utility revenue of \$11,745,000 for the bonds issued in fiscal year 2017.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2017 (amounts expressed in thousands):

	10/1/2016	Increases	Reductions	9/30/2017	Due Within One Year
Governmental activities:					
General obligation debt	\$ 291,694	\$ 76,681	\$ (47,070)	\$ 321,305	\$ 27,735
Certificates of obligation	62,490	6,110	(7,170)	61,430	5,895
Special tax revenue debt	155,000	110,200	(155,000)	110,200	-
Premium on general bonds	15,537	7,168	(2,686)	20,019	-
Premium on special bonds	3,545	19,849	(3,545)	19,849	-
Discount on special bonds	(1,975)	-	155	(1,820)	-
Net governmental bonds payable	526,291	220,008	(215,316)	530,983	33,630
Compensated absences	29,371	4,447	(1,404)	32,414	1,301
Claims	9,472	6,609	(5,158)	10,923	5,863
Landfill Closure	8,160	13,781	-	21,941	-
Net other post-employ benefit oblg.	37,334	1,186	-	38,520	-
Net pension liability	155,932	3,251	-	159,183	-
Capital lease	8,864	-	(1,020)	7,844	1,044
Total governmental long-term liabilities	<u>\$ 775,424</u>	<u>\$ 249,282</u>	<u>\$ (222,898)</u>	<u>\$ 801,808</u>	<u>\$ 41,838</u>
Business-type activities:					
Water and sewer bonds	\$ 168,155	\$ 45,055	\$ (13,285)	\$ 199,925	\$ 15,530
Premium on water and sewer bonds	4,970	3,174	(990)	7,154	-
Storm water utility bonds	19,200	8,995	(1,280)	26,915	1,730
Premium on storm water utility bonds	660	456	(121)	995	-
Net water and sewer bonds payable	192,985	57,680	(15,676)	234,989	17,260
Compensated Absences	1,800	287	(6)	2,081	137
Net pension liability	10,840	226	-	11,066	-
Total business-type long term liabilities	<u>\$ 205,625</u>	<u>\$ 58,193</u>	<u>\$ (15,682)</u>	<u>\$ 248,136</u>	<u>\$ 17,397</u>

## 9. PRIOR YEAR BOND REFUNDINGS

In FY17 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, 2017, previously defeased debt still outstanding amounted to \$20,085,000.

Following are the schedules of refunded obligations (amounts in thousands):

Bonds		Original Maturity Date	Interest Rate	Amount Refunded
Combination Tax and Revenue Certificates of Obligation Series 2008A				
	Serials	8/15/2019	4.000	\$ 85
		8/15/2020	4.000	85
		8/15/2021	4.125	85
		8/15/2022	4.250	85
		8/15/2023	4.300	85
		8/15/2024	4.375	85
		8/15/2025	4.400	85
		8/15/2026	4.500	85
		8/15/2027	4.600	85
		8/15/2028	4.600	85
				<u>\$ 850</u>
Permanent Improvement and Refunding Bonds Series 2009				
	Term Bond Maturing 2029	8/15/2021	3.550	\$ 1,920
		8/15/2022	3.550	1,920
		8/15/2023	3.550	1,920
		8/15/2024	3.550	1,920
		8/15/2025	3.550	1,920
		8/15/2026	3.550	1,920
		8/15/2027	3.550	1,920
				<u>\$ 13,440</u>
Permanent Improvement and Refunding Bonds Series 2010				
	Serials	8/15/2021	5.000	\$ 835
		8/15/2022	5.000	835
		8/15/2023	5.000	835
		8/15/2024	5.000	835
		8/15/2025	5.000	835
		8/15/2026	5.000	835
		8/15/2027	5.000	785
				<u>\$ 5,795</u>
Total Refunded Obligations				<u><u>\$ 20,085</u></u>

## 10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2017, is as follows (amounts in thousands):

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$4,222	\$ -
Nonmajor Funds	-	4,222
	<u>\$4,222</u>	<u>\$4,222</u>

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2018.

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

	<u>Transfers Out</u>	<u>Transfers In</u>
Major Governmental Funds:		
General Fund	\$ 13,242	\$ 22,346
Street Capital Projects	1,652	2,600
Debt Service Fund	-	6,841
Total Major Governmental Funds	14,894	31,787
Major Enterprise Fund-Water and Sewer	16,912	975
Major Enterprise Fund-Storm Water Utility	1,164	-
Other Funds:		
Nonmajor Governmental Funds	20,069	20,193
Internal Service Funds	<u>1,000</u>	<u>1,084</u>
Total All Funds	<u>\$54,039</u>	<u>\$54,039</u>

The Water and Sewer, Storm Water Utility, and Convention and Event Services transferred \$5,226,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$11,108,000 to Street Maintenance Fund, Special Transportation (Handitran), and Parks Performance Fund to cover budgeted operating expenses.

The Enterprise Funds transferred \$12,508,000 to cover their budgeted operating costs.

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

The Debt Service Fund received transfers of \$4,831,000 from the Convention and Event Services, Water and Sewer, Golf, and Tirez Funds to cover debt service repayments.

## 11. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

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

State and federal laws and regulations require the City to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and post-closure care costs as a liability on the Statement of Net position in each period based on landfill capacity used as of each balance sheet date. This liability is offset by an asset recorded for a trust account established for the purpose of paying the closure and post-closure costs as more fully described below. In 2014 the City received a permit for vertical expansion and to open an additional 80 acres, which increased the capacity and the life of the landfill. The \$21,941,000 reported as a landfill closure and post-closure accrued liability at September 30, 2017, represents the cumulative amount reported to date based on the use of approximately 38 percent of the estimated capacity of the landfill. The City will recognize the remaining

estimated cost of closure and post-closure care of \$8,542,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. The City expects to close the landfill in 2065. 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 \$3,429,000 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, 2017, 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, 2017. 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	\$ 91,936	\$ 36,264
Park Construction	26,685	8,521
Traffic Construction	8,112	407
Library Construction	23,404	4,345
Storm Water Utility Construction	20,129	5,820
Water and Sewer Construction	79,641	21,866
	<u>\$ 249,907</u>	<u>\$ 77,223</u>

The street, police 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, 2017, cannot be determined. Pursuant to the Texas Tort Claims Act, damages would be capped at \$250,000.

The City is currently involved in an employment lawsuit in which the plaintiff alleges that the City's termination of an Arlington police officer was a violation of the City's personnel policies. The plaintiff elected to appeal his termination to an arbitrator. The arbitrator ruled that the officer be reinstated with back pay. The City appealed the arbitrator's decision. The Court ordered the City to reinstate the officer provided he passes certain requirements, which he has done. In June 2014, the court ruled to award the officer \$164,471 in back pay, but the City has appealed the ruling. In August 2015, the Fort Worth Court of Appeals issued an opinion requiring the trial court to set aside the judgment in accordance with the Court of Appeals' decision. The case is currently waiting for the judge's ruling. It is uncertain whether "set aside" requires the trial judge to uphold the termination or order

another arbitration. Liability with regard to the officer's back wages is probable. To the extent owed, back pay continues to accrue and a \$463,021 accrual has been recorded at September 30, 2017.

Various other claims and lawsuits are pending against the City. In the opinion of City management, 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 four years there have been seven claims which settlements have been received totaling \$1,553,633.33 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 2017 and 2016 were as follows (amounts in thousands):

	Workers Compensation		Health		Self Insurance Risk Management		Other	
	2017	2016	2017	2016	2017	2016	2017	2016
Unpaid claims, Oct 1	\$ 3,757	\$ 4,464	\$ 2,149	\$ 1,954	\$ 3,200	\$ 2,350	\$ -	\$ -
Incurring Claims (including IBNRs and changes in estimates)	157	-	26,523	25,428	3,883	3,700	463	366
Claim payments	(442)	(707)	(26,090)	(25,233)	(2,677)	(2,850)	-	-
Unpaid claims, Sept 30	<u>\$ 3,472</u>	<u>\$ 3,757</u>	<u>\$ 2,582</u>	<u>\$ 2,149</u>	<u>\$ 4,406</u>	<u>\$ 3,200</u>	<u>\$ 463</u>	<u>\$ 366</u>

#### 14. LEASES

##### As Lessee

As lessee, the City is committed under a lease for fire radio equipment. This lease is considered for accounting purposes to be a capital lease. The liability for future capital lease payments totals approximately \$7,844,000 and is reported as capital lease obligations current liabilities (approximately \$1,044,000) and capital lease obligations non-current liabilities (approximately \$6,800,000) in the General Fund.

Future minimum lease payments for capital lease including interest and principal are as follows (amounts in thousands):

Year Ending	
<u>September 30</u>	
2018	\$ 1,228
2019	1,228
2020	1,228
2021	1,228
2022	1,228
2023-2024	<u>2,456</u>
	8,596
Less Interest	<u>752</u>
Minimum future lease rentals	<u>\$7,844</u>

The City's investment in equipment under the capital lease arrangement as of September 30, 2017 is \$10,814,000.

##### 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 2017 were approximately \$289,460.

#### 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>
2017	\$ 727,500
2018	727,500
2019	727,500
2020	727,500
2021	727,500
2022 to 2024	<u>2,170,829</u>
	5,808,329
Less Discount	<u>716,905</u>
	<u>\$5,091,424.</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. CAPITAL LEASE**

A lease agreement was executed on June 23, 1992 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. At the end of the lease, the Rangers had the option to purchase the Facility, excluding the linear park, at a cost of \$60,000,000, with full credit given for all base and additional rents paid, as well as up to \$1,500,000 annual credit for maintenance costs paid on the Facility 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>	
2018	\$ 2,000,000
2019	2,000,000
2020	2,000,000
2021	2,000,000
2022	2,000,000
2023-2024	<u>3,055,556</u>
	13,055,556
Less Discount	<u>2,890,013</u>
Minimum future lease rentals	<u>\$10,165,543</u>

In November 2016, Arlington citizens voted to build a new Rangers stadium. The current lease will continue until 2024 or until the new ballpark construction is complete, whichever occurs first. The new lease term begins on the operational date when the new ballpark is complete and will be accounted for as a capital lease. The lease for the new ballpark will continue through 2054, and the Rangers will pay \$2,000,000 per year in rent. At the end of the new 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.

#### **17. CONDENSED COMPONENT UNIT INFORMATION**

The City includes six discretely presented component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2017, 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	\$70,183	\$4,617	\$3,177	\$ 77,977
Capital assets	<u>-</u>	<u>249</u>	<u>238</u>	<u>487</u>
Total assets	<u>70,183</u>	<u>4,866</u>	<u>3,415</u>	<u>78,464</u>
Other liabilities	<u>1,185</u>	<u>726</u>	<u>398</u>	<u>2,309</u>
Total liabilities	<u>1,185</u>	<u>726</u>	<u>398</u>	<u>2,309</u>
Net position:				
Net investment in capital assets	-	249	238	487
Restricted	68,998	299	-	69,297
Unrestricted	<u>-</u>	<u>3,592</u>	<u>2,779</u>	<u>6,371</u>
Total net position	<u>\$68,998</u>	<u>\$4,140</u>	<u>\$3,017</u>	<u>\$76,155</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>\$4,471</u>	<u>\$27,568</u>	<u>\$7,840</u>	<u>\$39,879</u>
Program Revenues:				
Charges for services	-	-	9,100	9,100
Operating grants and contributions	-	27,022	767	27,789
Capital grants and Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Program (Expense) Revenue	<u>(4,471)</u>	<u>(546)</u>	<u>2,027</u>	<u>(2,990)</u>
Interest Revenues	5,531	11	4	5,546
Other NonTax General Revenues	<u>8,154</u>	<u>149</u>	<u>(2)</u>	<u>8,301</u>
Change in Net position	9,214	(386)	2,029	10,857
Net position, October 1,	<u>59,784</u>	<u>4,526</u>	<u>988</u>	<u>65,298</u>
Net position, September 30	<u>\$68,998</u>	<u>\$4,140</u>	<u>\$3,017</u>	<u>\$76,155</u>

**18. TAX ABATEMENTS**

As of September 30, 2017, 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. In exchange for the abatement, the recipient commits to comply with the terms of the agreement, including project completion deadlines 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 abatement agreement and recapture any taxes abated per the terms of the agreement. As part of a tax abatement, 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 abate a portion of the sales taxes or hotel taxes generated by the project. One recruitment agreement for a business relocation to the City includes a \$10,000 annual rebate of hotel occupancy taxes attributable to the recipient's business development. Sales tax and hotel tax abatements are limited to the City's revenues only. In exchange for the abatement(s), the recipient commits to comply with the terms of the agreement, including project completion deadlines, added value requirements, and job creation numbers. 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. Additional incentives include development fee waivers, infrastructure improvements, and grants for hiring Arlington residents. One agreement involving a new business establishment included an incentive for hiring Arlington residents by offering up to \$2,000 per hire for a three-year period, capped at \$100,000.

### 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 abate a portion of the sales taxes generated from the project. A portion of the City's sales 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 FY17, two recipients were granted sales tax rebates equal to a specific percentage (50-55%) of the City's one percent (1%) of sales tax receipts generated as a result of the expansion projects. In exchange for abatement(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.). One agreement involving the renovation and expansion of an existing business included an incentive for hiring Arlington residents by offering up to \$2,000 per hire over a seven-year period, capped at \$36,000.

### **Tax Abatement Program**

<b>Program</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Hotel</b>	<b>Other</b>
			<b>Occupancy Tax</b>	<b>Commitments</b>
Development/Redevelopment	173,360	-	-	-
Recruitment	77,719	-	10,000	14,000
Retention	1,924,438	333,780	-	10,000
<b>Total Tax Abated</b>	<b>2,175,517</b>	<b>333,780</b>	<b>10,000</b>	<b>24,000</b>

For the fiscal year ended September 30, 2017, the City's property tax revenues were reduced by \$2,175,517 under active tax abatement agreements for Development/Redevelopment, Recruitment, and Retention. Sales tax and hotel occupancy tax revenues were reduced by a total of \$343,780 for Recruitment and Retention abatements. In addition to tax abatements, recipients qualified for \$24,000 in other commitments from the City 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.

### **19. SUBSEQUENT EVENTS**

On December 1, 2017, the City of Arlington issued Water and Wastewater System Revenue Bonds Series 2017B (TWDB) for \$11,445,000 to fund the approved TWDB project schedule. The interest rate on the bonds range from .25 to 1.45% and the maturity date is June 1, 2037.



**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (BUDGETARY BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(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	
<b>REVENUES</b>						
Taxes	\$ 154,465	\$ 154,465	\$ 153,463	\$ -	\$ 153,463	\$ (1,002)
Licenses and permits	8,568	8,568	9,662	-	9,662	1,094
Utility franchise fees	35,805	35,805	32,717	7,858	40,575	4,770
Fines and forfeitures	11,812	11,812	10,858	-	10,858	(954)
Leases, rents and concessions	10,331	10,331	8,099	-	8,099	(2,232)
Service charges	23,037	23,037	9,779	14,053	23,832	795
Interest revenue	-	-	1,825	(1,030)	795	795
Other revenue	1,316	1,316	4,483	-	4,483	3,167
Net increase (decrease) in the fair value of investments	-	-	(287)	287	-	-
<b>Total Revenues</b>	<u>245,334</u>	<u>245,334</u>	<u>230,599</u>	<u>21,168</u>	<u>251,767</u>	<u>6,433</u>
<b>EXPENDITURES</b>						
Current-						
General government	56,112	56,112	37,616	1,564	39,180	16,932
Public safety	161,001	161,001	150,270	667	150,937	10,064
Public works	23,533	23,533	21,481	1,741	23,222	311
Public health	2,299	2,299	2,144	119	2,263	36
Parks and recreation	16,424	16,424	15,864	211	16,075	349
<b>Total Expenditures</b>	<u>259,369</u>	<u>259,369</u>	<u>227,375</u>	<u>4,302</u>	<u>231,677</u>	<u>27,692</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(14,035)</u>	<u>(14,035)</u>	<u>3,224</u>	<u>16,866</u>	<u>20,090</u>	<u>34,125</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	9,526	9,526	10,389	(12,092)	(1,703)	(11,229)
Transfers out	(10,395)	(10,395)	(13,242)	537	(12,705)	(2,310)
<b>Total Other Financing Sources (Uses)</b>	<u>(869)</u>	<u>(869)</u>	<u>(2,853)</u>	<u>(11,556)</u>	<u>(14,409)</u>	<u>(13,540)</u>
<b>Net Change In Fund Balances</b>	<u>(14,904)</u>	<u>(14,904)</u>	<u>371</u>	<u>5,310</u>	<u>5,681</u>	<u>20,585</u>
<b>Fund Balances, October 1</b>	<u>62,478</u>	<u>62,478</u>	<u>62,478</u>	<u>62,478</u>	<u>62,478</u>	<u>-</u>
<b>Fund Balances, September 30</b>	<u>\$ 47,574</u>	<u>\$ 47,574</u>	<u>\$ 62,849</u>	<u>\$ 67,788</u>	<u>\$ 68,159</u>	<u>\$ 20,585</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)**

<b>Fiscal year ending December 31,</b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b>Total pension liability</b>			
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)
<b>Net change in total pension liability</b>	<b>34,744,099</b>	<b>48,431,190</b>	<b>50,088,215</b>
Total pension liability-beginning	1,003,238,111	1,037,982,210	1,086,413,400
<b>Total pension liability-ending</b>	<b>\$ 1,037,982,210</b>	<b>\$ 1,086,413,400</b>	<b>\$ 1,136,501,615</b>
<b>Plan fiduciary net position</b>			
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)
<b>Net change in plan fiduciary net position</b>	<b>38,678,416</b>	<b>(13,737,036)</b>	<b>46,611,392</b>
Plan fiduciary net position-beginning	894,699,665	933,378,081	919,641,045
<b>Plan fiduciary net position-ending</b>	<b>\$ 933,378,081</b>	<b>\$ 919,641,045</b>	<b>\$ 966,252,437</b>
 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 employee payroll	 149,837,550	 154,372,375	 160,574,881
 Net pension liability as a percentage of covered employee 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.

**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
Actuarially Determined Contribution	\$ 23,963,340	\$ 24,833,575	\$ 25,821,067
Contributions in relation to the			
actuarially determined contribution	\$ 24,327,508	\$ 24,587,350	\$ 26,075,876
Contribution deficiency (excess)	\$ (364,168)	\$ 246,225	\$ (254,809)
Covered employee payroll	\$ 153,414,470	\$ 164,680,024	\$ 167,367,622
Contributions as a percentage of			
covered employee payroll	16.24%	14.93%	15.58%

**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	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 10.50% 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 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied at 103% and projected on a fully generational basis with scale BB

**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.



**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 June 30	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Total pension liability</b>				
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 and 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)
<b>Net change in total pension liability</b>	<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>
<b>Total pension liability-ending</b>	<u>\$ 2,234,030</u>	<u>\$ 2,311,103</u>	<u>\$ 2,527,272</u>	<u>\$ 2,627,093</u>
<b>Plan fiduciary net position</b>				
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)
<b>Net change in plan fiduciary net position</b>	<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>
<b>Plan fiduciary net position-ending</b>	<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 employee payroll	\$ 2,849,197	\$ 2,590,679	\$ 3,352,500	\$ 3,376,300
Net pension asset as a percentage of covered employee payroll	15.20%	14.30%	6.00%	6.30%

**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 June 30,	2014	2015	2016	2017
Actuarially determined contribution	\$ 21,324	\$ 22,419	\$ 53,802	\$ 81,875
Actual contribution	21,324	22,419	53,802	60,813
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 21,062
Covered employee payroll	\$ 2,849,197	\$ 2,590,679	\$ 3,352,500	\$ 3,376,300
Contribution as a percentage of covered employee payroll	0.7%	0.9%	1.6%	1.8%

**Notes to Schedule**

Valuation date:

The actuarially determined contribution rate documented in the schedule is calculated as of July 1, 2015. 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

**SCHEDULE OF INVESTMENT RETURNS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	8.29%	1.73%	2.81%	4.03%

**CITY OF ARLINGTON, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**SCHEDULE OF FUNDING PROGRESS - DISABILITY INCOME PLAN**  
**LAST TEN FISCAL YEARS**

The following table discloses certain ten-year historical trend information (amounts expressed in thousands, except for percentages):

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Funded Ratio</b>	<b>Unfunded AAL</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/17	\$1,323	\$1,450	91.2%	127	*Not applicable	*Not applicable
7/1/16	1,323	1,423	92.9%	100	*Not applicable	*Not applicable
7/1/15	1,364	1,588	85.9%	224	*Not applicable	*Not applicable
7/1/14	1,432	1,692	84.6%	260	*Not applicable	*Not applicable
7/1/13	1,344	1,708	78.7%	364	*Not applicable	*Not applicable
7/1/12	1,197	1,774	67.4%	577	*Not applicable	*Not applicable
7/1/11	1,008	2,663	37.9%	1,655	125,371	1.3%
7/1/10	798	2,532	31.5%	1,734	119,943	1.4%
7/1/09	581	2,770	21.0%	2,189	122,952	1.8%
7/1/08	482	2,734	17.6%	2,252	117,128	1.9%

\*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 FUNDING PROGRESS – POSTEMPLOYMENT HEALTHCARE PLAN**  
**LAST SEVEN FISCAL YEARS**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Funded Ratio</b>	<b>Unfunded AAL</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/17	-	109.2	-	109.2	150.6	72.5%
7/1/16	-	99.6	-	99.6	143.2	69.5%
7/1/15	-	101.3	-	101.3	138.2	73.3%
7/1/14	-	103.5	-	103.5	132.2	78.3%
7/1/13	-	107.5	-	107.5	131.8	81.6%
7/1/12	-	147.7	-	147.7	123.3	119.8%
1/1/11	-	109.0	-	109.0	95.6	114.0%
1/1/10	-	100.9	-	100.9	99.5	101.4%
1/1/09	-	104.5	-	104.5	106.0	98.6%
1/1/07	-	101.8	-	101.8	138.8	73.8%

An actuarial valuation was not performed as of 1/1/2008.



## **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)** - 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** – This fund accounts for the money received for various gas leases throughout the City.

**INNOVATION AND VENTURE CAPITAL** - 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, Highlands TIF, Juvenile Case Manager, Environmental Protection Agency, 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** – 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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
<b>ASSETS</b>					
Cash and cash-like investments	\$ -	\$ 15,007	\$ 1,041	\$ -	\$ -
Land held for resale	-	-	-	-	-
Receivables (net of allowances for uncollectibles)					
Taxes	-	2,621	-	-	-
Sales taxes	-	-	-	-	-
Other	-	-	-	-	106
Inventory, at cost	-	-	-	-	-
Due from other governments	946	-	-	182	378
Prepaid expenditures	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 946</u>	<u>\$ 17,628</u>	<u>\$ 1,041</u>	<u>\$ 182</u>	<u>\$ 484</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 139	\$ 1,012	\$ -	\$ 4	\$ 129
Retainage payable	-	117	-	-	36
Unearned Revenue	-	-	-	-	157
Due to other funds	726	-	-	25	162
<b>Total Liabilities</b>	<u>865</u>	<u>1,129</u>	<u>-</u>	<u>29</u>	<u>484</u>
<b>Deferred Inflows of Resources:</b>					
Gas lease	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	-	-	-	-	-
Prepays	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	81	16,499	1,041	153	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	-	-
Assigned to:					
Park Performance	-	-	-	-	-
Court Security	-	-	-	-	-
<b>Total Fund Balance</b>	<u>81</u>	<u>16,499</u>	<u>1,041</u>	<u>153</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 946</u>	<u>\$ 17,628</u>	<u>\$ 1,041</u>	<u>\$ 182</u>	<u>\$ 484</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
\$ -	\$ -	\$ 14,017	\$ 53,883	\$ 1,104	\$ 3,948	\$ 11,817	\$ 3,562	\$ 1,712
-	-	-	-	-	-	-	-	-
-	-	-	-	-	859	-	-	-
-	-	116	-	174	46	433	-	-
-	-	-	-	219	-	-	-	-
223	1,870	-	-	-	-	1,774	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 223</u>	<u>\$ 1,870</u>	<u>\$ 14,133</u>	<u>\$ 53,883</u>	<u>\$ 1,497</u>	<u>\$ 4,853</u>	<u>\$ 14,024</u>	<u>\$ 3,562</u>	<u>\$ 1,712</u>
\$ 149	\$ 28	\$ -	\$ 1,833	\$ 516	\$ 398	\$ 576	\$ 26	\$ -
7	-	-	-	-	-	-	-	-
-	-	-	-	523	424	136	-	-
67	1,786	-	-	-	-	1,456	-	-
<u>223</u>	<u>1,814</u>	<u>-</u>	<u>1,833</u>	<u>1,039</u>	<u>822</u>	<u>2,168</u>	<u>26</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	219	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	56	14,133	52,050	-	-	6,859	-	-
-	-	-	-	-	-	3,359	3,536	1,712
-	-	-	-	-	4,031	1,638	-	-
-	-	-	-	239	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>56</u>	<u>14,133</u>	<u>52,050</u>	<u>458</u>	<u>4,031</u>	<u>11,856</u>	<u>3,536</u>	<u>1,712</u>
<u>\$ 223</u>	<u>\$ 1,870</u>	<u>\$ 14,133</u>	<u>\$ 53,883</u>	<u>\$ 1,497</u>	<u>\$ 4,853</u>	<u>\$ 14,024</u>	<u>\$ 3,562</u>	<u>\$ 1,712</u>

(continued)

CITY OF ARLINGTON, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects			Total Nonmajor Governmental Funds
	Park	TIRZ #5	Traffic	Other Capital Projects
<b>ASSETS</b>				
Cash and cash-like investments	\$ 50,461	\$ 917	\$ 1,921	\$ 16,684
Land held for resale	-	-	-	7,653
Receivables (net of allowances for uncollectibles)				
Taxes	-	-	-	-
Sales tax	-	-	-	-
Other	-	-	-	-
Inventory, at cost	-	-	-	-
Due from other governments	-	-	-	-
Prepaid expenditures	-	-	-	-
<b>Total Assets</b>	<b>\$ 50,461</b>	<b>\$ 917</b>	<b>\$ 1,921</b>	<b>\$ 24,337</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 650	\$ -	\$ 69	\$ 3,297
Retainage payable	573	-	1	1,126
Unearned Revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,223</b>	<b>-</b>	<b>70</b>	<b>4,423</b>
<b>Deferred Inflows of Resources:</b>				
Gas lease	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable:				
Inventory	-	-	-	-
Prepays	-	-	-	-
Restricted for:				
Capital projects	-	917	1,851	19,914
Special revenue	-	-	-	-
Committed:				
Capital projects	49,238	-	-	-
Special revenue	-	-	-	-
Assigned:				
Park performance	-	-	-	-
Court Security	-	-	-	-
<b>Total Fund Balance</b>	<b>49,238</b>	<b>917</b>	<b>1,851</b>	<b>19,914</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 50,461</b>	<b>\$ 917</b>	<b>\$ 1,921</b>	<b>\$ 24,337</b>



CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
<b>REVENUES</b>					
Taxes	\$ -	\$ 15,112	\$ 2,856	\$ -	\$ -
Leases, rents and concessions	-	-	-	-	-
Service charges	191	-	-	-	-
Intergovernmental	1,673	-	-	686	2,689
Interest revenue	-	140	24	-	-
Net increase (decrease) in the fair value of investments	-	(63)	(11)	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	36	-	-	-	4
<b>Total Revenues</b>	<u>1,900</u>	<u>15,189</u>	<u>2,869</u>	<u>686</u>	<u>2,693</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	5,755	-	-
Public safety	-	-	-	544	-
Public works	-	20,152	-	247	-
Public health	-	-	-	-	-
Public welfare	2,789	-	-	-	2,693
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>2,789</u>	<u>20,152</u>	<u>5,755</u>	<u>791</u>	<u>2,693</u>
Net change in fund balances	<u>(889)</u>	<u>(4,963)</u>	<u>(2,886)</u>	<u>(105)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in	923	6,843	-	83	-
Transfers out	-	-	(800)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>923</u>	<u>6,843</u>	<u>(800)</u>	<u>83</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	34	1,880	(3,686)	(22)	-
<b>Fund Balance, October 1</b>	<u>47</u>	<u>14,619</u>	<u>4,727</u>	<u>175</u>	<u>-</u>
<b>Fund Balance, September 30</b>	<u>\$ 81</u>	<u>\$ 16,499</u>	<u>\$ 1,041</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
\$ -	\$ -	\$ -	\$ 18	\$ -	\$ 8,992	\$ 6,433	\$ -	\$ -
-	-	-	-	-	2,000	-	-	-
-	-	-	-	8,833	3,136	1,476	-	-
1,115	1,493	-	-	-	-	3,977	-	470
-	-	116	548	47	36	60	3	15
-	-	-	-	-	(20)	(4)	-	(7)
-	-	8,220	-	-	-	-	-	-
-	-	1	-	-	-	-	-	-
16	8	(55)	(242)	28	539	2,005	-	-
1,131	1,501	8,282	324	8,908	14,683	13,947	3	478
-	-	-	-	-	-	1,285	1,433	-
-	1,501	-	-	-	-	4,911	-	-
-	-	-	-	-	-	3,434	-	-
-	-	-	-	-	-	597	-	-
1,131	-	312	3,011	-	-	341	-	-
-	-	-	-	11,419	-	720	-	-
-	-	-	-	-	13,640	-	-	-
-	-	-	-	-	195	1,686	-	617
1,131	1,501	312	3,011	11,419	13,835	12,974	1,433	617
-	-	7,970	(2,687)	(2,511)	848	973	(1,430)	(139)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,444	-
-	-	-	-	-	-	-	156	-
-	-	-	2,272	3,790	2,682	1,585	-	363
-	-	(7,258)	-	(1,376)	(5,759)	(3,748)	-	-
-	-	(7,258)	2,272	2,414	(3,077)	(2,163)	4,600	363
-	-	712	(415)	(97)	(2,229)	(1,190)	3,170	224
-	56	13,421	52,465	555	6,260	13,046	366	1,488
\$ -	\$ 56	\$ 14,133	\$ 52,050	\$ 458	\$ 4,031	\$ 11,856	\$ 3,536	\$ 1,712

CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				
	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 33,411
Leases, rents and concessions	-	-	-	-	2,000
Service charges	936	-	-	-	14,572
Intergovernmental	-	-	-	-	12,103
Interest revenue	415	13	17	175	1,609
Net increase (decrease) in the fair value of investments	(218)	(5)	(8)	(60)	(396)
Contributions	1,000	-	-	-	1,000
Gas lease royalty	-	-	-	-	8,220
Gas lease other	-	-	-	-	1
Other	-	-	-	95	2,434
Total Revenues	2,133	8	9	210	74,954
EXPENDITURES					
Current:					
General government	-	-	-	856	9,329
Public safety	-	-	-	26	6,982
Public works	-	-	-	-	23,833
Public health	-	-	-	-	597
Public welfare	-	-	-	-	10,277
Parks and recreation	162	-	-	-	12,301
Convention and event services	-	-	-	-	13,640
Capital outlay	14,340	735	829	18,823	37,225
Total Expenditures	14,502	735	829	19,705	114,184
Net change in fund balances	(12,369)	(727)	(820)	(19,495)	(39,230)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	20,627	-	-	5,340	25,967
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	1,666	6,110
Bond premium	1,373	-	-	414	1,943
Transfers in	-	-	1,652	-	20,193
Transfers out	(584)	-	(26)	(518)	(20,069)
Total Other Financing Sources (Uses)	21,416	-	1,626	6,902	34,144
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	9,047	(727)	806	(12,593)	(5,086)
Fund Balance, October 1	40,191	1,644	1,045	32,507	182,612
Fund Balance, September 30	\$ 49,238	\$ 917	\$ 1,851	\$ 19,914	\$ 177,526

**CITY OF ARLINGTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts		Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis		
<b>REVENUES</b>						
Taxes	\$ 40,329	\$ 40,329	\$ 73,779	\$ (33,807)	\$ 39,972	\$ (357)
Interest revenue	118	118	351	(148)	203	85
Net increase (decrease) in fair value of investments	-	-	(2)	-	(2)	(2)
Leases, rents and concessions	-	-	-	-	-	-
Other revenue	-	-	94	-	94	94
<b>Total Revenues</b>	<u>40,447</u>	<u>40,447</u>	<u>74,222</u>	<u>(33,955)</u>	<u>40,267</u>	<u>(180)</u>
<b>EXPENDITURES</b>						
Debt Service-						
Principal retirement	34,155	34,155	35,190	(1,035)	34,155	-
Redemption premium	-	-	-	-	-	-
Interest and fiscal charges	12,998	12,998	22,571	(9,870)	12,701	297
<b>Total Expenditures</b>	<u>47,153</u>	<u>47,153</u>	<u>57,761</u>	<u>(10,905)</u>	<u>46,856</u>	<u>297</u>
<b>Deficiency of Revenues Under Expenditures</b>	<u>(6,706)</u>	<u>(6,706)</u>	<u>16,461</u>	<u>(23,050)</u>	<u>(6,589)</u>	<u>117</u>
<b>OTHER FINANCING SOURCES</b>						
Bond premium	120	120	21,898	(21,898)	-	(120)
Proceeds from bonds	-	-	-	-	-	-
Issuance of refunding bonds	-	-	128,440	(128,440)	-	-
Refunding bond principal	-	-	(172,000)	172,000	-	-
Amount used to fund escrow account	-	-	(8,752)	8,752	-	-
Transfers in	6,384	6,384	6,841	-	6,841	457
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>6,504</u>	<u>6,504</u>	<u>(23,573)</u>	<u>30,414</u>	<u>6,841</u>	<u>337</u>
<b>Net Change In Fund Balances</b>	<u>(202)</u>	<u>(202)</u>	<u>(7,112)</u>	<u>7,364</u>	<u>252</u>	<u>454</u>
<b>Fund Balances - Beginning</b>	<u>28,124</u>	<u>28,124</u>	<u>28,124</u>	<u>-</u>	<u>28,124</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 27,922</u>	<u>\$ 27,922</u>	<u>\$ 21,012</u>	<u>\$ 7,364</u>	<u>\$ 28,376</u>	<u>\$ 454</u>



**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
STREET MAINTENANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>			<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Adjustments to Budgetary Basis</b>	<b>Actual on Budgetary Basis</b>	
<b>REVENUES</b>						
Taxes	\$ 15,093	\$ 15,093	\$ 15,112	\$ -	\$ 15,112	\$ 19
Interest revenue	74	74	140	-	140	66
Net increase (decrease) in the fair value of investments	-	-	(63)	63	-	-
Other revenue	-	-	-	-	-	-
<b>Total Revenues</b>	<u>15,167</u>	<u>15,167</u>	<u>15,189</u>	<u>63</u>	<u>15,252</u>	<u>85</u>
<b>EXPENDITURES</b>						
Current-						
Public works	23,188	23,188	20,152	2,232	22,384	804
<b>Total Expenditures</b>	<u>23,188</u>	<u>23,188</u>	<u>20,152</u>	<u>2,232</u>	<u>22,384</u>	<u>804</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(8,021)</u>	<u>(8,021)</u>	<u>(4,963)</u>	<u>(2,169)</u>	<u>(7,132)</u>	<u>889</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	6,932	6,932	6,843	-	6,843	(89)
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>6,932</u>	<u>6,932</u>	<u>6,843</u>	<u>-</u>	<u>6,843</u>	<u>(89)</u>
<b>Net Change In Fund Balances</b>	<u>(1,089)</u>	<u>(1,089)</u>	<u>1,880</u>	<u>(2,169)</u>	<u>(289)</u>	<u>800</u>
<b>Fund Balances - Beginning</b>	<u>14,619</u>	<u>14,619</u>	<u>14,619</u>	<u>-</u>	<u>14,619</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 13,530</u>	<u>\$ 13,530</u>	<u>\$ 16,499</u>	<u>\$ (2,169)</u>	<u>\$ 14,330</u>	<u>\$ 800</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
PARK PERFORMANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(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	
<b>REVENUES</b>						
Service charges	\$ 9,466	\$ 9,466	\$ 8,861	\$ -	\$ 8,861	\$ (605)
Interest revenue	-	-	47	-	47	47
<b>Total Revenues</b>	<u>9,466</u>	<u>9,466</u>	<u>8,908</u>	<u>-</u>	<u>8,908</u>	<u>(558)</u>
<b>EXPENDITURES</b>						
Current-						
Parks and recreation	12,304	12,304	11,419	381	11,800	504
<b>Total Expenditures</b>	<u>12,304</u>	<u>12,304</u>	<u>11,419</u>	<u>381</u>	<u>11,800</u>	<u>504</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(2,838)</u>	<u>(2,838)</u>	<u>(2,511)</u>	<u>(381)</u>	<u>(2,892)</u>	<u>(54)</u>
<b>OTHER FINANCING USES</b>						
Transfers in	4,002	4,002	3,790	-	3,790	(212)
Transfers out	(1,376)	(1,376)	(1,376)	-	(1,376)	-
<b>Total Other Financing Uses</b>	<u>2,626</u>	<u>2,626</u>	<u>2,414</u>	<u>-</u>	<u>2,414</u>	<u>(212)</u>
<b>Net Change In Fund Balances</b>	<u>(212)</u>	<u>(212)</u>	<u>(97)</u>	<u>(381)</u>	<u>(478)</u>	<u>(266)</u>
<b>Fund Balances - Beginning</b>	555	555	555	-	555	-
<b>Fund Balances - Ending</b>	<u>\$ 343</u>	<u>\$ 343</u>	<u>\$ 458</u>	<u>\$ (381)</u>	<u>\$ 77</u>	<u>\$ (266)</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
CONVENTION AND EVENT SERVICES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(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	
<b>REVENUES</b>						
Taxes	\$ 8,933	\$ 8,933	\$ 8,992	\$ -	\$ 8,992	\$ 59
Service charges	2,814	2,814	3,107	-	3,107	293
Stadium Rent/Naming Rights	2,500	2,500	2,500	-	2,500	-
Interest revenue	-	-	-	-	-	-
Net increase (decrease) in the fair value of investments	-	-	(20)	20	-	-
Other	-	-	104	-	104	104
<b>Total Revenues</b>	<u>14,247</u>	<u>14,247</u>	<u>14,683</u>	<u>20</u>	<u>14,703</u>	<u>456</u>
<b>EXPENDITURES</b>						
Current-						
Convention & event services	10,513	10,513	13,835	(3,609)	10,226	287
<b>Total Expenditures</b>	<u>10,513</u>	<u>10,513</u>	<u>13,835</u>	<u>(3,609)</u>	<u>10,226</u>	<u>287</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>3,734</u>	<u>3,734</u>	<u>848</u>	<u>3,629</u>	<u>4,477</u>	<u>743</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,807	2,807	2,682	-	2,682	(125)
Transfers out	(8,181)	(8,181)	(5,759)	-	(5,759)	2,422
<b>Total Other Financing Sources (Uses)</b>	<u>(5,374)</u>	<u>(5,374)</u>	<u>(3,077)</u>	<u>-</u>	<u>(3,077)</u>	<u>2,297</u>
<b>Net Change In Fund Balances</b>	<u>(1,640)</u>	<u>(1,640)</u>	<u>(2,229)</u>	<u>3,629</u>	<u>1,400</u>	<u>3,040</u>
<b>Fund Balances - Beginning</b>	<u>6,260</u>	<u>6,260</u>	<u>6,260</u>	<u>-</u>	<u>6,260</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,620</u>	<u>\$ 4,620</u>	<u>\$ 4,031</u>	<u>\$ 3,629</u>	<u>\$ 7,660</u>	<u>\$ 3,040</u>

**CITY OF ARLINGTON, TEXAS  
BUDGET COMPARISON SCHEDULE  
WATER AND SEWER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(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	\$ 74,161	\$ 74,161	\$ 71,151	\$ (163)	\$ 70,988	\$ (3,173)
Sewer service	59,360	59,360	60,324	(484)	59,840	480
Sundry	4,918	4,918	6,532	(6)	6,526	1,608
Total Operating Revenues	138,439	138,439	138,007	(653)	137,354	(1,085)
EXPENDITURES						
Purchases of water	\$ 25,920	\$ 25,920	\$ 24,905	\$ -	\$ 24,905	\$ 1,015
Purchase of sewage treatment	32,984	32,984	32,884	-	32,884	100
Salaries and wages	13,724	13,724	12,908	(260)	12,648	1,076
Employees' retirement	1,893	1,893	2,694	(877)	1,817	76
Supplies	2,507	2,507	2,051	4	2,055	452
Maintenance and repairs	4,466	4,466	4,021	119	4,140	326
Utilities	2,902	2,902	2,875	-	2,875	27
Franchise fees	8,135	8,135	-	7,858	7,858	277
Payment in lieu of taxes	4,099	4,099	-	4,099	4,099	-
Depreciation	-	-	17,711	(17,711)	-	-
Miscellaneous services	5,415	5,415	4,293	444	4,737	678
Total Operating Expenses	102,045	102,045	104,342	(6,324)	98,018	4,027
Operating Income	36,394	36,394	33,665	5,671	39,336	2,942
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	407	407	923	418	1,341	934
Net increase (decrease) in the fair value of investments	-	-	(479)	479	-	-
Interest expense and fiscal charges	(18,472)	(18,472)	(2,580)	(13,596)	(16,176)	2,296
Total Nonoperating Revenues (Expenses)	(18,065)	(18,065)	(2,136)	(12,699)	(14,835)	3,230
Income (loss) before operating transfers and contributions	18,329	18,329	31,529	(7,028)	24,501	6,172
Contributions in aid of construction	-	-	3,552	(3,552)	-	-
Transfers out	(18,935)	(18,935)	(15,937)	10,807	(5,130)	13,805
Change in net position	(606)	(606)	19,144	227	19,371	19,977
Total net position-beginning	614,212	614,212	614,212	-	614,212	-
Total net position-ending	\$ 613,606	\$ 613,606	\$ 633,356	\$ 227	\$ 633,583	\$ 19,977

**CITY OF ARLINGTON, TEXAS  
BUDGET COMPARISON SCHEDULE  
STORM WATER UTILITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(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	\$ 6,887	\$ 6,887	\$ 6,972	\$ (70)	\$ 6,902	\$ 15
Storm water fee- residential	8,065	8,065	8,039	(49)	7,990	(75)
Total Operating Revenues	14,952	14,952	15,011	(119)	14,892	(60)
EXPENDITURES						
Salaries and wages	\$ 2,087	\$ 2,087	\$ 1,875	\$ (23)	\$ 1,852	\$ 235
Employees' retirement	295	295	270	-	270	25
Supplies	51	51	64	2	66	(15)
Maintenance and repairs	586	586	429	21	450	136
Utilities	17	17	20	-	20	(3)
Depreciation	-	-	2,329	(2,329)	-	-
Miscellaneous services	931	931	783	250	1,033	(102)
Total Operating Expenses	3,967	3,967	5,770	(2,079)	3,691	276
Operating Income	10,985	10,985	9,241	1,960	11,201	216
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	95	95	175	29	204	109
Net increase (decrease) in the fair value of investments	-	-	(71)	71	-	-
Interest expense and fiscal charges	(2,102)	(2,102)	(438)	(1,754)	(2,192)	90
Total Nonoperating Revenues (Expenses)	(2,007)	(2,007)	(334)	(1,654)	(1,988)	199
Income (loss) before operating transfers and contributions	8,978	8,978	8,907	306	9,213	235
Transfers out	(8,970)	(8,970)	(1,164)	(7,850)	(9,014)	(44)
Change in net position	8	8	7,743	(7,544)	199	191
Total net position-beginning	98,155	98,155	98,155	-	98,155	-
Total net position-ending	\$ 98,163	\$ 98,163	\$ 105,898	\$ (7,544)	\$ 98,354	\$ 191

## **INTERNAL SERVICE FUNDS**

**KNOWLEDGE SERVICES FUND** - The purpose of this fund is to account for printing, mailing, duplicating, and other general services provided to other departments of the City.

**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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Knowledge Services	Fleet Services	Self Insurance Risk Management
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash-like investments	\$ 113	\$ 1,398	\$ 13,769
Receivables (net of allowances for uncollectibles)			
Trade accounts	-	3	-
Accrued Interest	-	-	118
Other	-	-	170
Prepaid expenses	42	-	-
Inventory of supplies, at cost	16	-	-
<b>Total Current Assets</b>	<b>171</b>	<b>1,401</b>	<b>14,057</b>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Buildings and improvements	-	467	-
Machinery and equipment	-	44,761	-
Less accumulated depreciation	-	(32,357)	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>-</b>	<b>12,871</b>	<b>-</b>
<b>Total Assets</b>	<b>171</b>	<b>14,272</b>	<b>14,057</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	160	544	7
Estimated claims payable	-	-	1,889
Due to other funds	-	-	-
<b>Total Current Liabilities</b>	<b>160</b>	<b>544</b>	<b>1,896</b>
<b>Noncurrent Liabilities:</b>			
Estimated claims payable	-	-	2,517
Accrued compensated absences	11	6	-
<b>Total Noncurrent Liabilities</b>	<b>11</b>	<b>6</b>	<b>2,517</b>
<b>Total Liabilities</b>	<b>171</b>	<b>550</b>	<b>4,413</b>
<b>NET POSITION</b>			
Net investment in capital assets	-	12,871	-
Unrestricted	-	851	9,644
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 13,722</b>	<b>\$ 9,644</b>

<b>Workers' Compensation</b>	<b>Group Health</b>	<b>Total</b>
\$ 5,386	\$ 2,642	\$ 23,308
-	-	3
-	-	118
70	-	240
-	-	42
-	-	16
<u>5,456</u>	<u>2,642</u>	<u>23,727</u>
-	-	467
-	-	44,761
-	-	<u>(32,357)</u>
-	-	12,871
<u>5,456</u>	<u>2,642</u>	<u>36,598</u>
11	60	782
929	2,582	5,400
-	-	-
<u>940</u>	<u>2,642</u>	<u>6,182</u>
2,543	-	5,060
-	-	17
<u>2,543</u>	<u>-</u>	<u>5,077</u>
<u>3,483</u>	<u>2,642</u>	<u>11,259</u>
-	-	12,871
1,973	-	12,468
<u>\$ 1,973</u>	<u>\$ -</u>	<u>\$ 25,339</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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Knowledge Services	Fleet Services	Self Insurance Risk Management
<b>OPERATING REVENUES:</b>			
Service charges	\$ 2,419	\$ 4,737	\$ 14
<b>Total Operating Revenues</b>	<u>2,419</u>	<u>4,737</u>	<u>14</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	361	109	-
Employees' retirement	49	14	-
Supplies	907	1,648	-
Maintenance and repairs	9	243	-
Utilities	15	67	-
Claims (net of adjustments)	-	-	2,677
Legal and professional	-	-	-
Depreciation	-	3,873	-
Miscellaneous services	1,275	2,954	8
<b>Total Operating Expenses</b>	<u>2,616</u>	<u>8,908</u>	<u>2,685</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(197)</u>	<u>(4,171)</u>	<u>(2,671)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest revenue	-	-	141
Net decrease in the fair value of investments	-	-	(4)
Gain (Loss) on sale of assets	-	281	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>-</u>	<u>281</u>	<u>137</u>
<b>Income (Loss) Before Transfers</b>	(197)	(3,890)	(2,534)
Transfers In	167	462	-
Transfers Out	-	-	-
<b>Change In Net Position</b>	<u>(30)</u>	<u>(3,428)</u>	<u>(2,534)</u>
<b>Total Net Position, October 1</b>	30	17,150	12,178
<b>Total Net Position, September 30</b>	<u>\$ -</u>	<u>\$ 13,722</u>	<u>\$ 9,644</u>

<b>Workers' Compensation</b>	<b>Group Health</b>	<b>Total</b>
\$ 1,557	\$ 25,635	\$ 34,362
<u>1,557</u>	<u>25,635</u>	<u>34,362</u>
-	-	470
-	-	63
-	-	2,555
-	-	252
-	-	82
442	26,090	29,209
142	-	142
-	-	3,873
-	-	4,237
<u>584</u>	<u>26,090</u>	<u>40,883</u>
<u>973</u>	<u>(455)</u>	<u>(6,521)</u>
50	-	191
(27)	-	(31)
<u>-</u>	<u>-</u>	<u>281</u>
23	-	441
996	(455)	(6,080)
-	455	1,084
<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
(4)	-	(5,996)
1,977	-	31,335
<u>\$ 1,973</u>	<u>\$ -</u>	<u>\$ 25,339</u>

CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Risk Management
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,465	\$ 4,737	\$ 13
Cash payments to suppliers	(2,093)	(4,500)	(1,478)
Cash payments to employees	(426)	(117)	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>(54)</u>	<u>120</u>	<u>(1,465)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	167	462	-
Transfers out	-	-	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<u>167</u>	<u>462</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(1,804)	-
Proceeds from sales of capital assets	-	341	-
<b>Net Cash Used For Capital and Related Financing Activities</b>	<u>-</u>	<u>(1,463)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from interest earnings	-	-	141
Net decrease in the fair value of investments	-	-	(4)
<b>Net Cash Provided By Investing Activities</b>	<u>-</u>	<u>-</u>	<u>137</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	113	(881)	(1,328)
<b>Cash and cash-like investments at October 1</b>	-	2,279	15,267
<b>Cash and cash-like investments at September 30</b>	<u>\$ 113</u>	<u>\$ 1,398</u>	<u>\$ 13,939</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
<b>Operating Income (Loss)</b>	\$ (197)	\$ (4,171)	\$ (2,671)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	3,873	-
(Increase) decrease in-			
Inventory of supplies	29	-	-
Accounts receivable	46	-	(1)
Prepaid expenses	(6)	-	-
Increase (decrease) in-			
Accounts payable and accrued liabilities	90	412	1
Estimated claims payable	-	-	1,206
Accrued compensated absences	(16)	6	-
Total adjustments	143	4,291	1,206
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ (54)</u>	<u>\$ 120</u>	<u>\$ (1,465)</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Totals</u>
\$ 1,586	\$ 25,635	\$ 34,436
(872)	(25,635)	(34,578)
-	-	(543)
<u>714</u>	<u>-</u>	<u>(685)</u>
-	455	1,084
<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
<u>(1,000)</u>	<u>455</u>	<u>84</u>
-	-	(1,804)
-	-	341
<u>-</u>	<u>-</u>	<u>(1,463)</u>
50	-	191
<u>(27)</u>	<u>-</u>	<u>(31)</u>
<u>23</u>	<u>-</u>	<u>160</u>
(263)	455	(1,904)
5,649	2,187	25,382
<u>\$ 5,386</u>	<u>\$ 2,642</u>	<u>\$ 23,478</u>
\$ 973	\$ (455)	\$ (6,521)
-	-	3,873
-	-	29
29	-	74
-	-	(6)
(3)	22	522
(285)	433	1,354
-	-	(10)
<u>(259)</u>	<u>455</u>	<u>5,836</u>
<u>\$ 714</u>	<u>\$ -</u>	<u>\$ (685)</u>

## **FIDUCIARY FUNDS**

### **PENSION 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 TRUST FUNDS NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Part-Time Deferred Income Trust</b>	<b>Thrift Savings Plan</b>	<b>Disability Income Plan</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash-like investments	\$ -	\$ 88	\$ -	\$ 88
Investments:				
Investment retired city mgr 401(k) plan	-	66	-	66
Money market fund	73	41,941	27	42,041
Corporate bonds	1,714	-	770	2,484
Fixed income mutual funds	548	16,349	257	17,154
Common stock mutual funds	511	91,205	275	91,991
Balanced mutual funds	-	35,378	-	35,378
Participant borrowing	-	5,230	-	5,230
Self-directed brokerage accounts	-	5,302	-	5,302
Total investments	<u>2,846</u>	<u>195,471</u>	<u>1,329</u>	<u>199,646</u>
<b>Total Assets</b>	<u><u>\$ 2,846</u></u>	<u><u>\$ 195,559</u></u>	<u><u>\$ 1,329</u></u>	<u><u>\$ 199,734</u></u>
<b>LIABILITIES</b>				
Accounts payable	18	12	12	42
Retired city mgr 401(k) plan payable	-	66	-	66
<b>Total Liabilities</b>	<u>18</u>	<u>78</u>	<u>12</u>	<u>108</u>
<b>NET POSITION</b>				
Restricted for pensions	2,828	195,405	1,317	199,550
Assigned pension trust	-	76	-	76
<b>Total Net Position</b>	<u><u>\$ 2,828</u></u>	<u><u>\$ 195,481</u></u>	<u><u>\$ 1,317</u></u>	<u><u>\$ 199,626</u></u>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Payroll</u>	<u>Escrow Fund</u>	<u>Escheat Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash-like investments	\$ 6,790	\$ 2,796	\$ 77	\$ 9,663
<b>Total Assets</b>	<u>\$ 6,790</u>	<u>\$ 2,796</u>	<u>\$ 77</u>	<u>\$ 9,663</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 6,790	\$ 2,796	\$ 77	\$ 9,663
<b>Total Liabilities</b>	<u>\$ 6,790</u>	<u>\$ 2,796</u>	<u>\$ 77</u>	<u>\$ 9,663</u>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension Trust Funds</b>			
	<b>Part-Time Deferred Income Trust</b>	<b>Thrift Savings Plan</b>	<b>Disability Income Plan</b>	<b>Total</b>
<b>ADDITIONS</b>				
Employer contributions	\$ 60	\$ 3,191	\$ 68	\$ 3,319
Employee contributions	100	8,142	-	8,242
Net appreciation in fair value of investments	127	26,523	-	26,650
Other additions	-	100	60	160
<b>Total Additions</b>	<b>287</b>	<b>37,956</b>	<b>128</b>	<b>38,371</b>
<b>DEDUCTIONS</b>				
Benefits	164	16,811	122	17,097
Plan administration	57	112	18	187
Other deductions	-	85	-	85
<b>Total Deductions</b>	<b>221</b>	<b>17,008</b>	<b>140</b>	<b>17,369</b>
<b>Increase in Net Position</b>	<b>66</b>	<b>20,948</b>	<b>(12)</b>	<b>21,002</b>
<b>Net Position, October 1</b>	<b>2,762</b>	<b>174,533</b>	<b>1,329</b>	<b>178,624</b>
<b>Net Position, September 30</b>	<b>\$ 2,828</b>	<b>\$ 195,481</b>	<b>\$ 1,317</b>	<b>\$ 199,626</b>



CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
<b>PAYROLL FUND</b>				
Assets				
Cash and cash-like investments	\$ 6,139	\$ 329,586	\$ 328,935	\$ 6,790
Investments	-	-	-	-
Total assets	<u>\$ 6,139</u>	<u>\$ 329,586</u>	<u>\$ 328,935</u>	<u>\$ 6,790</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 6,139	\$ 329,586	\$ 328,935	\$ 6,790
Accounts payable and accrued liabilities - IRC 401 defined contribution	-	-	-	-
Total liabilities	<u>\$ 6,139</u>	<u>\$ 329,586</u>	<u>\$ 328,935</u>	<u>\$ 6,790</u>
<b>ESCROW FUND</b>				
Assets				
Cash and cash-like investments	\$ 3,146	\$ 7,104	\$ 7,454	\$ 2,796
Total assets	<u>\$ 3,146</u>	<u>\$ 7,104</u>	<u>\$ 7,454</u>	<u>\$ 2,796</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 3,146	\$ 7,104	\$ 7,454	\$ 2,796
Total liabilities	<u>\$ 3,146</u>	<u>\$ 7,104</u>	<u>\$ 7,454</u>	<u>\$ 2,796</u>
<b>ESCHEAT FUND</b>				
Assets				
Cash and cash-like investments	\$ 59	\$ 168	\$ 150	\$ 77
Total assets	<u>\$ 59</u>	<u>\$ 168</u>	<u>\$ 150</u>	<u>\$ 77</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 59	\$ 168	\$ 150	\$ 77
Total liabilities	<u>\$ 59</u>	<u>\$ 168</u>	<u>\$ 150</u>	<u>\$ 77</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and cash-like investments	\$ 9,344	\$ 336,858	\$ 336,539	\$ 9,663
Total assets	<u>\$ 9,344</u>	<u>\$ 336,858</u>	<u>\$ 336,539</u>	<u>\$ 9,663</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 9,344	\$ 336,858	\$ 336,539	\$ 9,663
Total Liabilities	<u>\$ 9,344</u>	<u>\$ 336,858</u>	<u>\$ 336,539</u>	<u>\$ 9,663</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 (ACCDC) 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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Arlington Housing Authority</b>	<b>Arlington Convention &amp; Visitors Bureau</b>	<b>Arlington Tomorrow Foundation</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash-like investments	\$ 2,845	\$ 981	\$ 10,856
Investments	1,482	-	59,032
Receivables (net of allowances for uncollectibles):			
Accrued interest	1	-	295
Other	277	22	-
Prepaid expenses	12	28	-
<b>Total Current Assets</b>	<u>4,617</u>	<u>1,031</u>	<u>70,183</u>
<b>Non-Current Assets:</b>			
Capital Assets-			
Buildings and improvements	563	-	-
Machinery and equipment	394	1,019	-
Accumulated depreciation	(708)	(781)	-
<b>Total Non-Current Assets</b>	<u>249</u>	<u>238</u>	<u>-</u>
<b>Total Assets</b>	<u>4,866</u>	<u>1,269</u>	<u>70,183</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	726	368	1,185
Unearned revenue	-	14	-
<b>Total Liabilities</b>	<u>726</u>	<u>382</u>	<u>1,185</u>
<b>NET POSITION</b>			
Net investment in capital assets	249	238	-
Restricted for endowments	-	-	68,998
Restricted for housing assistance	299	-	-
Unrestricted	3,592	649	-
<b>Total Net Position</b>	<u>\$ 4,140</u>	<u>\$ 887</u>	<u>\$ 68,998</u>

<u>Arlington Housing Finance Corporation</u>	<u>Arlington Tourism Public Improvement District</u>	<u>Arlington Convention Center Development Corporation</u>	<u>Total</u>
\$ 394	\$ 1,238	\$ 29	\$ 16,343
-	-	-	60,514
-	-	-	296
-	420	-	719
-	65	-	105
<u>394</u>	<u>1,723</u>	<u>29</u>	<u>77,977</u>
-	-	-	563
-	-	-	1,413
-	-	-	(1,489)
<u>-</u>	<u>-</u>	<u>-</u>	<u>487</u>
<u>394</u>	<u>1,723</u>	<u>29</u>	<u>78,464</u>
-	16	-	2,295
-	-	-	14
<u>-</u>	<u>16</u>	<u>-</u>	<u>2,309</u>
-	-	-	487
-	-	-	68,998
-	-	-	299
<u>394</u>	<u>1,707</u>	<u>29</u>	<u>6,371</u>
<u>\$ 394</u>	<u>\$ 1,707</u>	<u>\$ 29</u>	<u>\$ 76,155</u>

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Component Units:</b>				
Arlington Housing Authority	\$ 27,568	\$ -	\$ 27,022	\$ -
Arlington Convention and Visitors Bureau	6,913	6,847	400	-
Arlington Tomorrow Foundation	4,471	-	-	-
Arlington Housing Finance Corporation	-	-	-	-
Arlington Tourism Public Improvement District	879	2,253	333	-
Arlington Convention Center Development Corp	48	-	34	-
<b>Total Component Units</b>	<u>\$ 39,879</u>	<u>\$ 9,100</u>	<u>\$ 27,789</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**

<b>Arlington Housing Authority</b>	<b>Arlington Convention &amp; Visitors Bureau</b>	<b>Arlington Tomorrow Foundation</b>	<b>Arlington Housing Finance Corporation</b>	<b>Arlington Tourism Public Improvement District</b>	<b>Arlington Convention Center Development Corporation</b>	<b>Total</b>
\$ (546)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (546)
-	334	-	-	-	-	334
-	-	(4,471)	-	-	-	(4,471)
-	-	-	-	-	-	-
-	-	-	-	1,707	-	1,707
-	-	-	-	-	(14)	(14)
<u>\$ (546)</u>	<u>\$ 334</u>	<u>\$ (4,471)</u>	<u>\$ -</u>	<u>\$ 1,707</u>	<u>\$ (14)</u>	<u>\$ (2,990)</u>
\$ 11	\$ -	\$ 5,531	\$ 4	\$ -	\$ -	\$ 5,546
149	-	2,309	-	-	-	2,458
-	-	5,845	(2)	-	-	5,843
160	-	13,685	2	-	-	13,847
(386)	334	9,214	2	1,707	(14)	10,857
4,526	553	59,784	392	-	43	65,298
<u>\$ 4,140</u>	<u>\$ 887</u>	<u>\$ 68,998</u>	<u>\$ 394</u>	<u>\$ 1,707</u>	<u>\$ 29</u>	<u>\$ 76,155</u>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Arlington Tomorrow Foundation</b>	<b>Arlington Housing Finance Corporation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ -	\$ -
Cash received from gas leases	(295)	-
Cash payments to suppliers	(2,045)	-
Cash payments to employees	(216)	-
Cash payments to grantees	(2,425)	-
Cash payments for housing assistance	-	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>(4,981)</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	-
Transfers out	-	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contribution	-	-
Principal payments on debt	-	-
<b>Net Cash Provided By (Used For) Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from interest earnings	5,531	4
Net increase (decrease) in the fair value of investments	-	(2)
Purchase of investments	-	-
Maturities/sales of investments	-	-
Realized gain of investments	2,308	-
<b>Net Cash Provided By (Used For) Investing Activities</b>	<b>7,839</b>	<b>2</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,858</b>	<b>2</b>
<b>Cash and cash-like investments at October 1</b>	<b>7,997</b>	<b>392</b>
<b>Cash and cash-like investments at September 30</b>	<b>\$ 10,855</b>	<b>\$ 394</b>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>		
<b>Operating Income (loss)</b>	<b>\$ (4,471)</b>	<b>\$ -</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Decrease (increase) in-		
Receivables	(295)	-
Increase (decrease) in-		
Accounts payable and accrued liabilities	(218)	-
Accrued compensated absences	3	-
Deferred revenue	-	-
Total adjustments	(510)	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ (4,981)</b>	<b>\$ -</b>

Arlington Convention Center Development Corporation		Totals
\$	-	\$ -
	-	(295)
	(84)	(2,129)
	-	(216)
	-	(2,425)
	-	-
	(84)	(5,065)
	-	-
	-	-
	-	-
	-	-
	-	-
	-	5,535
	-	(2)
	-	-
	-	-
	-	2,308
	-	7,841
	(84)	2,776
	113	8,502
\$	29	\$ 11,278
\$	(14)	\$ (4,485)
	-	-
	-	(295)
	(70)	(288)
	-	3
	-	-
	(70)	(580)
\$	(84)	\$ (5,065)





**CITY OF ARLINGTON, TEXAS**  
**CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES**  
**AS OF SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 228,101
Buildings	1,108,967
Improvements other than buildings	194,243
Machinery and equipment	67,378
Construction-in-progress	158,164
Infrastructure	915,531
<b>Total Governmental Funds Capital Assets</b>	<b><u>\$ 2,672,384</u></b>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:**

General fund	\$ 1,598,689
Capital Project Fund	1,073,695
<b>Total Governmental Funds Capital Assets</b>	<b><u>\$ 2,672,384</u></b>

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 in 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, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

<b>Function and Activity</b>	<b>Total</b>	<b>Land</b>	<b>Buildings</b>	<b>Improvements Other than Buildings</b>	<b>Machinery and Equipment</b>
<b>Administration:</b>					
Technology services	\$ 14,279	\$ -	\$ -	\$ -	\$ 14,279
Tax	6	-	-	-	6
City administration	1,222,848	127,710	1,027,299	62,058	5,781
Convention center	537	-	-	-	537
<b>Total Administration</b>	<u>1,237,670</u>	<u>127,710</u>	<u>1,027,299</u>	<u>62,058</u>	<u>20,603</u>
<b>Operations:</b>					
Fire	36,154	(208)	15,030	-	21,332
Municipal court	1,409	-	-	-	1,409
Police	38,817	654	21,490	-	16,673
Parks and recreation	220,490	81,087	23,187	112,830	3,386
Communication services	88	-	-	-	88
Airport	46,356	5,655	21,672	18,993	36
<b>Total Operations</b>	<u>343,314</u>	<u>87,188</u>	<u>81,379</u>	<u>131,823</u>	<u>42,924</u>
<b>Development:</b>					
Community development	1,484	-	289	6	1,189
Engineering services	137	-	-	-	137
Transportation	16,084	13,203	-	356	2,525
<b>Total Development</b>	<u>17,705</u>	<u>13,203</u>	<u>289</u>	<u>362</u>	<u>3,851</u>
<b>Total Capital Assets</b>					
<b>Allocated to Functions</b>	<u>1,598,689</u>	<u>\$ 228,101</u>	<u>\$ 1,108,967</u>	<u>\$ 194,243</u>	<u>\$ 67,378</u>
<b>Infrastructure</b>	<u>915,531</u>				
<b>Construction in Progress</b>	<u>158,164</u>				
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 2,672,384</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 in the statement of net position.

**CITY OF ARLINGTON, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS -**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

Function and Activity	Governmental Funds			Governmental Funds	
	Capital Assets October 1, 2016	Additions	Deletions	Capital Assets September 30, 2017	
<b>Administration:</b>					
Technology services	\$ 14,279	\$ -	\$ -	\$ 14,279	
Tax	6	-	-	6	
City administration	1,222,649	199	-	1,222,848	
Convention center	537	-	-	537	
<b>Total Administration</b>	<u>1,237,471</u>	<u>199</u>	<u>-</u>	<u>1,237,670</u>	
<b>Operations:</b>					
Fire	30,000	6,202	(48)	36,154	
Municipal court	1,409	-	-	1,409	
Police	38,602	215	-	38,817	
Parks and recreation	219,083	1,530	(123)	220,490	
Communication services	88	-	-	88	
Airport	46,356	-	-	46,356	
<b>Total Operations</b>	<u>335,538</u>	<u>7,947</u>	<u>(171)</u>	<u>343,314</u>	
<b>Development:</b>					
Community development	1,484	-	-	1,484	
Engineering services	137	-	-	137	
Transportation	15,256	1,560	(732)	16,084	
<b>Total Development</b>	<u>16,877</u>	<u>1,560</u>	<u>(732)</u>	<u>17,705</u>	
<b>Infrastructure</b>	<u>873,062</u>	<u>42,469</u>	<u>-</u>	<u>915,531</u>	
<b>Construction in Progress</b>	<u>130,841</u>	<u>77,427</u>	<u>(50,104)</u>	<u>158,164</u>	
Total Governmental Funds Capital Assets	<u>\$ 2,593,789</u>	<u>\$ 129,602</u>	<u>\$ (51,007)</u>	<u>\$ 2,672,384</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 in 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 778,516	\$ 1,134,428	\$ 1,136,342	\$ 1,165,492
Restricted (Debt Srvcs/Impact Fee/Endowments)	55,581	54,486	64,789	42,998
Unrestricted	65,896	49,301	101,397	81,671
Total governmental activities net position	<u>\$ 899,993</u>	<u>\$ 1,238,215</u>	<u>\$ 1,302,528</u>	<u>\$ 1,290,161</u>
Business-type activities				
Net investment in capital assets	\$ 453,210	\$ 525,131	\$ 541,227	\$ 543,702
Restricted	9,753	10,310	10,140	19,706
Unrestricted	14,846	23,764	33,270	52,554
Total business-type activities net position	<u>\$ 477,809</u>	<u>\$ 559,205</u>	<u>\$ 584,637</u>	<u>\$ 615,962</u>
Primary government				
Net investment in capital assets	\$ 1,231,726	\$ 1,659,559	\$ 1,677,569	\$ 1,709,194
Restricted (Debt Srvcs/Impact Fee)	65,334	64,796	74,929	62,704
Unrestricted	80,742	73,065	134,667	134,225
Total primary government net position	<u>\$ 1,377,802</u>	<u>\$ 1,797,420</u>	<u>\$ 1,887,165</u>	<u>\$ 1,906,123</u>

**Source:** City of Arlington Finance Department

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

Table 1

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,164,831	\$ 1,183,621	\$ 1,106,840	\$ 1,106,327	\$ 1,055,902	\$ 1,130,555
46,032	45,169	41,902	42,149	36,068	29,169
81,604	65,489	57,744	76,379	181,216	110,143
<u>\$ 1,292,467</u>	<u>\$ 1,294,279</u>	<u>\$ 1,206,486</u>	<u>\$ 1,224,855</u>	<u>\$ 1,273,186</u>	<u>\$ 1,269,867</u>
\$ 573,042	\$ 597,114	\$ 618,187	\$ 622,780	\$ 639,243	\$ 653,455
18,655	14,299	16,169	14,947	18,150	20,334
45,459	44,633	29,687	45,365	51,776	61,652
<u>\$ 637,156</u>	<u>\$ 656,046</u>	<u>\$ 664,043</u>	<u>\$ 683,092</u>	<u>\$ 709,169</u>	<u>\$ 735,441</u>
\$ 1,737,873	\$ 1,780,735	\$ 1,725,027	\$ 1,729,107	\$ 1,695,145	\$ 1,784,010
64,687	59,468	58,071	57,096	54,218	49,503
127,063	110,122	87,431	121,744	233,324	171,795
<u>\$ 1,929,623</u>	<u>\$ 1,950,325</u>	<u>\$ 1,870,529</u>	<u>\$ 1,907,947</u>	<u>\$ 1,982,687</u>	<u>\$ 2,005,308</u>



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

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities:				
General government	\$ 43,788	\$ 40,403	\$ 70,517	\$ 74,285
Public safety	123,587	128,219	134,767	135,371
Public works	84,115	94,171	67,135	71,828
Public health	1,920	2,406	3,003	3,892
Parks and recreation	28,027	28,228	28,020	28,663
Public welfare	39,282	10,213	12,251	11,897
Convention and event services	6,533	6,299	6,321	6,194
Interest on long term debt	26,624	42,485	29,444	29,890
Total governmental activities expenses	\$ 353,876	\$ 352,424	\$ 351,458	\$ 362,020
Business-type activities:				
Water and sewer	71,929	77,130	75,602	84,270
Landfill	-	3,678	4,017	4,861
Total business-type activities expenses	\$ 71,929	\$ 80,808	\$ 79,619	\$ 89,131
Total primary government expenses	\$ 425,805	\$ 433,232	\$ 431,077	\$ 451,151
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 10,528	\$ 19,017	\$ 21,938	\$ 21,810
Public safety	13,998	16,440	17,429	21,131
Public works	5,898	1,116	1,322	1,153
Public health	2,692	2,707	2,980	2,775
Parks and recreation	9,529	9,835	8,879	9,999
Public welfare	-	179	204	215
Convention and event services	2,587	2,535	2,788	2,975
Operating grants and contributions	20,787	24,578	23,127	23,455
Capital grants and contributions	145,029	411,788	72,515	2,625
Total governmental activities program revenues	\$ 211,048	\$ 488,195	\$ 151,182	\$ 86,138
Business-type activities:				
Charges for services:				
Water and sewer	\$ 102,324	\$ 108,224	\$ 107,800	\$ 123,442
Storm water utility	-	6,920	8,702	10,492
Landfill	-	-	-	-
Capital grants and contributions	2,622	2,018	1,388	1,120
Other	-	-	-	-
Total business-type activities program revenues	\$ 104,946	\$ 117,162	\$ 117,890	\$ 135,054
Total primary government program revenues	\$ 315,994	\$ 605,357	\$ 269,072	\$ 221,192
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (142,828)	\$ 135,771	\$ (200,276)	\$ (275,882)
Business-type activities	33,017	36,354	38,271	45,923
Total Primary government net expense	\$ (109,811)	\$ 172,125	\$ (162,005)	\$ (229,959)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 112,477	\$ 117,285	\$ 115,684	\$ 109,807
Sales taxes	81,385	80,193	81,517	85,345
Other taxes	10,447	10,978	12,793	13,558
Gas Lease	2,091	-	-	-
Franchise fees	25,994	25,038	25,769	27,260
Investment earnings	12,814	5,629	4,577	5,156
Net increase (decrease) in fair value	182	1,837	1,709	(1,255)
Other	9,271	4,769	8,847	8,296
Special Item	-	-	-	-
Transfers	12,462	(43,278)	13,693	15,348
Total governmental activities	\$ 267,123	\$ 202,451	\$ 264,589	\$ 263,515
Business-type activities:				
Investment earnings	\$ 2,196	\$ 1,581	\$ 895	\$ 855
Gain on sale/retirement of capital assets	(49)	183	(41)	(105)
Miscellaneous	-	54,556	-	-
Transfers	(12,462)	(11,278)	(13,693)	(15,348)
Total Business-type activities	\$ (10,315)	\$ 45,042	\$ (12,839)	\$ (14,598)
Total primary government	\$ 256,808	\$ 247,493	\$ 251,750	\$ 248,917
<b>Change in Net Position</b>				
Governmental activities	\$ 124,295	\$ 338,222	\$ 64,313	\$ (12,367)
Business-type activities	22,702	81,396	25,432	31,325
Total primary government	\$ 146,997	\$ 419,618	\$ 89,745	\$ 18,958

Source: City of Arlington Finance Department

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

Table 2

Fiscal Year						
2012	2013	2014	2015	2016	2017	
\$ 66,080	\$ 65,321	\$ 74,183	\$ 69,680	\$ 75,486	\$ 77,110	
137,561	139,309	146,899	142,489	156,414	170,459	
71,957	68,633	63,566	64,549	61,115	68,036	
4,320	2,489	2,740	2,849	2,741	2,934	
32,515	30,599	34,075	33,410	32,449	34,204	
9,475	11,453	11,558	10,019	14,978	10,280	
6,821	6,711	7,366	8,387	8,384	13,987	
24,898	25,017	28,703	22,299	23,016	19,209	
<u>\$ 353,627</u>	<u>\$ 349,532</u>	<u>\$ 369,090</u>	<u>\$ 353,682</u>	<u>\$ 374,583</u>	<u>\$ 396,219</u>	
86,235	89,437	95,820	97,118	98,697	107,537	
4,777	5,051	4,972	5,040	5,740	6,208	
<u>\$ 91,012</u>	<u>\$ 94,488</u>	<u>\$ 100,792</u>	<u>\$ 102,158</u>	<u>\$ 104,437</u>	<u>\$ 113,745</u>	
<u>\$ 444,639</u>	<u>\$ 444,020</u>	<u>\$ 469,882</u>	<u>\$ 455,840</u>	<u>\$ 479,020</u>	<u>\$ 509,964</u>	
\$ 23,670	\$ 21,023	\$ 23,650	\$ 25,617	\$ 21,863	\$ 24,579	
19,498	19,344	19,337	17,957	16,392	15,412	
1,160	1,416	1,412	1,585	2,085	2,491	
2,730	3,488	3,447	3,508	3,393	3,536	
10,861	10,977	10,187	10,356	11,180	9,775	
222	224	224	220	216	215	
2,799	2,594	2,739	2,852	3,680	3,107	
26,270	19,483	9,953	12,700	62,107	14,754	
6,132	4,481	4,910	10,479	5,814	9,442	
<u>\$ 93,342</u>	<u>\$ 83,030</u>	<u>\$ 75,859</u>	<u>\$ 85,274</u>	<u>\$ 126,730</u>	<u>\$ 83,311</u>	
\$ 114,719	\$ 114,234	\$ 116,145	\$ 123,870	\$ 131,086	\$ 138,007	
10,536	10,815	10,774	12,160	13,575	15,011	
-	-	-	-	-	-	
1,253	3,663	3,136	1,148	1,820	3,552	
-	-	-	-	-	-	
<u>\$ 126,508</u>	<u>\$ 128,712</u>	<u>\$ 130,055</u>	<u>\$ 137,178</u>	<u>\$ 146,481</u>	<u>\$ 156,570</u>	
<u>\$ 219,850</u>	<u>\$ 211,742</u>	<u>\$ 205,914</u>	<u>\$ 222,452</u>	<u>\$ 273,211</u>	<u>\$ 239,881</u>	
\$ (260,285)	\$ (266,502)	\$ (293,231)	\$ (268,408)	\$ (247,853)	\$ (312,908)	
35,496	34,224	29,263	35,020	42,044	42,825	
<u>\$ (224,789)</u>	<u>\$ (232,278)</u>	<u>\$ (263,968)</u>	<u>\$ (233,388)</u>	<u>\$ (205,809)</u>	<u>\$ (270,083)</u>	
\$ 110,131	\$ 111,877	\$ 113,432	\$ 118,785	\$ 121,943	\$ 131,243	
88,957	94,071	93,127	97,895	102,580	105,352	
13,347	14,884	17,192	18,893	20,430	23,163	
-	-	-	-	-	-	
25,600	25,550	26,970	26,477	25,435	24,859	
3,975	3,081	3,356	3,330	4,023	4,714	
(179)	(962)	(469)	(294)	(598)	(1,027)	
5,990	4,257	3,808	5,156	6,084	3,852	
-	-	-	-	-	-	
14,770	15,556	15,355	16,535	16,619	17,101	
<u>\$ 262,591</u>	<u>\$ 268,314</u>	<u>\$ 272,771</u>	<u>\$ 286,777</u>	<u>\$ 296,516</u>	<u>\$ 309,257</u>	
\$ 569	\$ 353	\$ 348	\$ 465	\$ 687	\$ 1,098	
(101)	(131)	59	99	(35)	(550)	
-	-	2	-	-	-	
(14,770)	(15,556)	(15,355)	(16,535)	(16,619)	(17,101)	
<u>\$ (14,302)</u>	<u>\$ (15,334)</u>	<u>\$ (14,946)</u>	<u>\$ (15,971)</u>	<u>\$ (15,967)</u>	<u>\$ (16,553)</u>	
<u>\$ 248,289</u>	<u>\$ 252,980</u>	<u>\$ 257,825</u>	<u>\$ 270,806</u>	<u>\$ 280,549</u>	<u>\$ 292,704</u>	
\$ 2,306	\$ 1,812	\$ (87,793)	\$ 18,369	\$ 48,663	\$ (3,651)	
21,194	18,890	7,997	19,049	26,077	26,272	
<u>\$ 23,500</u>	<u>\$ 20,702</u>	<u>\$ (79,796)</u>	<u>\$ 37,418</u>	<u>\$ 74,740</u>	<u>\$ 22,621</u>	

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

	Fiscal Year			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General fund				
Nonspendable:				
Inventory	\$ 600	\$ 583	\$ 1,163	\$ 1,228
Prepays	2	252	-	16
Committed to:				
Utility rate case	500	500	500	500
Capital projects	-	-	-	1,122
Assigned to:				
Encumbrances	6,074	3,780	4,316	5,613
Working capital	16,512	16,219	16,218	16,054
Subsequent years' expenditure	5,944	5,839	5,839	5,944
Compensated absences	1,556	1,464	1,312	1,252
Other post employment benefits	1,718	1,718	1,718	1,718
Landfill lease proceeds/future initiatives	21,487	21,487	21,487	21,487
Dispatch	-	137	422	380
Information Technology	-	-	-	774
Telecommunications	-	-	-	-
Business continuity	-	-	6,889	4,538
Arbitrage	288	193	75	-
Infrastructure	1,000	-	-	-
Gas lease proceeds	-	-	-	-
Group Health	-	2,446	3,001	-
Other purposes	-	-	-	56
Unassigned	508	3,663	3,627	6,093
Total general fund	<u>\$ 56,189</u>	<u>\$ 58,281</u>	<u>\$ 66,567</u>	<u>\$ 66,775</u>
All Other Governmental Funds				
Nonspendable:				
Inventory	\$ 217	\$ 206	\$ 230	\$ 245
Prepays	-	-	-	-
Restricted for:				
Capital projects	53,952	22,255	46,598	63,644
Special Revenue	50,507	49,075	91,613	67,258
Committed to:				
Capital projects	6,382	5,763	36,988	21,934
Special Revenue	48,911	33,953	9,690	17,152
Assigned to:				
Capital projects	8,185	10,617	-	-
Special Revenue	9,200	2,926	3,134	1,567
Undesignated	(1,217)	(3,811)	(1,351)	(2,260)
Total all other governmental funds	<u>\$ 176,137</u>	<u>\$ 120,984</u>	<u>\$ 186,902</u>	<u>\$ 169,540</u>

**Source:** City of Arlington Finance Department

Table 3

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,252 16	\$ 1,172 20	\$ 1,206 23	\$ 1,207 71	\$ 1,265 117	\$ 1,243 -
500	500	500	500	-	-
-	-	-	-	-	-
7,766	5,235	4,449	5,598	8,515	8,794
16,745	17,076	17,537	18,162	19,717	20,055
6,378	6,147	6,313	6,538	6,918	7,220
1,252	1,263	1,372	1,443	1,402	1,299
1,718	1,718	1,718	1,718	1,718	1,718
21,487	17,206	17,151	17,151	17,151	17,151
566	615	756	916	830	987
607	236	195	119	305	290
-	-	-	-	-	-
5,155	4,062	4,062	4,062	4,062	4,062
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
55	-	-	-	-	-
-	1,490	909	538	478	30
<u>\$ 63,497</u>	<u>\$ 56,740</u>	<u>\$ 56,191</u>	<u>\$ 58,023</u>	<u>\$ 62,478</u>	<u>\$ 62,849</u>
\$ 245 -	\$ 243 -	\$ 249 11,166	\$ 240 5,740	\$ 237 1,685	\$ 219 -
82,648	85,214	99,932	109,099	97,784	87,655
72,894	74,247	64,931	60,099	54,577	111,884
20,679	24,592	25,725	27,516	44,867	57,845
21,594	22,010	21,471	25,534	73,800	5,669
-	-	-	-	-	-
1,253	2,320	823	589	318	239
-	(7)	-	-	-	-
<u>\$ 199,313</u>	<u>\$ 208,619</u>	<u>\$ 224,297</u>	<u>\$ 228,817</u>	<u>\$ 273,268</u>	<u>\$ 263,511</u>

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

	Fiscal Year			
	2008	2009	2010	2011
<b>REVENUES:</b>				
Taxes:	\$ 205,531	\$ 208,756	\$ 210,767	\$ 209,077
Licenses and permits	4,650	5,881	6,801	7,146
Franchise fees	25,994	25,038	25,769	27,260
Fines and forfeitures	10,515	12,949	13,861	15,194
Leases, rents, and concessions	7,363	9,687	11,117	8,791
Service charges	22,476	18,573	18,063	20,836
Investment income	11,591	5,453	4,025	5,004
Net increase (decrease) in fair value of investment	201	1,750	1,715	(1,201)
Contributions	145,029	411,788	44,839	2,243
Intergovernmental	20,619	22,244	26,801	23,017
Gas lease	2,091	4,430	5,971	8,276
Miscellaneous	4,915	3,431	7,129	6,826
Total Revenues	<u>460,975</u>	<u>729,980</u>	<u>376,858</u>	<u>332,469</u>
<b>EXPENDITURES:</b>				
General government	35,911	36,150	35,599	41,512
Public safety	119,585	124,424	126,934	128,519
Public works	45,968	41,774	35,493	44,003
Public health	1,826	2,287	2,770	3,737
Public welfare	39,253	10,142	10,969	11,045
Parks and recreation	24,452	24,340	23,666	23,975
Convention and event services	6,533	6,299	6,321	6,194
Operating expenditures	-	-	-	-
Capital outlay	337,661	476,149	79,365	26,389
Debt Service:				
Principal retirement	24,825	30,180	30,975	61,785
Redemption premium	-	-	-	1,116
Interest and fiscal charges	27,054	48,672	29,352	28,703
Bond issuance cost	-	-	-	-
Total expenditures	<u>663,068</u>	<u>800,417</u>	<u>381,444</u>	<u>376,978</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(202,093)</u>	<u>(70,437)</u>	<u>(4,586)</u>	<u>(44,509)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds issued*	105,075	-	62,560	15,275
Capital lease	322	-	-	-
Proceeds from sale of capital assests	-	201	-	-
Refunding bonds issued	-	175,005	16,020	41,065
Refunding bond principal	-	-	-	-
Bond premium	-	-	2,870	2,318
Payment of escrow for refunding	-	(164,265)	(12,913)	(39,252)
Gain on sale of land	2,105	-	-	-
Bond discount	-	(4,130)	-	-
Transfers in	30,833	37,507	33,915	31,769
Transfers out	(20,551)	(26,942)	(23,662)	(23,820)
Total other financing sources (uses)	<u>117,784</u>	<u>17,376</u>	<u>78,790</u>	<u>27,355</u>
NET CHANGE IN FUND BALANCES	<u>\$ (84,309)</u>	<u>\$ (53,061)</u>	<u>\$ 74,204</u>	<u>\$ (17,154)</u>
Capitalized Capital outlay	334,622	421,989	101,356	27,665
Debt service as a percentage of noncapital expenditures	15.8%	20.8%	21.5%	25.9%

Source: City of Arlington Finance Department

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

Table 4

Fiscal Year											
2012		2013		2014		2015		2016		2017	
\$	212,991	\$	221,338	\$	224,401	\$	235,986	\$	245,678	\$	260,653
	6,673		6,823		7,589		7,448		9,063		9,662
	25,600		25,550		26,970		26,477		25,435		24,859
	15,425		15,419		15,191		13,847		11,996		10,858
	8,968		8,932		9,890		10,203		9,848		10,099
	20,081		20,302		19,705		20,316		22,089		20,252
	3,797		3,269		3,252		3,322		3,936		4,432
	(139)		(935)		(477)		(301)		(592)		(996)
	6,132		4,481		4,910		6,290		5,373		9,442
	25,361		19,483		15,476		12,700		62,857		14,754
	9,314		7,668		8,351		10,287		5,196		8,221
	5,202		3,549		2,783		8,569		5,003		2,585
	339,405		335,879		338,041		355,144		405,882		374,821
	41,780		40,188		43,045		41,924		45,692		46,945
	134,166		132,829		142,556		141,550		145,733		157,252
	39,954		44,151		45,965		45,723		42,215		45,569
	4,163		2,349		2,621		2,762		2,637		2,741
	8,372		9,391		11,558		8,497		9,768		10,277
	24,322		26,738		25,628		26,246		26,347		28,165
	6,821		6,711		7,366		8,037		8,283		13,640
	-		-		-		-		-		-
	32,262		27,325		30,912		43,274		55,815		77,115
	42,765		49,625		50,810		54,815		60,500		35,190
	249		299		168		13		701		-
	25,976		25,062		23,689		23,624		24,119		22,571
	-		-		-		-		-		-
	360,830		364,668		384,318		396,465		421,810		439,465
	(21,425)		(28,789)		(46,277)		(41,321)		(15,928)		(64,644)
	19,635		19,635		43,450		32,004		64,585		64,550
	-		-		-		-		-		-
	-		-		-		-		-		-
	23,865		6,430		-		36,845		47,365		128,440
											(172,000)
	2,038		835		2,900		4,468		8,935		26,003
	(13,328)		(6,585)		-		(40,435)		(53,710)		(8,752)
	-		-		-		-		-		-
	-		-		-		-		-		-
	44,505		42,468		39,573		43,241		90,512		51,980
	(28,795)		(31,445)		(24,517)		(28,450)		(92,853)		(34,963)
	47,920		31,338		61,406		47,673		64,834		55,258
\$	26,495	\$	2,549	\$	15,129	\$	6,352	\$	48,906	\$	(9,386)
	29,209		27,497		30,077		41,252		55,394		79,498
	20.7%		22.2%		21.0%		22.1%		23.1%		16.0%

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

Table 5

Fiscal Year	Estimated Actual Value of Taxable Property		Total Taxable Value <sup>(1)</sup>	Total Direct Tax Rate
	Real Property	Personal Property		
2008	15,304,029	2,287,200	17,591,229	0.6480
2009	15,859,827	2,386,993	18,246,820	0.6480
2010	15,647,090	2,604,015	18,251,105	0.6480
2011	14,809,609	2,369,503	17,179,112	0.6480
2012	14,768,390	2,555,054	17,323,444	0.6480
2013	15,032,414	2,645,228	17,677,642	0.6480
2014	15,451,540	2,636,867	18,088,407	0.6480
2015	16,086,303	2,819,463	18,905,766	0.6480
2016 *	16,580,450	3,020,914	19,601,363	0.6480
2017	18,575,013	2,804,068	21,379,081	0.6448

**Sources:**

City of Arlington Finance Department  
Tarrant Appraisal District Records

**Note:**

(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 tax year.

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

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

Table 6

City Direct Rates				Overlapping Rates						
Tax Year <sup>4</sup>	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District <sup>1</sup>	Fort Worth Independent School District <sup>1</sup>	HEB Independent School District <sup>1</sup>	Kennedale Independent School District <sup>1</sup>	Mansfield Independent School District <sup>1</sup>	Tarrant County <sup>2</sup>	Viridian Management District <sup>3</sup>
2008	0.4467	0.2013	0.6480	1.27	1.26	1.30	1.49	1.45	0.65	N/A
2009	0.4467	0.2013	0.6480	1.34	1.32	1.29	1.54	1.50	0.65	0.45
2010	0.4330	0.2150	0.6480	1.34	1.32	1.29	1.54	1.50	0.65	0.45
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

**Sources:**

City of Arlington Finance Department  
Tarrant Appraisal District Records

**Notes:**

- 1 A single property owner's total tax rate would only include one independent school district's (Arlington, Hurst-Euless-Bedford, Kennedale, or Mansfield) tax rate.
- 2 This column includes the tax rates for Tarrant County, the Tarrant County Junior College District, the Tarrant County Hospital District and the TC Regional Water District
- 3 Viridian Management District was approved by Arlington City Council in 2007. Tax rate started in 2009 tax year.
- 4 The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2016 determine revenue for fiscal year 2017.



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

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2017		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value</u>
General Motors Corp.	\$ 310,924,495	1.45 %
Arlington Highlands	180,490,507	0.84
Oncor Electric Delivery	148,906,369	0.70
Parks at Arlington	145,716,807	0.68
Six Flags Fund II LTD	96,825,385	0.45
LSREF3 Bravo (Dallas), LLC	87,730,000	0.41
Lincoln Square TX LP	70,606,611	0.33
Viridian Holdings LP	66,235,937	0.31
Columbia Medical Center	64,327,406	0.30
Wal-Mart Real Estate Bus LLC	64,276,061	0.30
Total	<u>\$ 1,236,039,578</u>	<u>5.78 %</u>

**Sources:**

City of Arlington Finance Department  
 Tarrant Appraisal District

Table 7

2008		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value</u>
General Motors Corp	\$ 199,225,981	0.93 %
Parks At Arlington Lp	150,541,475	0.70
Oncor Electric Delivery	147,968,679	0.69
Arlington Highlands	114,732,975	0.54
Southwestern	74,764,957	0.35
Six Flags Fund II Ltd	61,313,903	0.29
Lincoln Square Ltd	59,061,363	0.28
USMD Surgical Hospital Of Arl	55,219,031	0.26
Bell Helicopter	41,182,421	0.19
KC Providence Park	40,509,075	0.19
Total	<u>\$ 944,519,860</u>	<u>4.42 %</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 <sup>(1)</sup>	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2008	114,126,102	111,408,733	97.62	2,470,602	113,879,335	99.78
2009	118,239,391	116,351,305	98.40	1,628,643	117,979,948	99.78
2010	118,267,158	115,750,354	97.87	1,946,742	117,697,096	99.52
2011	111,320,648	109,098,499	98.00	1,251,819	110,350,318	99.13
2012	112,255,917	110,156,752	98.13	1,182,110	111,338,863	99.18
2013 *	114,551,118	112,051,050	97.82	1,553,340	113,604,390	99.17
2014	117,212,877	114,468,630	97.66	1,915,638	116,384,268	99.29
2015	122,509,363	119,624,237	97.64	1,945,890	121,570,128	99.23
2016	127,016,834	123,750,524	97.43	2,425,689	126,176,213	99.34
2017	138,536,443	133,179,070	96.13	4,355,092	137,534,162	99.28

**Source:**

City of Arlington Finance Department

**Notes:**

Cumulative Tax Collection Comparison

<sup>(1)</sup> Prior year collections exclude penalty and interest

\* Collected within FY Amount Revised for 2013



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

Table 9

Fiscal Year	Governmental Activities					Business-Type Activities						
	General Obligation Bonds	Certificates of Obligation <sup>(1)</sup>	Commercial Paper	Stadium Debt <sup>(2)</sup>	Capital Leases	Water and Sewer Revenue Bonds	Stormwater Bonds	Total Primary Government	Percentage of Total Taxable Value	Estimated Population	Per Capita <sup>a</sup>	Percentage of Personal Income
2008	242,920,000	65,610,000	22,000,000	297,990,000	-	90,770,000	-	719,290,000	4.09%	369,150	1,949	0.91%
2009	221,380,000	61,920,000	22,000,000	303,780,000	-	100,500,000	-	709,580,000	3.89%	370,450	1,915	1.05%
2010	254,425,000	69,465,000	17,200,000	298,550,000	-	110,220,000	-	749,860,000	4.11%	365,438	2,052	1.05%
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	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.  
<sup>a</sup>See Table 13 for personal income and population data.

<sup>(1)</sup> Certificates of Obligation include Tax and Revenue certificates

<sup>(2)</sup> Stadium Debt include Special Tax Revenue Bonds, and Revenue Bonds

2011 Population has been revised to 365,530

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

Table 10

Fiscal Year	General Bonded Debt Outstanding				Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>	Estimated Population <sup>b</sup>
	General Obligation Bonds	Certificates of Obligations	Commercial Paper	Available resources restricted for repayment of debt (fund balance)				
2008	242,920,000	65,610,000	22,000,000	(4,722,990)	325,807,010	1.85%	883	369,150
2009	221,380,000	61,920,000	22,000,000	(6,008,334)	299,291,666	1.64%	808	370,450
2010*	254,425,000	69,465,000	17,200,000	(5,879,115)	335,210,885	1.84%	917	365,438
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

**Source:**

City of Arlington Finance Department

**Notes:**

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

<sup>a</sup>See Table 5 for property value data.

<sup>b</sup>See Table 13 for per Capita and population data.

\*2010 population is based on census data; All other years are estimates.

CITY OF ARLINGTON, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
As of September 30, 2017  
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington ISD	\$ 841,237,139	77.43%	\$ 651,369,917
Fort Worth ISD	862,315,000	0.37%	3,190,566
Hurst-Euless-Bedford I.S.D.	412,119,890	2.50%	10,302,997
Kennedale I.S.D.	36,595,025	55.95%	20,474,916
Mansfield I.S.D.	779,480,000	23.55%	183,567,540
Tarrant County	321,795,000	13.86%	44,600,787
Tarrant County Hospital District	20,835,000	13.86%	2,887,731
Viridian Municipal Management	51,000,000	100.00%	51,000,000
<b>Subtotal overlapping debt</b>	<b>3,325,377,054</b>		<b>967,394,454</b>
City of Arlington, net debt outstanding	538,810,000	100.00%	\$ 538,810,000
<b>Total direct and overlapping debt</b>	<b>\$ 3,864,187,054</b>		<b>\$ 1,506,204,454</b>

**Sources:**

City of Arlington Finance Department

Estimated percentages are provided by the Municipal Advisory Council of Texas

**Note:**

City Of Arlington net debt outstanding includes GO, CO, Stadium Debt, Discount Bonds and Capital Leases.  
Tarrant Count Junior College District had no debt outstanding.

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 <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue <sup>(3)</sup>	Average Annual Requirement	Times Coverage <sup>(4)</sup>
2008	104,520	63,231	41,289	6,141	6.72
2009	109,168	75,714	33,454	7,119	4.70
2010	107,800	73,859	33,941	7,013	4.84
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

Storm Water Utility					
Fiscal Year	Total Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue <sup>(3)</sup>	Average Annual Requirement	Times Coverage <sup>(4)</sup>
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

**Source:**

City of Arlington Finance Department

**Notes:**

<sup>(1)</sup> Revenue determined on the full accrual basis and includes nonoperating interest

<sup>(2)</sup> Total expenses less depreciation and bond interest

<sup>(3)</sup> Gross operating revenues (1) less expenses (2)

<sup>(4)</sup> 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 <sup>(a)</sup>	Personal Income <sup>(b)</sup> (thousands of dollars)	Per Capita		School Enrollment <sup>(d)</sup>	Unemployment Rate <sup>(e)</sup>
			Personal Income <sup>(b)</sup>	Median Age <sup>(c)</sup>		
2007	364,300	76,104,528	37,573	31.4	63,082	4.1%
2008	369,150	78,864,176	38,018	32.0	62,863	4.7%
2009	370,450	67,781,269	37,567	33.0	63,506	7.3%
2010 *	365,438	71,186,538	39,367	35.0	63,989	7.8%
2011	365,530	77,035,055	40,965	35.0	64,979	7.6%
2012	365,860	82,707,780	43,044	33.0	65,700	6.8%
2013	365,930	84,905,643	44,417	34.0	66,177	5.9%
2014	369,508	89,814,369	46,169	32.3	65,972	5.2%
2015	379,370	96,600,949	48,727	32.5	65,274	4.0%
2016	380,740	96,909,978	48,050	32.8	64,652	3.8%
2017	382,230	N/R	N/R	N/R	63,571	3.9%

**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
- (d) Texas Education Agency
- (e) Bureau of Labor Statistics Data (Annual Average Oct.-Sept.)

**Notes:**

- \* 2010 population and Median Age is based on US Census data; All other years are estimates.
- N/R - not reported

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

Table 14

<b>2017</b>			
<b><u>Employer</u></b>	<b><u>Type of Business</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total City Employment</u></b>
Arlington Independent School District	Public Education	8,200	3.94%
University of Texas at Arlington	Higher Education	5,300	2.55%
General Motors Co.	Automobile Assembly	4,484	2.16%
Texas Health Resources	Health Care	4,063	1.95%
Six Flags Over Texas	Amusement Park	3,800	1.83%
The Parks at Arlington	Retail	3,500	1.68%
GM Financial	Financial Services	2,965	1.43%
City of Arlington	Municipality	2,509	1.21%
J.P. Morgan-Chase	Banking Services	1,965	0.95%
Texas Rangers Baseball Club	Sports/Entertainment	1,881	0.90%
<b>Total</b>		<b>38,667</b>	<b>18.60%</b>

<b>2008</b>			
<b><u>Employer</u></b>	<b><u>Type of Business</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total City Employment</u></b>
Arlington ISD	Public Education	8,000	3.91%
University of Texas at Arlington	Higher Education	5,700	2.79%
Six Flags Over Texas	Amusement Park	3,200	1.56%
General Motors Co.	Automobile Assembly	3,000	1.47%
The Parks at Arlington (Mall)	Mall	3,000	1.47%
City of Arlington	Municipality	2,400	1.17%
Chase Bank	Bank	1,900	0.93%
Texas Rangers Baseball Club	Sports Entertainment	1,800	0.88%
Americredit	Finance	1,300	0.64%
Arlington Memorial Hospital	Medical Center	1,300	0.64%
Providian Financial	Finance	1,200	0.59%
Wal-Mart	Discount Retail	1,200	0.59%
National Semiconductor	Manufacturing	1,100	0.54%
<b>Total</b>		<b>35,100</b>	<b>17.18%</b>

**Notes:**

2017 Labor Force Estimate is 207,936

2008 Labor Force Estimate is 204,474

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

Function/Program	Fiscal Year			
	2008	2009	2010	2011
Strategic Support				
Management Resources*	42	-	-	-
City Attorney's Office	37	38	38	38
City Manager's Office	4	4	3	3
Internal Auditor's Office	6	6	5	5
Human Resources	23	20	19	19
Judiciary	6	6	6	6
Municipal Court	46	43	42	41
Information Technology	54	53	54	54
Finance*	31	74	69	69
Knowledge Services Fund	10	11	11	9
Economic Development & Capital Investment				
Economic Development	3	3	3	3
Community Development and Planning	73	70	68	64
Aviation	8	8	8	8
Convention Center	32	32	31	31
Neighborhood Services				
Police	793	811	781	789
Fire**	414	426	423	424
Code Compliance Services	77	77	75	69
Park and Recreation	115	119	118	103
Park Performance Fund	81	75	72	72
Library	71	70	69	68
Capital Investment				
Public Works & Transportation	133	89	93	90
Street Maintenance Fund	62	92	92	91
Environmental Services	10	4	-	-
Fleet Services Fund	2	1	1	1
Water Utilities Fund	218	219	219	222
Storm Water Utility Fund	-	24	24	27
Grant Funds	88	93	153	152
Total	<u>2,439</u>	<u>2,468</u>	<u>2,477</u>	<u>2,458</u>

**Source:**

City of Arlington Finance Department

**Note:**

\* Management Resources and Finance merged into Financial & Management Resources 2009-2014.

\*\*2012-2017 Fire umbrellas communication services fund and EPAB.

Table 15

	Fiscal Year				
2012	2013	2014	2015	2016	2017
-	-	-	33	41	41
38	38	38	38	38	39
3	3	3	3	3	3
5	5	5	5	5	5
19	19	19	21	21	21
6	6	6	7	7	7
42	41	41	42	43	43
55	55	55	55	56	58
70	71	71	36	35	35
9	8	8	8	8	8
3	3	3	4	4	4
71	71	71	70	68	70
8	8	8	9	9	9
31	31	31	31	31	31
829	837	836	838	835	839
443	443	443	447	472	470
60	62	62	64	64	64
101	102	102	104	106	108
69	69	69	74	74	85
68	68	68	68	68	68
86	85	85	85	85	87
93	93	93	93	92	92
-	-	-	-	-	-
1	1	1	1	1	1
222	223	223	218	204	202
27	27	27	27	27	29
115	106	113	111	123	148
<u>2,474</u>	<u>2,475</u>	<u>2,481</u>	<u>2,492</u>	<u>2,520</u>	<u>2,567</u>

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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public safety				
Police				
Number of employees	598	621	634	634
Number of dispatch calls	142,861	139,251	161,695	135,552
Fire				
Number of employees	414	426	423	424
Number of service calls	31,090	30,955	33,012	34,445
Parks and recreational				
Parks - programs registration	39,450	48,442	45,855	41,479
Membership	39,398	35,756	38,285	39,282
Library				
Library	1	1	1	1
Branch libraries	6	6	6	6
Collection Size	611,402	623,767	612,272	602,339
Average monthly circulation	155,417	177,075	186,606	199,616
Water and sewer				
Number of accounts	98,924	99,141	99,288	99,484
Average daily water consumption (gallons)	53,516,147	51,697,563	48,128,986	64,096,000
Ozonated treatment capacity (gpd)	140,000,000	140,000,000	172,500,000	172,500,000
Number of sewer connections	96,905	96,895	97,185	97,343
Golf Course				
Number of clinics	92	133	129	78
Number of participants in clinics	517	508	495	348
Number of private lessons	1,653	1,631	1,253	1,246

**Source:**

City of Arlington Finance Department

**Notes:**

\* Central Library was vacated in Feb 2015 and temporarily replaced as the Central Express Library Branch until new Central Library construction is complete.

Police: Employment represents full-time sworn officers

Fire: Employment represents full-time civilian, sworn and dispatch.

Fire: Number of Service Calls represent all incidents including mutual aid given.

Table 16

Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
640	640	643	643	639	640
156,388	143,146	134,160	135,047	136,069	134,451
443	443	443	445	470	494
35,276	36,317	38,542	40,717	42,325	43,897
47,842	46,286	42,692	53,395	57,405	40,124
35,314	36,757	35,661	32,396	29,468	25,560
1	1	1	1	-	-
6	6	6	7 *	7 *	7
614,270	656,982	624,002	625,267	630,315	609,403
187,093	180,048	175,601	179,734	181,812	172,019
99,862	100,453	101,107	101,733	102,193	102,757
57,990,000	49,094,776	53,350,000	52,481,000	46,160,656	51,091,670
172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000
97,930	98,544	99,279	99,944	100,387	100,932
61	56	64	71	39	29
355	409	204	534	348	208
1,066	1,854	1,747	2,098	1,664	1,477

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

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<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public safety				
Police stations	3	4	4	4
Fire stations	16	16	16	16
Miles of streets and alleys				
Streets- paved (lane miles)	2,985	2,996	3,002	3,004
Sidewalks (miles)	988	993	999	1,005
Cultural and recreational				
Parks (acres) (golf courses included)	4,669	4,681	4,683	4,683
Swimming pools	7	7	7	7
Tennis courts	47	45	45	45
Recreation centers	5	5	5	5
Senior center	2	2	2	2
Miles of park trails	46	47	52	49
Sports fields-youth	77	77	77	77
Basketball courts-outdoors	22	22	21	22
Number of golf courses	4	4	4	4
Water and Sewer				
Water mains (miles)	1,532	1,545	1,551	1,557
Fire hydrants	10,550	10,711	10,780	10,856
Sanitary sewers (miles)	1,282	1,286	1,289	1,294

**Source:**  
City of Arlington Finance Department

Table 17

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Fiscal Year					
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
4	4	4	4	4	4
17	17	17	17	17	17
3,085	3,093	3,161	3,225	3,277	3,350
1,015	1,018	1,030	1,048	1,057	1,069
4,697	4,710	4,710	4,714	4,714	4,718
7	7	7	7	7	7
45	45	45	45	45	44
5	5	4	4	4	4
2	2	2	2	2	2
51	53	54	54	54	55
77	77	77	77	77	77
21	21	21	21	21	26
4	4	4	4	4	4
1,572	1,575	1,578	1,582	1,589	1,596
10,983	10,959	11,018	11,067	11,120	11,280
1,297	1,300	1,302	1,306	1,317	1,332



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

Table 18

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio (1/2)	Unfunded Actuarial Accrued Liability	Annual Covered Payroll	UAAL as a Percentage of ACP (4/5)	Total TMRS Required Contribution Rate	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% <sup>(a)</sup>	9.44%
2009	360,029	594,442	60.6%	234,413	143,791	163.0%	16.76% <sup>(b)</sup>	9.95%
2010	373,897	621,177	60.2%	247,280	147,276	167.9%	17.85% <sup>(c)</sup>	10.19%
2011	688,015	832,168	82.7%	144,153	142,875	100.9%	17.16% <sup>(d)</sup>	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%

Source: City of Arlington Finance Department

<sup>(a)</sup> Phase in rate for 2008 15.51%

<sup>(b)</sup> Phase in rate for 2009 16.76%

<sup>(c)</sup> Phase in rate for 2010 17.85%

<sup>(d)</sup> Phase in rate for 2011 17.16%