OFFICIAL STATEMENT DATED AUGUST 27, 2020

NEW ISSUE – Book-Entry-Only

Ratings:
Moody's: "Aa1"
S&P: "AAA"
Fitch: "AAA"
(See "OTHER RELEVANT INFORMATION – Ratings")

Interest on the Bonds is not excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS" herein.

$174,665,000
CITY OF ARLINGTON, TEXAS
(Tarrant County, Texas)
General Obligation Pension Bonds, Taxable Series 2020

Dated: August 15, 2020 **Due: August 15, as shown below**
Interest to accrue from the Delivery Date

The $174,665,000 City of Arlington, Texas, General Obligation Pension Bonds, Taxable Series 2020 (the "Bonds") will be issued in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in principal amounts of $5,000 or multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Interest on the Bonds will accrue from the date of their delivery to the Underwriters (the "Delivery Date") and will be payable on February 15 and August 15 of each year, commencing February 15, 2021.

MATURITY SCHEDULE

(August 15) Maturity	Amount	Rate	Yield	CUSIP[(1)]	(August 15) Maturity	Amount	Rate	Yield	CUSIP[(1)]
2021	$ 8,620,000	0.206%	0.206%	041796XG3	2030	$ 9,600,000	1.546%	1.546%	041796XR9
2022	8,975,000	0.306%	0.306%	041796XH1	2031	9,745,000	1.646%	1.646%	041796XS7
2023	9,005,000	0.388%	0.388%	041796XJ7	2032	9,905,000	1.746%	1.746%	041796XT5
2024	9,035,000	0.608%	0.608%	041796XK4	2033	10,080,000	1.846%	1.846%	041796XU2
2025	9,090,000	0.708%	0.708%	041796XL2	2034	10,265,000	1.896%	1.896%	041796XV0
2026	9,155,000	0.972%	0.972%	041796XM0	2035	10,460,000	1.996%	1.996%	041796XW8
2027	9,245,000	1.072%	1.072%	041796XN8	2036	10,670,000	2.046%	2.046%	041796XX6
2028	9,345,000	1.296%	1.296%	041796XP3	2037	10,890,000	2.096%	2.096%	041796XY4
2029	9,465,000	1.396%	1.396%	041796XQ1	2038	11,115,000	2.146%	2.146%	041796XZ1

[(1)] CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. None of the City, the Financial Advisor, or the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth herein.

This cover page contains information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Optional Redemption. The Bonds are subject to optional make-whole call redemption as described herein (see "THE BONDS-Optional Redemption").

Legality. The Bonds are offered for delivery when, as and if issued and received by the Underwriters, subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see APPENDIX C - Form of Bond Counsel Opinion). Certain legal matters will be passed upon by West & Associates, L.L.P., Dallas, Texas, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by Locke Lord LLP, Dallas, Texas.

Delivery. It is expected that the Bonds will be delivered through the facilities of DTC on or about September 22, 2020.

Citigroup

Morgan Stanley **Siebert Williams Shank & Co., LLC**

BofA Securities **Frost** **Loop Capital Markets** **Piper Sandler & Co.** **RBC Capital Markets**

OFFICIAL STATEMENT SUMMARY

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

THE CITY..	The City of Arlington, Texas (the "City") is located at the center of the Dallas-Fort Worth Metroplex, between Dallas and Fort Worth and eight miles south of the Dallas/Fort Worth International Airport. The City, which encompasses 99.5 square miles operates under a Council-Manager form of government (see "INTRODUCTION – Description of the City" and APPENDIX A – "General Information Regarding the City").
THE BONDS.....................................	The $174,665,000 City of Arlington, Texas General Obligation Pension Bonds, Taxable Series 2020 (the "Bonds"), dated August 15, 2020 will be issued as serial bonds maturing on August 15 in each of the years 2021 through 2038 (see "THE BONDS - General").
PAYMENT OF INTEREST	Interest on the Bonds accrues from the date of their initial delivery to the Underwriters (the "Delivery Date"). Interest on the Bonds will be paid on February 15, 2021, and on each August 15 and February 15 thereafter until the maturity or prior redemption. (See "THE BONDS - General" and "THE BONDS – Optional Redemption").
AUTHORITY FOR ISSUANCE.........	The Bonds are authorized and issued pursuant to authority granted by the Constitution and the general laws of the State of Texas (the "State" or "Texas"), including particularly Chapter 107, Texas Local Government Code, as amended and Chapter 1371, Texas Government Code, as amended, and an ordinance passed by the City Council authorizing the issuance of Bonds (the "Bond Ordinance") which delegated to an Authorized Officer of the City the authority to execute a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance the "Ordinance") which Pricing Certificate was executed on August 27, 2020 and completed the final sale of the Bonds.
SECURITY FOR THE BONDS..	The Bonds, when issued, will be direct obligations of the City, payable from the proceeds of a continuing and direct annual ad valorem tax levied and assessed, within the limits prescribed by law, against all taxable property within the City. See "THE BONDS – Security."
OPTIONAL REDEMPTION	The Bonds are subject to optional make-whole call redemption as described herein (see "THE BONDS-Optional Redemption").
TAX EXEMPTION............................	Interest on the Bonds is <u>not</u> excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS" herein.
USE OF PROCEEDS}..........................	The proceeds from the sale of the Bonds are being used to provide funds (i) to pay a portion of the City's accrued unfunded liability to the Texas Municipal Retirement System (see "THE BONDS – Unfunded Liability" and "PENSION FUND") and (ii) to pay the costs of issuance of the Bonds.
RATINGS	The Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") and "AAA" by Fitch Ratings, Inc. ("Fitch"). The City's presently outstanding tax supported debt and outstanding certificates of obligation have underlying ratings of "Aa1" by Moody's, "AAA" by S&P and "AAA" by Fitch (see "OTHER RELEVANT INFORMATION – Ratings").
BOOK-ENTRY-ONLY SYSTEM	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "BOOK ENTRY-ONLY SYSTEM").
PAYMENT RECORD	The City has never defaulted on its revenue obligations and has not defaulted on its bonds payable from ad valorem taxation since 1935 when all such bonds were refunded at par with a reduction in interest rate.

CITY OF ARLINGTON

CITY OFFICIALS, STAFF, AND CONSULTANTS

Elected Officials

City Council	Length of Service	Term Expires		Occupation
Jeff Williams Mayor	5 years	May, 2021		Engineer
Barbara Odom-Wesley Council Member	1 year	May, 2021		Healthcare Professional, Retired
Victoria Farrar-Myers Council Member	4 years	May, 2020	(2)	Professor
Sheri Capehart Council Member	20 years (1)	May, 2020	(2)	Computer Security Analyst, Retired
Helen Moise Council Member	2 years	May, 2020	(2)	Financial and Asset Manager, Retired
Robert Shepard Council Member	12 years	May, 2020	(2)	Attorney
Marvin Sutton Council Member	1 year	May, 2021		Air Traffic Controller, Retired
Andrew Piel Council Member	1 year	May, 2021		Attorney
Ignacio Nunez Council Member	1 year	May, 2021		Medical Doctor, Retired

(1) Includes service as Council Member from May 1999 to May 2003.

(2) As a response to the outbreak of COVID-19, an infectious disease that has been classified as a pandemic by the World Health Organization, on March 18, 2020 the Governor of Texas issued an Executive Order that suspended certain provisions of the Texas Election Code, to allow political subdivisions that would otherwise hold elections on May 2, 2020 to move their general and special elections for 2020 to the next uniform election date of November 3, 2020. The City took action to postpone its May 2, 2020 council election until November 3, 2020. Council members whose term expired in May 2020 will retain their seats until the postponed election takes place.

Appointed Officials

Name	Position	Years of Employment with City
Trey Yelverton	City Manager	27
Gilbert Perales	Deputy City Manager	13
Jennifer Wichmann	Assistant City Manager	16
Jim Parajon	Deputy City Manager	14
Mike Finley	Director of Finance	24
Teris Solis	City Attorney	29
Alex Busken	City Secretary	2

ADVISORS AND INDEPENDENT AUDITORS

Independent Auditors...Grant Thornton L.L.P., Dallas, Texas

Bond Counsel...Bracewell LLP, Dallas, Texas

Financial Advisor.. Estrada Hinojosa & Company, Inc., Dallas, Texas

Disclosure Counsel ....West & Associates, L.L.P., Dallas, Texas

For additional information regarding the City, please contact:

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(817) 459-6100

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Estrada Hinojosa & Company, Inc.
1717 Main Street, Suite 4700
Dallas, Texas 75201
(214) 658-1670

USE OF INFORMATION IN OFFICIAL STATEMENT

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

No dealer, broker, salesman, or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Underwriters or any other person. This Official Statement does not constitute an offer to sell and is not to be used in an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not authorized or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a promise or guaranty by, the City, the Underwriters or the Financial Advisor. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. The delivery of this Official Statement at any time does not imply that the information herein is correct as to any time subsequent to its date. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

None of the City, the Underwriters or its Financial Advisor, make any representation regarding the information contained in this Official Statement regarding The Depository Trust Company, or its book-entry-only system, as such information has been furnished by the Depository Trust Company.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all tables and appendices attached hereto, to obtain information essential to making an informed investment decision.

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

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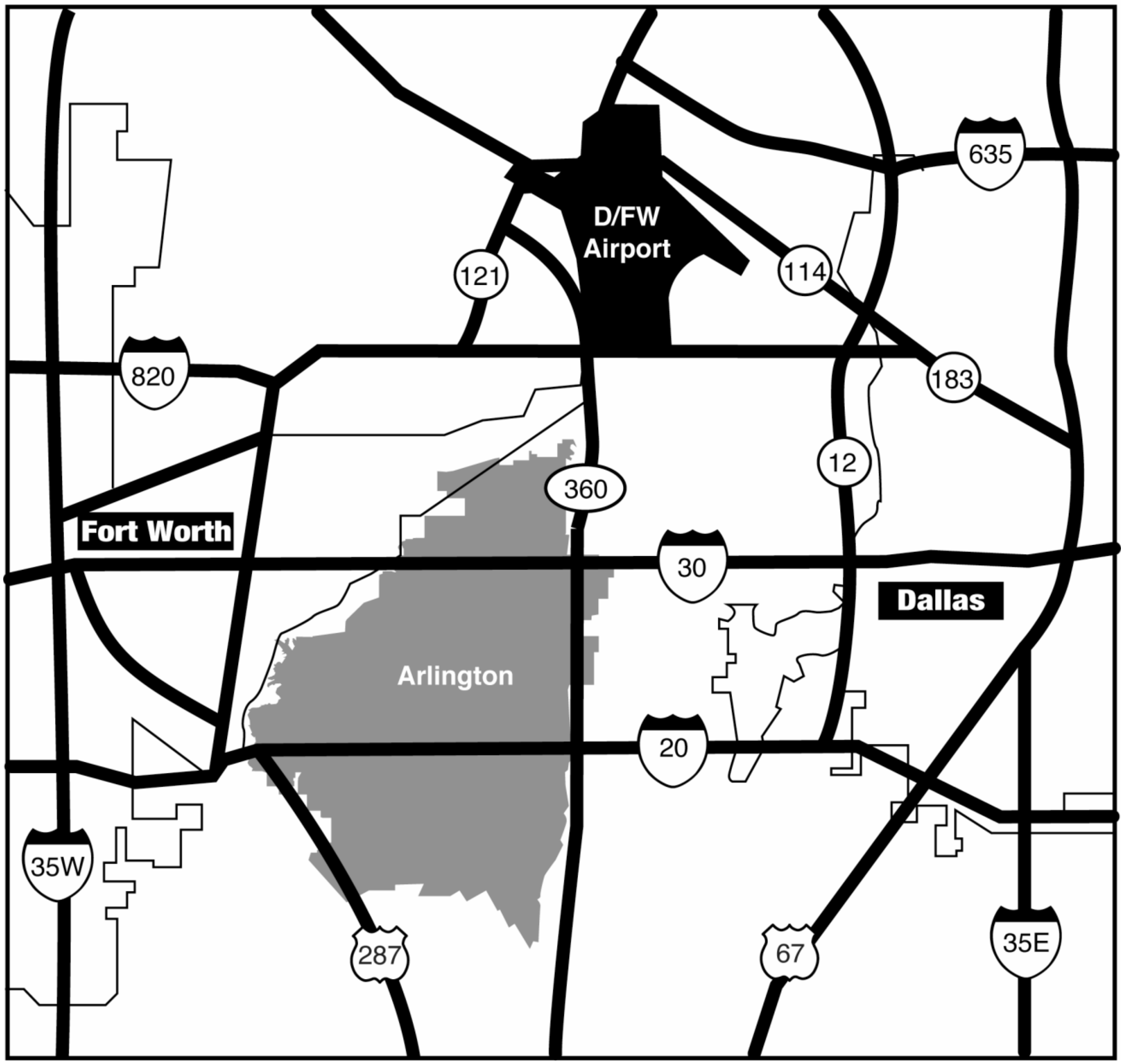
The cover page hereof, this page, the appendices included herein, the financial statements and any addenda, supplement or amendment hereto, are part of this Official Statement.

Dallas/Fort Worth/Arlington Metropolitan Area



CITY OF ARLINGTON, TEXAS
(Tarrant County, Texas)

$174,665,000
General Obligation Pension Bonds, Taxable Series 2020

INTRODUCTION

This Official Statement, which includes the cover page and Appendices hereto, provides certain information regarding the issuance of City of Arlington, Texas (the "City") $174,665,000 General Obligation Pension Bonds, Taxable Series 2020 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance (defined below) except as otherwise indicated.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "OTHER RELEVANT INFORMATION – Forward - Looking Information").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Estrada Hinojosa & Company, Inc., Dallas, Texas.

Description of the City

The City is a political subdivision and municipal corporation of the State of Texas (the "State" or "Texas"), duly organized and existing under the laws of the State, including the City's home rule charter (the "City Charter"). The City was incorporated in 1884 and first adopted the City Charter in 1920.

The City is located at the center of the Dallas-Fort Worth Metroplex, between Dallas and Fort Worth and eight miles south of the Dallas/Fort Worth International Airport. The City, which encompasses 99.5 square miles, has a 2020 estimated population of 388,110. The City operates as a home-rule City under a Council-Manager form of government as established by its City Charter. There is a nine-member City Council (the "Council" or "City Council") vested with local legislative power. Three council members and the Mayor are elected "at large" and five council members are elected in five single-member districts. All members of the Council are elected for terms of two years, with the elections being held in even/odd years for approximately half the seats. The City 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 wastewater utilities, and general administrative services. The City operates its water and wastewater system, its storm water system and its sanitary landfill operation (currently outsourced) as self-supporting enterprise funds.

THE BONDS

Authority for Issuance

The Bonds are authorized and issued pursuant to authority granted by the Constitution and the general laws of the State, including particularly Chapter 107, Texas Local Government Code, as amended, Chapter 1371, Texas Government Code, as amended and an ordinance (the "Bond Ordinance") passed by the City Council on June 23, 2020 authorizing the issuance of Bonds in which the City Council delegated pricing of the Bonds to an Authorized Officer to execute a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance") which Pricing Certificate was executed on August 27, 2020, contains the final terms of sale and completed the sale of the Bonds.

General

The Bonds will be dated August 15, 2020, and will mature on the dates set forth on the cover of this Official Statement. Interest will accrue from the Delivery Date (as defined on the cover page) and will be paid on February 15, 2021, and on each February 15 and August 15 thereafter until maturity.

Security

The Bonds, when issued, will be direct obligations of the City, payable from the proceeds of a continuing, direct annual ad valorem tax levied and assessed, within the limits prescribed by law, against all taxable property within the City.

Tax Rate Limitations

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to $2.50 per $100 Taxable Assessed Valuation for all City purposes. Administratively, the Attorney General of the State will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance.

Use of Proceeds

The proceeds from the sale of the Bonds are being used to provide funds (i) to pay a portion of the City's accrued unfunded liability to the Texas Municipal Retirement System (see "–Unfunded Liability" and "PENSION FUND") and (ii) to pay the costs of issuance of the Bonds.

Unfunded Liability

The City maintains a pension fund for the benefit of its employees with the Texas Municipal Retirement System ("TMRS"). The City and its covered employees make deposits into the plan each month towards the employees' benefits earned during the current year (the "Normal Cost") as well as a portion of the unfunded actuarily accrued liability (the "Unfunded Liability" or "UAAL"). The Unfunded Liability is the difference between the plan's assets and the benefits accrued (for past service) for current and future retirees. The City is currently amortizing the Unfunded Liability over an 18-year period. As calculated by TMRS in their actuarial study dated December 31, 2019 (the "Actuarial Study"), the plan is approximately 86.8% funded with an UAAL of $173,273,266 using the plan assumptions including an assumed 18-year amortization of the Unfunded Liability. The portion of the Unfunded Liability expected to be paid from 2022 through 2038 will be deposited directly with TMRS on delivery of the Bonds. The portion of the Unfunded Liability for the period October 2020 through December 2021 expected to be paid in monthly installments during that period will be deposited into an escrow account with the Bank of New York Mellon Trust Company, N.A. (the "Escrow Agent") from which monies will be drawn monthly and transferred to TMRS. See "PENSION PLAN" for plan details and assumptions. Plan earnings performance, changes in benefits, and many other factors will impact the plan's overall funded level in future years and the City may owe additional payments relating to its Unfunded Liability or may become overfunded in the future.

Proposed Financing Structure and Realization of Benefits

The Bonds are being structured as approximately level annual debt service. Assuming the realization of the actuarial assumptions described in Appendix D – "TMRS Contribution Rate Letter Dated June 4, 2020", the City anticipates an annual positive cash flow benefit during the life of the Bonds from the difference between the projected actuarially-determined future payments for the City's Unfunded Liability to TMRS based on the actuarial assumptions in the Rate Letter, compared to the debt service payments on the Bonds.

The realization of a cash flow benefit to the City is a function of a number of actuarial assumptions including the actual investment rate of return experienced by TMRS over the life of the Bonds. No assurance can be given that such expectations will be realized or that the estimated and projected economic benefits from the issuance of the Bonds will be fully realized.

Sources and Uses

The sources and uses of funds for the Bonds are approximately as follows:

Sources:		
Par amount of the Bonds	$	174,665,000.00
Total Sources of Funds	$	174,665,000.00
Uses:		
Deposit to TMRS	$	156,125,106.00
Deposit to Escrow Fund		17,148,160.00
Cost of Issuance		716,991.39
Underwriters' Discount		674,742.61
Total Uses of Funds	$	174,665,000.00

Payment Record

The City has never defaulted on its revenue obligations and has not defaulted on its bonds payable from ad valorem taxation since 1935 when all such bonds were refunded at par with a reduction in interest rate.

Paying Agent/Registrar

The initial Paying Agent/Registrar is Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). Payments of principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC or its nominee, Cede & Co., which will then remit such payments to the DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds, as described herein under "BOOK-ENTRY-ONLY SYSTEM."

The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar (see "Registration, Transfer, Exchange – Successor Paying Agent/Registrar" herein).

In the event use of the Book-Entry-Only System should be discontinued, interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent by United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner.

Principal of the Bonds will be payable to the registered owner at maturity or prior redemption upon presentation of the Bonds at the designated payment office of the Paying Agent/Registrar. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see "-Registration, Transfer, Exchange – Record Date for Interest Payment" herein), or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original payment date So long as Cede & Co. is the registered owner of the Bonds, payment of principal of and interest on the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM".

Amendments

The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, formal defect or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, as applicable, amend, add to, or rescind any of the provisions of the Ordinance, except that, without the consent of the registered owners of all of the Bonds, as applicable, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal or any installment of interest is due payable, reduce the principal amount or the rate of interest, or in any other way modify the terms of their payment, (2) give any preference to any Bonds over any other Bonds or (3) reduce the aggregate principal amount required to be held by owners for consent to any amendment, addition or rescission.

Optional Redemption

The Bonds are subject to redemption, in whole or in part, at the option of the City at the "Make-Whole Redemption Price" (as defined below), on any date. The City will retain an independent certified public accountant or an independent municipal advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Paying Agent/Registrar may conclusively rely on such independent certified public accountant's or independent municipal advisor's calculations in connection with, and its determination of, the Make-Whole Redemption Price, and neither the City nor the Paying Agent/Registrar will have any liability for such reliance. The determination of the Make-Whole Redemption Price by such independent certified public accountant or independent municipal advisor will be conclusive and binding on the City, the Paying Agent/Registrar and the holders of the Bonds absent manifest error.

"Make-Whole Redemption Price" means the greater of: (1) 100% of the principal amount of the Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below) plus the basis points as set forth below for the maturities being redeemed, plus, in each case, accrued interest on such Bonds to be redeemed to but not including the redemption rate.

Maturity	Basis Points Above Treasury Rate
2021-2025	5 Basis Points
2026-2030	10 Basis Points
2031-2035	15 Basis Points
2036-2038	20 Basis Points

"Treasury Rate" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.S. Treasury securities with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such Bond (taking into account any sinking fund installments for such Bonds); however, if the period from the redemption date to such maturity date (taking into account any sinking fund installments for such Bonds) is less than one year, the yield to maturity of the U.S. Treasury securities with a constant maturity of one year, in each case, as compiled and published in the most recent Federal Reserve Release H.15 which has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) or, if such Release is no longer published, any publicly available source of similar market data.

Selection of the Bonds to be Redeemed. If fewer than all of the Bonds are to be redeemed while the Bonds are in a book entry system, the particular Bonds to be redeemed shall be selected prior to the redemption date by the Paying Agent/Registrar, from the outstanding Bonds not previously called for redemption (1) on a pro-rata pass-through distribution of principal basis pursuant to the procedures and operational arrangements of the securities depository or (2) if the securities depository's procedures or operational arrangement at such time do not allow for redemption on a pro-rata pass-through distribution of principal basis, by such method as may be acceptable to the Paying Agent/Registrar and to DTC in accordance with its operating procedures in effect at such time. See "BOOK-ENTRY-ONLY SYSTEM."

If fewer than all of the Bonds are to be redeemed while the Bonds are not in a book entry system, the particular Bonds to be redeemed shall be allocated and selected by the Paying Agent/Registrar among the holders of the Bonds as nearly as practicable to the principal amount of the Bonds owned by each holder. In such case, the principal amount of Bonds to be redeemed from each owner shall be calculated in the following manner: (principal amount of Bonds to be redeemed) x (principal amount of Bonds owned by the registered owner)/(principal amount of Bonds outstanding).

Defeasance

The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished by either (i) depositing with the Comptroller of Public Accounts of the State a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested in (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United State of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds to refund the obligations, that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book-entry-only form, and shall mature and/or bear interest in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Ordinance.

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

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

Holders' Remedies

The Ordinance authorizing the issuance of the Bonds establishes the following Events of Default with respect to the Bonds: (i) failure to make payment of principal of or interest on any of the Bonds when due and payable; or (ii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance which materially and adversely affects the rights of the related Owners, including but not limited to their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of sixty days after notice of such default is given by any Owner to the City. Under State law, there is no right to the acceleration of maturity of the Bonds upon an event of default under the Ordinance. Although a registered Owner could presumably obtain a judgment against the City if a default occurred in any payment of the principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the City. Such registered Owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as they become due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. No assurance can be given that a mandamus or other legal action to enforce a default under the Ordinance would be successful.

The Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's governmental immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Bonds or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

On April 1, 2016, the Texas Supreme Court ruled in Wasson Interests, Ltd. v. City of Jacksonville, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In Wasson, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the City is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing the Bonds.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source or revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinions of Bond Counsel will note that the rights of holders of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Registration, Transfer and Exchange

Registration and Payment. The Bonds will be initially issuable only in the name of Cede & Co., as nominee of DTC which will act as securities depository for the Bonds. Principal of and semiannual interest on the Bonds will be paid by the Paying Agent/Registrar to Cede & Co., as nominee for DTC, which shall disburse such payments to the DTC Participants who will distribute such payments to the Beneficial Owners as described herein.

For so long as DTC is the securities depository for the Bonds, then the term "Owner" shall refer solely to DTC. In the event that DTC is no longer the securities depository for the Bonds, the term "Owner" shall refer to a successor securities depository or the Beneficial Owners of the Bonds which are shown as registered Owners on the registration books of the Paying Agent/Registrar.

Future Registration. In the event that DTC is no longer the securities depository for the Bonds and a successor securities depository is not appointed by the City printed certificates for the Bonds will be delivered to the owners thereof, and thereafter, the Bonds may be transferred, registered, and assigned only on the registration books of the Paying Agent/Registrar and such registration shall be at the expense of the City except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by execution of an assignment form on the Bonds or by other instruments of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar to the last assignee (the new Owner) in exchange for such transferred and assigned Bonds in accordance with the provisions of the Ordinance. Such new Bond must be in the denomination of $5,000 for any one maturity or any integral multiple thereof. The last assignee's claim of title to the Bond must be proved to the satisfaction of the Paying Agent/Registrar.

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

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

Successor Paying Agent/Registrar. Provision is made in the Ordinance for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the City, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. The Paying Agent/Registrar selected by the City shall be a commercial bank, a trust company organized under the laws of the State, or other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds. A successor Paying Agent/Registrar, if any, shall be determined by the City. Upon a change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause written notice thereof to be sent to each registered owner of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond or portion thereof, called for redemption prior to maturity, within 45 days prior to the date fixed for redemption.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, arid clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds are discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct and Indirect Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC. Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City or the Underwriters.

Effect of Termination of Book-Entry-Only System

In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the City, printed certificates will be issued to the respective holders of the Bonds, as the case may be, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance, summarized under "THE BONDS – Registration, Transfer and Exchange."

LEGAL HOLDINGS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), as amended, the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), as amended, the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

INVESTMENTS

The City invests its funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both state law and the City investment policies are subject to change.

Legal Investments

Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National credit Union Share Insurance Fund or its successor or (B) are invested through (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the City adopts or (ii) a depository institution with a main office or branch office in this state that the City selects; and (a) the broker or depository institution selected arranges for the deposit of the funds in the banking deposits in one or more federal insured depository institutions, regardless of where located, for the City's account; and (b) the full amount of the principal and accrued interest of the banking deposits is insurance by the United States or an instrumentality of the United States; and (c) the City appoints as the City's custodian of the banking deposits issued for the City's account: (1) the depository institution selected pursuant to (ii) above or (2) an entity described by Section 2256.041(d); or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3; (8) certificates of deposit (i) issued by a depository institution that has its main office or a branch office in the State, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this State and is selected from a list adopted by the City; or (ii) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity; (b) where the broker or the depository institution selected by the investing entity under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the investing entity appoints the depository institution selected by the investing entity under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the City, (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1), which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City with a third party selected and approved by the City and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (10) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (13) no-loan money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share and (14) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "Aaa" or "AAAm" or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all City funds must be invested in investments that protect principal, and consistent with the operating requirements of the City, and yield a market rate of return. Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest City funds without express written authority from the City Council or Chief Financial Officer of the City.

At least quarterly the investment officers of the City shall submit an investment report to the Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority from the City Council. For more discussion see APPENDIX B – Audited Basic Financial Statements of the City of Arlington Year Ended September 30, 2019 - Basic Financial Statements – Notes to the Basic Financial Statements.

Additional Provisions

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said order or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt services, and to invest no portion of bond proceeds, reserves and funds held for debt service in mutual funds; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Table 1 – Current Investments

As of June 30, 2020 the following percentages of the City's operating funds were invested in the following categories of investments:

Type of Investment	% Invested
Federal Agencies	63.96%
Statewide Local Government Investment Pools [1]	24.76%
Certificates of Deposit	1.66%
Municipals	4.74%
Commercial Paper	1.66%
Cash	3.22%
Totals	100.00%

Source: City of Arlington Finance Department.
[1] Currently in TexStar, TexPool, Texas Daily, TexPool Prime, Texas CLASS and Texas CLASS Gov.

The City's primary investment objective is to provide for the protection of principal with an emphasis on safety and liquidity. The City maintains a comprehensive cash management program that includes prudent investment of its available funds. Investment maturities are targeted to provide available cash for the operating requirements of the City.

As of June 30, 2020, the weighted average maturity of the City's operating portfolio was 313 days and the market value of the operating portfolio was 100.5 percent of its book value. No funds of the City are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

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Table 2 - Authorized Permanent Improvement Bonds

The following table provides information on the outstanding permanent improvement bond authorizations.

(in thousands)

Election Purpose	Authorized Amount	Previously Issued	Unissued
2014 Fire	$ 9,780	$ 9,780	$ -
2014 Library	6,090	6,090	-
2014 Parks and Recreation	60,000	59,091	909
2014 Streets	160,130	160,130	-
2017 Active Adult Center	45,000	4,500	40,500
Total	**$ 281,000**	**$ 239,591**	**$ 41,409**
2018 Fire and Police	$ 24,500	$ -	$ 24,500
2018 City Facilities	8,000	-	8,000
2018 Parks and Recreation	19,165	1,450	17,715
2018 Streets and Transportation	137,835	5,035	132,800
	$ 189,500	**$ 6,485**	**$ 183,015**
Grand Total	**$ 470,500**	**$ 246,076**	**$ 224,424**

Source: City of Arlington Finance Department.

DEBT INFORMATION

Information on the City's indebtedness is presented in the following tables. Included is information on key debt ratios, rapidity of principal retirement and selected debt service schedules.

In addition to the currently outstanding ad valorem tax-supported debt previously issued by the City, the City has also issued certain combination ad valorem tax and revenue supported debt and has incurred contractual and other indebtedness and liabilities payable from ad valorem taxation. Additionally, the City has issued revenue bonds and other indebtedness payable from specific pledged revenues. Various other political subdivisions, which overlap all or a portion of the area of the City are also empowered to incur debt to be paid from revenues raised or to be raised through ad valorem taxation.

Table 3 - Key Debt Ratios

Fiscal Year	Estimated Population [(1)]	Estimated Taxable Valuation [(2)]	Tax - Supported Principal Year Ended September 30	Ratio of Tax-Supported Debt: Per Capita	Ratio of Tax-Supported Debt: To Assessed Valuation
2011	365,530	$ 17,179,112,308	$ 329,635,000	$ 902	1.92%
2012	365,860	17,323,444,005	320,810,000	877	1.85%
2013	365,930	17,677,891,333	312,040,000	853	1.77%
2014	369,508	18,088,406,989	325,315,000	880	1.80%
2015	379,370	18,905,765,829	323,590,000	853	1.71%
2016	380,740	19,601,363,251	354,185,000	930	1.81%
2017	382,230	21,379,080,714	382,735,000	1,001	1.79%
2018	383,950	23,503,192,007	408,365,000	1,064	1.74%
2019	386,180	25,921,882,291	428,490,000	1,110	1.65%
2020	388,110	29,238,009,537	617,190,000 [(3)]	1,590 [(3)]	2.11% [(3)]

Source: City of Arlington Finance Department.

(1) Population estimates are based on percent of occupancy in available residences and U.S. Census Bureau data.

(2) Estimated taxable valuation is obtained from Tarrant Appraisal District and the City Finance Department.

(3) Includes the Bonds.

Table 4 –Debt Service Requirements

The following schedule sets forth the principal and interest requirements on the City's outstanding debt payable from ad valorem taxation pledged thereto.

Fiscal Year Ended 9/30	Existing Debt Service [1]			The Bonds			Total Debt Service Requirements	% of Principal Retired	Fiscal Year Ended 9/30
	Principal	Interest	Total	Principal	Interest	Total			
2020	$ 33,890,000	$ 16,035,532	$ 49,925,532	$ -	$ -	$ -	$ 49,925,532		2020
2021	34,850,000	16,527,630	51,377,630	8,620,000	2,150,748	10,770,748	62,148,379		2021
2022	35,940,000	15,091,255	51,031,255	8,975,000	2,379,362	11,354,362	62,385,617		2022
2023	34,815,000	13,808,298	48,623,298	9,005,000	2,351,898	11,356,898	59,980,196		2023
2024	33,825,000	12,372,773	46,197,773	9,035,000	2,316,959	11,351,959	57,549,731		2024
2025	31,985,000	10,945,783	42,930,783	9,090,000	2,262,026	11,352,026	54,282,809	38.40%	2025
2026	32,080,000	9,611,528	41,691,528	9,155,000	2,197,669	11,352,669	53,044,196		2026
2027	30,200,000	8,337,850	38,537,850	9,245,000	2,108,682	11,353,682	49,891,532		2027
2028	27,110,000	7,049,675	34,159,675	9,345,000	2,009,576	11,354,576	45,514,251		2028
2029	24,500,000	6,048,534	30,548,534	9,465,000	1,888,465	11,353,465	41,901,998		2029
2030	24,040,000	5,173,783	29,213,783	9,600,000	1,756,333	11,356,333	40,570,116	66.78%	2030
2031	22,345,000	4,348,664	26,693,664	9,745,000	1,607,917	11,352,917	38,046,581		2031
2032	21,425,000	3,564,360	24,989,360	9,905,000	1,447,515	11,352,515	36,341,875		2032
2033	19,925,000	2,826,845	22,751,845	10,080,000	1,274,573	11,354,573	34,106,418		2033
2034	16,790,000	2,133,870	18,923,870	10,265,000	1,088,497	11,353,497	30,277,367		2034
2035	14,625,000	1,570,185	16,195,185	10,460,000	893,872	11,353,872	27,549,057	89.13%	2035
2036	13,020,000	1,088,095	14,108,095	10,670,000	685,091	11,355,091	25,463,186		2036
2037	10,505,000	702,500	11,207,500	10,890,000	466,782	11,356,782	22,564,282		2037
2038	7,585,000	387,350	7,972,350	11,115,000	238,528	11,353,528	19,325,878		2038
2039	4,875,000	167,100	5,042,100	-	-	-	5,042,100		2039
2040	2,085,000	41,700	2,126,700	-	-	-	2,126,700	100.00%	2040
	$ 476,415,000	$ 137,833,307	$ 612,121,607	$ 174,665,000	$ 29,124,493	$ 203,789,493	$ 815,911,100		

[1] Total may not match annual disclosure statement due to rounding.

Table 5 - Computation of Self-Supporting Debt

The City no longer designates debt as self-supporting and therefore has eliminated this table. Should the City decide to designate debt as self-supporting in the future, then it will detail it here.

Table 6 - Tax Adequacy [(1)]

The following analysis assumes 98 percent collection of ad valorem taxes levied against the City's fiscal year 2019 Net Assessed Valuation.

Average Annual Requirement (2020 - 2040) …………….……………..	$	38,954,181
A tax rate of $0.1360 per $100 assessed valuation produces ………….		38,954,181
Average Annual Requirement (10 year) (2020 - 2029) ……………………	$	53,662,424
A tax rate of $0.1873 per $100 assessed valuation produces ………….		53,662,424
Maximinum Annual Requirement (2022) ………………………………….	$	62,385,617
A tax rate of $0.2177 per $100 assessed valuation produces ………….		62,385,617

(1) Includes the Bonds.

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ESTIMATED OVERLAPPING DEBT

The following table indicates the indebtedness, defined as outstanding obligations payable from ad valorem taxes, of governmental entities within which the City is located or with which taxable property is jointly levied against, and the estimated percentages and amounts of such indebtedness attributable to taxable property within the City. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance purposes. Furthermore, certain of the entities listed may have issued additional obligations payable from ad valorem taxes since the date stated in the table, and such entities may have programs requiring the issuance of substantial additional amounts of indebtedness, the amount of which cannot be determined.

Overlapping Debt

Taxing Jurisdiction	Total Tax Supported Debt as of 9/22/2020 (1)	Percent	Amount Overlapping
Arlington ISD	$ 994,551,970	78.08%	$ 776,546,178
Ft. Worth ISD	961,315,000	0.39%	3,749,129
Hurst-Euless-Bedford ISD	383,550,000	4.10%	15,725,550
Kennedale ISD	27,040,025	56.07%	15,161,342
Mansfield ISD	895,790,000	28.14%	252,075,306
Tarrant Co	266,375,000	15.45%	41,154,938
Tarrant Co Hosp Dist	16,135,000	15.45%	2,492,858
Viridian Municipal Management District	139,260,000	100.00%	139,260,000
Total Net Overlapping Debt			$1,246,165,300
Arlington, City of	617,190,000 (2)	100.00%	617,190,000
Total Direct and Overlapping Debt			$1,863,355,300
Total Direct and Overlapping Debt % of AV			6.37%
Total Direct and Overlapping Debt Per Capita			$ 4,801

(1) Source: Municipal Advisory Council of Texas. Net debt outstanding per representative of each jurisdiction.
(2) Includes the Bonds.

TAX-SUPPORTED CAPITAL IMPROVEMENT PROGRAM

The City's Capital Improvement Program ("CIP") provides for multi-year improvements to the City's public facilities along with the means of financing these improvements. The City's CIP is prepared annually and primarily enabled by recent bond election results. The approved CIP is the result of a process that balances the need for public facilities against the fiscal capability of the City to provide for those needs. The City’s tax-supported CIP for fiscal year 2019-2020 is approximately $61,382,336. The proposed capital projects for the 2019-2020 fiscal year include funds for fire station improvements, parks and recreation, public works and transportation.

FINANCIAL INFORMATION

Basis of Accounting and Accounting Structure

The accounting records of the City are maintained on the modified accrual basis of accounting for the General Fund (defined herein), Special Revenue Funds, Capital Projects Funds and Trust and Agency Funds and on the accrual basis of accounting for the Enterprise Funds, and the Internal Service Funds. In general, under the modified accrual basis of accounting, revenues are recorded as received in cash except for material revenues considered to be both measurable and available to finance current year appropriations, which are recognized as revenue when earned. Expenditures are recorded in the period in which liabilities are incurred. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred without regard to receipts or disbursements of cash.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arlington for its Comprehensive Annual Financial Report (CAFR) for the year ended April 30, 1966 and then annually from 1977 to 2003 and 2005 to 2018. The City has also received GFOA's Award for Distinguished Budget Presentation for fiscal years 1986 through 2018.

ACCOUNTING STANDARDS

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 and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City's statement of net assets 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 continue to use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds. Accordingly, the accounting and financial reporting of the City's governmental funds is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34. 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. In addition, a budgetary comparison schedule is presented that compares the originally adopted and final General Fund budget with actual results.

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 fund 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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. 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 deferred 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 assets. 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 are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide business-type activities and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The following major funds are used 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. Venue Fund, a capital project fund, accounts for the planning, acquisition, establishment, development, and construction of the Dallas Cowboys Complex Development Project and the Texas Rangers Complex Development Project. Funds are provided primarily through bond sales and interest earnings.

d. 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.

e. Other Governmental Funds is a summarization of all of the nonmajor governmental funds.

2. Enterprise Funds:

The focus of Enterprise Fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows, which is similar to businesses. The City's Enterprise Funds are the Water and Sewer Fund and the Storm Water Utility Fund. The Water and Sewer Fund accounts for the administration, operation and maintenance of the water and sewer utility system, and the billing and collection activities. The Water and Sewer 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 Water and Sewer 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 and Sewer fund, while revenues from landfill fees 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. The Storm Water Utility Fund was previously set up as a capital project fund and was converted to an enterprise fund in Fiscal Year 2009.

3. Other Fund Types:

The City additionally reports for 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; technology services; 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.

GENERAL FUND REVENUES AND EXPENDITURES

The General Fund is the primary operating fund maintained by the City to account for revenue derived from City-wide ad valorem taxes, other local taxes, licenses, fees, permits, and certain other miscellaneous revenues. General Fund expenditures are the cost of general City government. The following is a discussion of the General Fund revenue structure and major classifications of General Fund expenditures.

CERTAIN OPERATIONS OF THE GENERAL FUND

The General Fund is that accounting entity which is used to account for all transactions which are not accounted for in another fund and which, specifically, receives all revenues and records all expenditures relating to the ordinary operations of general government. Other major funds of the City are the Special Revenue Funds, the Capital Project Funds, the Enterprise Funds, and the Debt Service Funds.

Summaries for fiscal years 2015 to 2019 have been compiled from the audited financial statements included in the Comprehensive Annual Financial Reports of the City. These unaudited summaries should be read in conjunction with their related audited financial statements and notes. For the fiscal year ended September 30, 2019, the General Fund had less revenues than expenditures and transfers by $408,000 or 0.17% percent of General Fund revenues, leaving a General Fund balance at September 30, 2019, of $65,898,000. The following table presents a comparison of the City's General Fund balance for fiscal years 2015 to 2019.

Table 7 - General Fund Revenue and Expenditure History

(amounts in thousands)

	Fiscal Years Ended September 30,				
	2019	**2018**	**2017**	**2016**	**2015**
Beginning General Fund Balance	$ 66,306	$ 62,849	$ 62,479	$ 58,023	$ 56,191
Revenues					
Taxes	175,985	162,989	153,463	143,564	136,722
Franchise Fees	24,921	25,166	24,859	25,435	26,477
Service Charges	9,743	6,686	5,680	6,320	5,359
Interest	2,556	2,148	1,825	1,705	1,754
All Other	33,097	34,231	32,815	81,601	31,269
Total Revenues	$ 246,302	$ 231,220	$ 218,642	$ 258,625	$ 201,581
Expenditures					
Total Expenditures	$ 251,338	$ 237,273	$ 227,375	$ 216,279	$ 208,798
Net Expenditures Over (Under) Expenditures	(5,036)	(6,053)	(8,733)	42,346	(7,217)
Other Financing Sources					
Issuance of Capital Leases	-	-	-	-	-
Operating Transfers	4,628	9,510	9,104	(37,890)	9,049
Ending General Fund Balance	$ 65,898	$ 66,306	$ 62,850	$ 62,479	$ 58,023
General Fund Balance as a Percent of General Fund Expenditures	26.22%	27.95%	27.64%	28.89%	27.79%

Source: Audited Financial Statements.

The following table shows the City's estimated revenues and budgeted expenditures for the City's Debt Service Fund, as reported in the adopted fiscal year 2020 Budget.

Table 8 – Debt Service Fund Budget

Fiscal Year 2020

Beginning Balance	$ 2,025,286
Property Tax Revenue	51,132,947
Transfers In	-
Total Available for Debt Service	53,158,233
Debt Service Expenditures	(49,925,532)
Estimated Ending Fund Balance	$ 3,232,701

Source: City of Arlington Finance Department

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TAX DATA

State of Texas Tax Code

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Tarrant County Central Appraisal District (the "Appraisal District") with respect to City property which is a county-wide agency created under the Property Tax Code for that purpose. Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates. See "--City and Taxpayer Remedies."

State Mandated Homestead Exemptions. . . State law grants, with respect to each city in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Local Option Freeze For The Elderly and Disabled . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

Personal Property . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport And Goods-In-Transit Exemptions . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. The City does tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. On January 13, 1998, the Council repealed its ordinance taxing "Freeport" property, which has the effect of exempting "freeport" property from taxation effective January 1, 1999. This exemption is irrevocable under current State law.

Other Exempt Property . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Financing Zones . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ" or "TIF") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units. See "City Application of Property Tax Code" for descriptions of any TIRZ created in the City.

Tax Abatement Agreements . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "– City Application of Property Tax Code" for descriptions of any of the City's tax abatement agreements.

Temporary Exemption For Qualified Property Damaged By A Disaster … The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. Section 11.35 of the Property Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

City And Taxpayer Remedies. . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code. Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "– Public Hearing and Maintenance and Operations Tax Rate Limitations"). The

Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes. . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain conditions. Currently, the City does not permit split payments, and discounts are not allowed. Notwithstanding the City's prohibition on split payments, taxpayers 65 years old or older are permitted by State law to pay taxes (without penalty and interest) on homesteads in four installments with the first due on or before January 31 of each year and the final installment due on or before July 31.

City's Right In The Event of Tax Delinquencies. . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest. At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Public Hearing And Maintenance and Operations Tax Rate Limitations. . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter approval tax rate. A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year. The City does not collect the additional one-half percent sales tax. Taxable sales in the City are currently subject to the maximum 8.25% sales tax (1% of which is the City's portion) and the City has not implemented the additional sales tax.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

City Application of Property Tax Code. . .

The City grants an exemption of 20% of the market value of residence homesteads; the minimum exemption is $5,000.

The City grants an additional exemption to the market value of the residence homestead of persons 65 years of age or older or disabled, of $60,000; disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces are granted an exemption of $5,000 to $12,000 dependent upon the amount of disability.

The City currently has three active Tax Increment Financing Zones (TIF):

The City Council adopted an ordinance on November 3, 1998, establishing a TIF (the "TIF Zone #1") encompassing approximately 533 acres in the City's downtown area. TIF Zone #1 took effect on January 1, 1999. The TIF Zone #1 was extended in November 2018 and will terminate on December 31, 2038. The City Council can terminate TIF Zone #1 at an earlier date by subsequent ordinance. The taxable value for the TIF for the fiscal year ended September 30, 2019 was approximately $206,565,831 more than its base year value.

The City Council adopted an ordinance on December 19, 2006, establishing a TIF (the TIF Zone #5 Entertainment District") encompassing 2,187 acres generally defined by Lamar Boulevard to the north, the Union Pacific Railroad to the south, State Highway 360 to the east and Collins Street to the west. TIF Zone #5 Entertainment District took effect on January 1, 2007. The TIF Zone #5 was extended in December 2019 and will terminate on December 31, 2052.The City Council can terminate the TIF Zone #5 at an earlier date by subsequent ordinance The taxable value for the TIF for the fiscal year ended September 30, 2019 was approximately $318,991,301 more than its base year value.

The City Council adopted an ordinance on December 18, 2007, establishing a TIF (the "TIF Zone #6") encompassing approximately 2,000 acres in the northeast quadrant of the City. TIF Zone #6 took effect on January 1, 2007. The TIF Zone #6 Project and Finance Plan was amended and restated in FY2017 to extend the term of the TIF from 30 years to 35 years. The TIF is to expire on December 31, 2041 or until the City has contributed $230,000,000 in City tax increment, whichever occurs first, and will terminate on December 31, 2036. The taxable value for the TIF for the fiscal year ended September 30, 2019 was approximately $448,472,250 more than its base year value.

The 2019-2020 tax roll reflects a $0 the reduction in taxable valuation attributable to state-mandated homestead exemptions.

Chapter 311 of the Texas Tax Code allows the City Council to enter into tax abatement agreements with property owners within these zones. The abatement value loss on the FY 2019 tax roll is $795,355,374.

The 2019-2020 tax roll reflects a $533,949,136 reduction in taxable valuation attributable to Freeport Property exemptions.

Section 23.83 of the Property Tax Code allows taxes to be deferred on property that is restricted to scenic use. Deferrals were first claimed under this section in 1990. The FY 2019 tax roll reveals an exempt value of $8,344,115 due to scenic deferrals.

The 2019-2020 tax roll reflects a $12,378,085 reduction in taxable valuation attributable to valuation by Productivity Value.

The 2019-2020 tax roll reflects a $4,040,576,645 reduction in taxable valuation attributable to local option homestead exemptions.

The 2019-2020 tax roll reflects a $2,267,165,432 reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

The 2019-2020 tax roll reflects a $795,355,374 reduction in taxable valuation attributable to tax abatement agreements.

A City election was approved on February 5, 2005, which adopted a homestead property tax limitation for disabled individuals and individuals 65 years of age or older. This limitation on the residential homesteads of qualifying property owners is defined under the Texas Property Tax Code, section 11.261. The limitation cannot be repealed by any action of the City or through an election of the City under current State law. The homestead property tax ceiling limits the amount of taxes paid to the City based on the taxes paid in the first year that the property qualifies for the disabled exemption or the 65 years of age or older exemption. The limitation is a dollar amount and does not increase unless improvements (other than repairs or improvements required to comply with governmental requirements) are made to the residential homestead. For those property owners who qualified in 2005 for either exemption, the tax ceiling was set based on the taxes levied in September 2005 by the City. The tax ceiling carries forward to a surviving spouse age 55 or older of an individual who is 65 years of age or older. The City has 89,113 residential homestead properties in fiscal years 2019-2020 and 22,222 of these properties received an exemption for a disabled individual or individual 65 years of age or older.

Tarrant County bills and collects ad valorem taxes for the City pursuant to a contract. The City does not permit split payments, and discounts are not allowed. Notwithstanding the City's prohibition on split payments, taxpayers 65 years old or older are permitted by State law to pay taxes (without penalty and interest) on homesteads in four installments with the first due on or before January 31 of each year and the final installment due on or before July 31.

Tax Revenue

The following table shows the City's principal tax revenues by source for each of the last five fiscal years.

Table 9 – Tax Rate Distribution and Collection Ratios

		Tax Rate				% Collections	
Fiscal Year	**Estimated Net Taxable Valuation** (1)	**General Fund**	**Debt Service Fund**	**Total Tax Rate**	**Tax Levy**	**Current Year**	**Prior Years**(2)
2017	$ 21,379,080,714	$ 0.4538	$ 0.1910	$ 0.6448	$ 137,852,312	96.61	97.63
2018	23,503,192,007	0.4409	0.1989	0.6398	150,373,422	96.76	97.80
2019	25,921,882,291	0.4428	0.1920	0.6348	164,552,109	95.90	96.70
2020	29,238,009,537	0.4467	0.1773	0.6240	182,445,180	95.60 (3)	95.80 (3)
2021	29,826,068,819			TBD			

Source: City of Arlington Finance Department

(1) Net Taxable Valuation is the certified roll as of September of each year including minimum estimated value of property under protest.

(2) Prior year's collections include current year collections, prior year delinquent collections and all penalty and interest collections.

(3) Collections as of June 2020.

Table 10 - Tax Base Distribution
Fiscal Years 2015 to 2019

	2019	2018	2017	2016	2015
Residential	64.2%	63.7%	62.8%	60.4%	59.3%
Commercial, Industrial, Retail	33.9%	34.3%	34.9%	35.8%	36.9%
Mineral	0.6%	0.5%	0.6%	1.9%	1.9%
Undeveloped	1.3%	1.6%	1.7%	1.8%	1.9%

Source: City of Arlington Finance Department

Table 11 - Top Ten Taxpayers (1)

Taxpayer	Type of Business	FY 2020 Taxable Assessed Valuation
General Motors LLC	Automobile Assembly	$ 292,887,859
Arlington Highlands LLP	Shopping Center	179,307,250
Parks at Arlington LP	Shopping Center	172,159,764
Oncor Electric Delivery Co. LLC	Public Utility	161,906,699
Six Flags Fund II Ltd.	Amusement Park	108,296,864
Bedrock Holdings II LLC	Commercial	96,380,000
Pioneer Industrial LLC	Commercial	78,952,886
Columbia Medical Center	Medical Center	77,826,183
Park 20-360 Investors LLC	Real Estate	76,611,944
Viridian Holdings LP	Real Estate	76,552,714
Total		**$ 1,320,882,163**
Top ten taxpayers as % of total tax rolls		5.10%
Total tax roll		$ 25,921,882,291

(1) Source: Tarrant Appraisal District.

Municipal Sales Tax

The City has adopted the provisions of Sections 321.101 and 321.103 of the Texas Tax Code, which grants the City the power to impose and levy a one percent sales tax for general purposes of the City. On September 14, 2002, an election to adopt an additional one-quarter cent city sales and use tax for municipal street maintenance as permitted under Chapter 327 of the Texas Tax Code was held and the additional one-quarter cent sales and use tax was approved. The additional one-quarter cent sales and use tax became effective on January 1, 2003. It was reapproved in May 2006, May 2010, May 2014 and May 2018.

On November 2, 2004, an election to adopt an additional one-half cent sales and use tax for the Dallas Cowboys Complex Development Project as permitted by Chapter 334 of the Texas Local Government Code was held and the additional one-half cent sales and use tax was approved. The additional one-half cent sales and use tax became effective on April 1, 2005. On November 6, 2016, an election was held to extend the one-half cent sales tax previously collected for the financing of the Dallas Cowboys Complex Development Project to be used to finance a new Rangers Baseball Complex, as permitted by Chapter 334 of the Texas Local Government Code. The election authorizing the extension of the one-half cent sales and use tax to finance the Rangers Baseball Complex in addition to the Dallas Cowboys Complex Development Project was approved by voters.

The Comptroller of Public Accounts of the State of Texas, after the deduction of a two percent service fee, currently remits monthly the City's portion of sales tax collections to the City. The statute provides the Comptroller must remit at least twice annually. Revenue from sales tax levied for general purposes of the City may not be pledged, under the applicable statutes, to the payment of debt service of the City's debt obligations.

Table 12 – Municipal Sales Tax History

Fiscal Year	Sales Tax Receipts [1]	Ad Valorem Tax Levy	Sales Tax as a % of Tax Levy	Population Estimate [2]	Per Capita Sales Tax Collection
2015	$ 56,351,761	$ 122,509,363	46%	369,592	$ 152
2016	58,895,721	127,016,834	46%	380,740	155
2017	60,447,625	138,536,443	44%	382,230	158
2018	62,875,224	150,373,422	42%	383,950	164
2019	66,983,242	164,552,109	41%	386,180	173

(1) Receipts reflect the City's 1% sales tax levied pursuant to Chapter 321, Texas Tax Code.
(2) Population estimates are based on percent of occupancy in available residences and U.S. Census Bureau data.

PENSION FUND

Texas Municipal Retirement System

A. Plan Description

The City provides pension benefits for all its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 887 administered by TMRS. 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.tmrs.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 City Council.

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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,793
Inactive employees entitled to but not yet receiving benefits	1,192
Active Employees	2,551
	5,536

C. Contributions

The contribution for employees in TMRS is 7% of employee gross earnings, and the city matching percentages are 200%, both as adopted by the City Council. 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 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.94% and 15.96% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, was $29,093,440 and was equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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, 2018 valuation were based on the results of actuarial experience studies. The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2019 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%	3.90%
Real Return	10.0%	3.80%

Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
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 12/31/2017	$ 1,189,337,480	$ 1,081,094,845	$ 108,242,635
Changes for the year:			
Service Cost	28,887,256	-	28,887,256
Interest	79,408,986	-	79,408,986
Change of benefit terms	-	-	-
Difference between expected and actual experience	6,665,740	-	6,665,740
Changes of assumptions	-	-	-
Contributions-employer	-	28,034,989	(28,034,989)
Contributions-employee	-	12,429,434	(12,429,434)
Net investment income	-	(32,369,787)	32,369,787
Benefit payments, including refunds			
of employee contributions	(54,703,360)	(54,703,360)	-
Administrative expense	-	(625,874)	625,874
Other changes	-	(32,698)	32,698
Net changes	60,258,622	(47,267,296)	107,525,918
Balance at 12/31/18	$ 1,249,596,102	$ 1,033,827,549	$ 215,768,553

Plan fiduciary net position as a percentage of the total pension liability	82.73%
Covered payroll	$177,549,206
Net pension liability as a percentage of covered employee payroll	121.53%

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	$390,793,354	$215,768,553	$72,240,019

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.tmrs.com

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

For the year ended September 30, 2019, the City recognized pension expense of $47,257,843.

At September 30, 2019, 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	$ -	$42,606,202
Changes in actuarial assumptions	108,061,889	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	22,230,404	-
Total	$130,292,293	$42,606,202

$22,230,404 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to in pension expense as follows:

Measurement Year Ended December 31:	
2019	$ 23,399,743
2020	10,285,321
2021	9,733,358
2022	22,037,264
2023	-
Thereafter	-
Total	$ 65,455,686

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 TMRS. PSTDIP issues stand- alone financial statements that can be obtained from the City of Arlington at 101 S. Mesquite Street, Suite 800, Arlington, TX 76010.

Plan Description

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

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

Contributions. The Retirement Committee establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2019, the active member average contribution rate was 3.0 percent of annual pay and the City's average contribution rate was 2.6 percent of annual payroll. The City's contributions to the plan for the year ended September 30, 2019, was $82,293 and was equal to the required contributions.

At the June 30, 2019 valuation and measurement date, the following employees were covered by the terms:

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

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of June 30, 2019 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

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

Discount Rate:

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

Changes in the Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2018	$ 2,656,348	$ 2,819,601	$ (163,253)
Changes for the year:			
Service Cost	194,554	-	194,554
Interest	134,220	-	134,220
Change of benefit terms	-	-	-
Difference between expected and actual experienc	(47,470)	-	(47,470)
Changes of assumptions	-	-	-
Contributions-employer	-	82,293	(82,293)
Contributions-employee	-	109,711	(109,711)
Net investment income	-	206,103	(206,103)
Benefit payments, including refunds			
of employee contributions	(138,464)	(138,464)	-
Administrative expense	-	(79,339)	79,339
Other changes	-	-	-
Net changes	142,840	180,304	(37,464)
Balance at 06/30/19	$ 2,799,188	$ 2,999,905	$ (200,717)

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 5.00%, 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net pension liability	$63,031	($200,717)	($418,302)

Pension Plan Fiduciary Net Position

The financial statements of the plan are presented below.

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

Statement of Fiduciary Net Position
June 30, 2019

Assets	
Cash and deposits	$ 96,428
Receivables	14,159
Accrued Interest	-
Investments	
Mutual funds - bonds	2,243,792
Mutual funds - equities	664,430
Total investments	2,908,222
Total assets	$ 3,018,809
Liabilities	
Accrued expenses	$ 18,904
Net position restricted for pensions	$ 2,999,905

Statement of Changes in Fiduciary Net Position
for the Year Ended June 30, 2019

Additions	
Contributions:	
Employer	$ 82,293
Employees	109,711
Total contributions	192,004
Net investment income	
Interest and dividends	19,630
Net appreciation in fair value of investments	186,473
Total investments	206,103
Total additions	398,107
Deductions	
Benefit payments	138,464
Administrative expenses	79,339
Total deductions	217,803
Net increase in net position	180,304
Net position restricted for pensions	
Beginning of year	2,819,601
End of year	$ 2,999,905

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

for the year ended September 30, 2019, the city recognized pension expense of $131,699.

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Measurement Year Ended December 31:	
2020	$ 11,011
2021	1,516
2022	403
2023	(13,152)
2024	-
Thereafter	-
Total	$ (222)

	Deferred Outflow of Resources	**Deferred Inflow of Resources**
Differences between expected and actual economic experience	$ -	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	52,392	52,614
Contributions subsequent to the measurement date	21,000	-
Total	$73,392	$52,614

$21,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Thrift Savings Plan</u>

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, 2019, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was $227,349,000.

The City's total payroll during fiscal 2019 was $190,219,000. The current year contribution was calculated based on a covered payroll of $131,764,000, resulting in a required and actual employer contribution of $3,663,000 and actual employee contributions of $9,191,000. The employer contribution represents 2.75 percent of the covered payroll. The employee contribution represents approximately 7.11 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2019. 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, 2019. (amounts in thousands):

ASSETS	
Investments	227,412
Total Assets	$ 227,412
LIABILITIES	
Accounts Payable	-
Retired Ci ty Mgr 401(k) plan payable	63
Total Liabilities	$ 63
NET POSITION	
Held in trust for pension benefits	227,349
Assigned pension trust	-
Total Net Position	227,349

Changes in Net Position Thrift Savings Plan

ADDITIONS	
Employer contributions	$ 3,727
Employee contributions	9,243
Net apprecia tion in fair value of investments	9,656
Other additions	100
	22,726
DEDUCTIONS	
Benefits	13,229
Plan administra tion	129
Other deductions	81
	13,439
Increase in Net Position	9,287
Net Posi tion, October 1	218,062
Net position, September 30	$ 227,349
Employee contributions	9,243
Net apprecia tion in fair value of investments	9,656
Other additions	100
	22,726
DEDUCTIONS	
Benefits	13,229
Plan administra tion	129

Other deductions	81
	13,439
Increase in Net Position	9,287
Net Position, October 1	218,062
Net position, September 30	$ 227,349

City contributions for the above plans for the year ended September 30, 2019, are as follows (amounts in thousands):

TMRS	$29,093
THRIFT	3,727
PTDIT	91
	$32,911

OTHER POST EMPLOYMENT BENEFITS

Disability Income Plan

Plan Description

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

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

The DIP does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2019. (amounts in thousands):

ASSETS	
Cash and cash-like investments	$ -
Investments:	
U.S. Government securities	31
Common stock mutual funds	770
Balanced mutual funds	256
Participant borrowing	272
Total investments	1329
Total Assets	$ 1,329
LIABILITIES	
Accounts payable	-
Total Liabilities	-
NET POSITION	
Restricted for pensions	1,329
Total Net Position	$ 1,329

Changes in Net Position
Disability Income Plan

Additions

Employer contributions	77
Other additions	99
Total Additions	176
Deductions	
Benefits	
	114
Plan Administration	13
Total Deductions	127
Increase in Net Position	49
Net Position, October 1	1,280
Net Position, September 30	$ 1,329

Benefits Provided

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

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

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

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

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	10
Inactive, Nonretired Members	2
Active Members	0
	12

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, 2019, the City contributed $77,000 to the plan. Administrative costs of DIP are financed through investment earnings.

Net Disability Income Plan Liability

The City's Total Disability Income Plan Liability was measured as of December 31, 2018.

Actuarial assumptions:

The Total Disability Income Plan Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	5%
Inflation	2.5%
Salary Increases	N/A; no active employees
Cost of Living Adjustment	The TMRS offset is assumed to increase by 1.25% per annum. The Social Security offset is assumed to increase 2.5% per annum. The

	offsets are assumed to increase in January.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan

Mortality rates for disabled retirees was the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment table for males and females with a 3 year-setforward; multiplied by 109% for males and 103% for females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group.

Changes in the Total Disability Income Plan Liability

	Total OPEB Liability (a)
Balance at 12/31/2017	$ 1,420,127
Changes for the year:	
Service Cost	-
Interest on total OPEB liability	68,017
Change of benefit terms	-
Difference between expected and actualexperienc	40,256
Changes of assumptions or other inputs	-
Benefit Payments	(119,556)
Net changes	(11,283)
Total OPEB Liability - end of year	1,408,844

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

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

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City’s total OPEB liability	$287,107	$162,693	$55,630

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to disability income plan from the following sources:

	Deferred Inflows of Resources	**Deferred Outflows of Resources**
Differences between expected and actual experience	$ -	$ -
Changes in assumptions and other inputs	-	-
Contributions subsequent to the measurement date	n/a	59,255

Excess Investment Returns	50,597	-
Total	$50,597	$ 59,255

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

Plan Year Ended December 31:	
2019	$ -
2020	10,981
2021	10,981
2022	10,982
2023	17,653
Thereafter	-
Total	$ 50,597

Retiree Health Insurance

The City 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 based upon the policies and requirements of the TMRS and elect to retire at the time of separation from the City. If a retiree has coverage through another employer, they must waive the City retiree coverage until the employer-based coverage terminates. As of December 31, 2018, there were 243 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 TMRS after either 20 years of service credit at any age, or after a minimum of five years of service at age 60; (2) the employee becomes eligible and elects to retire under the provisions of TMRS relating to disability retirement.

Benefits Provided

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

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

Contributions 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. The City's contributions for the year ended September 30, 2019 were $5,871,000.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	794
Inactive employees entitled to but not yet receiving benefits	243
Active Employees	2,455
	3,492

Net OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2018.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.71%
Inflation	2.50% per year
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, 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%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	Following rates apply for retirees that are eligible for a subsidy and retire between the ages of 50 and 65: 50% for retirees with 10-14 years of service; 60% for retirees with 15-19 years of service; 70% for retirees with 20-24 years of service; 80% for retirees with 25 or more years of service; 95% for retirees that are eligible for a subsidy and retire after the age of 65; 20% for retirees that are not eligible for a subsidy from the City; 10% for retirees that are eligible for a subsidy and retire before the age of 50

Discount Rate:

The discount rate used to measure the Total OPEB Liability was changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/2017	$ 114,157,722
Changes for the year:	
Service Cost	2,288,267
Interest on total OPEB liability	3,688,623
Change of benefit terms	-
Difference between expected and actual experience	1,772,265
Changes of assumptions or other inputs	(2,475,508)
Benefit Payments	(7,726,176)
Net changes	(2,452,529)
Total OPEB Liability - end of year	111,705,193

Covered-employee payroll	$161,558,413
Total OPEB liability as a percentage of covered payroll	69.14%

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.71%, 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 (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	Discount Rate (2.71%)	Discount Rate (3.71%)	Discount Rate (4.71%)
City's total OPEB liability	$123,446,850	$111,705,193	$101,561,446

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

The following presents the net OPEB liability of the City, calculated using the discount rate Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's total OPEB liability	$106,781,313	$111,705,193	$117,378,555

At September 30, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources

Differences between expected and actual experience	-	-
Changes in assumptions and other inputs	2,122,892	3,960,957
Contributions subsequent to the measurement date	n/a	3,939,980
Total	$2,122,892	$9,420,757

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

Year Ended December 31:	
2020	$ 686,154
2021	686,154
2022	686,154
2023	686,154
2024	686,154
Thereafter	(72,885)
Total	$ 3,357,885

Supplemental Death Benefits Plan

Plan Description

TMRS administers a single-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust).

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

Benefits Provided

TMRS provides death benefits to retirees at a fixed amount of $7,500. At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,444
Inactive employees entitled to but not yet receiving benefits	380
Active Employees	2,551
	4,375

Contributions

The total contribution rate is for .15% of employee gross earnings, with .04% of that rate being the retiree portion. The City's contributions to TMRS for the year ended September 30, 2019, were $73,630.

Net OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2018

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% - 10.5% per year
Discount Rate	3.71%

Salary increases were based on a service-related table. Mortality rates for service retirees 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 retirees, 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. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor. Actuarial assumptions used in the December 31, 2018, 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. The post- retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.71%

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/2016	$ 8,493,069
Changes for the year:	
Service Cost	284,079
Interest on total OPEB liability	284,647
Change of benefit terms	-
Difference between expected and actual experienc	(107,778)
Changes of assumptions or other inputs	(633,002)
Benefit Payments	(71,020)
Net changes	(243,074)
Total OPEB Liability - end of year	8,249,995

Total OPEB liability as a percentage of covered payroll 4.65%.

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.31%, 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 (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	Discount Rate (2.71%)	Discount Rate (3.71%)	Discount Rate (4.71%)
City's total OPEB liability	$9,965,271	$8,249,995	$6,926,499

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources

Differences between expected and actual experience	$ (89,417)	$ -
Changes in assumptions and other inputs	(52,941)	-
Contributions subsequent to the measurement date	n/a	56,244
Total	$ (142,358)	$56,244

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

Plan Year Ended December 31:		
2019	$	(4,177)
2020		(4,177)
2021		(4,177)
2022		(20,037)
2023		(109,790)
Thereafter		-
Total	$	(142,358)

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City made the following agreement for the benefit of the owners and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rule Making Board (the "MSRB"). This information will be available free of charge via the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org.

Annual Reports

The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in the final Official Statement, being information described in Tables 1 through 12, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, within 12 months after the end of each fiscal year when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit B hereto or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by the United States Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule").

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year for the preceding year, or September 30 in each year for the preceding year for financial statements if they are not available by March 31, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Disclosure Event Notices

The City shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) Principal and interest payment delinquencies; (2) Non-payment related defaults, if material; (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (5) Substitution of credit or liquidity providers, or their failure to perform; (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bonds calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Bonds, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the City; (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) Appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For the purposes of the event identified in (12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, and the words used in clauses (15) and (16) in the immediately preceding paragraph and in the definition of Financial Obligation have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018. The Ordinance defines “Financial Obligation” as a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The City shall also provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of specified events. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Availability of Information from MSRB

The City has agreed to provide the foregoing information only as described above to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The City issued its Water and Wastewater System Revenue Bonds, Series 2019D in a private placement sale with the Texas Water Development Board on September 20, 2019, but did not make an event filing with respect to the incurrence of a Financial Obligation pursuant to the Rule. An event filing was subsequently made with the MSRB on March 30, 2020.

ADDITIONAL INFORMATION

For additional information regarding this document please contact Mr. Mike Finley, Director of Finance, City of Arlington, Texas, at (817) 459-6100.

TAX MATTERS

THE FOLLOWING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE BONDS, INCLUDING THE EFFECT AND APPLICABILITY OF (I) U.S. FEDERAL, STATE, LOCAL OR FOREIGN TAX LAWS, (II) GIFT AND ESTATE TAX LAWS, AND (III) ANY INCOME TAX TREATY.

General

The following discussion summarizes certain material U.S. federal income tax considerations that may be relevant to the acquisition, ownership and disposition of the Bonds by an initial holder (as described below). This discussion is based upon the provisions of the Code, applicable U.S. Treasury Regulations promulgated thereunder, judicial authority and administrative interpretations, as of the date of this document, all of which are subject to change, possibly with retroactive effect, or are subject to different interpretations. Neither the City nor Bond Counsel offers any assurance that the Service will not challenge one or more of the tax consequences described in this discussion, and neither the City nor Bond Counsel has obtained, nor do the City or Bond Counsel intend to obtain, a ruling from the Service or an opinion of counsel with respect to the U.S. federal tax consequences of acquiring, holding or disposing of the Bonds.

This discussion is limited to holders who purchase the Bonds in this initial offering for a price equal to the issue price of the Bonds (*i.e.*, the first price at which a substantial amount of the Bonds is sold for cash other than to bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers, the "Issue Price") and who hold the Bonds as capital assets (generally, property held for investment). This discussion does not address the tax considerations arising under the laws of any foreign, state, local or other jurisdiction or income tax treaties or any U.S. federal estate or gift tax considerations. In addition, this discussion does not address all tax considerations that may be important to a particular holder in light of the holder's circumstances or to certain categories of investors that may be subject to special rules, such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences for individuals or (ii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Bonds under state, local or non-U.S. tax laws.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the Bonds, the tax treatment of such partnership or a partner of such partnership generally will depend upon the status of the partner and the activities of the partnership. ***Partnerships acquiring Bonds and partners of partnerships acquiring the Bonds should consult their own tax advisors about the U.S. federal income tax consequences of acquiring, holding and disposing of the Bonds.***

INVESTORS CONSIDERING THE PURCHASE OF THE BONDS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER THE LAWS OF ANY STATE, LOCAL OR FOREIGN JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Certain Tax Consequences to U.S. Bondholders

As used herein "U.S. Bondholder" means a beneficial owner of a Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust).

Interest on the Bonds

A U.S. Bondholder generally will be required to include as ordinary interest income any stated interest payments in income in accordance with its method of accounting for U.S. federal income tax purposes.

Original Issue Discount

If the Issue Price of the Bonds of any stated maturity is less than their face amount by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the principal amount payable on such Bonds at maturity over the Issue Price, and the amount of the original issue discount on such Bonds will be amortized over the life of the Bonds using the "constant yield method" provided in the U.S. Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of such Bonds that exceeds actual cash interest payments to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on such Bonds each taxable year will be reported annually to the Service and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds such Bonds will increase the adjusted tax basis of such Bonds in the hands of such beneficial owner.

Premium

If the Issue Price of the Bonds of any stated maturity is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased such Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of such Bond and may offset interest otherwise required to be included in respect of such Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on such Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of such Bond. However, if such Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the U.S. Treasury Regulations which could result in a deferral of the amortization of some Bond premium until later in the term of such Bond. Any election to amortize Bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the Service.

Disposition of the Bonds

A U.S. Bondholder will generally recognize capital gain or loss on the sale, redemption, exchange, retirement or other taxable disposition of a Bond. This gain or loss will equal the difference between the U.S. Bondholder's adjusted tax basis in the Bonds and the amount realized (excluding any proceeds attributable to accrued but unpaid stated interest which will be recognized as ordinary interest income to the extent any such Bondholder has not previously included such amounts in income) by the Bondholder. A U.S. Bondholder's adjusted tax basis in the Bonds will generally equal the amount the U.S. Bondholder paid for the Bonds increased by any original issue discount previously included in the Bondholder's income and decreased by the amount of the Bond premium that has been previously amortized. The gain or loss generally will be long-term capital gain or loss if the Bondholder held the Bonds for more than one year at the time of the sale, redemption, exchange, retirement or other taxable disposition. Long-term capital gains of individuals, estates and trusts currently are subject to a reduced rate of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding

Information reporting will apply to payments of principal and interest made by the City on, or the proceeds of the sale or other disposition of, the Bonds with respect to U.S. Bondholders (unless such holder is an exempt recipient such as a corporation), and backup withholding may apply unless the recipient of such payment provides the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Bondholder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Bondholder's actual U.S. federal income tax liabilities provided the required information is timely provided to the Service.

Additional Tax on Investment Income

An additional 3.8% net investment income tax, or the "NIIT," is imposed on the "net investment income" of certain U.S. Bondholders who are individuals and on the undistributed "net investment income" of certain estates and trusts, to the extent the sum of net investment income and other modified adjusted gross income exceeds specified dollar amounts. Among other items, "net investment income" would generally include interest income and net gain from the disposition of property, such as the Bonds, less certain deductions. ***U.S. Bondholders should consult their tax advisors with respect to the tax consequences of the NIIT.***

Certain Tax Consequences to Non-U.S. Bondholders

As used herein, a "non-U.S. Bondholder" means a beneficial owner of Bonds that is an individual, corporation, estate or trust that is not a U.S. Bondholder.

Interest on the Bonds-Portfolio Interest

Subject to the discussions below under the headings "—Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance," payments to a non-U.S. Bondholder of interest on the Bonds generally will be exempt from withholding of U.S. federal tax under the "portfolio interest" exemption if the non-U.S. Bondholder properly certifies as to the non-U.S. Bondholder's foreign status as described below, and that:

- the non-U.S. Bondholder does not own, actually or constructively, 10% or more of the City's voting stock;

- the non-U.S. Bondholder is not a "controlled foreign corporation" for U.S. federal income tax purposes that is related to the City (actually or constructively); and

- the non-U.S. Bondholder is not a bank whose receipt of interest on the Bonds is in connection with an extension of credit made pursuant to a loan agreement entered into in the ordinary course of such Bondholder's trade or business.

The foregoing exemption from withholding tax will not apply unless (i) the non-U.S. Bondholder provides his, her or its name and address on an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form), and certifies under penalties of perjury, that such holder is not a U.S. person, (ii) a financial institution holding the Bonds on a non-U.S. Bondholder's behalf certifies, under penalties of perjury, that it has received an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) from such holder and provides the Trustee with a copy, or (iii) the non-U.S. Bondholder holds their Bonds directly through a "qualified intermediary," and the qualified intermediary has sufficient information in its files indicating that such holder is not a U.S. Bondholder.

If a non-U.S. Bondholder cannot satisfy the requirements described above, payments of principal and interest made to such holder will be subject to the 30% U.S. federal withholding tax, unless such non-U.S. Bondholder provides the Trustee with a properly executed (a) IRS Form W-8BEN or IRS Form W-8-BEN-E or successor form claiming an exemption from or a reduction of withholding under an applicable tax treaty or (b) IRS Form W-8ECI (or successor form) stating that interest paid on the Bonds is not subject to withholding tax because it is effectively connected with such non-U.S. Bondholder's conduct of a trade or business in the United States.

If a non-U.S. Bondholder is engaged in an active trade or business in the United States and interest on the Bonds is effectively connected with the active conduct of that trade or business (and, in the case of an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by such holder), such non-U.S. Bondholder will be subject to U.S. federal income tax on the interest on a net income basis (although exempt from the 30% withholding tax) in the same manner as if such non-U.S. Bondholder were a U.S. person as defined under the Code. In addition, if a non-U.S. Bondholder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of such holder's earnings and profits for the taxable year, subject to certain adjustments, including earnings and profits from an investment in the Bonds, that is effectively connected with the active conduct by such non-U.S. Bondholder of a trade or business in the United States.

Disposition of the Bonds

Subject to the discussions below under the headings "—Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance," a non-U.S. Bondholder generally will not be subject to U.S. federal income tax on any gain realized on the sale, redemption, exchange, retirement or other taxable disposition of a Bond unless:

- the gain is effectively connected with the conduct by the non-U.S. Bondholder of a U.S. trade or business (and, if required by an applicable income tax treaty, is treated as attributable to a permanent establishment maintained by the Bondholder in the United States);

- the non-U.S. Bondholder is a nonresident alien individual who has been present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met;

- the gain represents accrued interest, in which case the rules for taxation of interest would apply.

If a non-U.S. Bondholder is described in the first bullet point above, the non-U.S. Bondholder generally will be subject to U.S. federal income tax in the same manner as a U.S. Bondholder. If a non-U.S. Bondholder is described in the second bullet point above, the Bondholder generally will be subject to U.S. federal income tax at a flat rate of 30% or lower applicable treaty rate on the gain derived from the sale or other disposition, which may be offset by U.S. source capital losses.

Information Reporting and Backup Withholding

Payments to non-U.S. Bondholders of interest on their Bonds and any amounts withheld from such payments generally will be reported to the Service and such holder. Backup withholding will not apply to payments of principal and interest on Bonds if the non-U.S. Bondholder certifies as to his, her or its non-U.S. Bondholder status on an IRS Form W-8BEN or IRS Form W-8BEN-E (or successor form) under penalties of perjury or such non-U.S. Bondholder otherwise qualifies for an exemption (provided that neither the City nor its agent, if any, know or have reason to know that such Bondholder is a U.S. person or that the conditions of any other exemptions are not in fact satisfied).

The payment of the proceeds of the disposition of Bonds to or through the U.S. office of a U.S. or foreign broker will be subject to information reporting and backup withholding unless a non-U.S. Bondholder provides the certification described above or such Bondholder otherwise qualifies for an exemption. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the non-U.S. Bondholder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the non-U.S. Bondholder's actual U.S. federal income tax liabilities provided the required information is timely provided to the

Service.

Foreign Account Tax Compliance

Pursuant to the Foreign Account Tax Compliance Act ("FATCA"), withholding at a rate of 30% generally will be required in certain circumstances on payments of interest in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition (including payments of principal) of, Bonds held by or through certain foreign financial institutions (including investment funds) that do not qualify for an exemption from these rules, unless the institution either (i) enters into, and complies with, an agreement with the Service to undertake certain diligence and to report, on an annual basis, information with respect to interests in, and accounts maintained by, the institution that are owned by certain U.S. persons and by certain non-U.S. entities that are wholly or partially owned by U.S. persons and to withhold 30% on certain payments, or (ii) if required under an intergovernmental agreement between the United States and an applicable foreign country, undertakes such diligence and reports such information to its local tax authority, which will exchange such information with the U.S. authorities. An intergovernmental agreement between the United States and an applicable foreign country, or future Treasury Regulations or other guidance, may modify these requirements. Accordingly, the entity through which the Bonds are held will affect the determination of whether such withholding is required. Similarly, in certain circumstances, payments of interest in respect of, and, after December 31, 2018, gross proceeds from the sale or other disposition of, Bonds held by or through a non-financial foreign entity that does not qualify under certain exemptions generally will be subject to withholding at a rate of 30%, unless such entity either (a) certifies that such entity does not have any "substantial United States owners" or (b) provides certain information regarding the entity's "substantial United States owners," which will be provided to the Service, as required. Prospective Bondholders should consult their tax advisors regarding the possible implications of these rules on their investment in the Bonds.

OTHER RELEVANT INFORMATION

Ratings

The Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by S&P Global Ratings ("S&P") and "AAA" by Fitch Ratings, Inc. ("Fitch"). The City's presently outstanding ad valorem tax supported debt of the City has underlying ratings of "Aa1" by Moody's, "AAA" by S&P and "AAA" by Fitch.

An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The City furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the City. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by such rating agencies if, in the judgment of such agencies, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the City. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Litigation

The City is currently involved in some lawsuits in which some liability is possible. The City intends to defend itself vigorously against the lawsuits; however, no prediction can be made, as of the date hereof, with respect to the potential aggregate liability of the City for the claims or the final outcome of the lawsuits.

The City is currently involved in an employment lawsuit regarding the termination of employment of a former Arlington police officer. The trial court previously ruled that the employee was subject to back pay award of $164,471. However, that case was appealed, and a new arbitration was ordered. It is possible, although unlikely, that the City could be required to pay back pay from January 21, 2011 to the time of a final court ruling.

The City is currently involved in litigation with the family of an individual who was fatally shot after he ran over an Arlington police officer during a traffic stop. The plaintiffs assert a civil rights claim alleging excessive use of force.

The City is currently involved in litigation with the family of an individual who was fatally shot during a traffic stop after he drove away during the stop with an officer standing on the running boards of his vehicle. This officer has been indicted on a charge of criminally negligent homicide and is awaiting trial. The passenger of the vehicle is also a plaintiff in this lawsuit. The plaintiffs assert a civil rights claim alleging excessive use of force.

The City is currently involved in litigation with five plaintiffs who brought civil rights claims against the City after the execution of a search warrant. The plaintiffs also sued an Arlington police officer. The officer's motion for summary judgment is pending before the federal district court for the Northern District of Texas. Discovery in the case is currently stayed pending a resolution of the officer's motion.

The City is involved in a premise liability lawsuit regarding an incident that occurred on a jogging trail at one of Arlington's public parks when a tree allegedly fell on the plaintiff.

The City is currently involved in litigation with the family of an individual that was tased by police after he doused himself and his home in gasoline while threatening to ignite the lighter in his hand and set himself and the home on fire. The individual died at the hospital.

The City is involved with litigation regarding the implementation of civil service for firefighters working for the City. The 96th Judicial District Court of Tarrant County, Texas previously denied the plaintiff's motion for temporary injunctive relief. The City filed motions for summary judgment on all claims. The plaintiffs seek changes to their employment benefits, seek to enforce promotions under the pre-civil service system, and allege violations of state law civil rights.

The City is involved in litigation filed by several short-term rental owners alleging that Arlington's new ordinances violate the Texas Constitution by infringing on their rights as private property owners. Plaintiffs are seeking a temporary restraining order, injunction and declaration that the ordinances are unconstitutional. All of Plaintiffs' requests have been denied so far and this matter is on appeal.

In addition, the City has received a notice of claim involving an accident where a police officer shot at a dog, which accidentally resulted in a fatality of an individual in the background.

As of August 12, 2020, there are twenty-five lawsuits pending against the City seeking monetary damages and/or injunctive relief. Nine of the cases assert state law tort claims which are subject to the Texas Tort Claims Act (TTCA). The TTCA limits liability for money damages to $250,000 for each person and $500,000 for each single occurrence for bodily injury and death. Further, the TTCA limits liability for property damage to $100,000.00 for each single occurrence. See Texas Civil Practice and Remedies Code, Section 101.023(c). In addition to the twenty-five lawsuits, the City is engaged in three eminent domain lawsuits, in which the City is seeking to acquire property.

Various other claims and lawsuits are pending against the City. In the opinion of City management, the potential losses, in excess of Arlington's Self Insurance & Risk Management Program limitations (see Note 13 of the City's audited basic financial statements in Appendix B hereto) of insurance coverage, if any, on all claims will not have a material adverse effect on the City's financial position as a whole.

Infectious Disease Outbreak – COVID-19

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

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic, which disaster declaration he has subsequently extended. In addition, certain local officials, including the County Judge of Tarrant County, previously declared a local state of disaster. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation. Executive Order GA-28, which was issued on June 26, 2020 and remains in effect until modified, amended, rescinded or superseded by the Governor, requires every business establishment in Texas to operate at no more than 50 percent of total occupancy, with certain exceptions for designated businesses; provided that people may not visit bars or use commercial rafting services. On July 2, 2020, the Governor issued GA-29 requiring persons to wear face coverings when inside a commercial entity or other building or space open to the public, or when in an outdoor public space with certain exceptions. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/.

The City continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the City. While the potential long-term impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the City. **The Bonds are secured by an ad valorem tax, see "TAX DATA – Table 9 – Tax Rate Distribution and Collection Ratios" levied within the limits prescribed by law, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the City's share of operations and maintenance expenses payable from ad valorem taxes. See also the City's disclosure filing at emma.msbr.org.**

Legal Matters

The City will furnish complete transcripts of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bonds and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel, to like effect. Though it may represent the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions, "The Bonds" (exclusive of the subcaptions "Tax

Rate Limitation," " Holders' Remedies" and "Sources and Uses of Proceeds"), "Legal Holdings on Eligibility to Secure Funds in Texas," "Tax Matters" and "Continuing Disclosure of Information" (exclusive of the subcaption "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification," and "Legal Matters" (exclusive of the last three sentences of the first paragraph thereunder thereof) under the caption "Other Relevant Information" in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Ordinance. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinions will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the City by West & Associates, L.L.P, as disclosure counsel to the City. Certain legal matters will be passed upon for the Underwriters by their counsel Locke Lord LLP, Dallas, Texas. The legal fees of such firms are contingent upon the sale and delivery of the Bonds.

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

Registration and Qualification

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

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, for a purchase price of $173,990,257.39, (representing the principal amount of the Bond less an underwriters' discount of $ 674,742.61). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

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

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the City and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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

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

Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Piper Sandler & Co., one of the underwriters of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

Financial Advisor

Estrada Hinojosa & Company, Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Estrada Hinojosa & Company, Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Forward Looking Statements

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

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

Miscellaneous

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and ordinance contained in the Official Statement are made subject to all of the provisions of such statutes, documents and ordinance. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original sources in all respects.

The Ordinance authorizing the issuance of the Bonds also approves the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the Bonds by the Underwriters.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY OF ARLINGTON

The City

The City is located in the eastern part of Tarrant County, equidistant between Dallas and Fort Worth on Interstate Highways 20 and 30, which are limited access highways. The City's location places it at the geographical center of the Dallas-Fort Worth metropolitan area. The land area of the City contained within its corporate boundaries is approximately 99.5 square miles.

The City was incorporated January 17, 1920, under the provisions of the Home Rule Amendment to the Texas State Constitution. The City 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 wastewater utilities, and general administrative services.

General

The City operates under the Council-Manager form of government as established by its Charter. There is a nine member City Council (the "Council") vested with local legislative power. Three council members and the Mayor are elected "at large" and five council members are elected in five single member districts. All members of the Council are elected for terms of two years, with the elections being held in even/odd years for approximately half the seats. Councilmembers and the Mayor are each limited to three two-year terms. The Council elects both a Mayor Pro Tem and a Deputy Mayor Pro Tem from among its members.

Mayor and City Council

Policy-making and supervisory functions are the responsibility of and are vested in the Council under provisions of the City Charter. Ordinance, resolutions and zoning decisions are presented at Council meetings at 6:30 p.m. on the second and fourth Tuesday of each month. Council meetings are broadcast on the local cable public access station and webcast. A simple majority of the Council constitutes a quorum. The Mayor is required to vote on all matters considered by the Council, but has limited power to veto Council actions that can be overridden by simple majority action of the Council.

Administration

The City Manager is the administrative head of the municipal government and carries out the policies of the Council. With the assistance of two Deputy City Managers and an Assistant City Manager, he coordinates the functions of the various municipal agencies and departments responsible for the delivery of services to residents. The City Manager is appointed by the Council and serves at the pleasure of the Council.

Excluding the positions and offices of the City Attorney, City Auditor and certain others whose appointments are reserved for Council action, the City Manager appoints and removes all City employees. The City Manager exercises control over all City departments and divisions and supervises their personnel; recommends Council legislative actions; advises Council on the City's financial conditions and needs; prepares and submits to Council the annual budget; and performs such duties required by Council.

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ECONOMIC AND DEMOGRAPHIC FACTORS

Population

Population and Rates of Change
Arlington and the United States
Selected Years

Year	Arlington	Annual Rate of Change	United States	Annual Rate of Change
1980	160,113	7.66%	226,545,805	1.15%
1990	261,721	6.35%	248,765,170	0.98%
2000	332,969	2.72%	281,421,906	1.31%
2010	365,438	0.98%	308,745,538	0.97%
2011	365,530	0.03%	312,759,230	1.30%
2012	365,860	0.09%	314,395,013	0.52%
2013	365,930	0.02%	316,128,839	0.55%
2014	369,508	0.98%	318,857,056	0.86%
2015	379,370	2.67%	321,418,820	0.80%
2016	380,740	0.36%	323,127,513	0.53%
2017	382,230	0.39%	326,474,013	1.04%
2018	383,950	0.45%	327,747,936	0.39%
2019	385,675	0.45%	328,886,114	0.35%
2020	388,110	0.63%	329,877,505	0.30%

Source: U.S. Census and City of Arlington Finance Department.

Employment

Employment date for the City, Texas, and the United States is shown below.

Unemployment Rate
Annual Average Rates
2016 to 2020

	May 2020	May 2019	May 2018	May 2017	May 2016
Arlington	14.1%	3.0%	3.4%	3.7%	3.6%
Texas	12.7%	3.1%	3.6%	4.1%	4.3%
United States	13.0%	3.4%	3.6%	4.1%	4.5%

Source: Texas Workforce Commission

Arlington Major Employers [(1)]

Employer	Type of Business	Number of employees
Arlington Independent School District	Public Education	8,200
University of Texas at Arlington	Higher Education	5,300
General Motors	Automobile Assembly	4,484
Texas Health Resources	Medical	4,063
Six Flags Over Texas	Amusement Park	3,800
The Parks Mall at Arlington	Retail	3,500
GM Financial	Automobile Financing	3,300
City of Arlington	Municipality	2,487
J.P. Morgan Chase	Banking Services	1,965
Texas Rangers Baseball Club	Major League Baseball	1,881
Total		**38,980**

[(1)] Arlington Chamber of Commerce. Includes part-time and peak seasonal employees.

Building Permits

	2019		2018		2017	
	Permits	Declared Value	Permits	Declared Value	Permits	Declared Value
New Single Family	794	$ 196,695,469	566	$ 143,824,017	524	$ 89,162,382
New Multifamily	17	84,688,224	21	98,308,576	3	35,824,000
New Commercial	169	264,916,391	116	981,290,295	97	142,276,696
Other (Residential and Commercial)	8,749	362,113,580	8,783	392,518,994	7,185	641,251,810
Grand Total	9,729	$ 908,413,664	9,486	$ 1,615,941,882	7,809	$ 908,514,888

Source: City of Arlington Building Inspections Division

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APPENDIX B

CITY OF ARLINGTON, TEXAS COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2019

PREPARED BY THE FINANCE DEPARTMENT,
ACCOUNTING DIVISION

ARLINGTON
THE AMERICAN DREAM CITY

Jeff Williams
Mayor

Trey Yelverton City Manager	Mike Finley, CGFO Finance Director/CFO

Amy Trevino, CPA
Controller

ARLINGTON℠

THE AMERICAN DREAM CITY

CITY OF ARLINGTON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
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ARLINGTON℠

THE AMERICAN DREAM CITY

March 3, 2020

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

State law requires that every general purpose government publish, within six months of the close of the fiscal year, a complete set of audited financial statements. This Comprehensive Annual Financial Report (CAFR) is published to fulfill that requirement for the fiscal year ended September 30, 2019.

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

Grant Thornton, LLP has issued an unqualified "clean" opinion on the City's financial statements for the year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

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

City Profile: Overview and Governance

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

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

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

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

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

Financial Planning and Policies

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

Long Term Financial Planning

The Arlington economy is broad and diverse. While growth in the Texas economy has slowed slightly, economic growth in the Dallas-Fort Worth metroplex remains robust. The top five major employers listed below make up approximately 12% of the total employment of the city. Some of the major employers in the city include the following:

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

Major taxpayers include General Motors Company, Arlington Highlands, Parks at Arlington and Oncor Electric Delivery; making up approximately $806M, 3.10% of the City's assessed value.

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

The FY 2019-20 budget was developed with delivery of core services in mind. Managed savings, restructuring, and ongoing efficiency initiatives have enabled staff to deliver the same high level of service at the lowest possible cost. Arlington prides itself on providing an elevated level of service at the lowest cost possible. The City is continuously looking for new ways to innovate, to save, and to provide the highest value to our residents.

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

The 2019 budget focused on these priorities and maintains the City’s core value of quality and cost-effective service delivery. In 2019 (tax year 2018), the property tax rate is 63.48 cents. The new 2019 rate is .50 cents lower than the previous rate of 63.98 cents (tax year 2017), which was the rate in effect for the previous year.

Major Initiatives/Highlights

<u>Entertainment District</u>

Texas Rangers Major League Baseball Team/Globe Life Field and Globe Life Park

During fiscal year 2019, construction continued on the new stadium, Globe Life Field. The existing stadium, Globe Life Park is being partially repurposed into a home for a new XFL football team called the Renegades in 2020. Games will be televised on major television networks. The Texas Soccer Club will also play at Globe Life Park beginning in 2020. The team will call the stadium home for the next three years. The final game at Globe Life Park was held on September 29th. Six Flags Entertainment Corporation announced that its new global corporate headquarters will move into the offices at Globe Life Park after the Texas Rangers transition to Globe Life Field.

Texas Live!

Texas Live!, which is located between Texas Rangers' Globe Life Park and the Dallas Cowboys' AT&T Stadium, features over 100,000 square feet of premier dining and entertainment space, a 5,000 person capacity outdoor event pavilion; a full-service 300-room convention hotel, and a 35,000 square foot meeting/convention facility. Restaurants and entertainment venues include Live! Arena, PBR Texas, Guy Fiero's Taco Joint, Sports and Social Arlington, Miller Tavern and Beer Garden, Lockhart Smoke House, Pudge's Pizza, and Troy's. In July, Texas Live! announced its partnership with Balcones Distilling as the official Texas-whiskey provider.

Live! by Loews

The flagship Live! by Loews hotel and convention center at Texas Live! opened in August 2019. The hotel is the first of its kind in the country, providing guests an unprecedented upscale experience that blends sports and entertainment with first-class hospitality and superior amenities. The hotel boasts five restaurants and lounges, 35,000 square feet of indoor and outdoor event space, a tower terrace, event lawn, outdoor infinity pool and private rooftop terrace; and unparalleled access to Texas Live!.

Esports Stadium

The City of Arlington's $10 million esports stadium opened in the Entertainment District in November 2018. The 100,000 square-foot stadium, with seating for up to 2,000 spectators, is the largest and most flexible esports stadium in the country. SportTechie has selected Esports Stadium Arlington as its Outstanding Venue for 2018. In July 2019 it was announced the Esports Awards ceremony will be held in Arlington for the next three years. This is the first time the ceremony will be held in the United States.

AT&T 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 through 2021. It was announced in early 2019 the Mexican National Soccer Team U.S Tour will come to the stadium through 2022. In March 2019, Errol Spence Jr. defeated Mikey Garcia at the stadium to retain his welterweight belt. In May, the three-day KAABOO festival was held in Arlington. It was billed as a music and lifestyle event. In August, the AdvoCare Classic was held at the stadium. In 2020, the Professional Bull Riders 2020 Global Cup competition will be held in the stadium.

National Medal of Honor Museum

The National Medal of Honor Museum Foundation announced that Arlington has been selected as the site for the future National Medal of Honor Museum. Planned for construction near Globe Life Park and AT&T Stadium, the first national museum of its kind, will open to the public in 2024.

Other notable 2019 accomplishments include:

- **General Motors/GM Financial**
  General Motors announced an additional $20 million investment to upgrade the conveyors in preparation for the launch of GM's all-new full-size SUV's. GM has invested more than $1.4 billion in Arlington Assembly since 2015 to build a new paint shop and for body shop and general assembly area upgrades.

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

- **Arlington Tomorrow Foundation**
  This foundation was created to ensure financial resources which are acquired from the City's natural gas drilling activities today benefit Arlington and its citizens for generations to come. The interest earned annually from the endowment is awarded as grants to local non-profits and governmental entities to benefit citizens and enhance the natural surroundings and lifestyle of Arlington. In 2019, the Foundation approved over $1.6 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

- **L3 Technologies**
  L3 Technologies opened its newly expanded multi-purpose training center. It provides world-leading simulation and instruction for both military and commercial pilots and state-of-the-art classroom facilities.

- **Medical City Arlington**
  Medical City Arlington has been designated a Level II Trauma Center, making it the first and only hospital in Arlington to achieve this classification.

- **Texas Health Arlington Memorial**
  Texas Health Arlington Memorial Hospital celebrated 60 years of service to Arlington and the surrounding communities.

Awards and Acknowledgements

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, 2018. This was the 41st 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, 2018. This was the tenth 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 2019 budget. The City has earned this award for the past 33 years and expects to earn this award again for the upcoming FY 2020 budget.

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

- Transparency Stars for Finances-Awarded by Texas Comptroller of Public Accounts. Arlington was 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 Winner for excellence in the field of Park and Recreation Management
- Commission on Accreditation for Law Enforcement Agencies (CALEA)
- Emergency Management Accreditation Program (EMAP) Accredited
- American Public Works Association (APWA) Accredited Agency
- ProLiteracy Accreditation
- Association of Metropolitan Water Agencies (AMWA) Gold Award winner for exceptional utility performance
- Achievement of Excellence in Procurement

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We would like to express appreciation to all members of the Finance Department, especially Amy Trevino, Kristi Janes, Deloise Edwards, Joy Geppert, 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. Credit is also de to the mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

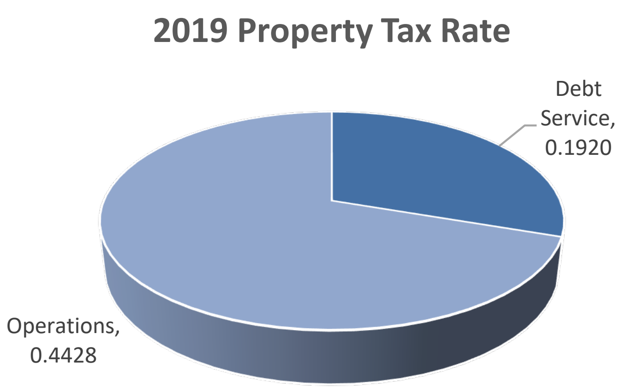
Trey Yelverton
City Manager

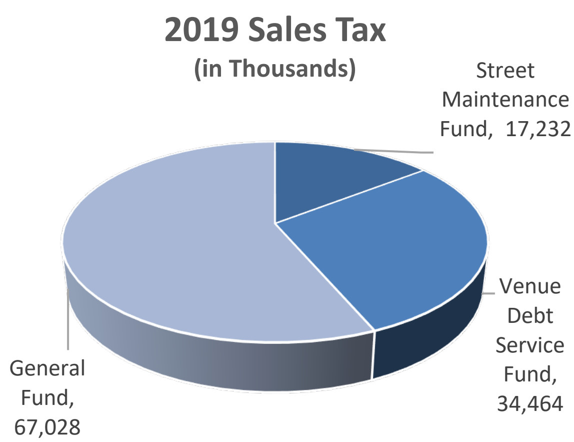
Mike Finley, CGFO
Finance Director/CFO

Local Economic Indicators

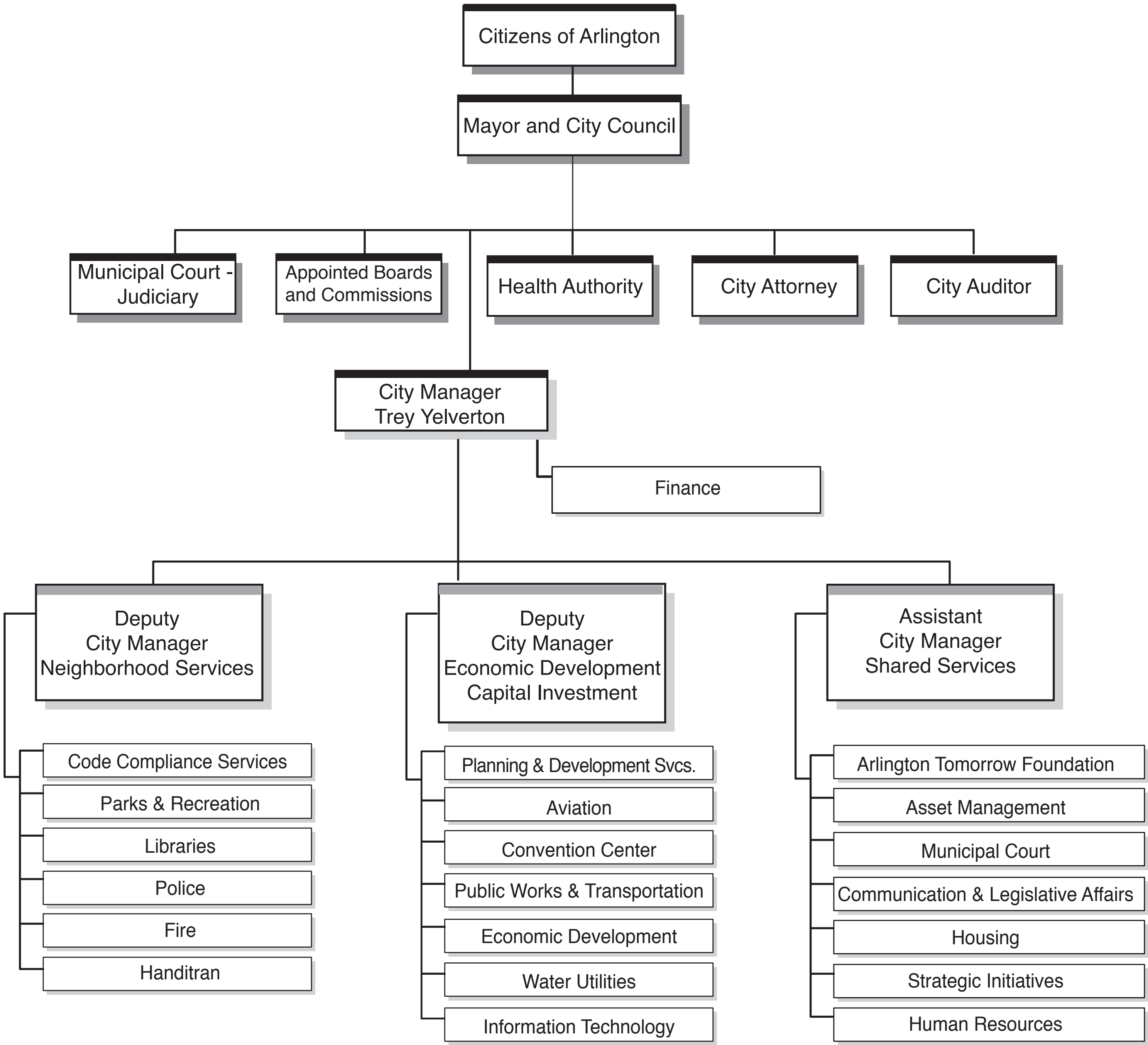
	2019	2018	2017
Property Tax Base (in thousands)*	(tax year 2018)	(tax year 2017)	(tax year 2016)
Personal	2,919,937	2,802,576	2,719,198
Real Estate	23,148,756	20,923,195	18,694,707
Mineral Lease Properties	146,407	119,677	134,832
Agricultural Properties	815	636	708
Total	26,215,915	23,846,084	21,549,445
Property Tax Rate			
Operations	0.4428	0.4409	0.4538
Debt Service	0.1920	0.1989	0.1910
Total	0.6348	0.6398	0.6448
Sales Tax (in thousands)			
Collections	118,724	109,645	105,532
Annual Growth	8.28%	4.07%	2.70%
Population	386,180	383,950	382,230
General Obligation Debt per Capita	1,160	1,108	1,046
Labor Force	214,599	213,284	207,936
Unemployment Rate	3.40%	3.52%	3.40%
Housing starts permits issued	823	566	523
Foreclosure (residential and commercial)	114	188	225
Occupancy Rates			
Office	89.90%	90.60%	91.80%
Industrial	94.90%	95.90%	92.70%
Retail	93.70%	95.10%	95.20%

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





City of Arlington Organization Chart



Rev. 7.19

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, 2018

Christopher P. Morrill

Executive Director/CEO

City of Arlington, Texas
City Council

Jeff Williams
Mayor
Term expires May 2021

Victoria Farrar-Myers, District 7 At Large
Deputy Mayor Pro Tempore
Term expires May 2020

Helen Moise, District 1
Term expires May 2020

Sheri Capehart, District 2
Term expires May 2020

Marvin Sutton, District 3
Term expires May 2021

Andrew Piel, District 4
Term expires May 2021

Dr. Ignacio Nunez, District 5
Term expires May 2021

Robert Shepard, District 6 At Large
Term expires May 2020

Dr. Barbara Odom-Wesley, District 8 At Large
Term expires May 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements

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

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

Auditor's responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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 9%, 7%, and 88% 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, 2019, 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 16, 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, Seasonal and Temporary Employees Deferred Income Trust Plan, the Schedule of the City's Contributions - Part Time, Seasonal and Temporary Employees Deferred Income Trust Plan, the Schedule of Funding Progress - Disability Income Plan, the Schedule of the City's Contributions – Disability Income Plan, the Schedule of Funding Progress - Postemployment Healthcare Plan, the Schedule of the City's Contributions - Postemployment Healthcare Plan, the Schedule of Changes in the City's Net Supplemental Death Benefits – TMRS, and the Schedule of Contributions - Supplemental Death Benefit TMRS on pages 87 through 100, 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.

Grant Thornton

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 3, 2020, 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 solely 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 the City's 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.

Grant Thornton LLP

Dallas, Texas
March 3, 2020

Management's Discussion and Analysis
For the Year Ended September 30, 2019 (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, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found beginning on page vii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by $2.38B (net position). Of this amount, $80.2M represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased $450M during the current period primarily due to increases to net investment in capital assets and the amount restricted for debt service.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $345M, a **decrease** of $225M in comparison with the prior year. Within this total, $194M is restricted for specific legal requirements and $150M has been committed or assigned to specific types of expenditures. The remaining unassigned fund balance in the general fund and can be used for any lawful purpose.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was $151M, or approximately 60% of total general fund expenditures.
- The City's total outstanding long-term debt of $1.36B **increased** $116M during the year. Debt issues in 2019 include $55.9M in Permanent Improvement Bonds, $5.4M in Combination Tax and Revenue Certificate of Obligation Bonds, $41.9M in Water and Wastewater System Revenue bonds, $6.8M in Municipal Drainage Utility System Revenue Bonds, and $83.9M bonds related to the Texas Water Development Board (TWDB) Clean and Drinking Water Programs. Bond principal payments for 2019 total $78M on existing obligations. Exclusive of special venue debt, City of Arlington debt is allocated 54% for general government, with the remaining 46% to water, wastewater, and storm water activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

- Governmental Activities – Functions of the City that are principally supported by taxes and intergovernmental revenues are reported here including general government, public safety, public works, public health, parks and recreation, public welfare, convention and event services and interest and fiscal charges. Property taxes, sales taxes, and franchise fees provide the majority of funding for these activities, with the addition of charges for services, grants and contributions.

- Business-type Activities – Functions that are intended to recover all or a significant portion of their costs through user fees and charges are reported here. The City's water and sewer system and storm water utilities are reported here.

- Component Units – For fiscal year 2019, 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).

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

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

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

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

The City maintains twenty-one individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, 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 22 of this report.

Proprietary Funds

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

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is the trustee, or fiduciary, for several funds, including the Part-Time Deferred Income Trust, Thrift Savings Plan, and Disability Income Plan, as well as certain amounts held on behalf of developers, property owners and others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position.

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 87 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 101-137 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position was $2.38B as of September 30, 2019. The largest portion of the City's net position $2.12B (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. Accordingly, these assets are not available for future spending. They do, however, represent an obligation on the part of the City to maintain these assets into the future.

City of Arlington's Net Position

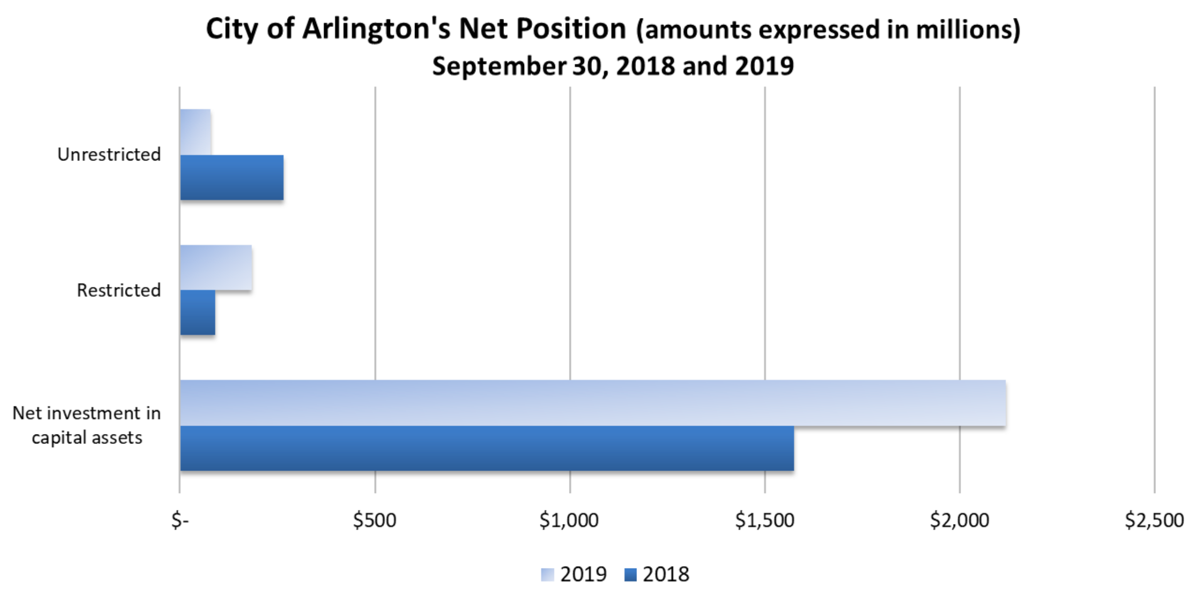
(Amounts Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current and other assets	$ 688	$ 436	$ 253	$ 362	$ 941	$ 798
Capital assets	1,863	2,534	814	850	2,677	3,384
Total assets	2,551	2,970	1,067	1,212	3,618	4,182
Total deferred outflows of resources	79	144	6	11	85	155
Long-term liabilities outstanding	1,344	1,460	292	399	1,636	1,859
Other liabilities	51	28	19	19	70	47
Total liabilities	1,395	1,488	311	418	1,706	1,906
Total deferred inflows of resources	62	47	4	3	66	50
Net position:						
Net investment in capital assets	881	1,463	694	653	1,576	2,116
Restricted	50	66	39	119	89	185
Unrestricted	242	50	24	30	266	80
Total net position	$ 1,173	$ 1,579	$ 757	$ 802	$ 1,931	$ 2,381

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

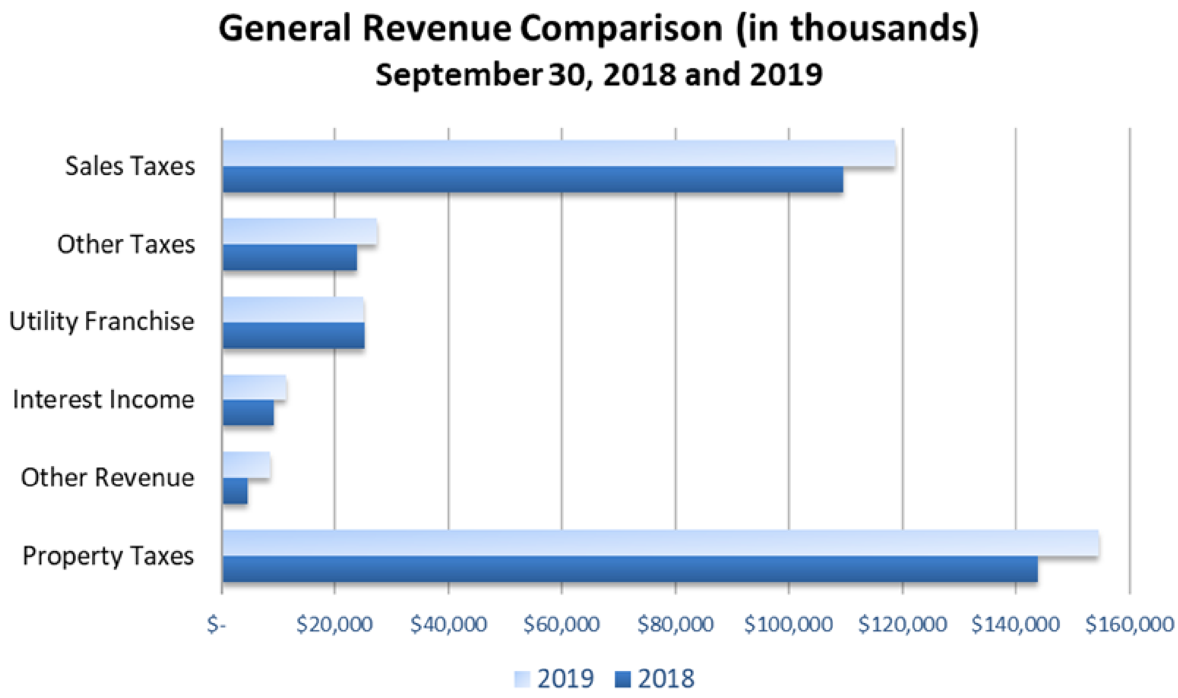
An additional portion of the City's net position of $185M (7.8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of $80M (3.4%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all reported categories of net position, both for the governmental and business-type activities. Overall net position increased $450M from the prior fiscal year.



Governmental Activities
The City's general revenues increased compared to the prior year, increasing overall by 4%. Sales, property tax revenue and interest earnings accounted for much of the increase this year compared to last.

Property tax collections were up from the prior year by about $10.8M and Arlington once again saw growth in assessed valuation. The residential property values increased by 9.2% and commercial property values increased by 9.6% compared to the prior year. The City anticipates property values to increase with continued state of economic conditions. The property tax rate for 2019 was set at $0.6348 per $100 assessed valuation; no change from $0.6348 in the prior year.



Sales tax revenue increased by $9.1M, up 8.3% from the prior year. Consumer confidence continued to strengthen during the year, as demonstrated by increased revenues. Strong sales tax collections in 2019 indicate that Arlington is a thriving community. Utility franchise fee collections decreased slightly by 1% in 2019, primarily due to similar revenue levels for cable, electrical and gas utilities compared to the prior year.

Charges for services increased $5.2M with most of the increase resulting from the increase in business-type activities revenues related to water usage. Capital grants and contributions increased by $406M due to capital contributions related to the new Rangers ballpark. Operating grants and contributions decreased $4.5M compared to the prior year due to decreased grant income and transfer amounts. Interest income increased by $5.7M due to improved market conditions compared to the prior year.

Overall, expenses decreased approximately $11.9M (2%) from the prior year. Decreases are primarily attributed to decreased capital outlay in the prior year compared to the current year. Public welfare expenses decreased primarily due to there not being a one-time large sum expense compared to the prior year. Interest and fiscal charges increased due to higher interest and increase in bond related expenses.

City of Arlington's Changes in Net Position

(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues						
Program Revenues:						
Charges for services	$ 60,266	$ 64,652	$ 172,342	$ 173,203	$ 232,608	$ 237,855
Operating grants and contributions	20,345	15,849	-	-	20,345	15,849
Capital grants and contributions	4,544	410,903	5,662	4,978	10,206	415,881
General Revenues:						
Taxes	277,431	300,702	-	-	277,431	300,702
Utility franchise fees	25,166	24,921	-	-	25,166	24,921
Interest income	9,276	11,329	988	4,676	10,264	16,005
Other	4,741	8,568	-	-	4,741	8,568
Total revenues	401,769	836,924	178,992	182,857	580,761	1,019,781
Expenses						
General government	81,032	82,037	-	-	81,032	82,037
Public Safety	167,064	187,839	-	-	167,064	187,839
Public Works	65,482	75,818	-	-	65,482	75,818
Public Health	3,067	3,610	-	-	3,067	3,610
Parks and recreation	35,599	37,161	-	-	35,599	37,161
Public welfare	68,964	11,132	-	-	68,964	11,132
Convention and event services	16,439	15,416	-	-	16,439	15,416
Interest and fiscal charges	29,247	37,378	-	-	29,247	37,378
Water, sewer and storm water	-	-	115,122	119,752	115,122	119,752
Total expenses	466,894	450,391	115,122	119,752	582,016	570,143
Increase in net position before transfers	(65,125)	386,533	63,870	63,105	(1,255)	449,638
Transfers and capital contributions	34,611	18,769	(34,611)	(18,769)	-	-
Increase (decrease) in net position	(30,514)	405,302	29,259	44,336	(1,255)	449,638
Net Position, October 1	1,203,804	1,173,566	728,206	757,465	1,932,010	1,931,031
Impact of accounting adjustment	276				276	
Net Position, September 30	$ 1,173,566	$ 1,578,868	$ 757,465	$ 801,801	$ 1,931,031	$ 2,380,669

Business-type Activities

During the current fiscal year, net position for business-type activities increased $44M from the prior fiscal year for an ending balance of $802M. The increase in overall net position of business-type activities is the result of the increased amount restricted for debt service. The revenue increase of $4M in business-type activities (Water and Wastewater/Storm Water Utility) is a result of an increase in water sales and sewer service revenues reported in service charges and interest for the current year. Increases in expenses were primarily for the cost of purchasing water and sewage treatment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to $3.4B (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, water treatment plants, and stadiums. The total increase in capital assets for the current fiscal year was $707M. This is a 26% increase over the prior fiscal year. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

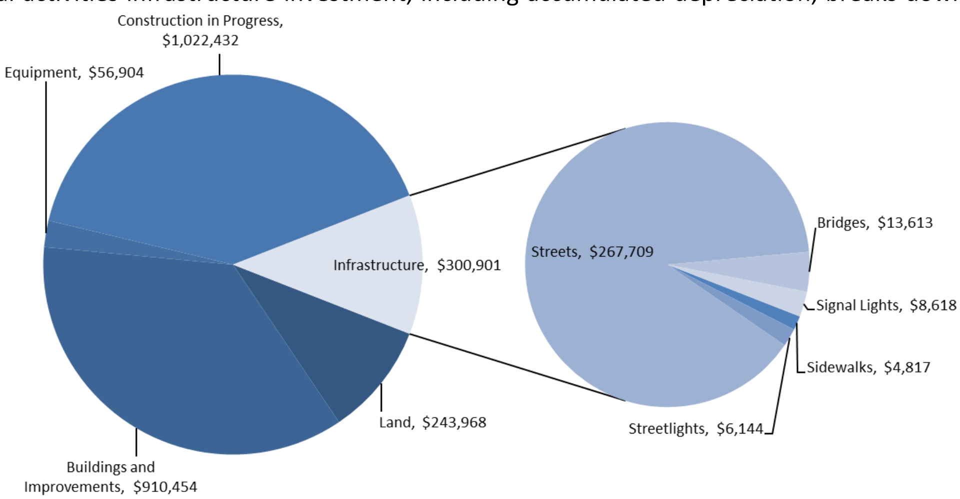
City of Arlington's Capital Assets
(in thousands)

	Governmental activities		Business-type activities		Total	
	2018	2019	2018	2019	2018	2019
Land	$ 229,614	$ 243,968	$ 22,657	$ 23,002	$ 252,271	$ 266,970
Buildings and improvements	967,301	910,454	1,194	2,626	968,495	913,080
Machinery and equipment	27,248	56,904	478	328	27,726	57,232
Construction in progress	399,759	1,022,432	121,099	98,003	520,858	1,120,435
Infrastructure	239,139	300,901	-	-	239,139	300,901
Drainage system	-	-	72,275	82,102	72,275	82,102
Water and sewer system	-	-	596,735	644,019	596,735	644,019
Totals	$ 1,863,061	$ 2,534,659	$ 814,438	$ 850,080	$ 2,677,499	$ 3,384,739

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

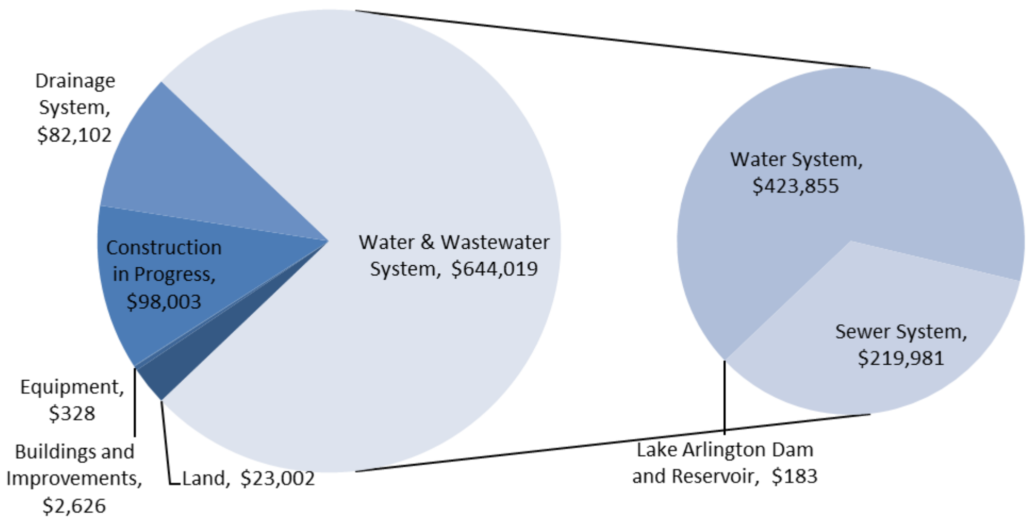
- Private developer capital contributions of $5.0M to the City's water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of $39.9M
- Storm drainage system capital improvements and expansion of $10.8M
- Street construction projects capital outlay totaling $28.1M
- Improvements to parks and recreation facilities of $21.6M

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



Asset	Book Value	Accumulated Depreciation	Net Value
Sidewalks	$ 69,388	$ (64,571)	$ 4,817
Streetlights	19,202	(13,058)	6,144
Streets	861,090	(593,381)	267,709
Bridges	43,200	(29,587)	13,613
Signal Lights	19,861	(11,243)	8,618
	$ 1,012,741	$ (711,840)	$ 300,901

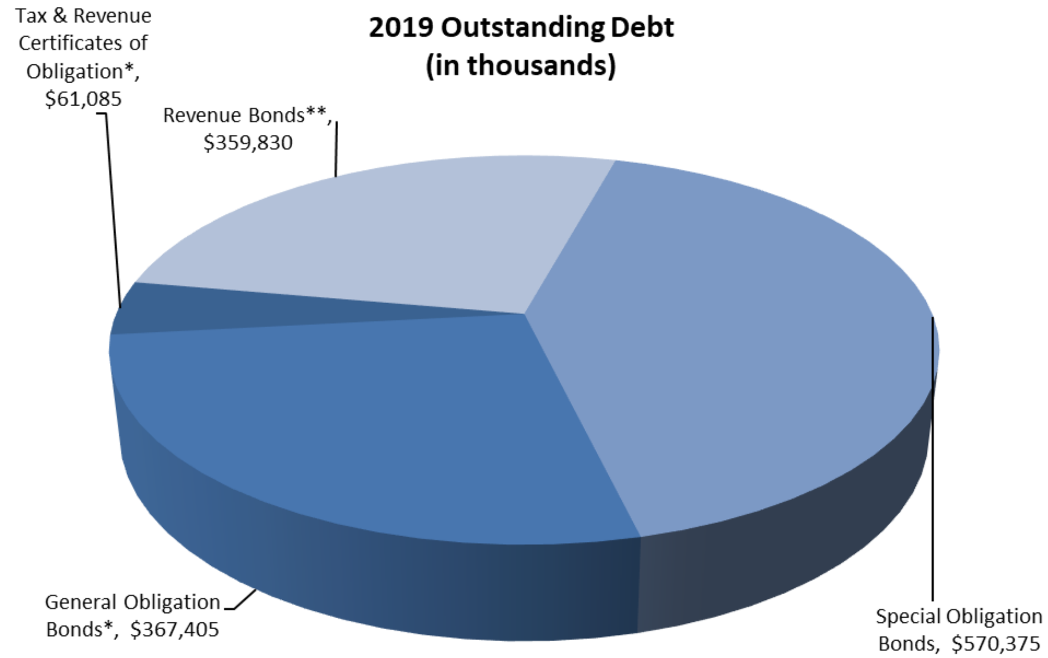
The City's business-type activities infrastructure investment, including accumulated depreciation, breaks down as follows (in thousands):

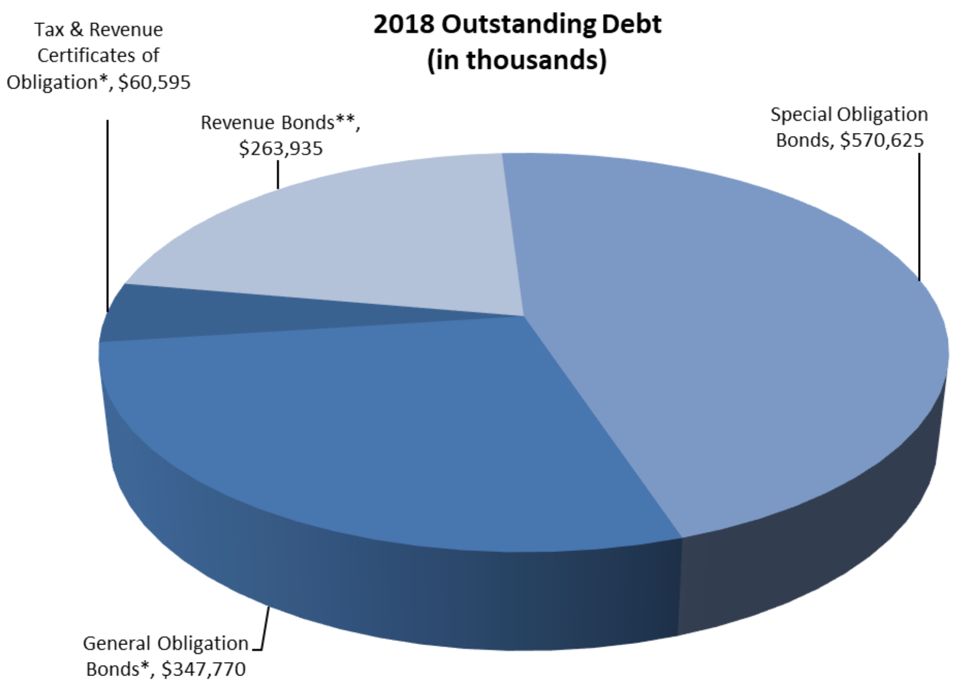


Asset	Book Value	Accumulated Depreciation	Net Value
Lake Arlington Dam and Reservoir	$ 2,619	$ (2,436)	$ 183
Water System	650,490	(226,635)	423,855
Sewer System	342,011	(122,030)	219,981
	$ 995,120	$ (351,101)	$ 644,019

Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of $1.36B, an increase of $116M from 2018. The increase in total debt is due to new debt issuances.





**Secured by City Tax Base*
***Secured by Water and Sewer or Drainage Revenue*

City of Arlington's Outstanding Debt

(in thousands, net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
General obligation bonds (backed by the City)	$347,770	$ 367,405	$ -	$ -	$ 347,770	$ 367,405
Combination tax and revenue certificates of obligation (backed by the City)	60,595	61,085	-	-	60,595	61,085
Special tax revenue bonds	570,625	570,375	-	-	570,625	570,375
Revenue bonds (backed by fee revenues)	-	-	263,935	359,830	263,935	359,830
Total	$978,990	$ 998,865	$ 263,935	$359,830	$1,242,925	$1,358,695

During the current fiscal year, the City issued $55.9M in Permanent Improvement Bonds, $5.4M in Combination Tax and Revenue Certificate of Obligation Bonds, $41.9M in Water and Wastewater System Revenue bonds, $6.8M in Municipal Drainage Utility System Revenue Bonds, and $83.9M 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 2019, the City's debt ratings were as follows by type and agency:

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

^ Series 2018A insured by Assured Guaranty Municipal Corp (AGM)
^ Series 2018C insured by Build America Mutual Assurance Company (BAM)
* AMBAC insured / AMBAC no longer rated

General bonded debt per capita increased from $1,108 in 2018 to $1,160 in 2019.

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 1.73%.

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, 2019 was $9.4M.

THE CITY'S FUNDS

The governmental funds of the City reported a combined fund balance of $344.9M. The General Fund balance was $65.9M, which was slightly less than the prior year. The Debt Service fund balance increased $14.8M, ending the year with $56M. The increase was a result of the additional debt issuances during the fiscal year. Other changes in fund balances noted include:

- Street Capital Projects fund balance increased in fiscal year 2019, up from $63M to $88M. The $25M increase in fund balance in primarily due to debt issuance of $48M, offset by $28M spent on capital outlay and contribution and interest revenues of $4M.

- The City's water and sewer fund net position of $681M increased by $33M in the current year. The increase in net position is primarily due to operating revenues exceeding expenses by $46M, capital contributions of $5M and transfers out of $18M.

- The Storm Water Utility fund saw an increase of $11.3M to net position in 2019. Storm water fee revenues exceeded fund expenses by $12M and transfers out of $1M were completed, increasing net position to $125M at the end of the fiscal year.

GENERAL FUND BUDGET HIGHLIGHTS

During fiscal year 2019, there was one operating budget amendment in the General Fund to increase appropriations for one fire training academy.

Actual expenditures on a budgetary basis of $280.6M were less than budgeted expenditures of $284.5M. Savings were in general government and parks and recreation categories.

Revenues on a budgetary basis were higher than the budgeted amount of $270M by $3.6M. Licenses and permits, taxes, fines and forfeitures, and other revenues were higher than budgeted and are attributable to the variance. Utility franchise fees and service charges were down due to decreases in telephone utility and data service charge revenues.

ECONOMIC FACTORS AND FISCAL YEAR 2020

Each year, the City Council identifies community priorities that guide how to allocate the City's resources. The annual Budget and Business Plan are developed to address the City Council's adopted priorities. Economic development continues to be a priority in order to capitalize on development throughout the region. The City must continue to look for ways to innovate, provide the highest value possible to residents, respond to challenges, and plan for the future. The 2020 Budget also focuses on public safety funding, opening and maintaining City facilities. General Fund property tax revenues increased to $106M and sales taxes were strong in 2019. Key budget priorities in 2020 are:

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

The City's total General Fund revenues and transfers for 2020 are budgeted at $270M, and total General Fund expenditures are expected to be $265M, a net increase of $10.1M over 2019.

The General Fund's largest single revenue source is property taxes. This revenue represents 44.1% of the General Fund budget. The property tax rate for 2020 is $0.6240 per $100 valuation, the fourth time it has decreased since 2001. The tax rate is split out into two categories, operations and maintenance, $0.4467 per $100 valuation, to the

General Fund, and interest and sinking, $0.17730 per $100 valuation, for debt service. The General Fund property tax revenue for 2019 is estimated to be $119M, up $12.7M (12%) 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 2020 is estimated at $68.4M, an increase of $3.9M from 2019 estimates.

The City's Water and Sewer Fund accounts for approximately 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 $79.6M and $73.1M respectively for FY 2020. 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 2020 Operating Budget can be accessed on the City's website: http://www.arlington-tx.gov/budget/.

REQUESTS FOR INFORMATION

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Total**	**Component Units**
ASSETS				
Cash and cash-like investments	$ 342,078	$ 34,204	$ 376,282	$ 21,191
Investments	-	-	-	64,200
Land held for resale	7,653	-	7,653	-
Receivables (net of allowance for uncollectibles):				
Taxes	4,776	-	4,776	-
Sales taxes	20,468	-	20,468	-
Trade accounts	21	13,307	13,328	-
Franchise fees	6,227	-	6,227	-
Unbilled trade accounts	-	10,718	10,718	-
Special assessments	123	-	123	-
Accrued interest	3,083	53	3,136	440
Ballpark lease	7,587	-	7,587	-
Settlement agreement	3,934	-	3,934	-
Other	5,001	3	5,004	1,066
Internal balances	4,461	(4,461)	-	-
Due from other governments	5,624	-	5,624	-
Inventory of supplies	1,828	1,054	2,882	-
Prepaid expenses	-	-	-	120
Restricted assets-				
Bond contingency-				
Investments	-	29,593	29,593	-
Capital construction-				
Investments	-	179,593	179,593	-
Escrow	-	91,612	91,612	-
Meter deposits-				
Investments	-	6,685	6,685	-
Closure/Post-closure trust fund				
Investments	22,671	-	22,671	-
Capital Assets-				
Land	243,968	23,002	266,970	2,204
Buildings and improvements	1,347,385	4,337	1,351,722	563
Water and sewer system	-	995,118	995,118	-
Machinery and equipment	133,904	12,474	146,378	1,121
Infrastructure	1,012,741	-	1,012,741	-
Drainage systems	-	128,794	128,794	-
Construction in progress	1,022,432	98,003	1,120,435	-
Accumulated depreciation	(1,225,771)	(411,648)	(1,637,419)	(1,299)
Total Assets	2,970,194	1,212,441	4,182,635	89,606
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on debt refunding	12,389	1,698	14,087	-
Deferred outflow-contributions pension	20,806	1,445	22,251	-
Deferred outflow-contributions OPEB	3,796	260	4,056	-
Deferred outflow-actuarial assumption changes pension	101,091	7,024	108,115	-
Deferred outflow-actuarial assumption changes OPEB	5,638	387	6,025	-
Total Assets and Deferred Outflows of Resources	3,113,914	1,223,255	4,337,169	89,606

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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Accounts payable and accrued liabilities	$ 20,031	$ 5,649	$ 25,680	$ 3,404
Retainage payable	2,353	-	2,353	-
Accrued interest	5,490	-	5,490	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	2,426	2,426	-
Retainage payable	-	1,435	1,435	-
Accrued interest	-	3,008	3,008	-
Meter deposits	-	6,685	6,685	-
Non-current liabilities				
Due within one year:				
Estimated claims payable	4,094	-	4,094	-
General obligation and certificates of obligation debt	35,920	-	35,920	-
Accrued compensated absences	1,327	112	1,439	-
Revenue bonds	-	25,345	25,345	-
Capital lease obligation	1,094	-	1,094	-
Due in more than one year:				
Estimated claims payable	5,284	-	5,284	-
Rebatable arbitrage payable	-	169	169	-
Total other post-employment benefit liability	112,320	7,797	120,117	-
General obligation and certificates of obligation debt	417,458	-	417,458	-
Special tax revenue debt	620,388	-	620,388	-
Landfill closure accrued liabilities	22,671	-	22,671	-
Estimated pollution remediation	476	-	476	-
Accrued compensated absences	32,504	2,358	34,862	-
Revenue bonds	-	349,498	349,498	-
Net pension liability	201,544	14,025	215,569	-
Capital lease obligation	4,637	-	4,637	-
Total Liabilities	1,487,591	418,507	1,906,098	3,404
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - pension	39,890	2,769	42,659	-
Deferred inflow - lease & settlement agreements	4,985	-	4,985	346
Deferred inflow - OPEB	2,580	178	2,758	-
Total Liabilities and Deferred Inflows of Resources	1,535,046	421,454	1,956,500	3,750
NET POSITION				
Net investment in capital assets	1,462,715	653,396	2,116,111	2,589
Restricted for debt service	55,976	118,649	174,625	-
Restricted for use of impact fees	9,766	-	9,766	-
Restricted for housing assistance	-	-	-	170
Restricted for Convention & Visitor's Bureau Operations	-	-	-	300
Restricted for endowments	-	-	-	77,130
Unrestricted	50,411	29,756	80,167	5,667
Total Net Position	$ 1,578,868	$ 801,801	$ 2,380,669	$ 85,856

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

ARLINGTON℠

THE AMERICAN DREAM CITY

CITY OF ARLINGTON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government:				
Governmental Activities:				
General government	$ 82,037	$ 29,217	$ 71	$ 71
Public safety	187,839	15,337	7,181	-
Public works	75,818	2,309	50	3,965
Public health	3,610	4,025	-	-
Parks and recreation	37,161	11,206	86	406,867
Public welfare	11,132	262	8,461	-
Convention and event services	15,416	2,296	-	-
Interest and fiscal charges	37,378	-	-	-
Total Governmental Activities	450,391	64,652	15,849	410,903
Business-Type Activities:				
Water and sewer	113,341	155,189	-	4,978
Storm water utility	6,411	18,014	-	-
Total Business-Type Activities	119,752	173,203	-	4,978
Total Primary Government	$ 570,143	$ 237,855	$ 15,849	$ 415,881
Component Units:				
Arlington Housing Authority	$ 31,996	$ -	$ 31,223	$ -
Arlington Convention and Visitors Bureau	6,644	6,692	500	-
Arlington Tomorrow Foundation	2,055	-	-	-
Arlington Housing Finance Corporation	44	66	-	-
Arlington Tourism Public Improvement District	3,634	2,580	721	-
Arlington Convention Center Development Corp	41	-	34	-
Arlington Economic Development Corp	-	-	-	-
Total Component Units	$ 44,414	$ 9,338	$ 32,478	$ -

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

The notes to the financial statements are an integral part of this statement.
*Footnote 1.Q. provides additional information regarding restatement of net position.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (52,678)	$ -	$ (52,678)	$ -
(165,321)	-	(165,321)	-
(69,494)	-	(69,494)	-
415	-	415	-
380,998	-	380,998	-
(2,409)	-	(2,409)	-
(13,120)	-	(13,120)	-
(37,378)	-	(37,378)	-
41,013	-	41,013	-
-	46,826	46,826	-
-	11,603	11,603	-
-	58,429	58,429	-
$ 41,013	$ 58,429	$ 99,442	$ -
$ -	$ -	$ -	$ (773)
-	-	-	548
-	-	-	(2,055)
-	-	-	22
-	-	-	(333)
-	-	-	(7)
-	-	-	-
$ -	$ -	$ -	$ (2,598)
154,606	-	154,606	-
118,724	-	118,724	-
365	-	365	-
2,225	-	2,225	-
80	-	80	-
12,233	-	12,233	-
12,469	-	12,469	-
24,921	-	24,921	-
11,329	3,014	14,343	6,037
3,351	1,662	5,013	(132)
5,217	-	5,217	258
18,769	(18,769)	-	-
364,289	(14,093)	350,196	6,163
405,302	44,336	449,638	3,565
1,173,566	757,465	1,931,031	82,291
$ 1,578,868	$ 801,801	$ 2,380,669	$ 85,856

CITY OF ARLINGTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Street Capital Projects	Ballpark Venue	Other Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash-like investments	$ 50,078	$ 49,073	$ 90,652	$ -	$ 130,752	$ 320,555
Land held for resale	-	-	-	-	7,653	7,653
Receivables (net of allowance for uncollectibles)						
Taxes	3,481	348	-	-	947	4,776
Sales taxes	11,696	5,848	-	-	2,924	20,468
Franchise fees	6,227	-	-	-	-	6,227
Special assessments	-	-	123	-	-	123
Accrued interest	2,273	707	-	-	-	2,980
Lease and settlement agreements	11,521	-	-	-	-	11,521
Other	4,238	-	-	-	556	4,794
Due from other funds	4,152	-	-	-	-	4,152
Due from other governments	-	-	-	-	5,624	5,624
Inventory of supplies, at cost	1,587	-	-	-	241	1,828
Total Assets	$ 95,253	$ 55,976	$ 90,775	$ -	$ 148,697	$ 390,701
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	$ 10,262	$ -	$ 2,136	$ -	$ 7,149	$ 19,547
Retainage payable	-	-	981	-	1,372	2,353
Unearned Revenue	1,767	-	123	-	458	2,348
Due to other funds	-	-	-	-	4,152	4,152
Total Liabilities	12,029	-	3,240	-	13,131	28,400
Deferred inflows of resources:						
Taxes	3,290	-	-	-	-	3,290
Landfill lease	2,515	-	-	-	-	2,515
Gas lease	-	-	-	-	122	122
Lease and settlement agreements	11,521	-	-	-	-	11,521
Total Deferred Inflows of Resources	17,326	-	-	-	122	17,448
Fund Balances:						
Nonspendable:						
Inventory	1,587	-	-	-	241	1,828
Prepaids	-	-	-	-	-	-
Restricted for:						
Debt service	-	55,976	-	-	-	55,976
Capital projects	-	-	87,535	-	24,510	112,045
Special revenue	-	-	-	-	25,351	25,351
Committed to:						
Capital projects	-	-	-	-	57,829	57,829
Special revenue	-	-	-	-	26,051	26,051
Assigned to:						
Working capital	22,151	-	-	-	-	22,151
Subsequent years' expenditures	15,107	-	-	-	-	15,107
Compensated absences	1,363	-	-	-	-	1,363
Other post employment benefits	1,718	-	-	-	-	1,718
Future initiatives	17,151	-	-	-	1,059	18,210
Dispatch	717	-	-	-	-	717
Information technology	173	-	-	-	-	173
Business Continuity	4,062	-	-	-	-	4,062
Park performance	-	-	-	-	403	403
Unassigned	1,869	-	-	-	-	1,869
Total Fund Balances	65,898	55,976	87,535	-	135,444	344,853
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 95,253	$ 55,976	$ 90,775	$ -	$ 148,697	$ 390,701

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 ACTIVITIES
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

Total fund balance per balance sheet			$ 344,853
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 $15,211 recorded in the internal service funds).			2,519,449
Landfill Closure/Post Closure			22,671
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	$ 3,290	$ -	
Landfill	2,515	2,515	
Grant revenue	192	2,418	
Ballpark lease	7,587	-	
Ballpark Settlement	3,934	-	
Unearned	2,226	-	
	19,744	4,933	14,811
Internal service funds are used by management to charge the cost of fleet services, knowledge services, risk management, workers' compensation and group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			32,319
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 $10,477 recorded in the internal service funds).			
Bonds payable		$ (998,865)	
Premium general obligation debt		(76,411)	
Discount on bonds		1,510	
Deferred outflow of resources (refunding)		12,389	
Accrued interest payable		(5,490)	
Estimated pollution remediation		(476)	
Landfill Closure/Post Closure		(22,671)	
Compensated absences		(33,831)	
TMRS:			
Net pension liability	$ (201,544)		
Deferred inflow-actuarial gain	$ (39,890)		
Deferred outflow-assumption changes	101,091		
Deferred outflow-contributions	20,806	(119,537)	
Other Post Employment Benefits (OPEB)			
Total OPEB Liability	(112,320)		
Deferred inflow-OPEB expected/actual	(2,580)		
Deferred outflow-assumption changes	5,638		
Deferred outflow-contributions	3,796	(105,466)	
Estimated claims		(656)	
Capital Leases		(5,731)	(1,355,235)
Net position of governmental activities			$ 1,578,868

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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Streets Capital Projects	Ballpark Venue	Other Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	$ 175,985	$ 86,279	$ -	$ -	$ 39,136	$ 301,400
Licenses and permits	9,955	-	-	-	-	9,955
Utility franchise fees	24,921	-	-	-	-	24,921
Fines and forfeitures	10,853	-	-	-	-	10,853
Leases, rents and concessions	9,172	-	-	-	2,500	11,672
Service charges	9,743	-	-	-	15,330	25,073
Interest revenue	2,556	4,233	1,434	-	2,648	10,871
Net increase (decrease) in fair value of investments	993	16	836	-	1,438	3,283
Contributions	1,999	-	2,037	406,867	-	410,903
Intergovernmental revenues	71	-	-	-	15,778	15,849
Gas lease royalty	-	-	-	-	7,000	7,000
Gas lease other	-	-	-	-	99	99
Other	54	-	1	-	3,159	3,214
Total Revenues	246,302	90,528	4,308	406,867	87,088	835,093
EXPENDITURES						
Current-						
General government	44,881	-	-	-	4,599	49,480
Public safety	163,660	-	-	-	9,037	172,697
Public works	23,541	-	-	-	32,016	55,557
Public health	2,256	-	-	-	1,169	3,425
Public welfare	-	-	-	-	10,033	10,033
Parks and recreation	17,000	-	-	-	12,757	29,757
Convention and event services	-	-	-	-	15,110	15,110
Capital outlay	-	-	28,147	666,684	26,742	721,573
Debt service-						
Principal retirement	-	35,605	-	-	-	35,605
Interest and fiscal charges	-	42,751	-	-	-	42,751
Total Expenditures	251,338	78,356	28,147	666,684	111,463	1,135,988
Excess (deficiency) of revenues over (under) expenditures	(5,036)	12,172	(23,839)	(259,817)	(24,375)	(300,895)
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	-	48,150	-	7,300	55,450
Issuance of certificates of obligation	-	-	-	-	5,370	5,370
Refunding Bond Principal	-	(5,862)	-	-	-	(5,862)
Bond premium	-	5,874	-	-	562	6,436
Transfers in	22,387	2,555	-	-	24,663	49,605
Transfers out	(17,759)	-	(183)	-	(17,484)	(35,426)
Total Other Financing Sources and Uses	4,628	2,567	47,967	-	20,411	75,573
Net Change in Fund Balances	(408)	14,739	24,128	(259,817)	(3,964)	(225,322)
Fund Balances, October 1,	66,306	41,237	63,407	259,817	139,408	570,175
Fund Balances, September 30	$ 65,898	$ 55,976	$ 87,535	$ -	$ 135,444	$ 344,853

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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

Net change in fund balance - total governmental funds		$ (225,322)
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.		725,746
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.		(54,576)
Revenues in the statement of activities that do not provide current financial recources are not reported as revenues in the funds.		260
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of certificates of obligation	(5,370)	
Repayment of general obligation debt	40,945	
Proceeds from issuance of bonds	(61,228)	
Amortization of bond premium	4,715	
Repayment of capital lease	1,069	
		(19,869)
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	(1,705)	
Accrued interest expense	(154)	
Estimated pollution remediation	(476)	
Net pension liability	(17,931)	
Net OPEB liability	(1,689)	
Estimated salary expense	(656)	
		(22,611)
Internal service funds are used by management to charge the costs of fleet management and management information systems, property liability loss, health claims and offices services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.		1,674
Change in net position of governmental activities		$ 405,302

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			
	Water and Sewer	Storm Water Utility	Total	Governmental Activities- Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash-like investments	$ 32,062	$ 2,142	$ 34,204	$ 21,523
Receivables (net of allowances for uncollectibles):				
Trade accounts	11,974	1,333	13,307	21
Accrued Interest	53	-	53	103
Unbilled trade accounts	9,878	840	10,718	-
Other	3	-	3	207
Inventory of supplies, at cost	1,054	-	1,054	-
Subtotal	55,024	4,315	59,339	21,854
Restricted Assets:				
Bond contingency-cash and cash-like investments	14,504	395	14,899	-
Capital construction-cash and cash-like investments	46,818	10,652	57,470	-
Total Current Assets	116,346	15,362	131,708	21,854
Non-Current Assets:				
Restricted Assets:				
Bond contingency- Investments	13,855	839	14,694	-
Capital construction-				
Investments	99,488	22,635	122,123	-
Escrow	91,612	-	91,612	-
Meter deposit investments	6,685	-	6,685	-
Capital Assets:				
Land	7,663	15,339	23,002	-
Buildings and improvements	4,337	-	4,337	467
Water and sewer system	995,118	-	995,118	-
Machinery and equipment	12,451	23	12,474	51,806
Drainage system	-	128,794	128,794	-
Construction-in-progress	70,489	27,514	98,003	-
Accumulated depreciation	(364,933)	(46,715)	(411,648)	(37,062)
Total Capital Assets Net of Accumulated Depreciation	725,125	124,955	850,080	15,211
Total Noncurrent Assets	936,765	148,429	1,085,194	15,211
Total Assets	1,053,111	163,791	1,216,902	37,065
Deferred Outflows of Resources:				
Deferred charges on debt refunding	1,698	-	1,698	-
Deferred outflow - contributions pension	1,445	-	1,445	-
Deferred outflow - invest/actuarial pension	7,024	-	7,024	-
Deferred outflow - OPEB benefits/contrib	260	-	260	-
Deferred outflow - OPEB invest/actuarial	387	-	387	-
Total Assets and Deferred Outflows of Resources	$ 1,063,925	$ 163,791	$ 1,227,716	$ 37,065

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			
	Water and Sewer	**Storm Water Utility**	**Total**	**Governmental Activities- Internal Service Funds**
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	$ 4,834	$ 815	$ 5,649	$ 484
Accrued compensated absences	93	19	112	-
Revenue bonds payable from unrestricted assets	8,496	2,345	10,841	-
Current Liabilities Payable From Restricted Assets:				
Accounts payable and accrued liabilities	2,426	-	2,426	-
Retainage payable	1,192	243	1,435	-
Accrued interest	2,556	452	3,008	-
Estimated claims payable	-	-	-	3,438
Revenue bonds payable from restricted assets	14,504	-	14,504	-
Meter deposits	6,685	-	6,685	-
Total Current Liabilities	40,786	3,874	44,660	3,922
Noncurrent Liabilities:				
Estimated claims payable	-	-	-	5,284
Rebatable arbitrage payable	169	-	169	-
Compensated absences	2,096	262	2,358	-
Revenue bonds payable from unrestricted assets	314,873	34,625	349,498	-
Net pension liability	14,025	-	14,025	-
OPEB liability	7,797	-	7,797	-
Total Noncurrent Liabilities	338,960	34,887	373,847	5,284
Total Liabilities	379,746	38,761	418,507	9,206
Deferred Inflows of Resources:				
Deferred inflow - OPEB benefits/contributions	178	-	178	-
Deferred inflow - investment/actuarial pension	2,769	-	2,769	-
Total Liabilities and Deferred Inflows of Resources	382,693	38,761	421,454	9,206
NET POSITION				
Net investment in capital assets	532,367	121,029	653,396	15,211
Restricted for debt service	117,415	1,234	118,649	-
Unrestricted	31,450	2,767	34,217	12,648
Total Net Position	$ 681,232	$ 125,030	$ 806,262	$ 27,859
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(4,461)	
Net position of business-type activities			$ 801,801	

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, 2019
(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	$ 75,933	$ -	$ 75,933	$ -
Sewer service	70,492	-	70,492	-
Storm water fee - commercial	-	8,463	8,463	-
Storm water fee - residential	-	9,551	9,551	-
Service charges	-	-	-	30,916
Sundry	8,764	-	8,764	-
Total Operating Revenues	155,189	18,014	173,203	30,916
Operating Expenses:				
Purchase of water	19,781	-	19,781	-
Purchase of sewage treatment	36,780	-	36,780	-
Salaries and wages	13,502	2,105	15,607	46
Employees' retirement	3,332	338	3,670	9
Supplies	3,338	61	3,399	2,106
Maintenance and repairs	4,198	349	4,547	298
Utilities	2,330	22	2,352	53
Claims (net of adjustments)	21	-	21	25,749
Legal and professional	347	-	347	193
Depreciation	19,052	2,477	21,529	4,113
Miscellaneous services	4,124	722	4,846	3,169
Total Operating Expenses	106,805	6,074	112,879	35,736
Operating Income (Loss)	48,384	11,940	60,324	(4,820)
Nonoperating Revenues (Expenses):				
Interest revenue	2,649	365	3,014	403
Net increase in the fair value of investments	1,424	238	1,662	68
Miscellaneous Revenue	-	-	-	851
Gain on sale of assets	-	-	-	249
Interest expense and fiscal charges	(6,203)	(337)	(6,540)	-
Total Nonoperating Revenues (Expenses)	(2,130)	266	(1,864)	1,571
Income (loss) before transfers and contributions	46,254	12,206	58,460	(3,249)
Contributions in aid of construction	4,978	-	4,978	-
Transfers in	-	-	-	5,300
Transfers out	(17,865)	(904)	(18,769)	(710)
Change in Net Position	33,367	11,302	44,669	1,341
Total Net Position, October 1	647,865	113,728	761,593	26,518
Total Net Position, September 30	$ 681,232	$ 125,030	$ 806,262	$ 27,859

Net change in net position - total proprietary funds	$ 44,669
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(333)
Change in net position of business-type activities	$ 44,336

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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities- Enterprise Funds			
	Water and Sewer	Storm Water Utility	Total	Governmental Activities- Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 153,255	$ 17,895	$ 171,150	$ 30,924
Cash payments to suppliers	(67,001)	(1,838)	(68,839)	(32,040)
Cash payments to employees	(16,620)	(2,443)	(19,063)	(69)
Net Cash Provided By (Used For) Operating Activities	69,634	13,614	83,248	(1,185)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	5,300
Transfers out	(17,865)	(903)	(18,768)	(710)
Net Cash Provided By (Used For) Noncapital Financing Activities	(17,865)	(903)	(18,768)	4,590
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(39,648)	(10,771)	(50,419)	(4,592)
Increase/Decrease in escrow balance	(72,622)	-	(72,622)	-
Proceeds from sales of capital assets	-	-	-	299
Proceeds from issuance of long-term debt	130,572	7,364	137,936	-
Repayment of long-term debt	(34,690)	(2,010)	(36,700)	-
Interest payment long-term debt	(10,938)	(1,285)	(12,223)	-
Net Cash Provided By (Used For) Capital Related Financing Activities	(27,326)	(6,702)	(34,028)	(4,293)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from interest earnings	3,481	365	3,846	1,107
Net increase in the fair value of investments	1,424	238	1,662	66
Purchase of investments	(175,593)	(30,020)	(205,613)	-
Maturities/sales of investments	133,473	29,849	163,322	-
Net Cash Provided By (Used For) Investing Activities	(37,215)	432	(36,783)	1,173
Net Increase In Cash And Cash-Like Investments	(12,772)	6,441	(6,331)	285
Cash and cash-like investments, October 1	106,156	28,988	135,144	21,238
Cash and cash-like investments, September 30	$ 93,384	$ 35,429	$ 128,813	$ 21,523
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 48,384	$ 11,940	$ 60,324	$ (4,820)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	19,052	2,477	21,529	4,113
Amortization of bond premium	1,568	181	1,749	-
Amortization of deferred loss on bond refunding	(241)	-	(241)	-
Provision for bad debts	(27)	4	(23)	-
(Increase) decrease in-				
Receivables	(2,432)	(118)	(2,550)	8
Inventory of supplies	792	-	792	-
Prepaid expenses	-	-	-	-
Increase (decrease) in-				
Accounts payable and accrued liabilities	1,236	(752)	484	(271)
OPEB liability	118	-	118	-
Net pension liability	915	-	915	-
Estimated claims payable	-	-	-	(201)
Retainage payable	(494)	(118)	(612)	-
Meter deposits	634	-	634	-
Accrued compensated absences	129	-	129	(14)
Total adjustments	21,250	1,674	22,924	3,635
Net Cash Provided By (Used For) Operating Activities	$ 69,634	$ 13,614	$ 83,248	$ (1,185)
Noncash investing, capital, and financing activities:				
Contributions of capital assets from developers	4,978	-	4,978	-

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash-like investments	$ 113	$ 7,492
Investments		
Investment retired city mgr 401(k) plan	63	-
Money market fund	39,758	-
Corporate bonds	2,633	-
Fixed income mutual bond funds	19,606	-
Common stock mutual bond funds	110,904	-
Balanced mutual funds	45,329	-
Participant borrowing	5,232	-
Self directed brokerage accounts	8,185	-
Total Investments	231,710	-
Total Assets	$ 231,823	$ 7,492
LIABILITIES		
Accounts payable and accrued liabilities	$ -	$ 7,492
Retired city mgr 401(k) plan payable	63	$ -
Total Liabilities	$ 63	$ 7,492
NET POSITION		
Restricted for pensions	$ 231,760	
Assigned pension trust	-	
Total Net Position	$ 231,760	

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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds
ADDITIONS	
Employer contributions	$ 3,895
Employee contributions	9,353
Net appreciation in fair value of investments	9,880
Other additions	199
Total Additions	23,327
DEDUCTIONS	
Benefits	13,479
Plan administration	198
Other deductions	81
Total Deductions	13,758
Increase in Net Position	9,569
Net Position, October 1	222,191
Net Position, September 30	$ 231,760

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

ARLINGTON℠

THE AMERICAN DREAM CITY

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

A. Financial Statement Presentation

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

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

GAAP also requires supplementary information presented as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. A budgetary comparison schedule is presented that compares the originally adopted and final General Fund budget with actual results, and supplementary information for pension and other 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.

<u>Arlington Housing Authority</u>
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.

<u>Arlington Convention and Visitors Bureau, Inc.</u>
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.

<u>Arlington Tomorrow Foundation</u>
The Arlington Tomorrow Foundation (ATF) oversees an endowment fund with a corpus of $66.8 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.

<u>Arlington Housing Finance Corporation</u>
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.

<u>Arlington Convention Center Development Corporation</u>
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. Separate Arlington Economic Development Corporation component unit financial statements are not prepared.

Arlington Tourism Public Improvement District

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

C. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of 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, Street Capital Projects Fund, and Ballpark Venue Fund. The enterprise funds are made up of the Water and Sewer Utility and Storm Water Utility funds. GAAP sets forth minimum criteria (percentage of assets, liabilities, deferrals, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the Comprehensive Annual Financial Report.

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

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

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

D. Measurement Focus and Basis of Accounting

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

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. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
b. 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.
c. Ballpark Venue Fund accounts for the costs associated with the building of the new Ballpark Venue for the Texas Rangers Baseball Club.
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 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. <u>Cash, Cash-like Investments and Investments</u>

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. <u>Inventories and Prepaid Items</u>

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. <u>Capital Assets</u>

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:

Assets	Years
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 2019, $830,175 of interest cost, net of $1,129,012 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 2019 for the Water and Sewer Fund amounted to approximately $6,203,000 and $2,649,000, respectively. In the Storm Water Utility Fund $646,295 of interest cost, net of $248,865 interest earned, was capitalized as capital assets as part of the costs of constructing various projects. Interest earned in fiscal 2019 for the Storm Water Utility Fund amounted to approximately $365,000 and interest expensed (net of capitalized interest) was $337,000.

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 recorded on the face of the financial statements. The City elected to allocate the net pension liability among governmental and business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Component units' contributions total 0.96% 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 $2.071M. Detailed pension information is discussed in footnote 6.

K. Compensated Absences

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

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

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

L. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

M. Nature and Purpose of Classifications of Fund Equity

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% ($1/12^{th}$) of annual General Fund expenditures. Total General Fund balances shall be maintained at a minimum of 15% of annual General Fund expenditures.

O. Net Position

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future 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 2019, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

Statement No. 83, *Certain Asset Retirement Obligations*. 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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in the notes to government financial statements related to debt.

The implementation of Statement No. 68 for the Part-Time Seasonal and Temporary Deferred Income Plan resulted in restatement of beginning net position for the elimination of the previously reported net pension liability, the recording of the beginning net pension liability and beginning deferred outflow for contributions made after the measurement date. Prospectively applying this change results in the adjustment below (amounts in thousands):

	Governmental Activities	Business-type Activities
Net position at September 30, 2018, as previously reported	1,173,290	757,465
Elimination of net pension asset as of September 31, 2018	163	-
Deferral for outflow-investment as of September 31, 2018	93	-
Deferral for pension contributions made after the measurement date	20	-
Net position at September 30, 2018, as restated	1,173,566	757,465

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

Statement No. 84, *Fiduciary Activities,* which is effective for the City beginning in fiscal year 2020. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Statement No. 87, *Leases,* which is effective for the City beginning in fiscal year 2021. The objective of this statement is to improve accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability and consistency of information about the leasing activities of governments.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* which is effective for the City beginning in fiscal year 2021. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 90, *Majority Equity Interests,* which is effective for the City beginning in fiscal year 2021. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement No. 91, *Conduit Debt Obligations,* which is effective for the City beginning in fiscal year 2022. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

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 2019, there was one operating budget amendment.

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

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

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

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

General Fund	Street Capital Projects Fund	Other Nonmajor Funds	Total
$ 7,129	$ 40,833	$ 45,344	$ 93,306

B. Excess of expenditures over appropriations

For the year ended September 30, 2019, 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, 2019.

III. DETAILED NOTES ON ALL FUNDS

1. CASH, CASH-LIKE INVESTMENTS AND INVESTMENTS

Deposits - At September 30, 2019, the carrying amount of the City's demand deposits was $426,000 (bank balance, $4,024,000). The balance in cash on hand was $34,000 at year end.

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

Cash, Cash-like investments and investments include: (amounts in thousands) Governmental Activities $364,748, Business-type Activities $250,074, and Agency and Pension Trust Funds $7,492.

As of September 30, 2019, the City had the following investments (amounts in thousands):

Cash, Cash-like Investments and Investments	Fair Value	Weighted Avg Maturity (in days)	Credit Risk
Treasury	$ 3,063	0	**AA+**
Agency	361,103	435	**AAA**
Local Gov't Invest Pools	167,826	1	**AAA**
Texas Municipal	5,064	338	**AA+**
Non-Texas Municipal	11,251	274	**AA+**
Certificates of Deposit	9,714	290	**AAA**
Money Market Fund	63,833	1	**AAA**
Total Fair Value	$ 621,854		

The City has investments in government pools at September 30, 2019 totaling $167,826 (amount in thousands) 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 above table lists Local Gov't Investment Pools and Money Market Funds with a 1 day weighted average maturity as the City only invests in government pools and funds that maintain a stable $1 NAV (net asset value). While the interest income derived from these particular types of investments fluctuate based on market movements and the characteristics of the pools and funds, the value of the principal is not affected.

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

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

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

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

Security	% of Portfolio
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 Prime, TexPool, TexasDaily, TexStar and TexasClass. 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 $167,826 and Money Market Funds of $63,833 (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, 2019 (amounts in thousands):

	Fair Value Measurements Using			
	9/30/2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt Securities				
Treasury	$ 3,063	$ -	$ 3,063	$ -
Agency	361,103	-	361,103	-
Texas Municipal	5,064	-	5,064	-
Non-Texas Municipal	11,251	-	11,251	-
	$ 380,481	**$ -**	**$ 380,481**	**$ -**

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 FY19 was $41,134,314,000 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, 2018 upon which the original FY19 levy was based, was $23,503,192,000.

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, 2019, the City had a tax rate of $0.6348 ($0.4428 for general government and $0.1920 for debt service) per $100 assessed valuation with a tax margin of $1.8652 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 $438,381,537 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately $23,503,192,000.

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 $242,696,664.33.

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, 2019, outstanding conduit debt was $130,985,000.

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

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

The 2016 Venue Election and the Rangers Project

At an election held in the City on November 8, 2016, pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters of the City voting at said election voted in favor of a proposition authorizing the City to provide for the planning, acquisition, establishment, development, construction and financing of the Texas Rangers Complex Development Project (the "Rangers Project" and together with the Cowboys Project, the "Arlington Venue Projects") within the City and (i) to impose a parking tax, at a rate not to exceed three dollars ($3.00) on each parked motor vehicle parking in a parking facility of the Rangers Project (the "Rangers Parking Tax"); (ii) to impose an admissions tax on each ticket sold as admission to an event held at the Rangers Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Rangers Admissions Tax"); (iii) to authorize the use of the existing hotel occupancy tax, at a rate not to exceed two percent (2%) of the price paid for such room; (iv) to authorize the use of the existing sales tax within the City at a rate of one-half of one percent (0.5%); and (v) to authorize the use of the existing motor vehicle rental tax at a maximum rate of five percent (5%) for the purpose of financing the Rangers Project. The Texas Rangers are a professional baseball team operating under and pursuant to the rules and regulations of Major League Baseball. The Texas Rangers are based in the City and currently play their home games at Globe Life Park located in the City. The City's prior financing related to Globe Life Park is no longer outstanding and has been paid in full. Construction of the Rangers Project began in 2018, and the Texas Rangers 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 2018, the City issued an additional $266,080,000 Senior Lien Special Tax Revenue Bonds, Series 2018A, $28,250,000 Senior Lien Special Tax Revenue Bonds, Series 2018B, and $171,095,000 Subordinate Lien Special Tax Revenue Bonds, Series 2018C for the City's portion of the Ballpark Venue's construction.

4. RECEIVABLES

Receivables at September 30, 2019 for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following (amounts expressed in thousands):

	General	Debt Service	Storm Water Utility	Water & Sewer	Street Capital Projects	Other Nonmajor Governmental Funds	Internal Service Funds	Total
Receivables:								
Taxes	$ 12,529	$ 348	$ -	$ -	$ -	$ 947	$ -	$ 13,824
Franchise Fees	6,227	-	-	-	-	-	-	6,227
Trade Accounts	-	-	1,412	13,748	-	-	21	15,181
Unbilled Trade Accounts	-	-	840	10,236	-	-	-	11,076
Special Assessments	-	-	-	-	123	-	-	123
Sales Taxes	11,696	5,848	-	-	-	2,924	-	20,468
Lease and settlement agreements	11,521	-	-	-	-	-	-	11,521
Accrued Interest	2,273	707	-	53	-	-	103	3,136
Other	3,078	-	-	3	-	556	207	3,844
Gross Receivables	47,324	6,903	2,252	24,040	123	4,427	331	85,400
Less: Allowance for Uncollectibles	(8,491)	-	(79)	(2,132)	-	-	-	(10,702)
Net total Receivables	$ 38,833	$ 6,903	$ 2,173	$ 21,908	$ 123	$ 4,427	$ 331	$ 74,698

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows (in thousands):

(Amounts expressed in thousands)

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 229,614	$ 14,354	$ -	$ 243,968
Construction in progress-other	399,759	724,394	(101,721)	1,022,432
Total capital assets, not being depreciated	629,373	738,748	(101,721)	1,266,400
Capital assets, being depreciated:				
Buildings and improvements	1,341,820	5,565	-	1,347,385
Equipment	127,059	10,098	(3,253)	133,904
Infrastructure	935,094	77,647	-	1,012,741
Total capital assets, being depreciated	2,403,973	93,310	(3,253)	2,494,030
Less accumulated depreciation for:				
Buildings and improvements	374,519	32,850	-	407,369
Equipment	99,811	9,954	(3,203)	106,562
Infrastructure	695,955	15,885	-	711,840
Total accumulated depreciation	1,170,285	58,689	(3,203)	1,225,771
Total capital assets, being depreciated, net	1,233,688	34,621	(50)	1,268,259
Governmental activities capital assets, net	$ 1,863,061	$ 773,369	$ (101,771)	$ 2,534,659

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 22,657	$ 345	$ -	$ 23,002
Construction in progress	121,099	52,123	(75,219)	98,003
Total capital assets, not being depreciated	143,756	52,468	(75,219)	121,005
Capital assets, being depreciated:				
Buildings and improvements	2,834	1,503	-	4,337
Drainage System	116,494	12,300	-	128,794
Water and sewer system	929,004	66,114	-	995,118
Machinery and equipment	12,469	5	-	12,474
Total capital assets, being depreciated	1,060,801	79,922	-	1,140,723
Less accumulated depreciation for:				
Buildings and improvements	1,640	72	-	1,712
Drainage System	44,219	2,473	-	46,692
Water and sewer system	332,269	18,831	-	351,100
Machinery and equipment	11,991	153	-	12,144
Total accumulated depreciation	390,119	21,529	-	411,648
Total capital assets, being depreciated, net	670,682	58,393	-	729,075
Business-type activities capital assets, net	$ 814,438	$ 110,861	$ (75,219)	$ 850,080

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

Governmental activities:	
General Government	$ 25,523
Public Safety	3,895
Parks and recreation	6,112
Public works	19,046
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	4,113
Total depreciation expense – governmental activities	$58,689
Business-type activities:	
Storm Water Utility	2,477
Water and sewer	$ 19,052
Total depreciation expense – business-type activities	$ 21,529

Discretely presented component units:

(amounts expressed in thousands)

	Balance at Beginning of Year	Transfer and Additions	Transfers and Retirements	Balance at End of Year
Arlington Housing Authority, Inc.				
Capital assets, being depreciated:				
Buildings and improvements	$ 563	$ -	$ -	$ 563
Machinery and equipment	360	22	-	382
Totla capital assets, being depreciated	923	22	-	945
Less accumulated depreciation for:				
Buildings and improvements	(336)	(15)	-	(351)
Machinery and equipment	(360)	(10)	-	(370)
Total accumulated depreciation	(696)	(25)	-	(721)
Arlington Housing Authority, Inc. Capital assets, net	$ 227	$ (3)	$ -	$ 224

	Balance at Beginning of Year	Transfer and Additions	Transfers and Retirements	Balance at End of Year
Arlington Convention and Visitors Bureau, Inc.				
Capital asset, being depreciated:				
Machinery and equipment	$ 1,061	$ 21	$ (343)	$ 739
Total capital assets, being depreciated	1,061	21	(343)	739
Less accumulated depreciation for:				
Machinery and equipment	(847)	(74)	343	(578)
Total accumulated depreciation	(847)	(74)	343	(578)
Arlington Convention and Visitors Bureau, Inc. Capital assets, net	$ 214	$ (53)	$ -	$ 161

6. PENSION AND EMPLOYEE BENEFIT PLANS

Texas Municipal Retirement System

A. Plan Description

The City provides pension benefits for all its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 887 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.tmrs.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, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,793
Inactive employees entitled to but not yet receiving benefits	1,192
Active Employees	2,551
	5,536

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 15.94% and 15.96% in calendar years 2018 and 2019, respectively. The city's contributions to TMRS for the year ended September 30, 2019, was $29,093,440 and was equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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, 2018 valuation were based on the results of actuarial experience studies. The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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 2019 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%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
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 12/31/2017	$ 1,189,337,480	$ 1,081,094,845	$ 108,242,635
Changes for the year:			
Service Cost	28,887,256	-	28,887,256
Interest	79,408,986	-	79,408,986
Change of benefit terms	-	-	-
Difference between expected and actual experience	6,665,740	-	6,665,740
Changes of assumptions	-	-	-
Contributions-employer	-	28,034,989	(28,034,989)
Contributions-employee	-	12,429,434	(12,429,434)
Net investment income	-	(32,369,787)	32,369,787
Benefit payments, including refunds			
of employee contributions	(54,703,360)	(54,703,360)	-
Administrative expense	-	(625,874)	625,874
Other changes	-	(32,698)	32,698
Net changes	60,258,622	(47,267,296)	107,525,918
Balance at 12/31/18	$ 1,249,596,102	$ 1,033,827,549	$ 215,768,553

Plan fiduciary net position as a percentage of the total pension liability	82.73%
Covered payroll	$177,549,206
Net pension liability as a percentage of covered employee payroll	121.53%

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	$390,793,354	$215,768,553	$72,240,019

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.tmrs.com

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

For the year ended September 30, 2019, the city recognized pension expense of $47,257,843.

At September 30, 2019, 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	$ -	$42,606,202
Changes in actuarial assumptions	108,061,889	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	22,230,404	-
Total	$130,292,293	$42,606,202

$22,230,404 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31:	
2019	$ 23,399,743
2020	10,285,321
2021	9,733,358
2022	22,037,264
2023	-
Thereafter	-
Total	$ 65,455,686

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

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

Plan Description

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

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

Contributions. The Retirement Committee establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2019, the active member average contribution rate was 3.0 percent of annual pay and the City's average contribution rate was 2.6 percent of annual payroll. The city's contributions to the plan for the year ended September 30, 2019, was $82,293 and was equal to the required contributions.

At the June 30, 2019 valuation and measurement date, the following employees were covered by the terms:

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

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of June 30, 2019 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

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

Discount Rate:

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

Changes in the Net Pension Asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 6/30/2018	$ 2,656,348	$ 2,819,601	$ (163,253)
Changes for the year:			
Service Cost	194,554	-	194,554
Interest	134,220	-	134,220
Change of benefit terms	-	-	-
Difference between expected and actual experienc	(47,470)	-	(47,470)
Changes of assumptions	-	-	-
Contributions-employer	-	82,293	(82,293)
Contributions-employee	-	109,711	(109,711)
Net investment income	-	206,103	(206,103)
Benefit payments, including refunds			
of employee contributions	(138,464)	(138,464)	-
Administrative expense	-	(79,339)	79,339
Other changes	-	-	-
Net changes	142,840	180,304	(37,464)
Balance at 06/30/19	$ 2,799,188	$ 2,999,905	$ (200,717)

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 5.00%, 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 (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net pension liability	$63,031	($200,717)	($418,302)

Pension Plan Fiduciary Net Position

The financial statements of the plan are presented below.

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

Statement of Fiduciary Net Position
June 30, 2019

Assets	
Cash and deposits	$ 96,428
Receivables	14,159
Accrued Interest	-
Investments	
Mutual funds - bonds	2,243,792
Mutual funds - equities	664,430
Total investments	2,908,222
Total assets	$ 3,018,809
Liabilities	
Accrued expenses	$ 18,904
Net position restricted for pensions	$ 2,999,905

Statement of Changes in Fiduciary Net Position
for the Year Ended June 30, 2019

Additions	
Contributions:	
Employer	$ 82,293
Employees	109,711
Total contributions	192,004
Net investment income	
Interest and dividends	19,630
Net appreciation in fair value of investments	186,473
Total investments	206,103
Total additions	398,107
Deductions	
Benefit payments	138,464
Administrative expenses	79,339
Total deductions	217,803
Net increase in net position	180,304
Net position restricted for pensions	
Beginning of year	2,819,601
End of year	$ 2,999,905

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

For the year ended September 30, 2019, the city recognized pension expense of $131,699.

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	**Deferred Inflow of Resources**
Differences between expected and actual economic experience	$ -	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	52,392	52,614
Contributions subsequent to the measurement date	21,000	-
Total	$73,392	$52,614

$21,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31:	
2020	$ 11,011
2021	1,516
2022	403
2023	(13,152)
2024	-
Thereafter	-
Total	$ (222)

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, 2019, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was $227,349,000.

The City's total payroll during fiscal 2019 was $190,219,000. The current year contribution was calculated based on a covered payroll of $131,764,000, resulting in a required and actual employer contribution of $3,663,000 and actual employee contributions of $9,191,000. The employer contribution represents 2.75 percent of the covered payroll. The employee contribution represents approximately 7.11 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2019. 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, 2019. (amounts in thousands):

ASSETS	
Investments	227,412
Total Assets	$ 227,412
LIABILITIES	
Accounts Payable	-
Retired City Mgr 401(k) plan payable	63
Total Liabilities	$ 63
NET POSITION	
Held in trust for pension benefits	227,349
Assigned pension trust	-
Total Net Position	227,349

Changes in Net Position

Thrift Savings Plan

ADDITIONS	
Employer contributions	$ 3,727
Employee contributions	9,243
Net appreciation in fair value of investments	9,656
Other additions	100
	22,726
DEDUCTIONS	
Benefits	13,229
Plan administration	129
Other deductions	81
	13,439
Increase in Net Position	9,287
Net Position, October 1	218,062
Net position, September 30	$ 227,349

City contributions for the above plans for the year ended September 30, 2019, are as follows (amounts in thousands):

TMRS	$29,093
THRIFT	3,727
PTDIT	91
	$32,911

7. OTHER POST EMPLOYMENT BENEFITS

Disability Income Plan

Plan Description

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

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

The Disability Income Plan does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2019. (amounts in thousands):

ASSETS	
Cash and cash-like investments	$ -
Investments:	
U.S. Government securities	31
Common stock mutual funds	770
Balanced mutual funds	256
Participant borrowing	272
Total investments	1329
Total Assets	$ 1,329
LIABILITIES	
Accounts payable	-
Total Liabilities	-
NET POSITION	
Restricted for pensions	1,329
Total Net Position	$ 1,329

Changes in Net Position

Disability Income Plan

Additions	
Employer contributions	77
Other additions	99
Total Additions	176
Deductions	
Benefits	114
Plan Administration	13
Total Deductions	127
Increase in Net Position	49
Net Position, October 1	1,280
Net Position, September 30	$ 1,329

Benefits Provided

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

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

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

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

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	10
Inactive, Nonretired Members	2
Active Members	0
	12

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, 2019, the City contributed $77,000 to the plan. Administrative costs of DIP are financed through investment earnings.

Net Disability Income Plan Liability

The City's Total Disability Income Plan Liability was measured as of December 31, 2018.

Actuarial assumptions:

The Total Disability Income Plan Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

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

Mortality rates for disabled retirees was the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment table for males and females with a 3 year-setforward; multiplied by 109% for males and 103% for females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group.

Changes in the Total Disability Income Plan Liability

	Total OPEB Liability (a)
Balance at 12/31/2017	$ 1,420,127
Changes for the year:	
Service Cost	-
Interest on total OPEB liability	68,017
Change of benefit terms	-
Difference between expected and actual experienc	40,256
Changes of assumptions or other inputs	-
Benefit Payments	(119,556)
Net changes	(11,283)
Total OPEB Liability - end of year	1,408,844

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

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

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's total OPEB liability	$287,107	$162,693	$55,630

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to disability income plan from the following sources:

	Deferred Inflows of Resources	**Deferred Outflows of Resources**
Differences between expected and actual experience	$ -	$ -
Changes in assumptions and other inputs	-	-
Contributions subsequent to the measurement date	n/a	59,255
Excess Investment Returns	50,597	-
Total	$50,597	$ 59,255

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

Plan Year Ended December 31:	
2019	$ -
2020	10,981
2021	10,981
2022	10,982
2023	17,653
Thereafter	-
Total	$ 50,597

Retiree Health Insurance

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

To be eligible for retiree health insurance, an employee must be eligible to retire from the City of Arlington based upon the policies and requirements of the Texas Municipal Retirement System ("TMRS") and elect to retire at the time of separation from the City. If a retiree has coverage through another employer, they must waive the City retiree coverage until the employer-based coverage terminates. As of December 31, 2018, there were 243 retired employees who met this requirement.

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

Benefits Provided

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

- Be a minimum of age 50 and have a minimum of 10 years of full-time service with the City of Arlington and age plus years of service with the City must equal at least 70.
- Elect to receive their TMRS pension at the time of separation from the City of Arlington.
- Be hired/re-hired OR transferred to a Full-time status prior to January 1, 2006.

Retiree Health Insurance City 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.

Contributions 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. The City's contributions for the year ended September 30, 2019 were $5,871,000.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	794
Inactive employees entitled to but not yet receiving benefits	243
Active Employees	2,455
	3,492

Net OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2018.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	3.71%
Inflation	2.50% per year
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, 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%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Pre-65: Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 6.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	Following rates apply for retirees that are eligible for a subsidy

and retire between the ages of 50 and 65:
50% for retirees with 10-14 years of service;
60% for retirees with 15-19 years of service;
70% for retirees with 20-24 years of service;
80% for retirees with 25 or more years of service;
95% for retirees that are eligible for a subsidy and retire after the age of 65;
20% for retirees that are not eligible for a subsidy from the City;
10% for retirees that are eligible for a subsidy and retire before the age of 50

Discount Rate:

The discount rate used to measure the Total OPEB Liability was changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/2017	$ 114,157,722
Changes for the year:	
Service Cost	2,288,267
Interest on total OPEB liability	3,688,623
Change of benefit terms	-
Difference between expected and actual experienc	1,772,265
Changes of assumptions or other inputs	(2,475,508)
Benefit Payments	(7,726,176)
Net changes	(2,452,529)
Total OPEB Liability - end of year	111,705,193

Covered-employee payroll	$161,558,413
Total OPEB liability as a percentage of covered payroll	69.14%

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.71%, 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 (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	Discount Rate (2.71%)	Discount Rate (3.71%)	Discount Rate (4.71%)
City’s total OPEB liability	$123,446,850	$111,705,193	$101,561,446

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

The following presents the net OPEB liability of the City, calculated using the discount rate Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's total OPEB liability	$106,781,313	$111,705,193	$117,378,555

At September 30, 2018, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	**Deferred Outflows of Resources**
Differences between expected and actual experience	-	-
Changes in assumptions and other inputs	2,122,892	3,960,957
Contributions subsequent to the measurement date	n/a	3,939,980
Total	$2,122,892	$9,420,757

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

Year Ended December 31:	
2020	$ 686,154
2021	686,154
2022	686,154
2023	686,154
2024	686,154
Thereafter	(72,885)
Total	$ 3,357,885

Supplemental Death Benefits Plan

Plan Description

Texas Municipal Retirement System ("TMRS") administers a single-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust).

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

Benefits Provided

TMRS provides death benefits to retirees at a fixed amount of $7,500. At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,444
Inactive employees entitled to but not yet receiving benefits	380
Active Employees	2,551
	4,375

Contributions

The total contribution rate is for .15% of employee gross earnings, with .04% of that rate being the retiree portion. The city's contributions to TMRS for the year ended September 30, 2019, were $73,630.

Net OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2018

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.50% - 10.5% per year
Discount Rate	3.71%

Salary increases were based on a service-related table. Mortality rates for service retirees 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 retirees, 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. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2018, 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. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.71%.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 12/31/2016	$ 8,493,069
Changes for the year:	
Service Cost	284,079
Interest on total OPEB liability	284,647
Change of benefit terms	-
Difference between expected and actual experienc	(107,778)
Changes of assumptions or other inputs	(633,002)
Benefit Payments	(71,020)
Net changes	(243,074)
Total OPEB Liability - end of year	8,249,995

Total OPEB liability as a percentage of covered payroll 4.65%

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 3.31%, 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 (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	Discount Rate (2.71%)	Discount Rate (3.71%)	Discount Rate (4.71%)
City's total OPEB liability	$9,965,271	$8,249,995	$6,926,499

At September 30, 2019, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (89,417)	$ -
Changes in assumptions and other inputs	(52,941)	-
Contributions subsequent to the measurement date	n/a	56,244
Total	$ (142,358)	$56,244

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

Plan Year Ended December 31:	
2019	$ (4,177)
2020	(4,177)
2021	(4,177)
2022	(20,037)
2023	(109,790)
Thereafter	-
Total	$ (142,358)

8. DEBT AND LIABILITIES

General Obligation Bonds

On June 1, 2019, the City issued Permanent Improvement and Refunding Bonds, Series 2019 of $55,870,000 with an interest rate of 2.00 to 5.00 percent and serial maturities on August 15 from 2020 through 2039. Interest on the bonds is due every February 15 and August 15, beginning February 15, 2020. 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 and open spaces for park and recreation purposes in and for the City; designing, constructing, reconstructing, improving, renovating and expanding, equipping and furnishing firefighting facilities, including fire station facilities and administrative facilities; to refund currently outstanding obligations of the City, in order to achieve debt service savings; and paying the costs of issuing the 2019 bonds. Total interest requirements for the Series 2019 bonds at a rate from 2.00 to 5.00 percent is $21,615,567 in the aggregate.

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

Purpose	Interest Rates	Amount
Governmental activities	2.00-5.00%	$ 239,405
Governmental activities - refunding	1.00-5.00%	128,000
Total Governmental		$ 367,405

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

Year Ending September 30	Principal	Interest
2020	$ 28,475	$ 14,261
2021	28,555	12,812
2022	27,305	11,598
2023	26,085	10,595
2024	25,010	9,470
2025-2029	111,375	32,045
2030-2034	82,010	13,695
2035-2039	38,590	2,968
	$ 367,405	$ 107,444

General obligation debt authorized and unissued as of September 30, 2019, amounted to $272,493,000.

Certificates of Obligation

On June 1, 2019, the City issued Combination Tax and Revenue Certificates of Obligation Series 2019 of $5,370,000 with an interest rate of 3.00 to 5.00 percent. The Series 2019 Certificates will mature on August 15 over a period from 2020 to 2029. Interest is payable February 15 and August 15, beginning February 15, 2020. The total interest requirement for the Series 2019 at a rate of 3.00 to 5.00 percent is $1,204,973 in the aggregate. The certificates were issued for designing, developing, constructing, improving and renovating City park and recreation facilities; designing, developing, constructing, improving, renovating and acquiring City buildings and facilities, including City Hall facilities; designing, developing, construction, improving, renovating and acquiring fire facilities and firefighting equipment; 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 9/30/19 are as follows (amounts in thousands):

	Governmental Activities, Certificates of Obligation	
Year Ending September 30	Principal	Interest
2020	$ 5,415	$ 1,977
2021	5,410	1,801
2022	5,410	1,648
2023	5,410	1,491
2024	5,405	1,305
2025-2029	21,045	3,990
2030-2034	11,395	1,443
2035-2039	1,595	72
	$ 61,085	$ 13,727

Revenue Bonds

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

In May 2019, the City issued $26,150,000 in Water and Wastewater System Revenue Bonds, Series 2019A. 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 sale of the 2019A Bonds. These bonds mature June 1 over a period from 2020 to 2039. Interest, at a rate of 3.00 to 5.00 percent, is $9,687,120 in the aggregate.

In May 2019, the City issued $15,740,000 in Water and Wastewater System Revenue Bonds, Series 2019B. Proceeds from the sale of these bonds will be used to provide funds to refund certain currently outstanding revenue obligations of the City in order to achieve debt service savings and to pay costs of issuance associated with the sale of the 2019B Bonds. These bonds mature June 1 over a period from 2020 to 2028. Interest, at a rate of 3.00 to 4.00 percent, is $2,962,387 in the aggregate.

In June 2019, the City issued Water & Wastewater System Revenue Bonds Series 2019C in the amount of $4,435,000 less bond origination fee of $76,278. 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 2020 to June 2039 at interest rates of 0.01 to 0.50 percent.

In August 2019, the City issued Water & Wastewater System Revenue Bonds Series 2019D in the amount of $79,500,000 less bond origination fee of $1,673,275. 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 2020 to June 2039 at interest rates of 0.01 to 0.41 percent.

In May 2019, the City issued $6,770,000 in Municipal Drainage Utility System Revenue Bonds, Series 2019. Proceeds from the sale of these bonds will be used to pay the costs of drainage improvements, including the acquisition and construction of equipment and facilities of the System and to pay costs of issuance associated with the sale of the 2019 Bonds. These bonds mature June 1 over a period from 2020 to 2036 and 2039 and as a Term Bond maturing on June 1, 2038. Interest, at a rate of 3.00 to 5.00 percent, is $2,466,130 in the aggregate. The Term Bonds are subject to mandatory redemption in part prior to maturity on June 1, in the years 2037 and 2038, at 100% of the principal amount thereof plus accrued interest to date of redemption from payments into the Interest and Sinking Fund which are required to be made in amounts sufficient to redeem on June 1 of each year the principal amount $335,000.

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

	Business Activities					
Year Ending September 30	Water/Wastewater		Water/Wastewater TWDB		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 16,725	$ 7,606	$ 6,275	$ 366	$ 2,345	$ 1,367
2021	15,620	7,032	6,275	387	2,350	1,284
2022	14,825	6,428	6,275	378	2,350	1,193
2023	14,795	5,911	6,270	366	2,350	1,102
2024	14,015	5,388	6,270	352	2,345	998
2025-2029	61,855	18,975	31,325	1,484	11,720	3,509
2030-2034	47,205	8,280	28,505	914	7,885	1,321
2035-2039	23,920	1,741	24,205	307	4,125	330
	$ 208,960	$ 61,361	$ 115,400	$ 4,554	$ 35,470	$ 11,104

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, 2019, net pledged revenues for the water enterprise fund were $70,072,000 and debt service on the revenue bonds was $29,203,000. The same pledge for repayment applies to the City's Storm Water Utility revenue of $14,782,000 for the bonds issued in fiscal year 2019.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2019 (amounts expressed in thousands):

	10/1/2018	Increases	Reductions	9/30/2019	Due Within One Year
Governmental activities:					
General obligation debt	$ 347,770	$ 55,870	$ (36,235)	$ 367,405	$ 28,475
Certificates of obligation	60,595	5,370	(4,880)	61,085	5,415
Special tax revenue debt	570,625	-	(250)	570,375	2,030
Premium on general bonds	19,899	6,436	(3,467)	22,868	-
Premium on special bonds	56,973	-	(3,428)	53,545	-
Discount on special bonds	(1,666)	-	154	(1,512)	-
Net governmental bonds payable	1,054,196	67,676	(48,106)	1,073,766	35,920
Compensated absences	32,163	3,175	(1,507)	33,831	1,327
Claims	9,486	4,808	(4,916)	9,378	4,094
Landfill Closure	21,401	1,270	-	22,671	-
Estimated pollution remediation	476	-	-	476	-
Net other post-employ benefit oblg.	114,776	64	(2,520)	112,320	-
Net pension liability*	101,044	100,537	(37)	201,544	-
Capital lease	6,800	-	(1,069)	5,731	1,094
Total governmental long-term liabilities	$ 1,340,342	$ 177,530	$ (58,155)	$ 1,459,717	$ 42,435
Business-type activities:					
Water and sewer bonds	$ 233,225	$ 125,825	$ (34,690)	$ 324,360	$ 23,000
Premium on water and sewer bonds	8,250	4,030	(1,568)	10,712	-
Storm water utility bonds	30,710	6,770	(2,010)	35,470	2,345
Premium on storm water utility bonds	1,087	594	(181)	1,500	-
Net water and sewer bonds payable	273,272	137,219	(38,449)	372,042	25,345
Compensated Absences	2,341	246	(117)	2,470	112
Net other post-employ benefit oblg.	7,972	-	(175)	7,797	-
Net pension liability	7,036	6,989	-	14,025	-
Rebatable arbitrage payable	-	169	-	169	
Total business-type long term liabilities	$ 290,621	$ 144,623	$ (38,741)	$ 396,503	$ 25,457

*as restated

9. PRIOR YEAR BOND REFUNDINGS

On June 1, 2019, the City issued $5,370,000 in certificates of obligation with an average interest rate of 3.7% to advance refund $5,760,000 of outstanding 2009 series Permanent Improvement and Refunding with an average interest rate of 3.55% As a result, the 2009-series bonds are considered to be defeased and the liability for these bonds has been removed from the government-wide statement of net position.

The City advance refunded the 2009-series bonds to reduce its total debt service payments over the next 10 years by $508,857 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $426,464.

In FY19 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, 2019, previously defeased debt still outstanding amounted to $5,795,000.

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

Bonds		Original Maturity Date	Interest Rate	Amount Refunded
Special Tax Revenue Bonds				
Series 2009				
	Serials	8/15/2018	4.000	$ 4,260
		8/15/2019	4.000	4,430
		8/15/2020	4.250	4,605
	Term Bond Maturing 2028	8/15/2021	5.000	4,800
		8/15/2022	4.125	5,040
		8/15/2023	4.250	5,295
		8/15/2024	4.300	5,560
		8/15/2025	4.375	3,835
				$ 37,825
Refunding Bonds				
Series 2009				
	Term Bond Maturing 2029	8/15/2020	3.550	$ 1,920
		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
		8/15/2028	3.550	1,920
		8/15/2029	3.550	1,920
				$ 19,200

10. INTERFUND TRANSACTIONS

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

Fund	Interfund Receivables	Interfund Payables
General Fund	$4,152	$ -
Nonmajor Funds	-	4,152
	$4,152	$4,152

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

	Transfers Out	Transfers In
Major Governmental Funds:		
General Fund	$ 17,759	$ 22,387
Street Capital Projects	183	-
Debt Service Fund	-	2,555
Total Major Governmental Funds	17,942	24,942
Major Enterprise Fund-Water and Sewer	17,865	-
Major Enterprise Fund-Storm Water Utility	904	-
Other Funds:		
Nonmajor Governmental Funds	17,484	24,663
Internal Service Funds	710	5,300
Total All Funds	$54,905	$54,905

The Water and Sewer, Storm Water Utility, and Convention and Event Services transferred $5,316,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred $7,611,000 to Street Maintenance Fund and Special Transportation (Handitran) to cover budgeted operating expenses.

The Enterprise Funds transferred $13,174,000 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 $2,556,000 from TIRZ Fund 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 $22,671,000 reported as a landfill closure and post-closure accrued liability at September 30, 2019, represents the cumulative amount reported to date based on the use of approximately 40 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $6,623,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. The City expects to close the landfill in 2060. Actual costs may change due to inflation, changes in technology, or changes in regulations.

On March 18, 2005, the City entered into a contract with Republic Waste Services of Texas, Ltd. (Republic) for a 20-year renewable operating lease of the landfill. The City received an initial payment of $15 million; the remaining balance of deferred revenue of $2,515,000 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, 2019, 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, 2019. The projects include construction in streets, parks, traffic, ballpark, and water and sewer facilities. At year-end the City's significant commitments with contractors are as follows (amounts in thousands):

Project	Spent-to-Date	Remaining Commitment
Street Construction	$ 49,317	$ 38,914
Park Construction	51,543	27,074
Traffic Construction	6,514	296
Ballpark Construction	906,867	395,382
Storm Water Utility Construction	27,514	10,031
Water and Sewer Construction	70,489	28,368
	$ 1,112,244	$ 500,065

The street and traffic construction projects are funded primarily by permanent improvement bonds proceeds. The park construction projects are funded by permanent improvement bond proceeds, certificate of obligation proceeds, and park fee revenues. The ballpark construction project is funded partially by revenue bond proceeds and partially by the Rangers. As far as the City's contribution, the full amount of $500M has been expended. 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, 2019, 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 $656,185 accrual has been recorded at September 30, 2019.

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 five years there have been seven claims for which payments have been received totaling $1,610,623 through the commercial insurance. All City departments participate in the workers' compensation program. Payments to the WCF from such departments are based on actuarial estimates of the amounts needed to pay prior and current year claims and related administrative expenses. The WCF claims liabilities are actuarially determined annually to take into consideration recently settled claims, the frequency of claims and other

economic and social factors. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Group Health
Group medical benefits are paid through the Group Health Fund. Revenues are recognized from payroll deductions and from City contributions for employee and dependent coverage. Changes in the balances of claims liabilities during fiscal 2019 and 2018 were as follows (amounts in thousands):

	Workers Compensation		Health		Self Insurance Risk Management		Other	
	2019	2018	2019	2018	2019	2018	2019	2018
Unpaid claims, Oct 1	$3,719	$3,472	$ 2,264	$ 2,582	$2,940	$4,406	$ -	$ -
Incurred Claims (including IBNRs and changes in estimates)	2,162	1,978	23,024	26,728	362	(1,976)	656	563
Claim payments	(1,969)	(1,731)	(23,062)	(27,046)	(718)	510	-	-
Unpaid claims, Sept 30	$3,912	$3,719	$ 2,226	$ 2,264	$2,584	$2,940	$656	$563

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 $5,731,000 and is reported as capital lease obligations current liabilities (approximately $1,094,000) and capital lease obligations non-current liabilities (approximately $4,637,000) in the General Fund.

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

Year Ending September 30	
2020	$1,228
2021	1,228
2022	1,228
2023	1,228
2024	1,228
	6,140
Less Interest	409
Minimum future lease rentals	$5,731

The City’s investment in equipment under the capital lease arrangement as of September 30, 2019 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 2019 were approximately $303,941.

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:

Year	Amount
2019	$ 727,500
2020	727,500
2021	727,500
2022	727,500
2023	727,500
2024	715,829
	4,353,329
Less Discount	419,297
	$3,934,032

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

16. TEXAS RANGERS CAPITAL LEASE

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:

September 30	
2020	$2,000,000
2021	2,000,000
2022	2,000,000
2023	2,000,000
2024	1,055,556
	9,055,556
Less Discount	1,468,323
Minimum future lease rentals	$7,587,233

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 seven discretely presented component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2019, for all discretely presented component units is as follows (amounts in thousands):

Condensed Schedule of Net Position

	Arlington Tomorrow Foundation	Housing Authority	Other Discretely Presented Component Units	Total Discretely Presented Component Units
Current and other assets	$ 79,259	$ 5,110	$ 2,648	$ 87,017
Capital assets	-	224	2,365	2,589
Total assets	79,259	5,334	5,013	89,606
Other liabilities and deferred inflows of resources	2,129	1,097	524	3,750
Total liabilities	2,129	1,097	524	3,750
Net position:				
Net investment in capital assets	-	224	2,365	2,589
Restricted	77,130	170	300	77,600
Unrestricted	-	3,843	1,824	5,667
Total net position	$ 77,130	$ 4,237	$ 4,489	$ 85,856

Condensed Schedule of Activities

	Arlington Tomorrow Foundation	Housing Authority	Other Discretely Presented Component Units	Total Discretely Presented Component Units
Expenses	$ 2,055	$ 31,996	$ 10,363	$ 44,414
Program Revenues:				
Charges for services	-	-	9,338	9,338
Operating grants and contributions	-	31,223	1,255	32,478
Capital grants and contributions	-	-	-	-
Net Program (Expense) Revenue	(2,055)	(773)	230	(2,598)
Interest Revenues	5,951	77	9	6,037
Other NonTax General Revenues	(136)	258	4	126
Change in Net Position	3,760	(438)	243	3,565
Net position, October 1	73,370	4,675	4,246	82,291
Net position, September 30	$ 77,130	$ 4,237	$ 4,489	$ 85,856

18. TAX ABATEMENTS

As of September 30, 2019, the City of Arlington (City) provides for tax abatements and tax rebates through two mechanisms – Tax Abatement Agreements and Chapter 380 Agreements. The City's Tax Abatements are authorized under Chapter 312 of the Texas Tax Code and the City's Policy Statement for Tax Abatement. Under a tax abatement agreement, the taxable value is reduced by a specific percentage, and the amount of the abatement is deducted from the recipient's tax bill. The City's tax abatements are administered by Tarrant Appraisal District. Chapter 380 agreements are authorized under VTCA Local Government Code Chapter 380 and the City's Chapter 380 Economic Development Programs Policies and Procedures. Under a 380 agreement, the recipient pays the total taxes due to the City, and the City rebates a portion of taxes paid based on the terms of the agreement.

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

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

Development and Redevelopment

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

Recruitment

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

Retention

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

Tax Abatement Program

Program	Property Tax	Sales Tax	Hotel Occupancy Tax	Mixed Beverage Taxes	Other Commitments
Development/Redevelopment	113,396	29,560	124,390	9,460	-
Recruitment	483,944	1,785,186	-	-	5,000
Retention	2,512,347	-	-	-	99,177
Total Tax Abated	3,109,687	1,814,746	124,390	9,460	104,177

For the fiscal year ended September 30, 2019, the City's property tax revenues were reduced by $3,109,687 under active tax abatement and Chapter 380 agreements for Development/Redevelopment, Recruitment, and Retention. Sales tax revenues were reduced by a total of $1,814,745 for Development/Redevelopment and Recruitment rebatements. Hotel occupancy tax revenues were reduced by $124,390 and mixed beverage taxes were reduced by $9,460 for Development/Redevelopment rebatements. In addition to tax abatements/rebatements, recipients qualified for $104,177 in other commitments from the City in the form of development fee waivers or grants for hiring Arlington residents.

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

19. POLLUTION REMEDIATION

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) requires that the City conduct groundwater monitoring of the leaking petroleum storage tanks. The liability is calculated using the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision as a result of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2019, the environmental remediation liability is $476,000. At this time the City is unable to estimate any recoveries to reduce the liability.

20. SUBSEQUENT EVENTS

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

ARLINGTON[SM]

THE AMERICAN DREAM CITY

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Taxes	$ 174,806	$ 174,806	$ 175,985	$ -	$ 175,985	$ 1,179
Licenses and permits	7,245	7,245	9,955	-	9,955	2,710
Utility franchise fees	37,893	37,893	24,921	8,775	33,696	(4,197)
Fines and forfeitures	9,929	9,929	10,853	-	10,853	924
Leases, rents and concessions	6,575	6,575	9,172	-	9,172	2,597
Service charges	27,789	27,789	9,743	15,465	25,208	(2,581)
Interest revenue	1,268	1,268	2,556	(800)	1,756	488
Other revenue	1,012	1,012	2,124	-	2,124	1,112
Net increase (decrease) in the fair value of investments	-	-	993	-	993	993
Total Revenues	266,517	266,517	246,302	23,440	269,742	3,225
EXPENDITURES						
Current-						
General government	63,669	63,669	44,881	16,346	61,227	2,442
Public safety	174,488	174,957	163,660	10,200	173,860	1,097
Public works	26,021	26,021	23,541	2,770	26,311	(290)
Public health	2,423	2,423	2,256	215	2,471	(48)
Parks and recreation	17,383	17,383	17,000	(263)	16,737	646
Total Expenditures	283,984	284,453	251,338	29,268	280,606	3,847
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(17,467)	(17,936)	(5,036)	(5,828)	(10,864)	7,072
OTHER FINANCING SOURCES (USES)						
Transfers in	8,371	8,371	22,387	(211)	22,176	13,805
Transfers out	(7,643)	(7,643)	(17,759)	10,104	(7,655)	(12)
Total Other Financing Sources (Uses)	728	728	4,628	9,893	14,521	13,793
Net Change In Fund Balances	(16,739)	(17,208)	(408)	4,065	3,657	20,865
Fund Balances, October 1	66,306	66,306	66,306	66,306	66,306	-
Fund Balances, September 30	$ 49,567	$ 49,098	$ 65,898	$ 70,371	$ 69,963	$ 20,865

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

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

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

	2017	2018
	$ 27,615,497	$ 28,887,256
	75,735,090	79,408,986
	6,101,332	6,665,740
	-	-
	(56,616,054)	(54,703,360)
	52,835,865	60,258,622
	1,136,501,615	1,189,337,480
	$ 1,189,337,480	$ 1,249,596,102
	$ 26,419,418	$ 28,034,989
	11,876,965	12,429,434
	133,891,278	(32,369,787)
	(56,616,054)	(54,703,360)
	(694,027)	(625,874)
	(35,172)	(32,699)
	114,842,408	(47,267,297)
	966,252,437	1,081,094,845
	$ 1,081,094,845	$ 1,033,827,548
	108,242,635	215,768,553
	90.90%	82.73%
	169,628,359	177,549,206
	63.81%	121.53%

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

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	$ 23,963,340	$ 24,833,575	$ 25,821,067	$ 27,624,357	$ 29,093,440
Contributions in relation to the actuarially determined contribution	$ 24,327,508	$ 24,587,350	$ 26,075,876	$ 27,711,328	$ 29,102,133
Contribution deficiency (excess)	$ (364,168)	$ 246,225	$ (254,809)	$ (86,971)	$ (8,693)
Covered employee payroll	$ 153,414,470	$ 164,680,024	$ 167,367,622	$ 175,499,227	$ 184,074,211
Contributions as a percentage of covered employee payroll	16.24%	14.93%	15.58%	15.79%	15.81%

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	27 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.

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

	2018	2019
	$ 185,246	$ 194,554
	131,661	134,220
	(114,652)	(47,470)
	-	-
	(173,000)	(138,464)
	29,255	142,840
	2,627,093	2,656,348
	$ 2,656,348	$ 2,799,188
	$ 46,504	$ 82,293
	100,133	109,711
	71,859	206,103
	(173,000)	(138,464)
	(64,053)	(79,339)
	(18,557)	180,304
	2,838,158	2,819,601
	$ 2,819,601	$ 2,999,905
	(163,253)	(200,717)
	106.15%	107.20%
	3,335,054	3,555,541
	4.90%	5.50%

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	2018	2019
Actuarially determined contribution	$ 21,324	$ 22,419	$ 53,802	$ 81,875	$ 71,762	$ 92,340
Actual contribution	21,324	22,419	53,802	60,813	46,504	82,293
Contribution deficiency (excess)	$ -	$ -	$ -	$ 21,062	$ 25,258	$ 10,047
Covered employee payroll	$ 2,849,197	$ 2,590,679	$ 3,352,500	$ 3,376,300	$ 3,337,767	$ 3,657,033
Contribution as a percentage of covered employee payroll	0.7%	0.9%	1.6%	1.8%	1.4%	2.3%

Notes to Schedule

Valuation date:

The actuarially determined contribution rate documented in the schedule is calculated as of July 1, 2019. 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

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF FUNDING PROGRESS - DISABILITY INCOME PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

Fiscal year ending December 31,	**2017**	**2018**
Total pension liability		
Service Cost	$ -	$ -
Interest on total pension liability	70,519	68,017
Changes of benefit terms	-	-
Differences between expected and actual experience	-	40,256
Changes of assumptions	-	-
Benefit payments and refunds	(121,545)	(119,556)
Net change in total pension liability	(51,026)	(11,283)
Total pension liability-beginning	1,471,153	1,420,127
Total pension liability-ending	$ 1,420,127	$ 1,408,844
Plan fiduciary net position		
Employer contributions	$ 69,396	$ 73,960
Nonemployer contributing entities contributions	-	-
Employee contributions	-	-
OPEB plan net investment income	96,395	(23,482)
Benefit payments	(121,545)	(119,556)
OPEB plan administrative expense	(18,204)	(6,607)
Other	-	-
Net change in plan fiduciary net position	26,042	(75,685)
Plan fiduciary net position - beginning	1,295,794	1,321,836
Plan fiduciary net position - ending	$ 1,321,836	$ 1,246,151
Net OPEB liability - ending	$ 98,291	$ 162,693
Plan fiduciary net position as a percentage of total OPEB liability	93.08%	88.45%
Covered employee payroll	N/A	N/A
Total OPEB liability as a percentage of payroll	N/A	N/A

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

SCHEDULE OF THE CITY'S CONTRIBUTIONS-DISABILITY INCOME PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

FY Ending September 30,	Actuarially Determined Contribution	Annual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	$ 36,205	$ 72,769	$ (36,564)	N/A	N/A
2019	$ 40,577	$ 76,844	$ (36,267)	N/A	N/A

Notes to Schedule of Contributions

Valuation Date: December 31, 2018

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	4 years remaining, as of the beginning of FYE 19
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Inflation	2.50%
Salary Increases	N/A; no active employees
Mortality	The mortality table for disabled retirees was the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment table for males and females with a 3 year set-forward; multiplied by 109% for males and 103% for females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group.
Cost of Living Adjustment	The TMRS offset is assumed to increase by 1.25% per annum. The Social Security offset is assumed to increase 2.50% per annum. The offsets are assumed to increase in January.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan
Notes	GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT HEALTHCARE PLAN
LAST 10 FISCAL YEARS (will ultimately be displayed)

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

Fiscal year ending December 31,	**2017**	**2018**
Total OPEB liability		
Service Cost	$ 1,955,045	$ 2,288,267
Interest on total pension liability	4,055,831	3,688,623
Difference between expected and actual experience	-	1,772,265
Changes of assumptions	5,533,607	(2,475,508)
Benefit payments and refunds	(5,722,995)	(7,726,176)
Net change in total OPEB liability	5,821,488	(2,452,529)
Total pension liability-beginning	108,336,234	114,157,722
Total OPEB liability-ending	$ 114,157,722	$ 111,705,193
Covered employee payroll	151,329,108	171,282,611
Total OPEB liability as a percentage of payroll	75.36%	69.14%

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

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

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

FY Ending September 30,	Total OPEB Liability	Annual Contribution	Covered Payroll	OPEB Liability as a % of Covered Payroll
2018	$ 114,157,722	$ 6,797,201	$ 151,479,036	75.36%
2019	$ 111,705,193	$ 6,663,044	$ 161,558,413	69.14%

Notes to Schedule of Contributions

Valuation Date: December 31, 2018

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation	N/A
Investment Rate of Return	N/A
Inflation	2.50%
Salary Increases	3.50%-10.50% depending on years of service with TMRS
Mortality	Healthy Retirees-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%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. Disabled Retirees-same as healthy except with a 3 year set-forward. There is a 3% minimum mortality probability to reflect impaired mortality for this group. Active Members-Gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment with male rates multiplied by 54.5% and female rates multiplied by 51.5%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Future Uncertainty or Risk	Future results may differ from those anticipated in this valuation. Reasons include, but are not limited to actual medical trend differing from expected; changes in the healthcare plan designs offered; participant behavior or experience differing from expected
Notes	GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.

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

Fiscal year ending December 31,	2017	2018
Total pension liability		
Service Cost	$ 220,517	$ 284,079
Interest on total pension liability	280,476	284,647
Difference between expected and actual experience	-	(107,778)
Changes of assumptions	716,266	(633,002)
Benefit payments and refunds	(67,851)	(71,020)
Net change in total pension liability	1,149,408	(243,074)
Total pension liability-beginning	7,343,661	8,493,069
Total pension liability-ending	$ 8,493,069	$ 8,249,995
Covered employee payroll	n/a	n/a
Total OPEB liability as a percentage of payroll	n/a	n/a

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

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF THE CITY'S CONTRIBUTIONS-SUPPLEMENTAL DEATH BENEFIT TMRS
LAST 10 FISCAL YEARS (will ultimately be displayed)

FY Ending September 30,	Actuarially Determined Contribution	Annual Contribution	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	$ 8,493,069	$ 67,851	N/A	N/A
2019	$ 8,249,995	$ 73,060	N/A	N/A

Notes to Schedule of Contributions

Valuation Date: December 31, 2018

Methods and Assumptions:

Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Discount Rate	3.71%
Mortality	Service Retirees-RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. The mortality table for disabled retirees was the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment males multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.
Notes	GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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CITY OF ARLINGTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	**Street Maintenance**	**Downtown TIF**	**Texas Department of Transportation**	**Community Development Block Grant**
ASSETS					
Cash and cash-like investments	$ -	$ 15,981	$ 4,342	$ 45	$ -
Land held for resale	-	-	-	-	-
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	2,924	-	-	-
Other	-	-	-	-	-
Inventory, at cost	-	-	-	-	-
Due from other governments	978	-	-	119	575
Prepaid expenditures	-	-	-	-	-
Total Assets	$ 978	$ 18,905	$ 4,342	$ 164	$ 575
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 167	$ 1,655	$ -	$ 11	$ 153
Retainage payable	-	173	-	-	4
Unearned Revenue	-	-	-	-	54
Due to other funds	801	-	-	-	364
Total Liabilities	968	1,828	-	11	575
Deferred Inflows of Resources:					
Gas lease	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	-
Prepaids	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	10	17,077	4,342	-	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	153	-
Assigned to:					
Park Performance	-	-	-	-	-
Special revenue	-	-	-	-	-
Court Security	-	-	-	-	-
Total Fund Balance	10	17,077	4,342	153	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 978	$ 18,905	$ 4,342	$ 164	$ 575

	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
	$ -	$ -	$ 14,575	$ 9,294	$ 1,073	$ 723	$ 6,130	$ 5,181	$ 1,683
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	947	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	50	27	479	-	-
	-	-	-	-	241	-	-	-	-
	284	2,277	-	-	-	-	1,391	-	-
	-	-	-	-	-	-	-	-	-
	$ 284	$ 2,277	$ 14,575	$ 9,294	$ 1,364	$ 1,697	$ 8,000	$ 5,181	$ 1,683
	$ 93	$ 391	$ -	$ -	$ 608	$ 264	$ 1,090	$ 23	$ 104
	9	-	-	-	-	-	-	6	-
	16	-	-	-	112	276	-	-	-
	166	1,829	-	-	-	-	992	-	-
	284	2,220	-	-	720	540	2,082	29	104
	-	-	122	-	-	-	-	-	-
	-	-	122	-	-	-	-	-	-
	-	-	-	-	241	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	5,152	-
	-	57	-	-	-	-	3,865	-	-
	-	-	-	-	-	-	-	-	1,579
	-	-	14,453	9,294	-	1,157	994	-	-
	-	-	-	-	403	-	-	-	-
	-	-	-	-	-	-	1,059	-	-
	-	-	-	-	-	-	-	-	-
	-	57	14,453	9,294	644	1,157	5,918	5,152	1,579
	$ 284	$ 2,277	$ 14,575	$ 9,294	$ 1,364	$ 1,697	$ 8,000	$ 5,181	$ 1,683

(continued)

CITY OF ARLINGTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				
	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash-like investments	$ 59,691	$ 955	$ 2,059	$ 9,020	$ 130,752
Land held for resale	-	-	-	7,653	7,653
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	947
Sales tax	-	-	-	-	2,924
Other	-	-	-	-	556
Inventory, at cost	-	-	-	-	241
Due from other governments	-	-	-	-	5,624
Prepaid expenditures	-	-	-	-	-
Total Assets	$ 59,691	$ 955	$ 2,059	$ 16,673	$ 148,697
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 2,346	$ -	$ -	$ 244	$ 7,149
Retainage payable	1,095	-	-	85	1,372
Unearned Revenue	-	-	-	-	458
Due to other funds	-	-	-	-	4,152
Total Liabilities	3,441	-	-	329	13,131
Deferred Inflows of Resources:					
Gas lease	-	-	-	-	122
Total Deferred Inflows of Resources	-	-	-	-	122
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	241
Prepaids	-	-	-	-	-
Restricted for:					
Capital projects	-	955	2,059	16,344	24,510
Special revenue	-	-	-	-	25,351
Committed:					
Capital projects	56,250	-	-	-	57,829
Special revenue	-	-	-	-	26,051
Assigned:					
Park performance	-	-	-	-	403
Special revenue	-	-	-	-	1,059
Court Security	-	-	-	-	-
Total Fund Balance	56,250	955	2,059	16,344	135,444
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 59,691	$ 955	$ 2,059	$ 16,673	$ 148,697

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THE AMERICAN DREAM CITY

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administr	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
REVENUES					
Taxes	$ -	$ 17,232	$ 5,089	$ -	$ -
Leases, rents and concessions	-	-	-	-	-
Service charges	240	-	-	-	-
Intergovernmental	2,926	-	-	771	2,830
Interest revenue	-	350	33	-	-
Net increase (decrease) in the fair value of investments	-	190	63	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	33	-	-	-	189
Total Revenues	3,199	17,772	5,185	771	3,019
EXPENDITURES					
Current:					
General government	-	-	962	-	-
Public safety	-	-	-	389	-
Public works	-	25,358	-	235	-
Public health	-	-	-	-	-
Public welfare	4,349	-	-	-	1,943
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	493	1,076
Total Expenditures	4,349	25,358	962	1,117	3,019
Net change in fund balances	(1,150)	(7,586)	4,223	(346)	-
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issu	-	-	-	-	-
Issuance of certificates of obligatior	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in	1,079	6,180	-	259	-
Transfers out	-	-	(1,896)	-	-
Total Other Financing Sources (Uses)	1,079	6,180	(1,896)	259	-
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other use	(71)	(1,406)	2,327	(87)	-
Fund Balance, October 1	81	18,483	2,015	240	-
Fund Balance, September 30	$ 10	$ 17,077	$ 4,342	$ 153	$ -

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
$ -	$ -	$ -	$ -	$ -	$ 9,671	$ 7,144	$ -	$ -
-	-	-	-	-	2,500	-	-	-
-	-	-	-	10,036	2,296	1,588	-	-
915	3,659	-	-	-	-	4,677	-	-
-	-	321	83	96	2	56	104	38
-	-	150	45	-	25	7	61	16
-	-	-	-	-	-	-	-	-
-	-	7,000	-	-	-	-	-	-
-	-	99	-	-	-	-	-	-
25	6	721	-	18	16	2,031	-	-
940	3,665	8,291	128	10,150	14,510	15,503	165	54
-	-	-	-	-	-	2,090	1,249	-
-	3,690	-	-	-	-	4,958	-	-
-	-	-	-	-	-	6,423	-	-
-	-	-	-	-	-	1,169	-	-
940	-	963	1,253	-	-	585	-	-
-	-	-	-	12,106	-	651	-	-
-	-	-	-	-	15,110	-	-	-
-	-	-	-	-	128	-	-	328
940	3,690	963	1,253	12,106	15,238	15,876	1,249	328
-	(25)	7,328	(1,125)	(1,956)	(728)	(373)	(1,084)	(274)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	905	-
-	-	-	-	-	-	-	95	-
-	26	-	7,317	2,232	2,847	3,257	-	351
-	-	(7,354)	-	-	(3,107)	(2,688)	-	(54)
-	26	(7,354)	7,317	2,232	(260)	569	1,000	297
-	1	(26)	6,192	276	(988)	196	(84)	23
-	56	14,479	3,102	368	2,145	5,722	5,236	1,556
$ -	$ 57	$ 14,453	$ 9,294	$ 644	$ 1,157	$ 5,918	$ 5,152	$ 1,579

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				
	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 39,136
Leases, rents and concessions	-	-	-	-	2,500
Service charges	1,170	-	-	-	15,330
Intergovernmental	-	-	-	-	15,778
Interest revenue	1,320	19	57	169	2,648
Net increase (decrease) in the fair value of investments	751	11	33	86	1,438
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	7,000
Gas lease other	-	-	-	-	99
Other	-	-	-	120	3,159
Total Revenues	3,241	30	90	375	87,088
EXPENDITURES					
Current:					
General government	-	-	-	298	4,599
Public safety	-	-	-	-	9,037
Public works	-	-	-	-	32,016
Public health	-	-	-	-	1,169
Public welfare	-	-	-	-	10,033
Parks and recreation	-	-	-	-	12,757
Convention and event services	-	-	-	-	15,110
Capital outlay	21,641	-	1,058	2,018	26,742
Total Expenditures	21,641	-	1,058	2,316	111,463
Net change in fund balances	(18,400)	30	(968)	(1,941)	(24,375)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	6,400	-	-	900	7,300
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	2,028	-	-	2,437	5,370
Bond premium	212	-	-	255	562
Transfers in	915	-	-	200	24,663
Transfers out	(1,462)	-	-	(923)	(17,484)
Total Other Financing Sources (Uses)	8,093	-	-	2,869	20,411
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	(10,307)	30	(968)	928	(3,964)
Fund Balance, October 1	66,557	925	3,027	15,416	139,408
Fund Balance, September 30	$ 56,250	$ 955	$ 2,059	$ 16,344	$ 135,444

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			Variance with
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Final Budget- Positive (Negative)
REVENUES						
Taxes	$ 48,976	$ 48,976	$ 86,279	$ (38,165)	$ 48,114	$ (862)
Interest revenue	433	433	4,233	(3,646)	587	154
Net increase (decrease) in fair value of investments	-	-	16	-	16	16
Leases, rents and concessions	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	49,409	49,409	90,528	(41,811)	48,717	(692)
EXPENDITURES						
Debt Service-						
Principal retirement	35,355	35,355	35,605	(250)	35,355	-
Redemption premium	-	-	-	-	-	-
Interest and fiscal charges	16,637	16,637	42,751	(27,399)	15,352	1,285
Total Expenditures	51,992	51,992	78,356	(27,649)	50,707	1,285
Deficiency of Revenues Under Expenditures	(2,583)	(2,583)	12,172	(14,162)	(1,990)	593
OTHER FINANCING SOURCES						
Bond premium	350	350	5,874	-	5,874	5,524
Proceeds from bonds	-	-	-	-	-	-
Issuance of refunding bonds	-	-	(5,862)	-	(5,862)	(5,862)
Refunding bond principal	-	-	-	-	-	-
Amount used to fund escrow account	-	-	-	-	-	-
Transfers in	2,385	2,385	2,555	-	2,555	170
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	2,735	2,735	2,567	-	2,567	(168)
Net Change In Fund Balances	152	152	14,739	(14,162)	577	425
Fund Balances - Beginning	41,237	41,237	41,237	-	41,237	-
Fund Balances - Ending	$ 41,389	$ 41,389	$ 55,976	$ (14,162)	$ 41,814	$ 425

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
STREET MAINTENANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Taxes	$ 16,023	$ 16,023	$ 17,232	$ -	$ 17,232	$ 1,209
Interest revenue	223	223	350	-	350	127
Net increase (decrease) in the fair value of investments	-	-	190	(190)	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	16,246	16,246	17,772	(190)	17,582	1,336
EXPENDITURES						
Current-						
Public works	23,883	23,883	25,358	(1,772)	23,586	297
Total Expenditures	23,883	23,883	25,358	(1,772)	23,586	297
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(7,637)	(7,637)	(7,586)	1,582	(6,004)	1,633
OTHER FINANCING SOURCES						
Transfers in	6,642	6,642	6,180	351	6,531	(111)
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	6,642	6,642	6,180	351	6,531	(111)
Net Change In Fund Balances	(995)	(995)	(1,406)	1,933	527	1,522
Fund Balances - Beginning	18,483	18,483	18,483	-	18,483	-
Fund Balances - Ending	$ 17,488	$ 17,488	$ 17,077	$ 1,933	$ 19,010	$ 1,522

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
PARK PERFORMANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Service charges	$ 11,791	$ 11,791	$ 10,054	$ -	$ 10,054	$ (1,737)
Interest revenue	-	-	96	-	96	96
Total Revenues	11,791	11,791	10,150	-	10,150	(1,641)
EXPENDITURES						
Current-						
Parks and recreation	14,015	14,015	12,106	2	12,108	1,907
Total Expenditures	14,015	14,015	12,106	2	12,108	1,907
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(2,224)	(2,224)	(1,956)	(2)	(1,958)	266
OTHER FINANCING USES						
Transfers in	2,274	2,274	2,232	-	2,232	(42)
Transfers out	-	-	-	-	-	-
Total Other Financing Uses	2,274	2,274	2,232	-	2,232	(42)
Net Change In Fund Balances	50	50	276	(2)	274	224
Fund Balances - Beginning	555	555	368	-	368	-
Fund Balances - Ending	$ 605	$ 605	$ 644	$ (2)	$ 642	$ 224

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
CONVENTION AND EVENT SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Taxes	$ 9,995	$ 9,995	$ 9,671	$ -	$ 9,671	$ (324)
Service charges	2,783	2,783	2,296	-	2,296	(487)
Stadium Rent/Naming Rights	2,500	2,500	2,500	-	2,500	-
Interest revenue	-	-	2		2	2
Net increase (decrease) in the fair value of investments	-	-	25	-	25	25
Other	-	-	16	-	16	16
Total Revenues	15,278	15,278	14,510	-	14,510	(768)
EXPENDITURES						
Current-						
Convention & event services	11,272	11,272	15,238	(4,152)	11,086	186
Total Expenditures	11,272	11,272	15,238	(4,152)	11,086	186
Excess Of Revenues Over Expenditures	4,006	4,006	(728)	4,152	3,424	(582)
OTHER FINANCING SOURCES (USES)						
Transfers in	2,972	2,972	2,847	-	2,847	(125)
Transfers out	(7,259)	(7,259)	(3,107)	(4,152)	(7,259)	-
Total Other Financing Sources (Uses)	(4,287)	(4,287)	(260)	(4,152)	(4,412)	(125)
Net Change In Fund Balances	(281)	(281)	(988)	-	(988)	(707)
Fund Balances - Beginning	2,145	2,145	2,145	-	2,145	-
Fund Balances - Ending	$ 1,864	$ 1,864	$ 1,157	$ -	$ 1,157	$ (707)

CITY OF ARLINGTON, TEXAS
BUDGET COMPARISON SCHEDULE
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Water sales	$ 78,176	$ 78,176	$ 75,933	$ (1,944)	$ 73,989	$ (4,187)
Sewer service	70,704	70,704	70,492	(317)	70,175	(529)
Sundry	6,701	6,701	8,764	(4)	8,760	2,059
Total Operating Revenues	155,581	155,581	155,189	(2,265)	152,924	(2,657)
EXPENDITURES						
Purchases of water	$ 25,983	$ 25,983	$ 19,781	$ -	$ 19,781	$ 6,202
Purchase of sewage treatment	39,409	39,409	36,780	-	36,780	2,629
Salaries and wages	14,986	14,986	13,502	(130)	13,372	1,614
Employees' retirement	1,998	1,998	3,332	(1,299)	2,033	(35)
Supplies	2,843	2,843	3,338	10	3,348	(505)
Maintenance and repairs	4,649	4,649	4,198	(94)	4,104	545
Utilities	2,658	2,658	2,330	-	2,330	328
Franchise fees	9,088	9,088	-	8,775	8,775	313
Payment in lieu of taxes	4,310	4,310	-	4,310	4,310	-
Depreciation	-	-	19,051	(19,051)	-	-
Miscellaneous services	5,195	5,195	4,493	580	5,073	122
Total Operating Expenses	111,119	111,119	106,805	(6,899)	99,906	11,213
Operating Income	44,462	44,462	48,384	4,634	53,018	8,556
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	1,263	1,263	2,649	1,129	3,778	2,515
Net increase (decrease) in the fair value of investments	-	-	1,424	(1,424)	-	-
Interest expense and fiscal charges	(25,112)	(25,112)	(6,203)	(20,186)	(26,389)	(1,277)
Total Nonoperating Revenues (Expenses)	(23,849)	(23,849)	(2,130)	(20,481)	(22,611)	1,238
Income (loss) before operating transfers and contributions	20,613	20,613	46,254	(15,847)	30,407	9,794
Contributions in aid of construction	-	-	4,978	(4,978)	-	-
Transfers out	(19,631)	(19,631)	(17,865)	12,073	(5,792)	13,839
Change in net position	982	982	33,367	(8,752)	24,615	23,633
Total net position-beginning	647,865	647,865	647,865	-	647,865	-
Total net position-ending	$ 648,847	$ 648,847	$ 681,232	$ (8,752)	$ 672,480	$ 23,633

CITY OF ARLINGTON, TEXAS
BUDGET COMPARISON SCHEDULE
STORM WATER UTILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Storm water fee- commercial	$ 8,187	$ 8,187	$ 8,463	$ (37)	$ 8,426	$ 239
Storm water fee- residential	9,434	9,434	9,551	(44)	9,507	73
Total Operating Revenues	17,621	17,621	18,014	(81)	17,933	312
EXPENDITURES						
Salaries and wages	$ 2,418	$ 2,418	$ 2,105	$ -	$ 2,105	$ 313
Employees' retirement	362	362	338	-	338	24
Supplies	78	78	61	-	61	17
Maintenance and repairs	444	444	349	12	361	83
Utilities	19	19	22	-	22	(3)
Depreciation	-	-	2,477	(2,477)	-	-
Miscellaneous services	1,202	1,202	722	302	1,024	178
Total Operating Expenses	4,523	4,523	6,074	(2,163)	3,911	612
Operating Income	13,098	13,098	11,940	2,082	14,022	924
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	227	227	365	(248)	117	(110)
Net increase (decrease) in the fair value of investments	-	-	238	(238)	-	-
Interest expense and fiscal charges	(3,189)	(3,189)	(337)	(2,969)	(3,306)	117
Total Nonoperating Revenues (Expenses)	(2,962)	(2,962)	266	(3,455)	(3,189)	7
Income (loss) before operating transfers and contributions	10,136	10,136	12,206	(1,373)	10,833	697
Transfers out	(10,674)	(10,674)	(904)	(9,850)	(10,754)	(80)
Change in net position	(538)	(538)	11,302	(11,223)	79	617
Total net position-beginning	113,728	113,728	113,728	-	113,728	-
Total net position-ending	$ 113,190	$ 113,190	$ 125,030	$ (11,223)	$ 113,807	$ 617

INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Knowledge Services	Fleet Services	Self Insurance Risk Management
ASSETS			
Current Assets:			
Cash and cash-like investments	$ -	$ 1,295	$ 12,147
Receivables (net of allowances for uncollectibles)	-		
Trade accounts	-	2	
Accrued Interest	-	-	103
Other	-	-	207
Prepaid expenses	-	-	-
Inventory of supplies, at cost	-	-	-
Total Current Assets	-	1,297	12,457
Noncurrent Assets:			
Capital Assets:			
Buildings and improvements	-	467	-
Machinery and equipment	-	51,806	-
Less accumulated depreciation	-	(37,062)	-
Total Capital Assets (Net of Accumulated Depreciation)	-	15,211	-
Total Assets	-	16,508	12,457
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	-	318	7
Estimated claims payable	-	-	-
Due to other funds	-	-	-
Total Current Liabilities	-	318	7
Noncurrent Liabilities:			
Estimated claims payable	-	-	2,584
Accrued compensated absences	-	-	-
Total Noncurrent Liabilities	-	-	2,584
Total Liabilities	-	318	2,591
NET POSITION			
Net investment in capital assets	-	15,211	-
Unrestricted	-	979	9,866
Total Net Position	$ -	$ 16,190	$ 9,866

Workers' Compensation	Group Health	Total
$ 3,937	$ 4,144	$ 21,523
19	-	21
-	-	103
-	-	207
-	-	-
-	-	-
3,956	4,144	21,854
-	-	467
-	-	51,806
-	-	(37,062)
-	-	15,211
3,956	4,144	37,065
44	115	484
1,212	2,226	3,438
-	-	-
1,256	2,341	3,922
2,700	-	5,284
-	-	-
2,700	-	5,284
3,956	2,341	9,206
-	-	15,211
-	1,803	12,648
$ -	$ 1,803	$ 27,859

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Knowledge Services	Fleet Services	Self Insurance Risk Management
OPERATING REVENUES:			
Service charges	$ -	$ 6,581	$ 14
Total Operating Revenues	-	6,581	14
OPERATING EXPENSES:			
Salaries and wages	-	46	-
Employees' retirement	-	9	-
Supplies	-	2,106	-
Maintenance and repairs	-	298	-
Utilities	-	53	-
Claims (net of adjustments)	-	-	718
Legal and professional	-	-	15
Depreciation	-	4,113	-
Miscellaneous services	-	3,169	
Total Operating Expenses	-	9,794	733
OPERATING INCOME (LOSS)	-	(3,213)	(719)
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	-	-	247
Miscellaneous revenue	-	-	-
Net increase (decrease) in the fair value of investments	-	-	3
Gain (Loss) on sale of assets	-	249	-
Total Non-operating Revenues (Expenses)	-	249	250
Income (Loss) Before Transfers	-	(2,964)	(469)
Transfers In	-	4,635	-
Transfers Out	(45)	-	-
Change In Net Position	(45)	1,671	(469)
Total Net Position, October 1	45	14,519	10,335
Total Net Position, September 30	$ -	$ 16,190	$ 9,866

Workers' Compensation	Group Health	Total
$ 1,257	$ 23,064	$ 30,916
1,257	23,064	30,916
-	-	46
-	-	9
-	-	2,106
-	-	298
-	-	53
1,969	23,062	25,749
178	-	193
-	-	4,113
-	-	3,169
2,147	23,062	35,736
(890)	2	(4,820)
70	86	403
-	851	851
47	18	68
-	-	249
117	955	1,571
(773)	957	(3,249)
665	-	5,300
-	(665)	(710)
(108)	292	1,341
108	1,511	26,518
$ -	$ 1,803	$ 27,859

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ -	$ 6,650	$ (67)
Cash payments to suppliers	-	(5,934)	(1,082)
Cash payments to employees	-	(69)	-
Net Cash Provided By (Used For) Operating Activities	-	647	(1,149)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	4,635	-
Transfers out	(45)	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	(45)	4,635	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(4,592)	-
Proceeds from sales of capital assets	-	299	-
Net Cash Used For Capital and Related Financing Activities	-	(4,293)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from interest earnings	-	-	100
Net increase in the fair value of investments	-	-	1
Net Cash Provided By Investing Activities	-	-	101
Net increase (decrease) in cash and cash equivalents	(45)	989	(1,048)
Cash and cash-like investments at October 1	45	306	13,195
Cash and cash-like investments at September 30	$ -	$ 1,295	$ 12,147
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating Income (Loss)	$ -	$ (3,213)	$ (719)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	4,113	-
(Increase) decrease in-			
Inventory of supplies	-	-	-
Accounts receivable	-	69	(81)
Prepaid expenses	-	-	-
Increase (decrease) in-			
Accounts payable and accrued liabilities	-	(308)	7
Estimated claims payable	-	-	(356)
Accrued compensated absences	-	(14)	-
Total adjustments	-	3,860	(430)
Net Cash Provided By (Used For) Operating Activities	$ -	$ 647	$ (1,149)

Workers' Compensation	Group Health	Totals
$ 1,277	23,064	$ 30,924
(1,913)	(23,111)	(32,040)
-	-	(69)
(636)	(47)	(1,185)
665	-	5,300
-	(665)	(710)
665	(665)	4,590
-	-	(4,592)
-	-	299
-	-	(4,293)
70	937	1,107
47	18	66
117	955	1,173
146	243	285
3,791	3,901	21,238
$ 3,937	$ 4,144	$ 21,523
$ (890)	$ 2	$ (4,820)
-	-	4,113
-	-	-
20	-	8
-	-	-
41	(11)	(271)
193	(38)	(201)
-	-	(14)
254	(49)	3,635
$ (636)	$ (47)	$ (1,185)

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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
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	Total
ASSETS				
Cash and cash-like investments	$ -	$ 113	$ -	$ 113
Investments:				
Investment retired city mgr 401(k) plan	-	63	-	63
Money market fund	104	39,623	31	39,758
Corporate bonds	1,863	-	770	2,633
Fixed income mutual funds	590	18,760	256	19,606
Common stock mutual funds	525	110,107	272	110,904
Balanced mutual funds	-	45,329	-	45,329
Participant borrowing	-	5,232	-	5,232
Self-directed brokerage accounts	-	8,185	-	8,185
Total investments	3,082	227,299	1,329	231,710
Total Assets	$ 3,082	$ 227,412	$ 1,329	$ 231,823
LIABILITIES				
Retired city mgr 401(k) plan payable	-	63	-	63
Total Liabilities	-	63	-	63
NET POSITION				
Restricted for pensions	3,082	227,349	1,329	231,760
Total Net Position	$ 3,082	$ 227,349	$ 1,329	$ 231,760

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Payroll	Escrow Fund	Escheat Fund	Total
ASSETS				
Cash and cash-like investments	$ 4,699	$ 2,657	$ 136	$ 7,492
Total Assets	$ 4,699	$ 2,657	$ 136	$ 7,492
LIABILITIES				
Accounts payable and accrued liabilities	$ 4,699	$ 2,657	$ 136	$ 7,492
Total Liabilities	$ 4,699	$ 2,657	$ 136	$ 7,492

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds			
	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	Total
ADDITIONS				
Employer contributions	$ 91	$ 3,727	$ 77	$ 3,895
Employee contributions	110	9,243	-	9,353
Net appreciation in fair value of investments	224	9,656	-	9,880
Other additions	-	100	99	199
Total Additions	425	22,726	176	23,327
DEDUCTIONS				
Benefits	136	13,229	114	13,479
Plan administration	56	129	13	198
Other deductions	-	81	-	81
Total Deductions	192	13,439	127	13,758
Increase in Net Position	233	9,287	49	9,569
Net Position, October 1	2,849	218,062	1,280	222,191
Net Position, September 30	$ 3,082	$ 227,349	$ 1,329	$ 231,760

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2018	Additions	Deductions	Balance September 30, 2019
PAYROLL FUND				
Assets				
Cash and cash-like investments	$ 5,316	$ 366,844	$ 367,461	$ 4,699
Investments	-	-	-	-
Total assets	$ 5,316	$ 366,844	$ 367,461	$ 4,699
Liabilities				
Accounts payable and accrued liabilities	$ 5,316	$ 366,844	$ 367,461	$ 4,699
Accounts payable and accrued liabilities - IRC 401 defined contribution	-	-	-	-
Total liabilities	$ 5,316	$ 366,844	$ 367,461	$ 4,699
ESCROW FUND				
Assets				
Cash and cash-like investments	$ 3,004	$ 6,924	$ 7,271	$ 2,657
Total assets	$ 3,004	$ 6,924	$ 7,271	$ 2,657
Liabilities				
Accounts payable and accrued liabilities	$ 3,004	$ 6,924	$ 7,271	$ 2,657
Total liabilities	$ 3,004	$ 6,924	$ 7,271	$ 2,657
ESCHEAT FUND				
Assets				
Cash and cash-like investments	$ 81	$ 492	$ 437	$ 136
Total assets	$ 81	$ 492	$ 437	$ 136
Liabilities				
Accounts payable and accrued liabilities	$ 81	$ 492	$ 437	$ 136
Total liabilities	$ 81	$ 492	$ 437	$ 136
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash-like investments	$ 8,401	$ 374,260	$ 375,169	$ 7,492
Total assets	$ 8,401	$ 374,260	$ 375,169	$ 7,492
Liabilities				
Accounts payable and accrued liabilities	$ 8,401	$ 374,260	$ 375,169	$ 7,492
Total Liabilities	$ 8,401	$ 374,260	$ 375,169	$ 7,492

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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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Housing Authority	Arlington Convention & Visitors Bureau	Arlington Tomorrow Foundation
ASSETS			
Current Assets:			
Cash and cash-like investments	$ 3,562	$ 943	$ 15,915
Investments	1,296	-	62,904
Receivables (net of allowances for uncollectibles):			
Accrued interest	-	-	440
Other	228	83	-
Prepaid expenses	24	88	-
Total Current Assets	5,110	1,114	79,259
Non-Current Assets:			
Capital Assets-			
Land	-	-	-
Buildings and improvements	563	-	-
Machinery and equipment	382	739	-
Accumulated depreciation	(721)	(578)	-
Total Non-Current Assets	224	161	-
Total Assets	5,334	1,275	79,259
LIABILITIES			
Accounts payable and accrued liabilities	771	367	2,129
Unearned revenue	326	20	-
Total Liabilities	1,097	387	2,129
NET POSITION			
Net investment in capital assets	224	161	-
Restricted for endowments	-	-	77,130
Restricted for housing assistance	170	-	-
Restricted for expendable for operations	-	300	-
Unrestricted	3,843	427	-
Total Net Position	$ 4,237	$ 888	$ 77,130

Arlington Housing Finance Corporation	Arlington Tourism Public Improvement District	Arlington Convention Center Development Corporation	Total
$ 431	$ 310	$ 30	$ 21,191
-	-	-	64,200
-	-	-	440
-	755	-	1,066
-	8	-	120
431	1,073	30	87,017
2,204	-	-	2,204
	-	-	563
-	-	-	1,121
-	-	-	(1,299)
2,204	-	-	2,589
2,635	1,073	30	89,606
2	127	8	3,404
-	-	-	346
2	127	8	3,750
2,204	-	-	2,589
-	-	-	77,130
-	-	-	170
-	-	-	300
429	946	22	5,667
$ 2,633	$ 946	$ 22	$ 85,856

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Component Units:				
Arlington Housing Authority	$ 31,996	$ -	$ 31,223	$ -
Arlington Convention and Visitors Bureau	6,644	6,692	500	-
Arlington Tomorrow Foundation	2,055	-	-	-
Arlington Housing Finance Corporation	44	66	-	-
Arlington Tourism Public Improvement District	3,634	2,580	721	-
Arlington Convention Center Development Corp	41	-	34	-
Total Component Units	$ 44,414	$ 9,338	$ 32,478	$ -

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

Net (Expenses) Revenue and Changes in Net Position						
Arlington Housing Authority	Arlington Convention & Visitors Bureau	Arlington Tomorrow Foundation	Arlington Housing Finance Corporation	Arlington Tourism Public Improvement District	Arlington Convention Center Development Corporation	Total
$ (773)	$ -	$ -	$ -	$ -	$ -	$ (773)
-	548	-	-	-	-	548
-	-	(2,055)	-	-	-	(2,055)
-	-	-	22	-	-	22
-	-	-	-	(333)	-	(333)
-	-	-	-	-	(7)	(7)
$ (773)	$ 548	$ (2,055)	$ 22	$ (333)	$ (7)	$ (2,598)
$ 77	$ -	$ 5,951	$ 9	$ -	$ -	$ 6,037
258	-	-	-	-	-	258
-	-	(136)	4	-	-	(132)
335	-	5,815	13	-	-	6,163
(438)	548	3,760	35	(333)	(7)	3,565
4,675	340	73,370	2,598	1,279	29	82,291
$ 4,237	$ 888	$ 77,130	$ 2,633	$ 946	$ 22	$ 85,856

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Tomorrow Foundation	Arlington Housing Finance Corporation
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ -	$ 29
Cash received from gas leases	-	-
Cash payments to suppliers	97	(44)
Cash payments to employees	(270)	-
Cash payments to grantees	(1,588)	-
Cash payments for housing assistance	-	-
Net Cash Provided By (Used For) Operating Activities	(1,761)	(15)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contribution	-	38
Principal payments on debt	-	-
Net Cash Provided By (Used For) Capital and Related Financing Activities	-	38
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest earnings	5,800	9
Net increase (decrease) in the fair value of investments	-	5
Purchase of investments	(10,600)	-
Maturities/sales of investments	-	-
Realized gain of investments	-	-
Net Cash Provided By (Used For) Investing Activities	(4,800)	14
Net increase (decrease) in cash and cash equivalents	(6,561)	37
Cash and cash-like investments at October 1	22,476	2,598
Cash and cash-like investments at September 30	$ 15,915	$ 2,635
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating Income (loss)	$ (2,054)	$ (15)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Decrease (increase) in-		
Receivables		-
Increase (decrease) in-		
Accounts payable and accrued liabilities	290	-
Accrued compensated absences	3	-
Deferred revenue	-	-
Total adjustments	293	-
Net Cash Provided By (Used For) Operating Activities	$ (1,761)	$ (15)

Arlington Convention Center Development Corporation	Totals
$ 34	$ 63
-	-
(34)	19
-	(270)
-	(1,588)
-	-
-	(1,776)
-	-
-	-
-	-
-	38
-	-
-	38
-	5,809
-	5
-	(10,600)
-	-
-	-
-	(4,786)
-	(6,524)
29	25,103
$ 29	$ 18,579
$ (7)	$ (2,076)
-	-
-	-
7	297
-	3
-	-
7	300
$ -	$ (1,776)

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(AMOUNTS EXPRESSED IN THOUSANDS)

GOVERNMENTAL FUNDS CAPITAL ASSETS:		
Land	$	243,969
Buildings		1,139,608
Improvements other than buildings		205,370
Machinery and equipment		83,996
Construction-in-progress		1,022,432
Infrastructure		1,012,741
Total Governmental Funds Capital Assets	$	3,708,116

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:		
General fund	$	1,672,943
Capital Project Fund		2,035,173
Total Governmental Funds Capital Assets	$	3,708,116

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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
Administration:					
Technology services	$ 14,279	$ -	$ -	$ -	$ 14,279
Tax	6	-	-	-	6
City administration	1,254,655	127,710	1,055,599	62,644	8,702
Convention center	537	-	-	-	537
Total Administration	1,269,477	127,710	1,055,599	62,644	23,524
Operations:					
Fire	39,775	(208)	17,013	-	22,970
Municipal court	1,409	-	-	-	1,409
Police	41,974	654	21,490	-	19,830
Parks and recreation	232,926	82,173	23,187	123,371	4,195
Communication services	88	-	-	-	88
Airport	47,255	6,132	22,030	18,993	100
Total Operations	363,427	88,751	83,720	142,364	48,592
Development:					
Community development	1,484	-	289	6	1,189
Engineering services	137	-	-	-	137
Transportation	38,418	27,508	-	356	10,544
Total Development	40,039	27,508	289	362	11,870
Total Capital Assets Allocated to Functions	1,672,943	$ 243,969	$ 1,139,608	$ 205,370	$ 83,986
Infrastructure	1,012,741				
Construction in Progress	1,022,432				
Total Governmental Funds Capital Assets	$ 3,708,116				

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, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Governmental Funds Capital Assets October 1, 2018	Additions	Deletions	Governmental Funds Capital Assets September 30, 2019
Administration:				
Technology services	$ 14,279	$ -	$ -	$ 14,279
Tax	6	-	-	6
City administration	1,252,418	2,237	-	1,254,655
Convention center	537	-	-	537
Total Administration	1,267,240	2,237	-	1,269,477
Operations:				
Fire	38,579	1,579	(383)	39,775
Municipal court	1,409	-	-	1,409
Police	39,263	2,746	(35)	41,974
Parks and recreation	229,377	3,549	-	232,926
Communication services	88	-	-	88
Airport	47,253	21	(19)	47,255
Total Operations	355,969	7,895	(437)	363,427
Development:				
Community development	1,484	-	-	1,484
Engineering services	137	-	-	137
Transportation	23,779	15,278	(639)	38,418
Total Development	25,400	15,278	(639)	40,039
Infrastructure	935,094	77,647	-	1,012,741
Construction in Progress	399,758	724,394	(101,720)	1,022,432
Total Governmental Funds Capital Assets	$ 2,983,461	$ 827,451	$ (102,796)	$ 3,708,116

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.

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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)

	2010	2011	2012
Governmental activities			
Net investment in capital assets	$ 1,136,342	$ 1,165,492	$ 1,164,831
Restricted (Debt Srvcs/Impact Fee/Endowments)	64,789	42,998	46,032
Unrestricted	101,397	81,671	81,604
Total governmental activities net position	$ 1,302,528	$ 1,290,161	$ 1,292,467
Business-type activities			
Net investment in capital assets	$ 541,227	$ 543,702	$ 573,042
Restricted	10,140	19,706	18,655
Unrestricted	33,270	52,554	45,459
Total business-type activities net position	$ 584,637	$ 615,962	$ 637,156
Primary government			
Net investment in capital assets	$ 1,677,569	$ 1,709,194	$ 1,737,873
Restricted (Debt Srvcs/Impact Fee)	74,929	62,704	64,687
Unrestricted	134,667	134,225	127,063
Total primary government net position	$ 1,887,165	$ 1,906,123	$ 1,929,623

Source: City of Arlington Finance Department

Note: Fiscal Year 2014 amounts have been restated for the impact of GASB Statement No. 68.
Note: Fiscal Year 2017 amounts have been restated for the impact of GASB Statement No. 75.

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
$ 1,183,621	$ 1,106,840	$ 1,106,327	$ 1,055,902	$ 1,130,555	$ 881,082	$ 1,462,715
45,169	41,902	42,149	36,068	29,169	50,408	65,742
65,489	57,744	76,379	181,216	110,143	242,076	50,411
$ 1,294,279	$ 1,206,486	$ 1,224,855	$ 1,273,186	$ 1,269,867	$ 1,173,566	$ 1,578,868
$ 597,114	$ 618,187	$ 622,780	$ 639,243	$ 653,455	$ 694,201	$ 653,396
14,299	16,169	14,947	18,150	20,334	39,028	118,649
44,633	29,687	45,365	51,776	61,652	24,236	29,756
$ 656,046	$ 664,043	$ 683,092	$ 709,169	$ 735,441	$ 757,465	$ 801,801
$ 1,780,735	$ 1,725,027	$ 1,729,107	$ 1,695,145	$ 1,784,010	$ 1,575,283	$ 2,116,111
59,468	58,071	57,096	54,218	49,503	89,436	184,391
110,122	87,431	121,744	233,324	171,795	266,312	80,167
$ 1,950,325	$ 1,870,529	$ 1,907,947	$ 1,982,687	$ 2,005,308	$ 1,931,031	$ 2,380,669

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

	Fiscal Year 2010	2011	2012
Expenses			
Governmental activities:			
General government	$ 70,517	$ 74,285	$ 66,080
Public safety	134,767	135,371	137,561
Public works	67,135	71,828	71,957
Public health	3,003	3,892	4,320
Parks and recreation	28,020	28,663	32,515
Public welfare	12,251	11,897	9,475
Convention and event services	6,321	6,194	6,821
Interest on long term debt	29,444	29,890	24,898
Total governmental activities expenses	$ 351,458	$ 362,020	$ 353,627
Business-type activities:			
Water and sewer	75,602	84,270	86,235
Landfill	4,017	4,861	4,777
Total business-type activities expenses	$ 79,619	$ 89,131	$ 91,012
Total primary government expenses	$ 431,077	$ 451,151	$ 444,639
Program Revenues			
Governmental activities:			
Charges for services:			
General government	$ 21,938	$ 21,810	$ 23,670
Public safety	17,429	21,131	19,498
Public works	1,322	1,153	1,160
Public health	2,980	2,775	2,730
Parks and recreation	8,879	9,999	10,861
Public welfare	204	215	222
Convention and event services	2,788	2,975	2,799
Operating grants and contributions	23,127	23,455	26,270
Capital grants and contributions	72,515	2,625	6,132
Total governmental activities program revenues	$ 151,182	$ 86,138	$ 93,342
Business-type activities:			
Charges for services:			
Water and sewer	$ 107,800	$ 123,442	$ 114,719
Storm water utility	8,702	10,492	10,536
Landfill	-	-	-
Capital grants and contributions	1,388	1,120	1,253
Other	-	-	-
Total business-type activities program revenues	$ 117,890	$ 135,054	$ 126,508
Total primary government program revenues	$ 269,072	$ 221,192	$ 219,850
Net (Expense) Revenue			
Governmental activities	$ (200,276)	$ (275,882)	$ (260,285)
Business-type activities	38,271	45,923	35,496
Total Primary government net expense	$ (162,005)	$ (229,959)	$ (224,789)
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	$ 115,684	$ 109,807	$ 110,131
Sales taxes	81,517	85,345	88,957
Other taxes	12,793	13,558	13,347
Gas Lease	-	-	-
Franchise fees	25,769	27,260	25,600
Investment earnings	4,577	5,156	3,975
Net increase (decrease) in fair value	1,709	(1,255)	(179)
Other	8,847	8,296	5,990
Special Item	-	-	-
Transfers	13,693	15,348	14,770
Total governmental activities	$ 264,589	$ 263,515	$ 262,591
Business-type activities:			
Investment earnings	$ 895	$ 855	$ 569
Gain on sale/retirement of capital assets	(41)	(105)	(101)
Miscellaneous	-	-	-
Transfers	(13,693)	(15,348)	(14,770)
Total Business-type activities	$ (12,839)	$ (14,598)	$ (14,302)
Total primary government	$ 251,750	$ 248,917	$ 248,289
Change in Net Position			
Governmental activities	$ 64,313	$ (12,367)	$ 2,306
Business-type activities	25,432	31,325	21,194
Total primary government	$ 89,745	$ 18,958	$ 23,500

Source: City of Arlington Finance Department

	Fiscal Year						
	2013	2014	2015	2016	2017	2018	2019
	$ 65,321	$ 74,183	$ 69,680	$ 75,486	$ 77,110	$ 81,032	$ 82,037
	139,309	146,899	142,489	156,414	170,459	167,064	187,839
	68,633	63,566	64,549	61,115	68,036	65,482	75,818
	2,489	2,740	2,849	2,741	2,934	3,067	3,610
	30,599	34,075	33,410	32,449	34,204	35,599	37,161
	11,453	11,558	10,019	14,978	10,280	68,964	11,132
	6,711	7,366	8,387	8,384	13,987	16,439	15,416
	25,017	28,703	22,299	23,016	19,209	29,247	37,378
	$ 349,532	$ 369,090	$ 353,682	$ 374,583	$ 396,219	$ 466,894	$ 450,391
	89,437	95,820	97,118	98,697	107,537	108,471	113,341
	5,051	4,972	5,040	5,740	6,208	6,651	6,411
	$ 94,488	$ 100,792	$ 102,158	$ 104,437	$ 113,745	$ 115,122	$ 119,752
	$ 444,020	$ 469,882	$ 455,840	$ 479,020	$ 509,964	$ 582,016	$ 570,143
	$ 21,023	$ 23,650	$ 25,617	$ 21,863	$ 24,579	25,798	29,217
	19,344	19,337	17,957	16,392	15,412	14,405	15,337
	1,416	1,412	1,585	2,085	2,491	2,473	2,309
	3,488	3,447	3,508	3,393	3,536	3,273	4,025
	10,977	10,187	10,356	11,180	9,775	10,909	11,206
	224	224	220	216	215	288	262
	2,594	2,739	2,852	3,680	3,107	3,120	2,296
	19,483	9,953	12,700	62,107	14,754	20,345	15,849
	4,481	4,910	10,479	5,814	9,442	4,544	410,903
	$ 83,030	$ 75,859	$ 85,274	$ 126,730	$ 83,311	$ 85,155	$ 491,404
	$ 114,234	$ 116,145	$ 123,870	$ 131,086	$ 138,007	$ 155,958	$ 155,189
	10,815	10,774	12,160	13,575	15,011	16,384	18,014
	-	-	-	-	-	-	-
	3,663	3,136	1,148	1,820	3,552	5,662	4,978
	-	-	-	-	-	-	-
	$ 128,712	$ 130,055	$ 137,178	$ 146,481	$ 156,570	$ 178,004	$ 178,181
	$ 211,742	$ 205,914	$ 222,452	$ 273,211	$ 239,881	$ 263,159	$ 669,585
	$ (266,502)	$ (293,231)	$ (268,408)	$ (247,853)	$ (312,908)	$ (381,739)	$ 41,013
	34,224	29,263	35,020	42,044	42,825	62,882	58,429
	$ (232,278)	$ (263,968)	$ (233,388)	$ (205,809)	$ (270,083)	$ (318,857)	$ 99,442
	$ 111,877	$ 113,432	$ 118,785	$ 121,943	$ 131,243	$ 143,826	$ 154,606
	94,071	93,127	97,895	102,580	105,352	109,645	118,724
	14,884	17,192	18,893	20,430	23,163	23,960	27,372
	-	-	-	-	-	-	-
	25,550	26,970	26,477	25,435	24,859	25,166	24,921
	3,081	3,356	3,330	4,023	4,714	9,276	11,329
	(962)	(469)	(294)	(598)	(1,027)	(1,384)	3,351
	4,257	3,808	5,156	6,084	3,852	6,125	5,217
	-	-	-	-	-	-	-
	15,556	15,355	16,535	16,619	17,101	34,364	18,769
	$ 268,314	$ 272,771	$ 286,777	$ 296,516	$ 309,257	$ 350,978	$ 364,289
	$ 353	$ 348	$ 465	$ 687	$ 1,098	$ 1,850	$ 3,014
	(131)	59	99	(35)	(550)	(862)	1,662
	-	2	-	-	-	-	-
	(15,556)	(15,355)	(16,535)	(16,619)	(17,101)	(34,364)	(18,769)
	$ (15,334)	$ (14,946)	$ (15,971)	$ (15,967)	$ (16,553)	$ (33,376)	$ (14,093)
	$ 252,980	$ 257,825	$ 270,806	$ 280,549	$ 292,704	$ 317,602	$ 350,196
	$ 1,812	$ (87,793)	$ 18,369	$ 48,663	$ (3,651)	$ (30,761)	$ 405,302
	18,890	7,997	19,049	26,077	26,272	29,506	44,336
	$ 20,702	$ (79,796)	$ 37,418	$ 74,740	$ 22,621	$ (1,255)	$ 449,638

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

	Fiscal Year 2010	2011	2012
General fund			
Nonspendable:			
Inventory	$ 1,163	$ 1,228	$ 1,252
Prepaids	-	16	16
Committed to:			
Utility rate case	500	500	500
Capital projects	-	1,122	-
Assigned to:			
Encumbrances	4,316	5,613	7,766
Working capital	16,218	16,054	16,745
Subsequent years' expenditure	5,839	5,944	6,378
Compensated absences	1,312	1,252	1,252
Other post employment benefits	1,718	1,718	1,718
Landfill lease proceeds/future initiatives	21,487	21,487	21,487
Dispatch	422	380	566
Information Technology	-	774	607
Telecommunications	-	-	-
Business continuity	6,889	4,538	5,155
Arbitrage	75	-	-
Infrastructure	-	-	-
Gas lease proceeds	-	-	-
Group Health	3,001	-	-
Other purposes	-	56	55
Unassigned	3,627	6,093	-
Total general fund	$ 66,567	$ 66,775	$ 63,497
All Other Governmental Funds			
Nonspendable:			
Inventory	$ 230	$ 245	$ 245
Prepaids	-	-	-
Restricted for:			
Capital projects	46,598	63,644	82,648
Special Revenue	91,613	67,258	72,894
Committed to:			
Capital projects	36,988	21,934	20,679
Special Revenue	9,690	17,152	21,594
Assigned to:			
Capital projects	-	-	-
Special Revenue	3,134	1,567	1,253
Undesignated	(1,351)	(2,260)	-
Total all other governmental funds	$ 186,902	$ 169,540	$ 199,313

Source: City of Arlington Finance Department

	Fiscal Year						
	2013	2014	2015	2016	2017	2018	2019
	$ 1,172	$ 1,206	$ 1,207	$ 1,265	$ 1,243	$ 1,231	$ 1,587
	20	23	71	117	-	28	-
	500	500	500	-	-	-	-
	-	-	-	-	-	-	-
	5,235	4,449	5,598	8,515	8,794	-	-
	17,076	17,537	18,162	19,717	20,055	21,116	22,151
	6,147	6,313	6,538	6,918	7,220	15,248	15,107
	1,263	1,372	1,443	1,402	1,299	1,537	1,363
	1,718	1,718	1,718	1,718	1,718	1,718	1,718
	17,206	17,151	17,151	17,151	17,151	17,151	17,151
	615	756	916	830	987	600	717
	236	195	119	305	290	159	173
	-	-	-	-	-	-	-
	4,062	4,062	4,062	4,062	4,062	4,062	4,062
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	1,490	909	538	478	30	3,456	1,869
	$ 56,740	$ 56,191	$ 58,023	$ 62,478	$ 62,849	$ 66,306	$ 65,898
	$ 243	$ 249	$ 240	$ 237	$ 219	$ 231	$ 241
	-	11,166	5,740	1,685	-	-	-
	85,214	99,932	109,099	97,784	87,655	347,828	112,886
	74,247	64,931	60,099	54,577	111,884	65,644	81,545
	24,592	25,725	27,516	44,867	57,845	68,113	57,829
	22,010	21,471	25,534	73,800	5,669	21,884	26,051
	-	-	-	-	-	-	-
	2,320	823	589	318	239	169	403
	(7)	-	-	-	-	-	-
	$ 208,619	$ 224,297	$ 228,817	$ 273,268	$ 263,511	$ 503,869	$ 278,955

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

	Fiscal Year 2010	2011	2012
REVENUES:			
Taxes:	$ 210,767	$ 209,077	$ 212,991
Licenses and permits	6,801	7,146	6,673
Franchise fees	25,769	27,260	25,600
Fines and forfeitures	13,861	15,194	15,425
Leases, rents, and concessions	11,117	8,791	8,968
Service charges	18,063	20,836	20,081
Investment income	4,025	5,004	3,797
Net increase (decrease) in fair value of investment	1,715	(1,201)	(139)
Contributions	44,839	2,243	6,132
Intergovernmental	26,801	23,017	25,361
Gas lease	5,971	8,276	9,314
Miscellaneous	7,129	6,826	5,202
Total Revenues	376,858	332,469	339,405
EXPENDITURES:			
General government	35,599	41,512	41,780
Public safety	126,934	128,519	134,166
Public works	35,493	44,003	39,954
Public health	2,770	3,737	4,163
Public welfare	10,969	11,045	8,372
Parks and recreation	23,666	23,975	24,322
Convention and event services	6,321	6,194	6,821
Operating expenditures	-	-	-
Capital outlay	79,365	26,389	32,262
Debt Service:			
Principal retirement	30,975	61,785	42,765
Redemption premium	-	1,116	249
Interest and fiscal charges	29,352	28,703	25,976
Bond issuance cost		-	-
Total expenditures	381,444	376,978	360,830
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,586)	(44,509)	(21,425)
OTHER FINANCING SOURCES (USES):			
Bonds issued*	62,560	15,275	19,635
Capital lease	-	-	-
Proceeds from sale of capital assests	-	-	-
Refunding bonds issued	16,020	41,065	23,865
Refunding bond principal			
Bond premium	2,870	2,318	2,038
Payment of escrow for refunding	(12,913)	(39,252)	(13,328)
Gain on sale of land	-	-	-
Bond discount	-	-	-
Transfers in	33,915	31,769	44,505
Transfers out	(23,662)	(23,820)	(28,795)
Total other financing sources (uses)	78,790	27,355	47,920
NET CHANGE IN FUND BALANCES	$ 74,204	$ (17,154)	$ 26,495
Capitalized Capital outlay	101,356	27,665	29,209
Debt service as a percentage of noncapital expenditures	21.5%	25.9%	20.7%

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

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
$ 221,338	$ 224,401	$ 235,986	$ 245,678	$ 260,653	$ 278,344	$ 301,400
6,823	7,589	7,448	9,063	9,662	9,278	9,955
25,550	26,970	26,477	25,435	24,859	25,166	24,921
15,419	15,191	13,847	11,996	10,858	10,305	10,853
8,932	9,890	10,203	9,848	10,099	11,044	11,672
20,302	19,705	20,316	22,089	20,252	22,071	25,073
3,269	3,252	3,322	3,936	4,432	9,068	10,871
(935)	(477)	(301)	(592)	(996)	(1,378)	3,283
4,481	4,910	6,290	5,373	9,442	4,544	410,903
19,483	15,476	12,700	62,857	14,754	20,345	15,849
7,668	8,351	10,287	5,196	8,221	7,568	7,099
3,549	2,783	8,569	5,003	2,585	4,971	3,214
335,879	338,041	355,144	405,882	374,821	401,326	835,093
40,188	43,045	41,924	45,692	46,945	52,520	49,480
132,829	142,556	141,550	145,733	157,252	162,441	172,697
44,151	45,965	45,723	42,215	45,569	49,099	55,557
2,349	2,621	2,762	2,637	2,741	2,869	3,425
9,391	11,558	8,497	9,768	10,277	67,075	10,033
26,738	25,628	26,246	26,347	28,165	29,746	29,757
6,711	7,366	8,037	8,283	13,640	16,036	15,110
-	-	-	-	-	-	-
27,325	30,912	43,274	55,815	77,115	303,477	721,573
49,625	50,810	54,815	60,500	35,190	38,630	35,605
299	168	13	701	-	-	-
25,062	23,689	23,624	24,119	22,571	34,427	42,751
-	-	-	-	-	-	-
364,668	384,318	396,465	421,810	439,465	756,320	1,135,988
(28,789)	(46,277)	(41,321)	(15,928)	(64,644)	(354,994)	(300,895)
19,635	43,450	32,004	64,585	64,550	524,684	60,820
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,430	-	36,845	47,365	128,440	-	-
				(172,000)	-	(5,862)
835	2,900	4,468	8,935	26,003	43,616	6,436
(6,585)	-	(40,435)	(53,710)	(8,752)	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
42,468	39,573	43,241	90,512	51,980	70,870	49,605
(31,445)	(24,517)	(28,450)	(92,853)	(34,963)	(40,361)	(35,426)
31,338	61,406	47,673	64,834	55,258	598,809	75,573
$ 2,549	$ 15,129	$ 6,352	$ 48,906	$ (9,386)	$ 243,815	$ (225,322)
27,497	30,077	41,252	55,394	79,498	311,245	725,746
22.2%	21.0%	22.1%	23.1%	16.0%	16.4%	19.1%

CITY OF ARLINGTON, TEXAS

Table 5

TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (In Thousands)

(Unaudited)

Fiscal Year		Tax Year	Estimated Actual Value of Taxable Property: Real Property	Estimated Actual Value of Taxable Property: Personal Property	Total Taxable Value [(1)]	Total Direct Tax Rate
2010		2009	15,647,090	2,604,015	18,251,105	0.6480
2011		2010	14,809,609	2,369,503	17,179,112	0.6480
2012		2011	14,768,390	2,555,054	17,323,444	0.6480
2013		2012	15,032,414	2,645,228	17,677,642	0.6480
2014		2013	15,451,540	2,636,867	18,088,407	0.6480
2015		2014	16,086,303	2,819,463	18,905,766	0.6480
2016	*	2015	16,580,450	3,020,914	19,601,363	0.6480
2017		2016	18,575,013	2,804,068	21,379,081	0.6448
2018		2017	20,651,783	2,851,409	23,503,192	0.6398
2019		2018	23,037,575	2,884,307	25,921,882	0.6348

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) Table 6
Last Ten Fiscal Years
(Unaudited)

	City Direct Rates			Overlapping Rates						
Tax Year[3]	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District[1]	Fort Worth Independent School District[1]	HEB Independent School District[1]	Kennedale Independent School District[1]	Mansfield Independent School District[1]	Tarrant County[2]	Viridian Management District
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
2018	0.4428	0.1920	0.6348	1.37	1.35	1.27	1.45	1.54	0.61	0.45
2019	0.4467	0.1773	0.6240	1.30	1.28	1.22	1.35	1.46	0.62	0.45

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 The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2018 determine revenue for fiscal year 2019.

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

	2019	
Taxpayer	Total Taxable Value	Percentage of Total City Taxable Value
General Motors Corp.	$ 292,887,859	1.13 %
Arlington Highlands	179,307,250	0.69
Parks at Arlington	172,159,764	0.66
Oncor Electric Delivery	161,906,699	0.62
Six Flags Fund II LTD	108,296,864	0.42
Bedrock Holdings II	96,380,000	0.37
Pioneer Industrial LLC	78,952,886	0.30
Columbia Medical Center	77,826,183	0.30
Park 20-360 Investors LLC	76,611,944	0.30
Viridian Holdings LP	76,552,714	0.30
Total	$ 1,320,882,163	5.10 %

Sources:
City of Arlington Finance Department
Tarrant Appraisal District

	2010	
Taxpayer	Total Taxable Value	Percentage of Total City Taxable Value
General Motors Corp.	$ 212,101,715	1.16 %
Oncor Electric Delivery	143,974,121	0.79
Parks at Arlington	140,258,067	0.77
Arlington Highlands	111,888,933	0.61
Wal Mart Real Estate	73,324,393	0.40
Six Flags Fund II LTD	66,162,610	0.36
Southwestern Bell	62,819,255	0.34
HC LOBF Arlington LLC	60,044,304	0.33
USMD Surgical Hospital	56,194,374	0.31
Quicksilver Resources	55,108,353	0.30
Total	$ 981,876,125	5.38 %

CITY OF ARLINGTON, TEXAS | Table 8
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year		Taxes Levied Within the Fiscal Year of the Levy	Collected Within the Fiscal Year of the Levy		Collections Related to Prior Years [1]	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
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		137,852,312	133,179,070	96.61	3,670,961	136,850,031	99.27
2018		150,373,422	145,497,705	96.76	3,698,065	149,195,770	99.22
2019		164,552,109	157,799,647	95.90	5,546,006	163,345,653	99.27

Source:
City of Arlington Finance Department

Notes:
Cumulative Tax Collection Comparison
[1] Prior year collections exclude penalty and interest
* Collected within FY Amount Revised for 2013

ARLINGTON℠

THE AMERICAN DREAM CITY

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

Table 9

	Governmental Activities					Business-Type Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation[1]	Commercial Paper	Venue Debt[2]	Capital Leases	Water and Sewer Revenue Bonds	Stormwater Bonds	Total Primary Government	Percentage of Total Taxable Value	Estimated Population	Per Capita[a]	Percentage of Personal Income
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	0.79%
2018	367,669,000	60,595,000	-	625,932,000	6,800,000	241,475,000	31,797,000	1,334,268,000	5.68%	383,950	3,475	1.25%
2019	390,273,000	61,085,000	-	622,408,000	5,731,000	335,072,000	36,970,000	1,451,539,000	5.60%	386,180	3,759	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.
[a]See Table 13 for personal income and population data.
[1] Certificates of Obligation include Tax and Revenue certificates
[2] Stadium Debt include Special Tax Revenue Bonds, and Revenue Bonds

CITY OF ARLINGTON, TEXAS

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Unaudited)

Table 10

	General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Commercial Paper	Available resources restricted for repayment of debt (fund balance)	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property[a]	Per Capita[b]	Estimated Population[b]
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
2018	367,669,000	60,595,000	-	(2,988,983)	425,275,017	1.81%	1,108	383,950
2019	390,273,000	61,085,000	-	(3,566,517)	447,791,483	1.73%	1,160	386,180

Source:
City of Arlington Finance Department

Notes:
Details regarding the city's outstanding debt can be found in the notes to the financial statements.
[a]See Table 5 for property value data.
[b]See Table 13 for per Capita and population data.
*2010 population is based on census data; All other years are estimates.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2019
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington ISD	$ 766,072,018	78.08%	$ 598,149,032
Fort Worth ISD	901,160,000	0.39%	3,514,524
Hurst-Euless-Bedford I.S.D.	383,550,000	4.10%	15,725,550
Kennedale I.S.D.	30,910,025	56.07%	17,331,251
Mansfield I.S.D.	928,545,000	28.14%	261,292,563
Tarrant County	266,375,000	15.45%	41,154,938
Tarrant County Hospital District	17,735,000	15.45%	2,740,058
Viridian Municipal Management	140,250,000	100.00%	140,250,000
Subtotal overlapping debt	3,434,597,043		1,080,157,915
*City of Arlington, net debt outstanding	1,079,497,000	100.00%	$ 1,079,497,000
Total direct and overlapping debt	$ 4,514,094,043		$ 2,159,654,915

Sources:
City of Arlington Finance Department
Municipal Advisory Council of Texas

Note:
*City of Arlington net debt outstanding includes GO, CO, Stadium Debt, Discount Bonds and Capital Leases.
Tarrant County Junior College District had no debt outstanding.

PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(In Thousands)
(Unaudited)

	Waterworks and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue (3)	Average Annual Requirement	Times Coverage (4)
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
2018	155,958	85,204	70,754	14,744	4.80
2019	155,189	87,754	67,435	19,514	3.46

	Storm Water Utility				
Fiscal Year	Total Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue (3)	Average Annual Requirement	Times Coverage (4)
2011	10,492	4,371	6,121	1,856	3.30
2012	10,536	2,874	7,662	1,825	4.20
2013	10,815	2,845	7,970	1,800	4.43
2014	10,774	2,908	7,866	1,774	4.43
2015	12,160	3,110	9,050	1,747	5.18
2016	13,575	3,430	10,145	1,720	5.90
2017	15,011	3,441	11,570	1,786	6.48
2018	16,384	3,903	12,481	2,026	6.16
2019	18,014	3,597	14,417	2,328	6.19

Source:
City of Arlington Finance Department

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

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

Table 13

Year	Estimated Population[a]	Personal Income[b] (thousands of dollars)	Per Capita Personal Income[b]	Median Age[c]	School Enrollment[d]	Unemployment Rate[e]
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	97,639,160	47,525	33.1	63,571	3.9%
2018	383,950	106,829,236	51,239	33.1	62,552	3.5%
2019	386,180	N/R	N/R	N/R	61,450	3.4%

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

Notes:
* 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)

2019

Employer	Type of Business	Employees	Percentage of Total City Employment
Arlington Independent School District	Public Education	8,200	3.81%
University of Texas at Arlington	Higher Education	5,300	2.47%
General Motors Co.	Automobile Assembly	4,484	2.09%
Texas Health Resources	Health Care	4,063	1.89%
Six Flags Over Texas	Amusement Park	3,800	1.77%
The Parks at Arlington	Retail	3,500	1.63%
GM Financial	Financial Services	3,300	1.53%
City of Arlington	Municipality	2,487	1.16%
J.P. Morgan-Chase	Banking Services	1,965	0.91%
Texas Rangers Baseball Club	Sports/Entertainment	1,881	0.87%
Total		**38,980**	**18.13%**

2010

Employer	Type of Business	Employees	Percentage of Total City Employment
Arlington Independent School District	Public Education	8,518	4.36%
University of Texas at Arlington	Higher Education	5,300	2.71%
Six Flags Over Texas	Amusement Park	2,500	1.28%
City of Arlington	Municipality	2,477	1.27%
General Motors Co.	Automobile Assembly	2,362	1.21%
Texas Health Resources	Health Care	2,105	1.08%
Americredit	Financial Services	1,570	0.80%
Cowboys Stadium	Sports Entertainment	1,385	0.71%
Texas Rangers Baseball Club	Sports Entertainment	1,295	0.66%
Medical Center of Arlington	Health Care	1,250	0.64%
Total		**28,762**	**14.72%**

Sources:
City of Arlington Finance Department

Notes:
2019 Labor Force Estimate is 214,999
2010 Labor Force Estimate is 195,260

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

	Fiscal Year		
Function/Program	2010	2011	2012
Strategic Support			
Communication and Legislative Affairs	-	-	-
City Attorney's Office	38	38	38
City Manager's Office	3	3	3
Internal Auditor's Office	5	5	5
Human Resources	19	19	19
Judiciary	6	6	6
Municipal Court	42	41	42
Information Technology	54	54	55
Finance*	69	69	70
Document Services	11	9	9
Economic Development & Capital Investment			
Economic Development	3	3	3
Planning and Development Services	68	64	71
Aviation	8	8	8
Convention Center	31	31	31
Strategic Initiatives	-	-	-
Neighborhood Services			
Police	781	789	829
Fire**	423	424	443
Code Compliance Services	75	69	60
Park and Recreation	118	103	101
Park Performance Fund	72	72	69
Library	69	68	68
Capital Investment			
Public Works & Transportation	93	90	86
Street Maintenance Fund	92	91	93
Asset Management	-	-	-
Fleet Services Fund	1	1	1
Water Utilities Fund	219	222	222
Storm Water Utility Fund	24	27	27
Grant Funds	153	152	115
Total	2,477	2,458	2,474

Source:
City of Arlington Finance Department

Note: Asset Management and Strategic Initiatives were both created in 2019, Real Estate Services was moved from CDP to Economic Development, and one position moved from Public Works to Economic Development. CDP was changed to Planning and Development Services.
* 2015 Finance split into two separte departments Finance and Management Resources. 2018 Management Resources changed to Communication and Legislative Affairs.
**2012-2018 Fire umbrellas communication services fund and EPAB.

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
-	-	33	41	41	41	41
38	38	38	38	39	38	38
3	3	3	3	3	3	3
5	5	5	5	5	5	5
19	19	21	21	21	26	26
6	6	7	7	7	6	6
41	41	42	43	43	40	39
55	55	55	56	58	58	58
71	71	36	35	35	35	36
8	8	8	8	8	8	8
3	3	4	4	4	4	10
71	71	70	68	70	72	58
8	8	9	9	9	9	9
31	31	31	31	31	31	31
-	-	-	-	-	-	9
837	836	838	835	839	846	859
443	443	447	472	470	496	500
62	62	64	64	64	64	67
102	102	104	106	108	108	109
69	69	74	74	85	86	86
68	68	68	68	68	68	68
85	85	85	85	87	87	54
93	93	93	92	92	92	92
-	-	-	-	-	-	32
1	1	1	1	1	1	1
223	223	218	204	202	198	205
27	27	27	27	29	30	31
106	113	111	123	148	165	154
2,475	2,481	2,492	2,520	2,567	2,617	2,635

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

	Fiscal Year		
Function/Program	2010	2011	2012
Public safety			
Police			
Number of employees	634	634	640
Number of dispatch calls	161,695	135,552	156,388
Fire			
Number of employees	423	424	443
Number of service calls	33,012	34,445	35,276
Parks and recreational			
Parks - programs registration	45,855	41,479	47,842
Membership	38,285	39,282	35,314
Library			
Central Library	1	1	1
Branch libraries*	6	6	6
Collection size	612,272	602,339	614,270
Average monthly circulation	186,606	199,616	187,093
Water and sewer			
Number of accounts	99,288	99,484	99,862
Average daily water consumption (gallons)	48,128,986	64,096,000	57,990,000
Ozonated treatment capacity (gpd)	172,500,000	172,500,000	172,500,000
Number of sewer connections	97,185	97,343	97,930
Golf Course			
Number of clinics	129	78	61
Number of participants in clinics	495	348	355
Number of private lessons	1,253	1,246	1,066

Source:
City of Arlington Finance Department

Notes:
* Central Library was vacated in Feb 2015 and temporarily replaced as the Central Express Library Branch. Central Express location closed at the end of March and the New Central Library opened back June 2018.
Police: Employment represents full-time sworn officers
Fire: Employment represents full-time civilian, sworn and dispatch. Number of Service Calls represent all incidents including mutual aid given.

Table 16

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
640	643	643	639	640	644	653
143,146	134,160	135,047	136,069	134,451	124,669	183,650
443	443	445	470	477	477	494
36,317	38,542	40,717	42,325	43,897	44,654	46,457
46,286	42,692	53,395	57,405	40,124	44,341	50,617
36,757	35,661	32,396	29,468	25,560	27,686	54,846
1	1	1	-	-	1	1
6	6	7	7	7	6	6
656,982	624,002	625,267	630,315	609,403	524,746	555,102
180,048	175,601	179,734	181,812	172,019	171,228	171,375
100,453	101,107	101,733	102,193	102,757	103,333	104,140
49,094,776	53,350,000	52,481,000	46,160,656	51,091,670	53,780,000	49,498,917
172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000
98,544	99,279	99,944	100,387	100,932	101,463	102,266
56	64	71	39	29	21	28
409	204	534	348	208	243	188
1,854	1,747	2,098	1,664	1,477	1,031	1,022

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

Function/Program	Fiscal Year 2010	2011	2012
Public safety			
Police stations	4	4	4
Fire stations	16	16	17
Miles of streets and alleys			
Streets- paved (lane miles)	3,002	3,004	3,085
Sidewalks (miles)	999	1,005	1,015
Cultural and recreational			
Parks (acres) (golf courses included)	4,683	4,683	4,697
Swimming pools	7	7	7
Tennis courts	45	45	45
Recreation centers	5	5	5
Senior center	2	2	2
Miles of park trails	52	49	51
Sports fields-youth	77	77	77
Basketball courts-outdoors	21	22	21
Number of golf courses	4	4	4
Water and Sewer			
Water mains (miles)	1,551	1,557	1,572
Fire hydrants	10,780	10,856	10,983
Sanitary sewers (miles)	1,289	1,294	1,297

Source:
City of Arlington Finance Department

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
4	4	4	4	4	4	4
17	17	17	17	17	17	17
3,093	3,161	3,225	3,277	3,350	3,419	3,458
1,018	1,030	1,048	1,057	1,069	1,094	1,103
4,710	4,710	4,714	4,714	4,718	4,718	4,718
7	7	7	7	7	7	7
45	45	45	45	44	44	44
5	4	4	4	4	4	4
2	2	2	2	2	2	2
53	54	54	54	55	55	56
77	77	77	77	77	77	77
21	21	21	21	26	26	26
4	4	4	4	4	4	4
1,575	1,578	1,582	1,589	1,596	1,620	1,654
10,959	11,018	11,067	11,120	11,280	11,405	11,595
1,300	1,302	1,306	1,317	1,332	1,343	1,356

CITY OF ARLINGTON, TEXAS

Table 18

TEXAS MUNICIPAL RETIREMENT SYSTEM

ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES

Last Ten Fiscal Years

(In Thousands)

(Unaudited)

Year Ending Dec 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate	(8) Prior Service Portion of the TMRS Rate
2009	360,029	594,442	60.6%	234,413	143,791	163.0%	16.76%(b)	9.95%
2010	373,897	621,177	60.2%	247,280	147,276	167.9%	17.85%(c)	10.19%
2011	688,015	832,168	82.7%	144,153	142,875	100.9%	17.16%(d)	8.44%
2012	736,849	868,505	84.8%	131,656	149,940	87.8%	16.47%	5.17%
2013	787,497	904,236	87.1%	116,739	145,369	80.3%	16.28%	4.68%
2014	842,194	1,003,238	83.9%	161,044	150,941	106.7%	15.62%	6.88%
2015	893,065	1,037,982	86.0%	144,917	149,837	96.7%	15.08%	6.36%
2016	939,247	1,086,413	86.5%	147,166	154,372	95.3%	15.73%	6.27%
2017	984,568	1,136,502	86.6%	151,934	160,575	94.6%	15.58%	6.51%
2018	1,036,661	1,189,337	87.2%	152,676	169,628	90.0%	15.79%	6.54%

Source: City of Arlington Finance Department

(b) Phase in rate for 2009 16.76%

[c] Phase in rate for 2010 17.85%

APPENDIX C

FORM OF BOND COUNSEL OPINION

[Form of Bond Counsel Opinion]

[Date]

$174,665,000
CITY OF ARLINGTON, TEXAS
GENERAL OBLIGATION PENSION BONDS
TAXABLE SERIES 2020

WE HAVE represented the City of Arlington, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

> CITY OF ARLINGTON, TEXAS GENERAL OBLIGATION PENSION BONDS TAXABLE SERIES 2020, dated August 15, 2020 in the principal amount of 174,665,000.
>
> The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the ordinance adopted by the City Council of the Issuer authorizing their issuance (the "Bond Ordinance") and the pricing certificate (the "Pricing Certificate") executed pursuant thereto (the Bond Ordinance and Pricing Certificate together are referred to herein as the "Ordinance").

WE HAVE represented the Issuer as its bond counsel for the purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer, and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the City and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the City and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer; and

(B) A continuing ad valorem tax upon all taxable property within the City of Arlington, necessary to pay the principal of and interest on the Bonds, has been levied and pledged irrevocably for such purposes, within the limit prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitation.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We note that the Issuer has taken no action with respect to qualification of interest on the Bonds as excludible from gross income for federal income tax purposes. As such, interest on the Bonds is includible in gross income for federal income tax purposes.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

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APPENDIX D

TMRS CONTRIBUTION RATE LETTER DATED JUNE 4, 2020

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June 4, 2020

City # 00052

City Official
City of Arlington
P.O. Box 90231
Arlington, TX 76004

Subject: 2021 Municipal Contribution Rate

Dear City Official:

Presented below are your city's contribution requirements to the Texas Municipal Retirement System (TMRS) for Plan Year 2021 (Calendar Year 2021, PY2021) as determined by the December 31, 2019 actuarial valuation. The actuarially determined contribution rates for retirement benefits and Supplemental Death Benefits (SDB), if any, are based on your city's plan provisions in effect as of April 1, 2020 and the actuarial assumptions and methods adopted by the TMRS Board. Effective January 1, 2021, your city's monthly contribution rates will be:

	Phase in Rate	Full Rate
Normal Cost	9.56%	9.56%
Prior Service	7.12%	7.26%
Total Retirement Rate	16.68%	16.82%
Supplemental Death Benefit	0.19%	0.19%
Total Combined Contribution	16.87%	17.01%

Full information on your contribution rate, including an explanation of changes and available rate stabilization techniques, is contained in the attached report. The Total Retirement Rate shown in the Full Rate column above represents the Actuarially Determined Employer Contribution (ADEC) for PY2021 based on current TMRS funding policy. **The Total Combined Contribution Rate shown in the Phase-in Rate column above represents the minimum required contribution rate to TMRS for PY2021.** The difference represents the portion of your Full Rate that is eligible to be phased in. **Your city must contribute at least the Phase-in Rate though TMRS highly recommends that each city contribute as much toward the Full Rate as possible.** Please note that if your city chooses to contribute at a rate below the 2021 Full Rate, the contribution shortfall will be reflected in your city's Unfunded Actuarial Accrued Liability (UAAL) and contribution rate in subsequent years. Cities may also choose to contribute at a rate level above the Full Rate.

The actuarial liabilities and contribution rates determined as part of the December 31, 2019 actuarial valuation reflect a change in actuarial assumptions based on the results of the 2019 experience study for the period ending December 31, 2018. Please see the "Actuarial Changes" section for more detailed information. Full information on your contribution rate, including an explanation of changes, is contained in the attached report.

IMPORTANT NOTE: The pension disclosure and financial statement information necessary to assist your city with the financial reporting requirements of the Governmental Accounting Standards Board (GASB) will be provided in a separate document available later this summer.

If you have questions about your rate or if you wish to evaluate potential changes in your TMRS plan, contact TMRS at 800-924-8677.

Sincerely,

Leslee S. Hardy

Leslee S. Hardy, ASA, EA, FCA, MAAA
Director of Actuarial Services

Table of Contents

Actuarial Changes	A summary of the changes in actuarial assumptions and methods adopted by the Board and effective with the December 31, 2019 actuarial valuation based on the results of the 2019 experience study.
Rate Stabilization Techniques	A summary of the techniques currently available to assist cities in stabilizing their contribution rate including managing a funding surplus.
Executive Summary	A comparison of the highlights of the December 31, 2019 and December 31, 2018 actuarial valuations for your city. Included are membership counts, asset information, actuarial information, and contribution rate requirements.
Calculation of Contribution Requirements	Details the calculation of the Full Retirement Rate (TMRS Plan Year - ADEC), Minimum Required Phase-in Retirement Rate, and the Supplemental Death Rate, if applicable, for your city. Comparisons before and after the actuarial changes and to the 2018 actuarial valuation results are included.
Summary of Benefit Provisions	A summary of plan provisions in effect as of April 1, 2020.
Amortization Bases and Payments	Information on the amortization bases and payments for your city.
Historical and Projected Accumulation of the BAF Balance	This schedule provides your city with historical cash flows, interest credits and the year-end balance of its Benefit Accumulation Fund (BAF), as well as projected values for calendar/plan years 2020 and 2021.
Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report	A detailed reconciliation of changes in your city's Full Retirement Rate (ADEC) since the prior valuation.
Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution	An explanation of risk measurements and how a 10% decline in assets will impact your city's Full Retirement Rate (ADEC).
Phase-in Rates	An explanation of "Phase-in" including a question and answer section on Phase-in contributions and how they might affect your city.

Actuarial Changes

As part of their continued effort to ensure that TMRS is well funded and that members' benefits remain secure and sustainable over generations, the TMRS Board of Trustees adopted the actuarial changes summarized below at its October 2019 Board meeting, based on the results of the 2019 experience study and the recommendations of the System's consulting actuary, Gabriel Roeder Smith & Company (GRS). The combined impact of the following actuarial changes is shown in the "Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report" section of this letter.

Actuarial Assumption Changes

The TMRS Act requires that at least once every 5 years, the System's consulting actuary perform an actuarial experience study and make recommendations to the Board based on the results of that study. Current Board policy is to conduct an actuarial experience study every four years. Accordingly, during 2019, TMRS' consulting actuary, GRS, conducted an experience study for the period ending December 31, 2018. A single set of assumptions is not expected to be suitable forever. As the actual experience of a plan unfolds or the future expectations change, the assumptions should be reviewed and adjusted accordingly. The actuarial assumptions used in the annual actuarial valuations and reviewed as part of the experience study are generally grouped into the following two major categories:

1. Economic assumptions – investment return, salary increases, overall payroll growth, inflation
2. Demographic assumptions – rates of termination, forfeiture, service retirement, disability retirement, pre-retirement mortality, post-retirement mortality

The Board adopted several changes in actuarial assumptions including, but not limited to:

- Slightly modified the step rate portion of the individual salary scale assumption based on recent trends and experience while keeping the ultimate salary increase at 3.5%.
- Introduced a load on the Updated Service Credit calculation equal to 0.1% per year into the future to reflect the asymmetric accrual pattern associated with this benefit formula.
- Decreased the current maximum payroll growth rate assumption from 3.00% to 2.75% to recognize some revenue pressure from a maturing population and changes in the property tax provisions while continuing to include a further reduction for some cities based on patterns of population decline.
- Updated the base mortality tables for healthy retirees to the client specific 2019 Municipal Retirees of Texas mortality tables using the actual mortality experience in TMRS data through December 31, 2018. Continued using a fully generational approach in projecting future mortality rates, but updated the projection scale to the ultimate rates of the MP Scales (Scale UMP).
- Updated the pre-retirement mortality tables to the PUB (10) mortality tables.
- Slightly increased the rates of termination and made small adjustments to the classification and individual city multipliers.
- Simplified and updated the service retirement rate tables.
- Slightly decreased the forfeiture rates (withdrawal of member deposits) for vested members not eligible for retirement.

Asset Valuation (Smoothing) Method Modification

In determining the Actuarial Value of Assets (AVA), decreased the "soft" corridor limit around the Market Value of Assets (MVA) from 15% to 12%. There were no other changes to the current 10-year asset smoothing method.

Amortization Policy Modifications

In TMRS, for underfunded plans, amortization of the Unfunded Actuarial Accrued Liability (UAAL) is a level percentage of payroll over a closed period using the process of "laddering" which separately tracks different amortization components or bases. For all new losses occurring after December 31, 2019 and benefit enhancements on or after January 1, 2021, the maximum amortization period is decreased from 25 years to 20 years for all cities. All prior amortization bases will continue to be amortized on their original schedule. This change will have no impact on the December 31, 2019 actuarial valuation, but will affect future valuations.

Decreased the level dollar amortization period for ad hoc benefit enhancements effective on or after January 1, 2021 from 15 years to 12 years.

Beginning with the December 31, 2019 valuation, once a City reaches an "overfunded" status, all prior amortization bases (ad hoc and non-ad hoc) are erased and an amount of the surplus is credited against the contribution rate to keep the funded ratio constant at the current level. Previously, the contribution rate credit was based on a 25-year open amortization policy.

Supplemental Death Benefit Fund Premiums

The premium for retirees will now be based on the full $7,500 benefit versus the $2,500 benefit previously used. There will now be a credit against premiums for active employees equal to 2% of the fund balance as of the valuation date expressed as a percentage of covered payroll for participating cities.

Rate Stabilization Techniques

Contribution rate stabilization is a strategic goal of the TMRS Board of Trustees. Since 2007, the Board has approved many actuarial changes to minimize short-term volatility in contribution rates while maximizing long-term System sustainability. Even so, some cities continue to experience significant changes in their annual contribution rates. Under the current funding policy in which rates are actuarially determined each year, contribution rate stabilization is fully optimized at the System level; therefore, any further rate stabilization must be achieved at the city level.

The most effective way for a city to stabilize its TMRS contribution rate is to determine, during its budget process, an affordable contribution rate that exceeds the required, calculated contribution rate and continue to pay that same rate, even when the calculated contribution rate goes down. This is particularly true for cities with an Unfunded Actuarial Accrued Liability (UAAL). These additional monthly contributions at a predetermined fixed rate accomplish the following:

- provides a stable annual contribution rate for budgeting purposes;
- directly reduces the UAAL;
- accelerates the years needed to attain full funding (i.e. pays off the UAAL quicker);
- produces cost savings over the long run; and
- provides a contribution rate cushion for future adverse plan experience.

A city can also make one or more lump sum contributions during the year which has a similar impact on the plan's funding status, but is less effective from a rate stabilization perspective.

For cities with an Overfunded Actuarial Accrued Liability (OAAL or surplus), the calculated contribution rate is determined by decreasing the normal cost rate (the cost of the current year accruals for active employees) by a rate calculated to keep the funded ratio constant at the current level. In most cases, the result is a required contribution less than the normal cost. It is important to note that there is still a chance that adverse experience could result in the funded ratio dropping below 100%. In order to dampen contribution rate volatility and to increase the likelihood of maintaining a funded ratio greater than 100%, TMRS encourages cities in a surplus position to consider paying the full normal cost rate (or as much as possible toward the full normal cost rate) until the funded ratio is at least 110%.

As noted above, additional contributions are entirely voluntary. A city can always revert to paying only the required calculated rate each month if financial circumstances change during the year. There is no formal action that needs to be taken by a city to contribute at a higher level than the required monthly minimum. Additional monthly contributions may be made during the normal payroll reporting process by simply filling out line 2. A. of Form TMRS 3 with the increased employer contribution rate. Lump sum contributions should be reported separately from the regular payroll reporting process and submitted with Form TMRS 3ADD.

If your city would like to explore the impact of any of these rate stabilization techniques on your TMRS plan, please contact Leslee Hardy, Director of Actuarial Services, at lhardy@tmrs.com.

Executive Summary

Valuation as of TMRS Plan Year (PY) Ending	12/31/2019	12/31/2018
Membership as of the Valuation Date		
• Number of		
- Active members	2,578	2,551
- Retirees and beneficiaries	1,876	1,793
- Inactive members	1,204	1,192
- Total	5,658	5,536
• Prior year's payroll provided by TMRS	$ 185,842,479	$ 177,549,206
• Valuation Payroll	$ 190,395,189	$ 183,134,161
Benefit Accumulation Fund (BAF) Assets		
• Market BAF Balance	$ 1,162,541,878	$ 1,021,045,949
• BAF crediting rate for PY	15.42%	(3.08%)
• Interest credited on beginning BAF balance	$ 157,454,308	$ (32,867,323)
• Municipal contributions ^	29,379,969	28,007,832
• Member contributions during year	13,023,433	12,429,434
• Benefit and refund payments ^	58,361,781	54,712,773
Actuarial Value of Assets (AVA)		
• Market BAF Balance	$ 1,162,541,878	$ 1,021,045,949
• Actuarial Value of Assets (AVA)	1,144,057,115	1,084,555,626
• AVA as a Percentage of BAF	98.4%	106.2%
• Return on AVA	6.96%	6.00%
Actuarial Information		
• Actuarial accrued liability (AAL)	$ 1,317,330,381	$ 1,249,596,102
• Actuarial value of assets (AVA)	1,144,057,115	1,084,555,626
• Unfunded actuarial accrued liability (UAAL)	173,273,266	165,040,476
• UAAL as % of pay	93.2%	93.0%
• Funded ratio (AVA/AAL)	86.8%	86.8%
• Employer normal cost	9.56%	9.26%
• Prior Service Rate	7.26%	6.87%
Contribution Rates for TMRS Plan Year (PY)	2021	2020
• Member	7.00%	7.00%
• Full retirement rate (ADEC)	16.82%	16.13%
• Phase-in retirement rate (minimum)	16.68%	16.13%
• Supplemental Death rate	0.19%	0.16%
Total Employer Contribution Estimates for PY	2021	2020
• Projected payroll	$ 195,631,057	$ 188,628,186
• Minimum Phase-in contribution rate	16.87%	16.29%
• Estimated employer contribution	$ 33,002,959	$ 30,727,531

Note: TMRS Plan Year coincides with Calendar Year

Results from prior year reflect the plan provisions used in the 12/31/2019 valuation report.

^ Excludes contributions to/benefit payments from the IRC §415(m) Full Benefit Arrangement fund.

Calculation of Contribution Requirements

	From Valuation Report as of		
	December 31, 2019		December 31, 2018
	New Assumptions	Old Assumptions	
1. Prior year's payroll reported to TMRS	$ 185,842,479	$ 185,842,479	$ 177,549,206
2. Valuation payroll	190,395,189	190,395,189	183,134,161
3. Employer normal cost rate	9.56%	9.20%	9.26%
4. Actuarial liabilities			
a. Active members	$ 547,445,977	$ 545,473,231	$ 518,412,591
b. Inactive members	96,895,570	97,707,783	93,833,494
c. Annuitants	672,988,834	669,453,053	637,350,017
d. Total actuarial accrued liability	$ 1,317,330,381	$ 1,312,634,067	$ 1,249,596,102
5. Actuarial value of assets	1,144,057,115	1,144,057,115	1,084,555,626
6. Unfunded actuarial accrued liability (UAAL) (4d - 5)	$ 173,273,266	$ 168,576,952	$ 165,040,476
7. Funded ratio (5 / 4d)	86.8%	87.2%	86.8%
8. Equivalent Single Amortization Period*	17.4 Years	17.2 Years	18.1 Years
9. Assumed payroll growth rate	2.75%	3.00%	3.00%
Contribution Rate for TMRS Plan Year:	2021		2020
10. Full retirement rate			
a. Normal cost	9.56%	9.20%	9.26%
b. Prior service	7.26%	6.98%	6.87%
c. Full retirement rate	16.82%	16.18%	16.13%
11. Minimum phase-in retirement rate			
a. Full retirement rate (10c)	16.82%	16.18%	16.13%
b. Less phase-in deferral	(0.14%)	0.00%	0.00%
c. Minimum phase-in retirement rate	16.68%	16.18%	16.13%
12. Supplemental Death rate	0.19%	0.19%	0.16%
13. Combined contribution rates			
a. Combined full rate (10c + 12)	17.01%	16.37%	16.29%
b. Combined phase-in rate (11c + 12)	16.87%	16.37%	16.29%

* New Losses are laddered on 25-year period.

Summary of Benefit Provisions

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City in effect as of April 1, 2020 were as follows:

Employee deposit rate	7%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity Increase (to retirees)	50% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

Amortization Bases and Payments

Year Established	Description	Years Remaining	Base	Payment
2013	2013 Valuation (Fresh Start)	16	$ 154,092,582	$ 13,045,314
2014	2014 Experience	16	(15,364,241)	(1,300,720)
2015	2015 Experience	16	(6,312,876)	(534,441)
2015	2015 Actuarial Changes	26	9,534,890	586,278
2016	2016 Experience	22	5,523,452	376,162
2017	2017 Experience	23	1,817,546	120,355
2018	2018 Experience	24	13,886,277	895,674
2019	2019 Experience	25	5,399,322	339,776
2019	2019 Actuarial Changes	25	4,696,314	295,536
	Total		173,273,266	13,823,934

Historical and Projected Accumulation of the BAF Balance

Year Ending December 31, (1)	Payroll for the Year (2)	Effective Retirement Contribution Rate [a] (3)	Employer Contributions for the Year [c] (4)	Member Contributions for the Year (5)	Benefit Payments [c] (6)	External Cash Flow for the Year (7)	Interest Credit (8)	BAF Balance [b] (9)
		(4) / (2)				(4) + (5) + (6)		
2017	$ 169,628,359	15.57%	$ 26,419,418	$ 11,876,965	$ (56,688,675)	$ (18,392,292)	$ 125,399,509	$ 1,068,188,779
2018	177,549,206	15.77%	28,007,832	12,429,434	(54,712,773)	(14,275,507)	(32,867,323)	1,021,045,949
2019	185,842,479	15.81%	29,379,969	13,023,433	(58,361,781)	(15,958,379)	157,454,308	1,162,541,878
2020	190,395,189	16.13%	30,710,744	13,327,663	(66,217,920)	(22,179,513)	78,471,577	1,218,833,942
2021	195,631,057	16.68%	32,631,260	13,694,174	(67,357,654)	(21,032,220)	82,271,291	1,280,073,013

a. Effective retirement contribution rate is the actual rate determined by dividing the employer contribution received by the payroll paid.
b. BAF Balance may not sum due to rounding.
c. Excludes contributions to/benefit payments from the IRC §415(m) Full Benefit Arrangement fund.

Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report

Actuarial valuations are based on long-term assumptions, and actual results in a specific year can, and almost certainly will, differ as actual experience deviates from the assumptions. The following table provides a detailed breakdown of changes in the retirement portion of your city's contribution rate. This analysis reconciles the change in the retirement portion (ADEC) of your city's contribution rate from 2020 to 2021, but will not reflect any change in the cost of the Supplemental Death Benefit (SDB), if your city currently has this provision. (Any changes in the cost of the SDB are primarily due to the changes in the average age of your city's employee group and/or the number of covered retirees.) Following the table below is a brief description of the common sources for deviation from the expected.

Change in Full Retirement Rate		
Full Rate from 12/31/2018 Valuation (PY 2020 Rate)		16.13 %
Benefit changes	0.00 %	
Return on Actuarial Value of Assets	(0.07)	
Contribution lag/phase in/fully amortized prior bases	0.01	
Payroll growth	(0.07)	
Normal cost	(0.06)	
Liability growth	0.24	
Subtotal Experience Change	0.05 %	
Actuarial Changes	0.64	
Total change	0.69 %	
Full Rate from 12/31/2019 Valuation (PY 2021 Rate)		16.82 %

Benefit Changes - Shows the increase or decrease in the contribution rate associated with any modifications made to the member city's TMRS plan provisions. This will also include any changes to the amortization period adopted by ordinance.

Return on Actuarial Value of Assets (AVA) - Shows the change in the contribution rate associated with the return on the AVA being different than the assumed 6.75%. For the year ending December 31, 2019, the return on an AVA basis was 6.96%. The impact may show as 0.00% due to rounding.

Contribution Lag/Phase In/Fully Amortized Prior Bases - Shows the total increase or decrease in the contribution rate associated with the phase in of contributions and/or any additional contributions above the full rate. The effect of the "Contribution Lag" is also included here and refers to the time delay between the actuarial valuation date and the date the contribution rate becomes effective. For

TMRS member cities, the “Contribution Lag” is one year (i.e., the Actuarial Valuation as of December 31, 2019 sets the rate effective for Calendar Year 2021). **The impact of the “Contribution Lag” is expected to become immaterial once a city is contributing the Full Rate and the Full Rate stabilizes.**

If a city chooses to contribute the minimum phase-in contribution, the difference between the Full Rate and the Phase-in Rate will be reflected as an actuarial loss in the next valuation’s UAAL. This will increase the Full Rate for future valuations.

Cities should carefully consider whether to pay the minimum Phase-in Rate, the Full Rate, or a rate somewhere in between. If a city begins to contribute the Full Rate immediately, the actuarial valuation anticipates that the Full Rate will stabilize for the duration of the amortization period. However, if the minimum phase-in contribution schedule is utilized, the ultimate Full Rate would be expected to be higher than the current Full Rate. For more information on the impact of the phase-in, please refer to the “Phase-in Rates” section.

In addition, it shows the impact of the bases, if any, which became fully amortized as of this valuation since payments for those bases are no longer part of the calculation of the prior service rate.

Payroll Growth - Shows the increase or decrease in the contribution rate associated with higher or lower than expected growth in the member city’s overall payroll. The amortization payments were calculated assuming payroll grows at 3.00% per year. Overall payroll growth greater (less) than 3.00% will typically cause a decrease (increase) in the prior service rate.

Normal Cost - Shows the increase or decrease in the contribution rate associated with changes in the average normal cost rate for the individual city’s population. The normal cost rate for an employee is the contribution rate which, if applied to a member’s compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate.

Liability Growth - Shows the increase or decrease in the contribution rate associated with larger or lower than expected growth in the member city’s overall plan liabilities. The most significant sources for variance will be individual salary increases compared to the assumption and turnover.

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

Ratio of the market value of assets to payroll	6.3
Ratio of actuarial accrued liability to payroll	7.1
Ratio of actives to retirees and beneficiaries	1.4
Net cash flow as a percentage of market value of assets	(1.4%)
Duration of liabilities	17.4
Change in Contribution Rate with 10% decline in assets (smoothed)	0.38%
Change in Contribution Rate with 10% decline in assets (unsmoothed)	3.78%

Ratio of Market Value of Assets to Payroll - The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 4.0 times the payroll, a return on assets 5% different than assumed would equal 20% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

Ratio of Actuarial Accrued Liability to Payroll - The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 5.0 times the payroll, a change in liability 2% other than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

The relationship between the actuarial accrued liability and payroll is a useful indicator of the potential longer term asset-related volatility once the current UAAL is fully amortized. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

Ratio of Actives to Retirees and Beneficiaries - A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

Net Cash Flow as a Percentage of Market Value - A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

<u>Duration of Liabilities</u> - The duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the present value of future benefits would increase approximately 10% if the assumed rate of return were lowered 1%.   This also is an approximation of the discount-weighted average time horizon of the liability.

<u>Change in Contribution Rate with 10% Decline in Assets (Smoothed)</u> - This shows the rate impact in one year if the actuarial value of assets (AVA) was 10% lower than in the current actuarial valuation with the asset loss smoothed over a 10 year period as is done in the system-wide calculation of the AVA.

<u>Change in Contribution Rate with 10% Decline in Assets (Unsmoothed)</u>: This shows the rate impact if the actuarial value of assets was 10% lower than in the current actuarial valuation with the full asset loss recognized in the current valuation.

Phase-in Rates

Phase-in Policy

At the October 2019 board meeting and based on the results of the 2019 experience study, the TMRS Board of Trustees approved a new set of actuarial assumptions to be first reflected in the December 31, 2019 actuarial valuation. At the same time, the Board also approved a phase-in policy to help manage the potential impact of the 2019 actuarial changes on contribution rates. Specifically, any city that experienced a net contribution rate increase in excess of 0.5% due to the 2019 actuarial changes is eligible to phase in 0.5% per year until the full retirement rate is reached. For this purpose, the net contribution rate increase is the contribution rate increase resulting solely from the 2019 change in actuarial assumptions adjusted by the contribution rate decrease attributable to experience gains, if any.

Any remaining phase-in balance resulting from prior actuarial changes will be combined with the 2019 phase-in amount, if any, in determining the final phase-in balance. Your city is eligible for a contribution rate phase-in due to either the 2019 actuarial changes, the remaining balance from prior actuarial changes or both.

What rate should my city pay?

Your city must contribute at least the Phase-in Rate and should consider paying more than this amount.

Can my city contribute more than the Phase-in Rate?

You may contribute at any rate you choose, but you <u>must</u> contribute at least the Phase-in Rate. Your city may choose to pay (1) the Full Rate, (2) a rate between the Phase-in Rate and the Full Rate, or (3) a rate above the Full Rate. The TMRS Act was amended effective January 1, 2008 to allow cities to make additional contributions to TMRS.

What is the impact of paying the Phase-in Rate or a rate below the Full Rate?

Each year that the actual contribution rate is less than the Full Rate, the difference generates an actuarial loss in the following year's actuarial valuation, which must be amortized as part of the UAAL by an increase in the Prior Service Rate. All other things being equal, the Full Rate for each successive year of the phase-in period will reflect the cumulative increases in the Prior Service Rate from all prior years. Cities that pay the Phase-in Rate or any rate less than the Full Rate are also likely to see their funding ratio decline or increase at a slower rate each year.

What is the impact of contributions in excess of the Full Rate?

Contributions above the Full Rate will have the exact opposite effect on your city as described above for contributions less than the Full Rate. Specifically, the amortization of actuarial gains created by additional contributions will decrease the Full Rate (by a decrease in the Prior Service Rate) in the following year's actuarial valuation. Cities that make contributions in excess of the Full Rate should also see their funding ratios improve more rapidly.

Can my city pay the Full Rate this year and change to the Phase-in Rate in a later year?

Yes. For any year in which your city is eligible to phase in the full retirement rate, TMRS will send you a rate letter showing both the Phase-in Rate and the Full Rate. The Phase-in Rate will be the minimum rate you must pay. As mentioned earlier, a city should consider paying more than the Phase-in Rate.

If my city makes plan changes that increase the cost of our plan (benefit improvements), can we phase in those additional costs?

No. The contribution rate increase due to benefit improvements will not change the Phase-in Amount used in determining the Phase-in Rate. The Phase-in Rate will increase by the same amount as the Full Rate. The Phase-in Rate was intended to assist those cities that needed additional time to budget for the Full Rate. Any city making plan changes should consider paying the Full Rate.

If my city makes changes that decrease the cost of our plan (benefit reductions), will our Phase-in Rate be affected?

Yes. Reductions in the Full Rate because of a plan benefit reduction will change the amount being phased in and the Phase-in Rate beginning with the year the plan changes are effective. The portion of the amount being phased in and not yet recognized will be reduced by the decrease in the Full Rate. If the decrease in the Full Rate due to reductions in plan benefits exceeds the remaining phase-in balance, your required contribution rate will be the reduced Full Rate based on the new plan provisions.

If I make a plan change in 2020, will my 2021 contribution rate be recalculated?

Yes. 2021 contribution rates will be re-determined for cities that adopt changes in plan benefits before the end of calendar year 2020.

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